

DARTFINANCIALCORPORATION

July 26, 2017

Dear Shareholder of Dart Financial Corporation:

We are pleased to enclose a dividend of \$.20 for each share of stock you own. You are receiving a check, advice of credit or statement from the Dividend Reinvestment Plan (DRIP) showing the additional shares purchased with this dividend. This is the sixth consecutive dividend of this amount.

Also enclosed is a summary statement of results for the first half of 2017 compared to the prior year period. The earnings for the first six months are \$.97 per share which matches earnings for 2016. We are not satisfied with results thus far. The net interest margin increased 14.9% as net loans outstanding grew by 21.9%. Growth of residential mortgages and consumer loans, mainly our home equity loan products, led the way. With the increase in loans the board found it prudent to set aside additional dollars in the loan loss reserve. These loan loss provisions, largely missing last year, account for additional costs compared to the prior year period. This reserve is at an acceptable level and further provisioning is not expected in the second half of the year. Non-interest income increased 6.3% and reflects greater mortgage banking revenue due to increased closing of residential loans.

Non-interest costs increased 11.2% in the first half of the year. One factor is additional mortgage lenders and support personnel that were added to the Grand Rapids residential loan production office late in 2016. In addition, after completion of the new Mason headquarters, those assets were placed on appropriate depreciation schedules. Depreciation expenses are higher than the older facilities that had existed in Mason. An Expense Reduction Committee was formed this year to identify ways of cutting unnecessary costs from our operation. To date this committee of employees from all areas of the bank have identified over \$100,000 of expenses that can be eliminated. The board of directors and management team are committed to containing costs and increasing the earnings per share to you.

Our full-service Frandor office celebrated its first anniversary at the end of June and results exceeded expectations. Deposits slightly exceeded \$11.0 million, nearly triple the planned total for the first year. A total remodeling of the Frandor office, also referred to as the Home Loan Center, is nearing completion. In addition to a new refreshed look, the banking office will have a drive-thru lane for greater convenience for customers.

CAMELS Consulting Group, LLC just released the report for the second quarter showing the value of each share of Dart stock you own. The current valuation is \$33.90 per share, up \$.40 per share from the first quarter and up \$2.65 from one year ago. The trading in shares through June 30th is roughly equal to last year, if adjusted for one large trade. However, at the current volume of transactions it will take up to three years to place shares for those shareholders who have expressed a desire to sell. The board of directors has been evaluating options to provide liquidity for shareholders in need. At this point a firm plan has not been determined. In the meantime Michelle Carpenter, Investor Relations Officer, would appreciate any referrals for new shareholders you could provide. For referrals or if you wish to purchase additional shares Michelle can be reached at (517) 699-3379.

Sincerely,



Peter Kubacki
President & CEO



John Grettenberger
Chairman of the Board