



## DIMECO, INC. 2018 ANNUAL MEETING OF STOCKHOLDERS



Honesdale, Pennsylvania / May 2, 2018 – Dimeco, Inc. (the “Company”), the parent holding company of The Dime Bank (the “Bank”), held its 2018 Annual Meeting of Stockholders on April 26, 2018. 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 Director of the Company and Chairman of the Meeting, Todd J. Stephens. At the meeting, Barbara J. Genzlinger, John S. Kiesendahl, and John F. Spall 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, 2018.

President and Chief Executive Officer Gary C. Beilman welcomed all and began his presentation with information on recent history. He reminded the group that the Company showed many positive increases in 2016 which laid the groundwork for great balance sheet results in 2017: asset growth, profitability, improved asset quality, strong capital, enhanced shareholder value, and customer acceptance.

Total Assets show a nice trend line over the past five years. From 2016 to 2017 total assets increased by \$14 million. The loan portfolio grew by a healthy \$15 million from 2016 to 2017. Loans are the Company’s largest asset class, with the largest portion comprised of commercial loans and commercial real estate, followed by the residential mortgage and construction development portfolio, trailed by the smallest segment, consumer loans. The Company’s second largest asset class is their investment portfolio. This mix has remained consistent year over year.



Deposits remained basically flat from the end of 2016 to 2017 due to a management decision to utilize less brokered deposits while increasing borrowings from the Federal Home Loan Bank. However, while time deposits decreased, demand deposits increased during the period. The Company considers demand deposits core deposits as these build loyalty and have a much lower interest cost compared to certificates of deposit.

Next, Beilman reviewed income, “We are very proud of our 2017 performance but there was a new twist in 2017. Changes in our country’s federal income tax structure required a one-time tax adjustment in relation to our deferred tax assets. Our income before income taxes expanded to \$8.9 million, a 10% income increase over the year prior.

Unfortunately, due to the new tax structure, we incurred a one-time adjustment of \$1.4 million more in income taxes in 2017. With that said, net income in 2017 was still a very healthy \$5.4 million.”

Beilman then went on to discuss additional positive trends. In 2017, loan delinquencies went under 1%; nonaccrual loans were reduced to just above 1%; and capital increased by over \$3 million. “The Company works to increase capital each year,” stated Beilman. “Regulators look to certain ratios to view the overall strength of an institution. In 2017, the Company’s capital to average assets was more than twice as strong at 11.42% compared to the regulatory requirement of 5% to be considered well capitalized. The

Company’s total capital to risk-weighted assets is at 14.09%, well above the 10% regulators consider well capitalized. All of this speaks extremely well for the solid foundation of our Company.”

Beilman continued by talking about the enhancements to shareholder investment. The per share book value of Dimeco stock for the last five years went from \$25.41 to \$30.16, an 18.7% increase. Beilman enthused, “We think that’s a great achievement, especially since it was produced during some economically challenging times. Another great thing in 2017 was our three-for-two stock split. This was done to improve the liquidity of Dimeco by making more shares available in the market and to make our stock more accessible and attractive to investors. This split was enthusiastically accepted in marketplace. Lastly, but very important, our dividend and dividend yield have always been attractive but in 2017 our Board once again raised dividends by 4%.”

Beilman continued by stating what it takes to be successful as a financial institution: “It’s customer acceptance to choose us as their financial partner, our stockholder investment, hard work on our part along with us offering the best products and services.”

One of the ways to gauge customer acceptance is to monitor how much deposit share each institution has in each market by using the FDIC’s annual Summary of Deposits report as of June 30th of each year. The 2017 report showed there are 11 financial institutions operating in the combined Wayne and Pike Counties market with a total of \$2 billion in deposits in this market. The Dime Bank holds the number one position with \$483 million in deposits, or 24% of the Wayne-Pike deposit market, and has held the number one position since 2007. The Lackawanna County market has \$5.6 billion in



deposits with 18 financial institutions. The Company opened their Carbondale branch in 2013 and has attracted \$18 million in deposits as of the FDIC report on June 30, 2017.

Beilman then went on to review the first quarter 2018 highlights compared to the same period 2017. Net income for the first quarter of 2018 was \$1.88 million, a 16% increase over a year prior. Book value per share was \$30.23, up 2.9%. Return on average assets was 1.16%, up 14.9%; return on average equity was 10.04%, up 11.8%; and stockholders' equity was \$74.8 million, up 3.1%.

Beilman thanked all shareholders for their investment and loyalty, the directors for their commitment and guidance, staff for their hard work, customers for choosing The Dime Bank, and the community at large for their support.

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](http://www.thedimebank.com).

Pictured left to right seated: Thomas A. Peifer, John S. Kiesendahl, John F. Spall.  
Standing: Gary C. Beilman, Henry M. Skier, B. Jeanne Genzlinger, Gregory J. Frigoletto, Todd J. Stephens, David D. Reynolds.

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