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ANN ARBOR INSURANCE CENTRE ACQUIRES ARBOR INSURANCE; UNIVERSITY BANK OPERATIONS UPDATE

Ann Arbor, Michigan, March 2, 2020, — [University Bancorp, Inc.](#) (OTCQB: UNIB) today announced that University Bank's wholly-owned subsidiary, Ann Arbor Insurance Centre (AAIC) effective close of business on February 29, 2020 acquired the portfolio of insurance held by Arbor Insurance Agency for \$687,362 cash. The customer relationships will be transferred to

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revenue. The combined agency is expected to have over \$1,200,000 in insurance commission revenue in 2020, and to have the potential to earn over \$300,000 in annual incentive commissions.

Ann Arbor Insurance Centre (AAIC) is conveniently located at 2755 Carpenter Road directly across the street from the original Arbor Insurance location. AAIC and the Arbor team are excited about this new venture and look forward to serving all of our valued customers with the same superior service that we have always delivered. Stephanie Trax, a 20 year veteran of Arbor Insurance, will continue as a team member at AAIC. Customers of the combined AAIC will also now have the knowledge and expertise of the Ann Arbor Insurance Centre staff at their disposal! Each of the seven AAIC team members is committed to a seamless transition for all. AAIC is led by President, Edie Huffman with 32 years and SVP, Shawn Shepherd with 25 years in the insurance industry.

University Bank President, Stephen Ranzini, noted, "Mike Giszczak, the founder of Arbor Insurance, appreciated each customer and worked hard to ensure that a change, such as this, would be beneficial for clients and staff alike. Over the years, he developed a warm business relationship with Edie Huffman, AAIC's President, which included discussions about a merger upon his retirement. Sadly, Mike passed away before this could be brought to fruition, but after his passing his wife, Becky, and his sons, John and Mark, through careful discernment came to believe that merging with AAIC would be the best course of action for the customers, staff and the family. The Giszczak family is very happy to say that AAIC fully embodies the same work ethic and values that were so important to Mike and Arbor Insurance, and we are fully confident that all of the Arbor customers will find this to be true as they are served by AAIC."

Edie Huffman, President of AAIC, noted, "The policies and coverages of former Arbor Insurance customers will continue without interruption and their access to excellent personal service will remain unchanged. AAIC offers personal/commercial and life/health agents for customer's every insurance need. Since AAIC is an independent agency representing leading insurance companies, customers of the combined agency will also now have access to additional carriers,

additional companies which will ensure that you are always getting the best coverage and rates around!”

The acquisition is budgeted to add \$13,088 a month to EBITDA, or \$157,061 of EBITDA per year. Net income is budgeted to increase by about \$30,000 per year for the initial seven years while the purchase price is amortized, excluding the impact of annual incentive commissions. Because AAIC’s purchase price premium amortization from its last acquisition ended last December, AAIC’s pre-tax income will rise by an additional \$71,148 per annum in 2020. Due to this acquisition, the current level of annual contingency commissions could increase by an additional amount of \$234,000 pre-tax in a normal loss year, as AAIC, with this higher volume of premiums, will now with this higher volume be able to qualify for higher payouts on its entire combined book of business with key carriers.

The largest insurance book with \$1,437,000 in premium dollars had an excellent 22.3% loss ratio in 2019 and the second largest insurance book with \$1,088,520 in premium dollars had an excellent 26.9% loss ratio in 2019. Adding these premium dollars to our existing insurance book will help stabilize AAIC when we have a single large loss, making annual incentive commissions more likely.

University Bank Operations Update

University Bank’s Call Report, with preliminary unaudited results for 2019, has been filed with the FDIC and is now available at: <https://cdr.ffiec.gov/Public/ViewFacsimileDirect.aspx?ds=call&idType=fdiccert&id=14587&date=12312019> (when this page loads, then click on the “Download PDF” button).

Our Midwest Loan Services mortgage subservicing business ended 2019 with 136,457 mortgages under contract with an unpaid principal balance of \$24.4 billion. Midwest Loan Services had 119,346 mortgages under contract at year-end 2018, and this growth has continued into early 2020.

December 2019 Mortgage Originations: \$115,059,371

January 2020 Mortgage Originations: \$95,379,902

February 2020 Mortgage Originations: \$119,949,860

A total of \$1.803 billion in mortgage applications were taken in 2019 and mortgage origination closings in 2019 were \$1.245 billion. Applications taken in February increased significantly to a new record level of \$270 million due in part to the sharp drop in mortgage rates during the month. The prior monthly record for mortgage applications was \$216 million in August 2019. Comparable numbers for mortgage origination closings the prior year were:

October 2018 Mortgage Originations: \$62,558,881

November 2018 Mortgage Originations: \$59,677,474

December 2018 Mortgage Originations: \$63,003,866

January 2019 Mortgage Originations: \$41,761,452

February 2019 Mortgage Originations: \$51,045,180

Shareholders and investors are encouraged to refer to the financial information including the investor presentations, audited financial statements, strategic plan and prior press releases, available on our investor relations web page at: <http://www.university-bank.com/bancorp/>.

Ann Arbor-based [University Bancorp](#) owns 100% of University Bank which, together with its Michigan-based subsidiaries, holds and manages a total of over \$25 billion in financial assets for over 141,000 customers, and our over 462 employees make us the 5th largest bank based in Michigan. University Bank is an FDIC-insured, locally owned and managed community bank, and meets the financial needs of its community through its creative and innovative services. Founded in 1890, University Bank® is the 15th oldest bank headquartered in Michigan. We are proud to

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is a Member FDIC. The members of University Bank's corporate family, ranked by their size of revenues are:

- University Lending Group, a retail residential mortgage originator based in Clinton Township, MI;
- Midwest Loan Services, a residential mortgage subservicer based in Houghton, MI;
- UIF, a faith-based banking firm based in Southfield, MI;
- Community Banking, based in Ann Arbor, MI, which provides traditional community banking services in the Ann Arbor area;
- Midwest Loan Solutions, a residential mortgage correspondent and warehouse lender based in Southfield, MI;
- Ann Arbor Insurance Centre, an independent insurance agency based in Ann Arbor.

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University Bank NMLS #715685 (www.consumeraccess.org)



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