

DARTFINANCIAL

July 21, 2016

Dear Shareholder of Dart Financial Corporation:

Enclosed is your second quarter dividend of \$.20 per share. A check, advice of credit to a banking account or a Dividend Reinvestment Plan statement is enclosed. This dividend is the same as was paid to you in the first quarter.

The second quarter was an eventful one for your company. May 5th was a sad day as it marked the passing of Rollin Dart, Chairman Emeritus. His career at the bank spanned more than fifty years and his absence is felt each day.

June 27th marked the opening of our newest full-service office in the Frandor area of Lansing. The Home Loan Center at 500 North Homer Street was remodeled to accommodate Melanie Squires, the manager of this office and Jim Young, Personal Banker. One of the new Interactive Teller Machines is installed at the office allowing clients to perform many of the routine types of transactions typically performed behind a teller line. Planning is underway for construction of a drive-up facility for this office.

Progress continues on the Mason headquarters and banking office. The first group of employees will migrate to the building on July 29th. The main office will move in by late September. An open house will be announced in the coming weeks and will likely be scheduled in late October.

Also included is the June 30th unaudited financial statement with a comparison to the prior year. Earnings per share for the first half of the year are \$.97 compared to \$1.27 last year. While less than last year there is good news in that earnings in the second quarter were \$.70 per share, up 11% from the second quarter of 2015. You will note the net interest margin is slightly behind last year despite higher levels of loans. The persistent low rate environment is causing this margin squeeze. At the same time low rates are making home loans more affordable and the volume of residential home mortgage lending is at an all-time high at Dart Bank. Fees from mortgage banking activity are largely responsible for the 21% increase in noninterest income. The overwhelming percentage of mortgages we make are to finance new home purchases, rather than refinancing existing ones. We believe this business will be strong throughout the summer months and beyond.

The new valuation figure for each share of Dart stock has been set at \$32.25, an increase of \$.35 per share from the first quarter. Trading in shares was strong in the second quarter with sixteen transactions occurring, twelve of which were at the per share valuation figure as set by CAMELS Consulting Group. Please contact Michelle Carpenter in Investor Relations at (517) 525-2693 if you would like to purchase additional shares or to enroll in the Dividend Reinvestment Plan. She is happy to accept referrals from you for new shareholder prospects.

Sincerely,



Peter Kubacki
President & CEO



John Grettenberger
Chairman of the Board