Peoples Financial SERVICES CORP.



Rendering of Our Renovated Hallstead Plaza Office
25109 State Route 11, Hallstead, PA | Susquehanna County

Annual Shareholders Meeting

May 18, 2019



Joseph G. Cesare, M.D.

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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 Corporation, Peoples Security Bank and Trust Company or its subsidiaries (collectively, the "Company" or "we") that are considered "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). 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, the Company claims the protection of the safe harbor for forward-looking statements contained in the PSLRA.

The Company cautions you that a number of important risk factors could cause actual results to differ materially from those currently anticipated in any forward-looking statement. Such risk factors include, but are not limited to: prevailing economic and political conditions, particularly in our market area; 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; and other economic, competitive, governmental, regulatory and technological factors affecting the Company's operations, pricing, products and services and other factors that may be described in the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission ("SEC") from time to time.

In light of risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements in this presentation. The forward-looking statements are made as of the date of this presentation, and, except as may be required by applicable law or regulation, the Company 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.

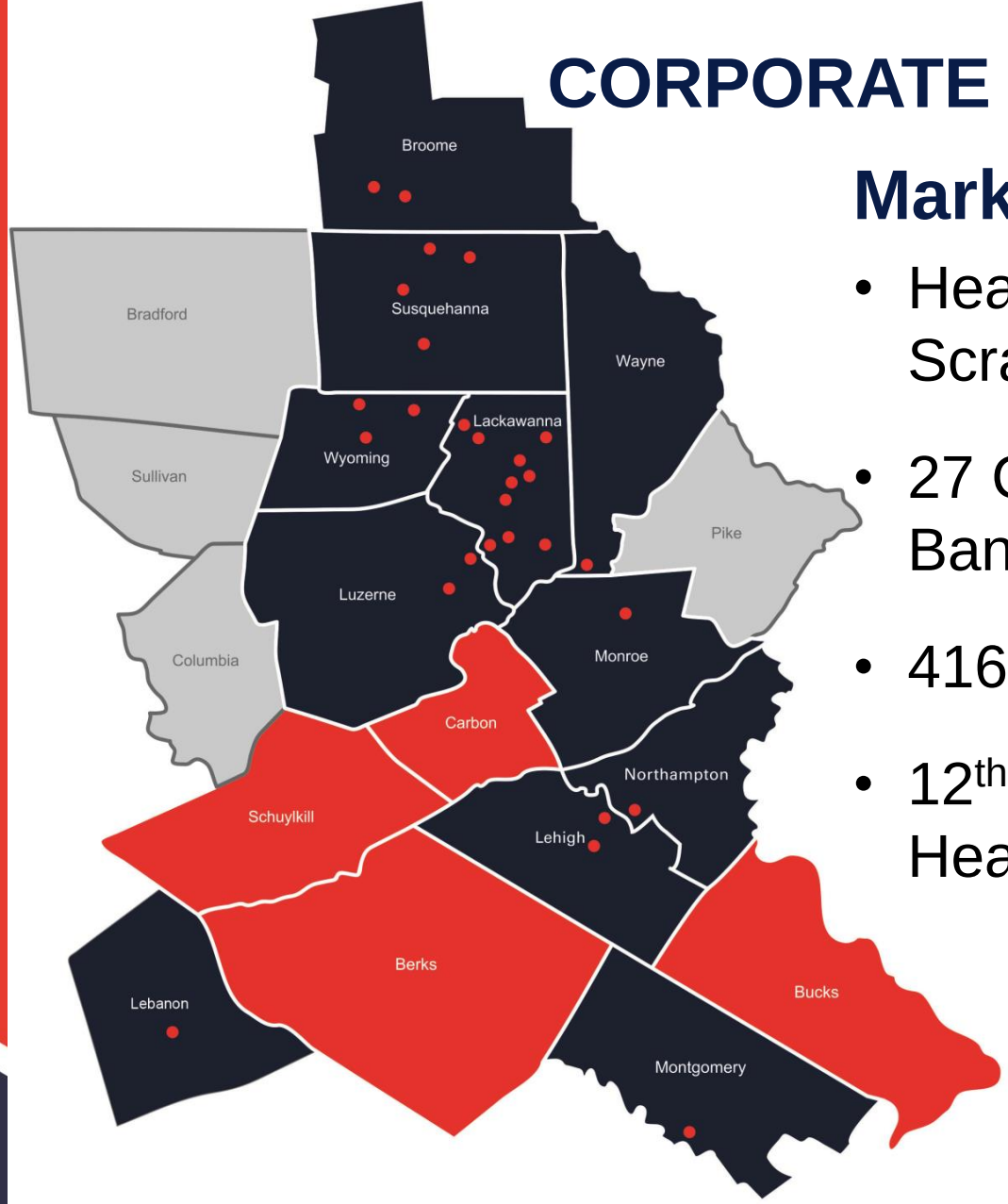
USE OF NON-GAAP FINANCIAL MEASURES:

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.psbt.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. Financial Performance
III. Strategic Initiatives
IV. Investor Relations
V. Comments & Questions

CORPORATE INFORMATION



Market Area

- Headquartered in Scranton, PA
- 27 Community Banking Offices
- 416 Employees
- 12th Largest Bank Headquartered in PA

ABOUT YOUR CORPORATION

Financial Snapshot at March 31, 2019

- Total Assets: $2.3 billion
- Loans: $1.8 billion
- Deposits: $1.9 billion
- 1st Quarter 2019 Earnings: $6.4 million
- 1st Quarter 2019 EPS $0.87

Market Data at May 10, 2019

- Listed on NASDAQ under ticker: PFIS
- Shares Outstanding: 7,402,907
- Average Daily Trading Volume: 6,226[1]
- Market Price: $43.51 [2]
- Price to TBV: 146.9%
- Price to LTM Earnings: 12.6 x
- Market Cap: $322.1 million
- Current Quarterly Dividend & Yield: $0.34 / 3.13%

[1] 52-week average daily trading volume

[2] 10 trading days average stock price

PEOPLES FINANCIAL SERVICES CORPORATION
2018 ANNUAL FINANCIAL RESULTS
INCOME STATEMENT COMPARISON

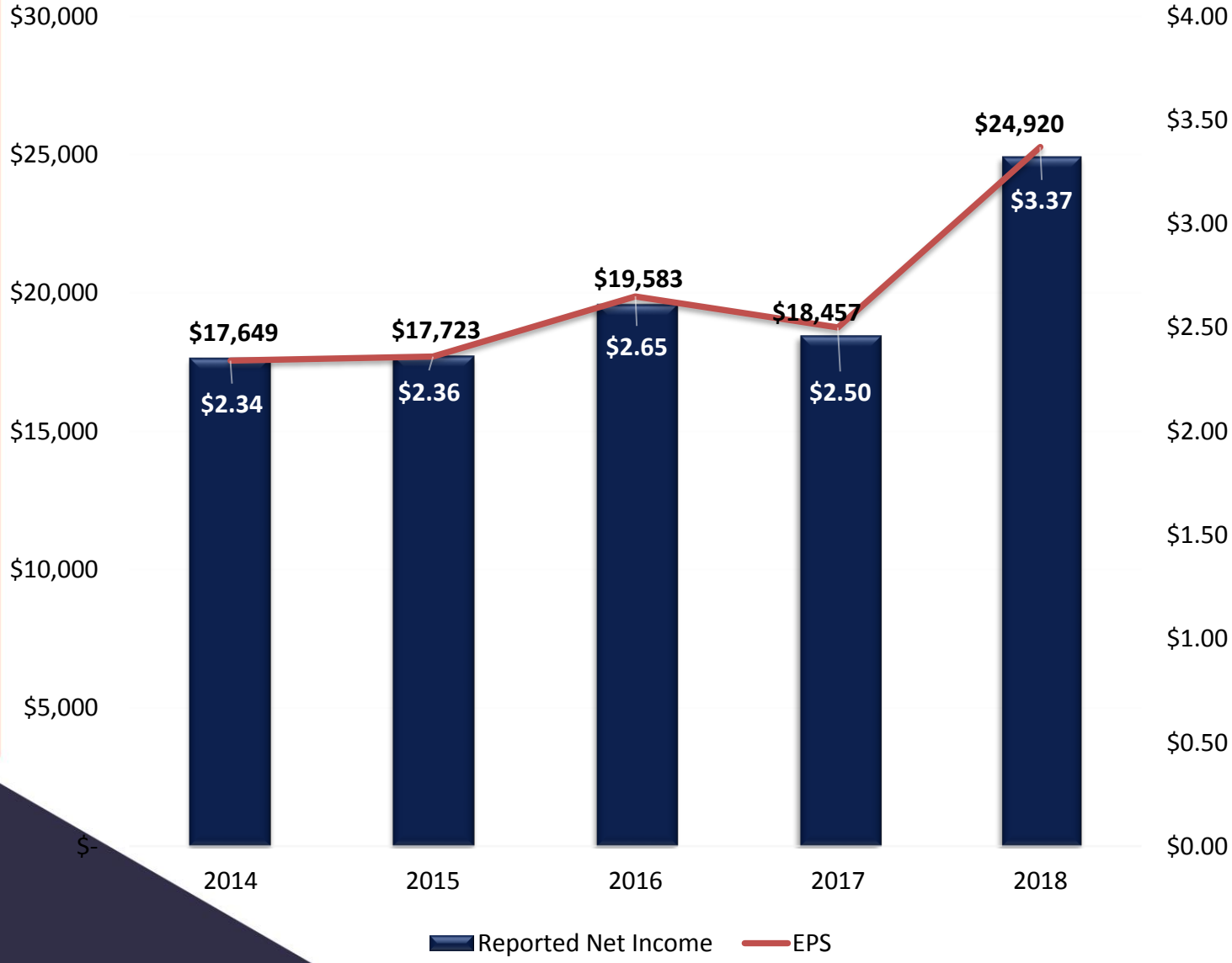
		Actual		VARIANCE '18A v. '17A	
		12/31/2018	12/31/2017	($)	(%)
(1)	Net interest income	$ 71,339	$ 65,544	$ 5,795	8.8%
(2)	Provision for loan losses	4,200	4,800	(600)	-12.5%
(3)	Net interest income after provision	67,139	60,744	6,395	10.5%
(4)	**Noninterest income:**				
(5)	Other noninterest income	10,176	13,718	(3,542)	-25.8%
(6)	Wealth management income	3,483	3,468	15	0.4%
(7)	Total noninterest income	13,659	17,186	(3,527)	-20.5%
(8)	Total Revenue	84,998	82,730	2,268	2.7%
(9)	**Noninterest expense:**				
(10)	Salaries and employee benefits expense	28,407	26,670	1,737	6.5%
(11)	Net occupancy and equipment	10,897	9,975	922	9.2%
(12)	Other expenses	13,183	14,648	(1,465)	-10.0%
(13)	Total Noninterest expense	52,487	51,293	1,194	2.3%
(14)	Pre-tax Net Income	28,311	26,637	1,674	6.3%
(15)	Provision for income tax expense	3,391	8,180	(4,789)	-58.5%
(16)	Net income	$ 24,920	$ 18,457	$ 6,463	35.0%
(17)	EPS	$ 3.37	$ 2.50		
(18)			$ 2.85 (a)		

- Average loan growth of $161.1 million
- Sale of merchant services in 2017
- Continued investment in support of market expansion
- Lower corporate tax rate

(a) *$2.85/ share excluding deferred tax charge*

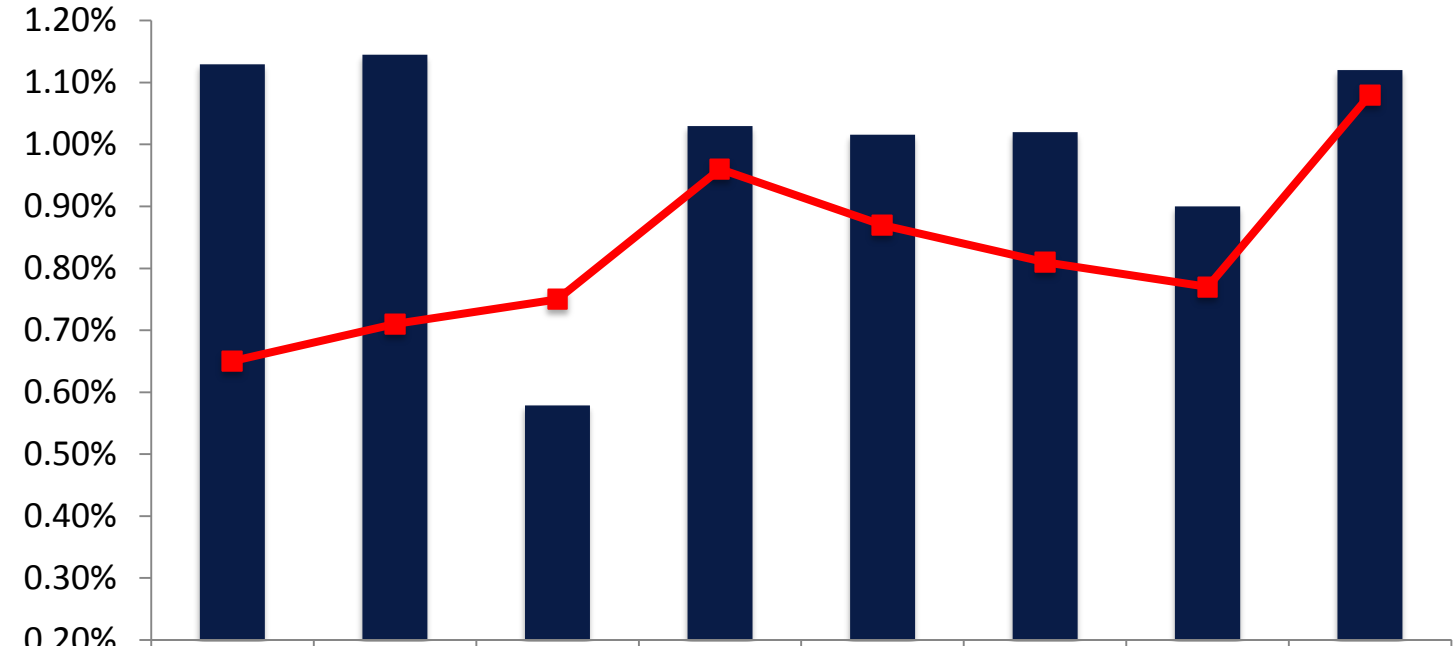
FINANCIAL PERFORMANCE

NET INCOME (REPORTED)



COMPANY PERFORMANCE
PROFITABILITY

Return on Average Assets

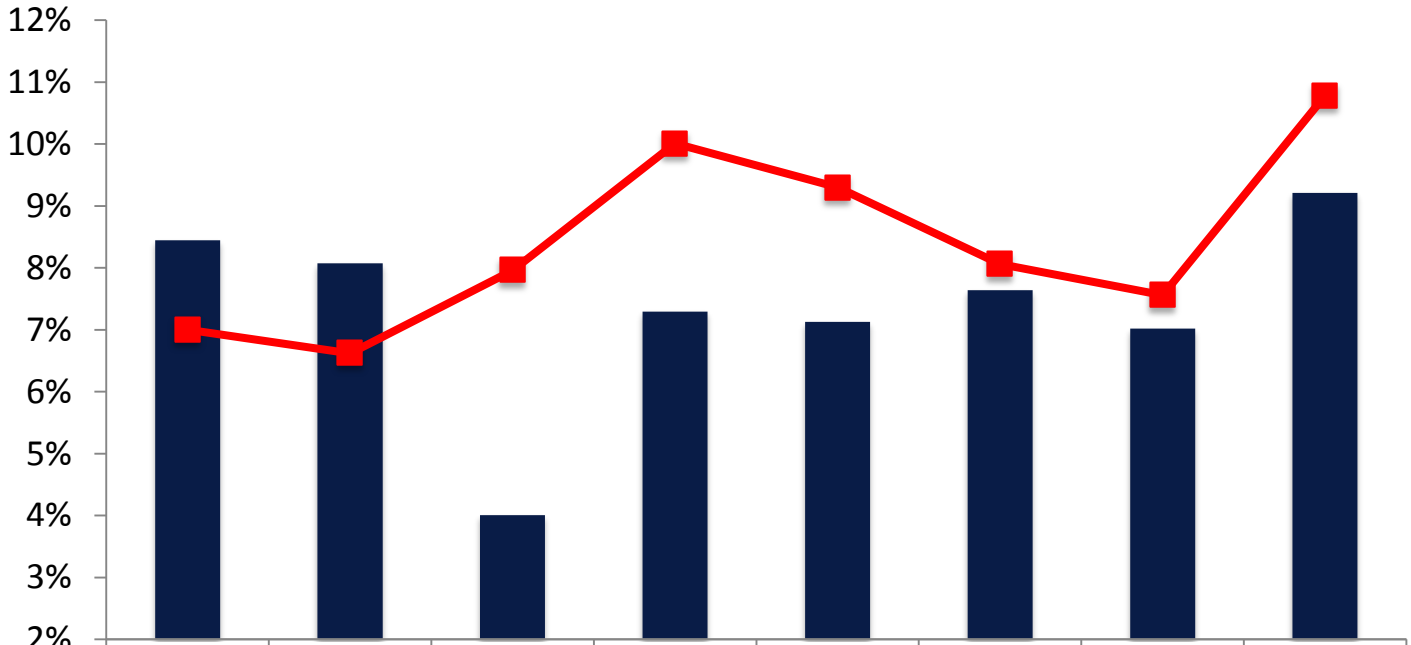


	2011	2012	2013	2014	2015	2016	2017	2018
PFIS	1.13%	1.14%	0.58%	1.03%	1.02%	1.02%	0.90%	1.12%
PEER	0.65%	0.71%	0.75%	0.96%	0.87%	0.81%	0.77%	1.08%

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

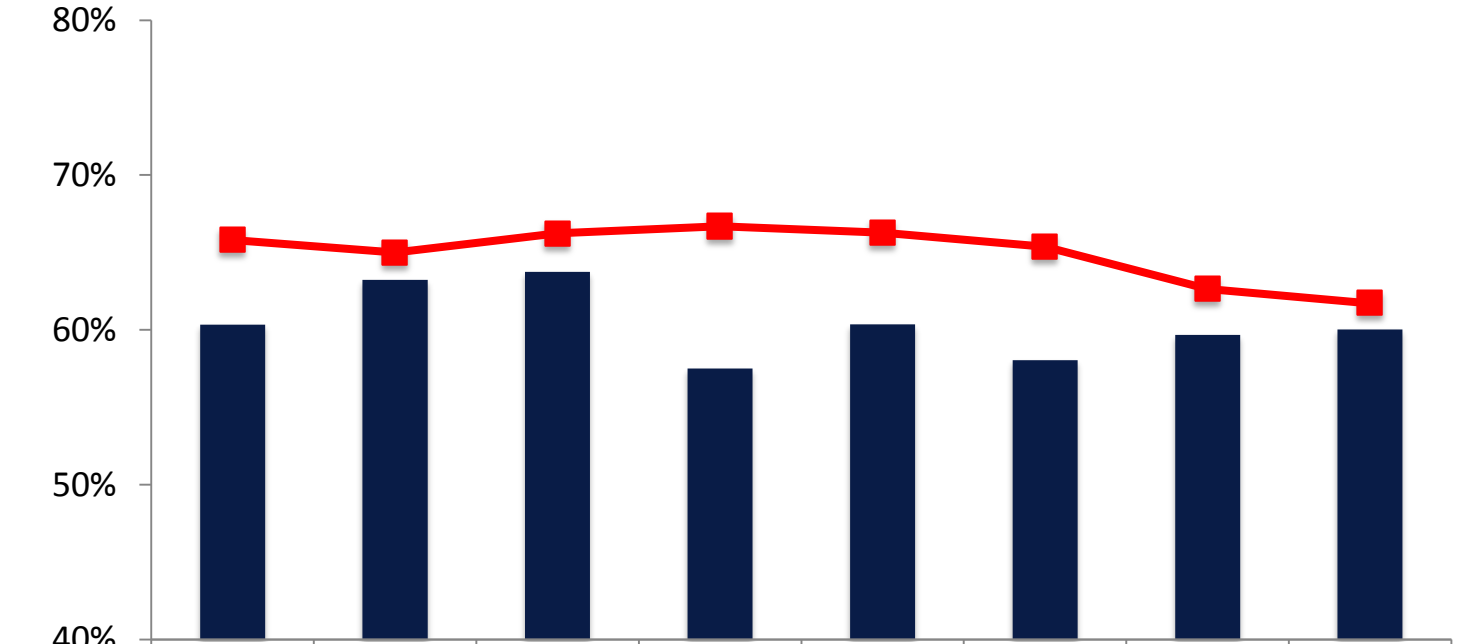


	2011	2012	2013	2014	2015	2016	2017	2018
PFIS	8.45%	8.07%	4.01%	7.29%	7.13%	7.64%	7.02%	9.21%
PEER	7.00%	6.62%	7.96%	10.01%	9.30%	8.06%	7.56%	10.78%

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

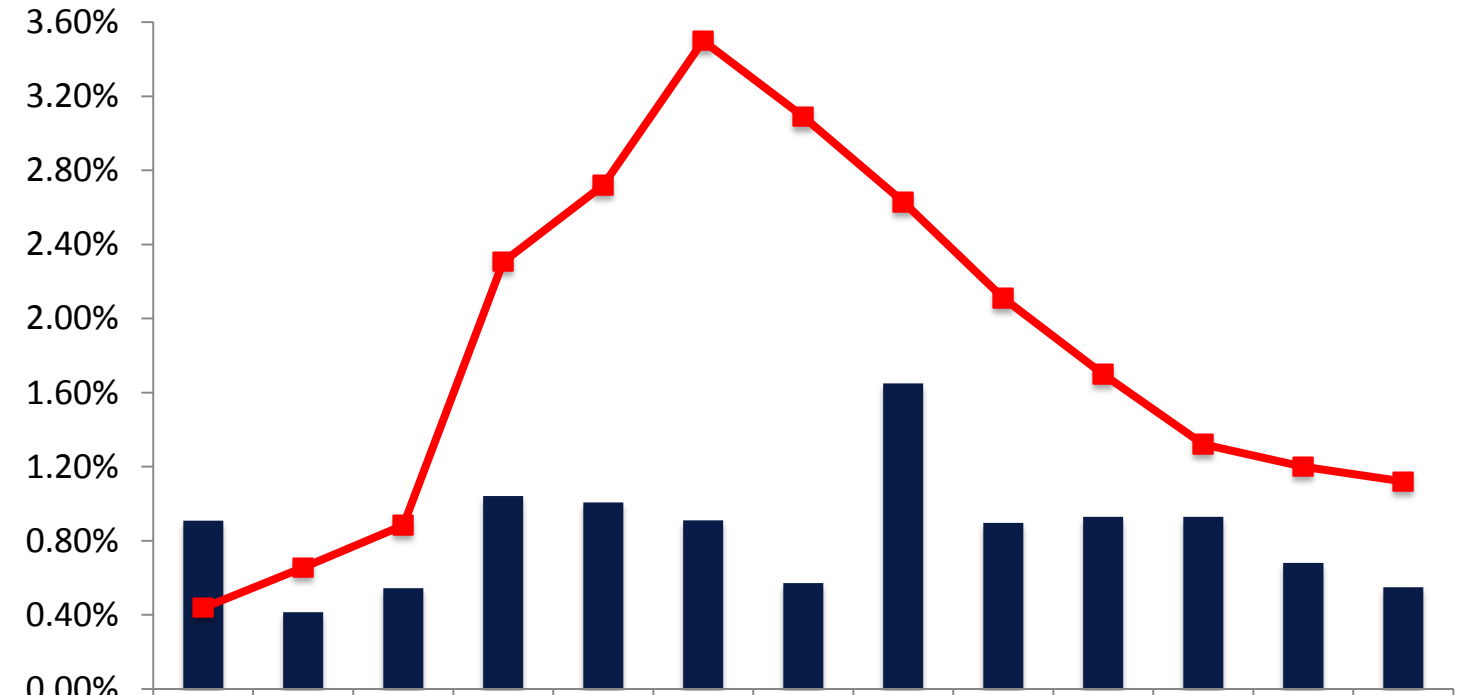


	2011	2012	2013	2014	2015	2016	2017	2018
PFIS	60.33%	63.23%	63.75%	57.50%	60.35%	58.03%	59.67%	60.03%
PEER	65.80%	64.99%	66.23%	66.69%	66.28%	65.37%	62.63%	61.71%

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

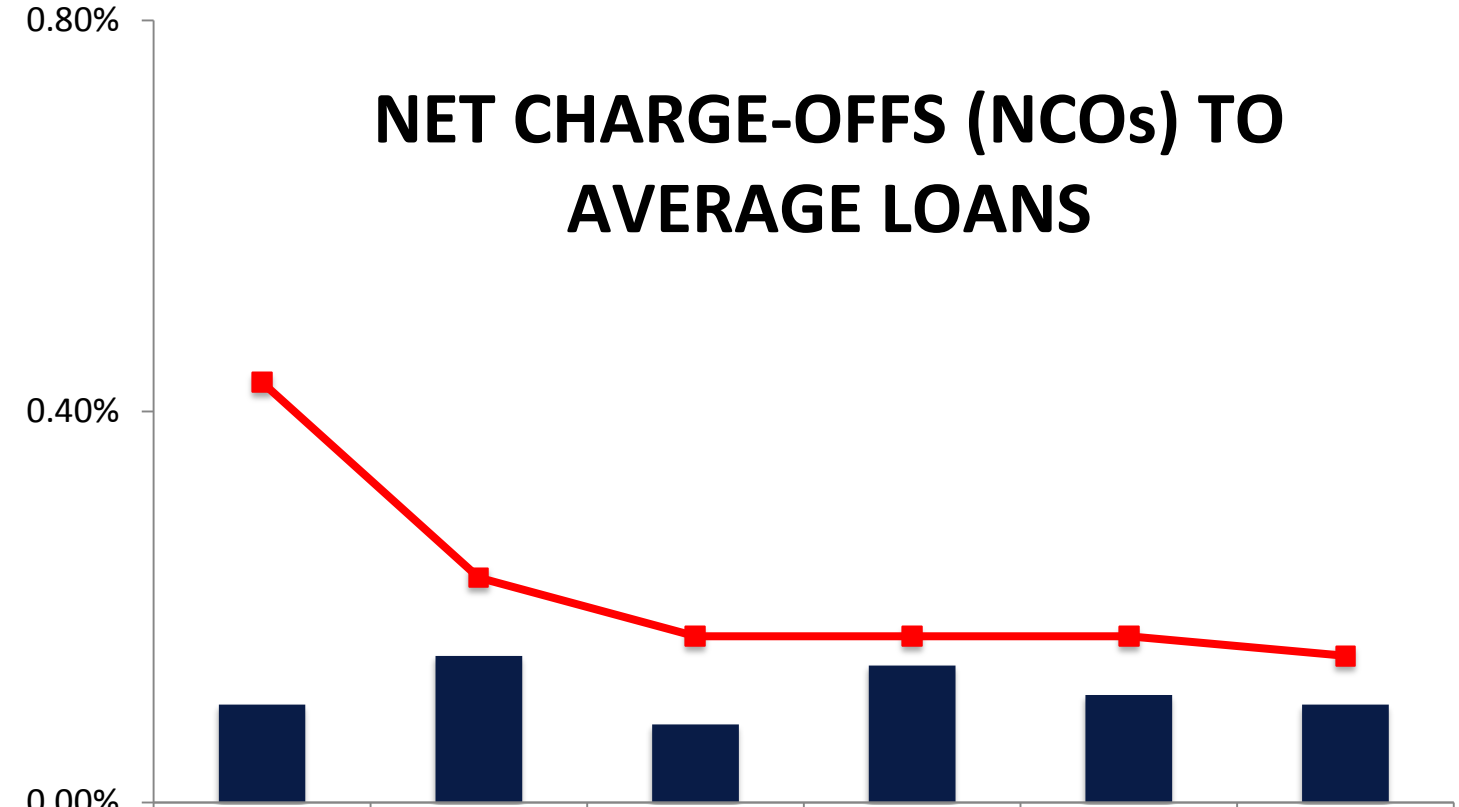


	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PFIS	0.91%	0.42%	0.54%	1.04%	1.01%	0.91%	0.57%	1.65%	0.90%	0.93%	0.93%	0.68%	0.55%
PEER	0.44%	0.66%	0.88%	2.31%	2.72%	3.50%	3.09%	2.63%	2.11%	1.70%	1.32%	1.20%	1.12%

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



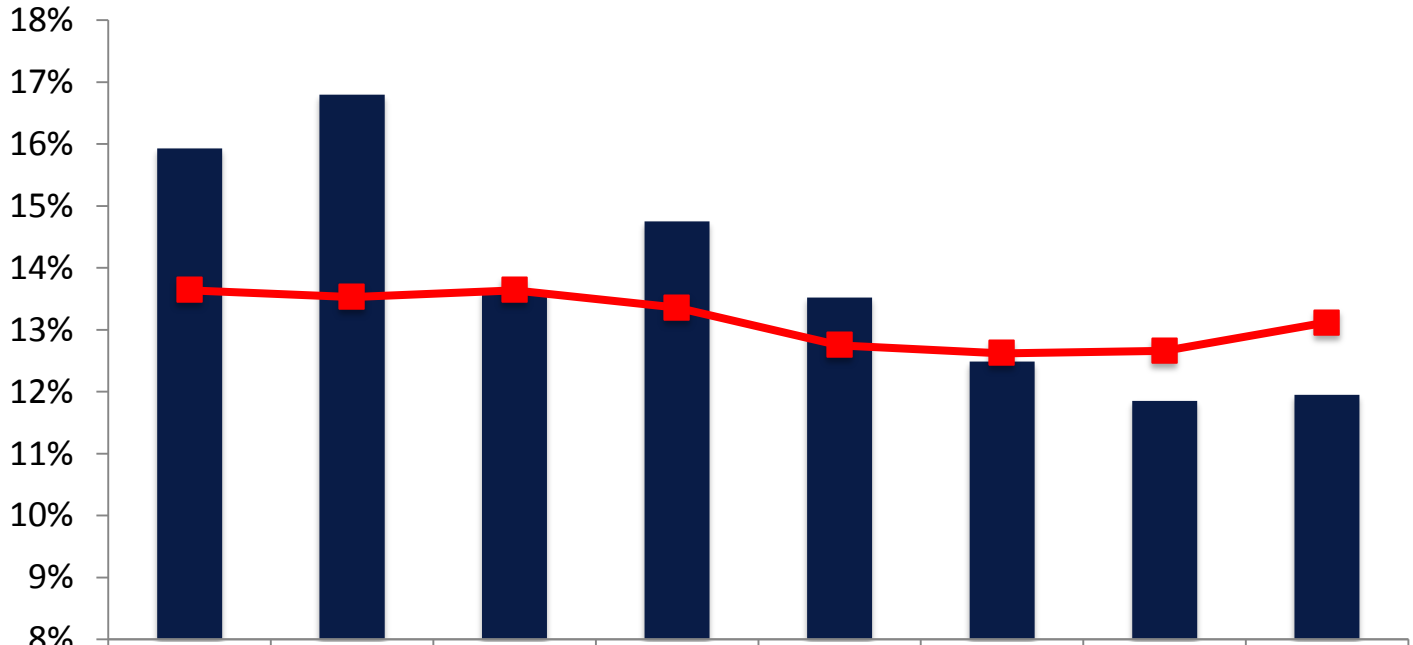
NET CHARGE-OFFS (NCOs) TO AVERAGE LOANS

	2013	2014	2015	2016	2017	2018
PFIS	0.10%	0.15%	0.08%	0.14%	0.11%	0.10%
PEER	0.43%	0.23%	0.17%	0.17%	0.17%	0.15%

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

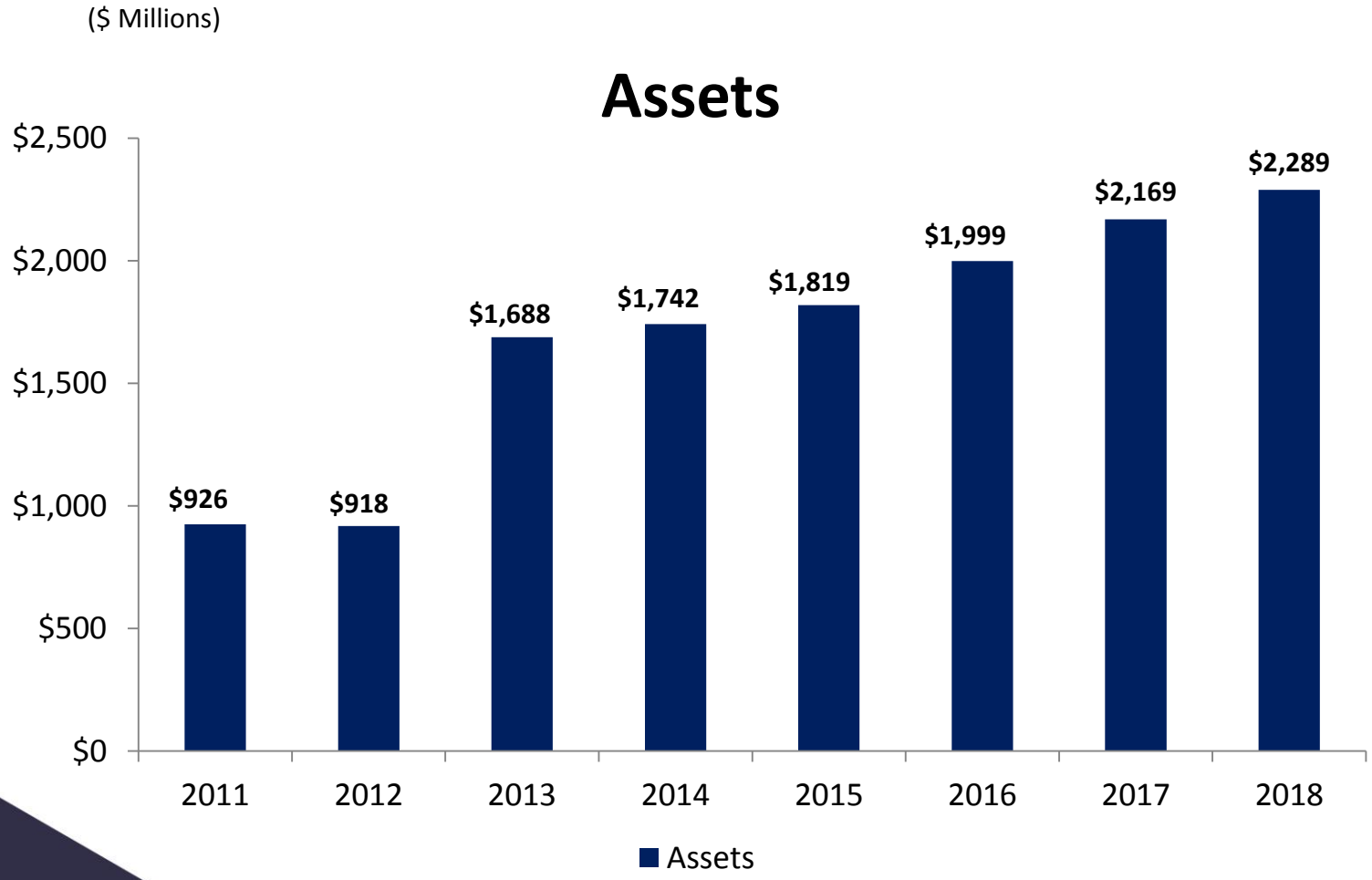
Tier One Risk Based Capital Ratio



	2011	2012	2013	2014	2015	2016	2017	2018
PFIS	15.93%	16.80%	13.62%	14.75%	13.52%	12.49%	11.85%	11.95%
PEER	13.64%	13.53%	13.64%	13.36%	12.75%	12.62%	12.66%	13.12%

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

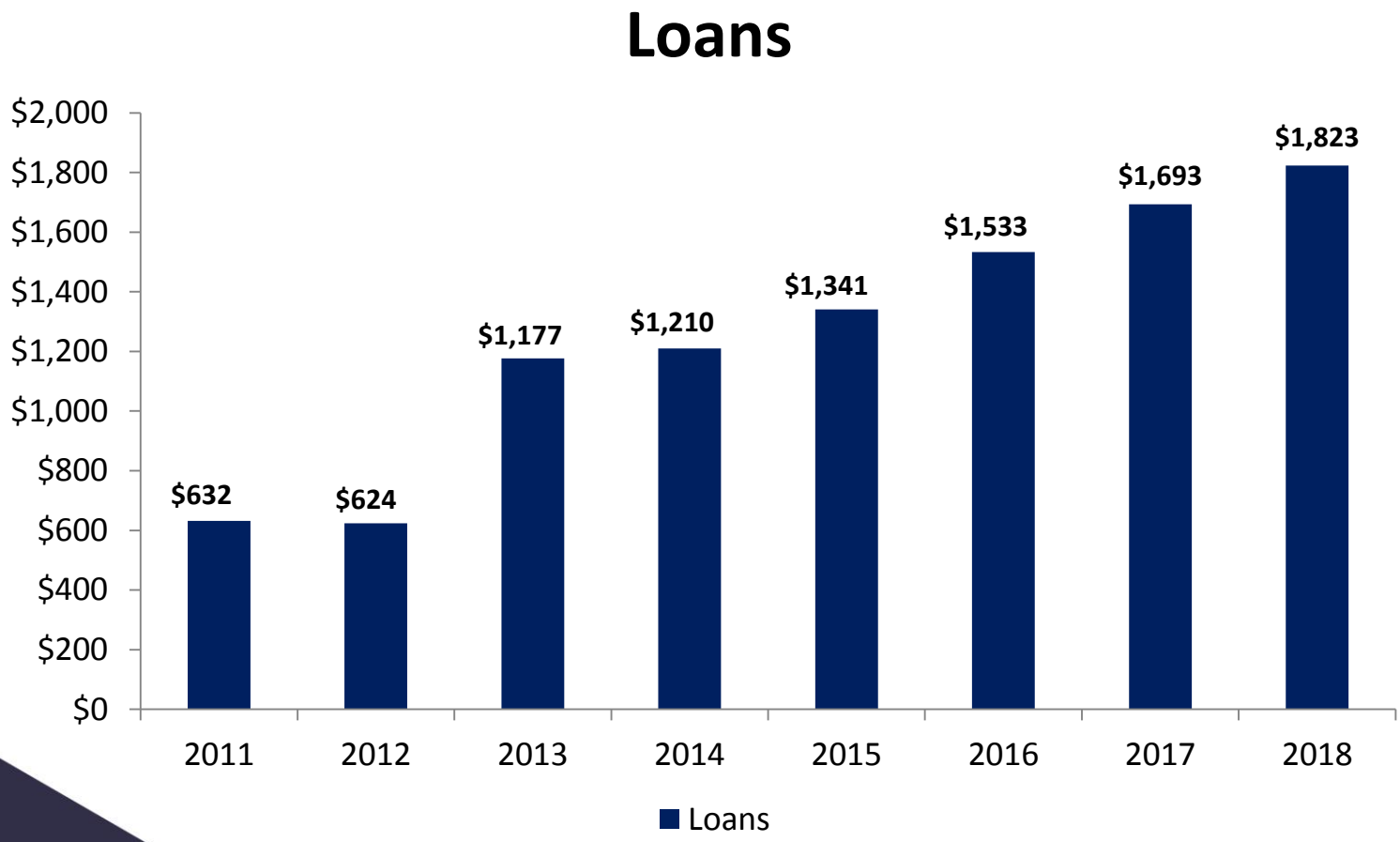


Compound Annual Growth Rate Since Merger = 6.3%

Source: Earnings Release, 10K

COMPANY PERFORMANCE
LOAN GROWTH

($ Millions)

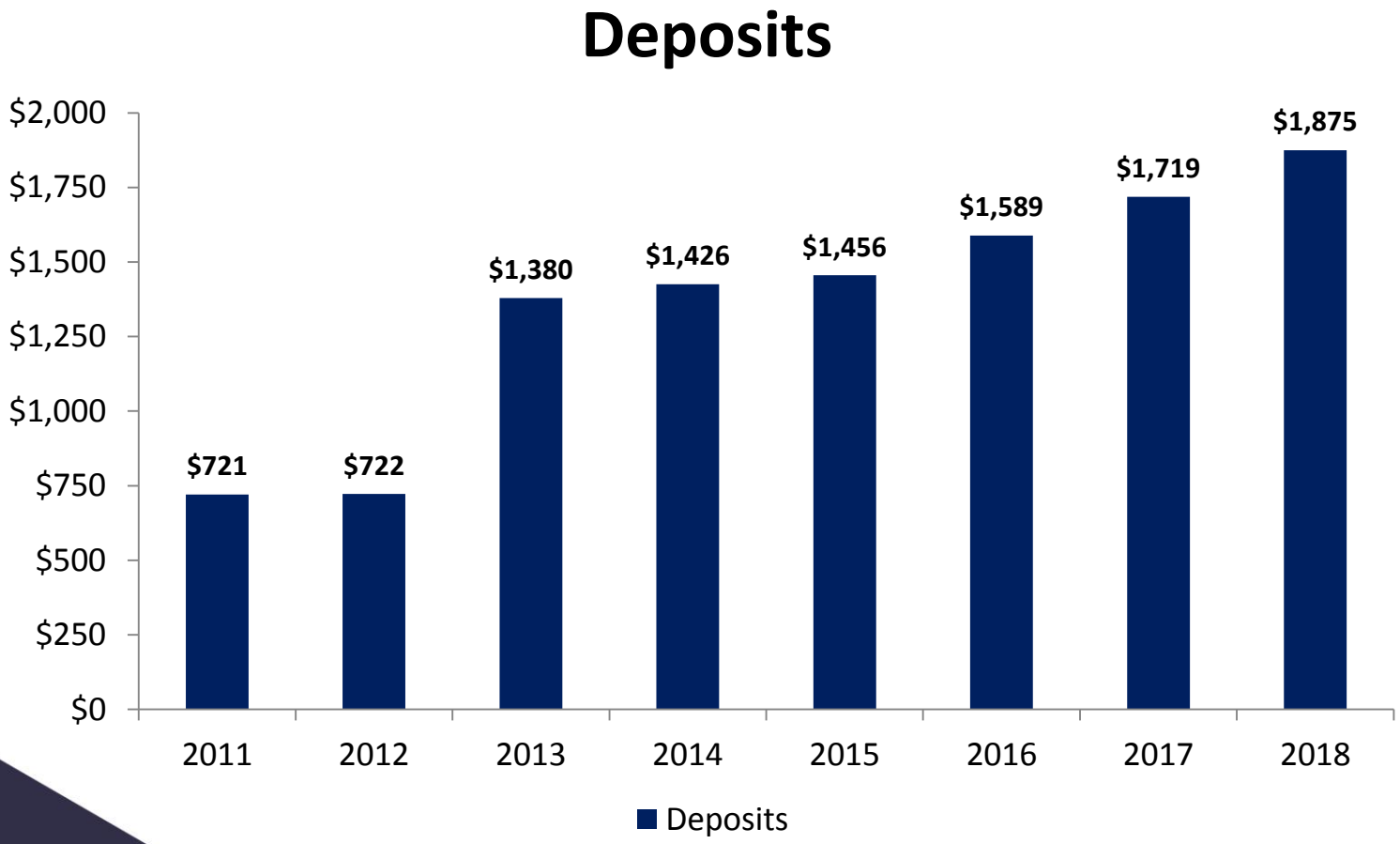


Compound Annual Growth Rate Since Merger = 9.1%

Source: Earnings Release, 10K

COMPANY PERFORMANCE
DEPOSIT GROWTH

($ Millions)



Compound Annual Growth Rate Since Merger = 6.3%

Source: Earnings Release, 10K

PEOPLES FINANCIAL SERVICES CORPORATION
Q1 2019 FINANCIAL RESULTS
INCOME STATEMENT COMPARISON

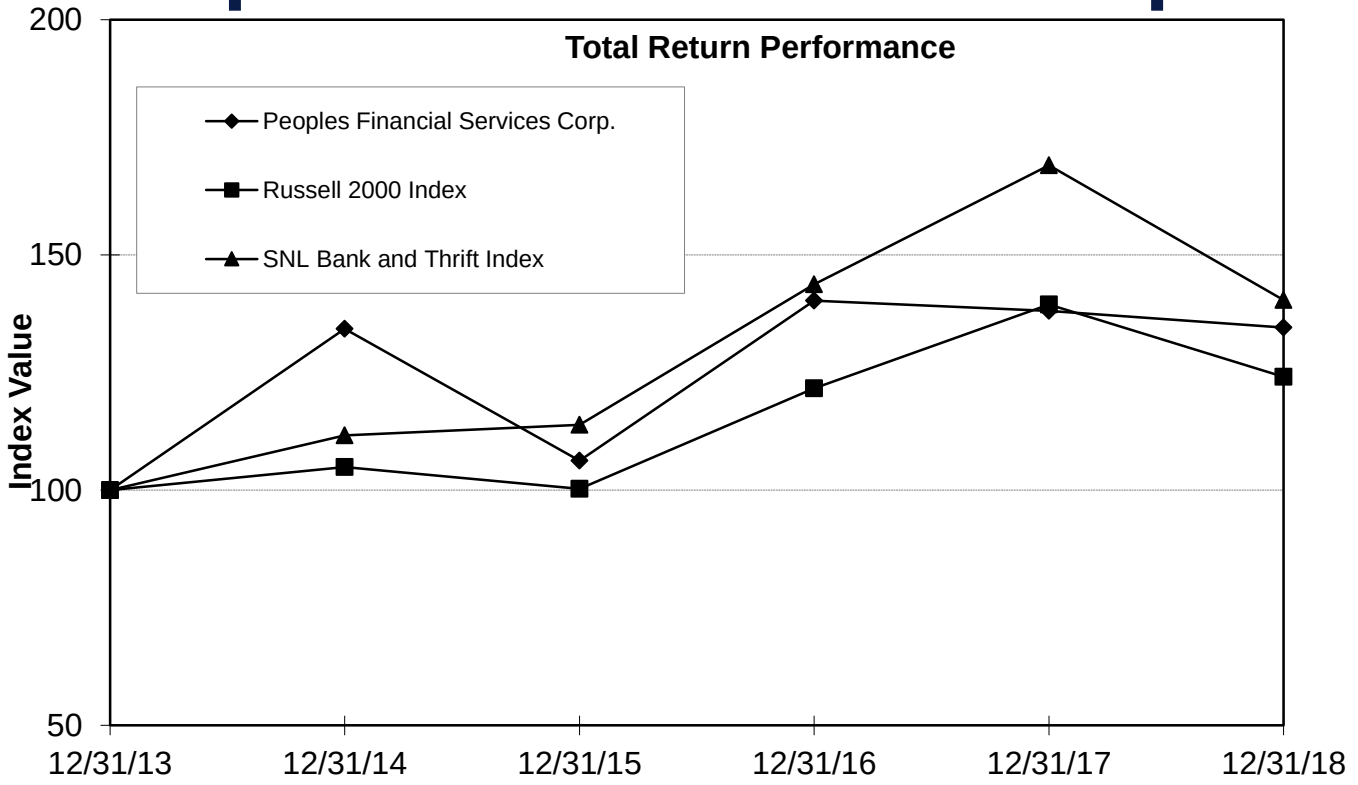
		Actual		VARIANCE '19A v. '18A	
		3/31/2019	3/31/2018	($)	(%)
(1)	Net interest income	$ 18,297	$ 17,187	$ 1,110	6.5%
(2)	Provision for loan losses	1,050	1,050	-	-
(3)	Net interest income after provision	17,247	16,137	1,110	6.9%
(4)	**Noninterest income:**				
(5)	Other noninterest income	2,532	2,664	(132)	-5.0%
(6)	Wealth management income	884	908	(24)	-2.6%
(7)	Total noninterest income	3,416	3,572	(156)	-4.4%
(8)	Total Revenue	21,713	20,759	954	4.6%
(9)	**Noninterest expense:**				
(10)	Salaries and employee benefits expense	7,595	6,955	640	9.2%
(11)	Net occupancy and equipment	2,961	2,814	147	5.2%
(12)	Other expenses	2,934	3,312	(378)	-11.4%
(13)	Total Noninterest expense	13,490	13,081	409	3.1%
(14)	Pre-tax Net Income	7,173	6,628	545	8.2%
(15)	Provision for income tax expense	761	774	(13)	-1.7%
(16)	Net income	$ 6,412	$ 5,854	$ 558	9.5%
(17)	EPS	$ 0.87	$ 0.79		

- Average loan growth of $124.2 million
- Stable NIM 3.58%

- Proceeds of BOLI ’18
- Higher interest rate swap revenue ‘19

- Annual merit increase
- Additional investments in facilities, technology and staffing in support of our expansion

Peoples Financial Services Corp.



		Period Ending				
Index	**12/31/13**	**12/31/14**	**12/31/15**	**12/31/16**	**12/31/17**	**12/31/18**
Peoples Financial Services Corp.	**100.00**	**134.29**	**106.25**	**140.29**	**138.15**	**134.56**
Russell 2000 Index	**100.00**	**104.89**	**100.26**	**121.63**	**139.44**	**124.09**
SNL Bank and Thrift Index	**100.00**	**111.63**	**113.89**	**143.78**	**169.07**	**140.45**

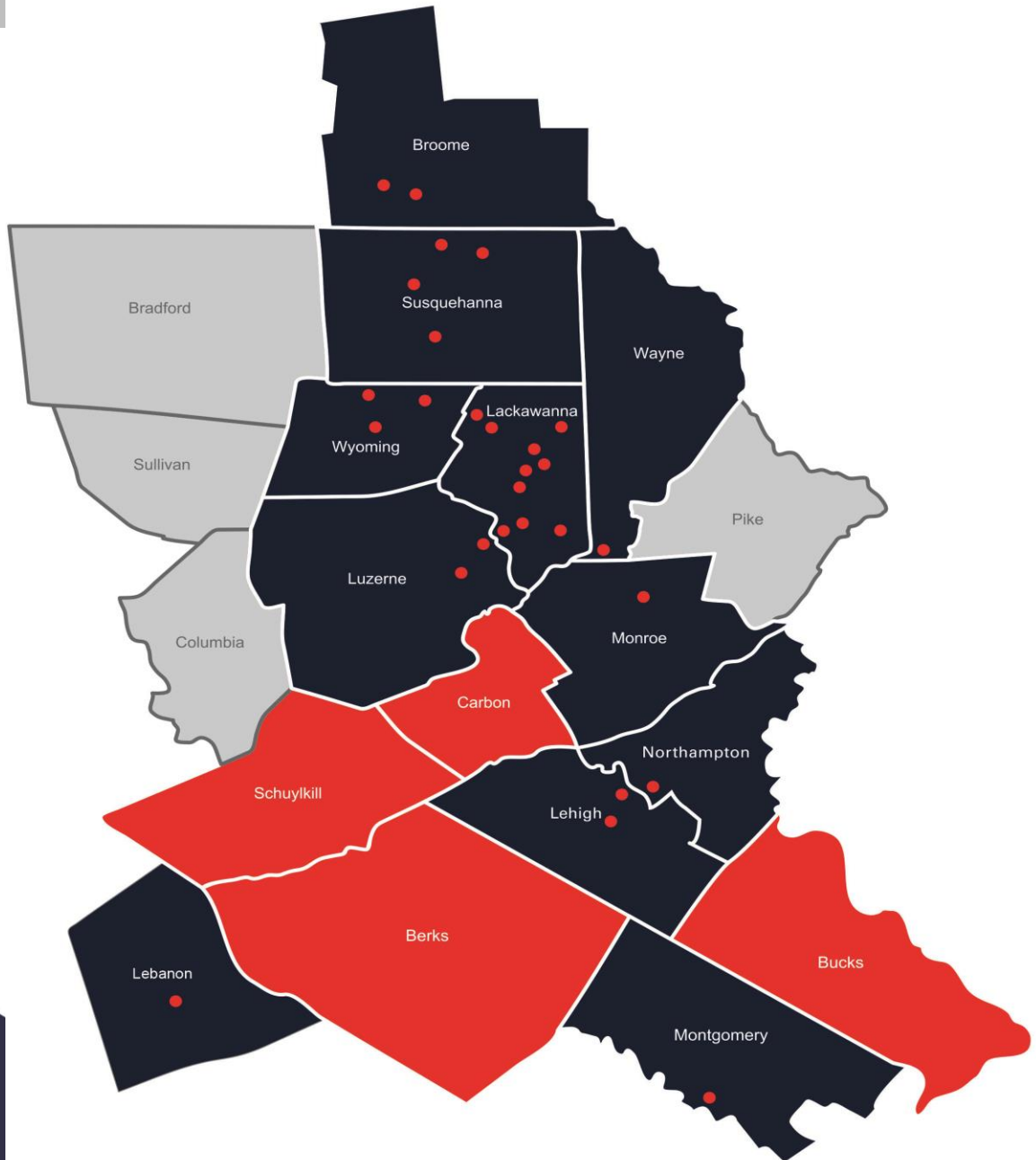
STRATEGIC INITIATIVES

Peoples Financial Services Corp.

I. Market Expansion Initiatives 2018/2019

II. Mergers & Acquisitions

MARKET AREA


Broome
Bradford
Susquehanna
Wayne
Lackawanna
Wyoming
Sullivan
Pike
Luzerne
Columbia
Monroe
Carbon
Northampton
Schuylkill
Lehigh
Berks
Bucks
Lebanon
Montgomery

STRATEGIC INITIATIVE

I. Market Expansion Initiatives 2018

- Added three (3) seasoned commercial lenders; two (2) in King of Prussia and one (1) in Bethlehem
- Added three (3) additional credit professionals to our credit team in our Regional Headquarters in Bethlehem to support additional growth
- Opened a Loan Production Office in Schuylkill County

Market Expansion Initiatives 1Q2019

- Added a commercial lending team to our new Lebanon County Market
- Filed application to establish a full service business office in Lebanon County

II. MERGERS & ACQUISITIONS

A. M & A Policy

B. Increased Activity

C. Improve Franchise Value

- Financial Performance
- Asset Quality
- Growth Potential

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.psbt.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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COMMENTS & QUESTIONS

Craig W. Best, President & CEO



Joseph G. Cesare, M.D.