

University Bancorp & University Bank

Investor Presentation

Stephen Lange Ranzini

President & CEO, University Bancorp

☎ (734) 741-5858 ext 9226

✉ ranzini@university-bank.com

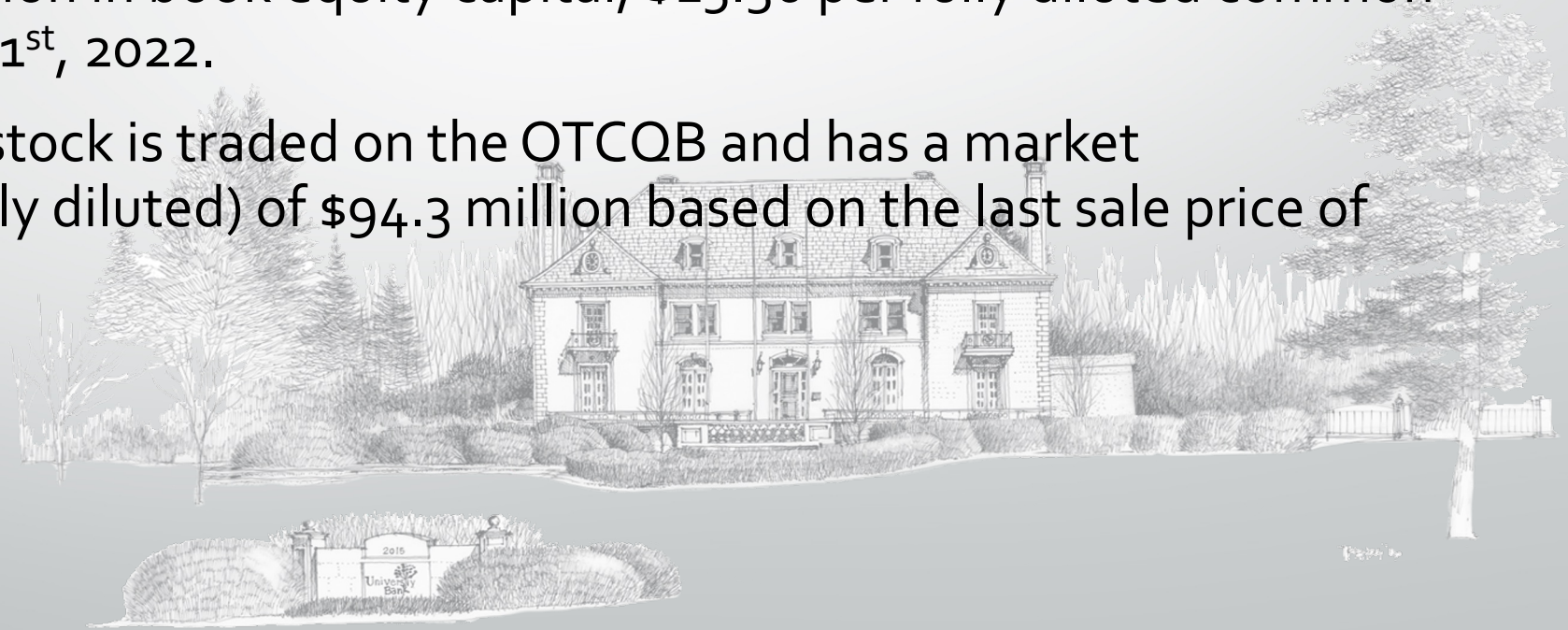
💻 www.university-bank.com/bancorp.htm



December 2021

About University Bancorp

- University Bancorp, Inc. (UNIB) is the holding company for University Bank, an Ann Arbor based community bank with \$475 million in assets as of March 31st, 2022.
- UNIB has \$79 million in book equity capital, \$15.36 per fully diluted common shares at March 31st, 2022.
- UNIB's common stock is traded on the OTCQB and has a market capitalization (fully diluted) of \$94.3 million based on the last sale price of \$18.25.



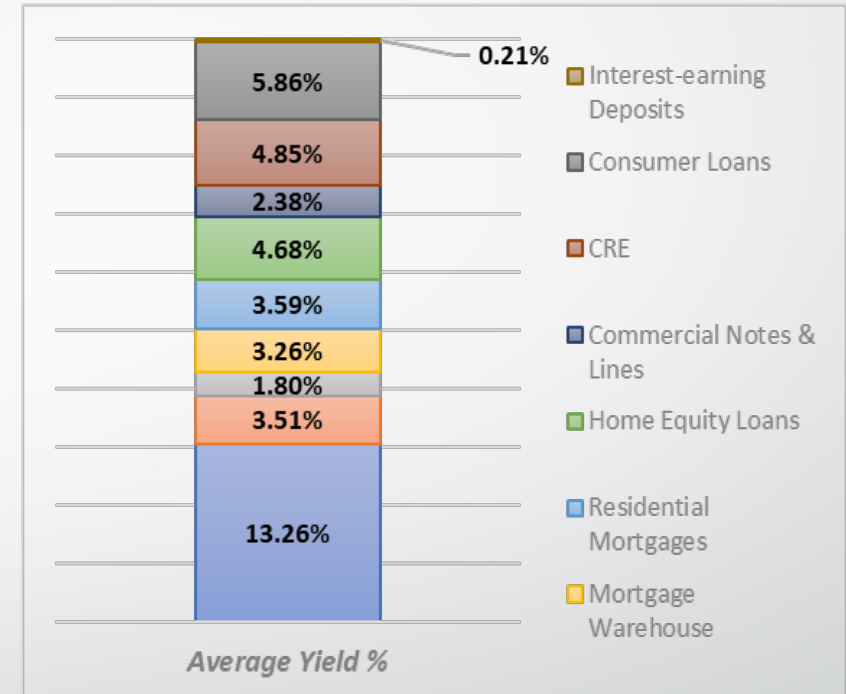
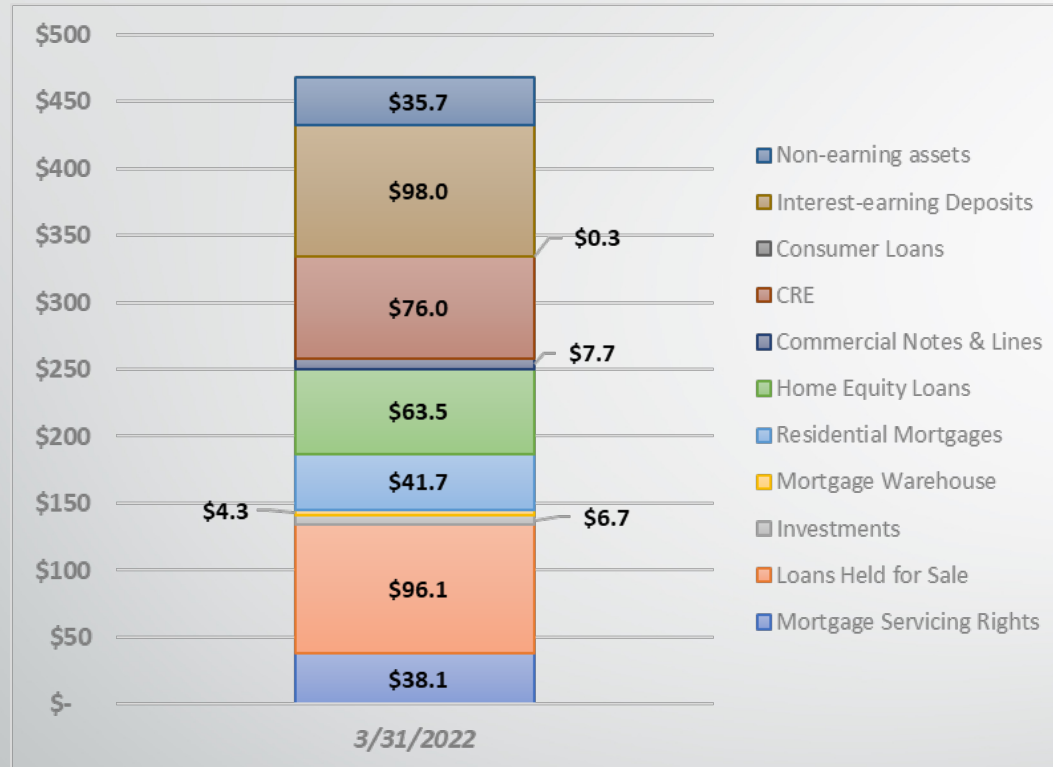
Our Business Model

- University's business model includes substantial mortgage loan subservicing and loan origination operations combined with traditional community banking.
- University's Retail Mortgage Operations are designed to be sustainable and profitable, with a hyper focus on purchase, new construction & renovation transactions vs. the volatile refinance transaction model highly dependent on market rates & high levels of price competition.
- University currently services over \$37 billion in mortgage loans and have originated \$2.08 billion mortgages in 2021 and \$358 million 2022 year-to-date.
- Our mortgage subservicing unit is endorsed by the American Banker Association's CAB division.

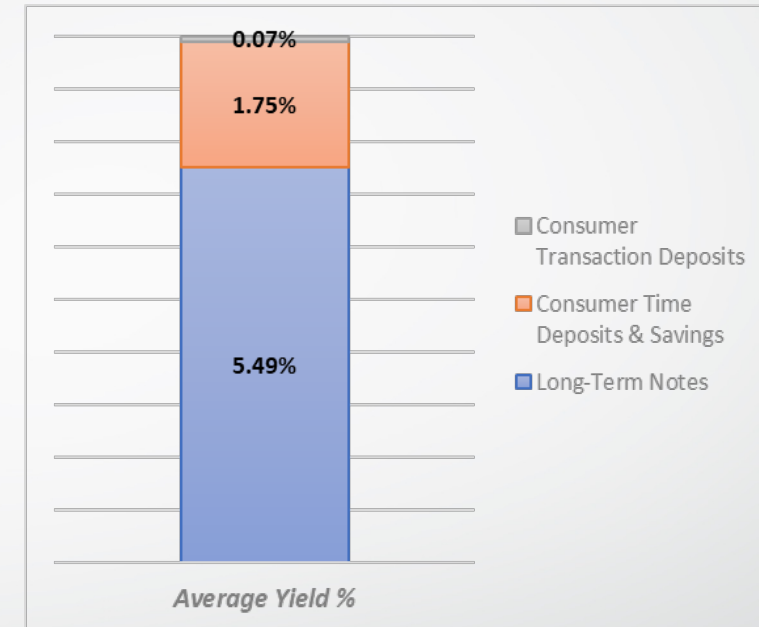
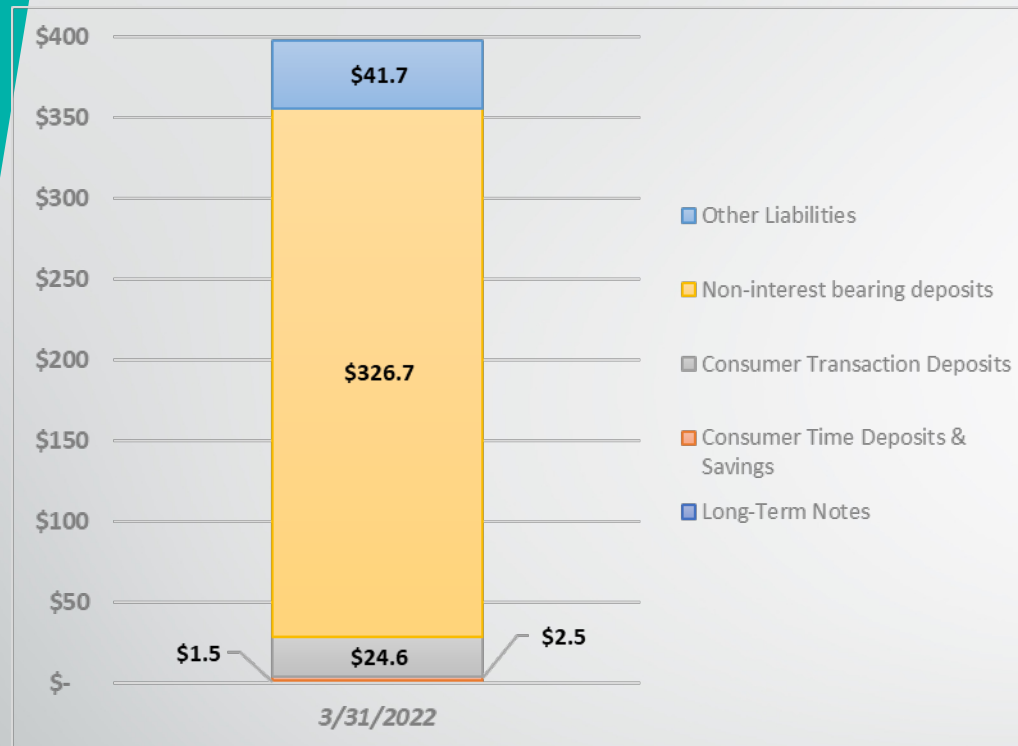
What Our Business Model Provides

- Our business model provides UNIB with a low cost of funds which we believe to be an important competitive advantage compared with traditional banks.
- Over the quarter our mortgage subservicing business generated an average monthly balance of \$459 million of non-interest bearing escrow deposits.
- As a result our overall cost of funds is *5 basis points*. UNIB uses these low cost funds to finance its own internal monthly residential mortgage loan origination pipeline.
- The loans and financings held for sale or assignment on our balance sheet are delivered monthly as originated loans are sold into the secondary markets.

Our Balance Sheet Breakdown – Average Assets



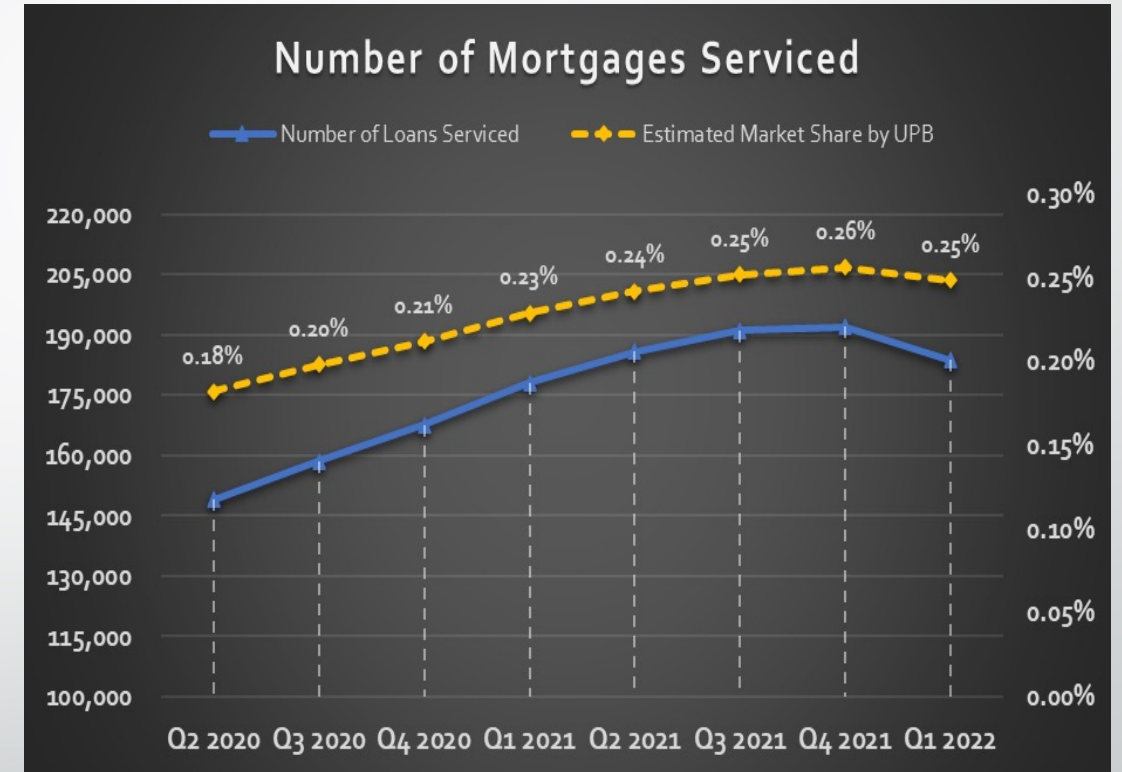
Our Balance Sheet Breakdown – Average Liabilities



- UNIB's low cost of funds allows us to generate growth without utilizing outside financing and other debt instruments.
- The non-interest bearing deposits relate to mortgage servicing and origination activity and fund the day to day operations of University Bank.

Mortgage Servicing – Fueling Growth

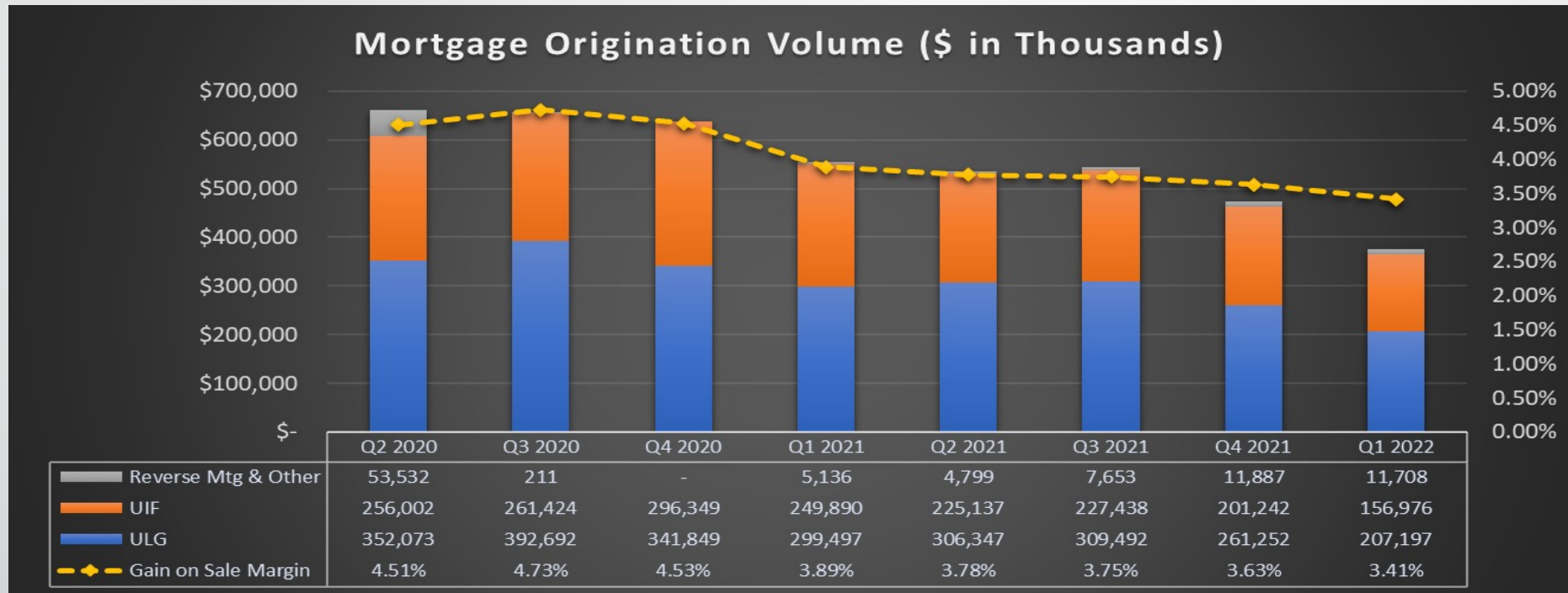
- The increase in loan growth from internal originations and our sub-servicing clients has led our serviced loan count to increase 3% from Q1 2021 – Q1 2022. Mortgage Unpaid Principal Balance serviced & sub-serviced increased \$2.9B YoY, or 8.5%.
- Our mortgage servicing business has an estimated 0.25% market share of approx. \$15 trillion of outstanding mortgage debt. We believe this represents an excellent long term opportunity to grow and create a stable profit source for UNIB as well as hedge against mortgage market volatility.
- Our unique structure also allows us to benefit from the investment of custodial deposits, which are held off-balance sheet, providing additional liquidity and funds to grow.



UNIB's Mortgage Origination Channels

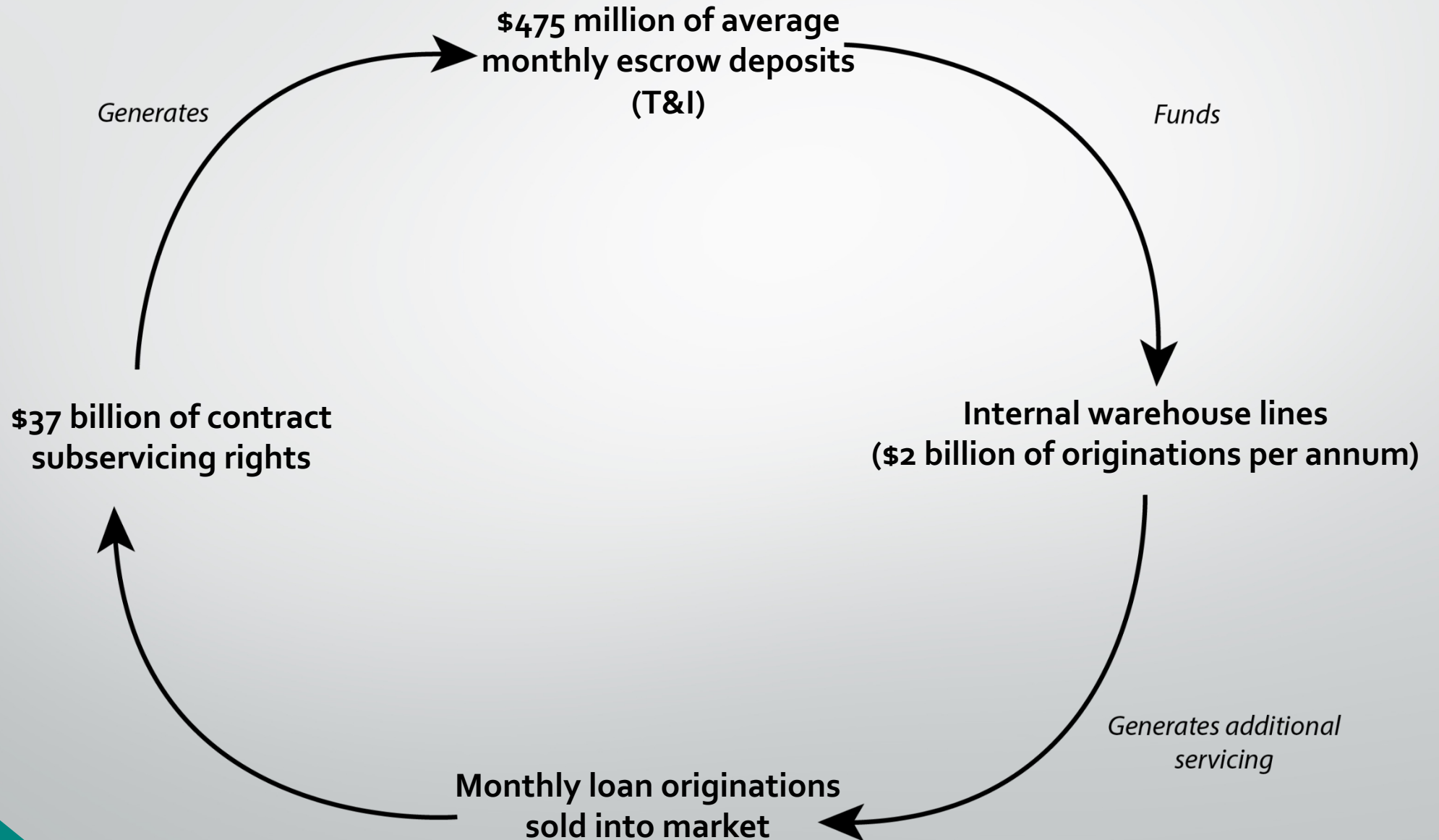
- UNIB's Retail Mortgage Operations, which are focused on purchase transactions, originating a combined \$364MM loans in 2022 (excludes reverse mortgages).
- University Lending Group ("ULG") - Government, Conventional & HELOC Mortgage Origination
 - Originated \$207mm in mortgages in Q1 2022,
 - Contributed \$237 thousand in EBIT 2022 year-to-date, excluding any activity related to Mortgage Servicing Rights ("MSRs"),
- UIF Corporation ("UIF") - Faith Based Mortgage Origination
 - Originated \$157mm in mortgages in Q1 2022,
 - Contributed \$1.3 million in EBIT 2022 year-to-date, excluding any activity related to MSRs and commercial & portfolio operations.

UNIB's Retail Mortgage – A proven model



- Retail Mortgage Originations shrank 32% from Q1 2021 to Q1 2022. Factors are a decrease in both refinance and purchase transactions, market seasonality and increasing mortgage rates.

Virtuous Cycle of Funding Advantage



Industry Awards

- ULG the #1 Residential Lender with local offices in Washtenaw County (Ann Arbor), Michigan. Tied for #1 Residential Lender in Florida Panhandle
- Bank Director magazine selected us as a top performing U.S. bank. We are very proud to be honored among all banks in the U.S. as having the:
 - #1 Best Growth Strategy
 - #2 Best Community Banks
 - #7 Best Leadership Teams
- U.S. Banker magazine's "Community Bankers of the Year" in 2006
- Recipient of the American Bankers Association's "Community Bankers of the Year" Award in 2009
- FDIC "Outstanding" rating for Community Service & Community Reinvestment, 2003-2009
- As of 12/31/2021, University Bank's 543 employees were managing over \$38.6 billion in financial assets for over 195,000 customers.

Valuation Summary – Year End 2021

VALUATION TECHNIQUE	INDICATION OF VALUE PER SHARE
DISCOUNTED CASH FLOW VALUE	
ASSUMES CONVERSION OF PREFERRED STOCK	\$26.61
ASSUMES PREFERRED STOCK REMAINS THROUGH 12/31/2026	\$27.17
NET ASSET VALUE	\$18.71
GUIDELINE COMPANIES - MINORITY SHARE TRADING	
PRICE TO ADJUSTED TANGIBLE BOOK VALUE	\$29.66
PRICE TO EARNINGS MULTIPLE	\$23.76
PRICE TO REVENUE MULTIPLE	\$24.73
MARKET PRICE	
DECEMBER 31, 2021 CLOSING PRICE	\$22.55
4Q-2021 VOLUME-WEIGHTED AVERAGE PRICE	\$19.70
Indication of Value (Marketable Minority Interest)	\$24.00
Marketability Discount	0%
FAIR MARKET VALUE	\$24.00

Questions?

- FAQ list at www.university-bank.com/bancorp.htm
 - Press Releases
 - Newspaper & Magazine Articles
 - Comprehensive Data
- Contact me:

Stephen Lange Ranzini, President & CEO:

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CAUTIONARY STATEMENT: *This Executive Summary contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements concerning future growth in loan origination and servicing, revenues and income, cost of funds, the sustainability of past results, mortgage origination levels, and other expectations and/or goals. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to, economic, competitive, governmental and technological factors affecting our operations, markets, products, services, interest rates and fees for services. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Executive Summary.*