

For Immediate Release

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UNIVERSITY BANCORP REPORTS \$469,500 9MO 2008 UNAUDITED NET INCOME

Ann Arbor, Michigan, November 14, 2008 – University Bancorp, Inc. (NASDAQ: UNIB) reported unaudited net income for the Company for the nine-month period ended September 30, 2008 was \$469,500 as compared to \$1,015,294 for the same period last year. Net income for the Company for the three-month period ended September 30, 2008 was \$121,238 as compared to a net loss of \$49,738 for the same period in 2007. Net income available to common shareholders was \$433,660 for the first three quarters of 2008, versus income of \$985,727 for the same period in 2007. Basic and diluted earnings (loss) per share for the 2008 and 2007 nine-month periods were \$0.10 and \$0.23, and for the three-month periods were \$0.03 and (\$0.01) in 2008 and 2007, respectively.

- The Bank's subsidiary, Midwest Loan Services Inc., reported a pre-tax net income of \$181,000 for the third quarter of 2008 as compared to net income of \$214,000 for the same period in 2007. Improvements in the volume of loans subserviced were offset by a \$154,301 decrease in the fair value of mortgage servicing rights during the third quarter of 2008. Income for the nine-months ended September 30, 2007 at Midwest Loan Services was positively impacted by termination fee income of \$1,175,284 which was partially offset by a change in fair value of mortgage servicing rights of \$182,770. At September 30, 2008, Midwest was subservicing 42,781 mortgages, an increase of 30.55% from 32,770 mortgages subserviced at September 30, 2007 and an increase of 26.06% from 33,937 mortgages subserviced at December 31, 2007.

- Community Banking and Islamic Banking reported a pre-tax loss of \$57,000 during the 2008 third quarter, compared to a pre-tax net loss of \$226,000 for the same period in 2007. Islamic Banking's results continue to reflect ongoing investment in the expansion of University Islamic Financial including legal and personnel costs to expand the product offering into additional states. Improvements in net interest and financing income and financial origination volumes driven by increases in loans and financings were partially offset by higher loan loss provisions for the three months ended September 30, 2008.

- University Lending Group, our new FHA wholesale lending operation that began operations in April 2008 achieved profitability during the third quarter of 2008 and contributed net income of \$71,000 versus a loss of \$308,000 for the nine months ended September 30, 2008. Volumes continue to expand this quarter.

Year-to-date key metrics of the bank have shown positive trends when comparing 2008 to 2007:

- Average earning assets increased by 30.09% to \$92,138,350;
- Net interest and financing income +25.1%;

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- The net margin increased to 5.15% from 4.64%;
- Tier 1 Capital +7% to \$9,305,000.

(in 000s except for per share data)

	For the		For the	
	Quarter Ended		Nine-Months Ended	
	Sept. 30,		Sept. 30,	
	2008	2007	2008	2007
Net interest and financing income	\$1,262	\$ 884	\$3,217	\$2,571
Provision for loan losses	80	16	369	92
Trading securities gains (losses)	(26)	78	(68)	78
Total other income	2,205	1,184	5,229	4,823
Increase (decrease) in fair value of mortgage servicing rights	(102)	(237)	175	(183)
Total other expense	3,086	1,922	7,863	5,865
Income tax expense (benefit)	0	0	(44)	20
Minority interest	52	21	(105)	297
Net income (loss)	121	(50)	470	1,015
Preferred stock dividends	12	11	36	30
Net income (loss) available to common shareholders	\$ 109	\$ (61)	\$ 434	\$ 986
Basic earnings (loss) per common share	\$ 0.03	\$(0.01)	\$ 0.10	\$ 0.23
Diluted earnings (loss) per common share	\$ 0.03	\$(0.01)	\$ 0.10	\$ 0.23
Weighted average shares outstanding				
Basic	4,256	4,248	4,253	4,248
Diluted	4,290	4,248	4,290	4,286
Net interest & profit margin	5.15%	4.64%	4.98%	4.87%

Period End:	September 30,		December 31,
	2008	2007	2007
Loans & financings including those held for sale	\$71,920	\$58,827	\$60,063
Allowance for loan & financing losses	398	536	686
Deposits	97,970	77,347	78,657
Assets	112,969	87,487	88,238
Equity	5,732	6,373	5,984
Book value per common share	\$1.22	\$1.38	\$1.29

At September 30, 2008 University Bank's Tier 1 Capital Ratio was 8.4%. Tier 1 Capital increased to \$9,305,000 from \$8,721,000 at December 31, 2007.

President Stephen Lange Ranzini noted, "Although University Bank is an active participant in the residential mortgage industry, it has never originated many types of riskier mortgage loans that are currently causing severe losses among our competitors. We've never originated any "interest-only", "optional payment", "negatively amortizing" or "no income verification" loans. Moreover, the bank owns no mortgage securities other than those guaranteed by GNMA, FNMA or

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FHLMC."

The following table summarizes the pre-tax income (loss) of each profit center of the Company for the three and nine-months ended September 30, 2008 (in thousands):

	Three-Months	Nine-Months
Community and Islamic Banking	\$ (57)	\$ (581)
Midwest Loan Services	181	1,261
University Lending Group	71	(308)
Corporate Office	(22)	(51)
Eliminations	(52)	104
Total	<u>\$ 121</u>	<u>\$ 425</u>

The following table summarizes the pre-tax income (loss) of each profit center of the Company for the three and nine-months ended September 30, 2007 (in thousands):

	Three-Months	Nine-Months
Community and Islamic Banking	\$ (226)	\$ (1,007)
Midwest Loan Services	214	2,393
University Lending Group	-	-
Corporate Office	(17)	(54)
Eliminations	(21)	(297)
Total	<u>\$ (50)</u>	<u>\$ 1,035</u>

Ann Arbor-based University Bancorp owns 100% of University Bank which, together with its subsidiaries, holds and manages a total of \$5.8 billion in loans and assets. 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 through its creative and innovative services to meet the financial needs of its community. University Bank also specializes in several niche financial services through subsidiaries:

- University Islamic Financial Corporation, based in Ann Arbor, Michigan and 80%-owned, engages in Islamic Banking and is the first and only Islamic Banking subsidiary of a bank in the U.S. It offers residential and commercial real estate financing, the only FDIC-insured Islamic deposits (offered through University Bank) and Islamic equity mutual funds (offered through University Insurance & Investments).
- Midwest Loan Services, Inc., based in Houghton, Michigan and 80%-owned, specializes in mortgage subservicing and mortgage origination primarily serving over 250 credit unions, representing 2.6% of all credit unions in the U.S.
- University Lending Group is a Farmington Hills, Michigan-based 50.01%-owned subsidiary that originates HUD's FHA and VA and other mortgage loans on a wholesale and retail basis.
- University Insurance & Investment Services is a 100%-owned subsidiary that provides a full range of insurance services as an independent agent for 49 insurance companies and investment brokerage account services.

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Any prediction of the future is inherently not assured. Investors should read the risk factors listed on pages 23 through 24 in the Company's report on Form 10KSB for the year ended December 31, 2007 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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