



DIMECO, INC. 2019 ANNUAL MEETING OF STOCKHOLDERS



Honesdale, Pennsylvania / April 26, 2019 – Dimeco, Inc. (the Company), the parent holding company of The Dime Bank (the Bank), held its 2019 Annual Meeting of Stockholders on April 25, 2019. The Company’s stock is traded on the over-the-counter OTC Pink Marketplace under the symbol ‘DIMC’, operated by OTC Markets Group. President and Chief Executive Officer Gary C. Beilman welcomed all in attendance. The meeting was brought to order by Chairman of the Board, John S. Kiesendahl. At the meeting, Gregory J. Frigoletto, Henry M. Skier, and Todd J. Stephens were re-elected as directors, each for a three-year term. Stockholders approved the Dimeco, Inc. 2019 Equity Incentive Plan and ratified the appointment of S.R. Snodgrass, P.C. as the Company’s independent auditors for the fiscal year ending December 31, 2019.

Executive Vice President and Chief Lending Officer Peter Bochnovich began the presentation with a review of the components of the balance sheet. Total deposits ended 2018 at \$532 million, an increase of \$34 million, or 6.9%, over total deposits a year earlier. Time deposits remain as the Company’s largest deposit type at approximately 34% of total deposits. Demand non-interest-bearing deposits have been steadily increasing over time since 2014. This low-cost source of funding now represents the second largest type at just under \$94 million, approximately 18% of total deposits. Interest-bearing demand deposits, money markets, and savings accounts are between 14% - 17% each, creating a well-diversified deposit mix.

Bochnovich then discussed the loan portfolio, looking at size, composition, and quality. The Company’s portfolio grew by almost \$13 million, or 2.5%, to \$523 million. The composition of the loan portfolio remains constant with commercial real estate loans continuing to represent the largest segment of the portfolio at \$274 million or approximately 52% of total loans. The next largest segment is residential real estate at \$112 million or approximately 21% of the portfolio. Bochnovich edified, “important to note, we originate many more residential mortgages than our portfolio reflects. These loans are sold on the secondary market, primarily to Freddie Mac. By doing so, we can offer long-term fixed rate financing to our customers and eliminate any interest rate risk to the Bank.” The last significant segment is commercial loans at \$101 million or approximately 19%.



The quality of loan portfolio showed continuing improvement. The delinquency report showed a positive trend line with 2018 ending the year at 0.72%. Additionally, the non-accrual loan graph also showed a positive trend line, ending 2018 at 0.78%. Bochnovich stated, “the positive trends are a result of an improved economy, hard work by the entire loan staff, and working through struggling credits.”

Total assets also show a nice trend line over the past five years. From 2017 to 2018 total assets increased \$39 million, or 6.0% to \$695 million. Net income for 2018 was just under \$8 million, a \$2.6 million increase over 2017. This was the result of increased interest income, stable net interest margins, a reduction of nonperforming assets, a reduction in the provision for loan loss, and a reduced tax liability resulting from the tax reform of 2017.

The floor was then handed over to Gary Beilman. Beginning with the Company’s capital position, Beilman stated that stockholders’ equity ended 2018 at \$79.5 million, up more than \$13 million in five years. The capital to average ratio stands at 12.03% for 2018, two and a half times greater than the 5% needed to be considered well capitalized by the regulators. The Company’s 2018 risk-based capital ratio at 14.78%, is also significantly above the 10% needed to be considered well capitalized. Beilman stated, “We are very proud of these numbers; all show a real strength of the Company. Right where we want it to be!” The per share dividend amount continues to grow over the same period 2018 with the first quarter 2019 dividend declared at \$0.30 per share. The book value per share has also increased steadily over the past five years.

Customer acceptance is what makes the Company successful. Growing deposits is one indicator of customer satisfaction. Looking at the FDIC market share report dated June 30, 2018, the Company held the number one position in the combined Wayne and Pike County markets where the Company runs six branches totaling \$474 million in deposits. The Company’s seventh branch is in Lackawanna County. Since opening that branch in 2013, the Company has moved up three positions and plans on continuing to grow in that competitive marketplace.

Beilman then went on to review the first quarter 2019 highlights compared to the same period 2018. Stockholders’ equity is up almost 9% to \$81 million, total assets are up 4.6% to \$686 million, and net income is up 14.7% over \$2 million, which translates to an 8.3% increase in book value per share. A great start to 2019.

Beilman concluded, “*Stronger Together*-- a phrase our board, management, and staff are living by. ‘Together’ includes our shareholders, directors, staff, customers, and the community. All are needed for the Company to live this reality. So, thank you, for helping our Company become stronger to better serve the needs of everyone.”

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.

The Company's Directors pictured left to right: John S. Kiesendahl, Henry M. Skier, Todd J. Stephens, Gary C. Beilman, John F. Spall, B. Jeanne Genzlinger, Thomas A. Peifer, Brian T. Kelly, Gregory J. Frigoletto, David D. Reynolds.

Second Photo: Gary C. Beilman and Peter Bochnovich

Source: Dimeco, Inc./ April 26, 2019 / Contact: Deb Unflat