

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
Lorraine Collins
Gregory J. Frigoletto
Barbara J. Genzlinger
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DIMECO INC.

**2024
THIRD QUARTER**

CONSOLIDATED FINANCIAL HIGHLIGHTS (unaudited)

(dollars in thousands, except per share)

	2024	2023	% Increase (decrease)
Performance for the nine months ended September 30,			
Interest income	\$ 43,131	\$ 34,430	25.3%
Interest expense	\$ 15,381	\$ 9,636	59.6%
Net interest income	\$ 27,750	\$ 24,794	11.9%
Net income	\$ 9,296	\$ 7,218	28.8%
Shareholders' Value (per share)			
Net income – basic	\$ 3.68	\$ 2.84	29.6%
Net income – diluted	\$ 3.67	\$ 2.84	29.2%
Dividends	\$ 1.20	\$ 1.14	5.3%
Book value	\$ 42.65	\$ 35.12	21.4%
Market value	\$ 37.39	\$ 33.60	11.3%
Market value/book value ratio	87.7%	95.7%	(8.4%)
*Price/earnings multiple	7.6X	8.9X	(14.6%)
*Dividend yield	4.28%	4.52%	(5.3%)
Financial Ratios			
*Return on average assets	1.21%	1.00%	21.0%
*Return on average equity	12.29%	10.47%	17.4%
Efficiency ratio	62.02%	68.11%	(8.9%)
Net interest margin	3.95%	3.76%	5.1%
Shareholders' equity/asset ratio	10.12%	9.02%	12.2%
Dividend payout ratio	32.61%	40.14%	(18.8%)
Nonperforming assets/total assets	.87%	.53%	64.2%
Allowance for credit losses as a % of loans	1.53%	1.55%	(1.3%)
Net charge-offs/average loans	-	-	-
Allowance for credit losses/nonaccrual loans	139.23%	243.83%	(42.9%)
Allowance for credit losses/nonperforming loans	134.68%	220.40%	(38.9%)
Financial Position at September 30,			
Assets	\$ 1,068,743	\$ 985,993	8.4%
Loans	\$ 774,477	\$ 710,161	9.1%
Deposits	\$ 882,301	\$ 785,111	12.4%
Stockholders' equity	\$ 108,148	\$ 88,948	21.6%

*annualized

Dear Shareholders:

As the third quarter ends, I am excited to present the results for Dimeco, Inc. As you read the letter, you will see that loan demand has remained strong all year. Deposits continue to grow, especially related to certificates of deposit (CDs). Net income increased 28.8% over the same time last year, resulting in a return on average assets of 1.21% and a return on average equity of 12.29%. The Federal Reserve (Fed) surprised most of us recently by lowering the target range for the federal funds rate by fifty basis points instead of the expected twenty-five basis points. This rate cut is the start of some relief for borrowers that will also help alleviate some pressure on net interest margin for the bank. More rate reductions are expected this year and through next year. Management will continue to pursue the actions that best align with your Company.

Total assets of \$1.069 billion increased \$82.8 million or 8.4% over the third quarter of 2023. The largest component of this increase was loans which grew \$64.3 million or 9.1% over September 30, 2023. Commercial mortgages climbed by \$51.4 million for both owner occupied and other categories. Residential mortgages grew by \$7.3 million through new originations as well as from the purchase of loans totaling \$6.6 million. Consumer loans increased by \$4.1 million, organically and through purchased participations. Investment securities balances of \$222 million were \$21.5 million greater than this time last year. Management strategically bought bonds in 2024, mostly in the second and third quarters, prior to any rate decreases by the Fed, to lock in higher yields and extend duration where possible. In addition, the market value of these bonds increased by \$12.7 million due to the mark to market adjustment to the investment portfolio.

Deposit balances of \$882 million were an increase of \$97.2 million or 12.4% over the same time last year. While growth continued in CDs, which increased \$115 million over September 30, 2023, noninterest-bearing deposits expanded by \$8.8 million or 4.9%. CD specials as well as brokered CDs continue to drive the growth in CDs. Brokered CDs are used when rates are more attractive than borrowing from the Federal Home Loan Bank of Pittsburgh (FHLB).

Short-term borrowings decreased by \$29.7 million or 45.6% over September 30, 2023, due to the shift described above to brokered CDs and the increased deposits from CD specials. Other borrowed funds decreased by \$4.7 million over the same time last year due to normal payment amortization which was offset by a \$2.2 million borrowing used to match fund a commercial loan.

Stockholders' equity grew by \$19.2 million to \$108.1 million as of September 30, 2024. This increase was attributable to growth of \$8.9 million in retained earnings as well as a decrease of \$10.1 million in accumulated other comprehensive losses.

Interest income for the nine months of 2024 increased \$8.7 million or 25.3% over the same period 2023. Most of this increase was attributable to loan income, which contributed \$8.3 million of this growth due to higher loan balances, elevated interest rates and the payoff of a troubled debt. Interest expense of \$15.4 million was \$5.7 million greater than the nine months ended September 30, 2023. The shift to CD specials and brokered CDs was the main reason for this increase, along with a slight uptick in three other business deposit categories. This increase was offset by a decline in short-term borrowing expense of \$1.5 million. Non-interest income increased \$680 thousand or 13.8%. Non-interest expenses grew by \$411 thousand or 2%. The provision for credit losses increased by \$502 thousand as our loan portfolio continues to grow and as required by our Current Estimated Credit Losses (CECL) calculation. Net income of \$9.3 million was \$2.1 million more than last year at this time.

I look forward to the fourth quarter of 2024 and the opportunities that lie ahead for us. Let us hope that the momentum from the first three quarters of the year continues for the remainder of the year. As always, we thank you for your continued support and commitment. Please take every opportunity to refer family and friends to Dimeco, Inc. I welcome your comments.



Peter Bochnovich
President and Chief Executive Officer

CONSOLIDATED BALANCE SHEET

(unaudited)

(in thousands)

	9/30/2024	6/30/2024	3/31/2024	9/30/2023
Assets				
Cash and cash equivalents	\$ 13,498	\$ 10,826	\$ 6,167	\$ 10,330
Mortgage loans held for sale	-	117	-	-
Investment securities available for sale	222,026	211,497	192,464	200,487
Loans, net of allowance for credit losses	762,656	734,154	733,060	699,130
Premises and equipment	19,499	19,725	19,935	20,225
Accrued interest receivable	4,292	4,004	4,005	3,744
Other real estate owned	224	224	224	224
Other assets	46,548	45,073	48,413	51,853
TOTAL ASSETS	\$ 1,068,743	\$ 1,025,620	\$ 1,004,268	\$ 985,993
Liabilities				
Deposits:				
Noninterest-bearing	\$ 187,914	\$ 185,061	\$ 174,087	\$ 179,162
Interest-bearing	694,387	688,513	671,211	605,949
Total deposits	882,301	873,574	845,298	785,111
Short-term borrowings	35,430	5,925	10,672	65,128
Other borrowed funds	28,823	30,102	33,216	33,556
Accrued interest payable	976	930	956	482
Other liabilities	13,065	13,718	15,115	12,768
TOTAL LIABILITIES	960,595	924,249	905,257	897,045
TOTAL STOCKHOLDERS' EQUITY	108,148	101,371	99,011	88,948
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,068,743	\$ 1,025,620	\$ 1,004,268	\$ 985,993

CONSOLIDATED STATEMENT OF INCOME

(unaudited)

(in thousands, except per share data)

	Three months ended				Nine months ended	
	9/30/2024	6/30/2024	3/31/2024	9/30/2023	9/30/2024	9/30/2023
Interest Income						
Loans, including fees	\$ 12,995	\$ 12,162	\$ 11,615	\$ 10,456	\$ 36,772	\$ 28,435
Investment securities	2,245	1,959	1,749	1,873	5,953	5,707
Other	108	169	129	91	406	288
Total interest income	15,348	14,290	13,493	12,420	43,131	34,430
Interest Expense						
Deposits	4,509	4,740	4,439	2,672	13,688	6,903
Short-term borrowings	523	31	180	1,039	734	2,268
Other borrowed funds	304	319	336	311	959	465
Total interest expense	5,336	5,090	4,955	4,022	15,381	9,636
Net Interest Income	10,012	9,200	8,538	8,398	27,750	24,794
Provision for credit losses	218	410	423	397	1,051	549
Net Interest Income, After Provision for Credit Losses	9,794	8,790	8,115	8,001	26,699	24,245
Noninterest income	2,059	1,825	1,706	1,716	5,590	4,910
Noninterest expense	7,106	6,862	6,971	7,075	20,939	20,528
Income before income taxes	4,747	3,753	2,850	2,642	11,350	8,627
Income taxes	882	683	489	411	2,054	1,409
NET INCOME	\$ 3,865	\$ 3,070	\$ 2,361	\$ 2,231	\$ 9,296	\$ 7,218
Earnings per share-basic	\$ 1.53	\$ 1.22	\$.93	\$.88	\$ 3.68	\$ 2.84
Earnings per share-diluted	\$ 1.53	\$ 1.21	\$.93	\$.88	\$ 3.67	\$ 2.84
Average shares outstanding-basic	2,530,335	2,528,913	2,528,139	2,529,228	2,529,438	2,540,367
Average shares outstanding-diluted	2,531,876	2,529,052	2,528,183	2,529,228	2,529,626	2,540,542