

April 27, 2011

To Our Shareholders:

I am pleased to report that Fentura achieved net income totaling \$310,000 or \$0.13 per diluted share for the first quarter 2011. This performance reflects a marked improvement over the first quarter of 2010 when we reported a loss of \$483,000 or \$0.22 per share. The year-to-year improvement in performance was primarily a result of a \$340,000 reduction in the provision for loan losses and an approximate \$760,000 gain resulting from the sale of West Michigan Community Bank. Net interest income was down slightly when comparing the two periods, and primarily a result of balance sheet contraction strategies to enhance the overall capital ratios of the bank and holding company. Non interest income (net of the gain on sale) and non interest expense (net of sale expenses) were steady in comparing the 2010 and 2011 first quarter results.

As reflected on the attached consolidated balance sheets, total assets at March 31, 2011 reflect a \$194,529,000 decline resulting from the sale of West Michigan Community Bank on January 31, 2011 and our efforts during the year to reduce the size of the balance sheet at The State Bank to maximize capital ratios. Following the sale of West Michigan Community Bank, Fentura Financial, Inc. returned to a regulatory well capitalized level, and The State Bank is also expected to return to a regulatory well capitalized level during the second quarter.

With a stabilizing balance sheet, improving operating margins and strengthened capital position, we remain optimistic about continued improvement in our operating performance for the future.

For those of you who were unable to attend the Annual Shareholder Meeting held April 27, 2011, the speeches delivered by Chairman Shook, CEO Grill and State Bank President Justice have been posted on the Fentura website located at www.fentura.com.

Sincerely,



Donald L. Grill
President & CEO