



Peoples Financial

S E R V I C E S C O R P .



Rendering of Our Renovated Hop Bottom Office at 126 Main Street, Hop Bottom, Susquehanna County, PA

Annual Shareholders Meeting

May 15, 2021

Congratulations to Director Steven L. Weinberger on his retirement from our Board. We appreciate his 22 years of dedicated service to our shareholders.



Steven L. Weinberger

FORWARD-LOOKING STATEMENTS:

We make statements in this presentation, and we may from time to time make other statements regarding our outlook or expectations for future financial or operating results and/or other matters regarding or affecting Peoples Financial Services Corp., Peoples Security Bank and Trust

Company, and its subsidiaries (collectively, “Peoples”) that are considered “forward-looking statements” as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements may be identified by the use of such words as “believe,” “expect,” “anticipate,” “should,” “planned,” “estimated,” “intend” and “potential.” For these statements, Peoples claims the protection of the statutory safe harbors for forward-looking statements.

Peoples cautions you that a number of important factors could cause actual results to differ materially from those currently anticipated in any forward-looking statement. Such factors include, but are not limited to: prevailing economic and political conditions, particularly in our market area; the unfolding COVID-19 crisis and the governmental responses to the crisis; credit risk associated with our lending activities; changes in interest rates, loan demand, real estate values and competition; changes in accounting principles, policies, and guidelines; changes in any applicable law, rule, regulation or practice with respect to tax or legal issues; our ability to identify and address cyber-security risks and other economic, competitive, governmental, regulatory and technological factors affecting Peoples’ operations, pricing, products and services and other factors that may be described in Peoples’ Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission from time to time.

In addition to these risks, acquisitions and business combinations, present risks other than those presented by the nature of the business acquired. Acquisitions and business combinations may be substantially more expensive to complete than originally anticipated, and the anticipated benefits may be significantly harder-or take longer-to achieve than expected. As regulated financial institutions, our pursuit of attractive acquisition and business combination opportunities could be negatively impacted by regulatory delays or other regulatory issues. Regulatory and/or legal issues related to the pre-acquisition operations of an acquired or combined business may cause reputational harm to Peoples following the acquisition or combination, and integration of the acquired or combined business with ours may result in additional future costs arising as a result of those issues.

The forward-looking statements are made as of the date of this presentation, and, except as may be required by applicable law or regulation, Peoples assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements.

USE OF NON-GAAP FINANCIAL MEASURES:

In addition to evaluating our results of operations in accordance with accounting principles generally accepted in the United States of America (“GAAP”), we routinely supplement our evaluation with an analysis of certain non-GAAP financial measures, such as tangible stockholders’ equity and tangible assets and core net income ratios. We believe the reported non-GAAP financial measures provide information useful to investors in understanding our operating performance and trends. Where non-GAAP disclosures are used in this presentation, a reconciliation to the comparable GAAP measure is provided in the quarterly earnings press releases, filed as current reports on Form 8-K with the SEC, and available on our website, www.psbtc.com, under “Investor Relations.” The non-GAAP financial measures we use may differ from the non-GAAP financial measures of other financial institutions.

PRESENTATION AGENDA

- I. Corporate Information
- II. COVID-19 Pandemic Response
- III. Financial Performance
- IV. Strategic Initiatives
- V. Investor Relations
- VI. Questions & Comments

CORPORATE PROFILE

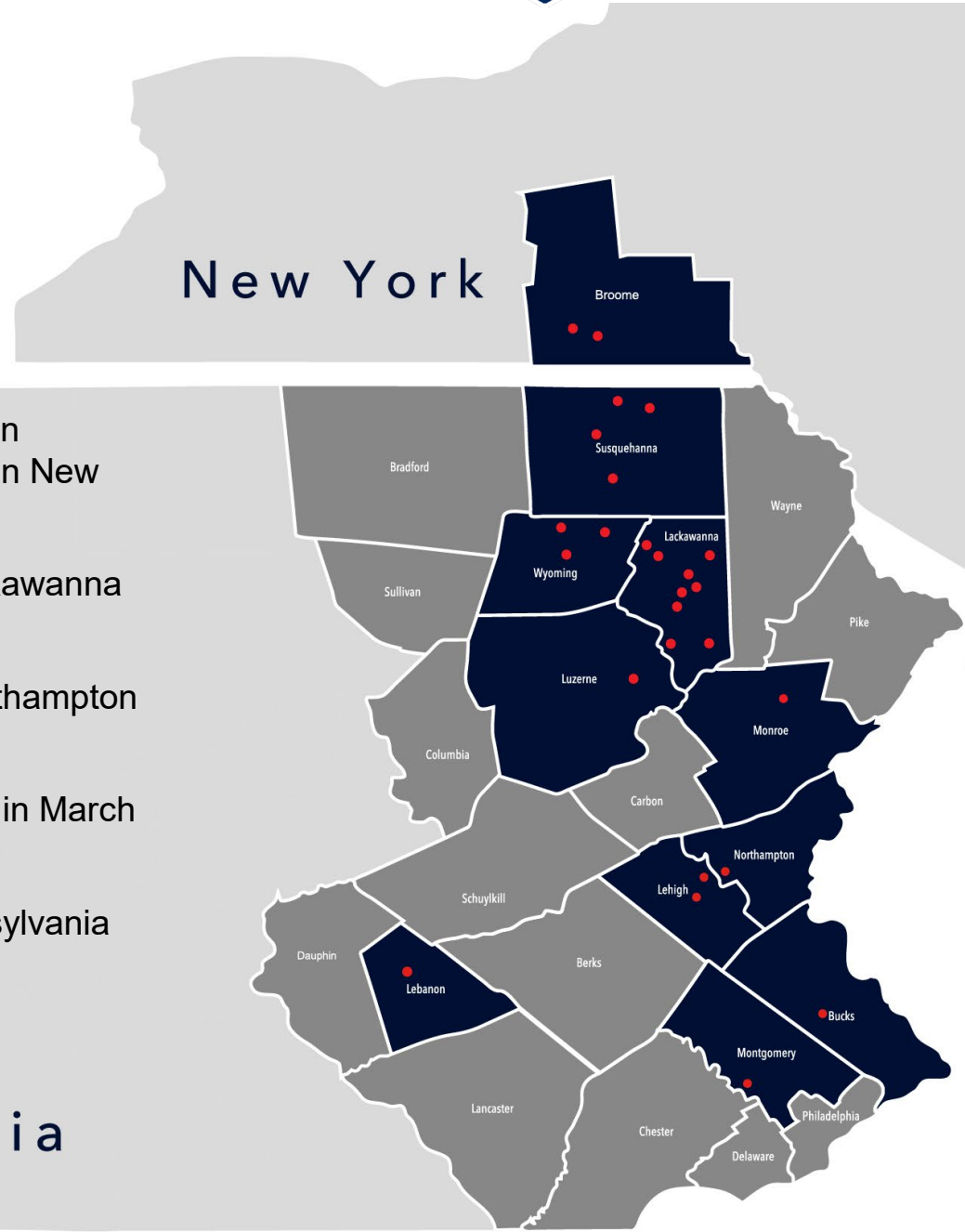
Market Area



Peoples Financial
SERVICES CORP.

- 26 Community branch offices located in ten counties in Pennsylvania and one county in New York
- Corporate headquarters in Scranton, Lackawanna County, Pennsylvania
- Regional headquarters in Bethlehem, Northampton County, Pennsylvania
- Opened Doylestown, Bucks County office in March 2020
- 13th Largest bank headquartered in Pennsylvania

Pennsylvania



ABOUT YOUR CORPORATION

Financial Snapshot at March 31, 2021

- Record First Quarter 2021 Earnings: \$9.5 million
- Record First Quarter 2021 EPS \$1.31
- Total Assets: \$3.0 billion
- Loans: \$2.2 billion
- Deposits: \$2.5 billion

Market Data at April 30, 2021

- Listed on NASDAQ under ticker: PFIS
- Shares Outstanding: 7,203,641
- Average Daily Trading Volume: 11,931¹
- Market Price: \$42.90²
- Price to TBV: 1.20x
- Price to LTM Earnings: 9.3x
- Market Cap: \$307.2 million
- Current Quarterly Dividend & Yield: \$0.37 / 3.45%

¹ 52-week average daily trading volume

² 10 trading days average stock price

OUR PANDEMIC RESPONSE

Implemented our pandemic plan with the priority being the health and safety of our employees, their families and our customers.

Employees

- 50% of non-branch staff working remotely.
- Adopted health and safety protocols in our branches.
- Offered additional leave for health and childcare needs.
- Offered eligible employees and their families an opportunity to arrange for a vaccine.

Customers

- Enhanced strategies and protocols to maintain services.
- Closed branch lobbies and restricted lobby to drive-up transactions.
- Followed state government recommendations as to branch reopening and safety protocols.

SBA Paycheck Protection Program

- Round 1 – Guided 1,450 commercial customers through process and approved loans totaling \$217.5 million.
- Round 2 – Guided 885 commercial customers and approved loans totaling \$100.0 million.
- Average loan size \$138,500.

Community

- Pledged \$40,000 to support healthcare workers and regional communities.
- Donated 1,200 meals from area restaurants to ten hospitals across the Commonwealth of PA.
- Provided monetary gifts to twelve food banks in our market.

Our Mission

EXCEED customers expectations as we pro-actively help them achieve their goals

CREATE a dynamic environment that promotes life-long learning and personal growth

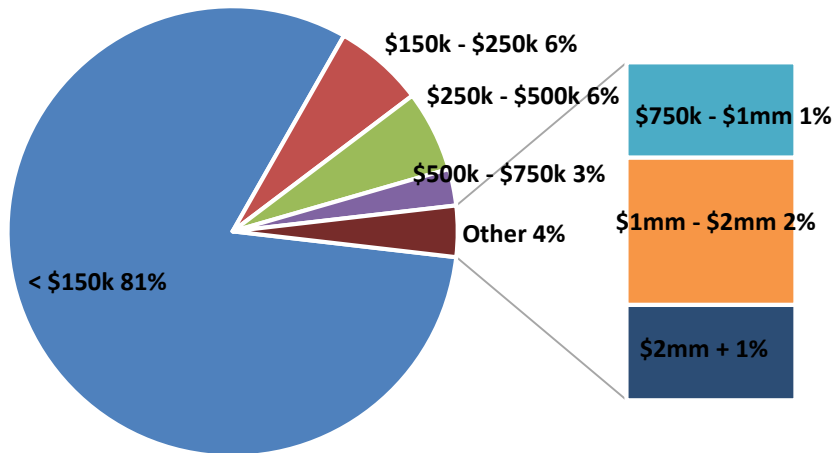
HELP to make our communities better places to live and work

PAYCHECK PROTECTION PROGRAM

- ❖ 2,317 approved PPP Loans totaling \$321 million originated from April '20 through March '21
- ❖ Average loan size of \$138,500

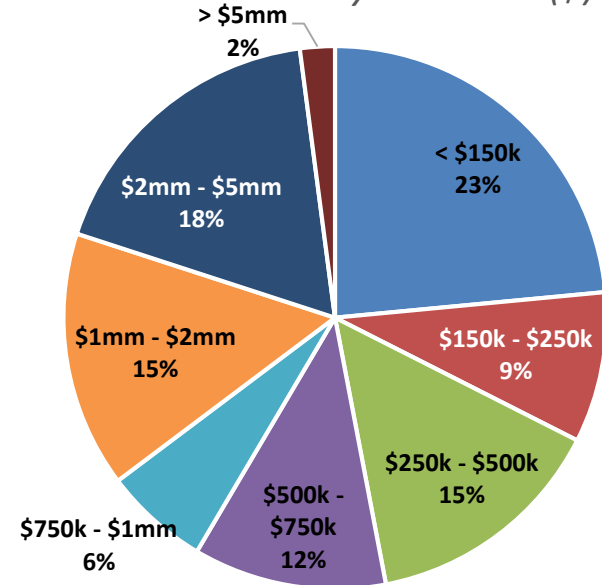
2,317 Total Approved PPP Loans

PPP Loans by Loan Size (#)



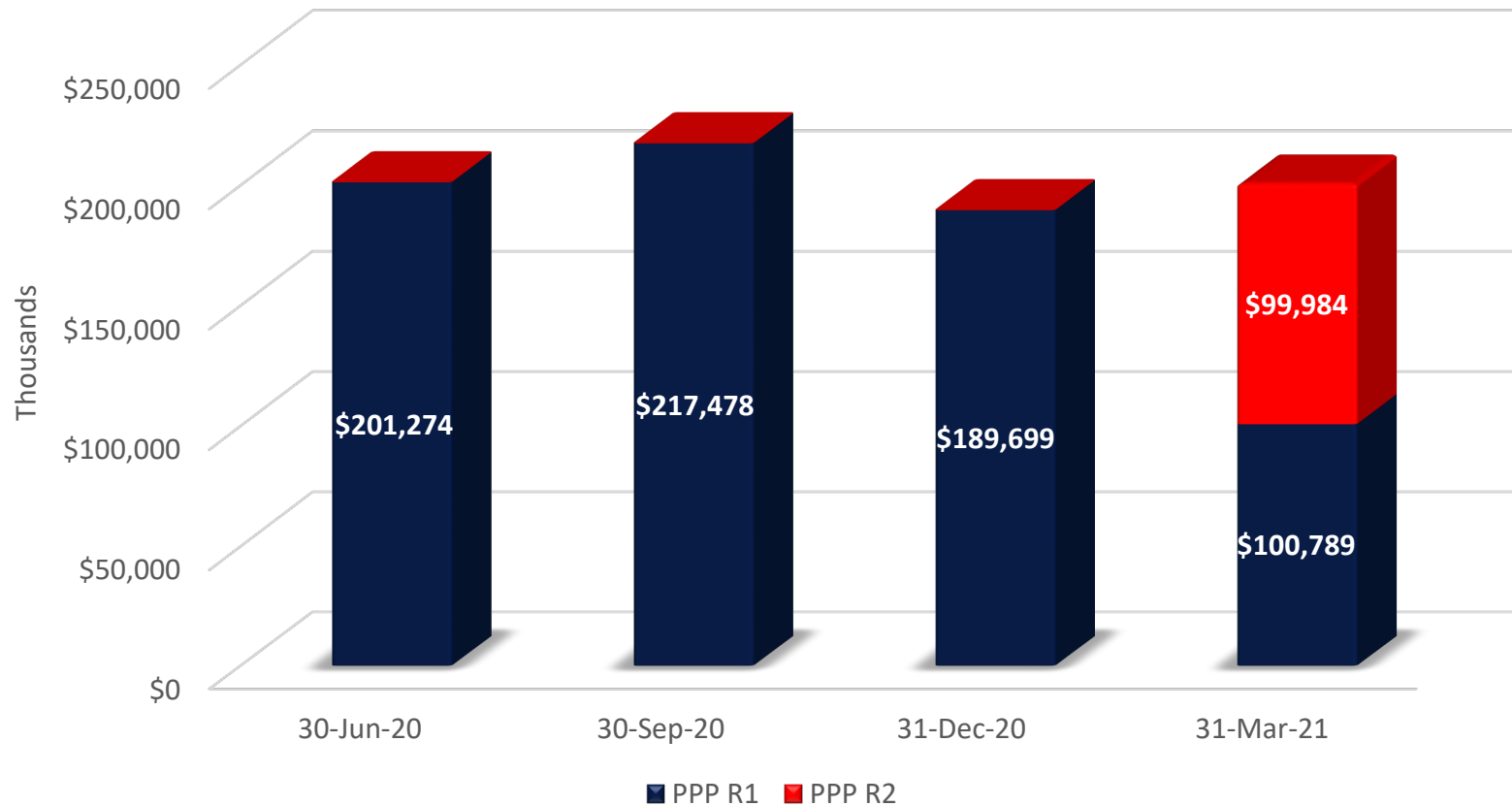
\$321mm Approved PPP Loans originated

PPP Loans by Loan Size (\$)



PAYCHECK PROTECTION PROGRAM

Total PPP Loans Outstanding Balances



COVID-19 DEFERRALS

PAYMENT MODIFICATIONS GRANTED INCLUDED PRINCIPAL ONLY PAYMENTS AND PRINCIPAL AND INTEREST DEFERRALS AND GENERALLY RANGED FROM 90 TO 180 DAYS.

	Deferrals at December 31, 2020					Deferrals at June 30, 2020			
NAICS category <i>(Commercial Loans)</i>	December 31, 2020 Total Loans (\$)	Percentage of Total Loan Portfolio	Number of Loans	Balance	Percentage of Total Loan Portfolio	Number of Loans	Balance	Percentage of Total Loan Portfolio	
Lessors of Nonresidential Buildings	\$474,741	21.8%	-	-	-	65	\$ 71,899	3.3%	
Lessors of Residential Buildings and Dwellings	\$327,375	15.0%	3	\$ 143	0.1%	64	53,564	2.5%	
Hotels and Motels	\$56,314	2.6%	-	-	-	27	39,261	1.8%	
Full-Service Restaurants	\$45,824	2.1%	3	1,961	0.1%	33	27,783	1.3%	
Limited-Service Restaurants	\$25,237	1.2%	-	-	-	8	11,829	0.5%	
Gasoline Stations with Convenience Stores	\$30,441	1.4%	-	-	-	18	12,422	0.6%	
Construction and Mining	\$31,731	1.5%	-	-	-	13	9,718	0.4%	
Assisted Living Facilities for the Elderly	\$7,079	0.3%	-	-	-	2	6,319	0.3%	
Colleges, Universities, and Professional Schools	\$44,674	2.1%	-	-	-	1	6,301	0.3%	
All Others	\$777,574	35.7%	12	3,692	0.1%	248	67,674	3.1%	
	\$1,820,990	83.6%	18	\$ 5,796	0.3%	479	\$ 306,770	14.1%	

Deferrals include loans with modified terms classified under Section 4013 of the CARES Act
 \$ = 000's

PEOPLES FINANCIAL SERVICES CORP. 2020 ANNUAL FINANCIAL RESULTS INCOME STATEMENT COMPARISON

	Actual		VARIANCE '20A v. '19A	
	12/31/2020	12/31/2019	(\$)	(%)
(1) Net interest income	\$ 79,801	\$ 75,513	\$ 4,288	5.7%
(2) Provision for loan losses	7,400	6,100	1,300	-
(3) Net interest income after provision	72,401	69,413	2,988	4.3%
(4) <u>Noninterest income:</u>				
(5) Other noninterest income	13,235	11,509	1,726	15.0%
(6) Wealth management income	3,407	3,611	(204)	-5.6%
(7) Total noninterest income	16,642	15,120	1,522	10.1%
(8) Total Revenue	96,443	90,633	5,810	6.4%
(9) <u>Noninterest expense:</u>				
(10) Salaries and employee benefits expense	30,135	31,374	(1,239)	-3.9%
(11) Net occupancy and equipment	12,840	11,911	929	7.8%
(12) Other expenses	11,893	12,357	(464)	-3.8%
(13) Total Noninterest expense	54,868	55,642	(774)	-1.4%
(14) Pre-tax Net Income	34,175	28,891	5,284	18.3%
(15) Provision for income tax expense	4,821	3,155	1,666	52.8%
(16) Net income	\$ 29,354	\$ 25,736	\$ 3,618	14.1%
(17) EPS	\$ 4.00	\$ 3.47		

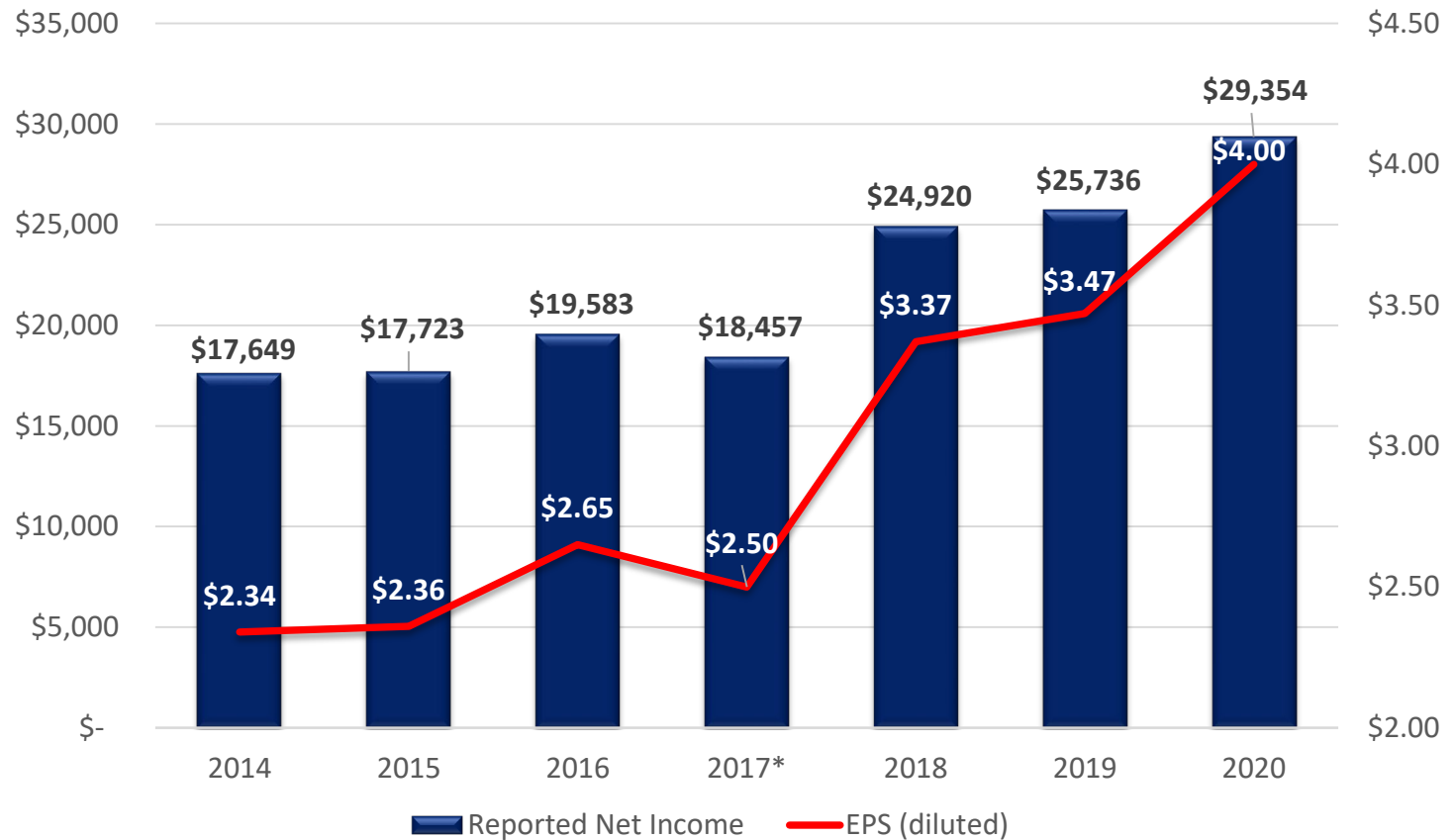
➤ Funding cost reductions +
PPP fee income
➤ COVID-19 qualitative
factor increase

➤ Mortgage banking and
Interest rate swap
revenue

➤ PPP deferred loan costs
➤ Market expansion
➤ Digital/Mobile banking
investment

FINANCIAL PERFORMANCE

Net Income (Reported)

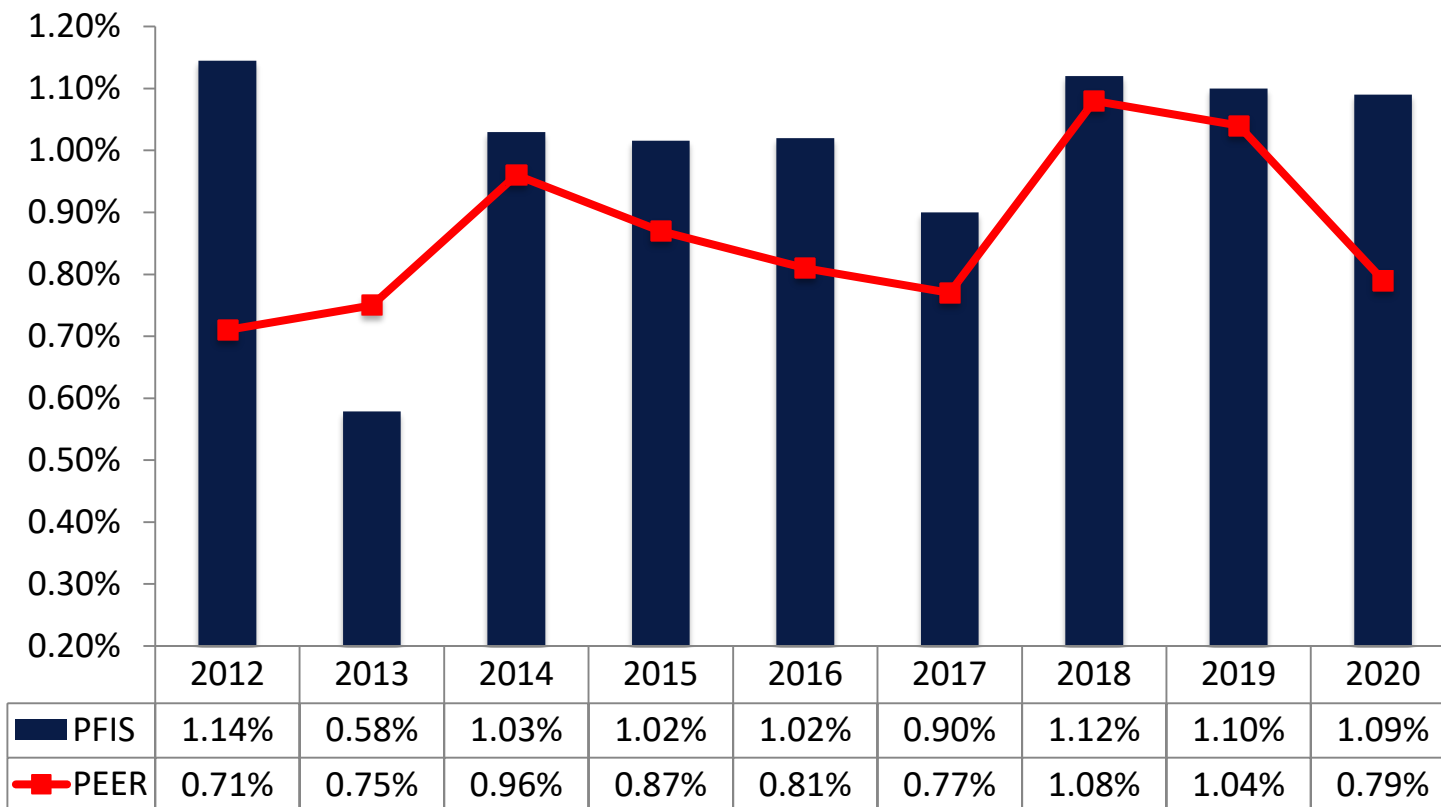


* Tax Cuts and Jobs Act of 2017 impact of \$0.35 per share

COMPANY PERFORMANCE

PROFITABILITY

Return on Average Assets

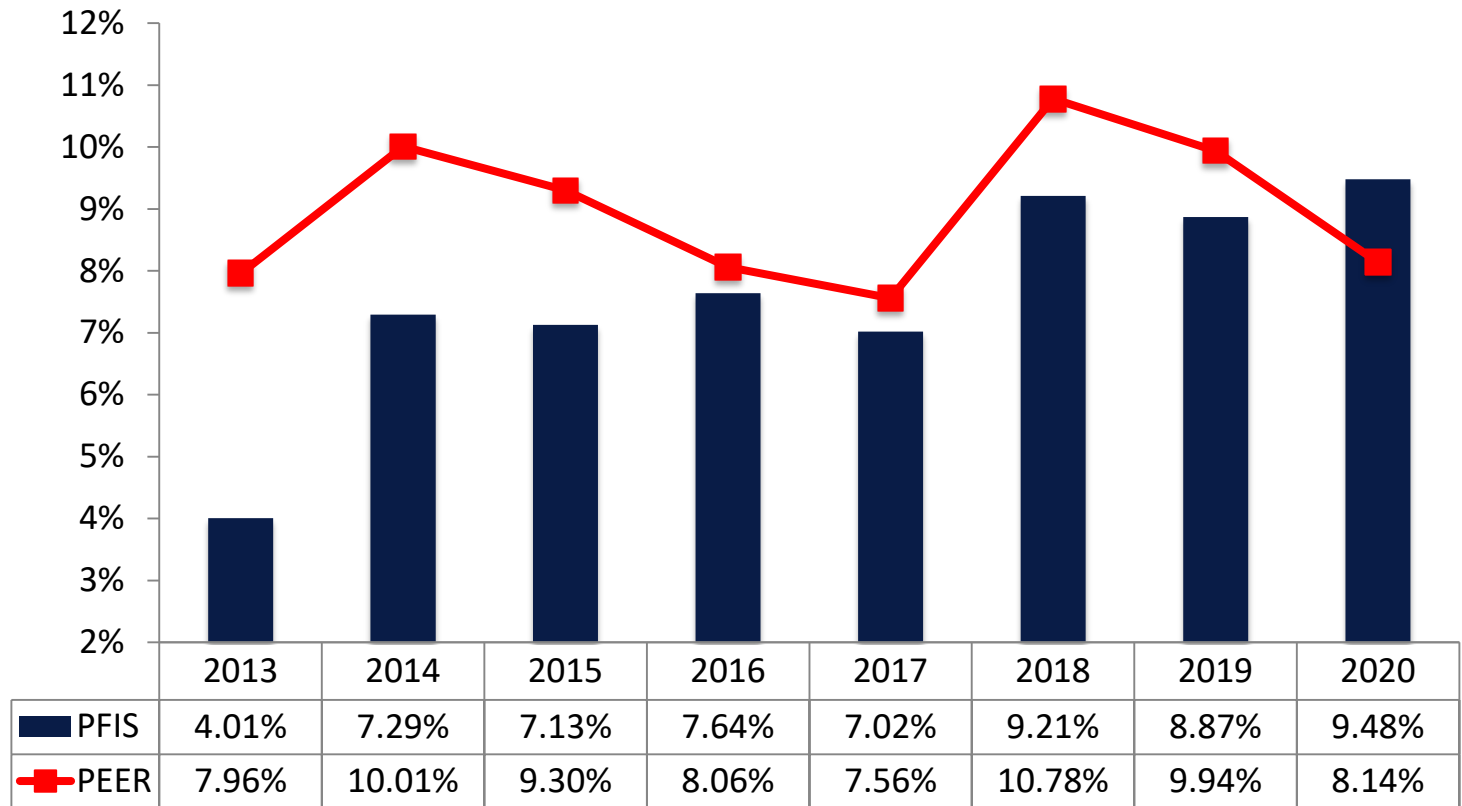


PFIS Source: Earnings Release / 10K
Peer Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD, PA banks
\$1 - 5 Billion in Assets

COMPANY PERFORMANCE

PROFITABILITY

Return on Average Equity



PFIS Source: Earnings Release, 10K

Peer Source: S&P Global

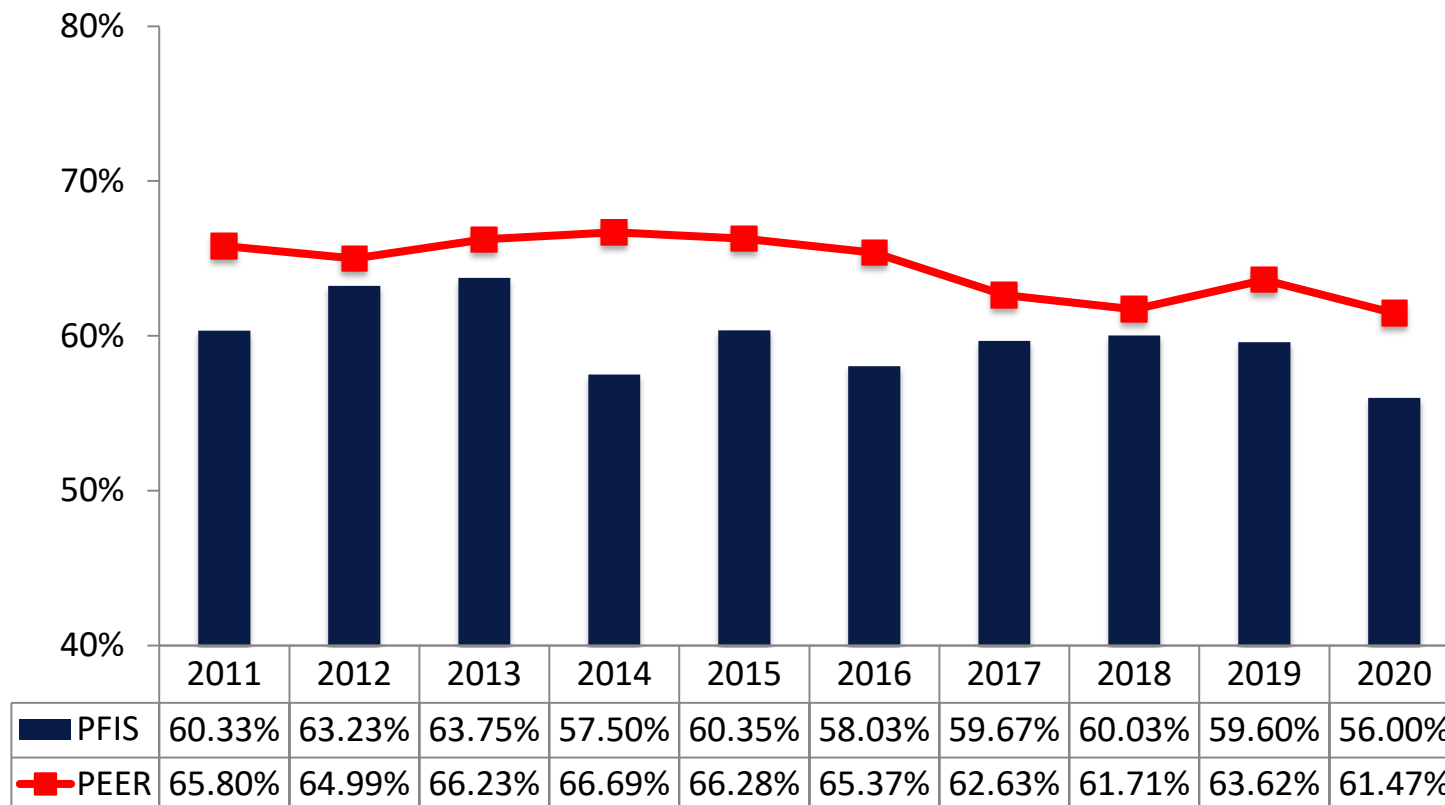
Mid-Atlantic: DE, NJ, NY, MD, PA banks

\$1 - 5 Billion in Assets

COMPANY PERFORMANCE

PROFITABILITY

Operating Efficiency

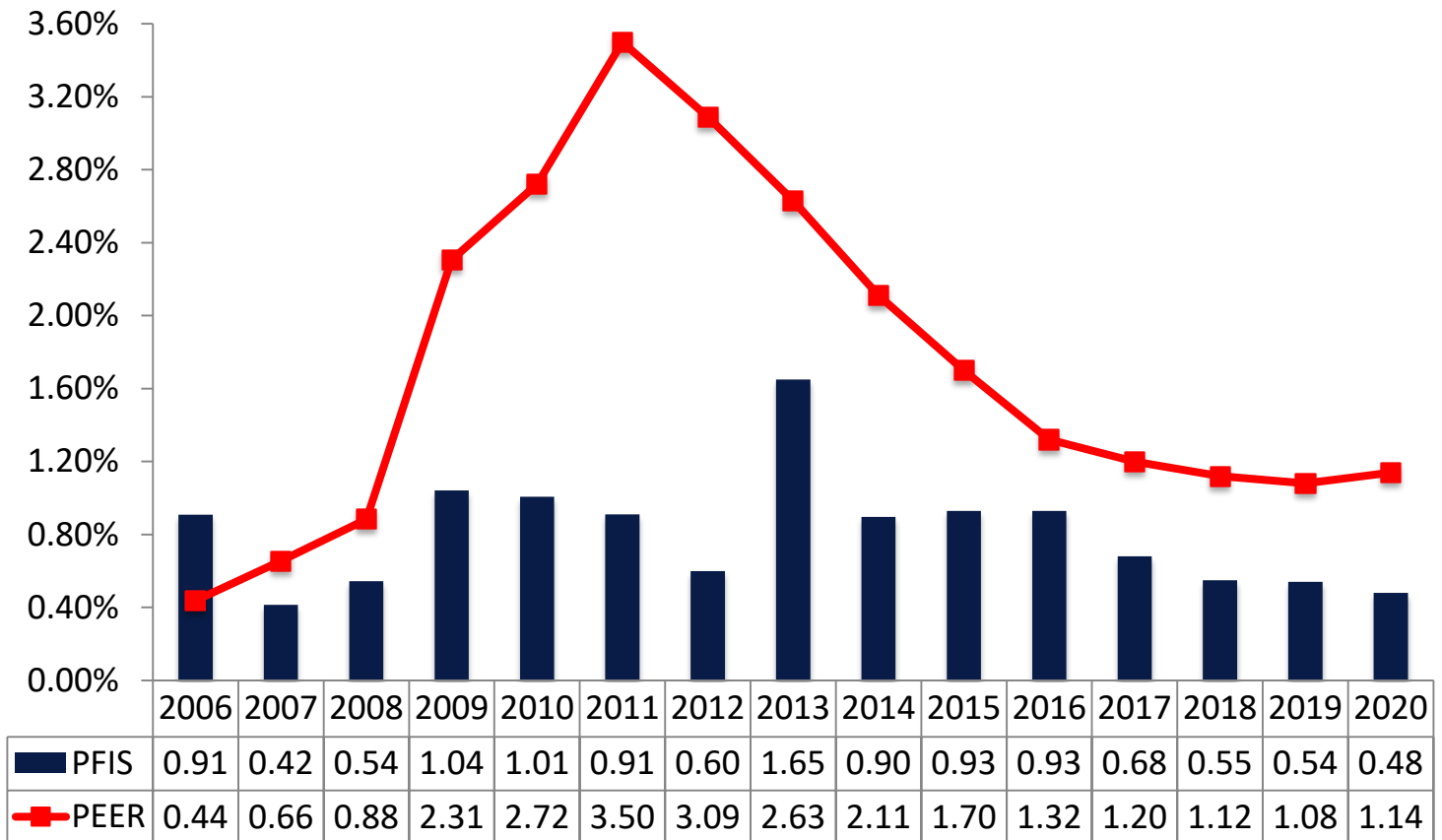


*PFIS Source: Earnings Release, 10K
Peer Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD, PA banks
\$1 - 5 Billion in Assets*

COMPANY PERFORMANCE

ASSET QUALITY

NPAs as a % of Loans & OREO



PFIS Source: Earnings Release, 10K

Peer Source: S&P Global

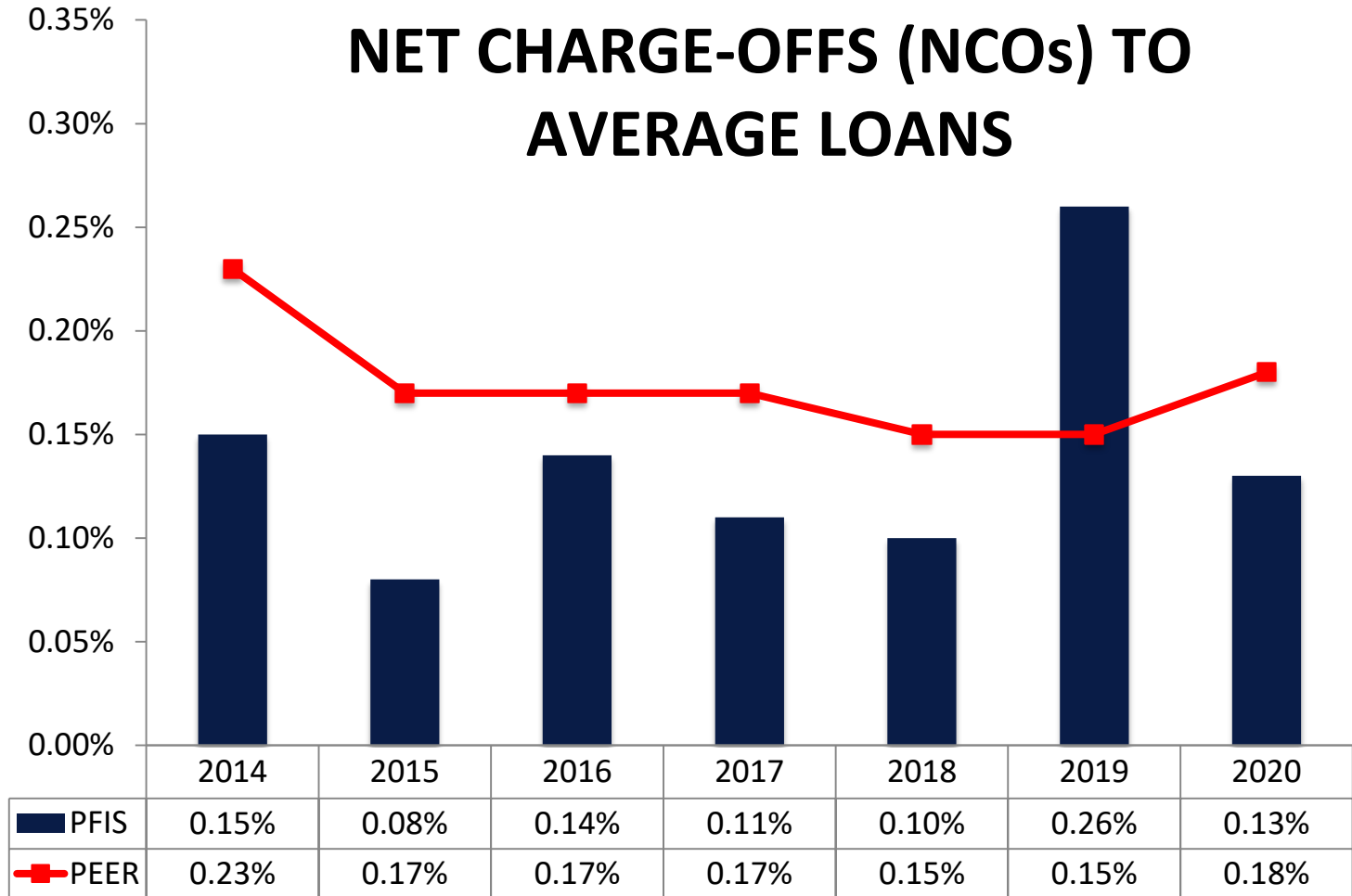
Mid-Atlantic: DE, NJ, NY, MD, PA banks

\$1 - 5 Billion in Assets

COMPANY PERFORMANCE

ASSET QUALITY

NET CHARGE-OFFS (NCOs) TO AVERAGE LOANS



PFIS Source: Earnings Release, 10K

Peer Source: S&P Global

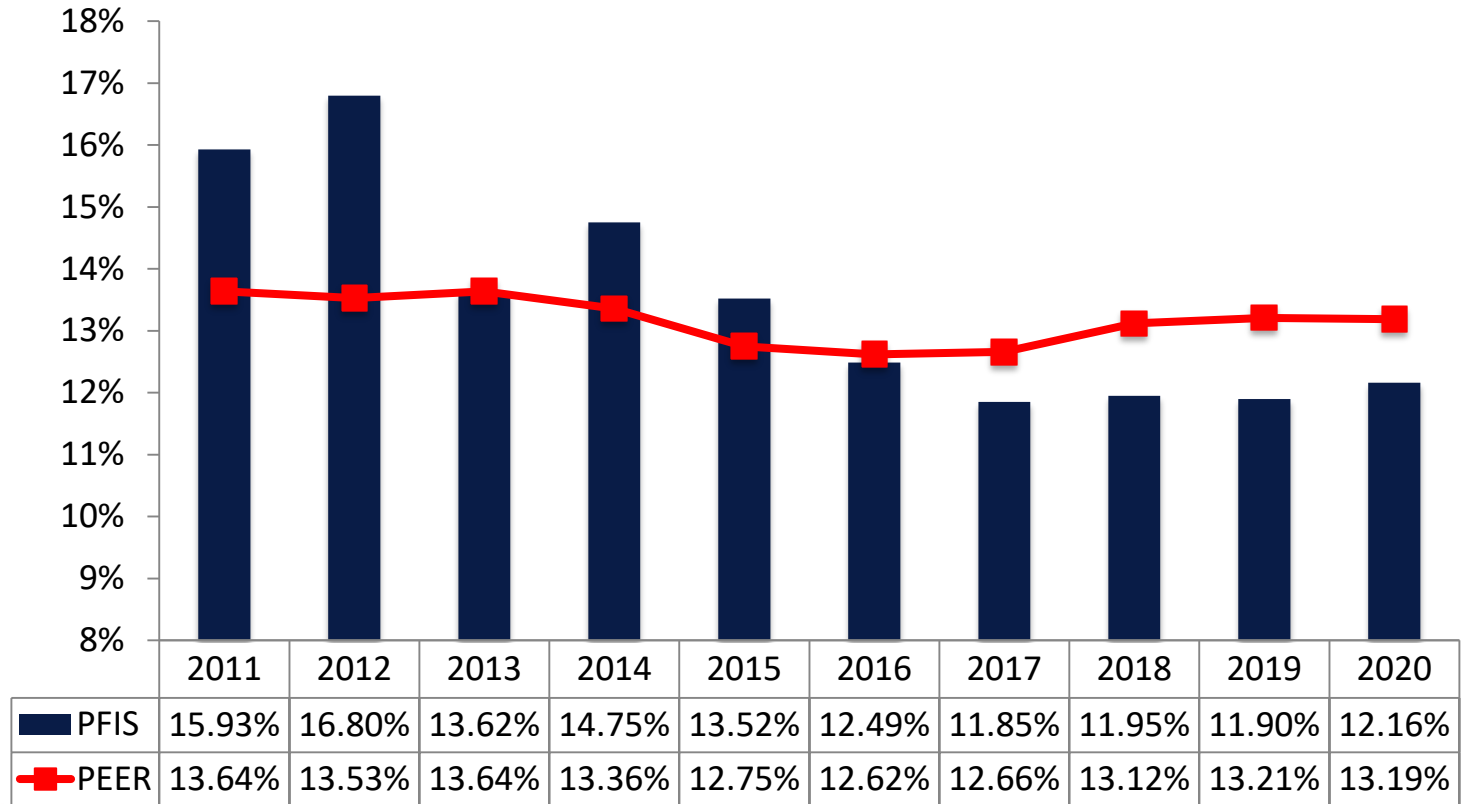
Mid-Atlantic: DE, NJ, NY, MD, PA banks

\$1 - 5 Billion in Assets

COMPANY PERFORMANCE

PROFITABILITY

Tier One Risk Based Capital Ratio



PFIS Source: Earnings Release, 10K

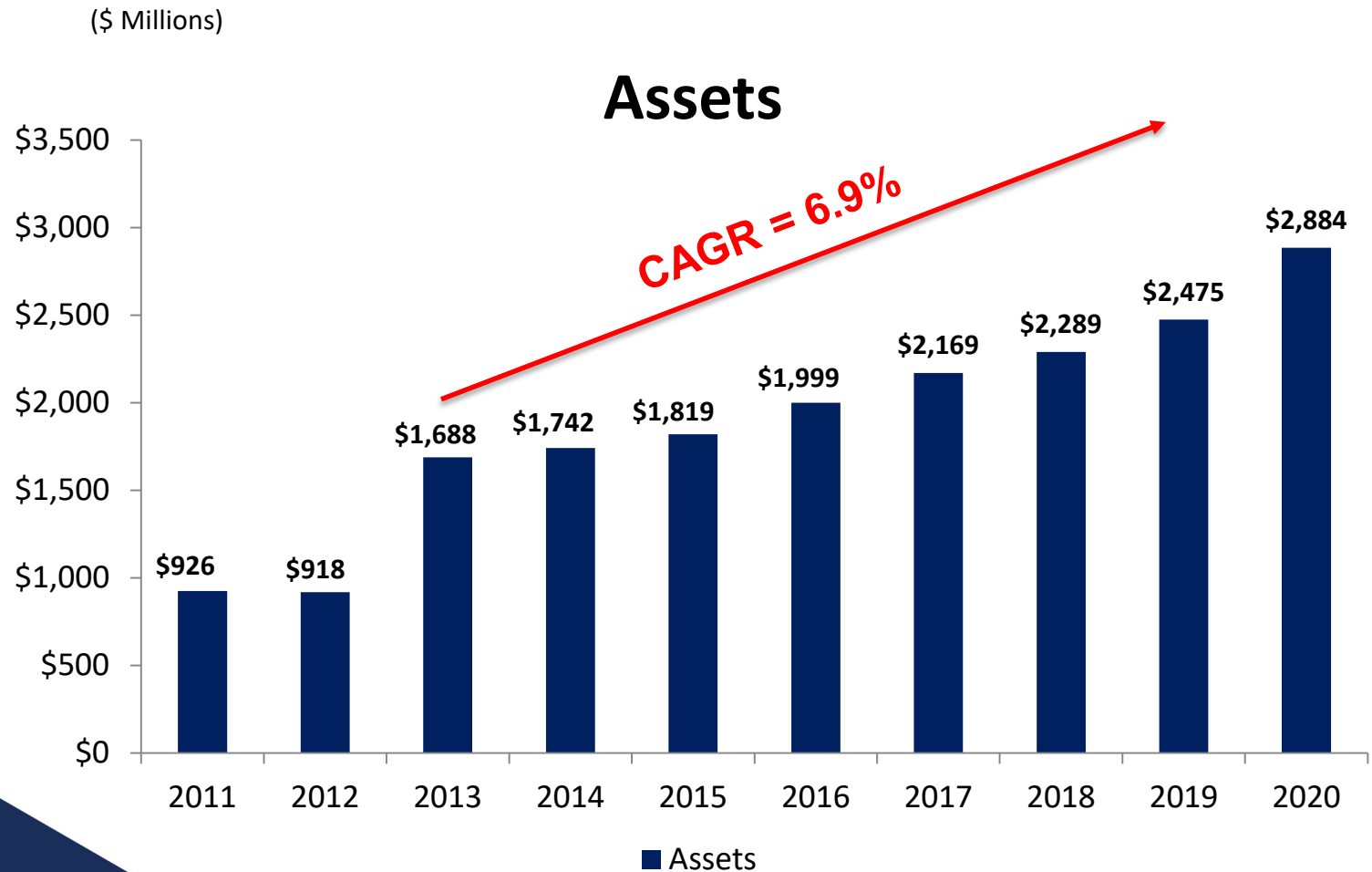
Peer Source: S&P Global

Mid-Atlantic: DE, NJ, NY, MD, PA banks

\$1 - 5 Billion in Assets

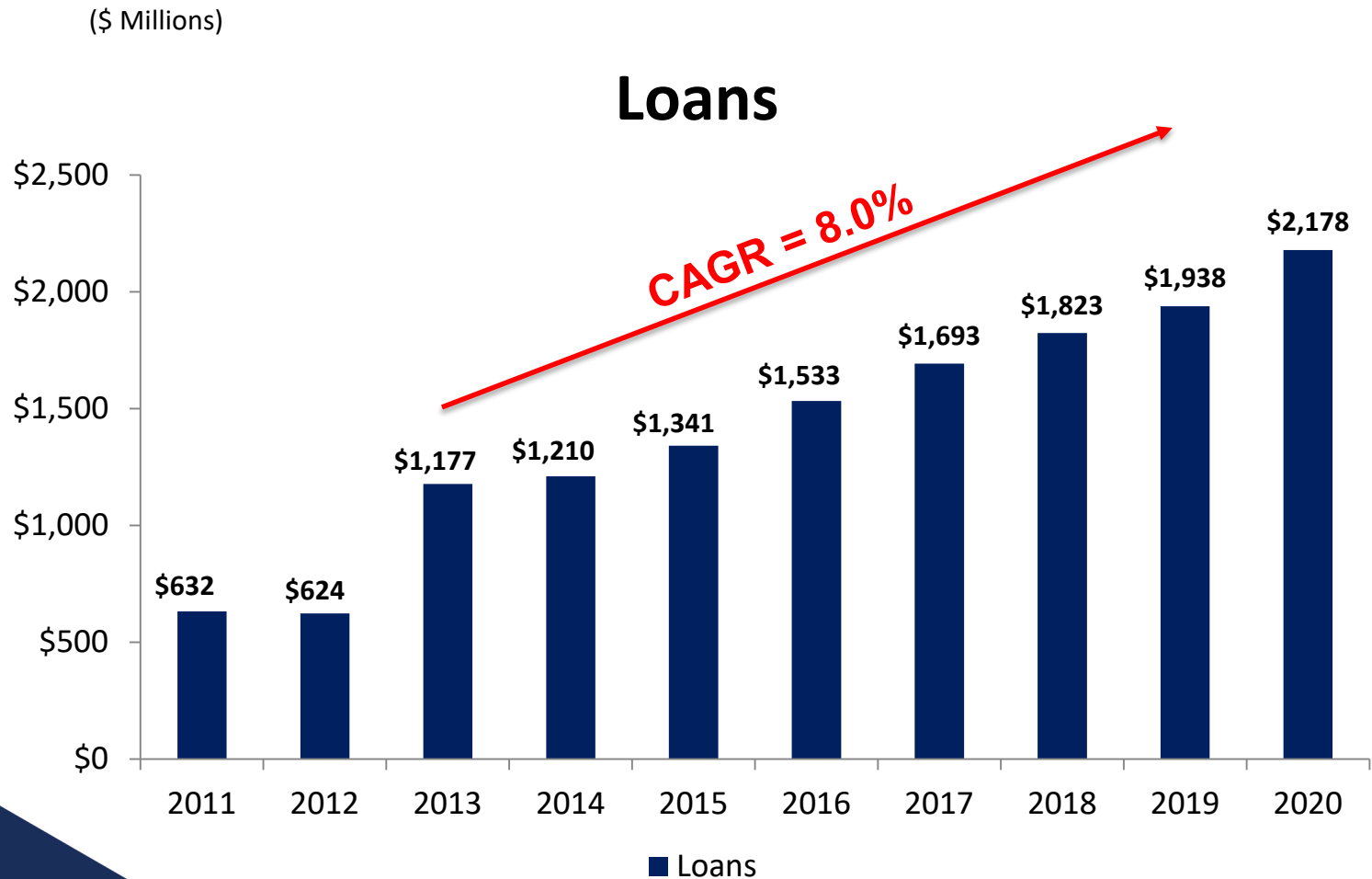
COMPANY PERFORMANCE

ASSET GROWTH



COMPANY PERFORMANCE

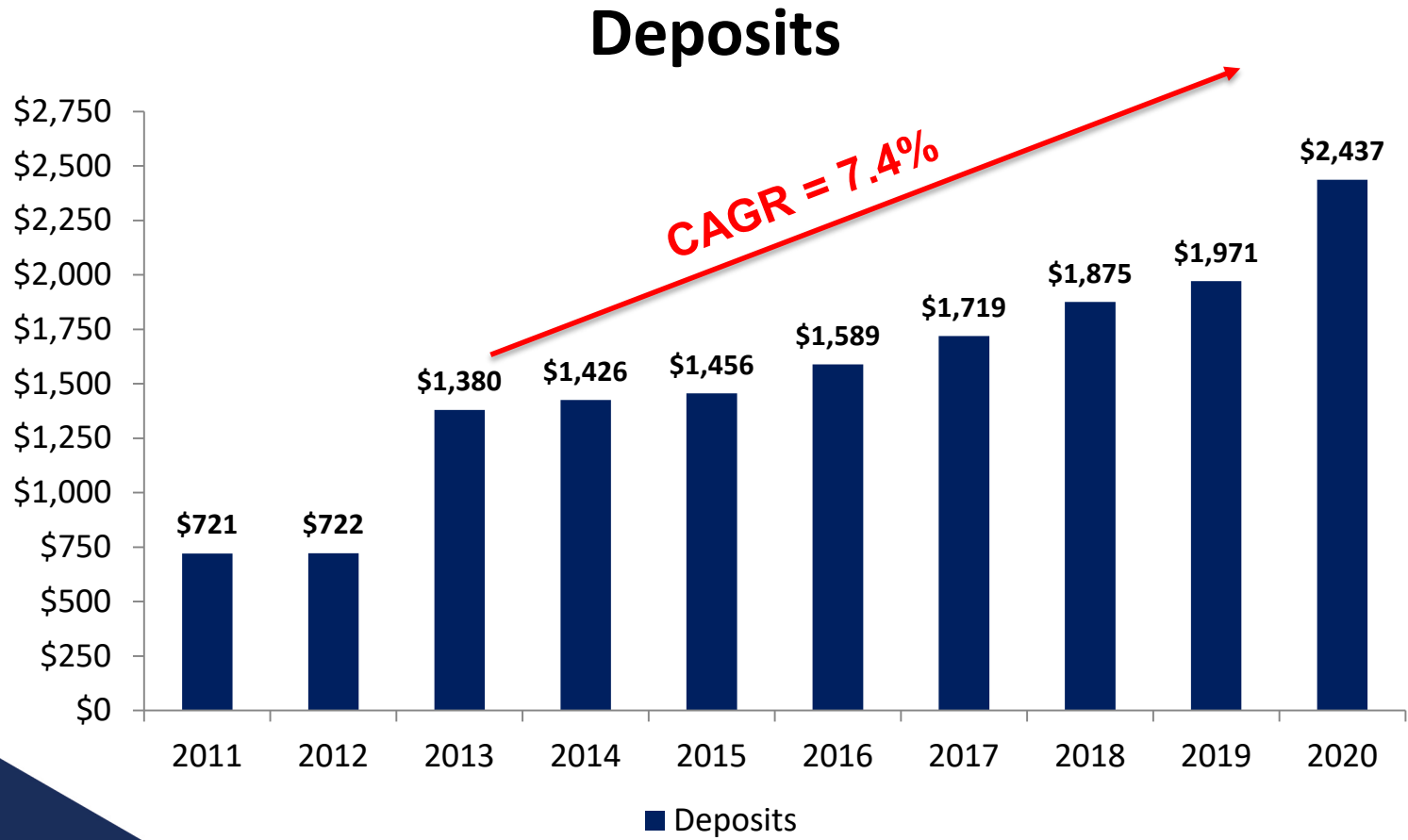
LOAN GROWTH



COMPANY PERFORMANCE

DEPOSIT GROWTH

(\$ Millions)



PEOPLES FINANCIAL SERVICES CORP. Q1 2021 FINANCIAL RESULTS INCOME STATEMENT COMPARISON

	Actual		VARIANCE '21A v. '20A	
	3/31/2021	3/31/2020	(\$)	(%)
(1) Net interest income	\$ 20,768	\$ 19,561	\$ 1,207	6.2%
(2) Provision for loan losses	(500)	3,500	(4,000)	-114.3%
(3) Net interest income after provision	21,268	16,061	5,207	32.4%
(4) <u>Noninterest income:</u>				
(5) Other noninterest income	2,626	2,657	(31)	-1.2%
(6) Wealth management income	891	893	(2)	-0.2%
(7) Total noninterest income	3,517	3,550	(33)	-0.9%
(8) Total Revenue	24,285	23,111	1,174	5.1%
(9) <u>Noninterest expense:</u>				
(10) Salaries and employee benefits expense	6,570	7,856	(1,286)	-16.4%
(11) Net occupancy and equipment	3,267	3,079	188	6.1%
(12) Other expenses	2,792	2,716	76	2.8%
(13) Total Noninterest expense	12,629	13,651	(1,022)	-7.5%
(14) Pre-tax Net Income	12,156	5,960	6,196	104.0%
(15) Provision for income tax expense	2,678	679	1,999	294.4%
(16) Net income	\$ 9,478	\$ 5,281	\$ 4,197	79.5%
(17) EPS	\$ 1.31	\$ 0.71		

➤ Lower interest expense
\$1.5MM

➤ Improved asset quality;
low non-PPP loan growth

➤ PPP2 deferred loan costs

➤ Digital banking
investment

➤ Prior period adjustment

OUR STRATEGIC INITIATIVES

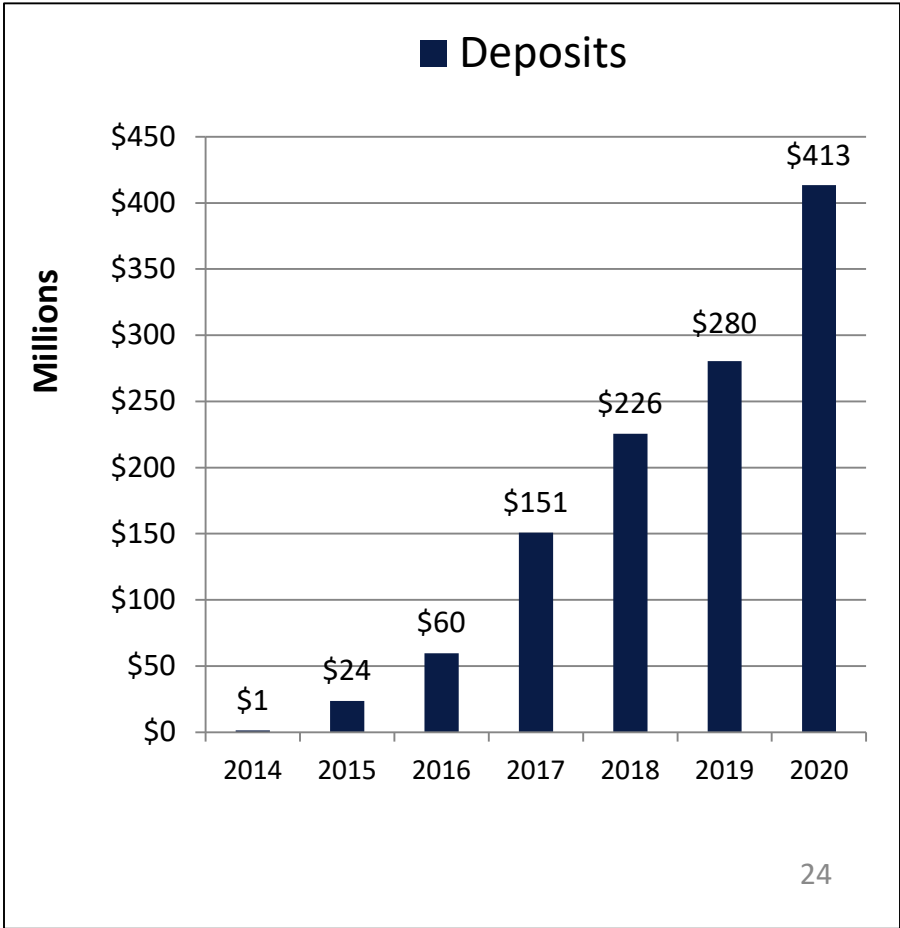
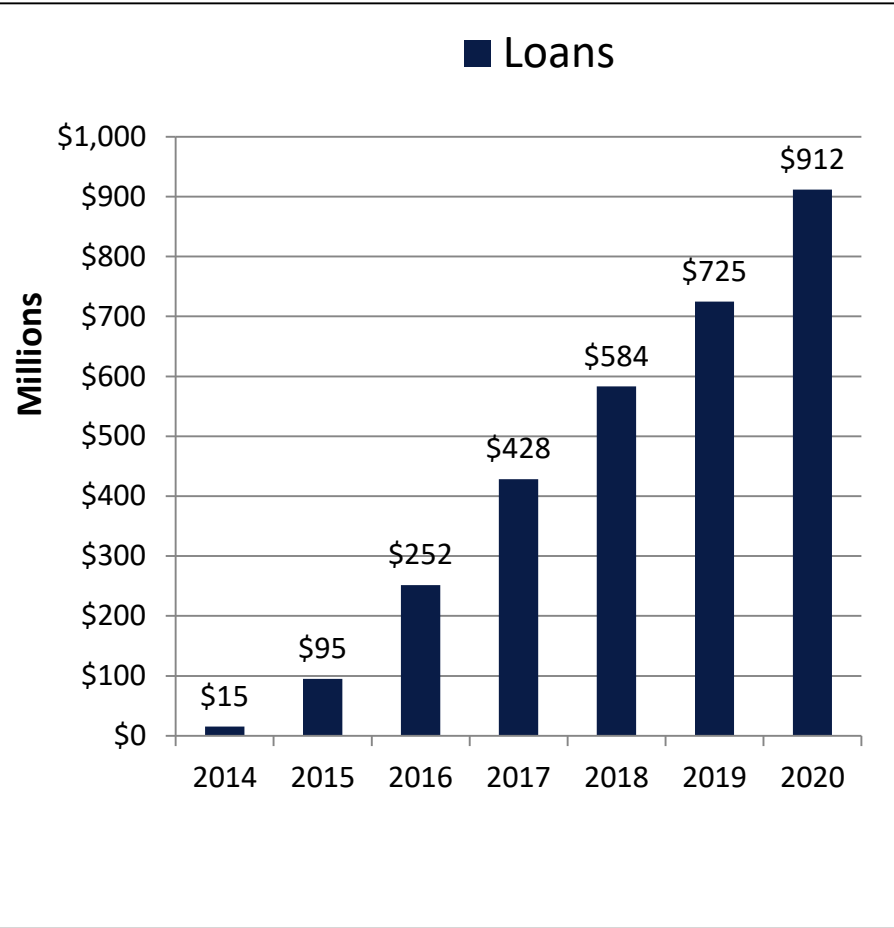
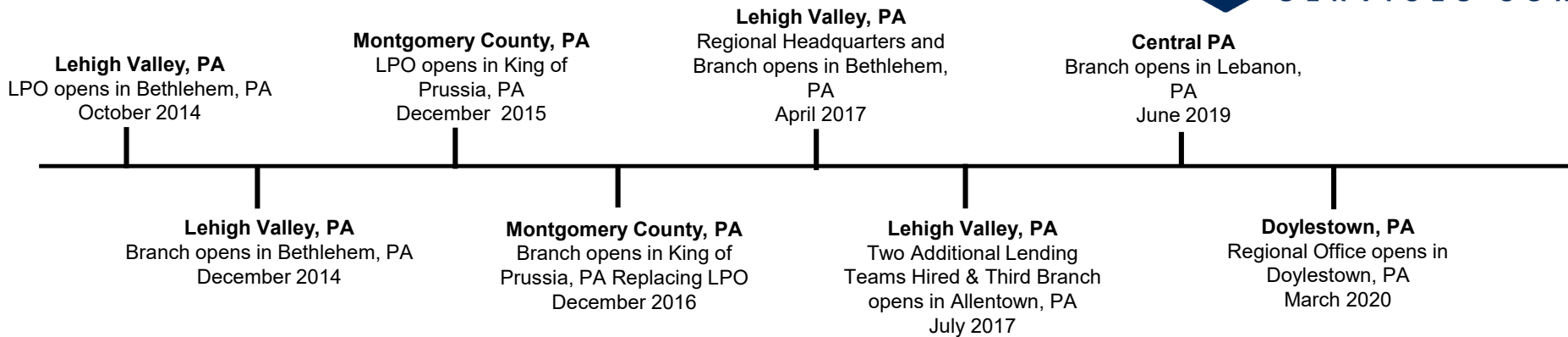
Continue our Existing Growth Strategy

- Targeted Expansion
- Organic Growth
- Opportunistic Acquisitions

Enhancing our Transformative Mobile/Digital Banking Platform

- Enhance Employee and Customer Experience Through Our Digital Initiatives
- Execute our Technology Initiatives

EXPANSION INITIATIVES



PROVEN EXECUTION OF ORGANIC GROWTH STRATEGY

Lehigh and Greater Delaware Valley: 6 Years of Growth

Year-Over-Year Growth

**\$847
Million**

Total Loans

24% Loan Growth

**\$399
Million**

Deposits

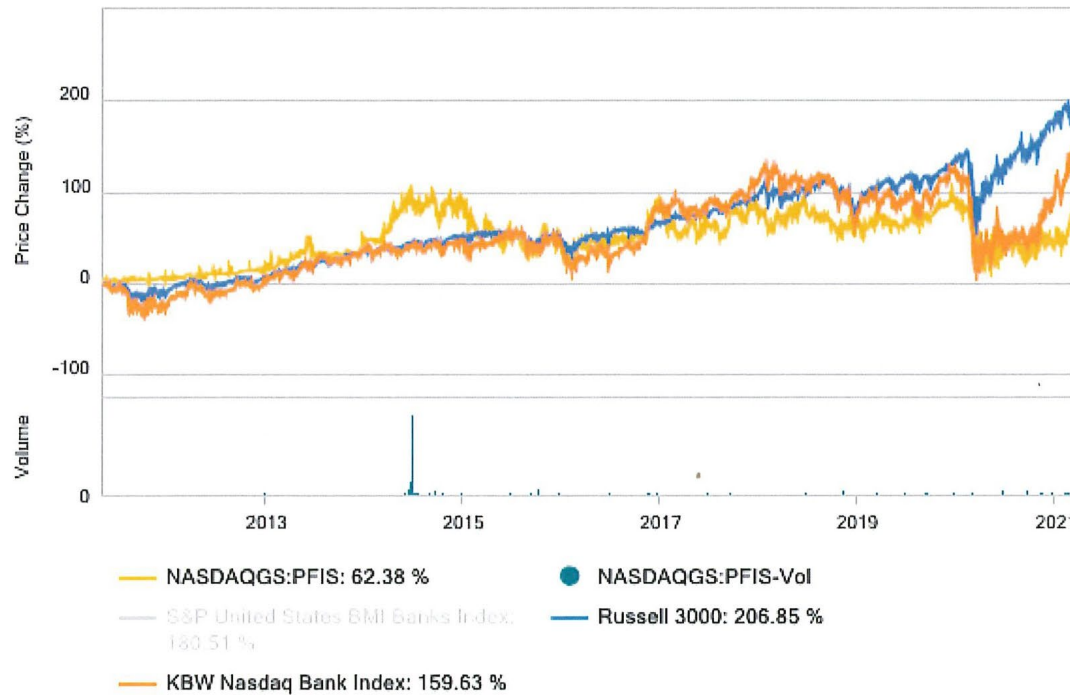
45% Growth in Deposits



Peoples Financial Services Corp. | Stock Chart

NASDAQGS:PFIS (MI Key: 1020405; SPCIQ Key: 3175316)

Period: Custom Metric: Price Change (%) Frequency: Daily



	LAST	CHANGE	%CHANGE	VOLUME	52-WEEK HIGH	52-WEEK LOW	AS OF
PFIS-NASDAQGS	\$43.15	\$0.12	0.28	3,659	\$47.54 (3/14/2021)	\$29.44 (5/13/2020)	05/11/2021 10:42 AM

INVESTOR RELATIONS CONTACTS AND INFORMATION SOURCES

INVESTOR SERVICES:

- Transfer Agent:
 - American Stock Transfer and Trust, LLC
 - (800) 937-5449
 - Dividend Reinvestment
 - Direct Deposit
 - Stock Purchase Plan
- Market Makers
 - Boenning & Scattergood (610) 862-5368
 - Griffin Financial Group (757) 955-8444
 - Keefe, Bruyette & Woods (212) 887-8996
 - Sandler O'Neill & Partners, LP (800) 635-6851

INFORMATION SOURCES:

- Peoples website www.psbtc.com under “Investor Relations”
- Sec.gov - Current filings with the Securities and Exchange Commission
- Fdic.gov - Call Reports, Uniform Bank Performance Reports, Summary of Branch Deposits

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