

UNIVERSITY BANCORP REPORTS 2001 SECOND QUARTER PROFIT

August 20, 2001 - University Bancorp, Inc. (NASDAQ Symbol UNIB) (the "Company") announced its unaudited results from operations for the six months ended June 30, 2001:

	For the Six Months Ended June 30, (in 000s)	
	2001	2000
Net interest income	\$ 717	\$ 648
Provision for loan losses	45	66
Total securities gains (losses)	0	4
Total other income	2,609	1,047
Total other expense	3,199	2,174
Loss before income tax	82	(541)
Income tax (benefit)	0	5
Net income (loss)	\$ 82	\$(546)
Basic and diluted income (loss) per share	\$0.03	\$(0.27)
Average shares outstanding	2,045	2,026
Period-end assets	\$47,692	\$42,266

The Company continues to enjoy improved earnings, due in large part from its 80% owned mortgage servicing subsidiary, Midwest Loan Services. The Company has now been profitable in three of its last four quarters. During the quarter, management continued to focus on improving results from the bank's core operating unit, University Bank, by increasing levels of low cost core deposits, increasing residential mortgage origination levels and continued emphasis on increasing the portfolio of commercial real estate mortgages. During the quarter management also reviewed and adjusted its fee income strategy, added a new accounts receivable management financing product and embarked upon a company wide effort to grow relationships with commercial business customers in Washtenaw County.

"We are focused on improving core banking operations in order to become less dependent on subsidiary income going

forward, said President Stephen Ranzini. "We believe that we have the right people in place to do the job."

The following table summarizes the pre-tax income (loss) of each profit center of the Company for the three months ended June 30, 2001 and 2000 (in thousands):

Six months ended June 30, 2001 and 2000 Pre-tax Income (Loss) Summary		
	2001	2000
Community Banking	\$(402)	\$(678)
Midwest Loan Services	601	86
Merchant Banking (Michigan BIDCO)	-	114
Corporate Office	(117)	(68)
Total	\$ 82	\$(546)

* * *

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 mezzanine capital lending through its Ann Arbor-based 31.5%-owned subsidiary, Michigan BIDCO, Inc., and mortgage subservicing through its 80%-owned subsidiary, Houghton-based subsidiary, Midwest Loan Services, Inc.

Company Contact:
Stephen Lange Ranzini,
President & CEO, University Bancorp, Inc.
Phone: (734) 741-5858 xt 226
Fax: (734) 741-5859
Email: ranzini@university-bank.com