DARTBANK
An Award Winning Year

John L. Noud

We dedicate the 93rd Annual Report to John Noud. He retired from the Board of Directors of The Dart Bank and Dart Financial Corporation in October, 2017 after fifteen years of service. During his tenure as director the bank doubled in size to nearly $400 million in total assets. His counsel and support was very beneficial, but none more so than during the years of our great recession. The bank remained profitable during these lean years.

As an attorney John served the bank well, not only during his years on the board, but for nearly a quarter century prior. While a lawyer by trade, it seemed that his undergraduate education in accounting were the skills most frequently on display. He could be counted on to question a financial trend, or a revenue or expense item that seemed unusual. John served on all the various committees of the board, spending several as Chairman of the Audit Committee. Members of the Asset Liability Management Committee will miss the lively discussions on the direction of the unemployment rate, interest rates and inflation. He sometimes questioned the conventional wisdom of the day and always challenged bank management to position the bank appropriately for where we believed the economy was heading.

Directors, employees, and the banking communities served by Dart Bank have benefited from your service, but most of all shareholders. Thank you John, for all your contributions.

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Our Mission

Our primary purposes are to meet the financial needs of our banking communities, protect and increase the value of stockholders' investments and serve the community in financial and non-financial ways.

Letter to Shareholders

It is with much pleasure that we report to you record results for 2017! Our net profit was approximately $3,569,000 or $2.98 per share. This represents a 25% increase in earnings per share from last year and a 12% increase over the previous record year of 2015. It should be noted the results from 2015 were aided by a substantial recapture of loan loss reserves into profits. These profits produce a return on average assets of .92% and return on average equity of 9.98%. These compare quite favorably to the Michigan community bank averages of .76% and 7.49%, respectively.

The earnings in 2017 are from performing community banking the traditional way, taking deposits and lending to well qualified borrowers. Lending led the way to the record year in 2017. Net loans, excluding mortgage loans held-for-sale, increased by 21.5%. As a result, the net interest margin increased by 17.2% or by $1.8 million. The12.5% increase in pre-tax profit was enhanced by a 24.4% decline in federal income tax liabilities, however, earnings would have been a record without the tax reduction. Just enacted tax reform under the Tax Cuts and Jobs Act of 2017 provides us this reduction in our book income tax expense. This is due to a lower rate applicable to net deferred tax liabilities. The lowering of the corporate tax rate to 21% and the repeal of the Alternative Minimum Tax will benefit shareholders in future years as well.

Steps have been taken in recent months to insure there is an orderly plan for succession with the board of directors. The inside cover of this annual report pays tribute to John Noud's service as a director. John retired this past October. This year's annual shareholder meeting will be the last as a director for Darwin Shaver, who intends to retire, after having served since 1997. It is not easy, replacing the experience and years of wise counsel these gentlemen brought to us as directors. In January, two new directors were appointed. Eric J. Brogan and Michelle F. Gallagher accepted invitations to join the boards of The Dart Bank and Dart Financial Corporation.

John Grettenberger & Peter Kubacki

Eric is a life-long resident of East Lansing and is principal in the family insurance and investment firm by the name of Brogan, Reed, Van Gorder & Associates. He is a Chartered Life Underwriter and Chartered Financial Consultant. Michelle is a Certified Public Accountant and is the principal of the Lansing based CPA firm of Gallagher, Flintoff & Klein, PLC and the managing member of Gallagher Valuation Forensics, PLC. Each brings unique experience to the board of directors. We strongly encourage your vote to elect these two, well qualified people to the board of directors at the annual meeting.

The number of trades in Dart stock were nearly the same as last year, however, the volume of shares changing hands decreased by 30%. Additionally, the number of shareholders expressing a desire to have shares placed with new owners has reached a new high. At the current pace of trades, it would take nearly three years to accommodate the wishes of these shareholders. To address this, the board of directors announced a plan late in 2017 to repurchase stock from shareholders who desire immediate liquidity. The price for this repurchase plan was set at ninety-five percent of

the book value of each share. As we go to press with this annual report requests for repurchase under this initiative are being received. We will update you soon on the results of this plan.

An additional measure was taken at the beginning of 2018 to assist with the challenge of providing liquidity to stockholders. Dart Bank's 401 K and Profit Sharing Plan was amended to include an Employee Stock Ownership Plan (ESOP) component. Beginning in 2019, the annual, discretionary profit sharing contributions will be made in the form of Dart stock. These shares contributed to the plan will come from purchases from shareholders, at a price to be determined by a special valuation. This ESOP will be an opportunity for all employees to be owners of the company they work for. With this change, the interests of employees will be even more closely aligned to the success of Dart Bank.

The year-end valuation for each of your shares as determined by CAMELS Consulting Group, LLC is $35.10 per share. This represents an increase of 5.6% from the $33.25 share value from 2016. This value is equal to 11.8 times our earnings per share and 113% of book value. These return metrics are in line with those exhibited by the eighteen publicly traded Michigan community banks with less than $500 million in total assets.

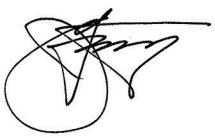
Our dividends paid to you in 2017 were $ .80 per share compared to $ .78 last year. This represents the highest level of regular dividends paid since 2007. Each March the board of directors reviews the dividend to be paid on Dart stock for possible adjustment. Recent earnings performance, trends in credit quality, growth in assets, the forecasted level of profit and the possible changes in the economy all play a role in determining an appropriate level of dividend to be paid to shareholders. The plan to repurchase shares is also a factor in determining future dividends.

In addition to financial success there have been other notable achievements. The remodeling of the Frandor location was completed in late summer. The exterior received a complete makeover and a drive-thru facility, featuring our Interactive Teller Machine (ITM), was added. The growth in deposit accounts at this office is exceeding budget. Dart Bank was successful in obtaining a Public Art for Communities Grant funded by the Lansing Economic Area Partnership and the PNC Foundation. The City of Mason was instrumental in support of this grant request. The submission of a metal sculpture from Michigan based artist Ivan Iler was selected for creation. Fabrication is just complete with installation on the grounds, just outside the main entrance of the Mason Banking Office, scheduled soon.

Our Mason banking office and headquarters seemed to work quite well last year as the venue for the annual meeting. So, again this year, the meeting will be in Mason at 368 South Park Street on Tuesday, April 24, 2018. The time of the meeting is 6:30 p.m. Members of the management team and your board of directors will be available to visit with you and answer any and all of your questions. It wouldn't be a proper meeting of Dart shareholders without delicious refreshments.

With warm wishes we are,

Peter Kubacki
President & CEO



John Grettenberger
Chairman of the Board

Five - Year Comparative Balance Sheets

(as of December 31)

Assets	**2017**	**2016**	**2015**	**2014**	**2013**
Cash and due from banks	$ 7,845,969	$ 12,378,489	$ 25,173,960	$ 7,860,223	$ 10,587,463
Federal funds sold	6,215,238	22,111,260	20,715,317	2,513,147	3,036,996
Cash and cash equivalents	14,061,207	34,489,749	45,889,277	10,373,370	13,624,459
Interest-bearing deposits	2,497,750	4,243,895	3,740,145	4,735,373	4,584,680
Investment securities	53,043,765	56,433,917	65,222,078	75,491,763	89,016,086
Federal Home Loan Bank stock	2,804,500	2,804,500	1,589,500	1,356,100	1,355,000
Mortgage loans held-for-sale	8,833,605	15,864,096	7,640,982	22,653,427	-
Net loans	285,242,762	234,687,904	179,906,934	160,882,508	146,245,403
Premises and equipment, net	14,472,339	14,310,390	7,180,865	4,270,170	4,043,821
Accrued interest receivable	1,147,670	1,071,659	964,018	1,073,436	1,138,477
Foreclosed and repossessed assets	-	135,203	73,760	23,223	301,531
Bank-owned life insurance	8,695,139	8,415,799	7,353,912	7,108,840	6,856,515
Mortgage servicing rights	5,242,175	3,670,890	1,650,764	168,782	226,662
Other assets	2,036,842	1,470,338	1,218,474	2,077,436	3,619,376
	$ 398,077,754	$ 377,598,340	$ 322,430,709	$ 290,214,428	$ 271,012,010
Liabilities and Shareholders' Equity					
Deposits					
Interest bearing	$ 211,152,889	$ 198,458,022	$ 181,745,506	$ 164,650,674	$ 165,698,067
Noninterest bearing	88,833,483	79,522,226	72,280,089	64,373,066	56,559,582
	299,986,372	277,980,248	254,025,595	229,023,740	222,257,649
FHLB advances	58,100,000	63,100,000	34,100,000	28,100,000	21,100,000
Accrued interest payable	151,299	152,324	94,850	98,140	124,902
Deferred compensation	660,366	513,180	380,517	262,180	161,238
Other liabilities	2,098,668	1,454,216	931,065	1,805,334	742,157
	360,996,705	343,199,968	289,532,027	259,289,394	244,385,946
Shareholders' equity					
Common stock	16,918,375	17,000,000	17,000,000	17,000,000	17,000,000
Retained earnings	20,091,955	17,481,749	15,556,781	13,463,566	11,911,747
Accumulated other comprehensive income (loss)	70,719	(83,377)	341,901	461,468	(2,285,683)
	37,081,049	34,398,372	32,898,682	30,925,034	26,626,064
Total liabilities and shareholders' equity	$ 398,077,754	$ 377,598,340	$ 322,430,709	$ 290,214,428	$ 271,012,010

Five - Year Comparative Statements of Income

(as of December 31)

	2017	2016	2015	2014	2013
Interest and dividend income					
Loans, including fees	$ 12,924,598	$ 10,284,709	$ 9,335,948	$ 8,414,143	$ 8,223,664
Investment securities	1,556,049	1,836,246	2,030,104	2,435,530	2,524,435
Federal funds sold and other	134,453	88,441	77,365	85,428	79,146
	14,615,100	12,209,396	11,443,417	10,935,101	10,827,245
Interest expense					
Deposits	1,195,208	910,168	840,117	887,015	1,330,437
FHLB advances and other	923,699	637,444	517,757	429,441	390,656
	2,118,907	1,547,612	1,357,874	1,316,456	1,721,093
Net interest income	12,496,193	10,661,784	10,085,543	9,618,645	9,106,152
(Recapture of) Provision for loan losses	110,400	3,600	(646,400)	408,600	163,745
Net interest income after provision for loan losses	12,385,793	10,658,184	10,731,943	9,210,045	8,942,407
Noninterest income	14,225,545	14,203,651	10,415,527	6,503,623	2,188,849
Noninterest expenses					
Compensation and benefits	14,656,584	14,185,268	11,293,321	8,510,072	4,656,994
Occupancy and equipment	1,906,479	1,772,614	1,532,444	1,361,638	939,314
Office supplies	109,955	140,606	166,615	123,835	110,716
Charitable contributions	140,693	103,780	99,508	93,973	98,874
Amortization of mortgage servicing rights	1,271,945	855,114	-	-	-
Other	4,237,671	3,991,501	3,954,267	2,857,331	2,373,293
	22,323,327	21,048,883	17,046,155	12,946,849	8,179,191
Income(loss) before federal income taxes	4,288,011	3,812,952	4,101,315	2,766,819	2,952,065
Federal income tax (benefit) expense	719,305	951,984	910,100	615,000	578,000
Net income	$ $3,568,706	$ $2,860,968	$ $3,191,215	$ $2,151,819	$ $2,374,065

Dart Bankers

(and their years of service)

Louise Almeida		Andrea Daniel	4	Denise Lons	1	Joe Sambaer	14
Brennan Andrews	1	Jamie Davis	1	Kathy Lorenz	2	Tim Sambaer	18
Shannon Arnett	9	David DeYoung	1	Lin Lupinski		Rachel Schroeder	
Stephanie Axdorff	1	Jill Dunn	14	Zoe Luther	3	Maureen Sheahon	2
Steve Axdorff	1	Mindy Edmunds	3	Bobbie Maas	1	Amy Sheppard	2
Steven Babcock		Mark Emmert	13	Deb Mack	8	Jason Sheridan	3
Shadd Barnes		David Farhat	15	Keagin Malott	2	Cheryl Sherrell	3
Jessica Barrett	3	Sam Fata	1	Judy Mason	9	Bridget Shilts	1
Emily Bartlett	1	Janice Floria	9	Michelle McBride		Anna Shipman	1
Jamie Bennett-King		Dylan Fox		Vicie McClung	20	Cassie Short	4
Stefani Bertrand	14	Steve Frendt	2	Kelly Merritt	1	Dann Small	2
Mike Bleicher	6	Adam Goss	1	Charlie Millard	1	Alisha Sorensen	4
John Blossey		Mike Granzotto		Cathy Miller	2	Karla Spoor	37
Dawn Bonney	1	Emily Groll	6	Becky Moore	14	Ron Sprayman	5
Anne Boone		Tom Hacker	8	John Morris	12	Melanie Squires	6
Amber Boyce	3	Angie Harcus	2	Jon Mykala	3	Sarah Stewart	1
Danielle Boyle	6	Kim Harless	12	Tara Owens	19	Ken Stump	2
Carrie Breslin	5	Jena Hazlewood	5	Gabby Parrish		Crystal Styka	
Barb Brevick	7	Kathe Heaslip	2	Sheila Pawlowski	11	Shavon Sullivan	1
Colleen Briggs	38	Dawn Hendrickson		Nicole Perry	1	Gregg Teegardin	2
Lauren Bromley	1	Lee Ann Henson	3	Sandi Petherbridge	9	Bob Telfer	16
Karen Brook	11	Roni Honaker		Vicki Pilotti	2	Mary Tressel	20
Abby Brooks	2	Mark Howe	32	Denise Powers	1	Mike Unkovich	8
Danielle Bull	4	Bill Hufnagel	18	Audra Prahl	3	Konnie VanGeertruy	8
Vanessa Byrd		Connie Ireland	11	Rachel Presley	5	Olivia Vickers	2
Elfi Cairns	16	Linda Jones	3	Jill Raab	19	Kendra Waldie	11
Jeri Calabrese	4	Joe Joseph	18	Sally Rae	40	Kevin Waldie	10
Michelle Carpenter	25	Jerry Kamerman	1	Kassie Rhodes	2	Tamica Walker	5
Aron Clark	16	Mykala Kearney		Jessica Rieke		Heather Walters	17
Bryan Clark	18	Ericka Kearns		Missie Rill		Melissa Walton	2
Schuyler Clark	1	Tammy Kennon	9	Sagan Rill		Ashley Ward	2
Debbie Collins	5	Eric Kibbey	4	Hazel Rissi	2	Susan Webster	9
Jessica Cook	1	Cami Kocsis	5	Tammy Robinson	18	Autumn Welk	4
Leia Cooper-Rigg	2	Julie Konen	8	Will Robinson	18	Dan Wilkinson	1
Scott Cornell	12	Pete Kubacki	10	Lori Ross	1	Steve Willemin	1
Amy Costello	1	Devin Lavengood	11	Patty Ruedisueli	5	Barbara Young	
Doug Crips	10	Marie Lazarus	1	Jennifer Salazar	1	Jim Young	3
Lori Crooks	6	Emily Lindstrom	1	Lori Sallek	19	Susan Zivic	11
		Nanette Listing	12	Jerry Sambaer	18		

Dart Bank Management Team

Brennan Andrews
MARKETING DIRECTOR

John Blossey
VICE PRESIDENT/SR. CREDIT OFFICER

Colleen Briggs
ASSISTANT VICE PRESIDENT
CONSUMER LOAN OFFICER
CRA OFFICER

Danielle Bull
VICE PRESIDENT/CONTROLLER

Michelle Carpenter
VICE PRESIDENT
BUSINESS SERVICES OFFICER
INVESTOR RELATIONS OFFICER

Bryan Clark
SR. VICE PRESIDENT
MORTGAGE BANKING

Scott Cornell
VICE PRESIDENT/IT OFFICER

Mindy Edmunds
ASSISTANT MANAGER
GRAND LEDGE OFFICE

David Farhat
QUALITY ASSURANCE MANAGER

Adam Goss
VICE PRESIDENT
COMMERCIAL LENDER

Kim Harless
VICE PRESIDENT
HOLT OFFICE MANAGER

LeeAnn Henson
BSA OFFICER/INTERNAL AUDITOR

Mark Howe
VICE PRESIDENT/COMMERCIAL LENDER

William Hufnagel
PRESIDENT OF MORTGAGE BANKING

Joe Joseph
SR. VICE PRESIDENT
MORTGAGE BANKER

Peter Kubacki
PRESIDENT & CEO

Devin Lavengood
VICE PRESIDENT/COMMERCIAL
AGRICULTURAL LENDER

Nanette Listing
VICE PRESIDENT
OPERATIONS OFFICER

Deb Mack
SR. VICE PRESIDENT/CFO

Becky Moore
ASSISTANT OPERATIONS MANAGER

John Morris
VICE PRESIDENT
COMMERCIAL LENDER

Tara Owens
SECONDARY MARKET MANAGER

Nicole Perry
GRAND LEDGE OFFICE MANAGER

Sandi Petherbridge
ASSISTANT MANAGER
LOAN OPERATIONS

Sally Rae
EXECUTIVE VICE PRESIDENT

Kassie Rhodes
VICE PRESIDENT
COMMERCIAL LENDER

Missie Rill
FRANDOR OFFICE MANAGER

Gerald Sambaer
CFO/MORTGAGE BANKING

Tim Sambaer
COO/MORTGAGE BANKING

Dann Small
SR. VICE PRESIDENT/LOAN DEPT.
ADMINISTRATOR

Karla Spoor
SR. VICE PRESIDENT
HUMAN RESOURCES DIRECTOR

Melanie Squires
ASSISTANT VICE PRESIDENT
MASON OFFICE MANAGER

Mary Tressel
SPECIAL ASSETS OFFICER

Kevin Waldie
VICE PRESIDENT
CHIEF RISK OFFICER

Ashley Ward
ASSISTANT MANAGER
HOLT OFFICE

Susan Webster
VICE PRESIDENT
LOAN OPERATIONS OFFICER

Dan Wilkinson
COMMERCIAL LENDER

Jim Young
ASSISTANT MANAGER
MASON OFFICE

Board of Directors

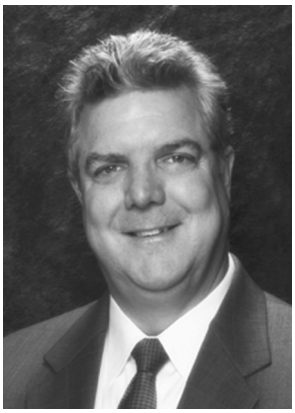
Kira Carter-Robertson

Peter A. Kubacki
PRESIDENT & CEO

Darwin L. Shaver

John O. Grettenberger
CHAIRMAN

Blake D. Mulder



Mark S. Henne

Melanie S. Dart
VICE CHAIRMAN

Michelle Gallagher

William J. Hufnagel
PRESIDENT OF MORTGAGE BANKING

Eric Brogan

Dart Bank Values

Community • Hard Work • Honesty • Integrity • Loyalty
Relationships • Respect • Stability • Teamwork

Community Banker of the Year

The "Best of Community Banking" Award recognizes the contributions and success of a Michigan community banker. Special recognition is given to community bankers who have made significant contributions to their communities and the community banking industry. Our own Pete is the recipient of this award this year!

Cort Collison, Chairman of Community Bankers of Michigan (CBM), announced that Pete Kubacki received the "Best of Community Banking" Award for 2017. Kubacki received the honor at the Community Bankers of Michigan Annual Convention, recently held at the Grand Traverse Resort in Traverse City.

"As the incoming Chair for Community Bankers of Michigan, I am extremely honored to present this award to Pete Kubacki," said Cort Collison, President and CEO of Union Bank. "All of us working with the Community Bankers of Michigan are passionate advocates for community banking. We're here to serve the families, farmers, and businesses in our communities, and to make their worlds a better place to live and work however we can. Pete has done this his entire career."

With a community-banking career spanning decades, Kubacki is currently President and CEO of Dart Bank and has been at the bank over 10 years. Kubacki was previously a commercial loan executive with Monroe Bank and Trust, and was President of the Greenville Community Bank.

Kubacki was honored and surprised when his peers overwhelmingly named him for the 2017 Best of Community Banking award. "I am both flattered and humbled that my peers chose me to receive this award," he noted. "My interest in community banking began with my father, also a banker, who instilled the values touching communities on both me and two of my brothers. It has been my way of life and that of my family's for over 40 years. Community banking is what I still have passion for each and every day. It's a tremendous honor to be recognized for something that is my passion."

10 Over the Next Ten

We want to congratulate our very own Dan Wilkinson (Commercial Loan Officer) for being awarded a 10 Over the Next Ten Award from the Lansing Chamber of Commerce. The 10 Over the Next Ten Award is awarded to ten young professionals who will become the business and community leaders of tomorrow in the Lansing Region. Dan's community involvement includes:

Vice – Chair (upcoming Chair) Lansing Regional Chamber Ambassador Team, Member of Haslett-Okemos Rotary Club, Leadership Lansing Class of 2017 Graduate, Chair of the Old-Newsboys campaign for Rotary Club, Chair of the Hero Luncheon fundraising lunch for Rotary Club, GRC Sponsorship Committee, Graduate of Michigan Banker's Association Commercial Lending School.

Top Work Places 2017

TOP WORK PLACES 2017

We are proud to announce that Dart Bank has been awarded a 2017 Top Workplaces honor by The Detroit Free Press.

Detroit Free Press
PART OF THE USA TODAY NETWORK

The Top Workplaces lists are based solely on the results of an employee feedback survey administered by WorkplaceDynamics, LLC, a leading research firm that specializes in organizational health and workplace improvement.

Several aspects of workplace culture were measured, including Alignment, Execution, and Connection, just to name a few.

Top of the Town

Dart Bank was selected as as "The Best Bank" in the City Pulse's Top of the Town Awards.

People's Choice Favorite Bank

Dart Bank was also chosen by the Lansing Community News readers as People's Choice Favorite Bank in the *Towne Courier, Ingham County Community News, and Holt Community News!*

Community Involvement

Dart Bank has been recognized by Michigan Representatives Mike Bishop and Tom Cochran for our active volunteering in the Walk for Warmth.

Dart Bank holds the highest donation record in 2017 of $1,563.03 to the Mason Promise Scholarship Program.

Dart Bank donated over 250 pounds of food and 50 pounds of personal needs items to the Mason Food Bank.

Citizen of the Year

Congratulations to our very own Colleen Briggs on earning this title from the Mason Area Chamber of Commerce! Your generosity helps make our communities a better place.

2017 Donations

(Partial List)

We are proud to support the following organizations:

Alzheimer's Association
American Cancer Society
American Red Cross
Arts Council of Greater Lansing
Capital Region Community Foundation
Capital Area Community Services, Inc.
Capital Area Housing Partnership
Capital Area Humane Society
Capital Area United Way
Care Free Medical
Child and Family Charities
Chosen Vision
City Rescue Mission of Lansing
Eaton Community Palliative Care
Ele's Place
EVE, Inc.
Grand Ledge Education Foundation
Grand Ledge Food Bank
Greater Lansing Food Bank
Greater Lansing Housing Coalition
Habitat for Humanity
Highfields
Holt Education Foundation
Hospice of Lansing
Lansing Area Economic Partnership
Lansing Area Safety Council
Lansing Catholic High School
Loaves and Fishes Ministries
Mason Area Historical Society
Mason Public Schools Educational Foundation
Mclaren Greater Lansing Healthcare Foundation
Muscular Dystrophy Association
Oak Park YMCA
Old Newsboys Association
Siren/Eaton Shelter
Southside Community Kitchen
Sparrow Foundation
Special Olympics Michigan
Tri-County Office on Aging
Volunteers of America
WKAR Public Radio
Youth Haven Ranch

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1020 Charlevoix Drive
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Frandor
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