

For Immediate Release

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## UNIVERSITY BANK SUB SURPASSES \$2 BILLION

January 8, 2004, Ann Arbor, Michigan—**Stephen Lange Ranzini**, President and Chairman of Ann Arbor's University Bank® (NASDAQ: UNIB), proudly announced a major benchmark at the bank's mortgage servicing and sub-servicing subsidiary.

Midwest Loan Servicing ("MLS") surpassed \$2 billion in 15,839 total loans serviced and sub-serviced on January 1, 2004. University Bank has owned 80% of the Houghton, Michigan based company since December 1995. This represents 108% and 84% growth since year-end 2002 for total dollar amount serviced/sub-serviced and number of loans, respectively.

**Ed Burger**, MLS's President, has spearheaded tremendous growth over the past 30 months, primarily in the market of sub-servicing for some of the nation's largest credit unions. The rapid growth of Midwest is due to both increases from existing credit unions and additions of new credit unions. Midwest is currently subservicing mortgages for 65 credit unions that have over 1.6 million members. "Since the average American relocates on average every 9 years, our credit unions' members represent a pool of over 175,000 new mortgages per year. Even with recent higher mortgage interest rates, we are just scratching the surface of our existing potential customer base," stated Midwest President, **Ed Burger**.

Midwest 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.

Midwest is projected to reach over 20,000 loans and \$3.0 billion in mortgages serviced and sub-serviced by year-end 2004.

University Bancorp, which is listed on the NASDAQ Small-Cap Market, was the #2 performing stock market listed company in Michigan in 2003, with a net increase in price per share of 275%. 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. University Bank's mission is "We are a bank focused on listening and responding to our community's true needs, profitably providing the highest level of service to the people, small businesses and organizations of Ann Arbor and Washtenaw County." The Community Banking operation focuses on serving local businesses, minorities and non-profit organizations. 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 through the Bank's Houghton-based 80% owned subsidiary, Midwest Loan Services. Midwest is a business process outsourcer of mortgage services for 64 credit unions that have over 1.6 million members, including 3 of the top 25 credit unions in the U.S. Midwest currently subservices over \$2.0 billion in mortgage loans and grew its subservicing business 66% in 2002 and 89% in 2003. The credit union industry is gaining market share from all other financial institutions. University Bancorp's listed common stock (NASDAQ:UNIB) offers investors one of the few ways to invest in this ongoing growth of the credit union sector.

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

Any prediction of the future is inherently not assured. Investors should read the risk factors in the Company's report on Form 10-K for the year ended December 31, 2002 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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