

For Immediate Release

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UNIVERSITY BANCORP REPORTS 2006 RESULTS

Ann Arbor, Michigan, April 13, 2007 – University Bancorp, Inc. (NASDAQ: UNIB) reported an audited net loss of \$401,698, versus net income of \$1,989,169 in 2005. Basic earnings (loss) per share for 2006 and 2005 were \$(0.10) and \$0.48, respectively and diluted earnings (loss) per share for 2006 and 2005 were \$(0.10) and \$0.47, respectively. For the fourth quarter the unaudited net loss in 2006 was \$52,000 or (\$0.01) per share versus net income in 2005 of \$1,878,000 or \$0.46 per share.

Significant progress during the year was made with the following key metrics:

- Total assets increased by 35.2% to \$87.27 million
- Total loans subserviced increased by 25% to \$4 billion
- Mortgages subserviced increased by 24.2% to 32,461
- Custodial escrow deposits increased by 82.3% to \$25.77 million
- Total deposits increased by 40.8% to \$78.88 million
- Portfolio loans and financings increased by 11.4% to \$50.46 million
- Net interest & financing income increased by 19.0% to \$2.76 million
- Nonperforming assets decreased by 44.3% to \$348,817

Unfortunately, despite the progress on many metrics, the increase in custodial escrow deposits did not occur until mid-December 2006 versus management's originally budgeted planned date of March 31, 2006 and as a result, the net income fell short of the budgeted amount, as each \$1 million increase in custodial escrow deposits increases net income by \$45,000 per year. All of the custodial escrow deposits controlled by our subsidiary, Midwest Loan Services, have been on deposit at University Bank since mid-December 2006. In the first period of 2007, those custodial escrow deposits have continued to increase and recently peaked at over \$42 million, and as a result management projects substantially improved net income results in 2007, with current estimates at or above the originally budgeted net income of at least \$1 million comprised of operating profit of \$770,000 and tax benefit of \$260,000. Additional strong special fee income from Midwest Loan Services of \$1,000,000 is likely in the second quarter of 2007 and an investment banking fee of \$1,000,000 is also possible sometime during 2007. Lastly, it is likely during 2007 if and when these operating results are achieved that management will reverse all or part of the tax valuation allowance of \$1,158,618 against our net deferred tax assets. Investors' attention is drawn to the cautionary remark in the final paragraph of this press release.

More

UNIVERSITY BANCORP REPORTS 2006 RESULTS

Page 2 of 3

2006 results were also negatively impacted by the cost to restructure an agreement with a consulting firm that has assisted us in the creation of our Islamic Banking operations and products. In April 2006, the Company agreed to modify the original agreement, under which University Islamic Financial was to pay a share of revenue earned from all future mortgage alternative products sold in the secondary market. University Islamic Financial agreed to pay this company \$100,000 in cash and the Company paid 100,500 shares of our common stock and stock options totaling 48,563 with a strike price starting at \$2.50 and increasing to \$3.50 through June 30, 2015, to eliminate this provision in the agreement, as well as to acquire the firm providing trustee services for some of the Islamic financings. By modifying the agreement, the Company will materially reduce future expenses related to the agreement. The total cost however reduced our net income by a total of \$260,844 in 2006 and \$100,000 in 2005.

At December 31, 2006, the Bank's Tier 1 leverage capital ratio was 9.8%, down from 12.2% at September 30, 2006 as the increased custodial escrow deposits expanded the bank's balance sheet as planned.

	(Unaudited)			
	For the Quarter Ended December 31, (in 000s)		For the Year Ended December 31, (in 000s)	
	2006	2005	2006	2005
Net interest & financing income	\$ 842	\$ 612	\$2,759	\$2,320
Provision for loan & financing losses	47	-	153	17
Total other income	1,186	2,793	4,468	5,891
Total other expense	2,053	1,627	7,496	6,305
Income tax	(20)	(100)	(20)	(100)
Net income (loss)	\$ (52)	\$1,878	\$ (402)	\$1,989
Basic earnings (loss) per common share	\$(0.01)	\$ 0.46	\$(0.10)	\$0.48
Diluted earnings (loss) per common share	\$(0.01)	\$ 0.46	\$(0.10)	\$0.48
Average shares outstanding				
Basic	4,248	4,144	4,223	4,147
Diluted	4,248	4,182	4,223	4,184
Net interest & profit margin	4.29%	4.47%	4.76%	4.89%
Period-end:	December 31,			
	2006	2005		
Loans & financings including those held for sale	\$52,879	\$47,099		
Allowance for loan & financing losses	466	349		
Deposits	78,882	56,021		
Assets	87,272	64,540		
Equity	5,251	5,301		
Book value per share	\$1.20	\$1.24		

More

UNIVERSITY BANCORP REPORTS 2006 RESULTS

Page 3 of 3

The following table summarizes the pre-tax net income (loss) of each profit center of the Company for the three and twelve months ended December 31, 2006 and 2005 (in thousands):

2006	Three Months	Year
Community & Islamic Banking	\$(690)	\$(953)
Midwest Loan Services	777	1,016
Corporate Office and Eliminations	(159)	(485)
Total	<u>\$(72)</u>	<u>\$(422)</u>
2005	Three Months	Year
Community & Islamic Banking	\$1,576	\$1,361
Midwest Loan Services	206	646
Corporate Office and Eliminations	(4)	(118)
Total	<u>\$1,778</u>	<u>\$1,889</u>

Note that the allocation of costs between Midwest Loan Services and Community & Islamic Banking for the interest on custodial deposits of Midwest Loan Services held on deposit at Community Banking skews the profit of the individual units as Midwest earns interest on the escrow deposits which is eliminated in consolidation, as the expense is an inter-company expense among our two subsidiaries. Most of the eliminations are at the University Bank level among University Bank, Midwest Loan Services and Community & Islamic Banking.

Ann Arbor based University Bancorp owns 100% of University Bank which services a total of over \$4.10 billion in loans. University Bank is an FDIC-insured, locally owned and managed community bank, and is the only financial institution headquartered in Washtenaw County rated "Outstanding" by the FDIC for Community Service and Community Reinvestment. University Bank focuses on local businesses, minorities and the non-profit communities primarily serving the cities of Ann Arbor and Ypsilanti of Washtenaw County. Other University Bank 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. University Bank also engages in Islamic Banking through 80%-owned University Islamic Financial Corporation, the first and only Islamic Banking subsidiary of a bank in the U.S. University Islamic Financial Corporation offers mortgage alternative financing, the only FDIC-insured Islamic deposits (offered through University Bank) and Islamic equity mutual funds (offered through University Insurance & Investments, Inc.). University Bank also specializes in mortgage subservicing and mortgage origination primarily serving over 270 credit unions (representing 2.8% of all credit unions nationwide) through its 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 through 22 in the Company's report on Form 10K for the year ended December 31, 2006 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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