

UNIVERSITY BANK SUB SURPASSES \$1 BILLION

December 19, 2002, Ann Arbor, Michigan—**Stephen Ranzini**, President and Chairman of Ann Arbor's University Bank®, proudly announced a major benchmark at the bank's mortgage servicing and sub-servicing subsidiary.

Midwest Loan Servicing (“MLS”) surpassed \$1 billion in approximately 8,000 total loans serviced and sub-serviced. University Bank has owned 80% of the Houghton, Michigan based company since December 1995. This represents 110% and 98% growth since year-end 1999 for total dollar amount serviced/sub-serviced and number of loans, respectively.

Ed Burger, MLS's President, has spearheaded tremendous growth over the past 18 months, primarily in the market of sub-servicing for some of the nation's largest credit unions. **Burger** has capitalized on credit union customer loyalty and has pursued this niche through the “Members for Life” program. “Members for Life” enables Credit Unions to commit that the mortgage loans of their members “won't be sold” and that mortgages will be serviced in the name of the credit union for the life of the loan.

MLS is projected to reach 12,000 loans and \$1.4 billion in mortgages serviced and sub-serviced by year-end 2003.

University Bank is a state chartered, FDIC insured, locally owned and managed community bank. The bank is a wholly owned subsidiary of University Bancorp (NASDAQ:UNIB). In the Ann Arbor market, University Bank is focused on the local small business and non-profit communities. Other bank specialties include residential mortgages, commercial real estate lending, insurance and investments through its wholly owned subsidiary, University Insurance & Investments, Inc., and highly competitive deposit products for small business owners.

Any prediction of the future contained in this press release is inherently not assured. Investors should read the risk factors listed in the Company's 2001 SEC 10-K, beginning on page 22 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.

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