



Progress and Performance
2015 Highlights

To Our Valued Shareholders,

I am pleased to present to you our 2015 financial results. In 2015 we posted our fourth consecutive year of record earnings and finished the year above the \$300 million asset threshold. The success we experienced in 2015 has continued to be made possible through the fully committed efforts of our directors, officers, and employees.

Net income in 2015 was \$3,029,000, which was an increase of 2.89% over 2014 net income of \$2,944,000. Earnings for 2014 included a reduction in the bank's allowance with a net tax effect of \$284,000. Excluding this, 2015 net income

increased by 14% over 2014. Increased interest income in 2015 along with operational expense reductions gained through enhanced efficiencies resulted in the 2015 increase in net income.

Our 2015 Return on Average Assets was 1.00%, a slight decrease from 2014's 1.03%. Our Return of Average Equity was 11.66% in 2015, down slightly from 2014's 12.59%. We continue to be highly ranked among Pennsylvania banks in this category and are proud to have been ranked #45 on American Banker's list of the Top 200 Community Banks in April 2015.

Earnings per share increased to \$5.51, up from 2014's \$5.36, as adjusted for our 5% stock dividend. The 2015 year end book value for our shares was \$48.83.

Asset growth was slower in 2015, largely as the result of the natural gas pullback experienced by our area during the year, ending the year at \$306,621,000. Total asset growth for 2015 was 2.46% compared to 10.23% in 2014. Total assets were \$299,258,000 at year end 2014. Loan growth was 6.15% in 2015, an increase over 2014 growth of 5.5%. Deposit growth was slow in 2015 at 0.93% after strong growth of 11.2% in 2014. Deposit growth slowdown is directly related to the significant slowdown of the gas industry and its impact on our deposit customers in 2015. Our bank continues to be well-capitalized in accordance with regulatory requirements.

In 2015 we increased our dividend payouts for the fifth consecutive year, passing our success along to our shareholders. Cash dividends of \$1.64 per share were an increase of 9% over 2014 dividends, which included a special dividend celebrating our 100 year anniversary. Our dividend payout percentage continued to increase in 2015, at 29.73% of net income.

Additionally, for the sixth consecutive year we paid a 5% stock dividend in December. Capital growth continues to be necessary to support our future growth plans.

Before discussing some great things we have upcoming, I want to take a moment to recognize Don Sherwood, who came off of our Board in early 2016. Don has been a strong and vital member of our Board of Directors for over twenty years and has always promoted PS Bank in the community. His experience and knowledge has been invaluable to the PS Bank team. I extend my thanks to Don and his key role in the success of PS Bank for many years, and look forward to continuing working with him in years to come.

Steve Moore, a valued board member of our organization for over twenty years, has decided that he will not seek re-election when his term expires in May of this year, but will remain on the Board until then. Steve has brought a sense of strength and energy to our Board, and his commitment to the success of PS Bank in our local marketplace is greatly appreciated. My thanks to Steve for his years of inspired service to PS Bank, and we wish him well in all his future endeavors.

I am pleased to report that in 2016 Jim Souto and Tim Tewksbury were both promoted to the corporate title of Senior Vice President. Jim will assume the role of Chief Administrative and Risk Officer and Tim will continue to be the bank's Chief Information Officer. Jim and Tim are valued members of our senior management team. Please join me in congratulating Jim and Tim.



Jim Souto



Tim Tewksbury

We are excited to let you know that during the first quarter of 2016 we filed for approval with the appropriate regulatory agencies to open a branch office in Clarks Summit, as well as a mortgage production facility. We are very excited about our entry into Lackawanna County in Spring 2016, and have hired strong individuals to help make our success in this new market possible.

We have hired the former team of LA Mortgage, a premiere mortgage origination company in the Lackawanna County market for many years. In conjunction with this, we anticipate re-branding our mortgage area as PS Mortgage, a Division of PS Bank. As with any new venture, there is some initial time required to build up to profitability and normalization, but we are hitting the ground running and are fully committed to its success.

Our bank faces many challenges in the upcoming year. The dramatic slowdown in the natural gas industry continues to be a challenge for our company. We have been diligent in our underwriting of these loans over the past several years, which has helped to control its impact to date, however the local economy continues to be strained by this slowdown. Our diversifying into markets not dependent upon the gas industry will help to offset these risks, although we anticipate an initial strain during the startup period of these endeavors. These efforts will help to build a stronger bank with a more varied customer base.

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

A handwritten signature in black ink, appearing to read 'Anthony J. Gabello'.

Anthony J. Gabello
President and CEO

Entering Lackawanna County

Positioned for growth. PS Bank's branch network is expanding into Lackawanna County with a spring opening of the Bank's eighth full-service branch office. Our Clarks Summit branch will be located in the retail center near Gerrity's Supermarket at 100 Old Lackawanna Trail.

Two banking veterans from Lackawanna County have joined PS Bank in anticipation of our Clarks Summit branch opening. Janice

Bevacqua will be leading the retail team as Branch Manager. She brings to PS Bank an extensive knowledge of the Clarks Summit market and background in retail banking and lending. Paul Walsh, Commercial Loan Officer, has been a lending and business development officer in Lackawanna, Wyoming, and Susquehanna counties for over 17 years.





Our full service mortgage center, PS Mortgage, will open in conjunction with the Clarks Summit branch. PS Mortgage, located at 251 East Grove Street in Clarks Green, will operate as a division of PS Bank and will allow us to meet the ever increasing demand for diverse mortgage products throughout the Bank's four county market area and beyond.

Our dedicated mortgage team led by Lori Rudalavage will be available to meet with those in search of the right mortgage – whether conventional, construction, FHA, VA, USDA Rural Development, or a reverse mortgage.

As former President and Owner of LA Mortgage in Clarks Green, Lori has been committed to providing the best possible mortgage solution for her customers since 2001. Lori and the PS Mortgage team will continue this tradition of making the dreams of homeowners a reality!

Photo: PS Bank President and Chief Executive Officer, Anthony Gabello, with members of the Clarks Summit team, Lori Rudalavage, Janice Bevacqua, and Paul Walsh.

"Our local economy is driven by small business. As a community banker, I feel it is important to understand the local needs of our families, businesses, and farmers."

~ Paul Walsh
Vice President
Commercial Loan Officer



"I am excited to be part of the PS Bank team and especially the opportunity to bring a true community bank to the Clarks Summit area. Entering into this market so strongly with mortgage, commercial, and retail banking gives us the resources needed to succeed and expand our market share by providing exceptional service to our customers and the community."

~ Janice Bevacqua
Assistant Vice President
Branch Manager



"Our mortgage originators and underwriting team at PS Mortgage can better serve the financial needs of our clients by providing comprehensive banking services in addition to the right mortgage solution."

~ Lori Rudalavage
Vice President
Senior Mortgage Lending Officer



Peoples LTD and Subsidiaries - Selected Financial Data

At or for the Year Ended December 31,

(In thousands, except share amounts)

Selected Financial Condition Data:

	2015	2014	2013	2012	2011
Total Assets	\$ 306,621	\$ 299,258	\$ 271,477	\$ 249,500	\$ 236,247
Loans, Net	192,819	181,652	172,112	154,156	145,201
Investment Securities	79,769	80,367	65,190	55,752	49,742
Deposits	259,930	257,536	231,621	210,040	206,403
Borrowings	17,715	14,723	14,732	14,739	8,047
Shareholders Equity	\$ 26,839	\$ 24,796	\$ 21,984	\$ 21,538	\$ 19,780

Selected Operating Data:

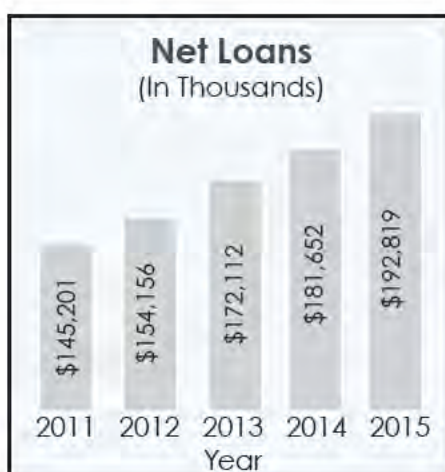
Interest and dividend income	\$ 11,460	\$ 11,248	\$ 10,987	\$ 11,236	\$ 11,079
Interest expense	1,099	1,141	1,267	1,556	2,209
Net interest income	10,361	10,107	9,720	9,680	8,870
Provision for Loan Losses	-	(400)	(200)	(90)	780
Net interest income after provision for loan losses	10,361	10,507	9,920	9,770	8,090
Non-interest income	2,094	2,095	2,396	2,528	2,613
Other operating expenses	8,306	8,602	8,797	8,927	8,738
Income before income taxes	4,149	4,000	3,519	3,371	1,964
Income Taxes	1,120	1,056	989	904	415
Net income	\$ 3,029	\$ 2,944	\$ 2,530	\$ 2,467	\$ 1,549

Earnings per share	\$ 5.51	\$ 5.36	\$ 4.60	\$ 4.49	\$ 2.82
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Selected Statistical Data:

Return on Average Assets	1.00%	1.03%	0.97%	1.02%	0.66%
Return on Average Equity	11.66%	12.59%	11.58%	11.81%	8.12%
Equity to total assets, end of period	8.75%	8.29%	8.10%	8.63%	8.37%
Allowance for loan losses to total loans	1.11%	1.21%	1.57%	2.26%	3.17%
Net loan to deposit ratio	74.18%	70.53%	74.31%	73.39%	70.35%
Book Value per share	\$ 48.83	\$ 45.11	\$ 40.00	\$ 39.19	\$ 35.99
Cash dividends per share	\$ 1.64	\$ 1.51	\$ 1.28	\$ 1.09	\$ 0.40
Stock dividend	5.00%	5.00%	5.00%	5.00%	5.00%
Dividend payout ratio	29.73%	28.13%	27.80%	24.48%	14.38%

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



Peoples LTD and Subsidiaries - Consolidated Balance Sheet

December 31, 2015 and 2014
(In thousands, except share amounts)

	2015	2014
Assets		
Cash and due from banks	\$ 19,941	\$ 23,111
Available-for-sale securities	79,769	80,367
Loans, net	192,819	181,652
Cash surrender value, life insurance	6,095	5,897
Bank premises and equipment	4,621	4,962
Accrued interest receivable	767	782
Restricted equity securities	1,004	827
Deferred income taxes	412	521
Other assets	1,193	1,139
	\$ 306,621	\$ 299,258
Total		
Liabilities		
Demand deposits:		
Noninterest-bearing	\$ 60,832	\$ 63,963
Interest-bearing	74,750	71,788
	135,582	135,751
Total		
Savings deposits	48,808	49,596
Time deposits	75,540	72,189
	259,930	257,536
Total deposits		
Borrowed funds	17,715	14,723
Accrued interest payable	64	73
Other liabilities	2,073	2,130
	279,782	274,462
Total liabilities		
Shareholders' Equity		
Common stock, \$.50 par value, authorized 2,000,000 shares		
2015 - 564,252 shares issued, 549,644 outstanding		
2014 - 538,232 shares issued, 523,635 outstanding	282	269
Surplus	8,751	7,177
Retained earnings	18,458	17,927
Treasury stock, at cost	(509)	(509)
Accumulated other comprehensive loss	(143)	(68)
	26,839	24,796
Total shareholders' equity		
Total	\$ 306,621	\$ 299,258

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

Peoples LTD and Subsidiaries - Consolidated Statement of Income

Years Ended December 31, 2015 and 2014
(In thousands, except per share amounts)

	<u>2015</u>	<u>2014</u>
Interest Income		
Interest and fees on loans	\$ 9,754	\$ 9,762
Interest and dividends on investments:		
Taxable interest and dividends	1,249	1,043
Nontaxable interest	457	443
Total interest income	<u>11,460</u>	<u>11,248</u>
Interest Expense		
Interest on deposits	970	1,014
Interest on borrowed funds	129	127
Total interest expense	<u>1,099</u>	<u>1,141</u>
Net Interest Income	10,361	10,107
Credit for Loan Losses	-	(400)
Net Interest Income After Credit for Loan Losses	<u>10,361</u>	<u>10,507</u>
Noninterest Income		
Service charges	1,173	1,220
Commissions	100	361
Increase in cash surrender value, life insurance	184	142
Gain on sale of foreclosed assets	-	22
Gain on sale of available-for-sale securities	42	-
Gain on sale of bank premises	105	-
Loss on abandonment of leasehold improvements	-	(129)
Other income	490	479
Total noninterest income	<u>2,094</u>	<u>2,095</u>
Noninterest Expenses		
Salaries and employee benefits	4,605	4,781
Occupancy and equipment	1,101	1,076
FDIC insurance	202	216
Professional fees	222	334
Data processing	443	455
Other expenses	1,733	1,740
Total noninterest expenses	<u>8,306</u>	<u>8,602</u>
Income Before Provision for Income Taxes	4,149	4,000
Provision for Income Taxes	<u>1,120</u>	<u>1,056</u>
Net Income	<u>\$ 3,029</u>	<u>\$ 2,944</u>
Earnings Per Share	<u>\$ 5.51</u>	<u>\$ 5.36</u>
Net Income	<u>\$ 3,029</u>	<u>\$ 2,944</u>
Other Comprehensive Income (Loss)		
Unrealized gain (loss) on securities available-for-sale	(113)	1,070
Tax effect	38	(364)
Total other comprehensive income (loss)	<u>(75)</u>	<u>706</u>
Total Comprehensive Income	<u>\$ 2,954</u>	<u>\$ 3,650</u>

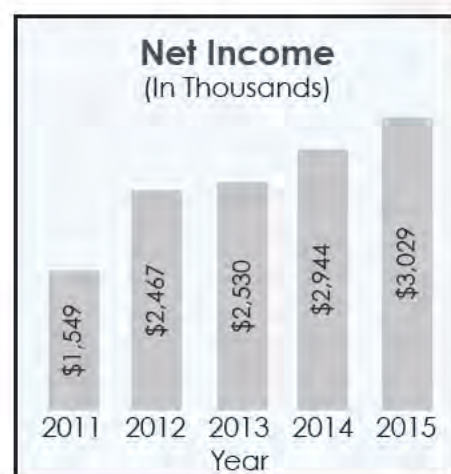
Management's Financial Statements
Audited Financial Statements can be found on our website www.PSBanking.com.



Peoples LTD and Subsidiaries - Shareholders' Equity Statement

Years Ended December 31, 2015 and 2014
(In thousands, except share amounts)

	Common Stock		Treasury Stock		Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount				
Balance, January 1, 2014	513,424	\$ 257	14,585	\$ (508)	\$ 5,744	\$ 17,265	\$ (774)	\$ 21,984
Net income						2,944		2,944
Other comprehensive income							706	706
Purchase of treasury stock			12	(1)				(1)
Cash dividend (\$1.66 per share)						(828)		(828)
5% stock dividend	24,808	12			1,433	(1,454)		(9)
Balance, December 31, 2014	538,232	269	14,597	(509)	7,177	17,927	(68)	24,796
Net income						3,029		3,029
Other comprehensive loss							(75)	(75)
Purchase of treasury stock			11	-				-
Cash dividend (\$1.72 per share)						(901)		(901)
5% stock dividend	26,020	13			1,574	(1,597)		(10)
Balance, December 31, 2015	564,252	\$ 282	14,608	\$ (509)	\$ 8,751	\$ 18,458	\$ (143)	\$ 26,839



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

Board of Directors



Jay W. Chadwick, Chairman
Chairman of the Board,
President and Chief Executive
Officer 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



**Steven W. Moore,
Assistant Secretary**
President, Moore's Auto
& RV Sales, Inc.



Judd B. Fitze
Attorney



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



JoAnne C. Kizer
Owner and Real Estate Broker,
JoAnne Kizer Real Estate



Kenneth H. Taylor, Jr.
Partner, Century Farms LLC,
Former Owner and President/CEO,
Taylor Companies

Branch Locations

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

Coming Spring 2016!

PS Mortgage
251 E. Grove Street
Clarks Green, PA 18411

Coming Spring 2016!

PSBanking.com

866-746-1011

Contact@psbanking.com

Corporate Officers

President and Chief Executive Officer

Anthony J. Gabello

Senior Vice Presidents

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 Presidents

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
Tammy K. McCauley	Mortgage Underwriting Manager
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 Presidents

Janice M. Bevacqua	Branch Manager
Jamie L. Crawford	Branch Manager
Cynthia A. Miller	Administrative Services/Human Resources Coordinator
Tammy L. Schaeffer	Accounting Supervisor
Chad R. Smith	Branch Manager
Karen C. Stroud	Consumer Loan Originator
David E. Whetsell	Financial Consultant, 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.

Shareholder Information

The Annual Meeting of Shareholders will be held on Tuesday, May 10, 2016 at 4:30 p.m. in the Tuscarora Wayne Room, Chamber of Commerce Building, 121 Main Street, Wyalusing, PA 18853.

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

Stock of Peoples LTD is listed on the OTC Markets at www.otcmarkets.com under the symbol of PPLL.

Advisory Boards

Towanda/Wysox

John R. Snell, Director

Sue A. Flynn, Nicholas J. Hurley, Christopher D. Jones, Boyd G. Rowe

Sayre

JoAnne C. Kizer, Director

Charles C. Carver, Jr., Minh Phuong Dang, Marlene C. Rohe, Michael G. Shaw

Sullivan County

P. Dean Homer, Director

Mary M. Cosgrove, Robert A. Hurley, Sr., William F. Saxe, Julie M. Gavitt Shaffer, John A. Shoemaker



Rated 5-stars by BauerFinancial, Inc.

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