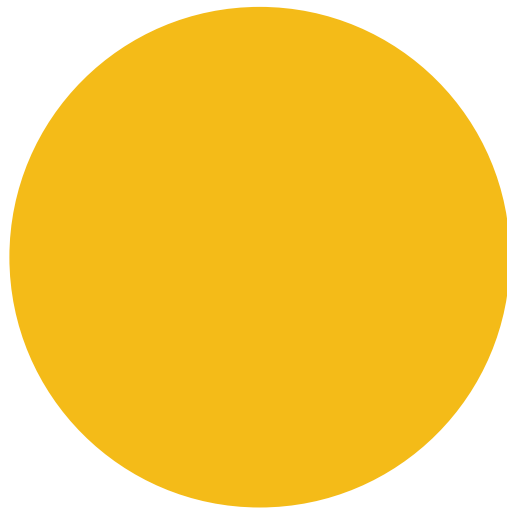


# Peoples Bancorp



2024 Annual Report

## **Our Promise**

We strive to be exceptional and inspire others to be exceptional too.

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## **Our Vision**

To be the bank that's exceptional at serving our communities, including employees, customers and shareholders.

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## **Our Mission**

To provide exceptional customer service while selling to customer needs.

## **Our Core Values:**

### **Employees**

We are informed, encouraged, and committed.

### **Integrity**

We are fair and truthful.

### **Exceptional Customer Service**

We surpass our customers' expectations.

### **Accountability**

We are accountable for our own actions and bank goals.

### **Progressive and Positive**

We see change as an opportunity.

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# From the President



“It is a great honor for me to serve you as the 11th President and CEO of Peoples Bank.”

In 2024, the Bank marked its 112th consecutive year of channeling our resources, expertise, passion, and commitment to serve our customers, communities, and each other. It has been a year of great change, as well as a year of staying true to who we are. One significant change is my appointment to the role of President and CEO. While change in leadership is always significant, I have worked closely with our board and my predecessor, Lance Sellers, for many years as Chief Operating Officer, and I plan to continue to build upon our proud legacy.

It is a great honor to serve as the 11th President and CEO of Peoples Bank, to lead us into the future as a strong, independent community bank that is exceptional at serving our communities. Thank you to our talented and dedicated team of senior executives who have helped to create a seamless transition in leadership.

To all the employees of Peoples Bank, you play a vital role in helping our communities grow and prosper, in helping people live better lives. Thank you for being exceptional at what you do. You are Peoples Bank and it is a privilege to serve you.

2024 highlights for Peoples Bancorp of North Carolina, Inc. are as follows:

- 2024 marked a record earning year with net earnings of \$16.4 million or \$3.08 per share and \$2.98 per diluted share for the year ended December 31, 2024, compared to \$15.5 million or \$2.87 per share and \$2.77 per diluted share for the year ended December 31, 2023.
- Total loans were \$114 billion at December 31, 2024, compared to \$109 billion at December 31, 2023.
- Total deposits were \$1.48 billion at December 31, 2024, compared to \$1.39 billion at December 31, 2023. Deposit balances covered by FDIC insurance amounted to 73.29% of total deposits at December 31, 2024 and 72.55% of total deposits at December 31, 2023.

Peoples Bank continues to be well-capitalized with robust earnings and operating standards. As we commend our employees for their many and varied contributions to the success of the Bank, we also wish to express our appreciation and gratitude to our board of directors for their unique perspectives, invaluable insights, and extraordinary guidance, leadership, and support.

Here is a recap of some of our more noteworthy achievements and announcements during this past year.

## Sound & Secure Banking

In early 2024, amidst industry-wide concerns of bank failures, we demonstrated exceptional leadership, soundness and financial security. Our steadfast dedication to our core values helped instill confidence among our customers, solidifying our role as a stable, trusted, and reliable financial partner during turbulent times.

## Community Involvement and Growth

This past year, our community involvement reached new heights with approximately 1,600 total volunteer hours, including 318 CRA-eligible hours, marking a 13% overall increase. Volunteer time and giving was focused primarily on non-profits and education—areas that align perfectly with our strategic priorities of supporting our communities. These

achievements, coupled with a 15% rise in CRA volunteer contributions, showcase our dedication to fostering meaningful change in the communities we serve.

#### Expanding Expertise on Our Board of Directors

Peoples Bank proudly welcomed three distinguished professionals—Ashton Abernethy, Robert C. Abernethy Jr., and Dan R. Timmerman Jr.—to its Board of Directors. Each new member brings extensive expertise in leadership, strategic planning, and community engagement, reinforcing the Bank’s dedication to serving customers and fostering growth.

#### Peoples Bank Makes Two Key Promotions

Carol Shinn was promoted to Executive Vice President, Chief Operations Officer. Carol will be responsible for overseeing the Bank’s technology strategy and implementation, deposit operations, digital banking, project management, and more. Jody Street was promoted to Executive Vice President, Chief Commercial Banking Officer. Jody will be responsible for leading the commercial banking team with a focus of expanding our markets and services across our footprint.

In addition to the Bank, which operates as a wholly-owned subsidiary of Peoples Bancorp of North Carolina, Inc. (the “Company”) we would like to remind you of our three subsidiary companies:

Peoples Investment Services, Inc. provides licensed financial advisors who provide access to investment products, which include stocks, bonds, mutual funds, annuities, and other suitable monetary investments through our affiliation with Raymond James Financial Services, Inc.

Real Estate Advisory Services, Inc. provides residential and commercial real estate appraisals to the Peoples Bank market area and is a valued partner with respect to real estate lending.

Community Bank Real Estate Solutions, LLC assists community banks across the country with appraisal management services. Despite a challenging rate environment in 2024, CBRES achieved a record year in growth and earnings.

Thank you for your support and for recommending our Bank and subsidiary companies to members of your communities.

Sincerely,



Bill Cable  
President and Chief Executive Officer



#### Lance Sellers Retires as President and CEO

Peoples Bank is deeply committed to its core values, one of which is conducting business with integrity and doing what is right. Lance Sellers exemplified this commitment throughout his distinguished 40-year career in the banking industry, including 26 years of dedicated service at Peoples Bank. Over the past 12 years, he has served as President and CEO, guiding the Bank with exceptional leadership.

Under Lance’s tenure, Peoples Bank achieved significant growth and success. The Bank’s assets expanded from \$1 billion to \$1.6 billion, and it experienced five years of record earnings, reflecting remarkable progress and financial stability. His leadership has strengthened the Bank and positioned it for continued success in the future.

We extend our sincere gratitude to Lance for his exemplary service and lasting contributions. We celebrate his many achievements and wish him every success and fulfillment in his retirement.



## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Peoples Bancorp of North Carolina, Inc.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Peoples Bancorp of North Carolina, Inc. as of December 31, 2024, and the related consolidated statements of earnings, comprehensive income (loss), changes in shareholders' equity and cash flows for the year ended December 31, 2024 (not presented herein); and in our report dated March 12, 2025, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

*Forvis Mazars, LLP*

Charlotte, NC

March 12, 2025



## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Peoples Bancorp of North Carolina, Inc.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Peoples Bancorp of North Carolina, Inc. as of December 31, 2023, and the related consolidated statements of earnings, comprehensive income (loss), changes in shareholders' equity and cash flows for each of the years in the periods ended December 31, 2023 and 2022 (not presented herein); and in our report, dated March 7, 2024, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Elliott Davis, PLLC".

Raleigh, North Carolina

March 7, 2024

# Consolidated Balance Sheets

December 31, 2024 and December 31, 2023

(Dollars in thousands)

<b>Assets</b>	December 31, <b>2024</b>	December 31, <b>2023</b>
Cash and due from banks	\$ 30,919	32,819
Interest-bearing deposits	28,347	49,556
Cash and cash equivalents	59,266	82,375
Investment securities available for sale	388,003	391,924
Other investments	2,728	2,874
Total securities	390,731	394,798
Mortgage loans held for sale	1,367	686
Loans	1,138,404	1,093,066
Less allowance for credit losses	(9,995)	(11,041)
Net loans	1,128,409	1,082,025
Premises and equipment, net	14,847	16,702
Cash surrender value of life insurance	17,675	18,134
Other real estate	369	-
Right of use lease asset	4,013	4,731
Accrued interest receivable and other assets	35,285	36,459
Total assets	\$ 1,651,962	1,635,910
<b>Liabilities and Shareholders' Equity</b>		
<b>Deposits:</b>		
Noninterest-bearing demand	\$ 402,254	432,687
Interest-bearing demand, MMDA & savings	741,363	620,244
Time, over \$250,000	145,939	148,904
Other time	195,175	190,210
Total deposits	1,484,731	1,392,045
Securities sold under agreements to repurchase	-	86,715
Junior subordinated debentures	15,464	15,464
Lease liability	4,136	4,832
Accrued interest payable and other liabilities	17,068	15,838
Total liabilities	1,521,399	1,514,894
Commitments and Contingencies		
<b>Shareholders' equity:</b>		
Preferred stock, no par value; authorized 5,000,000 shares; no shares issued and outstanding	-	-
Common stock, no par value; authorized 20,000,000 shares; issued and outstanding 5,457,646 shares at December 31, 2024 and 5,534,499 shares at December 31, 2023	48,658	50,625
Common stock held by deferred compensation trust, at cost; 158,580 shares at December 31, 2024 and 163,702 shares at December 31, 2023	(1,757)	(1,910)
Deferred compensation	1,757	1,910
Retained earnings	121,062	109,756
Accumulated other comprehensive loss	(39,157)	(39,365)
Total shareholders' equity	130,563	121,016
Total liabilities and shareholders' equity	\$ 1,651,962	1,635,910

Derived from audited financial statements. See Appendix A to the Peoples Bancorp of North Carolina, Inc. Proxy Statement for a complete set of audited financial statements.

# Consolidated Statements of Earnings

For the Years Ended December 31, 2024, 2023 and 2022

(Dollars in thousands, except per share amounts)

	2024	2023	2022
<b>Interest income:</b>			
Interest and fees on loans	\$ 62,920	55,507	43,077
Interest on due from banks	2,796	2,216	2,223
Interest on investment securities:			
U.S. Government sponsored enterprises	9,979	9,365	4,150
States and political subdivisions	2,779	2,949	4,075
Other	2,259	1,825	906
<b>Total interest income</b>	<b>80,733</b>	<b>71,862</b>	<b>54,431</b>
<b>Interest expense:</b>			
Now, MMDA & savings deposits	10,237	6,731	2,019
Time deposits	14,316	7,916	562
Junior subordinated debentures	1,116	1,079	529
Other	985	1,417	213
<b>Total interest expense</b>	<b>26,654</b>	<b>17,143</b>	<b>3,323</b>
<b>Net interest income</b>	<b>54,079</b>	<b>54,719</b>	<b>51,108</b>
Provision for (recovery of) credit losses	(285)	1,566	1,472
<b>Net interest income after provision for credit losses</b>	<b>54,364</b>	<b>53,153</b>	<b>49,636</b>
<b>Non-interest income:</b>			
Service charges	5,653	5,496	5,290
Other service charges and fees	685	697	734
Gain (loss) on sale of securities, net	5	(2,488)	-
Mortgage banking income	357	301	393
Insurance and brokerage commissions	989	929	945
Appraisal management fee income	11,691	9,592	11,663
Gain (loss) on sale of premises and equipment	-	184	(85)
Miscellaneous	8,335	8,203	7,749
<b>Total non-interest income</b>	<b>27,715</b>	<b>22,914</b>	<b>26,689</b>
<b>Non-interest expense:</b>			
Salaries and employee benefits	28,209	26,640	26,130
Occupancy	8,686	7,962	8,048
Professional fees	2,316	1,716	1,915
Advertising	791	750	693
Debit card expense	1,391	1,255	1,224
FDIC insurance	764	745	461
Appraisal management fee expense	9,263	7,559	9,264
Other	9,730	9,517	8,295
<b>Total non-interest expense</b>	<b>61,150</b>	<b>56,144</b>	<b>56,030</b>
<b>Earnings before income taxes</b>	<b>20,929</b>	<b>19,923</b>	<b>20,295</b>
Income tax expense	4,576	4,377	4,172
<b>Net earnings</b>	<b>\$ 16,353</b>	<b>15,546</b>	<b>16,123</b>
<b>Basic net earnings per share</b>	<b>\$ 3.08</b>	<b>2.87</b>	<b>2.94</b>
<b>Diluted net earnings per share</b>	<b>\$ 2.98</b>	<b>2.77</b>	<b>2.85</b>
<b>Cash dividends declared per share</b>	<b>\$ 0.92</b>	<b>0.91</b>	<b>0.87</b>

Derived from audited financial statements. See Appendix A to the Peoples Bancorp of North Carolina, Inc. Proxy Statement for a complete set of audited financial statements.

## Our Leadership



**Bill Cable**  
President & CEO



**Jeffrey Hooper**  
EVP, Chief Financial Officer



**Jim Perry**  
EVP, Chief Banking Officer



**Carol Shinn**  
EVP, Chief Operations Officer



**Jody Street**  
EVP, Chief Commercial Banking Officer



**Tim Turner**  
EVP, Chief Credit Officer

## Peoples Bank and Peoples Bancorp Board of Directors

**Robert C. Abernethy Sr.**  
Chairman of the Board  
*Peoples Bancorp of North Carolina, Inc.  
and Peoples Bank*  
President, Secretary and Treasurer  
*Carolina Glove & Safety Company Inc.*

**James S. Abernethy**  
Vice Chairman of the Board  
*Peoples Bancorp of North Carolina, Inc.  
and Peoples Bank*  
President and Assistant Secretary  
*Midstate Contractors, Inc.*

**Douglas S. Howard**  
Vice President and Treasurer  
*Denver Equipment Company of Charlotte, Inc*

**John W. Lineberger Jr.**  
Vice President  
*Lineberger Brothers, Inc.*

**Gary E. Matthews**  
President and Director  
*Matthews Construction Company, Inc.*

**Billy L. Price Jr., M.D.**  
Practitioner of Internal Medicine  
*BL Price Jr Medical Consultants, PLLC*

**Larry E. Robinson**  
Chairman of the Board  
and Chief Executive Officer  
*The Blue Ridge Distributing Company, Inc.*

**W. Gregory Terry**  
President  
*Clemson Legacy Designs, Collegiate Legacy  
Designs*  
Director/Consultant  
*Drum & Willis-Reynolds, Funeral Home &  
Crematory*

**Dan Ray Timmerman Sr.**  
Chairman of the Board and  
Chief Executive Officer  
*Timmerman Manufacturing, Inc.*

**Benjamin I. Zachary**  
President, Treasurer,  
General Manager and Director  
*Alexander Railroad Company*

**Dan R. Timmerman Jr.**  
President & Co-Owner  
*Timmerman Manufacturing Inc*

**Ashton Abernethy**  
Vice President of Sales & Behavioral Health  
*Medusind Behavioral Health*

**Robert C. Abernethy Jr.**  
Executive Vice President & Board Member  
*Carolina Glove & Safety Company Inc.*

## Peoples Bank Subsidiaries’ Board of Directors and Officers

### Community Bank Real Estate Solutions, LLC

#### Board of Directors

Robert C. Abernethy Sr.  
David E. Reitzel  
Dan Ray Timmerman, Sr.  
William D. Cable Sr.

#### Officers

David E. Reitzel  
President  
William D. Cable Sr.  
Vice President  
John Noonan  
Vice President  
Krissy O. Price  
Secretary  
Jeffrey N. Hooper  
Treasurer

### Peoples Investment Services, Inc.

#### Board of Directors

Robert C. Abernethy Sr.  
Billy L. Price Jr., M.D.  
David C. Brown  
Larry E. Robinson  
Douglas S. Howard  
William D. Cable Sr.

#### Officers

David C. Brown  
President  
William D. Cable Sr.  
Vice President and  
Assistant Secretary  
Krissy O. Price  
Secretary  
Jeffrey N. Hooper  
Treasurer

### Real Estate Advisory Services, Inc.

#### Board of Directors

Robert C. Abernethy Sr.  
Dan Ray Timmerman Sr.  
David E. Reitzel  
William D. Cable Sr.

#### Officers

David E. Reitzel  
President  
William D. Cable Sr.  
Vice President  
John Noonan  
Vice President  
Krissy O. Price  
Secretary  
Jeffrey N. Hooper  
Treasurer

## Shareholder and General Information

### Annual Meeting

The Annual Meeting of Shareholders of Peoples Bancorp will be conducted in a virtual-only format at 11:00 a.m. on Thursday, May 1, 2025.

### Common Stock

Peoples Bancorp common stock is listed on the NASDAQ (National Association of Securities Dealers Automated Quotations) Global Market, where our symbol is PEBK.

### Dividend Reinvestment & Stock Purchase

Peoples Bancorp offers a Dividend Reinvestment and Stock Purchase Plan for the benefit of the Company’s shareholders. The Plan provides for the full or partial reinvestment of cash dividends, optional cash purchases of the Company’s stock, safekeeping of the share certificates, liquidation of shares, and gifting of shares and enrollment of the designated recipients.

Broadridge Corporate Issuer Solutions, Inc. is the Plan Administrator. For more information, one may call Peoples Bancorp at 828-464-5620 or 800-948-7195 or contact the Plan Administrator at 855-263-4988.

Shareholders of Peoples Bancorp are entitled to receive dividends when and as declared by the Board of Directors out of funds legally available therefore.

Such dividend payments are declared based upon the guidelines of North Carolina and federal banking law.

### Corporate Office

Peoples Bancorp of North Carolina, Inc.  
518 West C Street, PO Box 467, Newton, NC 28658  
828-464-5620

### Stock Transfer Agent & Registrar

Broadridge Corporate Issuer Solutions, Inc.  
P.O. Box 1342, Brentwood, NY 11717  
www.broadridge.com

### Independent Auditor

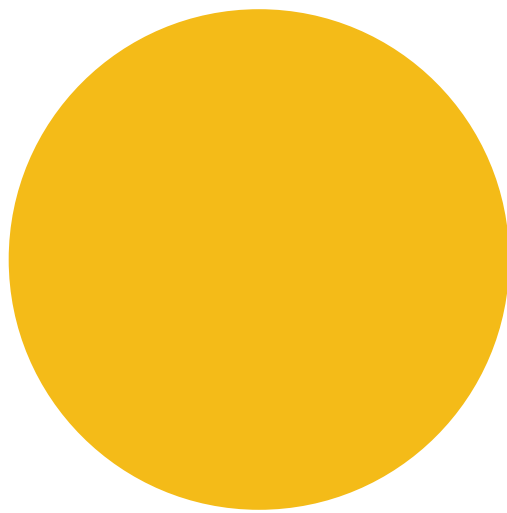
Forvis Mazars, LLP  
4350 Congress Street, Suite 900, Charlotte, NC 28209

## Kim Boyd-Leaks Exemplified “Be Exceptional”



In 2024, Peoples Bank lost an exceptional servant leader. Kim Boyd Leaks was a friend, mentor, role model, believer, encourager, and inspiration to all who knew her. During her 30-year tenure with Peoples Bank, she served as Executive Vice President, Chief Banking Support Officer, and as a Director. Prior to Kim’s passing, she had retired from Peoples Bank in 2024 after 40 laudable years in the banking field. Kim was responsible for many significant achievements of the Bank, including helping us define, communicate, and live out our vision and mission of wanting to be exceptional at serving others.

Throughout her life—with every pursuit, and in every relationship she forged—Kim exemplified our credo to Be Exceptional.



[PeoplesBankNC.com](https://www.PeoplesBankNC.com)