

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

	December 31, 2009	2008
<b>ASSETS</b>		
Cash and due from banks	\$ 16,459	\$ 19,828
Federal Funds Sold	23,650	-
Total cash and cash equivalents	40,109	19,828
Securities available for sale, at fair value	43,698	47,065
Securities held to maturity / fair value of \$5,483 at Dec 31, 2009 and \$8,764 at Dec 31, 2008	5,456	8,765
Total securities	49,064	55,830
Loans held for sale	831	690
Commercial loans	252,764	286,593
Construction loans	28,295	48,777
Consumer loans	48,313	52,910
Real estate loans	38,058	37,825
Total loans	355,430	425,098
Less: Allowance for loan losses	(10,728)	(10,455)
Net loans	344,704	414,583
Bank premises and equipment	15,914	16,879
Accrued interest receivable	1,813	2,231
Bank-owned life insurance	7,221	7,282
Assets held for sale operators	37,918	48,850
Other assets	22,504	18,833
Total assets	\$ 522,072	\$ 578,604

	December 31, 2009	2008
<b>LIABILITIES</b>		
Noninterest bearing deposits	\$ 64,530	\$ 64,325
Interest bearing deposits	376,245	455,039
Total deposits	440,775	468,364
Short-term borrowings	164	1,500
Other borrowings	7,981	13,707
Subordinated debt	14,000	14,000
Liabilities held for sale operators	35,217	42,174
Accrued taxes, interest and other liabilities	3,410	1,735
Total liabilities	501,547	545,480
Common stock - 2,248,533 issued (2,190,271 in 2008)	42,919	42,776
Retained earnings	(21,657)	(4,877)
Accumulated other comprehensive income (loss)	(724)	(1,877)
Total stockholders' equity	20,652	35,124
Total liabilities and stockholders' equity	\$ 522,072	\$ 578,604

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

	Three Months Ended Dec. 31, 2009	2008
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 5,685	\$ 6,551
Interest and dividends on securities:		
Taxable	323	413
Tax-exempt	128	147
Interest on short-term securities	3	-
Total interest income	6,119	7,111
<b>INTEREST EXPENSE</b>		
Deposits	2,095	2,744
Borrowings	220	347
Total interest expense	2,255	3,091
<b>NET INTEREST INCOME</b>	3,864	4,020
Provision for loan losses	3,417	2,590
Net interest income (loss) after provision for loan losses	447	1,460

<b>NONINTEREST INCOME</b>		
Service charges on deposit accounts	532	560
Trust and investment services income	390	385
Gain on sale of loans	155	78
Other operating income	481	490
Gain (loss) on equity investment	-	(1,032)
Total noninterest income	1,468	471
<b>NONINTEREST EXPENSE</b>		
Salaries and benefits	1,942	2,374
Occupancy of bank premises	423	478
Equipment expense	408	445
Other than temporary loss on securities	68	-
Other operating expenses	2,497	8,195
Total noninterest expense	5,256	12,480
<b>NET INCOME (LOSS) BEFORE TAXES FROM CONTINUING OPERATIONS</b>	(8,411)	(10,556)
Federal income taxes (benefit)	(6,519)	(935)
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	1,295	(9,601)
<b>NET INCOME (LOSS) FROM HELD FOR SALE OPERATIONS, NET OF TAX</b>	(915)	(62)
<b>NET INCOME (LOSS)</b>	\$ 380	\$ (9,663)

	Three Months Ended Dec. 31, 2009	2008
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 24,083	\$ 27,915
Interest and dividends on securities:		
Taxable	1,538	1,818
Tax-exempt	346	550
Interest on short-term securities	5	138
Total interest income	26,150	30,520
<b>INTEREST EXPENSE</b>		
Deposits	9,939	12,446
Borrowings	1,648	1,806
Total interest expense	10,987	14,952
<b>NET INTEREST INCOME</b>	15,863	16,468
Provision for loan losses	14,723	7,715
Net interest income (loss) after provision for loan losses	840	8,753
<b>NONINTEREST INCOME</b>		
Service charges on deposit accounts	1,967	2,431
Trust and investment services income	1,615	1,813
Gain on sale of loans	767	397
Other operating income	1,854	1,571
Gain (loss) on equity investment	(1,880)	(1,729)
Total noninterest income	4,843	4,423
<b>NONINTEREST EXPENSE</b>		
Salaries and benefits	8,694	10,500
Occupancy of bank premises	1,801	1,926
Equipment expense	1,618	1,877
Other than temporary loss on securities	288	843
Goodwill impairment charge	-	7,955
Other operating expenses	9,682	4,492
Total noninterest expense	21,083	27,583
<b>NET INCOME (LOSS) BEFORE TAXES</b>	(15,700)	(14,417)
Federal income taxes (benefit)	412	(2,449)
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	(16,112)	(11,665)
<b>NET INCOME (LOSS) FROM HELD FOR SALE OPERATIONS, NET OF TAX</b>	(889)	(198)
<b>NET INCOME (LOSS)</b>	\$ (16,980)	\$ (12,163)

	Three Months Ended Dec. 31, 2009	2008
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 6,551	\$ 6,551
Interest and dividends on securities:		
Taxable	413	413
Tax-exempt	147	147
Interest on short-term securities	-	-
Total interest income	7,111	7,111
<b>INTEREST EXPENSE</b>		
Deposits	2,744	2,744
Borrowings	347	347
Total interest expense	3,091	3,091
<b>NET INTEREST INCOME</b>	4,020	4,020
Provision for loan losses	2,590	2,590
Net interest income (loss) after provision for loan losses	1,460	1,460
<b>NONINTEREST INCOME</b>		
Service charges on deposit accounts	560	560
Trust and investment services income	385	385
Gain on sale of loans	78	78
Other operating income	490	490
Gain (loss) on equity investment	(1,032)	(1,032)
Total noninterest income	471	471
<b>NONINTEREST EXPENSE</b>		
Salaries and benefits	2,374	2,374
Occupancy of bank premises	478	478
Equipment expense	445	445
Other than temporary loss on securities	-	-
Other operating expenses	8,195	8,195
Total noninterest expense	12,480	12,480
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Other operating expenses	9,682	4,492
Total noninterest expense	21,083	27,583
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