

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
 Brian T. Kelly
 Michael Peifer
 David D. Reynolds, M.D.
 Aimee M. Skier

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DIMECO INC.

**2024
 SECOND QUARTER**

CONSOLIDATED FINANCIAL HIGHLIGHTS (unaudited)

(dollars in thousands, except per share)

	2024	2023	% Increase (decrease)
Performance for the six months ended June 30,			
Interest income	\$ 27,783	\$ 22,010	26.2%
Interest expense	\$ 10,045	\$ 5,614	78.9%
Net interest income	\$ 17,738	\$ 16,396	8.2%
Net income	\$ 5,431	\$ 4,987	8.9%
Shareholders' Value (per share)			
Net income – basic	\$ 2.15	\$ 1.96	9.7%
Net income – diluted	\$ 2.14	\$ 1.96	9.2%
Dividends	\$.80	\$.76	5.3%
Book value	\$ 39.98	\$ 36.11	10.7%
Market value	\$ 35.89	\$ 32.65	9.9%
Market value/book value ratio	89.8%	90.4%	(.7%)
*Price/earnings multiple	8.3X	8.3X	-
*Dividend yield	4.46%	4.66%	(4.3%)
Financial Ratios			
*Return on average assets	1.08%	1.04%	3.8%
*Return on average equity	10.96%	10.86%	.9%
Efficiency ratio	64.18%	67.66%	(5.1%)
Net interest margin	3.86%	3.77%	2.4%
Shareholders' equity/asset ratio	9.88%	9.50%	4.0%
Dividend payout ratio	37.21%	38.78%	(4.0%)
Nonperforming assets/total assets	.94%	.51%	84.3%
Allowance for credit losses as a % of loans	1.56%	1.55%	.6%
Net charge-offs/average loans	-	-	-
Allowance for credit losses/nonaccrual loans	128.42%	235.63%	(45.5%)
Allowance for credit losses/nonperforming loans	124.38%	225.04%	(44.7%)
Financial Position at June 30,			
Assets	\$ 1,025,620	\$ 968,581	5.9%
Loans	\$ 745,816	\$ 685,945	8.7%
Deposits	\$ 873,574	\$ 794,948	9.9%
Stockholders' equity	\$ 101,371	\$ 91,970	10.2%

*annualized

Dear Shareholders:

I am pleased to present the second quarter results for your Company. The growth experienced since the beginning of the year continued. Loan demand remained steady throughout the past twelve months and was funded mainly by the growth in certificates of deposit (CDs). While interest rates are projected to start decreasing, albeit slowly, rates remain elevated, and the yield curve continues to be inverted. Management is focused on managing margin pressure, but it will take some time before the bank sees some relief. In the meantime, actions are being taken to position the Company for future growth and earnings.

Total assets of \$1.026 billion increased \$57 million or 5.9% from the second quarter of 2023. Loan balances of \$746 million at the end of the quarter were \$59.9 million or 8.7% greater than June 30, 2023. Real estate secured loans experienced the greatest increase of \$54 million, while consumer loans grew by \$5 million. Investment securities remained flat year over year. New bond purchases were made mostly in the second quarter to take advantage of higher rates prior to any decreases by the Federal Reserve. These purchases were offset by principal payments received, maturities and sales. In addition, the market value of these bonds increased by \$2.9 million due to the mark to market adjustment requirement to the investment portfolio.

Deposit balances of \$874 million were an increase of \$78.6 million or 9.9% over the previous year. Growth was centered in CDs which increased \$113.6 million over the same time last year. Management continues to utilize brokered CDs at lower rates than borrowings available from the Federal Home Loan Bank of Pittsburgh (FHLB), which helps to stabilize our cost of funds. The growth of funds in time deposits received from our CD specials continued as expected.

Short-term borrowings decreased by \$31 million or 83.9% over June 30, 2023, due to the shift described above to brokered CDs and the increased deposits from CD specials. Also, management converted some overnight borrowings to fixed term borrowings at lower interest rates. To further reduce our interest rate risk, we match funded some loans, resulting in an

increase to other borrowed funds by \$3.3 million over last year.

Stockholders' equity grew by \$9.4 million to \$101.4 million as of June 30, 2024. This increase was attributable to growth of \$7.3 million in retained earnings as well as a decrease of \$2.3 million in accumulated other comprehensive losses.

Interest income for the six months of 2024 increased \$5.8 million or 26.2% over the same period 2023. This increase was attributable to loan income. Interest expense of \$10 million was \$4.4 million greater than the six months ended June 30, 2023. The shift to CD specials was the main reason for this increase, along with a slight uptick in two other business deposit categories. This increase was offset by a decrease in short-term borrowing expense of \$1 million. Non-interest income increased \$337 thousand or 10.6%. Non-interest expenses grew by \$380 thousand or 2.8%. The provision for credit losses increased by \$681 thousand as our loan portfolio continues to grow and as required by our Current Estimated Credit Losses (CECL) calculation. Net income of \$5.4 million was \$444 thousand more than the same period of 2023. This resulted in an annualized return on average assets of 1.08% and return on average equity of 10.96%.

Please join me in welcoming our newest director, Michael Peifer, to the board! Mr. Peifer joined the board in May and his diverse background in both the private and public sectors will serve your Company well. We look forward to his contributions.

As always, we thank you for your continued support and commitment. Please take any 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)

	6/30/2024	3/31/2024	6/30/2023
Assets			
Cash and cash equivalents	\$ 10,826	\$ 6,167	\$ 9,605
Mortgage loans held for sale	117	-	-
Investment securities available for sale	211,497	192,464	211,729
Loans, net of allowance for credit losses	734,154	733,060	675,285
Premises and equipment	19,725	19,935	20,232
Accrued interest receivable	4,004	4,005	3,224
Other real estate owned	224	224	224
Other assets	45,073	48,413	48,282
TOTAL ASSETS	\$ 1,025,620	\$ 1,004,268	\$ 968,581
Liabilities			
Deposits:			
Noninterest-bearing	\$ 185,061	\$ 174,087	\$ 186,621
Interest-bearing	688,513	671,211	608,327
Total deposits	873,574	845,298	794,948
Short-term borrowings	5,925	10,672	36,880
Other borrowed funds	30,102	33,216	26,801
Accrued interest payable	930	956	314
Other liabilities	13,718	15,115	17,668
TOTAL LIABILITIES	924,249	905,257	876,611
TOTAL STOCKHOLDERS' EQUITY	101,371	99,011	91,970
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,025,620	\$ 1,004,268	\$ 968,581

CONSOLIDATED STATEMENT OF INCOME

(unaudited)

(in thousands, except per share data)

	Three months ended			Six months ended	
	6/30/2024	3/31/2024	6/30/2023	6/30/2024	6/30/2023
Interest Income					
Loans, including fees	\$ 12,162	\$ 11,615	\$ 9,290	\$ 23,777	\$ 17,979
Investment securities	1,959	1,749	1,946	3,708	3,834
Other	169	129	119	298	197
Total interest income	14,290	13,493	11,355	27,783	22,010
Interest Expense					
Deposits	4,740	4,439	2,560	9,179	4,231
Short-term borrowings	31	180	455	211	1,229
Other borrowed funds	319	336	102	655	154
Total interest expense	5,090	4,955	3,117	10,045	5,614
Net Interest Income	9,200	8,538	8,238	17,738	16,396
Provision for credit losses	410	423	284	833	152
Net Interest Income, After Provision for Credit Losses	8,790	8,115	7,954	16,905	16,244
Noninterest income	1,825	1,706	1,614	3,531	3,194
Noninterest expense	6,862	6,971	6,599	13,833	13,453
Income before income taxes	3,753	2,850	2,969	6,603	5,985
Income taxes	683	489	505	1,172	998
NET INCOME	\$ 3,070	\$ 2,361	\$ 2,464	\$ 5,431	\$ 4,987
Earnings per share-basic	\$ 1.22	\$.93	\$.97	\$ 2.15	\$ 1.96
Earnings per share-diluted	\$ 1.21	\$.93	\$.97	\$ 2.14	\$ 1.96
Average shares outstanding-basic	2,528,913	2,528,139	2,545,686	2,528,667	2,545,400
Average shares outstanding-diluted	2,529,052	2,528,183	2,545,753	2,528,782	2,546,310