Unity Bancorp, Inc. (UNTY)

Updated April 15th, 2026, by Kody Kester

Key Metrics

Current Price:	$54	**5 Year CAGR Estimate:**	11.6%	**Market Cap:**	$542M
Fair Value Price:	$58	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	06/05/26[1]
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.5%	**Dividend Payment Date:**	06/19/26[1]
Dividend Yield:	1.2%	**5 Year Price Target**	$90	**Years Of Dividend Growth:**	14
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Founded in 1991 under the name First Community Bank, Unity Bancorp, Inc. is a community bank. UNTY serves as the holding company of Unity Bank.

The company is a full-service commercial bank that mostly serves businesses and consumers in Bergen, Hunterdon, Middlesex, Morris, Ocean, Somerset, Union, and Warren counties in New Jersey. To a lesser extent, Unity Bank reaches into the New York City metropolitan area and Northampton County in Pennsylvania with its banking locations and online services. As of March 31st, 2026, UNTY had roughly $3 billion in assets.

The bank offers customers savings products, including personal and business checking accounts, savings accounts, and money market accounts. UNTY also provides Small Business Administration loans, commercial loans, mortgage loans, home equity loans, and personal loans. Additionally, the company offers debit and credit cards, safe deposit boxes, and internet and mobile banking services.

Among publicly traded banks, Bank Director ranks UNTY as the 14th best in the nation. The company's commitment to meeting the needs of customers was instrumental in this high ranking. UNTY's operating efficiency in terms of profitability, capital adequacy, and asset quality metrics was a contributing factor as well.

On April 14th, UNTY released its financial results for the first quarter ended March 31st. The community bank's net interest income rose by 12.8% year-over-year to $30.73 million during the quarter. UNTY's net interest income growth was powered by a mix of an 11.1% uptick in interest-earning assets to $2.75 billion and a seven-basis-point expansion in the net interest margin to 4.53% in the quarter. The company's diluted EPS jumped 23.9% over the year-ago period to $1.40 for the quarter. This was $0.02 ahead of the analyst consensus during the quarter. In late February, UNTY upped its quarterly dividend per share by 6.7% to $0.16. That represents its 14th consecutive year of dividend growth.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.38	$1.20	$2.01	$2.14	$2.19	$3.43	$3.59	$3.84	$4.06	$5.67	***$5.82***	***$8.95***
DPS	$0.17	$0.23	$0.27	$0.31	$0.32	$0.36	$0.43	$0.48	$0.52	$0.58	***$0.64***	***$0.90***
Shares[2]	10.5	10.6	10.8	10.9	10.5	10.4	10.6	10.1	10.0	10.0	***10.0***	***9.5***

Since 2016, UNTY's diluted EPS has more than quadrupled. Since the bank is dealing with a larger earnings base, this level of growth will be less repeatable in the future. However, we continue to think that diluted EPS growth can be in the high single digits annually over the medium term. This is due to the gradual expansion in the company's net interest margin. UNTY's share count has also gradually decreased in recent years. We think this will be maintained and expect a modest reduction in the share count over the next five years.

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[1] Estimated dates based on past dividend dates.

[2] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	11.4	16.5	10.0	10.3	8.0	7.7	7.6	7.7	10.7	9.1	***9.3***	***10.0***
Avg. Yld.	1.1%	1.2%	1.3%	1.4%	1.8%	1.4%	1.6%	1.6%	1.2%	1.1%	***1.2%***	***1.0%***

Over the past 10 years, UNTY's P/E ratio has ranged from as low as the high single digits to as much as the mid-teens. This accounts for the average P/E ratio of roughly 10 over that time. Because the company's growth profile is arguably intact and it is among the best banks in the country, we stand by our view that a P/E ratio of 10 is a reasonable assumption. Relative to the current-year P/E ratio of 9.3, this implies shares are modestly undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	12%	19%	13%	14%	15%	10%	12%	13%	13%	10%	***11%***	***10%***

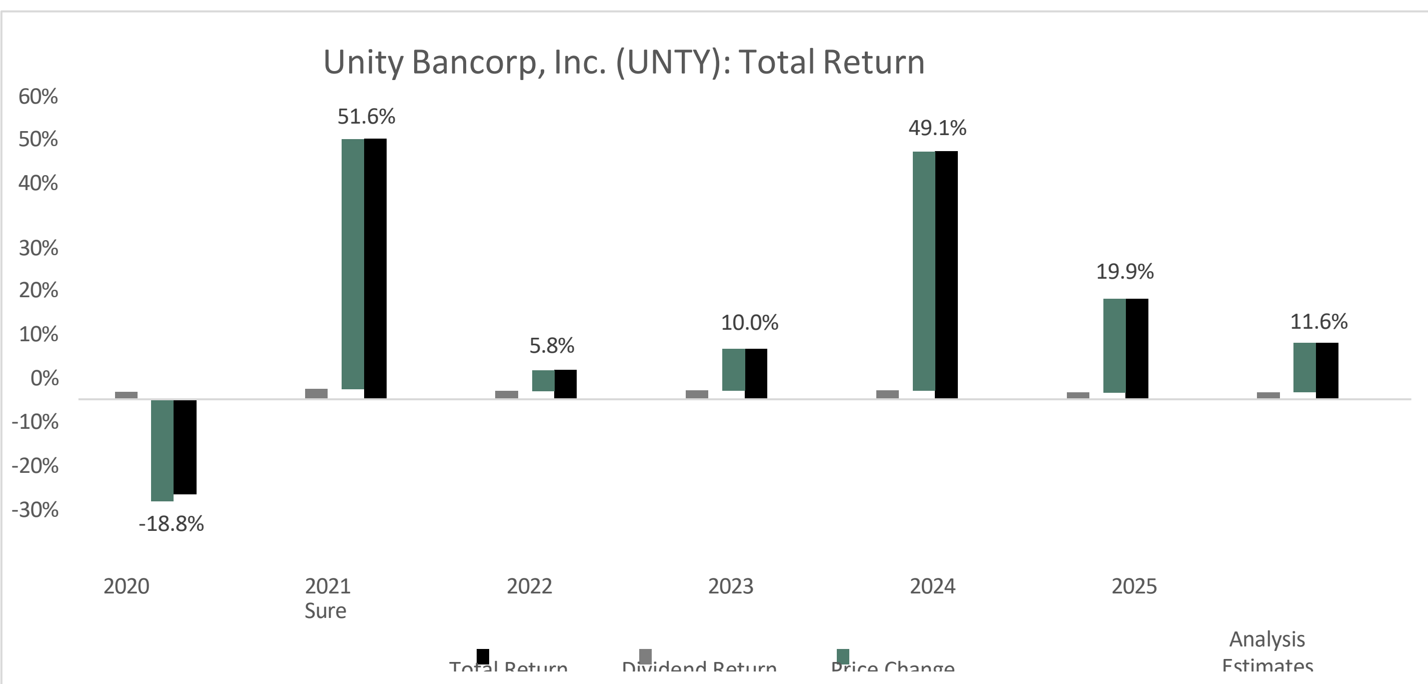
UNTY has managed to achieve a lot in its 35-year operating history. As one of the leading banks headquartered in New Jersey, the company blends the feeling of a bigger bank with the hometown charm of a smaller bank. This keeps existing customer retention elevated and attracts new customers as well.

The company's asset quality is reasonably strong, too. As of March 31st, the company's nonperforming assets ratio was 1.18%. That was a 12-basis-point worsening sequentially. An isolated $15.5 million commercial real estate relationship migrated to nonaccrual status in Q4 2025 and accounts for roughly half of its nonaccrual assets. UNTY's dividend payout ratio is another plus. As it has for most of the past 10 years, this is set to be in the low double-digits in 2026. That provides a sizable buffer for the company to build on its 14-year dividend growth streak.

Final Thoughts & Recommendation

UNTY's 1.2% dividend yield, 9.0% annual diluted EPS growth prospects, and 1.5% annual valuation multiple upside potential could produce 11.6% annual total returns through 2031. As a result, we're reiterating our Buy rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	58	64	76	84	92	97	109	152	164	188
D&A Exp.	1	1	2	2	2	2	3	2	3	3
Net Profit	13	13	22	24	24	36	38	40	41	58
Net Margin	22.7%	20.3%	28.7%	28.0%	25.7%	37.3%	35.4%	26.2%	25.2%	30.8%
Free Cash Flow	1	5	37	31	33	22	41	46	47	44
Income Tax	7	10	5	7	7	12	13	13	13	18

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,192	1,457	1,581	1,721	1,960	2,035	2,446	2,580	2,655	2,968
Cash & Equivalent	22	24	20	21	23	26	20	21	20	20
Goodwill & Int.	2	2	2	2	2	2	2	2	2	2
Total Liabilities	1,086	1,339	1,443	1,560	1,786	1,829	2,207	2,319	2,360	2,623
Long-Term Debt	75	100	10	53	212	55	398	124	95	100
Shareholder's Equi	106	118	138	161	174	206	239	261	296	346
LTD/E Ratio	1.24	2.42	3.11	1.84	1.22	0.27	1.67	1.42	0.80	0.78

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.2%	1.0%	1.4%	1.4%	1.3%	1.8%	1.7%	1.6%	1.6%	2.1%
Return on Equity	14.3%	11.5%	17.1%	15.8%	14.1%	19.0%	17.3%	15.9%	14.9%	18.1%
ROIC	6.2%	4.0%	4.5%	4.6%	5.6%	11.1%	8.6%	6.2%	7.1%	10.1%
Shares Out.	10.5	10.6	10.8	10.9	10.5	10.4	10.6	10.1	10.0	10.0
Revenue/Share	6.07	5.92	6.99	7.65	8.49	9.18	10.16	14.67	16.10	18.43
FCF/Share	0.07	0.43	3.40	2.85	3.07	2.10	3.85	4.45	4.64	4.34

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.