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For immediate release

FENTURA FINANCIAL, INCORPORATED ANNOUNCES FOURTH QUARTER AND FULL YEAR 2016 RESULTS

March 3, 2017

FENTON, MICHIGAN, MARCH 3, 2017 - Fentura Financial, Inc (the “Company” or “Fentura”) (OTCQX: FETM), the holding company for The State Bank (the “Bank”), today announced its earnings for the fourth quarter and full year of 2016. Highlights include the following:

* Net Income before tax, provision for loan losses, and merger transaction expense for the year exceeded levels reported for 2015
* Book value increased 8.9% over prior year to $14.05
* Year over year share price appreciated 15.4%
* Assets, excluding Community acquisition, grew $87.0 million during the year
* Loan growth exceeded expectations for the year, growing by $54.0 million, excluding Community acquisition
* Deposits, excluding Community acquisition, grew $56.0 million during the year

As previously reported, Fentura completed its acquisition of St. Charles based Community Bancorp, Inc. (“Community”) the holding company for Community State Bank, effective on December 31, 2016. Under the terms of the merger agreement, Community was merged with and into Fentura and The State Bank.

In December 2016, Fentura issued 1,071,428 shares of common stock from a private placement offering for an aggregate purchase price of $15 million. The proceeds of the offering were used largely to fund the acquisition of Community.

Fentura reported pre-tax, pre-provision for loan losses, and pre-merger transaction expense net income for the three months ended December 31, 2016 of $1.7 million compared to pre-tax and pre-provision earnings of $1.9 million and $1.6 million reported for the third quarter of 2016 and the fourth quarter of 2015, respectively. On an after-tax basis, quarterly earnings of $900 thousand for the fourth quarter of 2016 compared to $1.3 million and $1.7 million for the third quarter of 2016 and the fourth quarter of 2015, respectively. For the year, Fentura reported pre-tax, pre-provision, and pre-merger transaction expense net income of $6.5 million compared to the $6.1 million reported for 2015. On an after-tax basis, net income was $4.1 million in 2016 compared to $4.7 million in 2015.

Ronald L. Justice, President and CEO stated, “2016 was a very active, productive, and successful year. Throughout the year we experienced solid improvement in earnings from core operations, largely from our continued organic growth of both our deposits and loans. In addition to our strong core operating results and growth, our franchise grew from the acquisition of Community Bancorp, Inc. We remain committed to our markets, including those new to us as a result of the Community acquisiton, and are confident in our ability to grow market share as we move forward.”

**Balance Sheet**

Total assets, increased $203.0 million or 40.6% at December 31, 2016 compared to September 30, 2016, ending the year at $703.5 million. Of the increase in total assets, $31.5 million or 6.3% was from organic growth and $171.5 million related to the Community acquisition. Cash and due from banks increased 303.2%, to $78.3 million at December 31, 2016 compared to the $19.4 million reported at December 31, 2015. This increase was primarily attributable to the Community acquisition, deposit growth and the increase in capital from a downstream dividend from Fentura following the issuance of new shares detailed above. Gross loan balances, increased $107.4 million or 26.0% compared to the prior quarter. Of this increase in loans, $22.0 million or 20.5% was from organic growth with the remainder from the Community acquisition. The organic loan growth was from continued efforts to grow the Bank’s client base. During the quarter, the Bank continued to experience growth in both its mortgage and commercial loan portfolios. Gross loans totaled $521.0 million at December 31, 2016, an increase of $139.4 million or 36.5% when compared to December 31, 2015. Of this year to year loan increase, $54.0 million was from organic growth with the remainder from the Community acquisition. As noted previously, the organic increase in loans resulted from the Company’s efforts to grow its loan portfolio with new and existing clients.

Deposits, totaled $603.4 million at December 31, 2016, an increase of $184.5 million or 44.1% compared to the $418.9 million reported at the end of the prior quarter. Of this deposit growth, $13.1 million or 3.1% was from organic growth during the quarter with the remainder from the Community acquisition. Deposits increased $227.4 million or 60.5% for the year ended December 31, 2016 when compared to December 31, 2015. Of this strong year to year deposit increase, $56.0 million or 14.9% was from core growth with the remainder from the Community acquisition. The core growth throughout the year occurred in non-interest bearing and non-maturing interest bearing deposits as the Company continued to grow its consumer, commercial and municipal client base.

**Capital**

Fentura Financial, Inc. and The State Bank continued to maintain capital in excess of levels considered well capitalized by regulatory agencies. The Bank’s regulatory capital ratios are detailed in the table that follows, and indicate a strong Tier 1 Leverage Capital Ratio at December 31, 2016 and December 31, 2015. The increase in the Tier 1 Leverage Ratio was primarily due to the increase in capital from operating results and the timing of the acquisition of Community, while the modest decline in the total risk-based capital ratio year over year is primarily due to modest changes in risk categories based on strong overall asset growth.

 December 31, December 31, Regulatory

 2016 2015 Well Capitalized

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Tier 1 Leverage Capital Ratio 11.85% 9.90% 5.00%

Tier 1 Risk-Based Capital Ratio 10.89 11.00 8.00

Total Risk-Based Capital Ratio 11.41 11.91 10.00

**Credit Quality**

Throughout 2016, the Company continued to benefit from improvement in credit quality. At December 31, 2016, loan delinquencies to total loans, excluding loans acquired from Community, were 0.00% compared to 0.06% at December 31, 2015. Substandard assets, again excluding assets acquired from Community, totaled $152,000 at December 31, 2016, down from $745,000 reported at December 31, 2015. The low level of loan delinquencies and substandard assets eliminated the need for additional provisions to the allowance for loan losses throughout all of 2016 and in fact, contributed to a reversal of $900,000 from the allowance for the year ended December 31, 2016. Comparatively, for the year ended December 31, 2015 the Bank reversed $1.0 million from the allowance.

**Net Interest Income**

Net interest income of $4.3 million for the quarter ended December 31, 2016 improved compared to the $4.1 million and the $3.9 million reported in the third quarter of 2016 and the fourth quarter of 2015, respectively. Interest income improved during the three months ended December 31, 2016, from interest on new loans added during the quarter and throughout the entire year. Interest expense increased for the quarter ended December 31, 2015 as well, compared to the quarters ended September 30, 2016 and December 31, 2015 because of interest expense on time and other interest bearing deposits added during the quarter and throughout the year.

On a year to date basis, net interest income at $16.3 million in 2016 compared favorably to the $14.5 million reported in 2015. The year-over-year improvement is due to the increase in interest income from loan growth throughout the year.

**Noninterest Income**

Noninterest income was $1.8 million for the quarter ended December 31, 2016 compared to $1.9 million for the third quarter of 2016 and $1.4 million for the fourth quarter of 2015. The modest decline comparing the fourth quarter results to the prior quarter is attributable to a decline in Wealth Management income in the current quarter. Similar to what we reported last year for the same period, the decline was based on the level and timing of income from client investment transactions. The primary positive variance comparing the current period to the same period in 2015 is greater volume of mortgage loans sold in the secondary market and accordingly, gains on sale and servicing rights from those loans.

For the twelve months ended December 31, 2016, noninterest income totaled $6.7 million compared to $6.6 million reported for the prior year. The increase in 2016 is primarily attributable to improved gain on sale and servicing rights from increased volume of mortgage loans sold in the secondary market with servicing rights maintained.

**Noninterest Expense**

The Company recorded $4.4 million of noninterest expense, excluding merger transaction expense, in the quarter ended December 31, 2016, an increase compared to the $4.0 million and $3.7 million reported in the third quarter of 2016 and in the fourth quarter of 2015, respectively. The quarterly increase compared to both comparative quarters is primarily due to funding the bonus accrual and regular salary increases based on strong Company financial performance and an increase in commercial and mortgage based commission based on strong growth. Other outside services fees also increased in the current period when compared to the two comparative quarters, based on fees paid to consultants relating to technology and other operational areas. For the year, noninterest expense, excluding merger transaction expense was $16.4 million in 2016 compared to $15.0 million reported during 2015. The increase in noninterest expense in 2016 is primarily due to an increase in salary and benefits expense, which increased largely because of mortgage-related and other general employee compensation as well as the increase in outside service fees described above.

Fentura Financial, Inc. is a bank holding company headquartered in Fenton, Michigan.  Its subsidiary bank, The State Bank, is also headquartered in Fenton with offices serving Genesee, Livingston, Oakland, Saginaw and Shiawassee Counties. The Bank offers comprehensive financial services including commercial, consumer, mortgage, trust and financial planning services, and deposit products.  The Bank also proudly provides services through on-line and mobile banking services.  More information about The State Bank is available at www.thestatebank.com.

**About Fentura Financial and The State Bank**

Fentura Financial is the holding company for The State Bank. It was formed in 1987 and is traded on the OTCQX exchange under the symbol FETM, and was recognized as one of the Top 50 performing stocks for 2015 on that exchange.

The State Bank is a full-service, 5-Star Bauer Financial rated commercial, retail and trust bank headquartered in Fenton, Michigan. It has assets of approximately $680 million. It currently operates fifteen full-service branches located in Genesee, Livingston, Oakland, Saginaw and Shiawassee Counties and loan production offices in Washtenaw and Saginaw Counties. The State Bank’s commercial department provides a complete array of products including lines of credit, term loans, commercial mortgages, SBA loans and a full-suite of cash management products. The retail department offers personal checking, savings, time and IRA deposit accounts and all types of loan products including home equity, auto and personal loans. The residential loan department offers construction, purchase and refinance residential mortgage loans. The wealth management department offers a full-service suite of trust and portfolio management services. The aim of The State Bank is to become and remain “Your Financial Partner for Life.” More information

can be found at [www.thestatebank.com](http://www.thestatebank.com).

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**CAUTIONARY STATEMENT:***This press release contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements concerning future growth in earning assets and net income. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to, economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services, interest rates and fees for services. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release.*