

For Immediate Release

Contact: Stephen Lange Ranzini, President and CEO

Phone: 734-741-5858, Ext. 226

Email: ranzini@university-bank.com

**UNIVERSITY BANK'S ISLAMIC BANKING DIVISION IS AN "ISLAMIC FRIENDLY
LENDER" ACCORDING TO THIS WEEK'S BUSINESS WEEK MAGAZINE;
ONE OF JUST THREE IN THE UNITED STATES**

Ann Arbor, Michigan, February 8, 2005 – University Bank (NASDAQ: UNIB) is mentioned as one of just three U.S. banks in the February 14, 2005 issue of BusinessWeek magazine in an article on page 12 regarding "Islamic Friendly Lenders". Devon Bank which was mentioned in the article and HSBC were the other two lenders. Unlike the murabaha mortgage product that is being pioneered by Devon Bank with Freddie Mac and Fannie Mae, University Bank applies an ijara process termed in English as a Redeemable Lease. We have selected this method over murabaha for a number of important reasons:

1. It allows our clients more flexibility in both selecting adjustable or fixed rental options, whereas murabaha is only fixed rate;
2. It gives our clients greater redemption (pre-payment) flexibility, whereas some murabaha transactions have limitations on pre-payments;
3. It allows us an Islamically authentic way to sell our investment in our clients' property to investors, whereas a murabaha receivable is only securitizable at the full price of the receivable and not at a discount. And, if securitized at other than par, murabaha receivables must be less than 50% of a pool;
4. Ijara is easily restructured to help us overcome troubles, whereas murabaha is not easily restructured except at a loss to someone;
5. There is a way to expand a leasehold estate to help consumers release imputed equity in a property, whereas this is not possible under Sharia'a when murabaha is applied.

University Bank funds its transactions against a true sakk al ijara and the full University Bank process is approved by a panel of globally recognized Sharia's scholars including Sh. Nizam Yaquby and Sh. Yusuf DeLorenzo (as featured in today's New York Times, see <http://www.nytimes.com/2005/02/08/business/worldbusiness/08bahrain.html?ex=1108530000&en=454b045ce76bebff&ei=5070>).

In addition to Islamic mortgages, University Bank is the only bank in the U.S. to offer Islamic deposits which are Sharia'a compliant and insured by the FDIC. University Bank is a member FDIC and an Equal Housing Lender.

Page Two of Two, University Bank mentioned in this week's BusinessWeek

University Bank also offers Islamic mutual funds nationwide through its University Insurance & Investment Services subsidiary. University Bank is the only financial institution in the U.S. that offers all of these products to its customers. For more information about these products, see <http://www.university-bank.com/IslamicBanking/IBDmain.htm> or contact us via email at: islamicinfo@university-bank.com.

Stephen Lange Ranzini is a NASD registered representative licensed with Equitas America, L.L.C. Nondeposit investment and insurance products are NOT FDIC INSURED, NOT GUARANTEED by any bank or government agency and MAY LOSE VALUE.

No recommendation to buy or sell any security is intended from this material nor should one be inferred. The writer is an NASD registered securities principal. The material contained herein has been obtained from sources believed to be reliable but its authenticity, accuracy or completeness is not guaranteed. The opinions expressed are solely those of the person submitting this material and does not represent the opinion of the firm nor any other person. This report does not include all the information available on the securities or companies mentioned. The writer, officers and employees of the writer's broker/dealer, the firm itself, its clearing firm and related parties may have positions in the securities (or options with respect to such securities) mentioned herein, including positions contrary to those discussed herein. For further information about this compliance statement, email the firm at info@equitasusa.com.

* * *

Ann Arbor based University Bancorp owns 100% of University Bank. University Bank is an FDIC-insured, locally owned and managed Community Bank primarily serving the cities of Ann Arbor and Ypsilanti of Washtenaw County and which manages a total of \$2.35 billion in assets. The Community Banking operation focuses on local businesses, minorities and the non-profit communities. University Bank is the only financial institution located in Washtenaw County to be rated "Outstanding" by the FDIC for Community Service and Community Reinvestment. Other Community Banking specialties include highly competitive deposit products for business owners, residential mortgages, commercial real estate lending and insurance, investments and money management through its wholly-owned subsidiary University Insurance & Investments, Inc. In addition to its Community Banking operations, University Bancorp specializes in mortgage subservicing and mortgage origination primarily serving the credit union industry through the Bank's Houghton-based 80%-owned subsidiary, Midwest Loan Services.

Any prediction of the future is inherently not assured. Investors should read the risk factors listed on pages 21 and 22 in the Company's report on Form 10K for the year ended December 31, 2003 and any prediction in this release is intended to be covered by the Safe Harbor provisions of Section 21E of the Securities Exchange Act of 1934.

#