

INVESTOR INFORMATION

Stock Listing – DIMC

Transfer Agent

Equiniti Trust Company, LLC
PO Box 500
Newark, NJ 07101
800-278-4353
e-mail: HelpAST@equiniti.com
Internet address: equiniti.com/us/ast-access/

Dividend Reinvestment Plan

The Company offers a plan for stockholders to automatically reinvest their dividends in shares of common stock along with the opportunity to purchase additional stock. There are no brokerage commissions or fees imposed. For more information, contact the Transfer Agent listed above.

Dimeco, Inc. Stock Market Makers

Janney Montgomery Scott, LLC
215-665-6000

Raymond James & Associates
800-800-4693

Stifel, Nicolaus & Company, Inc.
800-233-8602

Directors

John S. Kiesendahl, Chairman
Todd J. Stephens, Vice Chairman
Peter Bochnovich, President
John F. Spall, Secretary

Gary C. Beilman
Gregory J. Frigoletto
Barbara J. Genzlinger
Brian T. Kelly
David D. Reynolds, M.D.
Aimee M. Skier
Henry M. Skier

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TWENTY
TWENTY-THREE

FOURTH QUARTER

CONSOLIDATED FINANCIAL HIGHLIGHTS (unaudited)

(dollars in thousands, except per share)

	2023	2022	% Increase (decrease)
Performance for the year ended December 31,			
Interest income	\$ 48,267	\$ 38,578	25.1%
Interest expense	\$ 14,292	\$ 3,769	279.2%
Net interest income	\$ 33,975	\$ 34,809	(2.4%)
Net income	\$ 10,828	\$ 12,341	(12.3%)
Shareholders' Value (per share)			
Net income – basic	\$ 4.27	\$ 4.86	(12.1%)
Net income – diluted	\$ 4.27	\$ 4.85	(12.0%)
Dividends	\$ 1.54	\$ 1.46	5.5%
Book value	\$ 38.90	\$ 34.45	12.9%
Market value	\$ 34.49	\$ 44.00	(21.6%)
Market value/book value ratio	88.7%	127.7%	(30.5%)
Price/earnings multiple	8.1X	9.1X	(11.0%)
Dividend yield	4.47%	3.32%	34.6%
Financial Ratios			
Return on average assets	1.11%	1.28%	(13.3%)
Return on average equity	11.84%	13.51%	(12.4%)
Efficiency ratio	64.99%	63.86%	1.8%
Net interest margin	3.83%	3.95%	(3.0%)
Shareholders' equity/asset ratio	9.96%	9.08%	9.7%
Dividend payout ratio	36.07%	30.04%	20.1%
Nonperforming assets/total assets	.94%	.54%	74.1%
Allowance for loan losses as a % of loans	1.57%	1.56%	.6%
Net charge-offs/average loans	-	-	-
Allowance for loan losses/nonaccrual loans	134.80%	223.61%	(39.7%)
Allowance for loan losses/nonperforming loans	124.62%	209.70%	(40.6%)
Financial Position at December 31,			
Assets	\$ 989,456	\$ 969,567	2.1%
Loans	\$ 722,446	\$ 679,072	6.4%
Deposits	\$ 826,540	\$ 787,574	4.9%
Stockholders' equity	\$ 98,578	\$ 88,013	12.0%

Dear Shareholders:

As 2023 comes to a close, I am excited to report on Dimeco, Inc.’s financial results. As you read this letter, you will see that while there were challenges this year, there were also many successes. Your Company fared well from a growth standpoint, especially within the loan portfolio. Deposit competition remained strong throughout all of 2023 and is expected to continue through 2024. As mentioned in previous letters, interest margin pressure had a negative impact on earnings for us as well as many other banks, but net income ended the year as forecasted.

Total assets of \$989 million increased \$19.9 million or 2.1% over last year. Loan balances of \$722 million at the end of the year were \$43.4 million or 6.4% greater than December 31, 2022. Growth was centered in mortgage and consumer loans. Mortgage loans grew by \$29.8 million over the previous year. Consumer loans of \$23.2 million were \$9.1 million or 65.1% greater than the end of last year. The investment portfolio declined \$21.7 million or 9.9% from the same time last year as bonds with cashflows were used to fund new loans or to pay down overnight borrowings from the Federal Home Loan Bank of Pittsburgh (FHLB).

Deposit balances of \$827 million were an increase of \$39 million or 4.9% over last year. Demand and savings deposits continued to experience decline as customers looked to move money into higher yielding certificates of deposit (CDs) or to cover increased expenses. CD balances grew by \$108.2 million or 65.8% from December 31, 2022. Management decided to purchase brokered CDs of \$36 million in the third and fourth quarters at slightly lower market rates to pay down some higher rated overnight borrowings.


Short-term borrowings decreased by \$49.5 million due to the acquisition of brokered deposits as well as the repositioning of \$17 million of overnight borrowings to lower interest rate, term borrowings with maturities of less than three years. Other borrowed funds increased by \$19.6 million as described above as well as from match funding certain loans to reduce our interest rate risk exposure. The remaining difference was due to normal payment amortization and maturities.

Stockholders’ equity increased by \$10.6 million from December 31, 2022, to \$99 million. The increase was mainly from \$10.8 million of net income, which was offset by dividends paid while gaining \$4.1 million due to a decrease in accumulated other comprehensive

losses. These losses are the result of the mark to market value of the securities portfolio in the current high-rate environment. There were four rate hikes in 2023 of 25 basis points each, all of which impacted the market value of the securities in our investment portfolio. While these losses have a negative effect on the tangible book equity, they do not affect the regulatory capital calculations. Dimeco, Inc.’s capital remains above the regulatory requirements to be considered well capitalized.

Interest income increased by \$9.7 million or 25.1% over 2022. Loan interest income of \$39.4 million was \$8.8 million or 28.6% greater due to the additional loans originated and a portion of the portfolio repricing to higher rates. Loan fees declined by over \$1 million directly related to the winding down of the Paycheck Protection Program (PPP) loans. Investment interest income grew \$1.9 million despite a decline in the average balance of the portfolio due to certain variable rate bonds repricing. Interest expense expanded by \$10.5 million as higher rates are being paid on deposits combined with the growth in borrowings at market rates. As a result of these cost of funds fluctuations, net interest income of \$34 million was \$834 thousand or 2.4% less than last year. Non-interest expenses grew by \$1 million or 4.0%. The largest components were salaries for new and existing staff and the related healthcare benefits. The provision for credit losses increased by \$1.7 million from December 31, 2022, as we adjusted our allowance based on our Current Estimated Credit Losses (CECL) calculation reflecting our loan portfolio growth. Net income of \$10.8 million was \$1.5 million less than last year. This resulted in an annualized return on average assets of 1.11% and a return on average equity of 11.84%.

I look forward to the opportunities Dimeco, Inc. will have in 2024. While the interest rate environment is one of uncertainty, we will continue to navigate as we always have by making prudent banking decisions. Best wishes to all for a healthy and successful new year. Thank you for your continued support and commitment. I welcome your questions or comments and appreciate your referrals to Dimeco, Inc.



Peter Bochnovich
President and Chief Executive Officer

CONSOLIDATED BALANCE SHEET						(unaudited)
(in thousands)						
Assets	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	
Cash and cash equivalents	\$ 8,708	\$ 10,330	\$ 9,605	\$ 9,470	\$ 7,997	
Investment securities available for sale	197,086	200,487	211,729	220,940	218,768	
Loans, net of allowance for loan losses	711,134	699,130	675,285	660,275	668,484	
Premises and equipment	20,154	20,225	20,232	20,454	20,558	
Accrued interest receivable	3,788	3,744	3,224	3,312	e3,308	
Other real estate owned	224	224	224	224	224	
Other assets	48,362	51,853	48,282	48,599	50,228	
TOTAL ASSETS	\$ 989,456	\$ 985,993	\$ 968,581	\$ 963,274	\$ 969,567	
Liabilities						
Deposits:						
Noninterest-bearing	\$ 178,553	\$ 179,162	\$ 186,621	\$ 191,775	\$ 193,322	
Interest-bearing	647,987	605,949	608,327	596,486	594,252	
Total deposits	826,540	785,111	794,948	788,261	787,574	
Short-term borrowings	15,677	65,128	36,880	60,198	65,164	
Other borrowed funds	34,466	33,556	26,801	10,121	14,890	
Accrued interest payable	759	482	314	276	214	
Other liabilities	13,436	12,768	17,668	11,763	13,712	
TOTAL LIABILITIES	890,878	897,045	876,611	870,619	881,554	
TOTAL STOCKHOLDERS' EQUITY	98,578	88,948	91,970	92,655	88,013	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 989,456	\$ 985,993	\$ 968,581	\$ 963,274	\$ 969,567	

CONSOLIDATED STATEMENT OF INCOME								(unaudited)
(in thousands, except per share data)								
	Three months ended					Year ended		
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	12/31/2023	12/31/2022	
Interest Income								
Loans, including fees	\$ 11,833	\$ 10,456	\$ 9,290	\$ 8,689	\$ 8,840	\$ 40,268	\$ 32,616	
Investment securities	1,856	1,873	1,946	1,888	1,741	7,563	5,665	
Other	148	91	119	78	60	436	297	
Total interest income	13,837	12,420	11,355	10,655	10,641	48,267	38,578	
Interest Expense								
Deposits	3,802	2,672	2,560	1,671	1,273	10,705	2,892	
Short-term borrowings	511	1,039	455	774	343	2,779	424	
Other borrowed funds	343	311	102	52	58	808	453	
Total interest expense	4,656	4,022	3,117	2,497	1,674	14,292	3,769	
Net Interest Income	9,181	8,398	8,238	8,158	8,967	33,975	34,809	
Provision (credit) for credit losses	284	397	284	(132)	(1,100)	833	(825)	
Net Interest Income, After Provision (Credit) For Credit Losses	8,897	8,001	7,954	8,290	10,067	33,142	35,634	
Noninterest income	1,774	1,716	1,614	1,580	447	6,684	4,956	
Noninterest expense	6,271	7,075	6,599	6,854	7,063	26,799	25,762	
Income before income taxes	4,400	2,642	2,969	3,016	3,451	13,027	14,828	
Income taxes	790	411	505	493	561	2,199	2,487	
NET INCOME	\$ 3,610	\$ 2,231	\$ 2,464	\$ 2,523	\$ 2,890	\$ 10,828	\$ 12,341	
Earnings per share-basic	\$ 1.43	\$.88	\$.97	\$.99	\$ 1.14	\$ 4.27	\$ 4.86	
Earnings per share-diluted	\$ 1.43	\$.88	\$.97	\$.99	\$ 1.14	\$ 4.27	\$ 4.85	
Average shares outstanding-basic	2,524,588	2,529,228	2,545,686	2,544,290	2,541,153	2,537,721	2,541,378	
Average shares outstanding-diluted	2,524,654	2,529,228	2,545,753	2,547,623	2,546,241	2,537,863	2,545,965	