

FENTURA FINANCIAL INC
Form 8-K/A
October 22, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): October 17, 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**

The purpose of this amendment is to file corrected versions of the exhibits. The exhibits previously filed inadvertently did not conform to the press release as issued and the report sent to the shareholders.

Item 7. Financial Statements and Exhibits.

Exhibit

99.1 Press release dated October 17, 2003.

99.2 Report to Shareholders dated October 17, 2003.

Item 12. Results of Operations.

On October 17, 2003, Fentura Financial, Inc. issued a press release announcing third quarter earnings. A copy of the press release is attached as Exhibit 99.1.

On October 17, 2003, Fentura Financial, Inc. sent a third quarter report to their shareholders. A copy of that report is attached as Exhibit 99.2.

The information in this Form 8-K and the attached Exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange 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.

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: October 22, 2003

FENTURA FINANCIAL, INC.
(Registrant)

By: /s/ Donald L. Grill

Name: Donald L. Grill
Title: President and Chief Operating Officer

EXHIBIT INDEX

- Exhibit 99.1 Press Release Dated October 17, 2003.
- Exhibit 99.2 Report to Shareholders dated October 17, 2003

EXHIBIT 99.1

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

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

October 17, 2003

For Immediate Release

FENTURA FINANCIAL, INC. ANNOUNCES THIRD QUARTER 2003 RESULTS

Fentura Financial, Inc. announced third quarter earnings of \$1,167,000 or \$0.68 per share, an increase of \$240,000 or 25.9% over the \$927,000 achieved during the third quarter of 2002. On a year-to-date basis, Fentura income of \$2,898,000 or \$1.69 per share reflects a 26.2% increase over the \$2,296,000 achieved through the third quarter of 2002.

The earnings increase for the quarter and on a year-to-date basis reflects continued improvement in net interest income and a substantial increase in non interest income. Deposit account revenue and gains from the sale of residential mortgage loans sold into the secondary market were the primary source for the improvement in non interest income for the quarter and on a year-to-date basis.

At the September quarter end, total assets reached \$424,890,000, an increase of \$96,813,000 over the level reported at September 30, 2002. Non interest bearing deposits increased more than \$10,000,000 while total deposits increased approximately \$83,944,000. The total deposit increase included a \$22,000,000 temporary municipal deposit which is not expected to remain with the bank long term. Total loans increased approximately \$15,000,000 over the prior year with most of the growth occurring in the commercial loan portfolio. The remaining funding increase was allocated to the investment portfolios of the subsidiary banks.

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Fentura Financial, Inc. is a financial holding company headquartered in Fenton, Michigan. Affiliates include The State Bank with offices serving Fenton, Linden, Holly and Grand Blanc; and Davison State Bank with offices serving the Davison area. Fentura Financial, Inc. shares are publicly traded over the counter under the FETM trading symbol.

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Letter to Shareholders

I am pleased to report third quarter earnings of \$1,167,000 or \$0.68 per share, an increase of \$240,000 or 25.9% over the \$927,000 achieved during the third quarter of 2002. On a year-to-date basis, Fentura income of \$2,898,000 or \$1.69 per share reflects a 26% increase over the \$2,296,000 achieved in the same quarter of 2002.

The earnings increase for the quarter and on a year-to-date basis reflects continued improvement in net interest income and a substantial increase in non interest income. Deposit account revenue and gains from the sale of residential mortgage loans sold into the secondary market were the primary source for the improvement in non interest income for the quarter and on a year-to-date basis.

At the September quarter end, total assets reached \$424,890,000, an increase of \$96,813,000 over the level reported at September 30, 2002. Non interest bearing deposits increased more than \$10,000,000 while total deposits increased approximately \$83,944,000. The total deposit increase included a \$22,000,000 temporary municipal deposit which is not expected to remain with the bank long term. Total loans increased approximately \$15,000,000 over the prior year with most of the growth occurring in the commercial loan portfolio. The remaining funding increase was allocated to the investment portfolios of the subsidiary banks.

We are particularly pleased with the deposit growth achieved at both The State Bank and Davison State Bank during the past year. Surpassing \$400,000,000 in total assets represented achievement of another major milestone for Fentura. Davison State Bank is rapidly approaching \$50,000,000 in total assets and the two new Grand Blanc offices established by The State Bank are both surpassing original growth projections. Additionally, The State Bank plans to open a new Grand Blanc Loan Production Office during the forth quarter of 2003.

We are optimistic about improving trends in the economy and our future performance as we proceed into the fourth quarter and move into 2004.

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

Donald L. Grill
President and CEO

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|---|
| Consolidated Statement of Income Three Months Ended September 30 (Unaudited) |
|---|

(000 s omitted)

| INTEREST INCOME | 2003 | 2002 |
|---------------------------------------|-------------|-------------|
| Interest and fees on loans | \$ 3,925 | \$ 4,024 |
| Interest and dividends on securities: | | |
| Taxable | 587 | 247 |
| Tax-exempt | 175 | 167 |
| Interest on short-term securities | 86 | 116 |
| | <hr/> | <hr/> |
| Total interest income | 4,773 | 4,554 |

| INTEREST EXPENSE | | |
|-------------------------|-------|-------|
| Deposits | 1,368 | 1,375 |
| Borrowings | 81 | 25 |
| | <hr/> | <hr/> |
| Total interest expense | 1,449 | 1,400 |

| NET INTEREST INCOME | | |
|---|-------|-------|
| | 3,324 | 3,154 |
| Provision for loan losses | 122 | 107 |
| | <hr/> | <hr/> |
| Net interest income after provision for loan losses | 3,202 | 3,047 |

| NONINTEREST INCOME | | |
|-------------------------------------|-------|-------|
| Service charges on deposit accounts | 964 | 661 |
| Trust income | 140 | 147 |
| Gain on sale of loans | 373 | 270 |
| Other operating income | 330 | 311 |
| Investment gains | - | - |
| | <hr/> | <hr/> |
| | 1,807 | 1,389 |

| NONINTEREST EXPENSE | | |
|----------------------------|-------|-------|
| Salaries and benefits | 1,818 | 1,665 |
| Occupancy of bank premises | 275 | 267 |
| Equipment expense | 365 | 376 |
| Other operating expenses | 967 | 794 |
| | <hr/> | <hr/> |
| Total non interest expense | 3,425 | 3,102 |

**NET INCOME BEFORE
TAXES**

| | | |
|-------------------------|-------------------|-------------------|
| | 1,584 | 1,334 |
| Applicable income taxes | 417 | 407 |
| | <u> </u> | <u> </u> |
| NET INCOME | \$ 1,167 | \$ 927 |
| | <u> </u> | <u> </u> |

Per share amounts:

| | | |
|----------------------|---------|---------|
| Net income - basic | \$ 0.68 | \$ 0.53 |
| Net income - diluted | \$ 0.68 | \$ 0.53 |

| |
|--|
| Consolidated Statement of Income Nine Months Ended September 30 (Unaudited) |
|--|

(000 s omitted)

| | 2003 | 2002 |
|---|-------------|-------------|
| INTEREST INCOME | | |
| Interest and fees on loans | \$ 11,827 | \$ 11,909 |
| Interest and dividends on securities: | | |
| Taxable | 1,247 | 781 |
| Tax-exempt | 515 | 468 |
| Interest on short-term securities | 147 | 261 |
| | <hr/> | <hr/> |
| Total interest income | 13,736 | 13,419 |
| INTEREST EXPENSE | | |
| Deposits | 3,957 | 4,259 |
| Borrowings | 131 | 75 |
| | <hr/> | <hr/> |
| Total interest expense | 4,088 | 4,334 |
| NET INTEREST INCOME | 9,648 | 9,085 |
| Provision for loan losses | 1,086 | 209 |
| | <hr/> | <hr/> |
| Net interest income after provision for loan losses | 8,562 | 8,876 |
| NONINTEREST INCOME | | |
| Service charges on deposit accounts | 2,706 | 1,808 |
| Trust income | 373 | 426 |
| Gain on sale of loans | 1,161 | 562 |
| Other operating income | 1,164 | 817 |
| Investment gains | 31 | - |
| | <hr/> | <hr/> |
| Total non interest income | 5,435 | 3,613 |
| NONINTEREST EXPENSE | | |
| Salaries and benefits | 5,416 | 4,979 |
| Occupancy of bank premises | 836 | 788 |
| Equipment expense | 1,088 | 1,122 |
| Other operating expenses | 2,753 | 2,334 |
| | <hr/> | <hr/> |
| Total non interest expense | 10,093 | 9,223 |

**NET INCOME BEFORE
TAXES**

| | | |
|-------------------------|-------------------|-------------------|
| | 3,904 | 3,266 |
| Applicable income taxes | 1,006 | 970 |
| | <u> </u> | <u> </u> |
| NET INCOME | \$ 2,898 | \$ 2,296 |
| | <u> </u> | <u> </u> |

Per share amounts:

| | | |
|----------------------|---------|---------|
| Net income - basic | \$ 1.69 | \$ 1.32 |
| Net income - diluted | \$ 1.69 | \$ 1.32 |

| |
|---|
| Consolidated Statement of Condition September 30 Unaudited |
|---|

(000 s omitted)

| ASSETS | 2003 | 2002 |
|--|-------------|-------------|
| Cash and due from banks | \$ 18,989 | \$ 18,707 |
| Federal funds sold | 25,250 | 25,900 |
| | <hr/> | <hr/> |
| Total cash and cash equivalents | 44,239 | 44,607 |
| Securities available for sale, at fair value | 112,255 | 29,469 |
| Securities held to maturity (fair value of \$12,063 at Sept 30, 2003 and \$13,059 at Sept. 30, 2002) | 11,692 | 12,613 |
| | <hr/> | <hr/> |
| Total securities | 123,947 | 42,082 |
| Loans held for sale | 2,174 | 3,477 |
| Commercial loans | 164,449 | 150,167 |
| Consumer loans | 54,486 | 59,445 |
| Real estate loans | 17,275 | 11,517 |
| | <hr/> | <hr/> |
| Total loans | 236,210 | 221,129 |
| Less: Allowance for loan losses | (3,244) | (3,133) |
| | <hr/> | <hr/> |
| Net loans | 232,966 | 217,996 |
| Bank premises and equipment | 9,271 | 9,310 |
| Accrued interest receivable | 1,845 | 1,597 |
| Other assets | 10,448 | 9,008 |
| | <hr/> | <hr/> |
| Total assets | \$ 424,890 | \$ 328,077 |
| | <hr/> | <hr/> |
| LIABILITIES | | |
| NonInterest bearing deposits | \$ 57,791 | \$ 47,087 |
| Interest bearing deposits | 309,603 | 236,363 |
| | <hr/> | <hr/> |
| Total deposits | 367,394 | 283,450 |
| Short-term borrowings | 13,917 | - |
| Other borrowings | 11,108 | 2,628 |
| | 2,033 | 2,628 |

Accrued taxes, interest and
other liabilities

| | | |
|-------------------|---------|---------|
| | | |
| Total liabilities | 384,452 | 288,702 |

**STOCKHOLDERS
EQUITY**

| | | |
|--|------------|------------|
| Common stock - 1,705,374 issued (1,725,589 in 2002) | 29,671 | 30,350 |
| Retained earnings | 10,711 | 8,776 |
| Accumulated other comprehensive income | 56 | 249 |
| Total stockholders equity | 40,438 | 39,375 |
| Total liabilities and stockholders equity | \$ 424,890 | \$ 328,077 |

| |
|---|
| Financial Highlights Six Months Ended September 30 Unaudited |
|---|

(000's omitted)

| | 2003 | 2002 | % Change |
|--------------------------------|-------------|-------------|-----------------|
| Net Income | \$ 2,898 | \$ 2,296 | 26.22% |
| Return on average total equity | 9.58% | 7.81% | 22.66% |
| Return on average assets | 1.05% | 0.99% | 6.06% |
| Net interest margin | 4.02% | 4.50% | -10.67% |
| Efficiency ratio | 66.92% | 72.08% | -7.16% |
| Per common share: | | | |
| Net Income basic | \$1.69 | \$1.32 | 28.-3% |
| Net Income diluted | \$1.69 | \$1.32 | 28.03% |
| Book value | \$23.71 | \$22.82 | 3.90% |
| Market price (last trade) | \$33.85 | \$32.00 | 5.87% |

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