

INVESTOR INFORMATION

Stock Listing – DIMC

Transfer Agent

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
800-937-5449
e-mail: help@astfinancial.com
Internet address: www.astfinancial.com

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

Boenning & Scattergood, Inc.
800-842-8928

Janney Montgomery Scott, LLC
404-601-7225

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
Gregory J. Frigoletto
Barbara J. Genzlinger
Brian T. Kelly
Thomas A. Peifer
David D. Reynolds, M.D.
Henry M. Skier

e-mail: dimeco@thedimebank.com
www.thedimebank.com
888-4MY-DIME



FOURTH QUARTER 2021



CONSOLIDATED FINANCIAL HIGHLIGHTS (unaudited)

(dollars in thousands, except per share)

	2021	2020	% Increase (decrease)
Performance for the year ended December 31,			
Interest income	\$ 35,410	\$ 33,950	4.3%
Interest expense	\$ 3,468	\$ 5,071	(31.6%)
Net interest income	\$ 31,942	\$ 28,879	10.6%
Net income	\$ 11,952	\$ 8,856	35.0%
Shareholders' Value (per share)			
Net income – basic	\$ 4.73	\$ 3.54	33.6%
Net income – diluted	\$ 4.72	\$ 3.52	34.1%
Dividends	\$ 1.88	\$ 1.33	41.4%
Book value	\$ 39.61	\$ 38.11	3.9%
Market value	\$ 37.00	\$ 32.00	15.6%
Market value/book value ratio	93.4%	84.0%	11.2%
Price/earnings multiple	7.8X	9.0X	(13.3%)
Dividend yield	5.08%	4.16%	22.1%
Financial Ratios			
Return on average assets	1.26%	1.08%	16.7%
Return on average equity	12.08%	9.66%	25.1%
Efficiency ratio	58.94%	59.99%	(1.8%)
Net interest margin	3.67%	3.82%	(3.9%)
Shareholders' equity/asset ratio	10.52%	10.83%	(2.9%)
Dividend payout ratio	39.75%	37.57%	5.8%
Nonperforming assets/total assets	1.45%	2.11%	(31.3%)
Allowance for loan losses as a % of loans	1.75%	1.65%	6.1%
Net charge-offs/average loans	.05%	.21%	(76.2%)
Allowance for loan losses/nonaccrual loans	84.81%	59.19%	43.3%
Allowance for loan losses/nonperforming loans	84.64%	58.11%	45.7%
Financial Position at December 31,			
Assets	\$ 958,220	\$ 882,804	8.5%
Loans	\$ 657,267	\$ 644,731	1.9%
Deposits	\$ 796,916	\$ 686,415	16.1%
Stockholders' equity	\$ 100,811	\$ 95,615	5.4%

Dear Shareholders:

Looking back to the end of 2020, we did not know what to expect in 2021. In some cases, it was a good year and in others, it still proved to be a challenge. Your Company fared very well from a financial standpoint, the details of which are described below. The on-going pandemic and the well-being of our communities, customers and employees weighed heavily on our thoughts and actions, but through it all, we continued to provide the best service possible. A new year brings change and with this one comes many exciting opportunities as well.

Total assets of \$958 million was an increase of \$75 million or 8.5% over last year. Loan balances grew by \$13 million to \$657 million. The bank participated in the second round of the Paycheck Protection Program (PPP) in 2021 and originated over \$65 million in new loans. The net balance of all PPP loans decreased \$17 million over last year due to the forgiveness process. I am proud to say not only did we assist our customers with obtaining these stimulus funds, but we are also helping these customers to get their PPP loans forgiven. Loan demand remained steady throughout the year with several categories contributing to this growth including construction, residential mortgages, multifamily, and commercial mortgages. Investment securities of \$221 million grew \$52 million or 30.5% over last year. Throughout the year as cash was not needed to fund loans, investments were purchased to obtain higher yields rather than maintaining low interest-bearing cash accounts.

Deposit balances ended the year at \$797 million, an increase of \$111 million or 16.1% over the previous year. As was the case for the entire year, growth was centered across all deposit types except for certificate of deposits (CDs.) We believe customers are trying to position themselves for higher rates and keep their funds as liquid as possible.

Borrowings from the Federal Home Loan Bank of Pittsburgh decreased by \$42 million or 47.5% over last year. In addition to regularly scheduled payments and maturities, management took advantage of excess liquidity to pay off \$9 million in long-term borrowings at higher rates to position ourselves for less interest expense in future years.

Net income for the year was \$12 million, \$3.1 million or 35% greater than the previous year. This resulted in a return on average assets of 1.26% and return on average equity of 12.08%. Net interest income was higher than last year by 10.6% mainly driven by PPP fee income as well

as lower interest expense. Brokerage commissions of \$2 million increased \$574 thousand or 40.5% over last year driving non-interest income while other categories offset this number slightly. Total non-interest expense grew by \$1.7 million or 8.1% due mainly to increased payroll, administrative expenses, and other professional fees. The provision for loan losses was reduced by \$2.3 million or 65.7% as improving economic conditions in our detailed analysis allowed us to carry a lower expense than in 2020.

The Board of Directors voted to increase the dividend in the fourth quarter to \$.36 per share and authorized a special dividend of \$.50 per share which brings the total dividend to \$1.88 per share for the year. This represents an increase of \$.55 or 41.4% over 2020! This special dividend was the result of the favorable financial position of Dimeco, Inc. and our Board’s dedication to reward our shareholders when possible for their continued commitment.

Now, on to the changes and opportunities for 2022. As mentioned in previous quarterly letters, there will be a new location for our Greentown branch that is expected to open in the first quarter of this year. Our staff is thrilled to welcome our customers at this new facility. Additionally, renovations began at our new support center that will contain back-office staff, and a customer care center, along with a new micro branch. We expect to be completed with this project by the fourth quarter of 2022. Finally, the bank received approval to open a branch in downtown Scranton. This branch will be in the Marketplace at Steamtown and will be the first time we will have a physical presence in lower Lackawanna County. More details will be forthcoming as we progress. At these new and at our existing locations, our staff continually strives to provide the ultimate customer experience. As we begin 2022, it is shaping up to be a very busy and exciting year.

We thank you for your continued support and for your investment. As a reminder, Dimeco, Inc. is now trading on the OTCQX to provide easier access to your Company’s financial information. Please continue to refer both the bank and Dimeco to your friends, family, and business associates. I welcome your questions or comments.



Peter Bochnovich
President and Chief Executive Officer

CONSOLIDATED BALANCE SHEET						(unaudited)
(in thousands)						
Assets	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	
Cash and cash equivalents	\$ 28,500	\$ 51,748	\$ 72,865	\$ 27,438	\$ 25,078	
Mortgage loans held for sale	-	-	-	505	-	
Investment securities available for sale	220,839	206,083	199,675	179,751	169,238	
Loans, net of allowance for loan losses	645,734	648,554	656,317	672,484	634,077	
Premises and equipment	14,925	13,716	13,535	12,502	12,599	
Accrued interest receivable	2,828	2,955	2,836	2,977	2,887	
Other real estate owned	224	333	333	333	224	
Other assets	45,170	45,504	41,423	39,329	38,701	
TOTAL ASSETS	\$ 958,220	\$ 968,893	\$ 986,984	\$ 935,319	\$ 882,804	
Liabilities						
Deposits:						
Noninterest-bearing	\$ 185,556	\$ 191,094	\$ 200,929	\$ 186,683	\$ 150,023	
Interest-bearing	611,360	610,046	601,795	555,588	536,392	
Total deposits	796,916	801,140	802,724	742,271	686,415	
Short-term borrowings	2,500	2,500	17,500	22,500	23,200	
Other borrowed funds	44,329	51,607	57,380	61,721	65,984	
Accrued interest payable	122	99	133	191	193	
Other liabilities	13,542	12,770	10,865	12,988	11,397	
TOTAL LIABILITIES	857,409	868,116	888,602	839,671	787,189	
TOTAL STOCKHOLDERS' EQUITY	100,811	100,777	98,382	95,648	95,615	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 958,220	\$ 968,893	\$ 986,984	\$ 935,319	\$ 882,804	

CONSOLIDATED STATEMENT OF INCOME								(unaudited)
(in thousands, except per share data)								
	Three months ended					Year ended		
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020	
Interest Income								
Loans, including fees	\$ 7,893	\$ 7,891	\$ 7,757	\$ 7,641	\$ 7,797	\$ 31,182	\$ 30,122	
Investment securities	1,071	1,009	953	937	883	3,970	3,538	
Other	49	75	67	67	83	258	290	
Total interest income	9,013	8,975	8,777	8,645	8,763	35,410	33,950	
Interest Expense								
Deposits	442	441	458	492	564	1,833	3,381	
Short-term borrowings	4	6	14	17	17	41	36	
Other borrowed funds	332	259	670	333	531	1,594	1,654	
Total interest expense	778	706	1,142	842	1,112	3,468	5,071	
Net Interest Income	8,235	8,269	7,635	7,803	7,651	31,942	28,879	
Provision for loan losses	300	200	400	300	1,000	1,200	3,500	
Net Interest Income, After Provision for Loan Losses	7,935	8,069	7,235	7,503	6,651	30,742	25,379	
Noninterest income	1,534	1,504	1,791	1,316	1,889	6,145	5,777	
Noninterest expense	5,829	5,520	5,679	5,751	5,483	22,779	21,081	
Income before income taxes	3,640	4,053	3,347	3,068	3,057	14,108	10,075	
Income taxes	572	609	535	440	550	2,156	1,219	
NET INCOME	\$ 3,068	\$ 3,444	\$ 2,812	\$ 2,628	\$ 2,507	\$ 11,952	\$ 8,856	
Earnings per share-basic	\$ 1.20	\$ 1.37	\$ 1.12	\$ 1.04	\$ 1.00	\$ 4.73	\$ 3.54	
Earnings per share-diluted	\$ 1.21	\$ 1.36	\$ 1.11	\$ 1.04	\$ 1.00	\$ 4.72	\$ 3.52	
Average shares outstanding-basic	2,556,676	2,519,318	2,518,241	2,516,759	2,505,985	2,526,424	2,502,790	
Average shares outstanding-diluted	2,556,779	2,526,214	2,529,478	2,528,733	2,518,263	2,526,538	2,518,100	