Peoples Financial SERVICES CORP.



Investor Presentation
Janney Montgomery Scott, LLC
Loews Atlanta Hotel
September 18 - 19, 2019

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 core net income ratios. The financial results in this presentation contain items which we consider non-core, namely net gains on sales of investment securities available-for-sale and one-time merger related expenses. 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. The non-GAAP financial measures we use may differ from the non-GAAP financial measures of other financial institutions.

CORPORATE OVERVIEW

- Headquartered in Scranton, Pennsylvania
- Largest bank headquartered in Northeastern PA
- 12th Largest bank headquartered in PA
- Reverse merger between PFIS and PFNS in December 2013
- 28 Community banking offices
  - Significant deposit share in Marcellus Shale Counties
  - 2014 Expansion into Lehigh Valley and the Greater Delaware Valley

SENIOR MANAGEMENT TEAM

Peoples Financial SERVICES CORP.

Craig W. Best
President, Chief Executive Officer
-36 years in banking
-Equibank, Equitable Bank, First Commonwealth Bank, Penn Security Bank & Trust

Joseph M. Ferretti
EVP, Senior Lending Officer
-27 years in banking
-Third National Bank, Meridian Bank, National Westminster Bank, Peoples Neighborhood Bank

Susan L. Hubble
SVP, Senior Information Technology Officer
-20 years in banking
-Penn Security Bank & Trust

Thomas P. Tulaney, Sr.
Senior EVP, Chief Operating Officer
-36 years in banking
-Northeastern Bank of PA, PNC Bank, Third National Bank, First National Community Bank, Penn Security Bank & Trust

Neal D. Koplin
EVP, Region President
-37 years in banking
-Keystone Savings Bank, KNBT, National Penn Bank

Linda A. Gardner
SVP, Human Resources Manager
-30 years in banking
-Northeastern Bank of PA, Penn Security Bank & Trust

John R. Anderson III
EVP, Chief Financial Officer
-29 years in banking
-Penn Security Bank & Trust

Timothy H. Kirtley
EVP, Chief Credit Officer
-27 years in banking
-US Bank, Fifth Third Bank, Delaware County Bank & Trust Co, Peoples Bank,

Debra E. Adams
EVP, Chief Risk Officer, Corporate Secretary
-45 years in banking
-American Bank & Trust, Peoples Neighborhood Bank

Lynn M. Peters Thiel
EVP, Chief Retail Officer
-36 years in banking
-Merchants Bank, North, Lebanon Valley National Bank, NBT Bank, Penn Security Bank & Trust

ABOUT OUR CORPORATION

Peoples Financial SERVICES CORP.

Financial Snapshot at June 30, 2019

- Total Assets: $2.3 billion
- Loans: $1.9 billion
- Deposits: $1.9 billion
- LTM ROA: 1.17%
- LTM ROE: 9.57%
- LTM ROATCE: 12.87%
- YTD 2019 EPS $1.83
- Net Interest Margin (FTE) 3.60%

Market Data at August 1, 2019

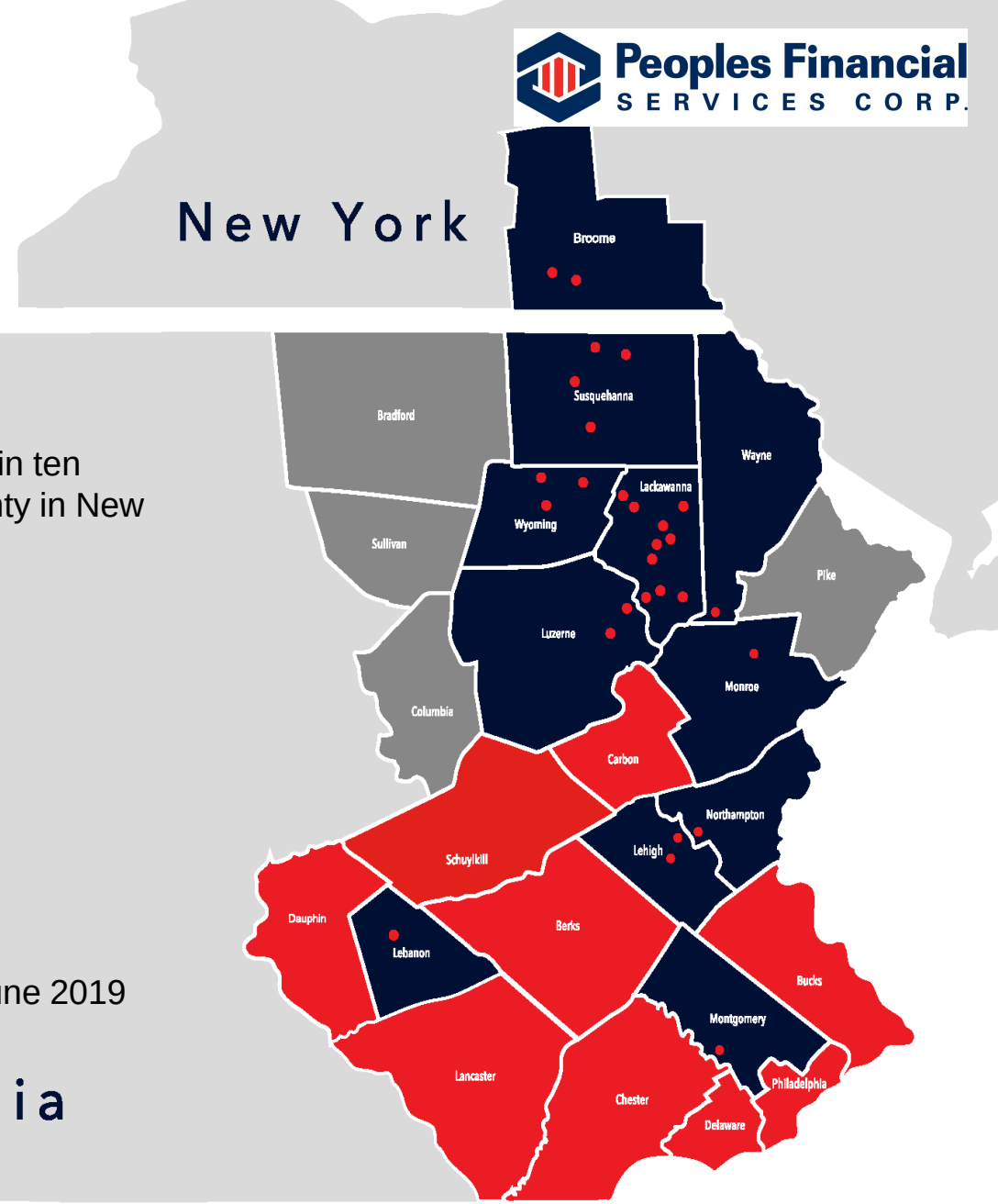
- Listed on NASDAQ under ticker: PFIS
- Market Price: $46.12 [1]
- Price to TBV: 158.0%
- Price to LTM Earnings: 13.4x
- Market Cap: $357.6 million
- Current Quarterly Dividend & Yield: $0.34 / 2.81%
- Board approved a stock buyback plan in February 2019 (3% of shares)
- Insider ownership of 8%

[1] 10 trading days average stock price

- 28 Community banking offices located in ten counties in Pennsylvania and one county in New York
- Expansion Market Counties:

  Northampton
  Lehigh
  Lebanon
  Montgomery

- Regional headquarters in Bethlehem, Northampton County, Pennsylvania
- Opened Lebanon Business Office in June 2019



EXPANSION INITIATIVES

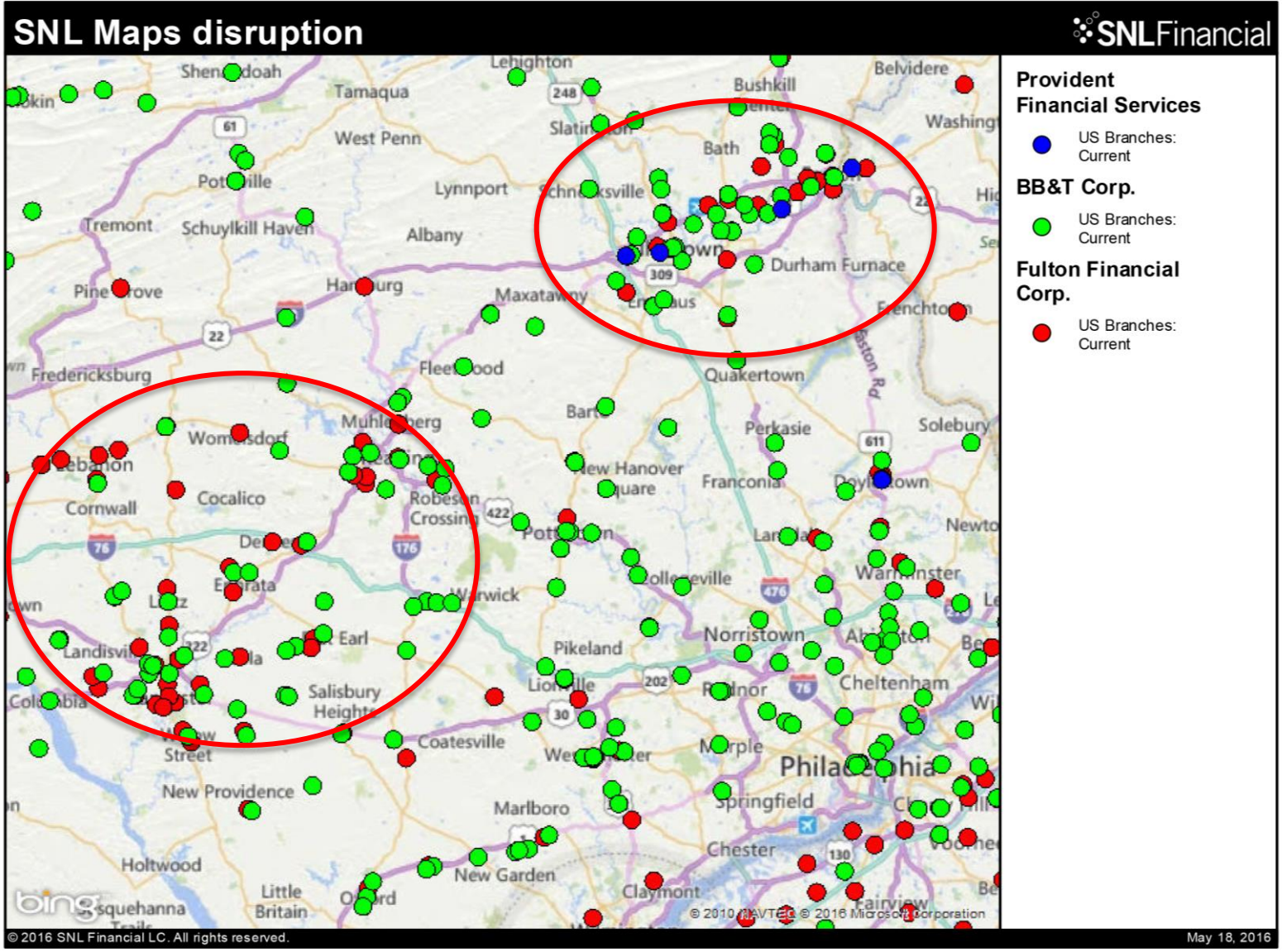
Peoples Financial SERVICES CORP.

Why Lehigh Valley?

1. Able to Recruit Top Talent
2. Third Largest SMSA in Pennsylvania
3. Fastest Growing SMSA in Pennsylvania
4. New Jersey and New York taxes (RE & Income) have created exodus to Lehigh Valley
5. Less than 90 minutes to New York City and Philadelphia, the largest and 5th largest SMSA's in United States
6. BB&T Disruption (2016)

Market	Market Total Active Branches 2019	Market Total Deposits 2019 ($000)	Market YoY Deposits Growth 2019 (%)	Market 5-Year Deposit CAGR 2019 (%)	Market Population Current (Actual)	Market Median Household Income Current ($)	Deposits/ Branch
Lackawanna County, PA	80	6,032,947	(4.81)	8.54	209,952	51,702	75,412
Luzerne County, PA	103	6,883,126	(0.77)	7.86	316,730	51,214	66,826
Monroe County, PA	39	2,856,276	.69	7.47	168,414	66,850	73,238
Susquehanna County, PA	15	924,481	4.27	15.30	40,455	54,399	61,632
Wayne County, PA	21	1,405,555	7.69	13.90	50,895	57,436	66,931
Wyoming County, PA	12	683,341	5.21	10.59	27,029	60,875	56,945
Broome County, NY	38	6,462,311	2.74	10.65	196,255	46,969	170,061
TOTAL		**25,248,037**					
Lebanon County, PA	38	2,536,770	3.92	13.81	141,248	61,771	66,757
Lehigh County, PA	86	9,309,394	4.61	8.98	370,498	66,334	108,249
Montgomery County, PA	243	33,032,898	4.26	26.02	831,796	90,695	135,938
Northampton County, PA	87	6,949,551	1.26	8.45	305,084	71,993	79,880
TOTAL		**51,828,613**					

Source: S&P Global
Commercial Banks, Traditional, In-Store, Retail & Non-Retail



- Market disruption with BB&T acquisitions of National Penn Bancshares and Susquehanna Bancshares created opportunity.

EXPANSION INITIATIVES

Peoples Financial SERVICES CORP.

Lehigh Valley, PA
LPO opens in Bethlehem, PA
October 2014

Lehigh Valley, PA
Branch opens in Bethlehem, PA
December 2014

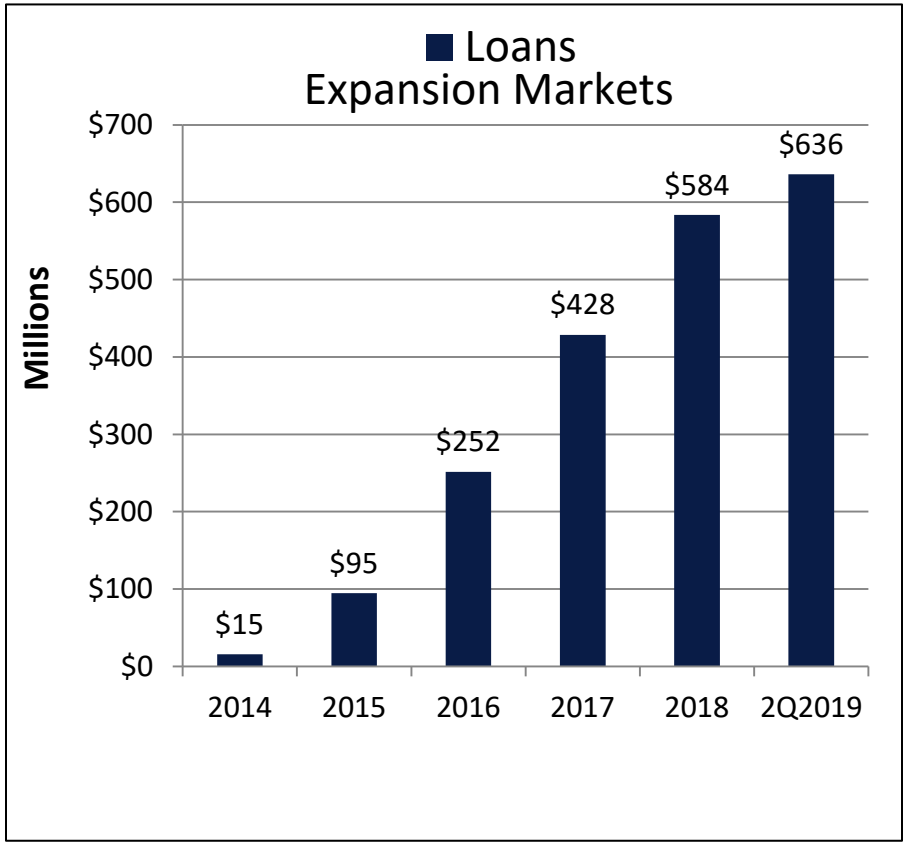
Montgomery County, PA
LPO opens in King of Prussia, PA
December 2015

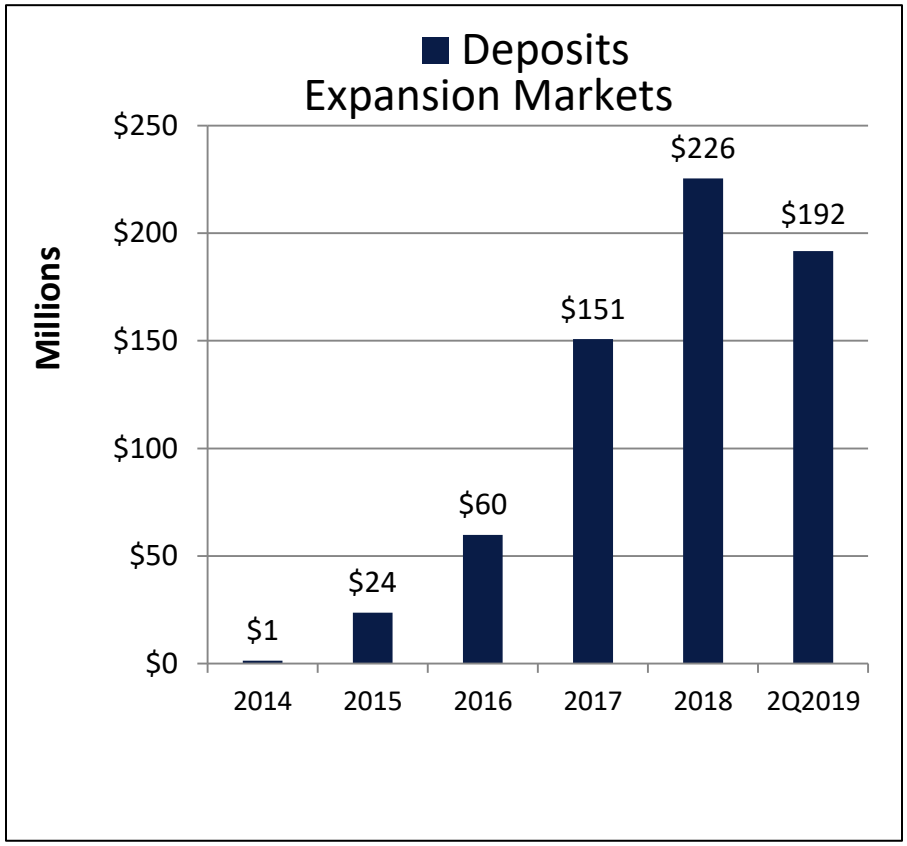
Montgomery County, PA
Branch opens in King of Prussia, PA Replacing LPO
December 2016

Lehigh Valley, PA
Regional Headquarters and Branch opens in Bethlehem, PA
April 2017

Lehigh Valley, PA
Two Additional Lending Teams Hired & Third Branch opens in Allentown, PA
July 2017

Central PA
Branch opens in Lebanon, PA
June 2019





29% of Total Assets in Expansion Markets

EXPANSION INITIATIVES

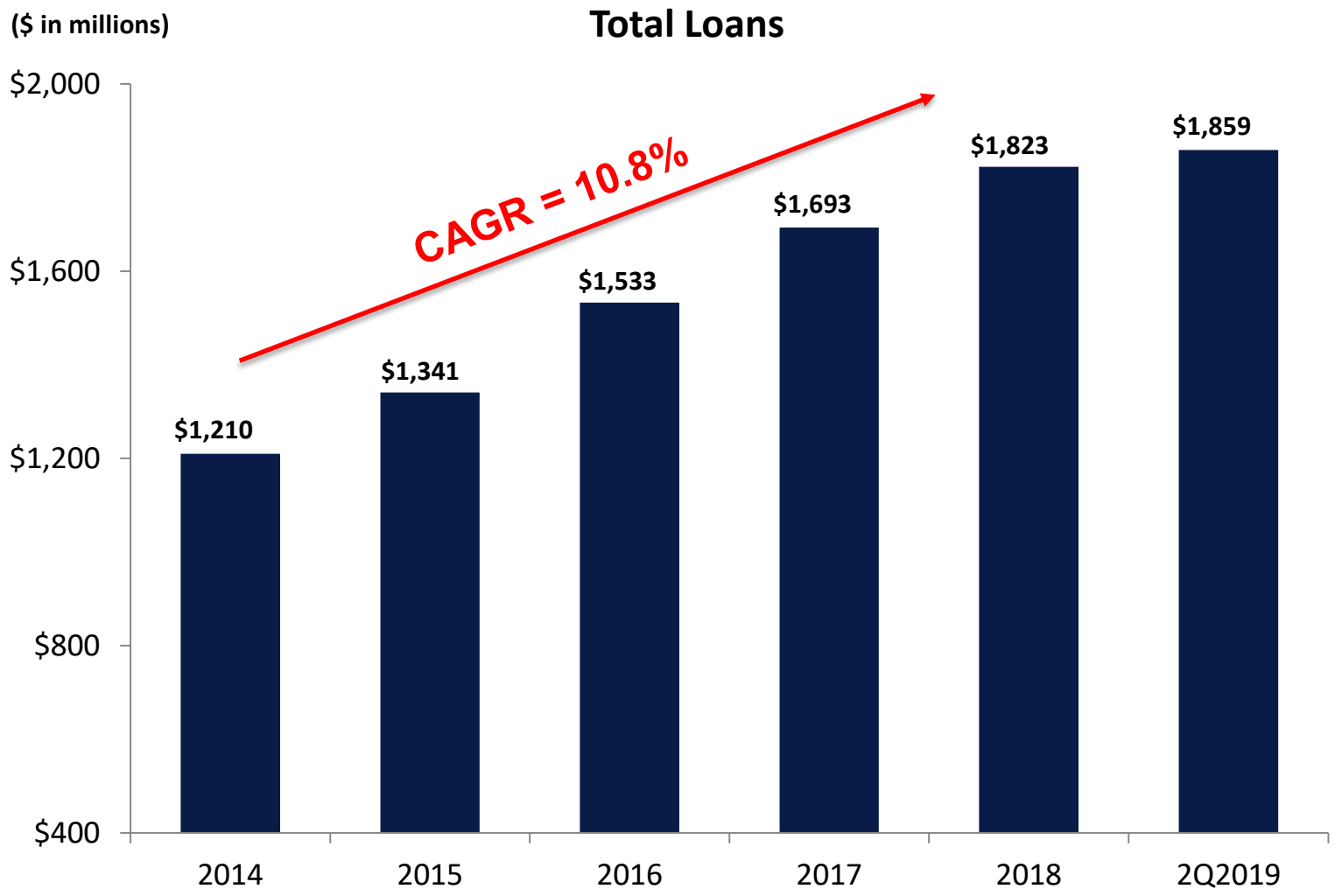
Market Expansion Initiatives 2018

- 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

Market Expansion Initiatives 2019

- Added a commercial lending team to our new Lebanon County Market
- Opened our newest full services business office in Lebanon, PA servicing Harrisburg, Lancaster and Reading markets

EXPANSION INITIATIVES



WHY INVEST IN PFIS?

Peoples Financial SERVICES CORP.

- Most valuable franchise in Northeastern PA – size, earnings and market cap
- Consistently strong financial performance

  Since 2006, ROA greater than 1.00% except for Reverse Merger Year 2013 and Deferred Tax Asset charge of 2017

- Consistently strong asset quality/capital

  Since 2006, NPA's to Loans never greater than .70% except for Reverse Merger Year 2013 (1.07%)

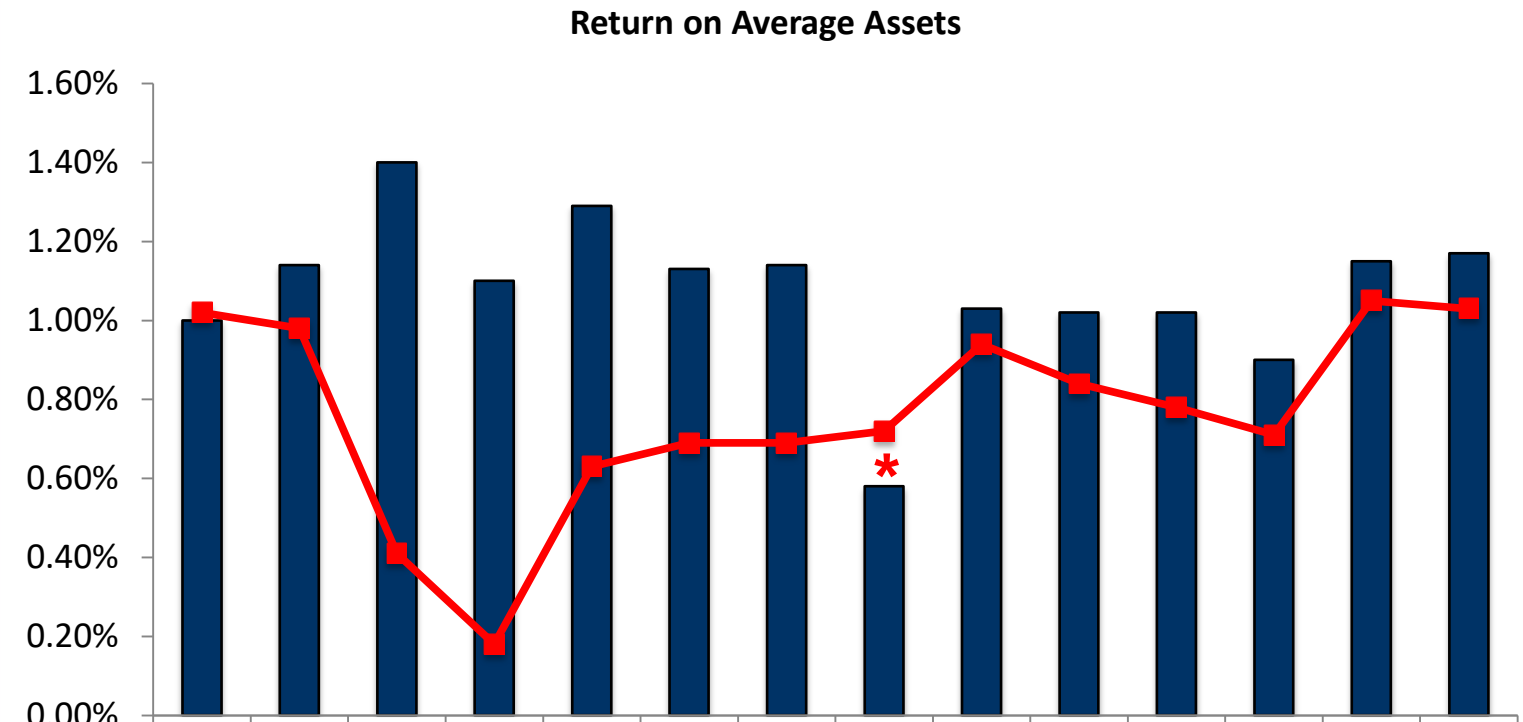
- Success of expansion initiatives are repositioning company in growth markets
- Growth in expansion markets has increased exit opportunities

APPENDIX

Financial Information

Financial Information

Peoples Financial SERVICES CORP.



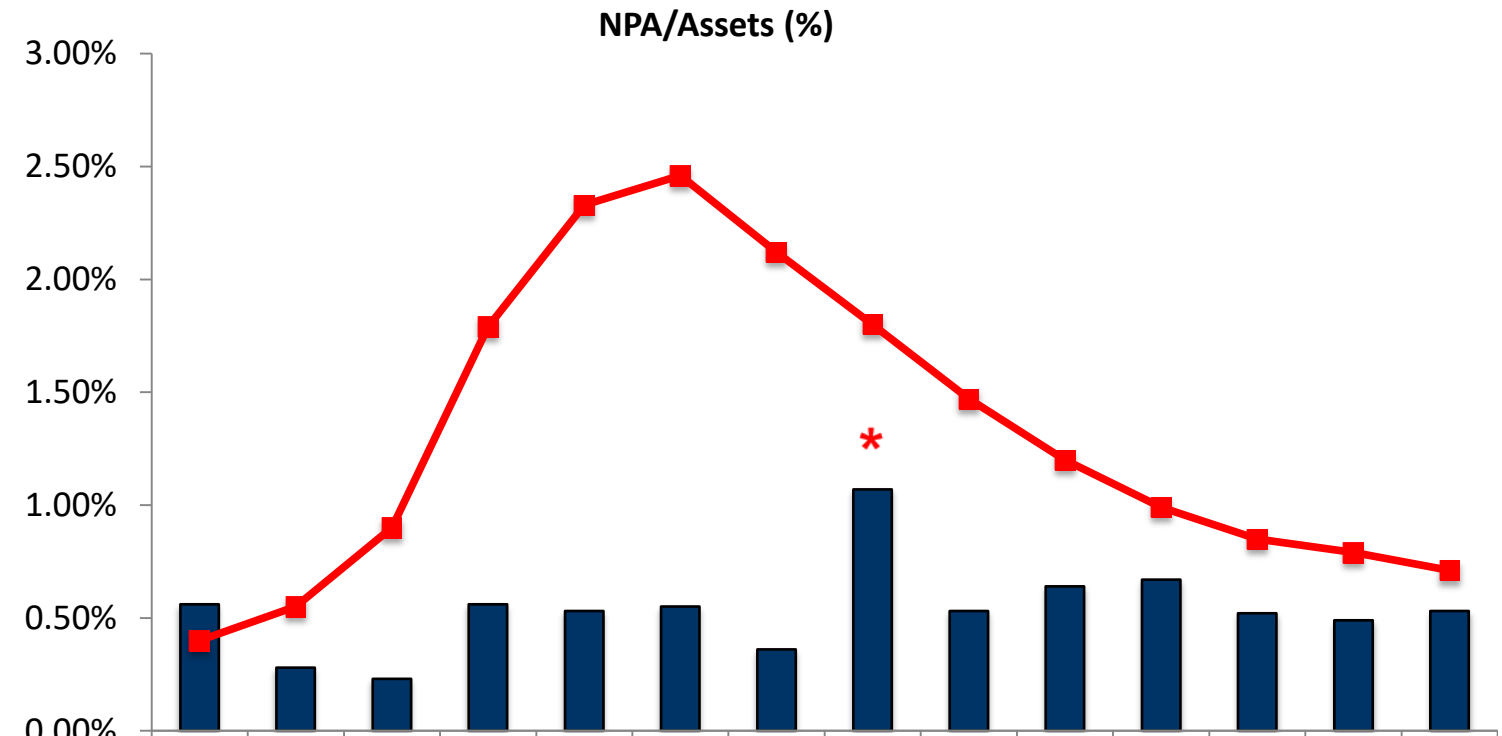
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD 2019
PFIS	1.00%	1.14%	1.40%	1.10%	1.29%	1.13%	1.14%	0.58%	1.03%	1.02%	1.02%	0.90%	1.15%	1.17%
PEER	1.02%	0.98%	0.41%	0.18%	0.63%	0.69%	0.69%	0.72%	0.94%	0.84%	0.78%	0.71%	1.05%	1.03%

Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD and PA publicly traded banks
$1bn-$5bn in Assets

* Reverse Merger Between PFNS/PFIS

Financial Information

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2Q 2019
PFIS	0.56%	0.28%	0.23%	0.56%	0.53%	0.55%	0.36%	1.07%	0.53%	0.64%	0.67%	0.52%	0.49%	0.53%
PEER	0.40%	0.55%	0.90%	1.79%	2.33%	2.46%	2.12%	1.80%	1.47%	1.20%	0.99%	0.85%	0.79%	0.71%

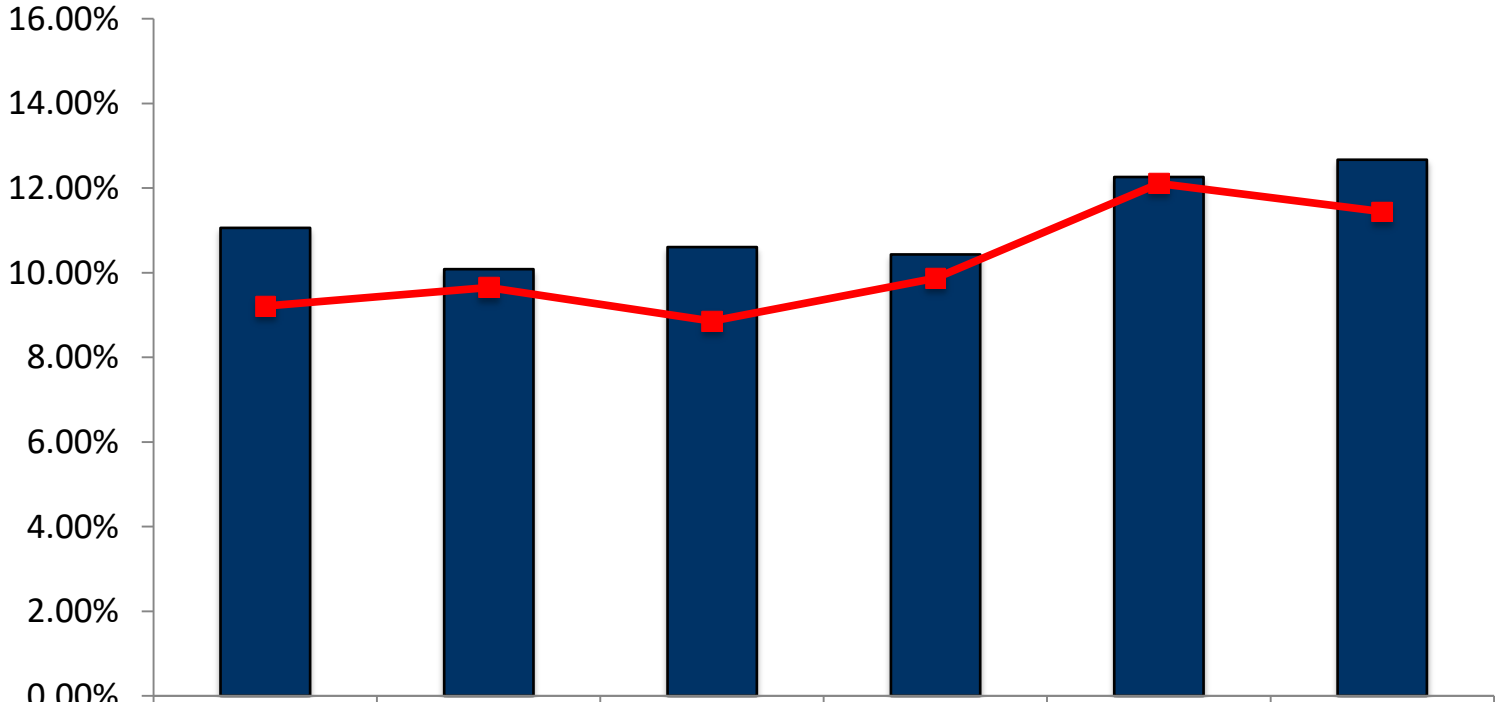
Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD, and PA publicly traded banks $1bn-$5bn in Assets

* Reverse Merger Between PFNS/PFIS

Financial Information

Peoples Financial SERVICES CORP.

Core Return on Average Tangible Common Equity



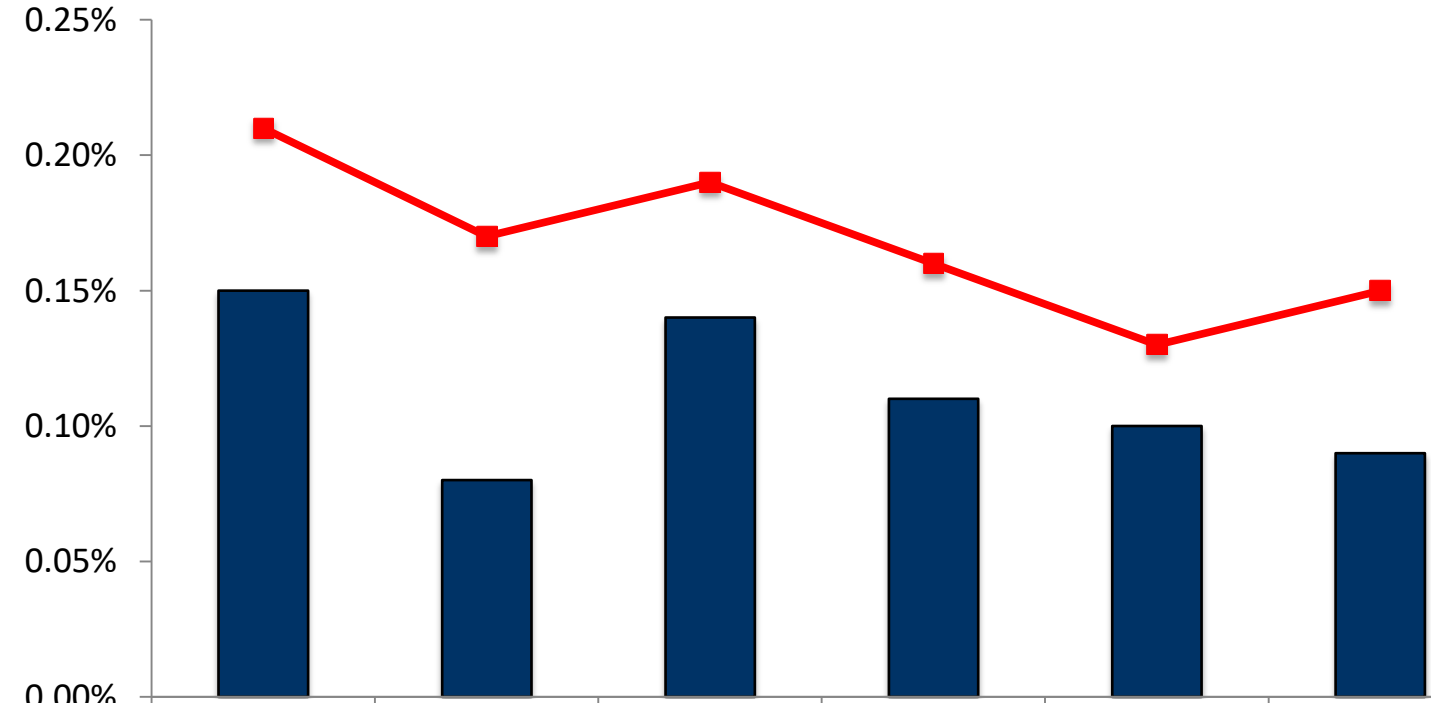
	2014	2015	2016	2017	2018	YTD 2019
PFIS	11.06%	10.08%	10.60%	10.43%	12.26%	12.67%
PEER	9.21%	9.65%	8.86%	9.87%	12.11%	11.44%

Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD and PA publicly traded banks
$1bn-$5bn in Assets

Financial Information

Peoples Financial SERVICES CORP.

Net Charge-offs as a % of Average Loans

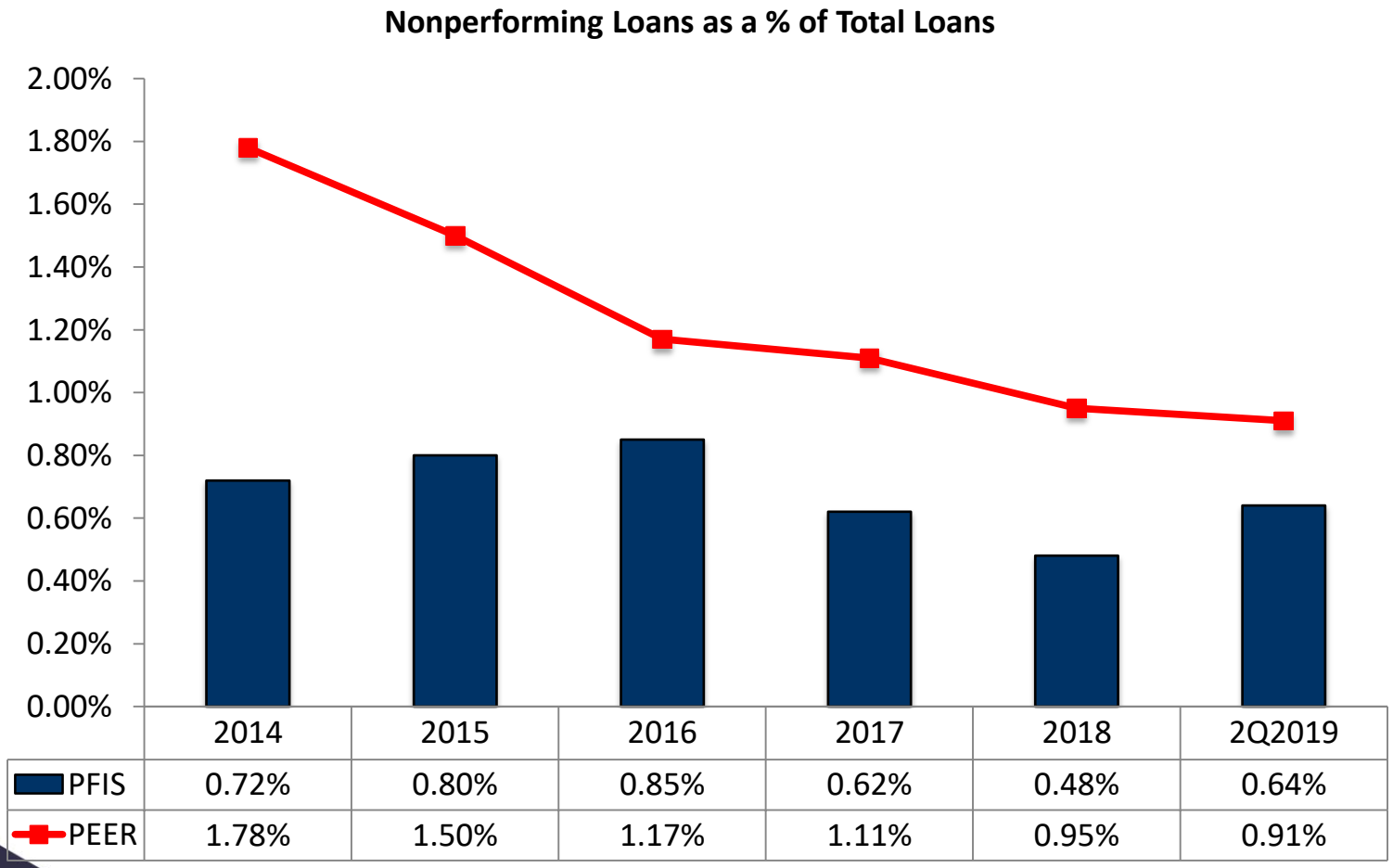


	2014	2015	2016	2017	2018	YTD 2019
PFIS	0.15%	0.08%	0.14%	0.11%	0.10%	0.09%
PEER	0.21%	0.17%	0.19%	0.16%	0.13%	0.15%

Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD and PA publicly traded banks
$1bn-$5bn in Assets

Financial Information

Peoples Financial SERVICES CORP.

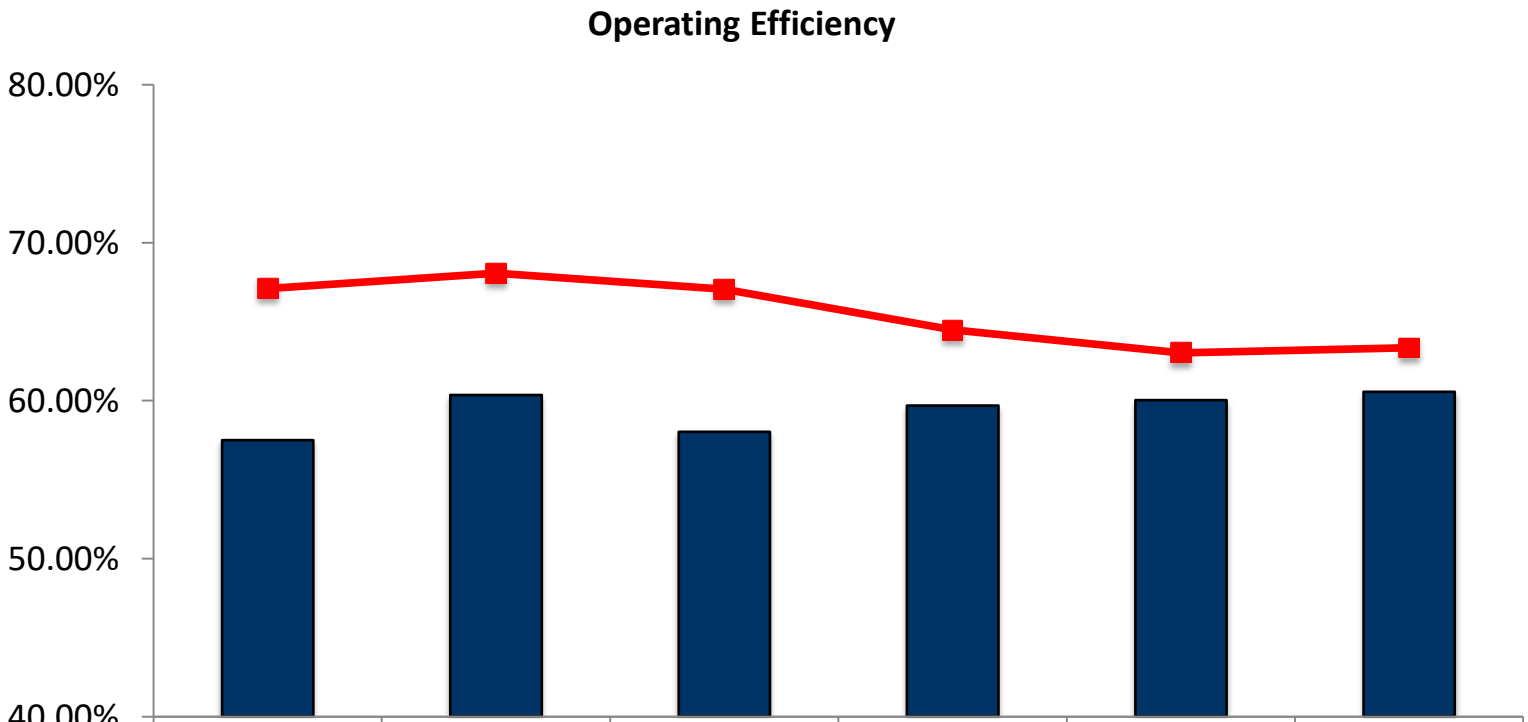


	2014	2015	2016	2017	2018	2Q2019
PFIS	0.72%	0.80%	0.85%	0.62%	0.48%	0.64%
PEER	1.78%	1.50%	1.17%	1.11%	0.95%	0.91%

Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD and PA publicly traded banks
$1bn-$5bn in Assets

Financial Information

Peoples Financial SERVICES CORP.

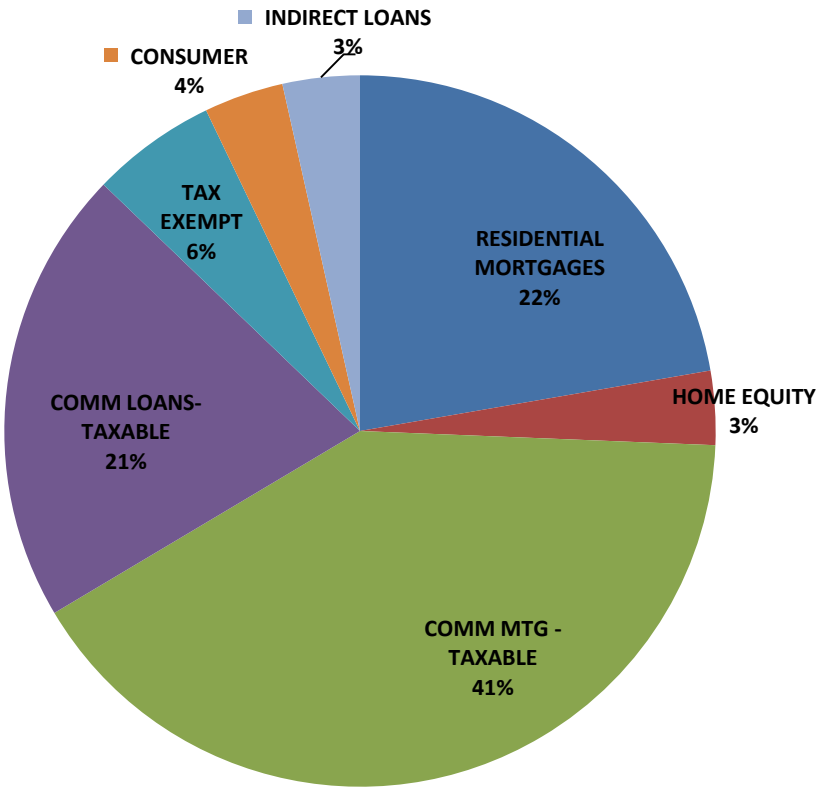


	2014	2015	2016	2017	2018	YTD 2019
PFIS	57.50%	60.35%	58.03%	59.69%	60.03%	60.56%
PEER	67.10%	68.08%	67.05%	64.48%	63.03%	63.35%

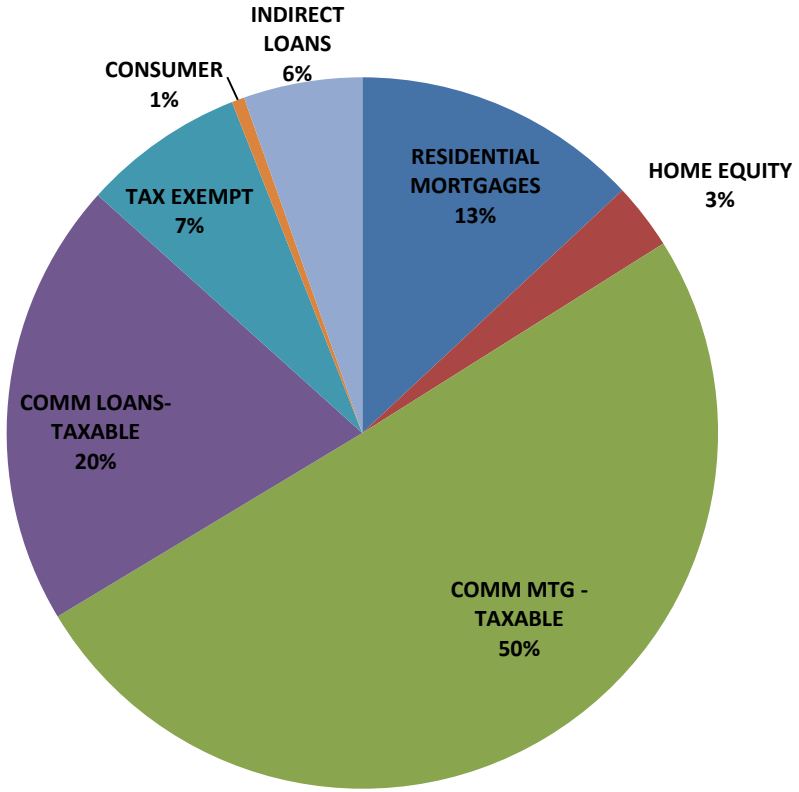
Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD and PA publicly traded banks
$1bn-$5bn in Assets

LOAN COMPOSITION

December 31, 2014
Balances $1.21 Billion



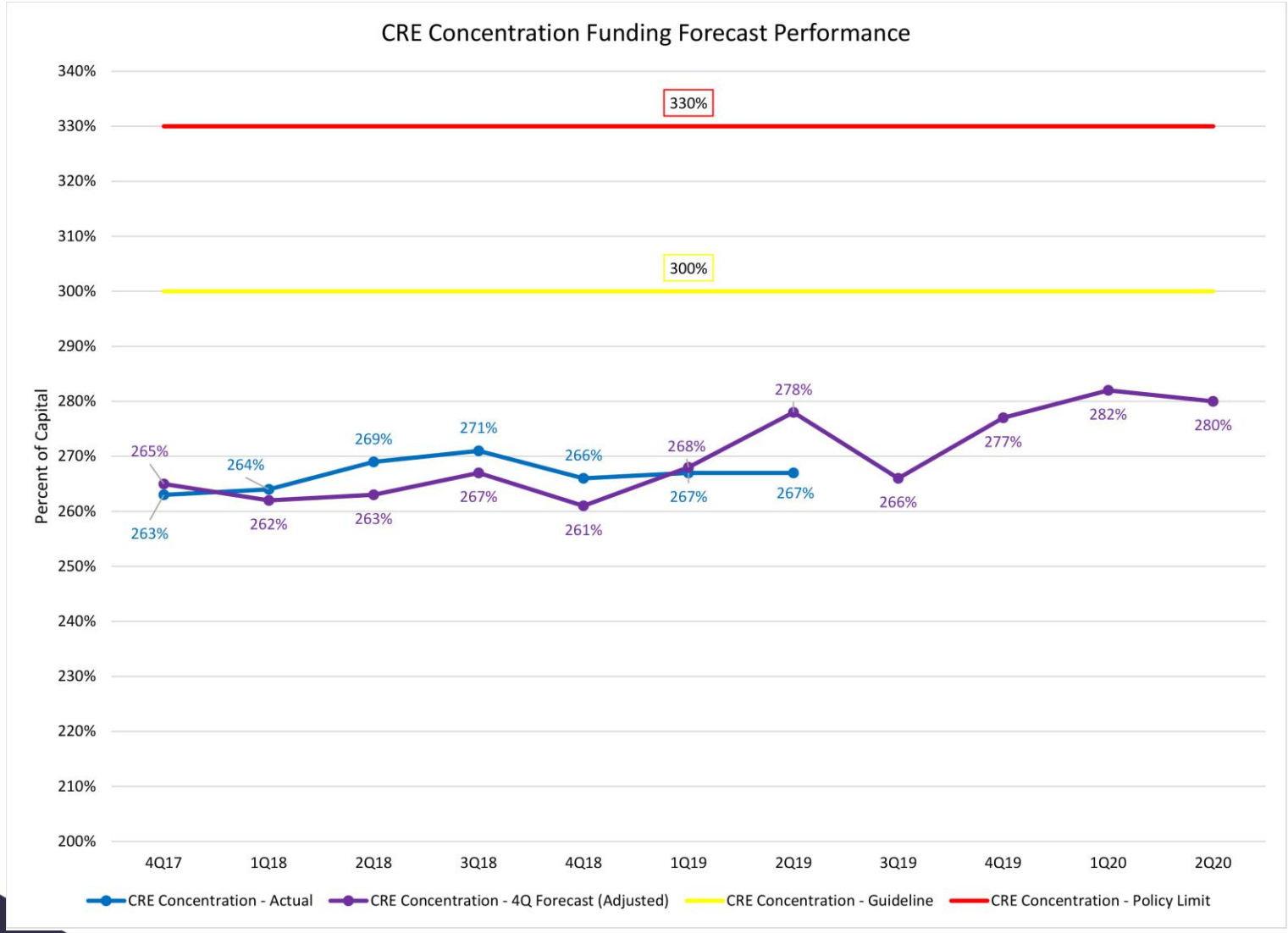
June 30, 2019
Balances $1.86 Billion



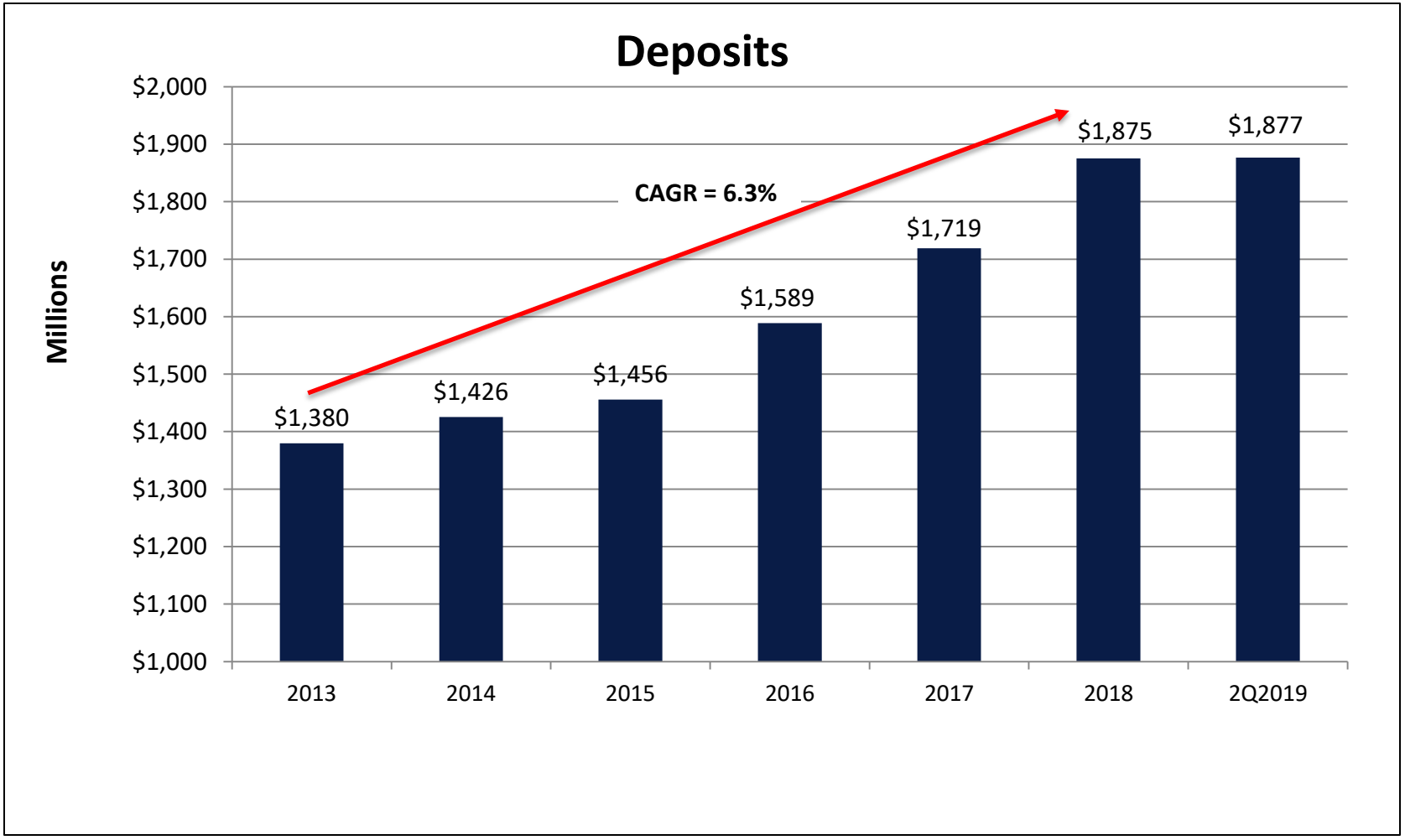
- Growth of $650 million or 53.7%
- Portfolio displays superior asset quality

Quarterly Financial Information

Peoples Financial SERVICES CORP.

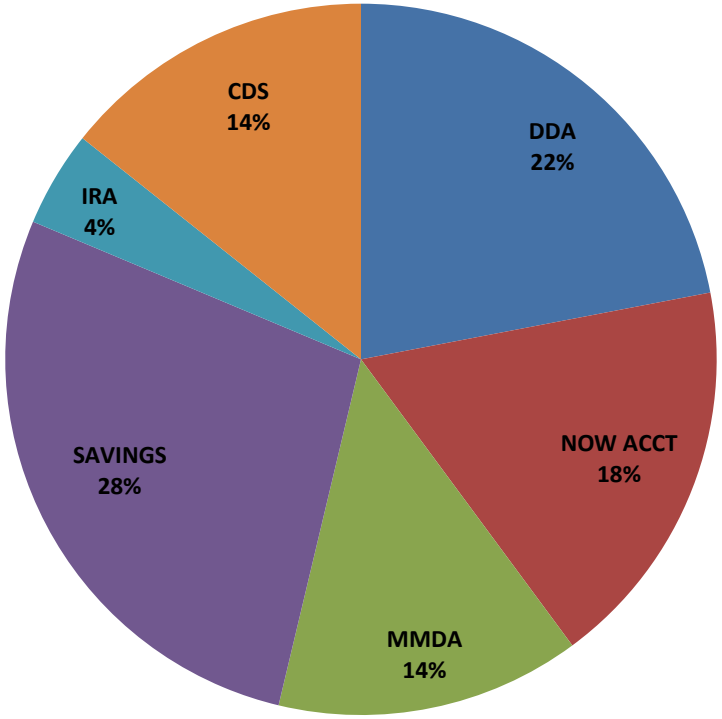


BALANCE SHEET PERFORMANCE
DEPOSIT GROWTH

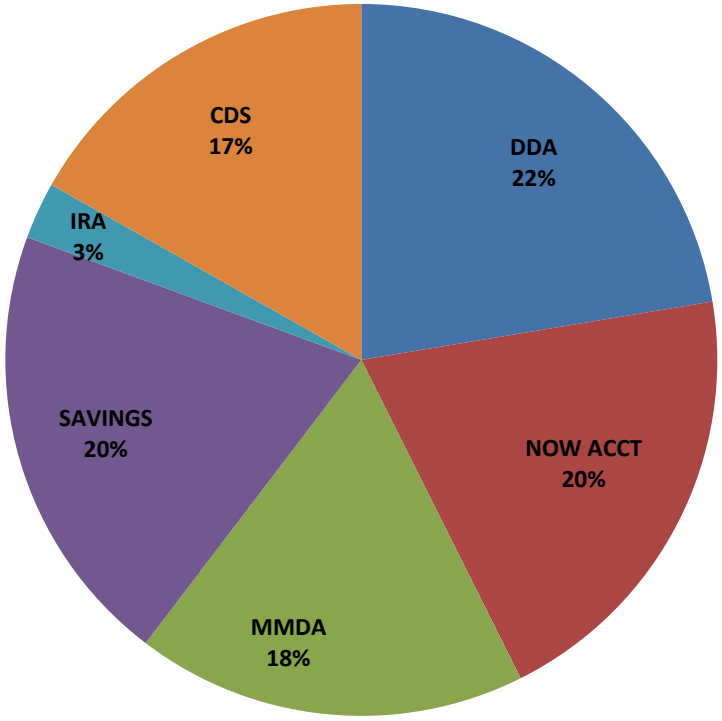


DEPOSIT COMPOSITION

December 31, 2014
Balances $1.43 billion



June 30, 2019
Balances $1.87 billion



- Growth of $440 million or 31.0%
- Includes $50 million of Brokered Deposits

INVESTOR RELATIONS CONTACTS AND INFORMATION SOURCES

INVESTOR SERVICES:

- Transfer Agent:
  American Stock Transfer
  and Trust, LLC
  (800) 937-5449
  - Dividend Reinvestment
  - Direct Deposit
- Market Makers

Boenning & Scattergood	(610) 862-5368
Griffin Financial Group	(757) 955-8444
Keefe, Bruyette & Woods	(212) 887-8996
Sandler O'Neill & Partners, L.P.	(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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