

FENTURA FINANCIAL INC  
Form 8-K  
April 18, 2003

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): April 18, 2003

**FENTURA FINANCIAL, INC.**  
(Exact name of registrant as specified in its charter)

**Michigan**  
(State or other  
jurisdiction of  
incorporation)

**000-23550**  
(Commission  
File Number)

**38-2806518**  
(IRS Employer  
Identification no.)

**175 North Leroy Street**  
**P.O. Box 725**  
**Fenton, Michigan**  
(Address of principal executive office)

**48430-0725**  
(Zip Code)

Registrant's telephone number,  
including area code: **(810) 629-2263**

**Item 7. Financial Statements and Exhibits.**

Exhibit

99.1 Press release dated April 17, 2003.

99.2 Quarterly Report To Shareholders.

**Item 9. Regulation FD Disclosure.**

On April 18, 2003, Fentura Financial, Inc. issued a press release announcing a dividend and results for the first fiscal quarter. A copy of the press release is attached as Exhibit 99.1.

On April 18, 2003, Fentura Financial, Inc. distributed a quarterly report to its shareholders. A copy of the quarterly report to shareholders is attached as Exhibit 99.2.

This information furnished under Item 9. Regulation FD Disclosure is intended to be furnished under Item 12. Results of Operations and Financial Condition in accordance with SEC Release No. 33-8216.

The information in this Form 8-K and the attached Exhibit shall not be deemed filed for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: April 18, 2003

Item 9. Regulation FD Disclosure.

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FENTURA FINANCIAL, INC.  
(Registrant)

By: /s/ Donald L. Grill

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Donald L. Grill  
President

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**EXHIBIT INDEX**

Exhibit 99.1      Press Release Dated April 18, 2003.  
Exhibit 99.2      Quarterly Report to Shareholders.

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**EXHIBIT 99.1**

**FENTURA FINANCIAL, INC.  
P.O. BOX 725  
FENTON, MI 48430-0725**

Contact: Donald L. Grill  
(810) 714-3985

April 18, 2003

**For Immediate Release**

## **FENTURA FINANCIAL, INC. ANNOUNCES FIRST QUARTER 2003 RESULTS**

Fentura Financial, Inc. reported first quarter net income of \$821,000 or \$0.48 per share; an increase of \$228,000 over the first quarter of 2002 when net income totaled \$593,000 or \$0.34 per share.

The year-to-year improvement in net income was principally a result of a substantial increase in noninterest related revenue. Gains on the sale of residential mortgage loans, services charges on deposit accounts and other operating income all registered substantial increases over the prior year. Net interest income also increased 9.5% over the first quarter of 2002.

Total assets reached \$348 million at March 31, 2003, compared to \$298 million at March 31, 2002. Total deposits increased 18.6% led by a 25% increase in noninterest bearing deposits. Net loans increased 7.8% with commercial loans reflecting a 12.2% year-to-year increase.

Fentura Financial, Inc. is the financial services holding company for The State Bank headquartered in Fenton, Michigan, with offices serving Fenton, Linden, Holly and Grand Blanc, as well as Davison State Bank with two offices serving the Davison area.

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**President's Letter to Shareholders**

To Our Shareholders:

I am pleased to report a substantial increase in first quarter earnings for 2003. As you will recall, the first quarter of 2002 was a difficult quarter for our company as the net interest margin was negatively impacted by the external interest rate environment. While the net interest margin remains under pressure, we have been successful in increasing our overall growth rate thus creating added net interest income opportunity. Additionally, we have achieved substantial increases in various noninterest income categories.

Fentura Financial, Inc. achieved first quarter earnings of \$821,000 or \$0.48 per share; an increase of \$228,000 over the first quarter of 2002 when net income totaled \$593,000 or \$0.34 per share.

The year-to-year improvement in net income was principally a result of a substantial increase in noninterest related revenue. Gains on the sale of residential mortgage loans, service charges on deposit accounts and other operating income all registered substantial increases over the prior year. Net interest income was also up 9.5% over the first quarter of 2002.

Total assets reached \$348 million at March 31, 2003, compared to \$298 million at March 31, 2002. Total deposits increased 18.6% led by a 25% increase in noninterest bearing deposits. Net loans increased 7.8% with commercial loans reflecting a 12.2% year-to-year increase.

I trust that many of you will be able to attend the Annual Shareholders Meeting scheduled for 7:00 p.m., April 30, 2003. The meeting will be held at the St. John Community Center in Fenton.

As always, we appreciate your continued support of The State Bank, Davison State Bank and Fentura Financial, Inc.

Sincerely,

/s/ Donald L. Grill

Donald L. Grill  
President & CEO

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**Consolidated Statement of Income  
Three Months Ended March 31  
Unaudited**

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(000 s omitted)

	<b>2003</b>	<b>2002</b>
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 3,923	\$ 3,899
Interest and dividends on securities:		
Taxable	341	281
Tax-exempt	156	165
Interest on Short-term securities	26	71
	-----	-----
Total interest income	4,446	4,416
<b>INTEREST EXPENSE</b>		
Deposits	1,297	1,532
Borrowings	22	27
	-----	-----
Total interest expense	1,319	1,559
	-----	-----
<b>NET INTEREST INCOME</b>	3,127	2,857
Provision for loan losses	296	33
	-----	-----
Net interest income after provision for loan losses	2,831	2,824
<b>NONINTEREST INCOME</b>		
Service charges on deposit accounts	808	554
Trust income	112	134
Gain on sale of loans	355	142
Other operating income	288	226
Investment gains	12	-
	-----	-----
Total non interest income	1,575	1,056
<b>NONINTEREST EXPENSE</b>		
Salaries and benefits	1,836	1,707
Occupancy of bank premises	293	257
Equipment expense	359	368
Other operating expenses	814	702
	-----	-----
Total non interest expense	3,302	3,034
	-----	-----
<b>NET INCOME BEFORE TAXES</b>		
	1,104	846
Applicable income taxes	283	253
	-----	-----
<b>NET INCOME</b>	\$ 821	\$ 593
	=====	=====
Per share amounts:		
Net income - basic	\$ 0.48	\$ 0.34
Net income - diluted	\$ 0.48	\$ 0.34

**Consolidated Statement of Condition**  
**March 31**  
**Unaudited**

(000 s omitted)

<b>ASSETS</b>	<b>2003</b>	<b>2002</b>
Cash and due from banks	\$ 18,950	\$ 13,285
Federal Funds Sold	1,650	12,850
	-----	-----
Total cash and cash equivalents	20,600	26,135
Securities available for sale, at fair value	59,294	28,781
Securities held to maturity (fair value of \$13,084 at in 2003 and \$12,474 in 2002)	12,717	12,371
	-----	-----
Total securities	72,011	41,152
Loans held for sale	4,530	2,538
Commercial loans	164,380	146,474
Consumer loans	54,053	58,079
Real estate loans	13,380	10,558
	-----	-----
Total loans	231,813	215,111
Less: Allowance for loan losses	(3,219)	(3,103)
	-----	-----
Net loans	228,594	212,008
Bank premises and equipment	9,631	9,454
Accrued interest receivable	1,907	1,578
Other assets	10,270	5,587
	-----	-----
Total assets	\$ 347,543	\$ 298,452
	=====	=====
 <b>LIABILITIES</b>		
NonInterest bearing deposits	\$ 48,334	\$ 38,742
Interest bearing deposits	255,167	217,261
	-----	-----
Total deposits	303,501	256,003
Short-term borrowings	-	-
Other borrowings	1,728	1,667
Accrued taxes, interest and other liabilities	2,692	2,232
	-----	-----
Total liabilities	307,921	259,902
	-----	-----
 <b>STOCKHOLDERS' EQUITY</b>		
Common stock - 1,713,430 issued (1,734,624 in 2002)	29,949	30,649
Retained earnings	9,424	7,871
Accumulated other comprehensive		

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income	249	30
	-----	-----
Total stockholders' equity	39,622	38,550
	-----	-----
Total liabilities and stockholder's equity	\$ 347,543	\$ 298,452
	=====	=====

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*Annual Shareholder s Meeting*

**7:00 p.m.**

**Wednesday, April 30, 2003**

**St. John Activity Center**

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**Financial Highlights**  
**Three Months Ended March 31**  
**Unaudited**

(000 s omitted)

	<b>2003</b>	<b>2002</b>	<b>%Change</b>
Net Income	\$ 821	\$ 593	38.45%
Return on average total equity	8.36%	6.23%	34.19%
Return on average assets	0.97%	0.79%	22.78%
Net interest margin	4.26%	4.32%	-1.39%
Efficiency ratio	70.49%	75.60%	-6.76%
Per common share:			
Net Income-basic	\$0.48	\$0.34	41.18%
Net Income-diluted	\$0.48	\$0.34	41.18%
Book value	\$23.12	\$22.45	2.98%
Market price: (last trade)	\$34.75	\$28.75	20.87%