

For Immediate Release

Contact: Stephen Lange Ranzini, Chairman and President

734-741-5858, Ext. 226

Email: [ranzini@university-bank.com](mailto:ranzini@university-bank.com)

**CNN/Money.com ARTICLE ON ISLAMIC BANKING & UNIVERSITY BANK'S  
ISLAMIC BANKING SUBSIDIARY, UNIVERSITY ISLAMIC FINANCIAL**

January 19, 2006, Ann Arbor, Michigan—**Stephen Lange Ranzini**, President and Chairman of Ann Arbor's University Bank (NASDAQ: UNIB), announced that CNN/Money.com has published an article about Islamic Banking in the United States that features information on University Bank®'s recently formed Islamic Banking Subsidiary, University Islamic Financial Corporation (UIFC). The article is available online at [http://money.cnn.com/2006/01/17/news/companies/banks\\_muslims/index.htm](http://money.cnn.com/2006/01/17/news/companies/banks_muslims/index.htm).

UIFC, which was formed on December 29, 2005 and capitalized with \$15,581,000 in shareholder equity and assets, is the first ever U.S. Islamic Banking Subsidiary to be formed. In connection with the formation of the subsidiary, University Bank sold 20% of the common stock of UFC for \$3,000,000 to Virtue Investors, LLC, at a 50% premium to book value, which will generate a capital gain for University Bank of \$1,000,000. Following the transaction, University Bank holds 80% of the common stock of UFC. Further information on the formation of UFC is available in a Form 8-K filed with the SEC at: <http://www.sec.gov/Archives/edgar/data/811211/000081121106000002/0000811211-06-000002-index.htm>.

UIFC engages in Islamic Banking with an initial focus on its existing product set: soliciting Islamic Sharia'a FDIC-insured Deposits held by University Bank and originating Islamic Sharia'a home financings as agent for University Bank. UFC's products have received favorable legal rulings (fatawa) from some of the leading Islamic legal scholars in the U.S. and the world. University Bank is also in the final stages of negotiating a master commitment with a major Government Sponsored Enterprise to create a secondary market for UFC's Sharia'a compliant home financings nationwide.

For additional information about UFC's Sharia'a compliant products and its fatawa, see [www.university-bank.com/islamic.htm](http://www.university-bank.com/islamic.htm).

Ann Arbor based University Bancorp owns 100% of University Bank which manages a total of \$3.33 billion in assets. University Bank is an FDIC-insured, locally

owned and managed Community Bank primarily serving the cities of Ann Arbor and Ypsilanti of Washtenaw County. The Community Banking operation focuses on local businesses, minorities and the non-profit communities. University Bank is the only financial institution headquartered 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 Islamic Banking through 80%-owned University Islamic Financial Corporation and also in mortgage subservicing and mortgage origination primarily serving credit unions 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, 2004 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.

Additional comprehensive investor relations information on University Bancorp is available at [www.university-bank.com/bancorp.htm](http://www.university-bank.com/bancorp.htm).

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