

Peoples 
Ltd.

2019

To Our Valued Shareholders:

On behalf of the Board of Directors of PS Bank and Peoples Ltd., I am pleased to present you with our 2019 financial results. We are proud of the efforts of our employees, officers, and directors, which resulted in a year of great success. We are thankful for the support and dedication shown by our customers and our communities, as we seek to consistently deliver a superior community bank customer experience.

Net income for 2019 was \$4,648,000, which compares to net income of \$4,841,000 in 2018. In the first quarter of 2018 there were several one-time events including gains realized from bank owned life insurance policies, partially offset by expenses related to additional provisions for one legacy credit and a deposit account loss. The net effect of these items on income was an increase to income of \$867,000, resulting in 2018 net income of \$3,974,000 excluding these items. Excluding the one-time 2018 events from the comparison, net income in 2019 increased by \$674,000, or 17.0% over 2018.

Our 2019 Return on Average Assets (ROAA) was 1.20%, compared to 1.35% in 2018, and 1.11% net of 2018 one-time events. Our Return of Average Equity (ROAE) was 13.06% in 2019, compared to 15.45% in 2018, and 12.69% excluding one-time events.

#42

In 2019 we were once again ranked on American Banker's Top 200 Community Banks list. In 2019 we were ranked as the #42 community bank in the country, a ranking based off of three-

year ROAE comparisons. We are also proud to report that we were the highest ranked Pennsylvania based community bank on this prestigious list.

Earnings per share were \$6.97 in 2019 versus \$7.25 in 2018, and \$5.97 net of 2018 one-time events. Earnings per share in 2018 were adjusted for our 2019 5% stock dividend.

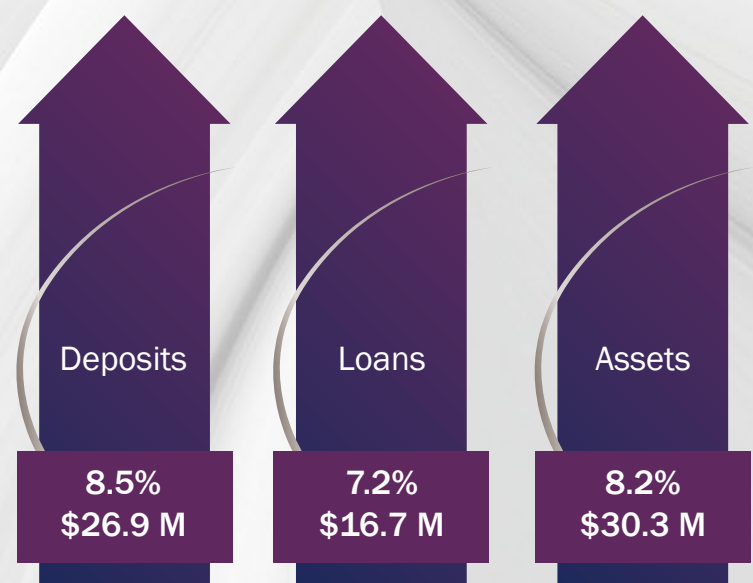
Throughout 2019, we continued to experience solid balance sheet growth. Asset growth in 2019 was 8.2%, with assets ending 2019 at \$401,517,000, which was an increase of \$30,319,000 from year end 2018 total assets of \$371,198,000. Loan growth was 7.2% in

2019, with net loans ending 2019 at \$248,484,000, up \$16,691,000 over 2018's balance of \$231,793,000. Deposit growth was 8.5% in 2019. Deposits finished the year at \$344,493,000, an increase of 26,917,000 over 2018 balances of \$317,576,000. Our bank continues to be well-capitalized in accordance with regulatory requirements.

The 2019 year marked the ninth consecutive year that we increased our dividend payouts, and we remain dedicated to sharing our bank's success with our shareholders, while continuing to maintain capital levels necessary for continued growth. Cash dividends of \$2.06 per share compared to \$1.85 in 2018, as adjusted for the 2019 stock dividend and were an increase of 11.14% over 2018 dividend payout levels. Our dividend payout percentage was 29.54% of net income and in December 2019 we rewarded shareholders with a 5% stock dividend as we have done annually in recent years. Capital growth remains a vital component to support future bank growth.

We continue to experience growth, both in our traditional markets as well as our newer markets. Over the past several years our presence has grown greatly in the Lackawanna County market, and we have continued to enhance our mortgage presence through PS Mortgage. We see potential for even greater growth in this market in the upcoming periods as we continue to look for opportunities to expand our presence in new markets.

In the third quarter of 2019, we opened a loan production office in Montrose, marking our initial entry into the Susquehanna County market. While we have



always had customers in the Susquehanna County market, we recognized a great opportunity to expand our brand in this market, and we are excited for the potential it presents.



In 2019, for the fifth consecutive year, our bank earned the prestigious 5-star rating from BauerFinancial Inc., the nation's leading independent bank and credit union rating and research firm. The 5-star rating is the

highest rating given out by Bauer and is only given to the nation's strongest banks.

In 2019, we worked hard to give back to the communities that we serve. From our Denim Days for a Cause, to our Season of Giving, to our partnership with the Northern Tier Career Center, we are proud that we can have a positive impact on our markets.

In early 2020, we began a multi-year initiative to increase and enhance our brand recognition throughout our existing and potential future markets. We have dedicated resources and personnel to this project as we seek to elevate our brand presence in our communities, in our branches, and online through social media and an improved website experience. We have a great bank,

a strong team of employees, and a very competitive product line, and we are excited to let people know about it.

We continue to seek ways to grow the presence of our bank and continually seek to improve our performance. Growth and diversification continue to be an essential component in the future of our bank. We remain dedicated to our shareholders, our communities, and our customers. With this in mind, it is important to note that as our 2019 annual report goes to press, challenges associated with COVID-19 (Coronavirus) have begun to materialize. The safety of our customers, employees, and communities is our primary priority. Measures are being taken to allow us to continue to serve our communities while keeping everyone's safety and well-being at the forefront of decision making. We are prepared to help our customers and communities weather what is sure to be a difficult time. We are a strong bank with a great team, and we have the skills and determination to overcome this challenge. In over 100 years of PS Bank history, we have lived through challenges and we have come out of each of them stronger. We are confident we will be an even better bank after this one.

On behalf of the Board of Directors, officers, and employees, thank you for your continued support. We look forward to seeing you soon.

Anthony J. Gabello
President and CEO



Peoples Ltd. And Subsidiaries Selected Financial Data

At or for the Year Ended December 31,

(Amounts in thousands, except per share data)

Selected Financial Condition Data:

	2019	2018	2017	2016	2015
Total assets	\$401,517	\$371,198	\$347,868	\$322,187	\$306,621
Loans, net	248,484	231,793	214,962	205,891	192,819
Investment securities	108,287	98,131	92,331	90,784	79,769
Deposits	344,493	317,576	293,135	272,567	259,930
Borrowings	16,000	19,000	23,000	19,706	17,715
Shareholders' equity	\$38,279	\$32,907	\$29,778	\$27,868	\$26,839

Selected Operating Data:

Interest and dividend income	\$15,695	\$14,215	\$12,749	\$12,166	\$11,460
Interest expense	3,247	2,182	1,482	1,251	1,099
Net interest income	12,448	12,033	11,267	10,915	10,361
Provision for loan losses	420	525	260	165	-
Net interest income after provision for loan losses	12,028	11,508	11,007	10,750	10,361
Non-interest income	2,822	3,550	2,611	2,292	2,094
Other operating expenses	9,249	9,437	8,963	8,737	8,306
Income before income taxes	5,601	5,621	4,655	4,305	4,149
Income taxes	953	780	1,628	1,191	1,120
Net income	\$4,648	\$4,841	\$3,027	\$3,114	\$3,029
Earnings per share	\$6.97	\$7.25	\$4.54	\$4.67	\$4.54

Selected Statistical Data:

Return on average assets	1.20%	1.35%	0.90%	0.98%	1.00%
Return on average equity	13.06%	15.45%	10.37%	10.97%	11.66%
Equity to total assets, end of period	9.53%	8.87%	8.56%	8.65%	8.75%
Allowance for loan losses to total loans	1.11%	1.07%	1.05%	1.03%	1.11%
Net loan to deposit ratio	72.13%	72.99%	73.33%	75.54%	74.18%
Book Value per share	\$57.36	\$49.31	\$44.62	\$41.76	\$40.22
Cash dividends per share	\$2.06	\$1.85	\$1.68	\$1.55	\$1.35
Stock dividend	5.00%	5.00%	5.00%	5.00%	5.00%
Dividend payout ratio	29.54%	25.52%	36.98%	33.18%	29.73%

Per share amounts have been adjusted to recognize the effect of stock dividends.

Bingo with Bankers at Guthrie Towanda Memorial Personal Care Home

PS Bank visited residents to educate them on financial fraud. Staff discussed the dangers of identity theft, how to recognize different scams, and how to recover from it if it happens. The topics were covered during a bingo activity with participants.

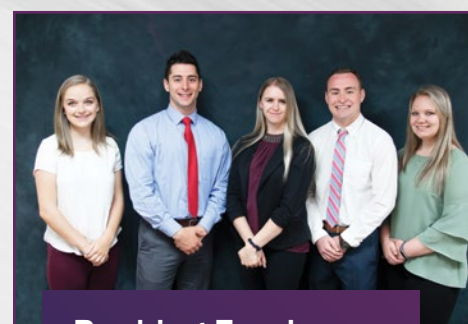


Peoples Ltd. And Subsidiaries Consolidated Balance Sheet

December 31, 2019 and 2018

(In thousands, except share amounts)

Assets	2019	2018
Cash and due from banks	\$27,310	\$29,534
Available-for-sale securities	108,287	98,131
Loans, net	248,484	231,793
Cash surrender value, life insurance	7,542	2,435
Bank premises and equipment	4,834	4,887
Accrued interest receivable	981	929
Restricted equity securities	1,767	1,541
Deferred income taxes	349	845
Other assets	1,963	1,103
Total	\$401,517	\$371,198
 Liabilities and Shareholders' Equity		
Liabilities		
Demand deposits:		
Noninterest-bearing	\$70,645	\$67,097
Interest-bearing	111,584	94,046
Total	182,229	161,143
Savings deposits	57,338	56,511
Time deposits	104,926	99,922
Total deposits	344,493	317,576
Borrowed funds	16,000	19,000
Accrued interest payable	133	126
Other liabilities	2,612	1,589
Total liabilities	363,238	338,291
 Shareholders' Equity		
Common stock, \$.50 par value, authorized 2,000,000 shares		
2019 - 681,964 shares issued, 667,309 outstanding	341	325
2018 - 650,356 shares issued, 635,701 outstanding	16,857	14,344
Surplus	21,344	20,612
Retained earnings	(512)	(512)
Treasury stock, at cost	249	(1,862)
Accumulated other comprehensive income (loss)		
Total shareholders' equity	38,279	32,907
Total	\$401,517	\$371,198



Banking Employees: A New Generation

PS Bank was proud to host several summer interns in 2019. Students of local colleges contributed to branch banking, marketing, operations, and accounting.

Peoples Ltd. And Subsidiaries Consolidated Statement of Income

Years Ended December 31, 2019 and 2018

(Amounts in thousands, except per share data)

	2019	2018
Interest Income		
Interest and fees on loans	\$12,479	\$11,500
Interest and dividends on investments:		
Taxable interest and dividends	2,742	2,229
Nontaxable interest	474	486
Total interest income	15,695	14,215
Interest Expense		
Interest on deposits	2,858	1,843
Interest on borrowed funds	389	339
Total interest expense	3,247	2,182
Net Interest Income	12,448	12,033
Provision for Loan Losses	420	525
Net Interest Income after Provision for Loan Losses	12,028	11,508
Noninterest Income		
Service charges	1,290	1,210
Gain on sale of loans	856	652
Commissions	106	121
Increase in cash surrender value, life insurance	107	60
Gain on life insurance settlement	-	1,168
Gain on sale of foreclosed assets	13	3
Unrealized gains on equity securities	37	-
Other income	413	336
Total noninterest income	2,822	3,550
Noninterest Expenses		
Salaries and employee benefits	5,181	5,076
Occupancy and equipment	1,089	1,117
Data processing	620	586
Pennsylvania shares tax	278	280
Professional fees	243	256
FDIC insurance	107	183
Other expenses	1,731	1,939
Total noninterest expenses	9,249	9,437
Income Before Provision for Income Taxes	5,601	5,621
Provision for Income Taxes	953	780
Net Income	\$4,648	\$4,841
Earnings Per Share	\$6.97	\$7.25

Educational Partnerships

PS Bank was proud to partner with the Wyalusing School District, Lackawanna Trail School District, and other local districts to support them through water donations, scholarships, school supply drives, and other sponsorships.



Denim Days: Employees Give Back

In 2019, over \$6,200 was donated to dozens of charities in the communities we serve. Employees choose causes that mean the most to them and contribute to a dress down fund each week of the year.



Peoples Ltd. And Subsidiaries Shareholders' Equity Statement

Years Ended December 31, 2019 and 2018

(Amounts in thousands, except share amounts)

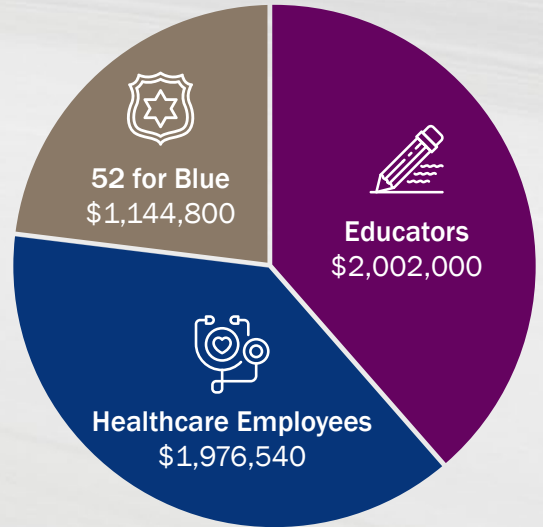
	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2018	620,244	\$310	14,635	\$(511)	\$12,334	\$19,043	\$(1,398)	\$29,778
Net income	-	-	-	-	-	4,841	-	4,841
Other comprehensive loss	-	-	-	-	-	-	(464)	(464)
Purchase of treasury stock	-	-	20	(1)	-	-	-	(1)
Cash dividend (\$2.04 per share)	-	-	-	-	-	(1,236)	-	(1,236)
5% stock dividend	30,112	15	-	-	2,010	(2,036)	-	(11)
Balance, December 31, 2018	650,356	325	14,655	(512)	14,344	20,612	(1,862)	32,907
Net income						4,648		4,648
Other comprehensive income							2,111	2,111
Cash dividend (\$2.16 per share)						(1,373)		(1,373)
5% stock dividend	31,608	16			2,513	(2,543)		(14)
Balance, December 31, 2019	681,964	\$341	14,655	\$(512)	\$16,857	\$21,344	\$249	\$38,279



Season of Giving

PS Bank donated nonperishable items to 8 food pantries across 5 counties. Customers contributed to the effort by bringing items into the branches and the staff delivered items in the Season of Giving trailer to give back. Please visit our website to view our video that highlights the pantries that benefit from Season of Giving donations.

Supporting Our Community Heroes



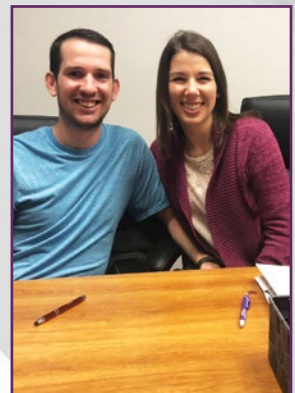
\$31.1 M
in Mortgages in 2019

Lackawanna County Mortgages up **30.8%**

Over **\$5 M** in loans to educators, first responders, and healthcare workers

Over **\$88,000** in grants for First Front Door, Bradford County, Lackawanna County, and the Scranton OECD Grant Programs

In 2019, more than \$5 million in loans supported the heroes working in our community. PS Bank places a special emphasis on healthcare workers, law enforcement, first responders, and educators to pair them with financial advice and products that help them to carry out their dreams of being successful homeowners.



EITC Support for Northern Tier Career Center & Local Pre-K Programs



\$92,596 in Funds



Over 200 scholarships awarded to students of Northern Tier Career Center, Wyalusing Valley & Wysox Children's Centers, and Blue Star Preschool.



PS Bank participates in the Pennsylvania Educational Improvement Tax Credit Program to provide scholarships to preschools in the communities we serve as well as career and technical education students. By providing funding for scholarships, PS Bank has helped to alleviate a financial burden faced by parents of both preschool children and parents of students pursuing a technical career. Technical students were provided with the tools necessary to complete their desired program of study and funding toward industry credentials.



139 Pairs of Boots



53 Toolboxes



34 Stethoscopes



21 Hairdryers



100+ Industry Certification Fees

Please visit our blog on our website to view our video that features the students of NTCC on distribution day.

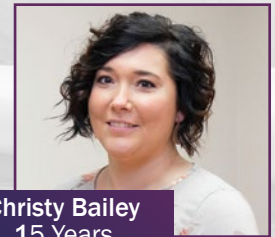
Employee Years of Service Awards



Romaine Henry
5 Years



Connie Smith
5 Years



Christy Bailey
15 Years



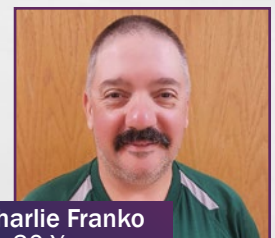
Stacy Kaufmann
20 Years



Peggy Beckwith
25 Years



James Souto
25 Years



Charlie Franko
30 Years

Board of Directors



Jay W. Chadwick
Chairman, President and Chief Executive Officer of Tuscarora Wayne Mutual Group Inc. and Susquehanna Capital Corp.



Anthony J. Gabello
President and Chief Executive Officer

P. Dean Homer
Secretary

Owner, P. Dean Homer Funeral Home and P. Dean Homer Accounting Firm

Judd B. Fitze
Attorney

Tracy E. Keeney
Owner, B&K Equipment Co.



JoAnne C. Kizer

Owner and Real Estate Broker, JoAnne Kizer Real Estate

Patrick J. Perih
Owner, Perih Group LLC

Andrew S. Ripic, III
Vice President/General Manager, Cargill Wyalusing



Corporate Officers

President and Chief Executive Officer

Anthony J. Gabello

Senior Vice President

Philip O. Farr, Chief Financial Officer

William M. Joseph, Senior Loan Officer

Valerie W. Kinney, Retail, Sales and Marketing Manager

James L. Souto, Chief Administrative and Risk Officer

Timothy T. Tewksbury, Chief Information Officer



William Joseph Receives FHLB's Highest Individual Honor

The Federal Home Loan Bank of Pittsburgh's Council Award for Community Investment is presented each year to an outstanding financial service professional who demonstrates exemplary commitment to their profession and service to their community. PS Bank is proud to recognize Bill for this prestigious accomplishment.

Vice President

Jeffery E. Aeppli, Commercial Loan Officer

Thomas P. Hendershot, Commercial Loan Officer

Bette R. Howell, Chief Compliance and Security Officer

Mary A. Lansberry, Loan Administration Manager

Kathryn A. Lantz, Organization Support

Mark E. Mellas, Commercial Loan Officer

Brian R. Peterson, Loan Workout Officer

Lori A. Rudalavage, Senior Mortgage Lending Officer

Paul J. Walsh, Commercial Loan Officer

Assistant Vice President

Janice M. Bevacqua, Branch Manager

Joshua D. Edwards, Relationship Officer

Stacy L. Kaufmann, Branch Manager

Cynthia A. Miller, Administrative Services and Human Resources Coordinator

Tammy L. Schaeffer, Accounting Supervisor

Sean Ann Schoen, Marketing Director

David E. Whetsell, Financial Advisor, LPL Financial

2019 Employee of the Year: Corrine Barkley

2019 was a great year for PS Mortgage. The mortgage division experienced a tremendous volume of mortgage and home equity loans while simultaneously converting to a new mortgage loan operating system. Corrine stepped up to train her colleagues and provided support to the team. Through it all, Corinne was the definition of a team player. Corrine was recognized for her commitment and leadership at the PS Bank Annual Employee Meeting.



Shareholder Information

The Annual Meeting of Shareholders will be held on Tuesday, May 12, 2020 at 4:30 p.m. at Wyalusing Community Corporation, Tuscarora Wayne Room, 20 Main Street, Wyalusing, PA.

Peoples Ltd.

Corporate Office
76 Church Street, Wyalusing, PA 18853
(866) 746-1011
Fax: (570) 746-2229
Email: PLtd@psbanking.com

Market Makers

The following firms are believed to presently make a market in the Peoples Ltd. stock on the OTC Markets:

Boenning & Scattergood, Inc.

(610) 832-1212
4 Tower Bridge
200 Barr Harbor Drive, Suite 300
West Conshohocken, PA 19428

Janney Montgomery Scott LLC

(215) 665-6000
1717 Arch Street
Philadelphia, PA 19103

Morgan Stanley

(212) 761-4000
1585 Broadway
New York, NY 10036

Stock of Peoples Ltd. is listed on the OTC Markets at OTCMarkets.com under the symbol of PPLL.

Branch Locations

Wyalusing | 42621 Route 6
Wysox | 38 Ennis Lane, Bradford Towne Centre
Dushore | 202 S. Turnpike Street
Factoryville | 118 College Avenue
Sayre | 205 W. Lockhart Street
Towanda | 90 Colonial Drive
Tunkhannock | 802 Hunter Highway
Clarks Summit | 100 Old Lackawanna Trail

Loan Production Office

Montrose | 241 Church Street



Clarks Summit | 251 E. Grove Street



Wyalusing | 42621 Route 6



In 2019, Peoples Ltd. appointed American Stock Transfer and Trust Company, LLC (AST) as our new transfer agent and dividend dispersing agent. With AST, our shareholders can now utilize paperless checks, have an enhanced shareholder experience, and facilitate stock transfers in a much more efficient manner.

To log in, please visit www.astfinancial.com.

For customer service inquiries, please contact AST at (800) 937-5449 or help@astfinancial.com.

