

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

ASSETS	June 30,	
	2009	2008
Cash and due from banks	\$ 43,645	\$ 14,764
Federal Funds Sold	-	-
Total cash and cash equivalents	43,645	14,764
Securities available for sale, at fair value	51,483	51,939
Securities held to maturity (fair value of \$5,657 at June 30, 2008 and \$8,715 at June 30, 2008)	5,654	6,954
Total securities	57,137	58,893
Loans held for sale	1,136	448
Commercial loans	278,224	291,470
Construction loans	37,028	50,316
Consumer loans	33,050	32,927
Real estate loans	50,669	56,947
Total loans	398,971	431,660
Less: Allowance for loan losses	(13,970)	(11,380)
Net loans	385,001	420,280
Bank premises and equipment	16,369	17,475
Accrued interest receivable	1,996	2,292
Bank-owned life insurance	7,088	7,150
Goodwill	-	7,955
Assets of held for sale operations	42,712	43,127
Other assets	13,555	13,523
Total assets	\$ 568,639	\$ 585,907
LIABILITIES		
Noninterest bearing deposits	\$ 69,231	\$ 70,330
Interest bearing deposits	409,844	397,953
Total deposits	479,075	468,283
Short-term borrowings	477	3,108
Other borrowings	9,981	12,007
Subordinated debt	14,000	14,000
Liabilities of held for sale operations	40,143	39,493
Accrued taxes, interest and other liabilities	5,753	2,517
Total liabilities	549,429	539,408
Common stock - 2,209,183 issued (2,171,681 in 2008)	42,850	42,695
Retained earnings	(21,700)	4,691
Accumulated other comprehensive income (loss)	(1,940)	(887)
Total stockholders' equity	19,210	46,499
Total liabilities and stockholders' equity	\$ 568,639	\$ 585,907

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

INTEREST INCOME	Three Months Ended June 30,	
	2009	2008
Interest and fees on loans	\$ 6,000	\$ 6,867
Interest and dividends on securities:		
Taxable	390	500
Tax-exempt	138	144
Interest on short-term securities	<u>-</u>	<u>15</u>
Total interest income	6,528	7,526
INTEREST EXPENSE		
Deposits	2,613	3,064
Borrowings	<u>291</u>	<u>423</u>
Total interest expense	<u>2,904</u>	<u>3,487</u>
NET INTEREST INCOME	3,624	4,039
Provision for loan losses	<u>7,711</u>	<u>3,475</u>
Net interest income (loss) after provision for loan losses	(4,087)	564
NONINTEREST INCOME		
Service charges on deposit accounts	480	593
Trust and investment services income	463	518
Gain on sale of loans	277	98
Other operating income	480	598
Gain (loss) on equity investment	<u>(874)</u>	<u>(290)</u>
Total noninterest income	826	1,517
NONINTEREST EXPENSE		
Salaries and benefits	2,071	2,767
Occupancy of bank premises	447	493
Equipment expense	403	509
Loss on equity impairment	200	36
Other operating expenses	<u>2,191</u>	<u>1,261</u>
Total noninterest expense	<u>5,312</u>	<u>5,066</u>
NET INCOME (LOSS) BEFORE TAXES FROM CONTINUING OPERATIONS	(8,573)	(2,985)
Federal income taxes (benefit)	<u>5,952</u>	<u>(1,024)</u>
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>(14,525)</u>	<u>(1,961)</u>
NET INCOME (LOSS) FROM HELD FOR SALE OPERATIONS, NET OF TAX	<u>(839)</u>	<u>(207)</u>
NET INCOME (LOSS)	<u><u>\$ (15,364)</u></u>	<u><u>\$ (2,168)</u></u>

Per share amounts:

INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS:

Net income - basic	\$ (6.61)	\$ (0.90)
Net income - diluted	\$ (6.61)	\$ (0.90)

NET INCOME (LOSS) PER SHARE:

Net income - basic	\$ (6.99)	\$ (1.00)
Net income - diluted	\$ (6.99)	\$ (1.00)

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

	Six Months Ended June 30,	
INTEREST INCOME	2009	2008
Interest and fees on loans	\$ 12,463	\$ 14,350
Interest and dividends on securities:		
Taxable	809	1,045
Tax-exempt	283	255
Interest on short-term securities	<u>-</u>	<u>108</u>
Total interest income	13,555	15,758
 INTEREST EXPENSE		
Deposits	5,226	6,809
Borrowings	<u>602</u>	<u>909</u>
Total interest expense	<u>5,828</u>	<u>7,718</u>
 NET INTEREST INCOME	7,727	8,040
Provision for loan losses	<u>9,366</u>	<u>4,455</u>
Net interest income (loss) after provision for loan losses	(1,639)	3,585
 NONINTEREST INCOME		
Service charges on deposit accounts	917	1,220
Trust and investment services income	827	972
Gain on sale of loans	512	218
Other operating income	1,069	820
Gain (loss) on equity investment	<u>(1,360)</u>	<u>(457)</u>
Total noninterest income	1,965	2,773
 NONINTEREST EXPENSE		
Salaries and benefits	4,623	5,591
Occupancy of bank premises	950	997
Equipment expense	827	979
Loss on equity impairment	200	610
Other operating expenses	<u>4,547</u>	<u>2,150</u>
Total noninterest expense	<u>11,147</u>	<u>10,327</u>
 NET INCOME (LOSS) BEFORE TAXES	(10,821)	(3,969)
Federal income taxes (benefit)	<u>5,360</u>	<u>(1,389)</u>
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>(16,181)</u>	<u>(2,580)</u>
NET INCOME (LOSS) FROM HELD FOR SALE OPERATIONS, NET OF TAX	<u>(842)</u>	<u>(217)</u>
NET INCOME (LOSS)	<u>\$ (17,023)</u>	<u>\$ (2,797)</u>
 Per share amounts:		
INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS:		
Net income - basic	\$ (7.38)	\$ (1.19)
Net income - diluted	\$ (7.38)	\$ (1.19)
 NET INCOME (LOSS) PER SHARE:		
Net income - basic	\$ (7.77)	\$ (1.29)
Net income - diluted	\$ (7.77)	\$ (1.29)

Financial Highlights

\$ in thousands except per share data

Unaudited	June 30,		% Change
	2009	2008	
Net Income	\$ (17,023)	\$ (2,797)	508.62 %
Return on average total equity	(79.98)	(17.49)	357.29 %
Return on average assets	(2.70)	(1.45)	86.21 %
Net interest margin	3.18	3.26	(2.45) %
Efficiency ratio	113.78	95.12	(19.62) %
Per Common Share:			
Net Income - basic	(\$7.77)	(\$1.29)	502.33 %
Net Income - diluted	(\$7.77)	(\$1.29)	502.33 %
Book value	\$8.70	\$21.38	(59.31) %
Market price (last trade)	\$2.00	\$11.00	(81.82) %

Forward Looking Statements

This report includes "forward-looking statements" as that term is used in the securities laws. All statements regarding our expected financial position, business and strategies are forward-looking statements. In addition, the words "anticipates," "believes," "estimates," "seeks," "expects," "plans," "intends," and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. The presentation and discussion of the provision and allowance for loan losses and statements concerning future profitability or future growth or increases, are examples of inherently forward looking statements in that they involve judgments and statements of belief as to the outcome of future events. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and our future prospects include, but are not limited to, changes in: interest rates, general economic conditions, legislative/regulatory changes, monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board, the quality or composition of the loan or investment portfolios, demand for loan products, deposit flows, competition, demand for financial services in our market area and accounting principles, policies and guidelines. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning us and our business, including additional factors that could materially affect our financial results, is included in our other filings with the Securities and Exchange Commission.