

For Immediate Release

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UNIVERSITY BANK SUB SURPASSES \$3 BILLION

December 5, 2005, 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 Services surpassed \$3 billion in 23,743 total loans serviced and sub-serviced on December 1, 2005. This represents 367% and 307% growth since year-end 2001 for total dollar amount serviced/sub-serviced and number of loans, respectively. University Bank has owned 80% of the Houghton, Michigan based company since December 1995.

Ed Burger, Midwest Loan Service's President, stated, "The rapid growth of Midwest is due to both increases from existing credit unions and additions of new credit unions. Midwest currently subservices mortgages for over 150 credit unions or more than 1.7% of all credit unions in the United States including credit union owned credit union service organizations that service additional credit unions indirectly."

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 services the mortgages in the name of the credit union on a private label basis and also can originate any type of mortgage including conforming, non-standard and jumbo. Additional information about "Member for Life" is available at www.subservice.com.

Midwest is projected to reach over 26,000 loans and \$3.25 billion in mortgages serviced and sub-serviced by year-end 2005.

Ann Arbor based University Bancorp owns 100% of University Bank which manages a total of \$3.05 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 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.

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