

UNIVERSITY BANCORP ANNOUNCES RIGHTS OFFERING TO RAISE \$2.1MM

August 30, 2001 - University Bancorp, Inc. (NASDAQ Symbol UNIB) (the "Company"), which owns University Bank of Ann Arbor, Michigan, announced the commencement of a rights offering to raise \$2,092,081 from the issue of 2,092,081 shares at \$1 per share. The rights are listed on the OTC Bulletin Board under the symbol UNIBR and are anticipated to be listed on the Nasdaq SmallCap Market under the same symbol.

Each shareholder will receive one right for every share they owned at the close of business on August 30, 2001. With the rights, rights holders are entitled to purchase one share of common stock, upon surrendering one right accompanied by payment of \$1 per share purchased.

As of August 14, 2001, the date of the Offering Prospectus, the trading price for University Bancorp's common stock was \$2.00 per share. The majority shareholders of University Bancorp (the Ranzini Group) intend to exercise rights to purchase approximately \$1,500,000 of common stock available from this offering.

Holdings of less than 100 shares of common stock at the close of business on August 30, 2001 will also receive a non-transferable Step-up Privilege entitling each shareholder, along with the rights they receive, to purchase up to 100 shares of common stock for \$1 per share.

To the extent our shareholders do not choose to purchase some or all of the shares they are entitled to purchase, the shares will be offered to the other shareholders who purchased shares in the initial phase of the offering under an Oversubscription Privilege.

Rights holders must exercise their right to purchase by Wednesday, October 31, 2001. The subscription offer will expire at 5:00 P.M., New York time, on Wednesday October 31, 2001. All subscriptions must be received by the Company before 5:00 P.M., Michigan (EST) time, on October 31, 2001.

Interest will be paid on amounts tendered for Over-Subscriptions from the time these amounts are received

by the subscription agent through Wednesday October 31, 2001 at 4.00%. Interest will be paid to Tuesday, October 30, 2001.

Rights may be sold through the usual investment channels, including banks and brokers, however the Rights may be only purchased by or transferred to bona fide residents of the state of Michigan (unless a Blue Sky exemption or other exemption is available). While Rights may be traded on the NASDAQ SmallCap Market or OTC Bulletin Board under symbol UNIBR, there can be no assurance of the extent, if any, that trading will take place or how long it will continue.

The shares of common stock offered via the rights offering are NOT an obligation of a bank, are not deposits or savings accounts or savings deposits and are NOT insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. This press release should not be construed as an offer to sell securities or a solicitation for purchase of securities, which is made only through the Offering Prospectus. For full details regarding the rights offering, please reference the Offering Prospectus, which is available at [www.university-bank.com/rights.html](http://www.university-bank.com/rights.html). The Prospectus is expected to be mailed to shareholders within the next ten days to their address of record or via their broker.

Record date: August 30, 2001, 5pm EST;  
Expiration date: October 31, 2001, 5pm EST;  
Rights: one new share at \$1 for each one share outstanding, plus Step-Up Privilege and Oversubscription Privilege.

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Ann Arbor-based University Bancorp owns 100% of University Bank, an FDIC-insured community bank also based in Ann Arbor, Michigan. In addition to its community bank operations, University Bank specializes in mortgage subservicing through its 80%-owned subsidiary, Houghton-based subsidiary, Midwest Loan Services, Inc., and mezzanine capital lending through its Ann Arbor-based 31.5%-owned subsidiary, Michigan BIDCO, Inc.

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