



#### Stock Information:

Registrar & Transfer Agent  
American Stock Transfer & Trust Company, LLC  
(amstock.com)

#### Market Analysts:

- FIG Partners, LLC  
- Monroe Financial Partners, Inc.  
- Sandler O'Neill & Partners, LP

### OFFICERS

**Brenda L. Copeland** - *President & CEO*  
**James P. Nicoloff** - *EVP & Treasurer*  
**Mary E. Hilfiger** - *Corporate Secretary*

### DIRECTORS

**David A. Shults** - *Chairman of the Board - Partner, Shults & Shults*  
**Robert U. Blades Jr.** - *President, Blades Holding Company, Inc.*  
**Brenda L. Copeland** - *President & CEO, Steuben Trust Co. & Corp.*  
**Michael E. Davidson** - *President, A. Davidson & Bros. Inc.*  
**Dr. Charles M. Edmondson** - *President Emeritus, Alfred University*  
**Stoner E. Horey, MD** - *Physician*  
**L. Victor Myers** - *Retired SVP, Steuben Trust Company*  
**Charles D. Oliver** - *Partner, Charles F. Oliver & Son, LLC*  
**Amanda S. Parker** - *Partner, Parker & Lubanski CPAs, LLP*  
**Eric Shults** - *Partner, Shults & Shults*  
**Sherry C. Walton** - *Community Volunteer*  
**Brian L. Wilkins** - *President, Wilkins RV, Inc.*

*Directors of Steuben Trust Corporation are also Directors of Steuben Trust Company*

### OFFICES & ATMs

**Main Office (ATM)** .....607-324-5010  
**Toll-Free** ..... 866-783-8236  
**Alfred Office (ATM)**.....607-587-9122  
**Andover Office**.....607-478-8437  
**Arkport Office (ATM)** .....607-295-7455  
**Bath Office (ATM)** .....607-664-3200  
**Belmont Office (ATM)** .....585-268-7631  
**Bolivar Office (ATM)** .....585-928-1773  
**Canaseraga Office (ATM)** .....607-545-6516  
**Canisteo Office** .....607-698-2742  
**Elma Representative Office**.....716-650-4230  
**Geneseo Office (ATM)** .....585-243-0380  
**Henrietta Office**.....585-359-0247  
**Warsaw Office (ATM)** .....585-786-0261  
**Wellsville Office (ATM)**.....585-593-0100  
**Whitesville Office** .....607-356-3344

### OFF-SITE ATMs

<b>Alfred State College</b> Central Dining Hall	<b>Alfred University</b> Powell Campus Center
<b>St. James Mercy Health</b> Hospital ED Entrance	<b>Wellsville Downtown</b> 36 West Dyke Street

FOURTH QUARTER REPORT

# Steuben Trust Corporation



CONSOLIDATED  
FINANCIAL REPORT  
DECEMBER 31, 2016

**Steuben Trust Company**  
(subsidiary)

steubentrust.com

Member FDIC

Dear Shareholder:

Volatility in the domestic economy prevailed throughout the year with more optimism reflected during the fourth quarter, following the US Congressional and Presidential election results. The uncertainty throughout the year and impact on financial markets generated challenges for our economy and industry. Your Company's Board and management teams were able to successfully navigate those risks.

As a result, a solid final quarter contributed to strong overall performance for Steuben Trust Corporation for the year 2016 with unaudited net income reaching a new peak in performance of over \$5.4 million as of 12/31, up 5.8% over net earnings for 2015. Return on average assets was 1.05%, earnings per common share (EPS) increased to \$3.28 (up 5.1%), and return on average shareholders' equity was 10.3% for the year.

This strong performance is attributed primarily to a comparatively favorable net interest margin. This was positively influenced by net loan growth of 7.3% or \$20.5 million, a well performing securities portfolio, and containment of funding and operating expense (including close to zero percent loan losses for the year). In addition, overall assets grew to \$516.1 million as of 12/31/2016.

Total shareholders' equity increased to \$51.5 million. The rise in interest rates adversely impacted book value of the bond portfolio while enhancing return on loan portfolios resulting in a net earnings benefit.

As a result, the Board of Directors on January 12, 2017 approved an increase in common stock dividend to thirty cents per share payable February 6, 2017 to shareholders of record January 27, 2017.

We move forward in 2017 excited by new initiatives as we implement our business plan.

On behalf of Steuben Trust Corporation we extend our appreciation and best wishes to you and your family for a healthy, successful and prosperous new year.

Sincerely,



Brenda L. Copeland  
President & Chief Executive Officer

## CONSOLIDATED STATEMENTS OF CONDITION

December 31, 2016 and 2015  
(Unaudited)

(Amounts in thousands)

	2016	2015
<b>ASSETS</b>		
Cash and due from banks	\$ 14,001	\$ 8,156
Loans	301,266	280,758
Allowance for loan losses	(3,580)	(3,290)
Securities available for sale	171,548	176,208
Securities held to maturity	8,390	4,506
Premises & equipment	6,289	6,684
Deposit premium/goodwill	74	81
Other assets	18,135	16,595
<b>TOTAL ASSETS</b>	<b>\$ 516,123</b>	<b>\$ 489,698</b>
<b>LIABILITIES</b>		
Deposits	\$ 418,304	\$ 394,598
Borrowings	39,000	39,000
Subordinated debentures	2,062	2,062
Accrued interest payable	94	66
Other liabilities	5,148	4,905
Total Liabilities	\$ 464,608	\$ 440,631
<b>SHAREHOLDERS' EQUITY</b>		
Common stock - \$1 par value	\$ 1,759	\$ 1,749
Additional paid-in capital	5,469	5,141
Undivided profits	48,128	44,640
Accumulated other comprehensive income	(1,197)	80
Treasury stock	(2,644)	(2,543)
Total Shareholders' equity	\$ 51,515	\$ 49,067
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 516,123</b>	<b>\$ 489,698</b>

## CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share amounts)

	Twelve months ending	
	12/31/2016	12/31/2015
Interest income	\$ 18,341	\$ 17,340
Interest expense	1,111	1,037
<b>Net interest income</b>	<b>17,230</b>	<b>16,303</b>
Provision for loan losses	289	310
<b>Net interest income after provision for loan losses</b>	<b>16,941</b>	<b>15,993</b>
Other operating income	4,298	4,600
Operating expenses	13,767	13,605
<b>Income before income tax</b>	<b>7,472</b>	<b>6,988</b>
Income tax	2,053	1,865
<b>Net income available to common shareholders</b>	<b>\$ 5,419</b>	<b>\$ 5,123</b>
<b>Basic Earnings per Share</b>	<b>\$ 3.28</b>	<b>\$ 3.12</b>
Average shares used in computation of earnings per share (in thousands)	1,652	1,643

## TRUST & INVESTMENT SERVICES

December 31, 2016 and 2015

(Market Value - Amounts in thousands)

	2016	2015
Assets under management	\$ 146,384	\$ 142,527