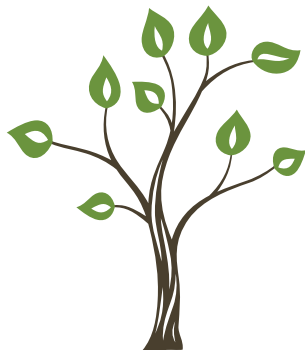




See How We've Grown
2017 Highlights





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 financial results for the 2017 year. 2017 was another successful year for our organization. As I've noted in prior years, our success would not have been possible without our loyal customers and community support, as well as the commitment and hard work of our directors, officers, and employees.

Net income for 2017 was \$3,027,000, which represents a decrease of 2.8% from 2016 net income of \$3,114,000. In the fourth quarter of 2017, our company recognized an additional \$358,000 of income tax expense, resulting from the revaluation of deferred tax assets on our books, due to the passage of the Tax Cuts and Jobs Act on December 22, 2017. Although we incurred this one-time expense in 2017, we believe that the passage of tax reform will benefit the bank going forward. This revaluation of deferred tax assets was experienced by many banks in the fourth quarter of 2017 and was the subject of much media attention as a side effect of the passage of tax reform.

Our 2017 Return on Average Assets was 0.90%, compared to 0.98% in 2016. Our Return of Average Equity was 10.37% in 2017, down from 2016's 10.97%. Our bank continues to perform well, and we were ranked #55 nationally on American Banker's list of the top 200 community banks.

Earnings per share decreased to \$5.00, down from 2016's \$5.14, as adjusted for our 5% stock dividend. As I noted previously, the fourth quarter tax reform passage directly resulted in the decrease.

Asset growth for 2017 was solid at 8.0%, with assets ending 2017 at \$347,868,000, up \$25,681,000 from year end 2016 total assets of \$322,187,000. Loan growth was 4.4% in 2017, with net loans ending the year at \$214,962,000. Several large payoffs just prior to year-end reduced anticipated loan growth for the year. Deposit growth was 7.5% in 2017, and deposits ended the year at \$293,135,000. Our bank continues to be well-capitalized in accordance with regulatory requirements.

We increased our dividend payouts in 2017 for the seventh consecutive year, as we continue to share our

success with our shareholders. Cash dividends of \$1.85 per share, as adjusted for the 2017 stock dividend, were an increase of 8.32% over 2016 dividends. Our dividend payout percentage continued to increase in 2017 and was 36.98% of net income. In December we rewarded shareholders with a 5% stock dividend, as we have done annually over the past several years. Capital growth remains a vital component to support future bank growth.

During the third quarter of 2017, we welcomed Patrick Perih to the Board of Directors of the bank and the holding company. Pat is the owner and operator of Perih Group LLC and Perih Supply Solutions. Perih Group LLC, commonly known as Perih Homes, is a premiere residential builder primarily serving Lackawanna and surrounding counties. Pat is actively involved in the local community and is a great representative and ambassador of our bank in Lackawanna County.

In early 2018, we mourned the passing of a great leader of Peoples State Bank of Wyalusing, PS Bank, and Peoples LTD. Don Abrey served for over 25 years as the face of our bank. Words simply cannot do justice to the magnitude of this loss for his family, and for our entire community. He was a leader who grew the bank from a single branch organization to a bank with a branch system that spanned three counties. He played a critical role in the formation of the bank holding company, Peoples LTD, and brought numerous new products and services to the bank throughout his tenure. Don was actively involved in the Pennsylvania Bankers Association for many years and served on boards with the Wyalusing Area School District, Tuscarora Wayne Group of Companies, Towanda Memorial Hospital, Greater Wyalusing Chamber of Commerce, and Bradford County Municipal Airport Authority. To speak on Don's service to our organization, I am sure to miss many of his accomplishments, so I will simply state that he will long be remembered for his service to our bank, our employees, and our communities as President, CEO, Chairman, director, officer, employee, and friend.

Throughout 2017, we continued to grow and expand our presence in our newest community, Lackawanna County. Our teams in both our Clarks Summit office and our PS Mortgage office continue to represent our bank in these communities and have been essential in this growth.

Our employees continue to positively reflect our brand in all of the communities that we serve. In 2017, we were voted Best Bank in the Wyoming County Examiner and in The Abington Suburban. These awards are made possible by our dedicated employees and are some of our proudest accomplishments.

In 2017, for the third consecutive year, our bank earned the prestigious 5-star rating from BauerFinancial, 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.

Over the past year, our communities began to experience an improvement in the local markets, due in part to the beginnings of an uptick in the natural gas industry. We continue to believe that a key to future success involves diversification of our markets, which results in a broader and more varied customer base, as well as a stronger bank.

In keeping with the theme of growth in our Annual Report, we are sharing 'Then and Now' photos of some of our PS Bank team so that you can See How We've Grown. On behalf of the Board of Directors, officers, and employees, we thank you for your continued support and 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)

	2017	2016	2015	2014	2013
Selected Financial Condition Data:					
Total assets	\$ 347,868	\$ 322,187	\$ 306,621	\$ 299,258	\$ 271,477
Loans, net	214,962	205,891	192,819	181,652	172,112
Investment securities	92,331	90,784	79,769	80,367	65,190
Deposits	293,135	272,567	259,930	257,536	231,621
Borrowings	23,000	19,706	17,715	14,723	14,732
Shareholders equity	\$ 29,778	\$ 27,868	\$ 26,839	\$ 24,796	\$ 21,984
Selected Operating Data:					
Interest and dividend income	\$ 12,749	\$ 12,166	\$ 11,460	\$ 11,248	\$ 10,987
Interest expense	1,482	1,251	1,099	1,141	1,267
Net interest income	<u>11,267</u>	<u>10,915</u>	<u>10,361</u>	<u>10,107</u>	<u>9,720</u>
Provision for loan losses	<u>260</u>	<u>165</u>	<u>-</u>	<u>(400)</u>	<u>(200)</u>
Net interest income after provision for loan losses	11,007	10,750	10,361	10,507	9,920
Noninterest income	2,611	2,292	2,094	2,095	2,396
Other operating expenses	<u>8,963</u>	<u>8,737</u>	<u>8,306</u>	<u>8,602</u>	<u>8,797</u>
Income before income taxes	4,655	4,305	4,149	4,000	3,519
Income taxes	<u>1,628</u>	<u>1,191</u>	<u>1,120</u>	<u>1,056</u>	<u>989</u>
Net income	<u>\$ 3,027</u>	<u>\$ 3,114</u>	<u>\$ 3,029</u>	<u>\$ 2,944</u>	<u>\$ 2,530</u>
Earnings per share	\$ 5.00	\$ 5.14	\$ 5.00	\$ 4.86	\$ 4.18
Selected Statistical Data:					
Return on average assets	0.90%	0.98%	1.00%	1.03%	0.97%
Return on average equity	10.37%	10.97%	11.66%	12.59%	11.58%
Equity to total assets, end of period	8.56%	8.65%	8.75%	8.29%	8.10%
Allowance for loan losses to total loans	1.05%	1.03%	1.11%	1.21%	1.57%
Net loan to deposit ratio	73.33%	75.54%	74.18%	70.53%	74.31%
Book value per share	\$49.17	\$46.02	\$44.32	\$40.94	\$36.30
Cash dividends per share	\$1.85	\$1.71	\$1.49	\$1.37	\$1.16
Stock dividend	5.00%	5.00%	5.00%	5.00%	5.00%
Dividend payout ratio	36.98%	33.18%	29.73%	28.13%	27.80%

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

Peoples LTD and Subsidiaries Consolidated Balance Sheet

December 31, 2017 and 2016
(In thousands, except share amounts)

	2017	2016
Assets		
Cash and due from banks	\$ 24,506	\$ 10,634
Available-for-sale securities	92,331	90,784
Loans, net	214,962	205,891
Cash surrender value, life insurance	6,322	6,209
Bank premises and equipment	5,195	4,456
Accrued interest receivable	921	833
Restricted equity securities	1,539	1,189
Deferred income taxes	578	976
Other assets	1,514	1,215
Total	\$ 347,868	\$ 322,187
Liabilities		
Demand deposits:		
Noninterest-bearing	\$ 68,586	\$ 57,597
Interest-bearing	80,334	80,870
Total	148,920	138,467
Savings deposits	52,599	48,731
Time deposits	91,616	85,369
Total deposits	293,135	272,567
Borrowed funds	23,000	19,706
Accrued interest payable	97	63
Other liabilities	1,858	1,983
Total liabilities	318,090	294,319
Shareholders' Equity		
Common stock, \$.50 par value, authorized 2,000,000 shares		
2017 - 620,244 shares issued, 605,609 outstanding		
2016 - 591,569 shares issued, 576,948 outstanding	310	296
Surplus	12,334	10,486
Retained earnings	19,043	18,780
Treasury stock, at cost	(511)	(510)
Accumulated other comprehensive loss	(1,398)	(1,184)
Total shareholders' equity	29,778	27,868
Total	\$ 347,868	\$ 322,187



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

Management's Financial Statements
Audited Financial Statements can be found on our website - PSBanking.com

Peoples LTD and Subsidiaries Consolidated Statement of Income



Charlene Markish
Commercial Loan
Operations



Charlotte Severcool
Branch Management



Kathy Lantz
Information
Technology



Debbie Mumford
Dushore Branch



Paul Walsh
Commercial Lending

	2017	2016
Interest Income		
Interest and fees on loans	\$ 10,772	\$ 10,401
Interest and dividends on investments:		
Taxable interest and dividends	1,478	1,283
Nontaxable interest	499	482
Total interest income	12,749	12,166
Interest Expense		
Interest on deposits	1,232	1,097
Interest on borrowed funds	250	154
Total interest expense	1,482	1,251
Net Interest Income	11,267	10,915
Provision for Loan Losses	260	165
Net Interest Income After Provision for Loan Losses	11,007	10,750
Noninterest Income		
Service charges	1,225	1,158
Mortgage broker fees	688	497
Commissions	93	141
Increase in cash surrender value, life insurance	97	102
Loss on sale of foreclosed assets	(85)	(25)
Gain on sale of available-for-sale securities	-	28
Gain on sale of bank premises and equipment	3	71
Other income	590	320
Total noninterest income	2,611	2,292
Noninterest Expenses		
Salaries and employee benefits	4,939	4,951
Occupancy and equipment	1,147	1,117
Data processing	523	475
Pennsylvania shares tax	236	236
Professional fees	213	197
FDIC insurance	173	151
Other expenses	1,732	1,610
Total noninterest expenses	8,963	8,737
Income Before Provision for Income Taxes	4,655	4,305
Provision for Income Taxes	1,628	1,191
Net Income	\$ 3,027	\$ 3,114
Earnings Per Share	\$ 5.00	\$ 5.14

Peoples LTD and Subsidiaries Shareholders' Equity Statement

Years Ended December 31, 2017 and 2016 (In thousands, except share amounts)

	Common Stock		Treasury Stock		Surplus	Retained Earnings	Accumulated Other Comprehensive Loss		Total
	Shares	Amount	Shares	Amount			Loss		
Balance, January 1, 2016	564,252	\$ 282	14,608	\$ (509)	\$ 8,751	\$ 18,458	\$ (143)	\$ 26,839	
Net income						3,114		3,114	
Other comprehensive loss							(1,041)	(1,041)	
Purchase of treasury stock			13	(1)				(1)	
Cash dividend (\$1.88 per share)						(1,033)		(1,033)	
5% stock dividend	27,317	14			1,735	(1,759)		(10)	
Balance, December 31, 2016	591,569	296	14,621	(510)	10,486	18,780	(1,184)	27,868	
Net income						3,027		3,027	
Other comprehensive income							16	16	
Reclassification due to adoption of ASU 2018-02						230	(230)	-	
Purchase of treasury stock			14	(1)				(1)	
Cash dividend (\$1.94 per share)						(1,119)		(1,119)	
5% stock dividend	28,675	14			1,848	(1,875)		(13)	
Balance, December 31, 2017	620,244	\$ 310	14,635	\$ (511)	\$12,334	\$ 19,043	\$ (1,398)	\$ 29,778	



Charlie Franko
Facilities



Stacy Kaufmann
Branch Management



Michelle Johns
Human Resources



Jason Conner
Branch Management

Board of Directors



Jay W. Chadwick
Chairman
President, Chief Executive Officer, and Chairman of Tuscarora Wayne Group of Companies



Anthony J. Gabello
President and Chief Executive Officer, PS Bank



John R. Snell
Vice Chairman
Retired Accountant, LaBarr & LaBarr



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



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



Judd B. Fitze
Attorney



Kenneth H. Taylor, Jr.
Partner, Century Farms, LLC, Former Owner and President/Chief Executive Officer Taylor Companies
Director Emeritus

*In Memory of
Donald E. Abrey*



We honor the memory of Don Abrey whom we knew as our CEO, President, Chairman, and friend. He will long be remembered for his leadership in the growth of Peoples State Bank and Peoples LTD, his passion for the banking industry, and his dedication to his employees.

We will always remember his service to the Bank and the community.

Service Awards

5 Years

William Joseph
 Mary Lansberry
 Sue Stefanowicz
 Jeff Buckingham
 Beth Polovitch
 Sharon Neumane
 Cheryl Traver
 Vickie Ide

10 Years

Jennifer Booker
 Ashley Hunsinger
 Valerie Kinney
 Chad Smith
 Ronda Johnson

20 Years

Bette Howell



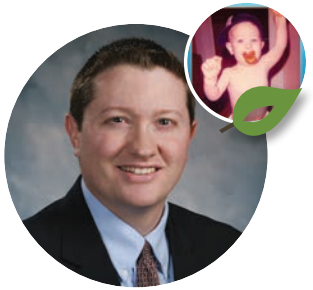
Jeff Buckingham
Commercial Credit



Ashley Hunsinger
Branch Management



Beth Polovitch
Factoryville Branch



Chad Smith
PS Mortgage



Jennifer Booker
Deposit Operations

Employee of the Year

*Living the Core Values
 of PS Bank*



Shannon Bergamino
PS Mortgage

Shannon Bergamino joined PS Bank in April 2016 as Mortgage Loan Documentation and Closing Supervisor for the Bank's newest division, PS Mortgage. In her short tenure with the Bank, she has been recognized for her commitment and strong work ethic focusing on the efficiency and productivity of PS Mortgage and, ultimately, guaranteeing a seamless closing process for mortgage clients.

Shannon was praised by two closing attorneys who stated, "Shannon is professional and prepared when presenting closing documents and goes out of her way to facilitate closings" and "I have never had a (PS Mortgage) borrower who was not completely informed of what they were doing or was surprised in any way at the time of closing."

Shannon gives freely of her personal time and resources, raising funds and supporting the initiatives of many community organizations. In 2017, she recognized the challenges that face new mothers with premature babies. Shannon coordinated the delivery of 160 gift bags for distribution at local hospitals.

We are proud to recognize Shannon Bergamino as our 2017 Employee of the Year.

*Integrity
 Service
 Excellence
 Attitude
 Community
 Teamwork*

Branch Locations

Wyalusing.....	Route 6
Wysox.....	Bradford Towne Centre
Dushore.....	Turnpike Street
Factoryville.....	College Avenue
Sayre.....	Lockhart Street
Towanda.....	Colonial Drive
Tunkhannock.....	Hunter Highway
Clarks Summit.....	Old Lackawanna Trail

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

Vice President

Jeffery E. Aepli.....	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
Maurice E. Dennis.....	Commercial Loan Officer
Cynthia A. Miller.....	Administrative Services and Human Resources Coordinator
Tammy L. Schaeffer.....	Accounting Supervisor
Chad R. Smith.....	Mortgage Loan Originator
David E. Whetsell.....	Financial Advisor, LPL Financial

Mission Statement

The mission of PS Bank is to be the leading community bank in the markets we serve, meeting customer needs while fulfilling our fiduciary responsibility to shareholders.



251 E. Grove Street
Clarks Green, PA 18411



Lori Rudalavage
PS Mortgage



Corrine Barkley
PS Mortgage



David Whetsell
PS Wealth Management



Amy Huffman
Marketing



42621 Route 6
Wyalusing, PA 18853

Shareholder Information

The Annual Meeting of Shareholders will be held on Tuesday, May 8, 2018 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:

Boening & 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.

Rated 5-stars by BauerFinancial, Inc.

To learn more about our rating with BauerFinancial, Inc. located in Coral Gabels, Florida, call 1-800-388-6686 or visit online at BauerFinancial.com.



Voted Best Bank by The Abington Suburban and Wyoming County Examiner readers.



Colleen Radney
PS Mortgage



Patti Stoudt
Dushore Branch



Peggy Beeman
Dushore Branch



Cindy Miller
Administration and Human Resources



Krysten Weaver
PS Mortgage