

Fentura Financial Inc.
Consolidated Statement of Condition
(000's omitted except per share data)
Unaudited

ASSETS	March 31,	
	2011	2010
Cash and due from banks	\$ 28,422	\$ 13,385
Federal Funds Sold	16,000	15,150
Total cash and cash equivalents	44,422	28,535
Securities available for sale, at fair value	44,870	31,981
Securities held to maturity (fair value of \$4,407 at March 31, 2011 and \$5,493 at March 31, 2010)	4,349	5,453
Total securities	49,219	37,434
Loans held for sale	486	1,046
Commercial loans	140,734	167,177
Construction loans	8,380	14,363
Real estate loans	19,219	21,958
Consumer loans	27,543	31,110
Total loans	195,876	234,608
Less: Allowance for loan losses	(9,015)	(9,686)
Net loans	186,861	224,922
Bank premises and equipment	10,302	10,818
Accrued interest receivable	1,060	1,386
Bank-owned life insurance	5,835	5,985
Assets of discontinued operations	11,387	184,543
Other assets	4,893	14,325
Total assets	\$ 314,465	\$ 508,994
LIABILITIES		
Noninterest bearing deposits	\$ 59,017	\$ 53,529
Interest bearing deposits	220,153	245,360
Total deposits	279,170	298,889
Short-term borrowings	662	67
Other borrowings	954	981
Subordinated debt	14,000	14,000
Liabilities of discontinued operations	-	171,910
Accrued taxes, interest and other liabilities	3,473	2,904
Total liabilities	298,259	488,751
Common stock - 2,320,607 issued (2,267,135 in 2010)	43,062	42,945
Retained deficit	(26,732)	(22,140)
Accumulated other comprehensive income (loss)	(124)	(562)
Total stockholders' equity	16,206	20,243
Total liabilities and stockholders' equity	\$ 314,465	\$ 508,994

Fentura Financial Inc.
Consolidated Statement of Income
(000's omitted except per share data)
Unaudited

INTEREST INCOME	Three Months Ended March 31,	
	2011	2010
Interest and fees on loans	\$ 3,017	\$ 3,592
Interest and dividends on securities:		
Taxable	279	225
Tax-exempt	45	112
Interest on short-term securities	9	3
Total interest income	3,350	3,932
INTEREST EXPENSE		
Deposits	722	1,134
Borrowings	126	126
Total interest expense	848	1,260
NET INTEREST INCOME	2,502	2,672
Provision for loan losses	795	1,135
Net interest income (loss) after provision for loan losses	1,707	1,537
NONINTEREST INCOME		
Service charges on deposit accounts	296	425
Trust and investment services income	288	269
Gain on sale of loans	68	81
Gain on sale of securities	5	-
Other operating income	497	340
Total noninterest income	1,154	1,115
NONINTEREST EXPENSE		
Salaries and benefits	1,673	1,619
Occupancy of bank premises	284	321
Equipment expense	292	306
Loss on equity impairment	-	-
Other operating expenses	972	1,032
Total noninterest expense	3,221	3,278
NET INCOME (LOSS) BEFORE TAXES	(360)	(626)
Federal income taxes (benefit)	(212)	(314)
NET LOSS FROM CONTINUING OPERATIONS	(148)	(312)
Discontinued operations, net of tax		
Net loss from discontinued operations	(11)	(171)
Gain from sale of discontinued operations	469	-
Net income (loss) from discontinued operations	458	(171)
NET INCOME (LOSS)	\$ 310	\$ (483)
Per share amounts:		
INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS:		
Basic	\$ (0.06)	\$ (0.14)
Diluted	\$ (0.06)	\$ (0.14)
NET INCOME (LOSS) PER SHARE:		
Basic	\$ 0.13	\$ (0.21)
Diluted	\$ 0.13	\$ (0.21)

Financial Highlights

\$ in thousands except per share data

Unaudited	March 31,		
	2011	2010	% Change
Net Income	\$ 310	\$ (483)	% (164.18)
Return on average total equity	0.09	(0.09)	% (200.00)
Return on average assets	1.86	(2.33)	% (179.83)
Net interest margin	3.82	3.78	% 1.06
Efficiency ratio	88.10	86.56	(1.78)
Per Common Share:			
Net Income(Loss) - basic	\$ 0.13	(\$0.22)	(159.09)
Net Income(Loss) - diluted	\$ 0.13	(\$0.22)	(159.09)
Book value	\$6.98	\$8.93	(21.80)
Market price (last trade)	\$2.90	\$1.75	65.71

Forward Looking Statements

This discussion contains forward looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the financial services industry, the economy, and about the Corporation itself. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "projects," variations of such words and similar expressions are intended to identify such forward looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors"), which are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecast in such forward looking statements. The Corporation undertakes no obligation to update, amend or clarify forward looking statements as a result of new information, future events, or otherwise.

Future factors that could cause a difference between an ultimate actual outcome and a preceding forward looking statement include, but are not limited to, changes in interest rate and interest rate relationships, demands for products and service, the degree of competition by traditional and non-traditional competitors, changes in banking laws or regulations, changes in tax laws, changes in prices, the impact of technological advances, government and regulatory policy changes, the outcome of pending and future litigation and contingencies, trends in customer behavior as well as their ability to repay loans, and the local and national economy.