



**January 17, 2006**

**Fentura Financial, Inc. Net Income Up 25.3% For 2005**

Fenton, Michigan---January 17, 2006---Fentura Financial, Inc. (trading symbol: FETM), the holding company for The State Bank of Fenton, Michigan, Davison State Bank of Davison, Michigan, and West Michigan Community Bank of Hudsonville, Michigan, today reported that continued strong loan growth and an improved net interest margin contributed to a 25.3% increase in net income for the year ended December 31, 2005. Net income for the year totaled \$5,054,000 or \$2.64 per diluted share, compared to \$4,034,000, or \$2.13 per diluted share for 2004.

Financial highlights for 2005 compared to 2004 include:

1. Revenues increased 22.1% driven by a 26.6% increase in net interest income.
2. Non-interest income increased slightly when adjusted for non-recurring gains realized in connection with the 2004 sale of Small Business Administration guaranteed and credit card loans.
3. Net interest margin improved 53 basis points to 4.23%.
4. Total loans increased \$45,926,000 or 11.7% to \$439,356,000.
5. Credit quality remains strong with non performing assets equaling just 0.56% of total assets.
6. Return on average equity for the year was 11.09%.

For the fourth quarter ended December 31, 2005, net income totaled \$1,310,000, or \$0.68 per diluted share, compared to \$1,534,000, or \$0.81 per share achieved during the fourth quarter of 2004. The 2004 results included \$464,000 of non-recurring income resulting from the sale of certain credit card and Small Business Administration loans. Core revenues (net of the non-recurring charges) which are comprised of net interest income and non-interest income, grew 7.1% in the fourth quarter to \$7.4 million, compared to \$6.8 million in the fourth quarter of 2004. A growing balance sheet,

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improvement in the net interest margin, an increase in the gain on sale of loans, and improvement in trust and investment income all contributed to the quarterly improvement in revenues. Net interest income totaled \$5.73 million for the fourth quarter compared to \$5.16 million for the fourth quarter of 2004. Non interest expense increased 7.8% to \$5.14 million for the fourth quarter from \$4.77 million in the fourth quarter of 2004 due to a rise in salary and benefit expense and an increase in bonus and incentive payouts in connection with the improved performance for the quarter and the full year.

2005 revenues grew 22.1% to \$40.8 million compared to \$33.4 million achieved during 2004. Net interest income increased 26.6% to \$22.6 million compared to \$17.8 million during 2004. Non-interest income declined 5.6% as a decline in deposit account charges and losses from repositioning the securities portfolio more than offset gains in fiduciary income and in the sale of residential mortgage loans. Non-interest expense increased 14.4% to \$20.80 million compared to \$18.18 million during 2004, due to annual salary and benefit expense increases, additional performance incentives and staff additions in preparation for new offices and support services to be added during 2006.

Total loans were \$439.4 million at December 31, 2005, an increase of 11.7% or \$45.9 million compared to December 31, 2004. The year-to-year increase was primarily attributable to a 14.0% or \$40.6 million dollar increase in commercial and construction loans. Total deposits increased 7.5% or \$37.0 million while borrowings to fund loan growth decreased 25.5% to \$25.8 million.

According to President and CEO Donald L. Grill, "2005 was a record year for Fentura Financial, Inc. and its affiliate banks. Our record earnings generated an 11.09% return on average equity (ROE) for the year, up from 9.72% reported last year. We were particularly pleased with the operating results at both West Michigan Community Bank and The State Bank during 2005. Our efforts to generate new business, expand existing relationships and strengthen our alliance with other community bank partners contributed to the strong improvement in year-to-year financial performance." Grandville. Fentura Financial, Inc. shares are traded over the counter under the FETM trading symbol.