

ANNUAL REPORT 2020



Peoples 
Ltd.

Leading the Way Forward



Customers



Communities



Employees



Shareholders

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 2020 financial results. The 2020 year will forever be remembered for the unprecedented challenges and uncertainties that presented themselves globally, nationally, and locally. One thing that was not uncertain in 2020, however, was the dedication and commitment of our PS Bankers to put forth their very best to meet these challenges. Throughout 2020 our PS Bankers exhibited unequalled dedication to our customers, our communities, and our bank. They worked tirelessly to help those in need, while also working to help the bank deliver record financial results. 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. I'm proud to say that our PS Bankers rose to the challenge to become financial heroes to those in need.

Net income for 2020 was \$5,200,000, which compares to net income of \$4,648,000 in 2019. Net income for 2020 grew by 11.9% over the prior year, despite additional loan loss provisioning of \$835,000 over 2019 levels, due to the potential effects of the pandemic. This additional provisioning was more than offset by increases in mortgage loan sales revenues, deposit repricing strategies, and recognition of fees from Paycheck Protection Program Loans.

Our 2020 Return on Average Assets (ROAA) was 1.19%, compared to 1.20% in 2019. Our Return of Average Equity (ROAE) was 12.69% in 2020, compared to 13.06% in 2019. Earnings per share for 2020 were \$7.42 in 2020 versus \$6.63 in 2019. Earnings per share for 2019 were adjusted for our 2020 5% stock dividend.



10.5%
\$42.1M



10.6%
\$26.2M



9.3%
\$26.9M

Throughout 2020 we experienced solid balance sheet growth. Asset growth in 2020 was 10.5%, with assets ending 2020 at \$443,640,000, which was an increase of \$42,123,000 from year end 2019 total assets of \$401,517,000. Loan growth was 10.6% in 2020, with net loans ending 2020 at \$274,753,000, up

\$26,269,000 over 2019's balance of \$248,484,000. Deposit growth was 9.3% in 2020. Deposits finished the year at \$376,431,000, an increase of \$31,938,000 over 2019 balances of \$344,493,000. Our bank continues to be well-capitalized in accordance with regulatory requirements.

We increased our dividend payouts for the ninth consecutive year, despite the challenges faced in 2020. 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 \$2.11 per share compared to \$1.96 in 2019, as adjusted for the 2020 stock dividend and were an increase of 7.4% over 2019 dividend payout levels. Our dividend payout percentage was 28.4% of net income and in December 2020 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, as well as to prepare for uncertain times like we experienced in 2020.

As you are very well aware, circumstances in March 2020 had a dramatic impact on our world, and we quickly changed our focus to helping our customers and communities adapt and survive. We quickly implemented our Pandemic Response Plan and were proactive in ensuring the safety and health of our customers and employees. We reached out to our customers to help them. We provided customers with payment deferrals to help them with cash flow needs. At its height, deferrals in our portfolio approximated 17% of our loan portfolio. Currently, deferrals total approximately 2.5% and consist primarily of a small number of business customers in the most highly impacted industries. In April, PS Bank participated in the Paycheck Protection Program (PPP), and provided over \$23.5 million in loans to small businesses in our communities throughout the initial PPP round. As of this writing, PS Bank has provided PPP loans totaling \$11,900,000 for the most recent round of PPP loans targeted toward those businesses most highly impacted by the pandemic. In the March 2021 issue of Banking Northeast, we were named a top pandemic performer in Pennsylvania.

Our bank continued to grow throughout the markets we serve. Over the past several years our brand presence has grown greatly in the Lackawanna County market and we have continued to enhance our presence through PS Mortgage. During 2020, because of our increased brand recognition and the commitment of our mortgage team leadership, we were able to capitalize on the unprecedented demand for mortgage loan purchases, refinances, and construction. Our PS Mortgage team worked tirelessly to meet mortgage loan demand, despite the many limitations imposed by the pandemic.

Mortgage personnel processed and closed loans remotely, at home, in parking lots, at night, on weekends – anything necessary to provide superior service to our customers. It was this dedication to customer service that resulted in the generation of over \$73 million of mortgage loans in 2020. I'm happy to report that due to the expansion of our mortgage area, in late 2020 we purchased a property in Clarks Summit which we plan to renovate and open a state-of-the-art mortgage and loan facility, where our PS Mortgage team will relocate to upon its anticipated completion in 2022.



We were once again ranked on American Banker's Top 200 Community Banks list. In 2020 we climbed nine spots and were ranked as the #33 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 for the second consecutive year. Additionally, I'm pleased to report that during 2020, PS Bank received two awards from Banking Mid Atlantic, as #1 in Northeast Pennsylvania for Overall Quality and #5 in Northeast Pennsylvania for Community Contribution, rankings determined through independent surveys conducted with banking services users throughout the area. We were also pleased to receive Times-Leader recognition as the Best Bank in the Abingtons in 2020.



Our bank earned the prestigious 5-star rating for the sixth consecutive year 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 and is only given to the nation's strongest banks.

Throughout 2020 we worked hard to continue to give back to the communities that we serve. Despite the pandemic, we continued our jean days for a cause, our season of giving, and supported local schools through the Educational Improvement Tax Credit program. Additionally, the COVID-19 pandemic inspired us to assist our communities in a more amplified way by providing needed support to first-responder organizations, collecting toiletries for neighbors in need, and encouraging employees and customers to shop small in an effort to preserve small businesses during these difficult times.

In 2020, we began a multi-year initiative to increase and enhance our brand recognition throughout our existing and potential future markets. We were able to elevate our brand presence in our communities, in our branches, and online, through social media and an improved website experience. Our PS Mortgage team has continued to increase the reach of its brand and to meet the mortgage loan demands of our communities. Our team realizes that a satisfied customer often translates to many more referral opportunities. We have a great bank, a strong team of employees, and a very competitive product line, and we are excited to become more recognizable in the communities we serve.

We are optimistic that better times are ahead, as we begin to turn the corner on the pandemic. We recognize that challenges will continue to exist from continued economic uncertainties and a prolonged period of low interest rates, but we remain committed to helping our customers and communities get through these historic times. Even through these times, we continue to pursue avenues to grow our bank and our bank brand and continually seek to improve our performance, while maintaining our superior levels of customer care and service. We remain dedicated to our shareholders, our communities, and our customers.

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, 2020

(Amounts in thousands, except per share data)

Selected Financial Condition Data:

	2020	2019	2018	2017	2016
Total assets	\$ 443,640	\$ 401,517	\$ 371,198	\$347,868	\$322,187
Loans, net	274,753	248,484	231,793	214,962	205,891
Investment securities	93,748	108,287	98,131	92,331	90,784
Deposits	376,431	344,493	317,576	293,135	272,567
Borrowings	21,000	16,000	19,000	23,000	19,706
Shareholders' equity	\$ 43,172	\$ 38,279	\$ 32,907	\$ 29,778	\$ 27,868

Selected Operating Data:

Interest and dividend income	\$ 15,646	\$ 15,695	\$ 14,215	\$ 12,749	\$ 12,166
Interest expense	2,302	3,247	2,182	1,482	1,251
Net interest income	13,344	12,448	12,033	11,267	10,915
Provision for loan losses	1,255	420	525	260	165
Net interest income after provision for loan losses	12,089	12,028	11,508	11,007	10,750
Non-interest income	4,540	2,822	3,550	2,611	2,292
Other operating expenses	10,263	9,249	9,437	8,963	8,737
Income before income taxes	6,366	5,601	5,621	4,655	4,305
Income taxes	1,166	953	780	1,628	1,191
Net income	\$ 5,200	\$ 4,648	\$ 4,841	\$ 3,027	\$ 3,114
Earnings per share	\$ 7.42	\$ 6.63	\$ 6.91	\$ 4.32	\$ 4.45

Selected Statistical Data:

Return on average assets	1.19%	1.20%	1.35%	0.90%	0.98%
Return on average equity	12.69%	13.06%	15.45%	10.37%	10.97%
Equity to total assets, end of period	9.73%	9.53%	8.87%	8.56%	8.65%
Allowance for loan losses to total loans	1.37%	1.11%	1.07%	1.05%	1.03%
Net loan to deposit ratio	72.99%	72.13%	72.99%	73.33%	75.54%
Book value per share	\$ 61.63	\$ 54.65	\$ 46.98	\$ 42.51	\$ 39.78
Cash dividends per share	\$ 2.11	\$ 1.96	\$ 1.76	\$ 1.60	\$ 1.48
Stock dividend	5.00%	5.00%	5.00%	5.00%	5.00%
Dividend payout ratio	28.36%	29.54%	25.52%	36.98%	33.18%

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

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

Halloween in Bradford County

Our Church Street employees prepared trick-or-treat bags for children who visit the Wyalusing Children's Library.



Peoples Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2020 and 2019

(In thousands, except share amounts)

Assets

	2020	2019
Cash and due from banks	\$ 56,269	\$ 27,310
Available-for-sale securities	91,098	108,287
Held-for-maturity securities	2,650	-
Loans, net	274,753	248,484
Cash surrender value, life insurance	7,770	7,542
Bank premises and equipment	5,258	4,834
Accrued interest receivable	1,048	981
Restricted equity securities	2,335	1,767
Deferred income taxes	239	349
Other assets	2,220	1,963
Total	\$443,640	\$401,517

Liabilities and Shareholders' Equity

Liabilities

Demand deposits:		
Noninterest-bearing	\$ 96,239	\$ 70,645
Interest-bearing	123,216	111,584
Total	219,455	182,229
Savings deposits	66,684	57,338
Time deposits	90,292	104,926
Total deposits	376,431	344,493
Borrowed funds	21,000	16,000
Accrued interest payable	90	133
Other liabilities	2,947	2,612
Total liabilities	400,468	363,238

Shareholders' Equity

Common stock, \$.50 par value, authorized 2,000,000 shares		
2020 - 715,155 shares issued, 700,500 outstanding	358	341
2019 - 681,964 shares issued, 667,309 outstanding	18,865	16,857
Surplus	23,034	21,344
Retained earnings	(512)	(512)
Treasury stock, at cost	1,427	249
Accumulated other comprehensive income (loss)		
Total shareholders' equity	43,172	38,279

Total	\$443,640	\$401,517
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PSWEALTH
MANAGEMENT

Staycation

Branch staff participated in the PS Wealth Management Staycation activity to inform customers about wealth management, retirement, and insurance products.

Peoples Ltd. And Subsidiaries Consolidated Statement of Income

Years Ended December 31, 2020 and 2019

(Amounts in thousands, except per share data)

	2020	2019
Interest Income		
Interest and fees on loans	\$13,383	\$12,479
Interest and dividends on investments:		
Taxable interest and dividends	1,837	2,742
Nontaxable interest	426	474
Total interest income	15,646	15,695
Interest Expense		
Interest on deposits	1,897	2,858
Interest on borrowed funds	405	389
Total interest expense	2,302	3,247
Net Interest Income	13,344	12,448
Provision for Loan Losses	1,255	420
Net Interest Income after Provision for Loan Losses	12,089	12,028
Noninterest Income		
Service charges	1,418	1,290
Gain on sale of loans	2,056	856
Commissions	106	106
Increase in cash surrender value, life insurance	228	107
Gain on sale of foreclosed assets	17	13
Unrealized (losses) gains on equity securities	(33)	37
Other income	748	413
Total noninterest income	4,540	2,822
Noninterest Expenses		
Salaries and employee benefits	5,729	5,181
Occupancy and equipment	1,073	1,089
Data processing	585	620
Pennsylvania shares tax	355	278
Professional fees	389	243
FDIC insurance	159	107
Other expenses	1,973	1,731
Total noninterest expenses	10,263	9,249
Income Before Provision for Income Taxes	6,366	5,601
Provision for Income Taxes	1,166	953
Net Income	\$ 5,200	\$ 4,648
Earnings Per Share	\$7.42	\$6.63



Best of the Abingtons

Our Clarks Summit branch earned recognition as Best Bank in the Abingtons by the Abington Journal in 2020. This is a designation voted on by readers of the Abington Journal.

Peoples Ltd. And Subsidiaries Shareholders' Equity Statement

Years Ended December 31, 2020 and 2019

(Amounts in thousands, except share amounts)

	Common Stock		Treasury Stock		Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)		Total
	Shares	Amount	Shares	Amount			Income (Loss)		
Balance, January 1, 2019	650,356	\$ 325	14,655	\$ (512)	\$ 14,344	\$ 20,612	\$(1,862)	\$ 32,907	
Net income	-	-	-	-	-	4,648	-	4,648	
Other comprehensive loss	-	-	-	-	-	-	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	
Net income	-	-	-	-	-	5,200	-	5,200	
Other comprehensive income	-	-	-	-	-	-	1,178	1,178	
Cash dividend (\$2.21 per share)	-	-	-	-	-	(1,475)	-	(1,475)	
5% stock dividend	33,191	17	-	-	2,008	(2,035)	-	(10)	
Balance, December 31, 2020	715,155	\$ 358	14,655	\$ (512)	\$ 18,865	\$23,034	1,427	\$ 43,172	


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





Denim Days


In 2020, over \$7,000 was donated to dozens of charities in the communities we serve. Employees choose causes that mean the most to them and make contributions to a dress down fund each week.




\$73 M
 in Mortgages in 2020

428% 
 volume increase


\$27 M
 in Purchases & Construction

\$25,740,390 
 in loans to educators, first responders, and healthcare workers



“To say that 2020 was a busy year with a healthy mix of purchases, refinances, and new construction loans would be a great understatement. The industry faced restrictions that made facilitating closings more challenging, but our team adapted by pulling together and finding the solutions needed to overcome each obstacle. We developed a plan with each buyer to meet their specific needs and worked tirelessly to ensure all customers closed as seamlessly as possible.”

**- Lori Rudalavage,
Vice President & Senior Mortgage Lending Officer**



Paycheck Protection Program

“The pandemic reinforced the need for good relationships with our customers. The traditional concept of being available has evolved into providing what customers need when they need it. This year, bankers have learned to become economic first responders.”

– **Paul Walsh, Vice President & Commercial Loan Officer**



One of the many provisions of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), signed into law in March 2020, was the Paycheck Protection Program. This program provides cash-flow assistance through 100% federally guaranteed loans to eligible employers who maintain their payroll through the pandemic.



Assisted
438+
small businesses



First round loans totaled
\$23.5M



Average loan amount
\$54,000



“When the coronavirus pandemic hit and we started to realize how our business customers would be affected, we got right to work making sure we had a support system in place. When the Paycheck Protection Program was announced, we vowed to make sure that no business would go without help under our watch. Our team was able to band together in support of new and existing customers to keep them afloat during unprecedented times. Our team worked nights, weekends, and did everything possible to ensure much needed funds got into the hands of our small businesses.”

– **William Joseph, Senior Vice President & Senior Loan Officer**

A Nontraditional Year

“I will never forget 2020. From the many conversations with customers that ended in a heartfelt “thank you” to seeing people from different departments pull together for a common goal, it was extremely rewarding to support our customers in their time of need.”

- Lindsey Bliss, Branch Manager



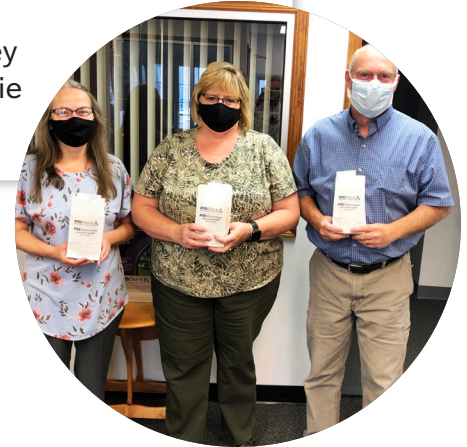
“In 2020 I learned to book loans for the first time when the Paycheck Protection Program began. Throughout the year I was processing switchboard calls to get customers to the correct department and just doing whatever I could to help my team. It was a challenging year but I love learning new tasks, they make me a more universal team player.”

- Heather Frisbie, Loan Service Representative

Supporting Our Community

Employee Appreciation

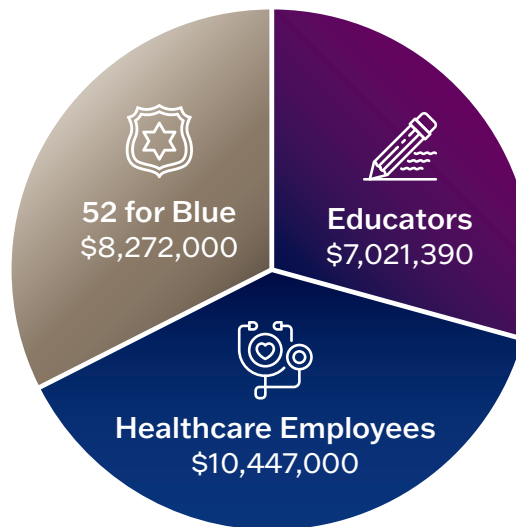
To give thanks to our employees, staff received “Movie Night” gift bags so they could enjoy snacks and a movie rental at home with family.



Season of Giving

PS Bank donated non-perishable food items and toiletries to eight pantries across all five counties. Food donations by employees and customers provided over 3,300 meals to families in need.

Mortgage Discounts for Community Heroes



Educational Partnerships

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



Volunteer Fire Companies

In 2020, PS Bank provided fundraising support for first responders in the communities we serve including several local volunteer fire companies.



Educational Improvement Tax Credit Support for Students in our Communities



Northern Tier Career Center



296

Scholarships



\$10,000

to Technology & Arts



3

Schools Received K-12
Scholarships



\$124,654

in Education
Grants Awarded



\$5,000

for Dual Enrollment
College Credits



4

Preschools Received
Pre-Kindergarten Scholarships



Jay W. Chadwick
Chairman
Chairman and Chief
Executive Officer of Mutual
Capital Group, Inc.



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 and General
Manager, Cargill Wyalusing

Corporate Officers



Anthony J. Gabello

President and
Chief Executive Officer



Philip O. Farr

Senior Vice President
Chief Financial Officer



William M. Joseph

Senior Vice President
Senior Loan Officer



Valerie W. Kinney

Senior Vice President
Retail, Sales and
Marketing Manager



James L. Souto

Senior Vice President
Chief Administrative and
Risk Officer



Timothy T. Tewksbury

Senior Vice President
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

Brian R. Peterson

Loan Workout Officer

Lori A. Rudalavage

Senior Mortgage Lending Officer

Paul J. Walsh

Commercial Loan Officer

David B. Wintermute

Senior Credit 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

Shareholder Information

The Annual Meeting of Shareholders will be held on Tuesday, May 11th, 2021 at 4:30 p.m.

Please visit PSBanking.com for details.

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.
(800) 883-1212
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) 761-0700
1585 Broadway
New York, NY 10036

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



Peoples Ltd. utilizes American Stock Transfer and Trust Company, LLC as transfer and dividend dispersing agent.

To log in, please visit astfinancial.com.

For customer service inquiries, please call (800) 937-5449 or email help@astfinancial.com.

Locations

- Wyalusing**
42621 Route 6
- Wysox**
38 Ennis Lane
- Dushore**
202 S. Turnpike Street
- Factoryville**
118 College Avenue
- Sayre**
205 W. Lockhart Street
- North 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

