

UNITY BANCORP INC /NJ/
Form 10-Q
May 04, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For The Quarterly Period Ended March 31, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For The Transition Period From to

Commission file number 1-12431

Unity Bancorp, Inc.

(Exact Name of Registrant as Specified in Its Charter)

New Jersey
(State or Other Jurisdiction
of Incorporation or Organization)

64 Old Highway 22, Clinton, NJ
(Address of Principal Executive Offices)

22-3282551
(I.R.S. Employer
Identification No.)

08809
(Zip Code)

Registrant's Telephone Number, Including Area Code **(908) 730-7630**

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Exchange Act Rule 12b-2) Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act Yes ☐ No ☒

The number of shares outstanding of each of the registrant's classes of common equity stock, as of

May 1, 2007 common stock, no par value: 6,993,828 shares outstanding

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Part 1. Consolidated Financial Information

Item 1. Consolidated Financial Statements

Unity Bancorp, Inc.

Consolidated Balance Sheets

<i>(In thousands)</i>	(unaudited) 03/31/07	(audited) 12/31/06	(unaudited) 03/31/06
Assets			
Cash and due from banks	\$ 15,697	\$ 14,727	\$ 12,171
Federal funds sold and interest bearing deposits	23,417	40,709	25,726
Securities:			
Available for sale	66,197	65,595	63,411
Held to maturity (market value of \$37,521, \$42,449 and \$37,601, respectively)	38,121	42,815	38,230
Total securities	104,318	108,410	101,641
Loans:			
SBA held for sale	9,298	12,273	16,826
SBA held to maturity	68,314	66,802	65,305
Commercial	318,905	312,195	279,369
Residential mortgage	63,615	63,493	60,194
Consumer	55,430	52,927	46,269
Total loans	515,562	507,690	467,963
Less: Allowance for loan losses	7,757	7,624	7,120
Net loans	507,805	500,066	460,843
Premises and equipment, net	11,525	11,610	10,723
Bank owned life insurance	5,421	5,372	5,232
Accrued interest receivable	3,594	3,926	3,350
Loan servicing asset	2,261	2,294	2,476
Goodwill and other intangibles	1,599	1,603	1,614
Other assets	5,665	5,389	4,279
Total assets	\$ 681,302	\$ 694,106	\$ 628,055
Liabilities and Shareholders' Equity			
Liabilities:			
Deposits			
Non-interest bearing demand deposits	\$ 75,928	\$ 79,772	\$ 81,210
Interest bearing checking	89,313	105,382	113,441
Savings deposits	214,636	205,919	178,848
Time deposits, under \$100,000	105,724	111,070	108,211
Time deposits, \$100,000 and over	55,798	64,322	52,727
Total deposits	541,399	566,465	534,437
Borrowed funds	65,000	55,000	40,000
Subordinated debentures	24,744	24,744	9,279
Accrued interest payable	523	475	298
Accrued expense and other liabilities	1,811	1,194	2,056
Total liabilities	\$ 633,477	\$ 647,878	\$ 586,070
Commitments and contingencies			
Shareholders' equity			
Common stock, no par value, 12,500 shares authorized	44,677	44,343	38,697
Retained earnings	4,067	2,951	4,749

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Treasury stock (24 shares)	(242)) (242) (242)
Accumulated other comprehensive loss	(677)) (824) (1,219)
Total Shareholders' Equity	47,825	46,228	\$ 41,985	
Total Liabilities and Shareholders' Equity	\$ 681,302	\$ 694,106	\$ 628,055	
Issued common shares	7,019	6,973	6,918	
Outstanding common shares	6,995	6,949	6,894	

See Accompanying Notes to the Consolidated Financial Statements

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Unity Bancorp
Consolidated Statements of Income
(unaudited)

	For the three months ended March 31,	
<i>(In thousands, except per share amounts)</i>	2007	2006
Interest income:		
Federal funds sold and interest on deposits	\$ 262	\$ 207
Securities:		
Available for sale	780	708
Held to maturity	540	476
Total securities	1,320	1,184
Loans:		
SBA loans	2,340	2,153
Commercial loans	5,988	4,892
Residential mortgage loans	888	820
Consumer loans	904	744
Total loan interest income	10,120	8,609
Total interest income	11,702	10,000
Interest expense:		
Interest bearing demand deposits	552	694
Savings deposits	2,171	1,192
Time deposits	1,970	1,499
Borrowed funds and subordinated debentures	990	562
Total interest expense	5,683	3,947
Net interest income	6,019	6,053
Provision for loan losses	200	300
Net interest income after provision for loan losses	5,819	5,753
Non-interest Income:		
Service charges on deposit accounts	349	433
Service and loan fee income	366	395
Gain on sales of SBA loans, net	679	700
Gain on sales of mortgage loans	9	62
Gain on sales of other loans		82
Net security gains	10	
Bank owned life insurance	49	47
Other income	217	283
Total non-interest income	1,679	2,002
Non-interest expense:		
Compensation and benefits	2,955	2,725
Occupancy	673	648
Processing and communications	550	527
Furniture and equipment	400	393
Professional services	136	132
Loan servicing costs	90	101
Advertising	94	170
Other expenses	519	560
Total non-interest expense	5,417	5,256
Net income before provision for income taxes	2,081	2,499
Provision for income taxes	630	842
Net income	\$ 1,451	\$ 1,657
Net income per common share Basic	\$ 0.21	\$ 0.24
Net income per common share Diluted	0.20	0.23
Weighted average shares outstanding Basic	6,976	6,884
Weighted average shares outstanding Diluted	7,285	7,241

See Accompanying Notes to the Unaudited Consolidated Financial Statements.

Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2007 and 2006

(unaudited)

<i>(In thousands)</i>	Outstanding Shares	Common Stock	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Shareholders Equity
Balance, December 31, 2006	6,949	\$ 44,343	\$ 2,951	\$ (242)	\$ (824)	\$ 46,228
Comprehensive income:						
Net Income			1,451			1,451
Unrealized holding gain on securities arising during the period, net of tax of \$93					154	
Less: Reclassification adjustment for gains included in net income, net of tax of \$3					7	
Net unrealized holding gain on securities arising during the period, net of tax of \$90					147	147
						1,598

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Total comprehensive income				
Cash dividends declared on common stock of \$.05 per share				
			(335)	(335)
Issuance of common stock:				
Employee benefit plans	46	334		334