FENTURA FINANCIAL, INC.
Fenton, Michigan

FORWARD LOOKING STATEMENTS

FENTURA FINANCIAL, INC.
Fenton, Michigan

2013 Letter to Shareholders

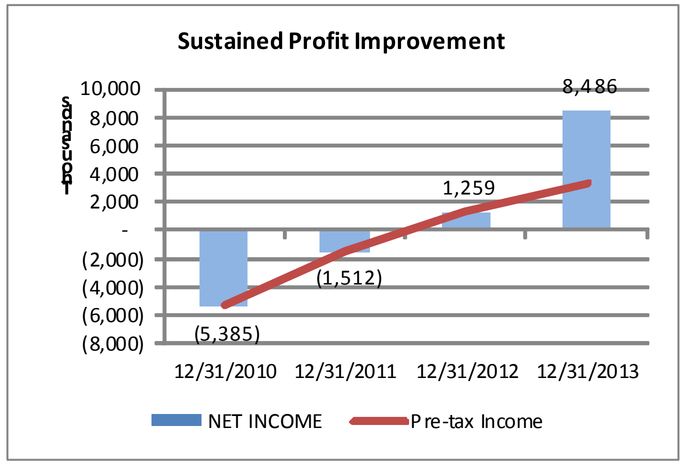
Dear Shareholder:

I am pleased to report the results of Fentura's operations for 2013 and am proud of the successes the Corporation experienced throughout the year.

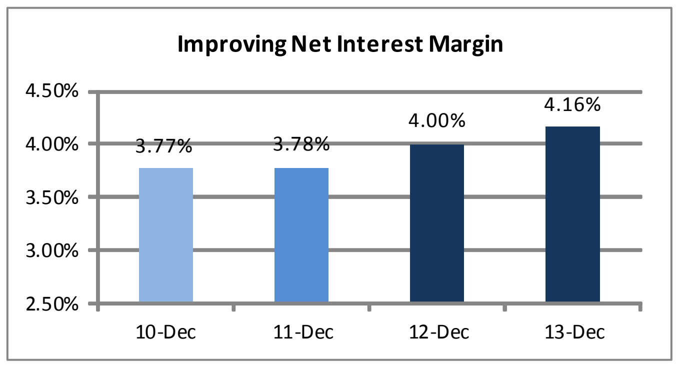
At last year's annual meeting we informed you that having stabilized and strengthened our organization in 2012, that 2013 would be a year of renewing focus on the fundamentals of the business of banking. Our primary goals were to continue to strengthen profitability, asset quality, and to grow loans to individuals and businesses in and near the communities we serve. This letter will detail our accomplishments relating to these and other goals.

Overall for the year we reported net income after tax of $8.5 million or $3.55 per share compared to earnings of $1.3 million or $0.52 per share for 2012. 2013 results reflect the reversal of a portion of the deferred tax asset valuation allowance disallowed in previous years. Pre-tax earnings from core operations were $3.4 million for 2013, compared to $1.3 million in 2012.

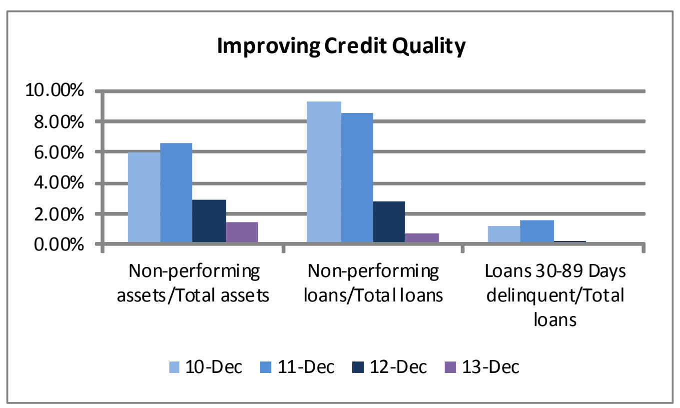
Our net interest income for the year increased 21.6% to $12.4 million from the $10.2 million reported for 2012 while our net interest margin, at 4.16% strengthened by 16 basis points from the 4.00% reported for 2012. The strengthening of net income and our net interest margin is primarily attributable to decreased funding costs along with the redeployment of low-yielding cash and investments into the loan portfolio. Funding cost decreases were primarily from maturing certificates of deposit that re-priced at lower rates or were placed in checking and savings accounts.



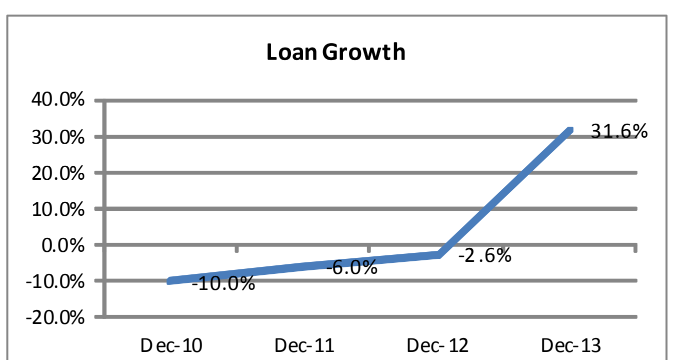
Other operating income in 2013, at $5.6 million, increased $741,000, or 15.4% from the $4.8 million reported in 2012. Increased mortgage banking income, from the sale of loans in the secondary market, was the primary driver of the year to year increase.



Other operating expenses at $13.2 million in 2013, declined approximately $1.0 million, or 7.0% from the $14.3 reported in 2012. The expense reduction in 2013 included significant declines in loan and collection expense as asset quality improved, professional expenses as audit, legal, and consulting fees declined, and other administrative expenses from declines in FDIC assessment, insurance, and losses from retail fraud.



The Corporation's total assets increased to $335.2 million an increase of $24.5 million, or 7.9% during 2013. This growth was funded by a $7.5 million increase in deposits with the remainder funded by other sources, including the increase in capital from operating results. The Corporation's loan portfolio increased to $264.0 million, an increase of $63.3 million, or 31.5% over 2012. Both new residential mortgage and commercial loans were the primary contributors to our strong loan growth.



Consistent with our performance for 2012, we continued to strengthen the risk profile of the Corporation by improving overall asset quality throughout 2013. At the beginning of year, assets considered substandard, largely loans, totaled $13.2 million, at year-end these assets were reduced to $5.8 million, a reduction of 56.1%. Our loan delinquency rate, defined as loans 30 to 89 days past due (including non-accrual loans) to total loans, at 0.60% at year-end is considered outstanding and is a strong indicator of our improving credit trends. These trends were made possible largely due to our continued aggressive collection and resolution efforts for these assets throughout the year. Management anticipates that these trends will lead to a decrease in the level of troubled assets in future periods as the delinquency rate is commonly used as a leading indicator of future levels of troubled assets.

Similar to 2012, improved asset quality trends eliminated the need for any significant additional provision for loan losses during 2013. At year-end 2013 our allowance for loan losses totaled $4.9 million or 1.9% of total loans, a strong position relative to historical levels.

The improved asset quality was key to the strengthening of both profitability and our capital position. Both the Holding Company and the Bank's tier 1 leverage capital improved organically from operating results and are consistent with levels considered well capitalized by the industry at 8.3% and 9.5%, respectively.

As we look forward into 2014, our priorities are clear:

- We will continue to manage our balance sheet prudently.
- We will continue efforts to grow our loan portfolio.
- We will continue efforts to improve our efficiency, managing expense levels and seeking new opportunities to enhance non-interest income.
- We will continue to strive to maintain an above peer average net interest margin, ensuring that our deposit and loan rate offerings are competitive yet are balanced with our risk profile.
- We will strive to maintain and enhance asset quality.
- We will remain true to the spirit of community banking in our markets while seeking growth and business expansion opportunities.
- We will strive for a culture and level of performance that exceeds the expectations of our shareholders, employees, customers, and communities.

I am very pleased with our progress in the execution of our business plan in 2013. Our efforts have strengthened the Corporation and positioned us well for the future.

As always, thank you for your continued support.

Ronald L. Justice

President and CEO