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DIMECO, INC. 2016 ANNUAL MEETING OF STOCKHOLDERS



Honesdale, Pennsylvania / May 2, 2016 – Dimeco, Inc. (the “Company”), the parent holding company of The Dime Bank (the “Bank”), held its 2016 Annual Meeting of Stockholders on April 28, 2016. The Company’s stock is traded on the over-the-counter OTC Pink Marketplace under the symbol “DIMC”, operated by OTC Markets Group. The meeting was brought to order by Chairman of the Board, John S. Kiesendahl. At the meeting Amy Litzenberger, Henry M. Skier, and Todd J. Stephens were reelected as directors, each for a three-year term. Stockholders also ratified the appointment of S.R. Snodgrass, P.C. as the Company’s independent auditors for the fiscal year ending December 31, 2016.

President and Chief Executive Officer Gary C. Beilman welcomed all and mentioned the unique 110th anniversary celebration spanning the end of 2015 through early 2016. The Bank received its charter on December 16, 1905 and began banking business on January 2, 1906. The original mission of the bank was to offer a banking alternative dedicated to serving area residents. That basic mission still holds true with The Dime Bank being a true community bank, dedicated to the community and managing the risks inherent in the industry.

A report on the year 2015 for Dimeco, Inc. was presented by Gary Beilman, who discussed how the Company managed their risk, addressing asset quality issues to create a stronger financial position. The Company maintained a solid capital position, exceeding what regulators deem well-capitalized, and retained proper loan loss reserves. The capital position trend line has continued upward growing from \$55 million five years ago to \$68

million at year end 2015. Additionally, Beilman stated, “There are regulatory initiatives in place to require all of the financial services industry to build even more capital. Our goal is to always achieve or exceed the total capital to risk-weighted assets ratio of at least 10% which defines an institution as “well-capitalized”. The Company’s ratio was 14.04% at December 31, 2015, well above that minimum level.

Beilman went on to report that the Company is strong as shown in the 2015 financial reports. Profit was \$3.6 million which produced a dividend yield of 3.95%. Dividends of \$1.52 per share were maintained for 2015, and the year-end book value per share increased to \$41.42 from the prior year end of \$40.82.

Total assets ended 2015 at \$613 million. Loans, the largest asset class at \$471 million, is mainly comprised of commercial loans and commercial real estate followed by the residential mortgage portfolio and consumer loans. Two areas in the loan portfolio that management is working diligently to improve upon are loan delinquency and nonaccrual loans which are both trending in the right direction at 1.41% and 2.13%, respectively.

Beilman went on to state that the Company has continued to maintain the number one position in deposit market share in the combined Wayne and Pike County markets as reflected in the FDIC’s annual Summary of Deposits Report dated June 30, 2015, holding 25.1% of the market with six branches compared to 10 other institutions with a total of 34 branches. The Company also opened one branch in Lackawanna County with the addition of our newest branch office in Carbondale, PA.

Dimeco’s management team is working to shift the concentration of deposits from time deposits to checking over the last year. Since the introduction of Kasasa, we have seen a decrease in certificates of deposit during 2015 while savings and checking deposits increased. We believe that customers are looking for both liquidity and higher interest rates in their deposits. When customers qualify in Kasasa checking accounts they can get rewards like high interest rates, cash back, or refunds on digital downloads from iTunes®, Amazon.com®, and Google Play™ along with unlimited reimbursements on ATM fees nationwide.

Beilman then went on to discuss the first quarter 2016 highlights. Net income for the first quarter of 2016 was \$1.5 million, a 30.2% increase over a year prior. Total assets were \$623 million at March 31, 2016, an increase of \$20 million over balances for the same quarter of 2015. Fueling this growth in the first quarter of 2016 was an increase in total loans of \$17 million from one year earlier. Total deposits were \$493 million at March 31, 2016, \$3.5 million greater than balances a year earlier. Stockholders’ equity was up \$2 million. Beilman stated, “I can’t predict the future, but after the prudent steps we took in 2015, I’d say this is a great way to start the year 2016!”

Beilman thanked all shareholders, the directors, staff, customers, and the community at large. A question and answer period was held. At the conclusion of business, the session was adjourned and light refreshments were served.

Dimeco, Inc. (DIMC) is the holding company of The Dime Bank, a full service financial institution serving Northeast Pennsylvania. For more information on Dimeco, Inc. and The Dime Bank, visit www.thedimebank.com.

Pictured Dimeco, Inc. Board of Directors: Seated left to right are President and Chief Executive Officer Gary C. Beilman, Chairman of the Board John S. Kiesendahl, Vice Chairman Thomas A. Peifer, Secretary John F. Spall. Standing left to right are board members: B. Jeanne Genzlinger, Henry M. Skier, Todd J. Stephens, Dr. David D. Reynolds, Amy Litzenberger.

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