

University Bancorp & University Bank

Investor Presentation

Stephen Lange Ranzini

President & CEO, University Bancorp

☎ (734) 741-5858 ext 9226

✉ ranzini@university-bank.com

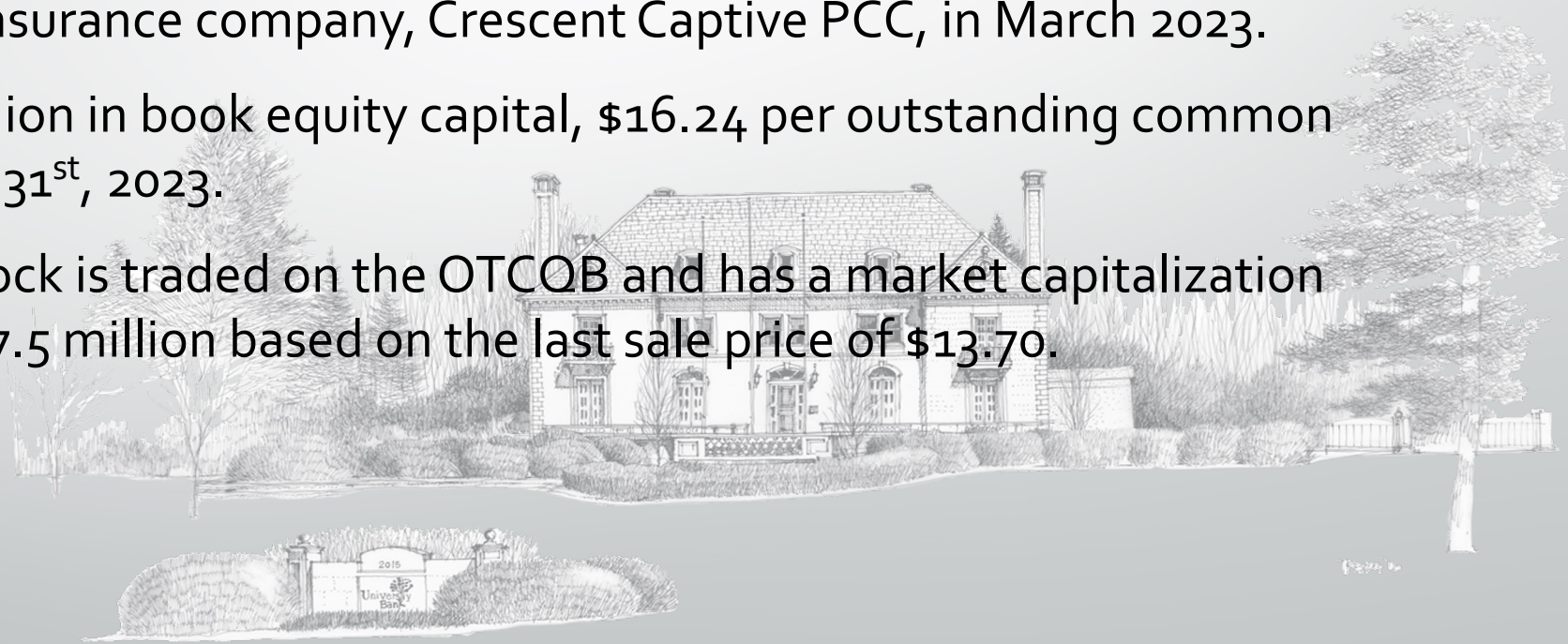
💻 www.university-bank.com/bancorp.htm



December 2023

About University Bancorp

- University Bancorp, Inc. (UNIB) is the financial holding company for University Bank, an Ann Arbor based community bank with \$907 million in assets as of December 31st, 2023.
- Formed a captive insurance company, Crescent Captive PCC, in March 2023.
- UNIB has \$83.9 million in book equity capital, \$16.24 per outstanding common share at December 31st, 2023.
- UNIB's common stock is traded on the OTCQB and has a market capitalization (fully diluted) of \$67.5 million based on the last sale price of \$13.70.



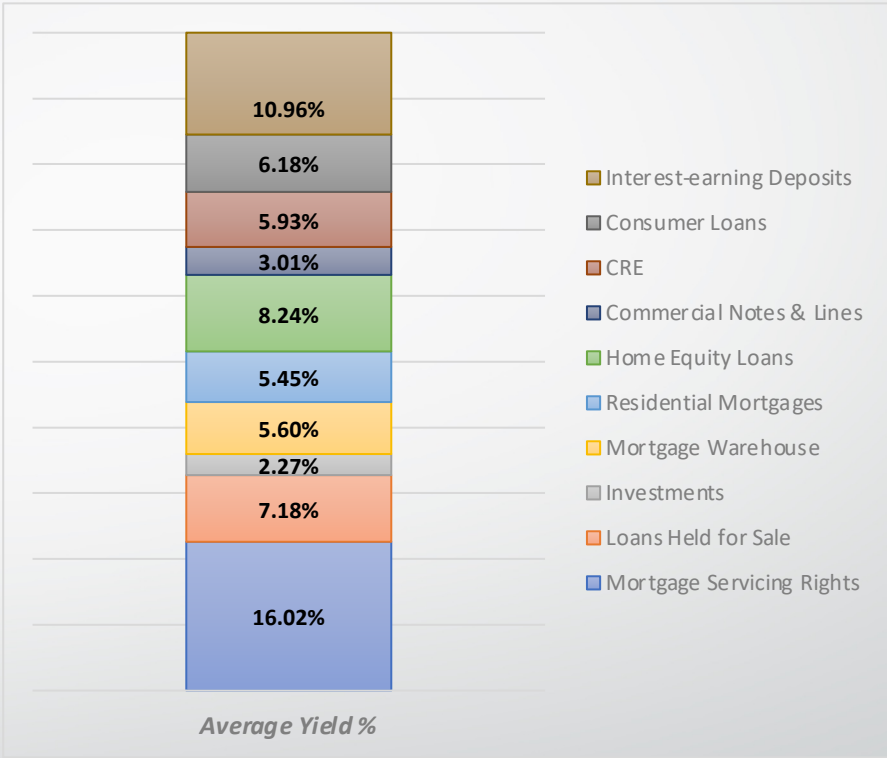
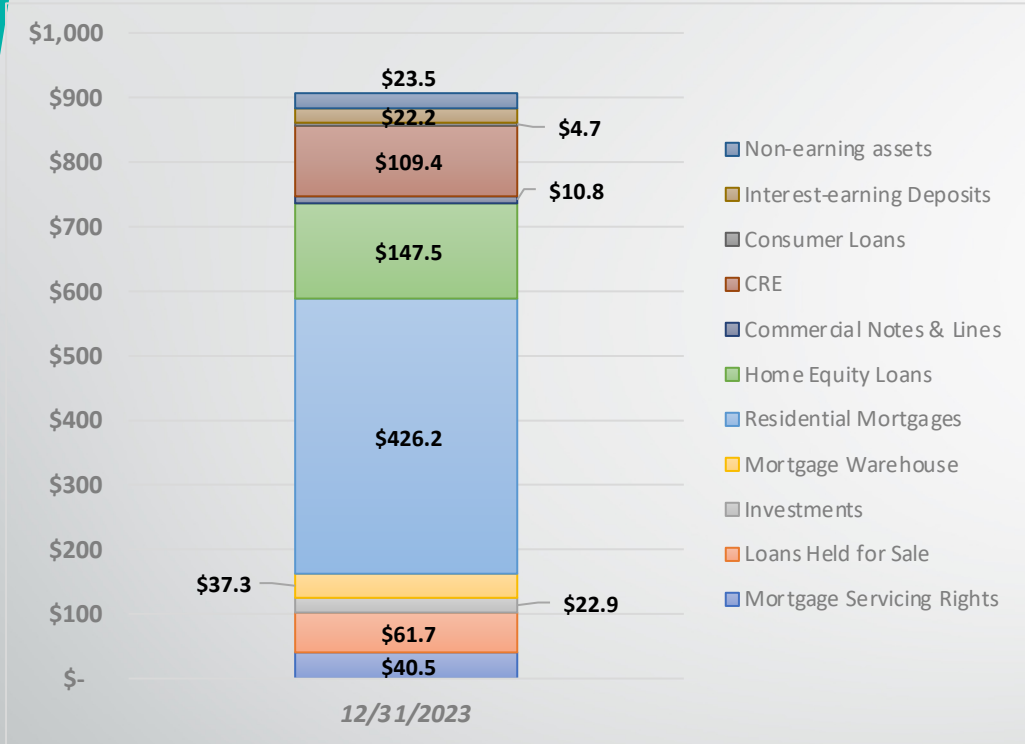
Our Business Model

- University's business model includes substantial mortgage loan subservicing and loan origination operations combined with traditional community banking and insurance.
- 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 \$34 billion in mortgage loans and originated \$1.5 billion mortgages in 2022 and \$1.2 billion mortgages in 2023.
- Our mortgage subservicing unit is endorsed by the American Banker Association's CAB division.

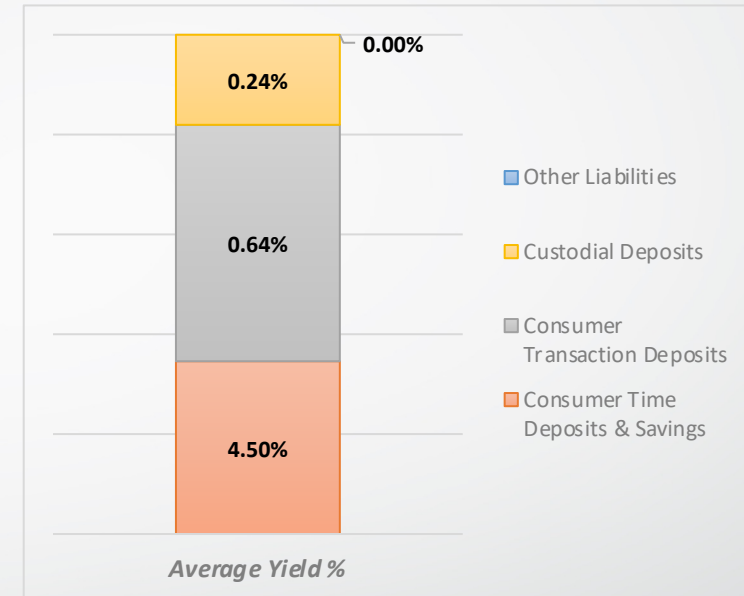
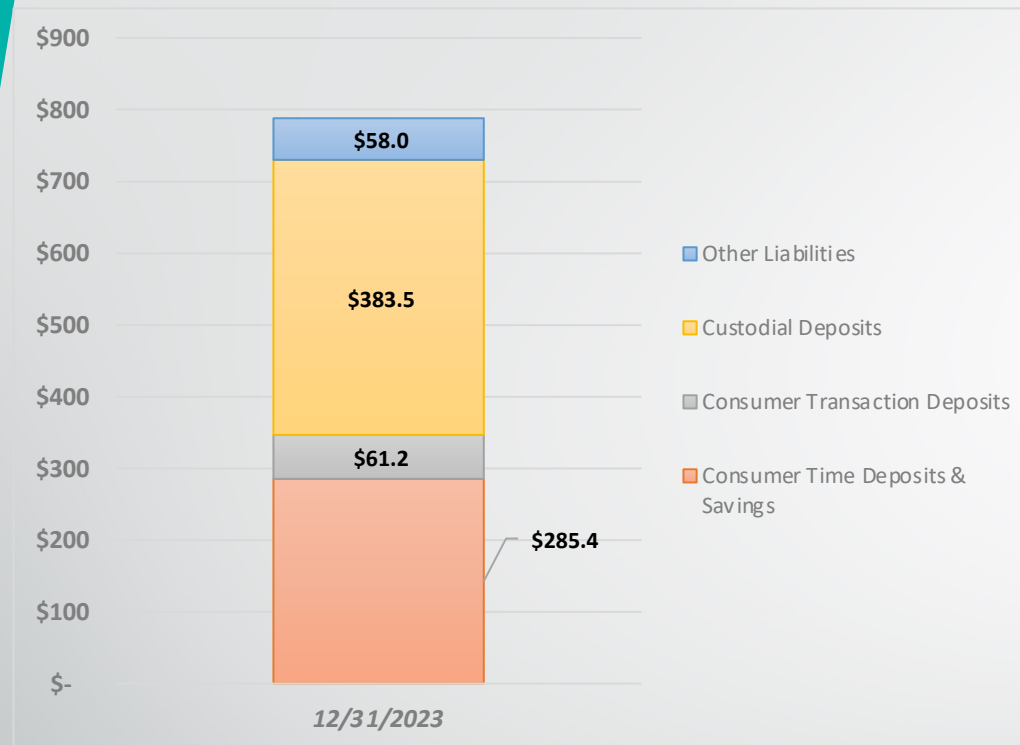
What Our Business Model Provides

- 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 \$375 million of non-interest bearing escrow deposits.
- As a result our overall cost of funds is 2.05%. UNIB uses these low cost funds to finance its own internal monthly residential mortgage loan origination pipeline and a portfolio of high quality mortgage loans held for investment.
- 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



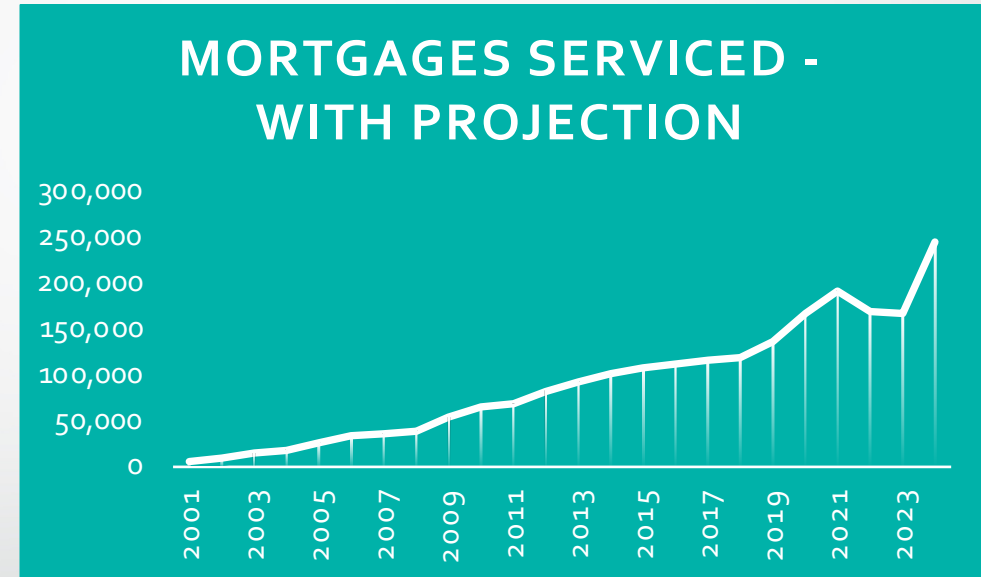
Our Balance Sheet Breakdown – Average Liabilities



- UNIB's low cost of funds allows us to generate strong net interest margin.
- The non-interest bearing deposits relate to mortgage servicing and origination activity and fund more than half of the day to day operations of University Bank.

Mortgage Servicing – Fueling Growth

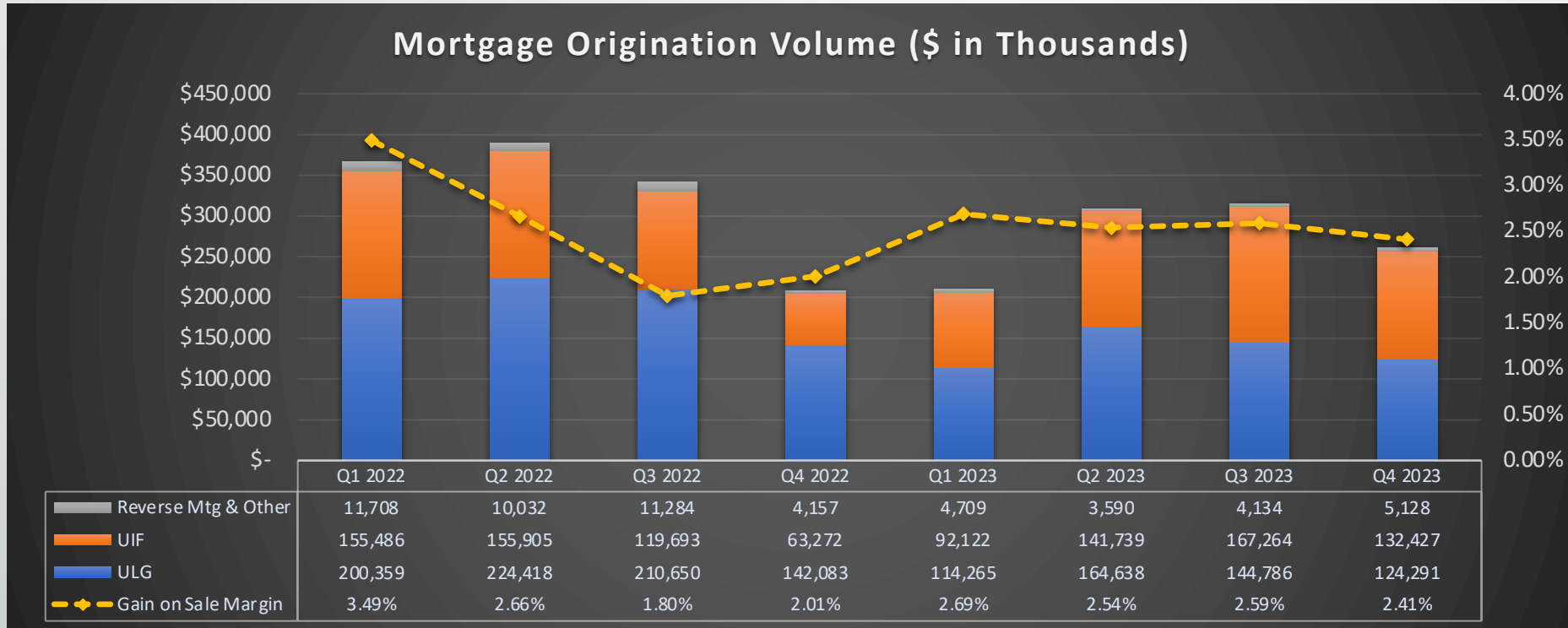
- Growth in the mortgages subserviced has been constant and persistent, at 20.2% per annum for the past 20 years and the customer base is diversified, servicing a total of 346 credit unions, 20 mortgage banking firms and 20 community banks.
- The growth has been ensured by a best in class service offering. Our Google ratings are an average of 2.5 stars out of 5 higher than our competitors' and according to the CFPB's complaint database we have many fewer customer complaints than most of our competition per loan subserviced. Recent contract wins will result in growth of at least 36% in 2024.
- Our mortgage servicing business has an estimated 0.23% 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. These sources offer lower cost of funds vs. traditional financing sources.



UNIB's Mortgage Origination Channels

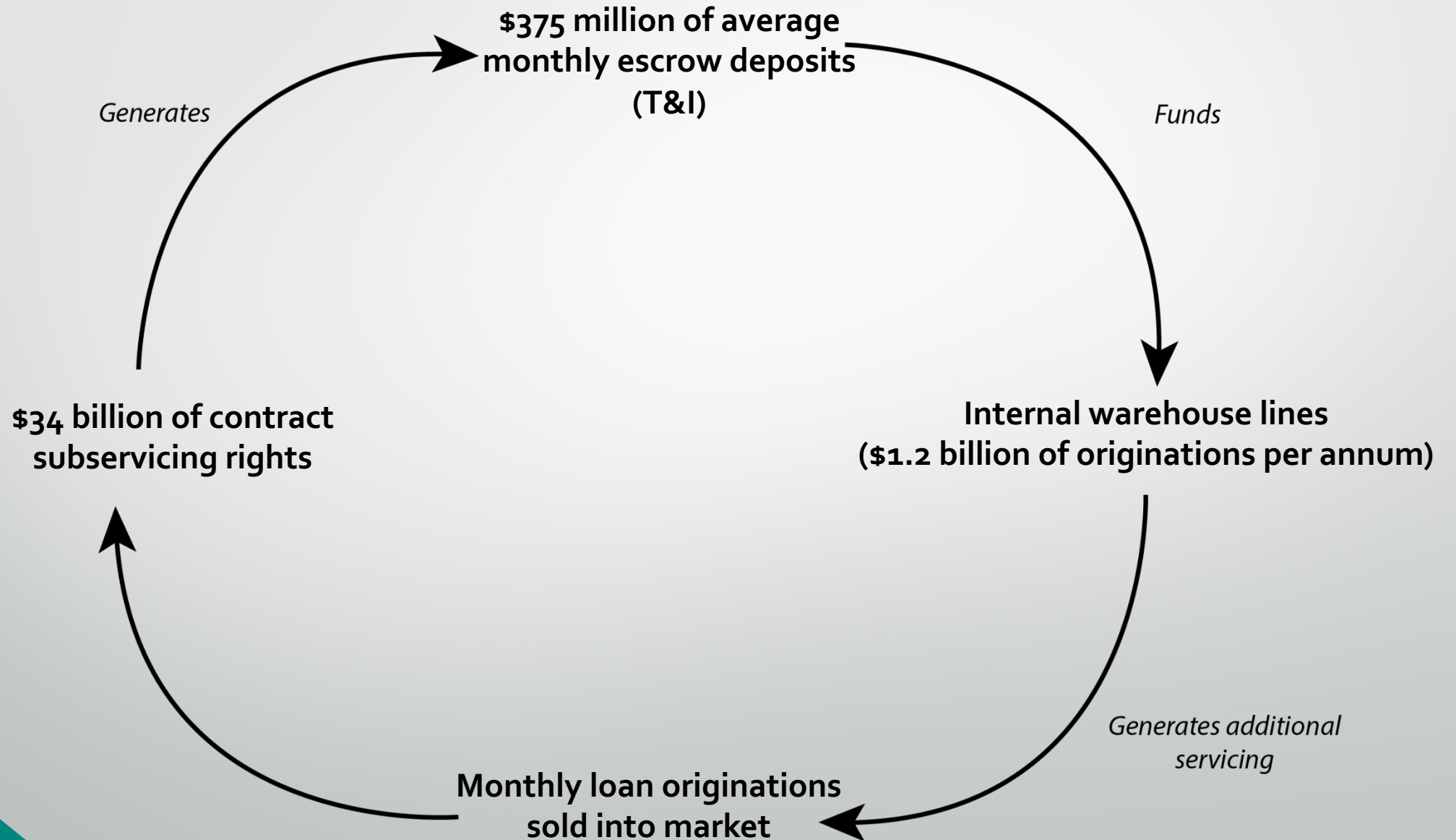
- UNIB's Retail Mortgage Operations, which are focused on purchase transactions, originating a combined \$1.07b loans in 2023 (excludes reverse mortgages).
- University Lending Group ("ULG") - Government, Conventional & HELOC Mortgage Origination
 - Originated \$548mm in mortgages through Q4 YTD 2023,
 - Loss of \$6.67 million in EBIT 2023 year-to-date, excluding any activity related to Mortgage Servicing Rights ("MSRs"),
- UIF Corporation ("UIF") - Faith Based Mortgage Origination
 - Originated \$614mm in mortgages through Q4 YTD 2023,
 - Contributed \$2.25 million in EBIT 2023 year-to-date, excluding any activity related to MSRs and commercial & portfolio operations.

UNIB's Retail Mortgage – A proven model



- Retail Mortgage Originations grew 25% from Q4 2022 to Q4 2023.

Virtuous Cycle of Funding Advantage



Industry Awards

- For many years, ULG has been the #1 Residential Lender with local offices in Washtenaw County (Ann Arbor), Michigan & tied for #1 Residential Lender in the 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
- American Banker noted us as the top performing U.S. bank in 2023, based on our average return on equity for the period 2020 to 2022.
- As of 12/31/2023, University Bank's 478 employees were managing over \$35 billion in financial assets for over 173,000 customers.

Questions?

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

Stephen Lange Ranzini, President & CEO:

☎(734) 741-5858 xt 9226

✉ ranzini@university-bank.com

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.*

