Peoples Financial SERVICES CORP.



North Allegheny Office located at 802B Warrendale Village Drive, Warrendale, Allegheny County, PA

INVESTOR PRESENTATION
FEBRUARY 2022

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.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 Profile

II. Investor Thesis

A. Consistently High Performance *Even During the Great Recession*
B. Effective Growth Strategy
C. High Dividend Payer
D. Small Cap Financial Valuation

III. Appendix

A. Pandemic Response
B. Financials
C. Asset Quality

Peoples Financial Services Corp.
Corporate Profile
as of December 31, 2021

Peoples Financial SERVICES CORP.

- Founded in 1905
- Total Assets: $3.4 billion
- Total Deposits: $2.9 billion
- Total Loans: $2.3 billion

- Listed on NASDAQ under ticker: PFIS
- Shares Outstanding: 7,169,371
- Market Cap: $378 million
- Average Daily Trading Volume: 12,604
- Market Price: $52.69
- Price to TBV: 1.38x
- Price to LTM Reported EPS: 8.75x
- Price to LTM Core EPS: 11.23
- Annual Dividend & Yield: $1.50 / 2.85%

I. CORPORATE PROFILE
Management



Craig W. Best
CEO & Director

39 Years in Banking

16 Years with the Company



Neal D. Koplin
Sr. EVP, Chief Banking Officer

40 Years in Banking

8 Years with the Company



Thomas P. Tulaney
President & COO

38 Years in Banking

11 Years with the Company



Timothy H. Kirtley
EVP, CRO & Secretary

30 Years in Banking

6 Years with the Company



John R. Anderson III
EVP & CFO

31 Years in Banking

31 Years with the Company



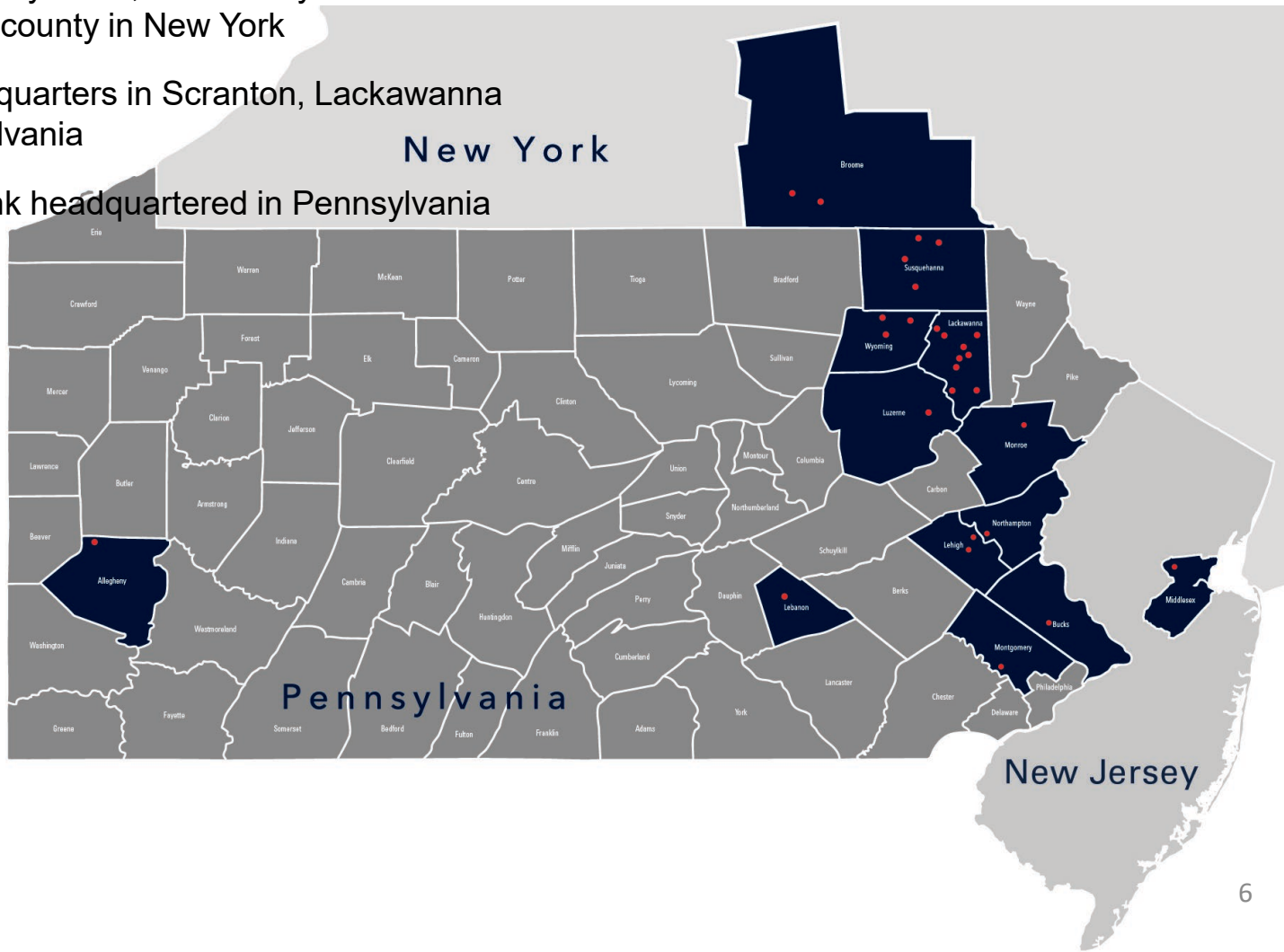
Susan L. Hubble
EVP, CIO

22 Years in Banking

22 Years with the Company

I. CORPORATE PROFILE
Market Area

- 28 Community branch offices located in eleven counties in Pennsylvania, one county in New Jersey and one county in New York
- Corporate headquarters in Scranton, Lackawanna County, Pennsylvania
- 13th Largest bank headquartered in Pennsylvania

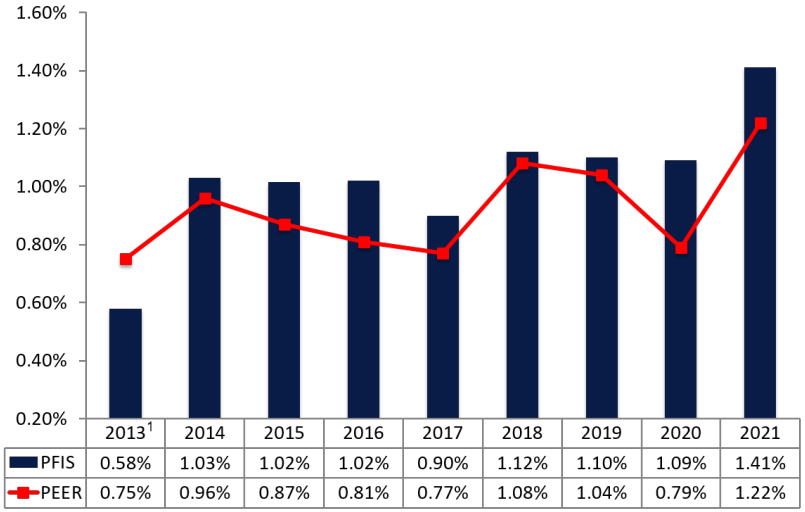


II. INVESTOR THESIS

A. Consistent High Performance Even During the Great Recession

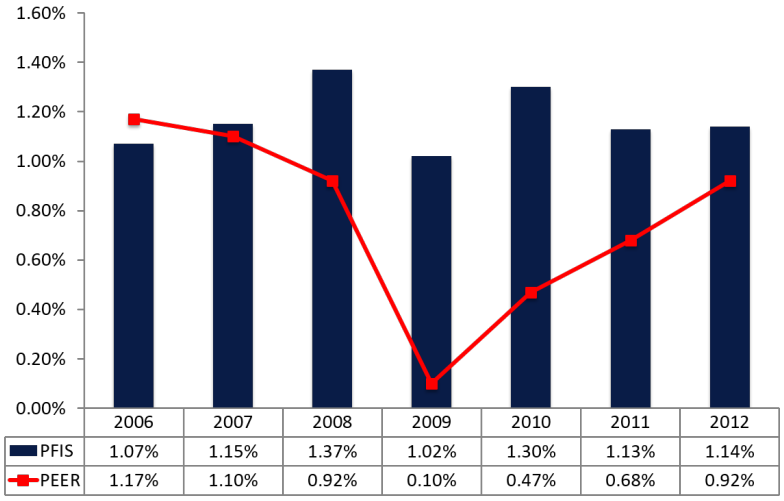
Return on Average Assets %

2013 - 2021



	2013[1]	2014	2015	2016	2017	2018	2019	2020	2021
PFIS	0.58%	1.03%	1.02%	1.02%	0.90%	1.12%	1.10%	1.09%	1.41%
PEER	0.75%	0.96%	0.87%	0.81%	0.77%	1.08%	1.04%	0.79%	1.22%

Even Through the Great Recession
2006 - 2012



	2006	2007	2008	2009	2010	2011	2012
PFIS	1.07%	1.15%	1.37%	1.02%	1.30%	1.13%	1.14%
PEER	1.17%	1.10%	0.92%	0.10%	0.47%	0.68%	0.92%

[1] Merger PFIS and PFNS

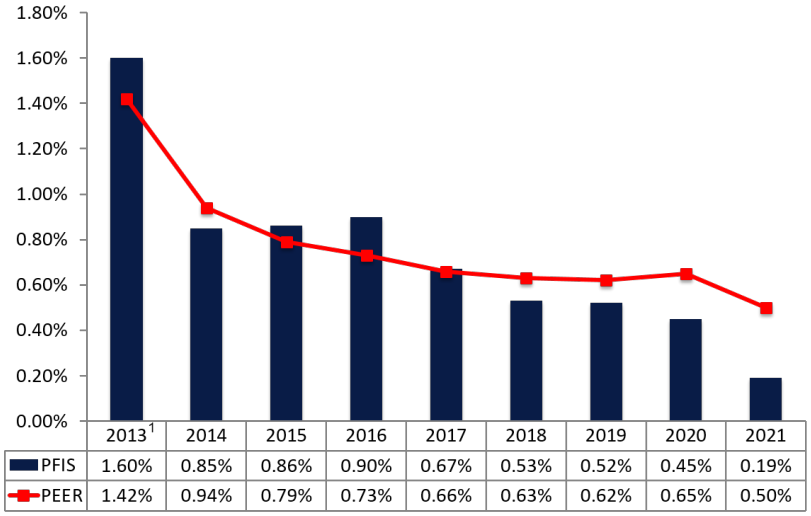
PFIS Source: Earnings Release, 10K
Peer Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD, PA banks
$1 - 5 Billion in Assets

II. INVESTOR THESIS

A. Consistent High Performance Even During the Great Recession

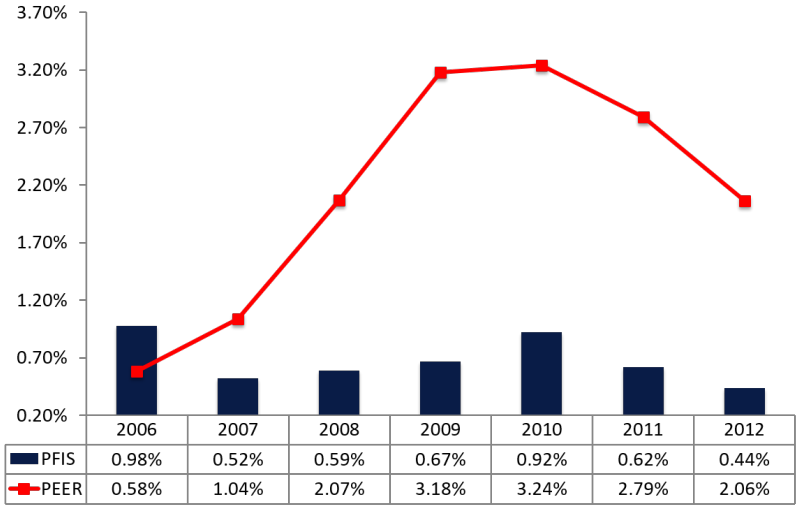
Non-Performing Loans to Total Loans %

2013 - 2021



	2013[1]	2014	2015	2016	2017	2018	2019	2020	2021
PFIS	1.60%	0.85%	0.86%	0.90%	0.67%	0.53%	0.52%	0.45%	0.19%
PEER	1.42%	0.94%	0.79%	0.73%	0.66%	0.63%	0.62%	0.65%	0.50%

Even Through the Great Recession
2006 - 2012



	2006	2007	2008	2009	2010	2011	2012
PFIS	0.98%	0.52%	0.59%	0.67%	0.92%	0.62%	0.44%
PEER	0.58%	1.04%	2.07%	3.18%	3.24%	2.79%	2.06%

[1] Merger PFIS and PFNS

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

II. INVESTOR THESIS
B. Effective Growth Strategy

I. Market expansion strategy

-Recruit high performing, market respected team
-Build brand one deal, one interaction, one employee, one location at a time
-Take advantage of market disruption

II. Provide high functioning mobile/digital banking platform

-Partnered with Fintech Q2

II. INVESTOR THESIS
B. EFFECTIVE GROWTH STRATEGY

Peoples Financial SERVICES CORP.

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

Lehigh Valley, PA
Branch opened in Bethlehem, PA
Replacing LPO, December 2014

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

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

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

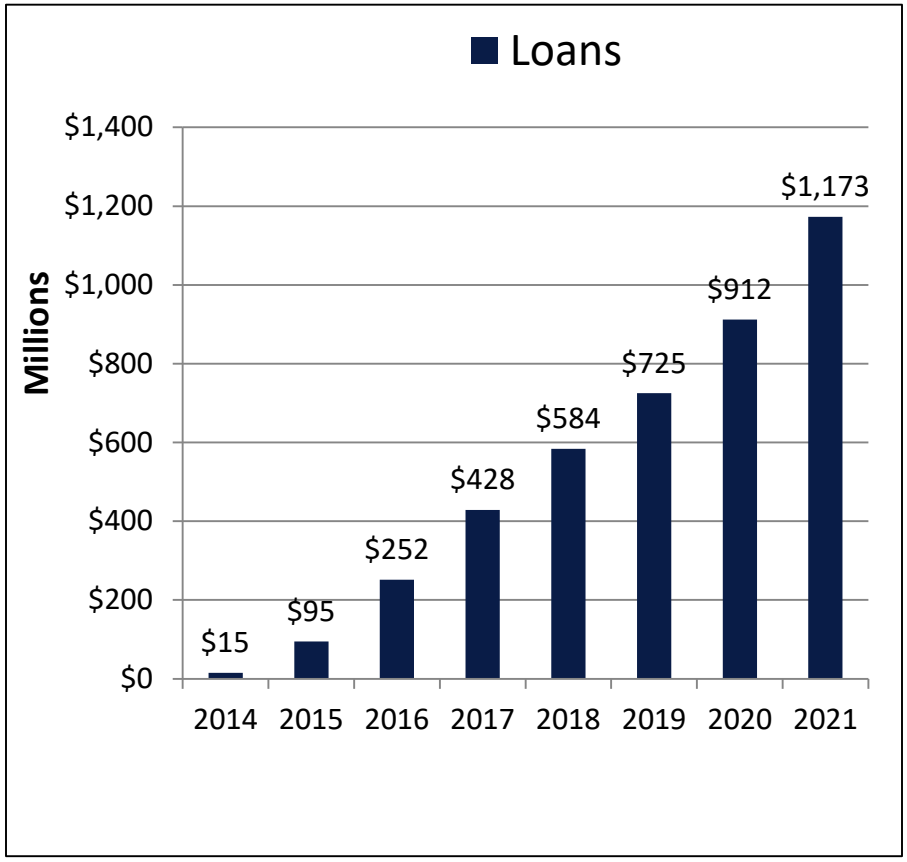
Lehigh Valley, PA
Two Additional Lending Teams Hired & Third Branch opened in Allentown, PA
July 2017

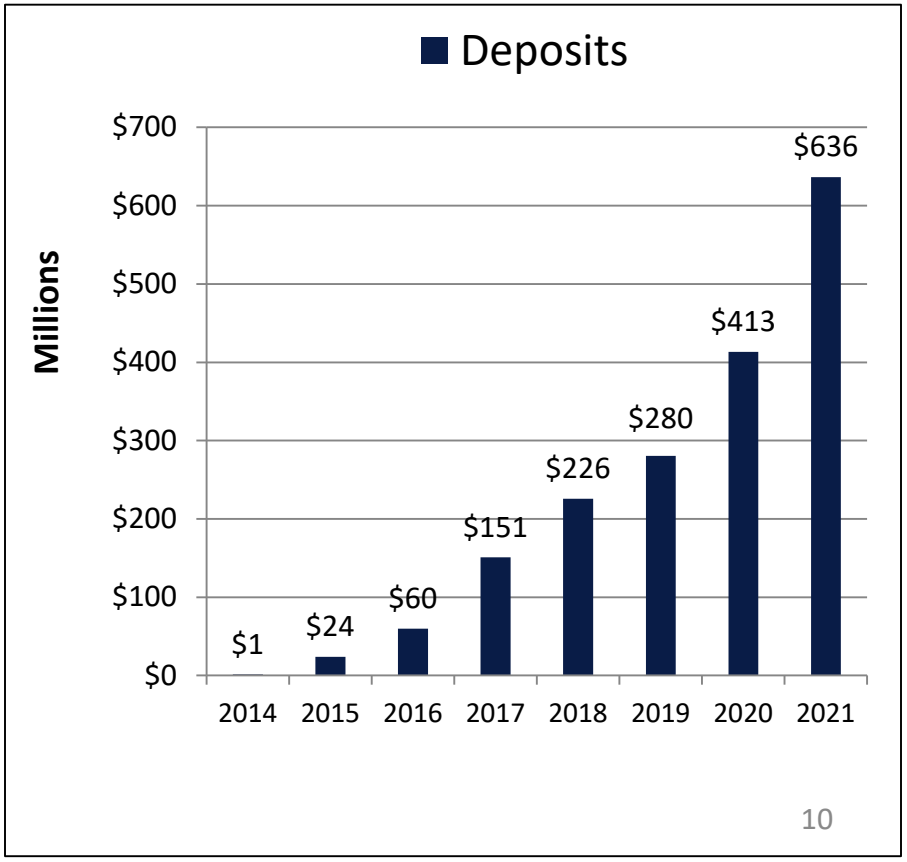
Central PA
Branch opened in Lebanon, PA
June 2019

Doylestown, PA
Regional Office opened in Doylestown, PA
March 2020

Warrendale, PA
Branch opened in Warrendale, PA
October 2021

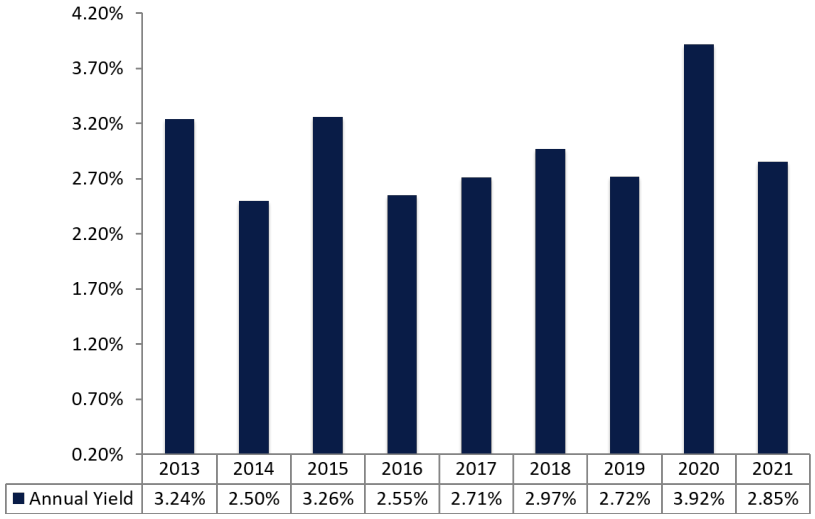
Piscataway, NJ
Regional Office opened in Piscataway, NJ
December 2021



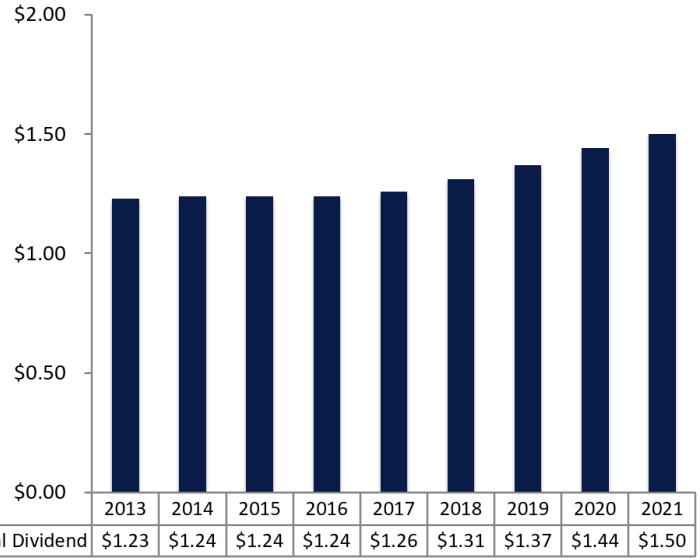


II. INVESTOR THESIS

C. High Dividend Payer



	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual Yield	3.24%	2.50%	3.26%	2.55%	2.71%	2.97%	2.72%	3.92%	2.85%



	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual Dividend	$1.23	$1.24	$1.24	$1.24	$1.26	$1.31	$1.37	$1.44	$1.50

II. INVESTOR THESIS

D. SMALL CAP FINANCIALS VALUATION

Price / TBV Analysis

	A			B	(B/A)-1
	Price / TBV				
Group	Avg. Since 1/1/2015	@ 12/31/2019	@ 5/1/2020	@ Current 1/26/2022	% of Avg. Since 1/1/2015
Peoples Financial Services Corp.	**1.50x**	**1.61x**	**1.07x**	**1.37x**	*(8.6%)*
Small Cap Banks $200M - $2B Mkt. Cap[1]					
Small Cap Banks 75th Percentile	1.68x	1.83x	1.15x	1.68x	*0.4%*
Small Cap Banks Median	1.47x	1.57x	0.98x	1.47x	*0.1%*
Small Cap Banks 25th Percentile	1.29x	1.34x	0.85x	1.25x	*(3.0%)*
Mid-Cap Banks $2B - $10 B Mkt. Cap[2]					
Mid-Cap Banks 75th Percentile	2.24x	2.14x	1.40x	2.22x	*(1.2%)*
Mid-Cap Banks Median	1.96x	1.80x	1.17x	1.84x	*(6.3%)*
Mid-Cap Banks 25th Percentile	1.64x	1.59x	1.02x	1.58x	*(3.3%)*
Large Cap Banks Greater than $10B Mkt. Cap[3]					
Large Cap Banks 75th Percentile	2.26x	2.31x	1.46x	2.34x	*3.8%*
Large Cap Banks Banks Median	1.75x	1.84x	1.16x	2.09x	*19.6%*
Large Cap Banks 25th Percentile	1.46x	1.58x	0.86x	1.85x	*26.0%*

Source: S&P Global Market Intelligence. Note: Market data as of 1/26/2022.
(1) Includes major exchange-traded banks and thrifts with market capitalization between $200 million and $2 billion, excluding merger targets and mutuals.
(2) Includes major exchange-traded banks and thrifts with market capitalization between $2 billion and $10 billion, excluding merger targets and mutuals.
(3) Includes major exchange-traded banks and thrifts with market capitalization greater $10 billion, excluding merger targets and mutuals.

INVESTOR RELATIONS CONTACTS AND INFORMATION SOURCES

Peoples Financial SERVICES CORP.

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
Piper Sandler	(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

Marie L. Luciani
Telephone: 570-346-7741 x2352
E-mail: marie.luciani@psbt.com

APPENDIX

OUR PANDEMIC RESPONSE

Peoples Financial SERVICES CORP.

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

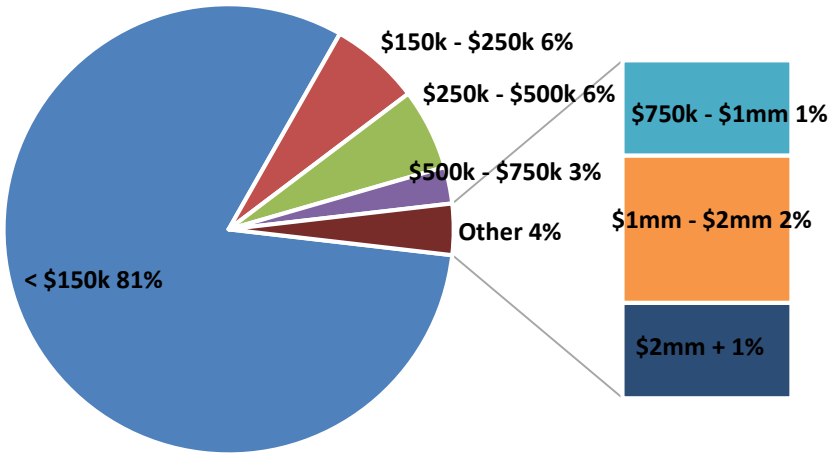
HELP to make our communities better places to live and work

PAYCHECK PROTECTION PROGRAM

- 2,317 approved PPP Loans totaling $321 million originated from April ‘20 through March ‘21
- Average loan size of $138,500
- Outstanding at November 30, 2021 – 441 loans with $69.3 million

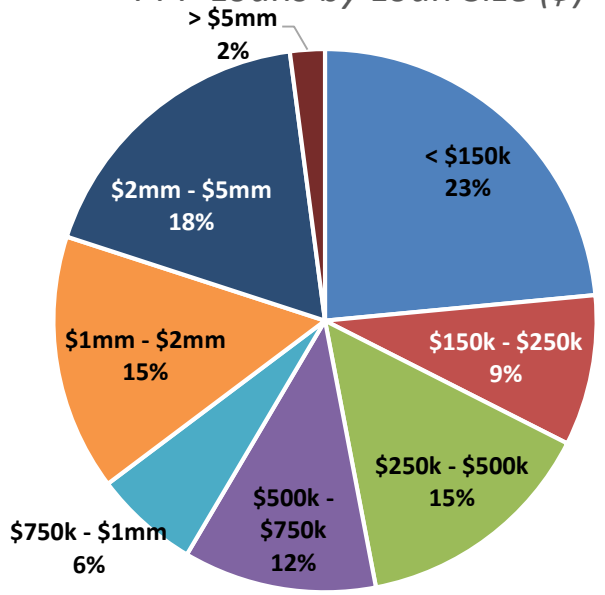
2,317 Total Approved PPP Loans

PPP Loans by Loan Size (#)

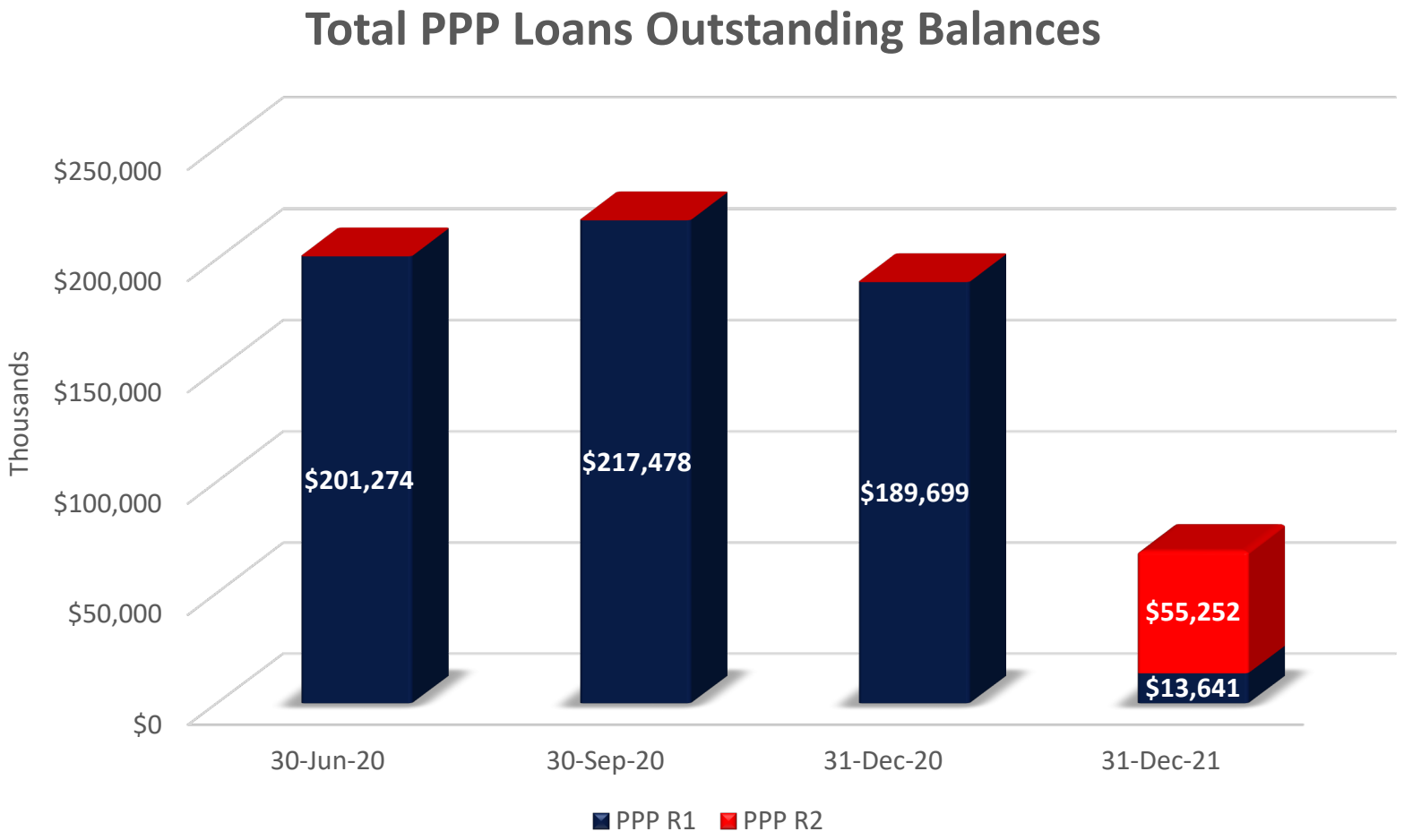


$321mm Approved PPP Loans originated

PPP Loans by Loan Size ($)



PAYCHECK PROTECTION PROGRAM



COVID-19 DEFERRALS

Peoples Financial SERVICES CORP.

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 December 31, 2021		
NAICS category *(Commercial Loans)*	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%	-	-	-	0	$ 0	0%
Lessors of Residential Buildings and Dwellings	$327,375	15.0%	3	$ 143	0.1%	0	0	0%
Hotels and Motels	$56,314	2.6%	-	-	-	0	0	0%
Full-Service Restaurants	$45,824	2.1%	3	1,961	0.1%	0	0	0%
Limited-Service Restaurants	$25,237	1.2%	-	-	-	0	0	0%
Gasoline Stations with Convenience Stores	$30,441	1.4%	-	-	-	0	0	0%
Construction and Mining	$31,731	1.5%	-	-	-	0	0	0%
Assisted Living Facilities for the Elderly	$7,079	0.3%	-	-	-	0	0	0%
Colleges, Universities, and Professional Schools	$44,674	2.1%	-	-	-	0	0	0%
All Others	$777,574	35.7%	12	3,692	0.1%	0	0	0%
	$1,820,990	83.6%	18	$ 5,796	0.3%	0	$ 0	0%

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

PEOPLES FINANCIAL SERVICES CORP. 2021 FINANCIAL RESULTS INCOME STATEMENT COMPARISON

Peoples Financial SERVICES CORP.

	Actual		VARIANCE '21A v. '20A	
	12/31/2021	12/31/2020	($)	(%)
(1) Net interest income	$ 84,635	$ 79,801	$ 4,834	6.1%
(2) Provision for loan losses	1,750	7,400	(5,650)	-76.4%
(3) Net interest income after provision	82,885	72,401	10,484	14.5%
(4) Noninterest income:				
(5) Other noninterest income	9,673	13,235	(3,562)	-26.9%
(6) Gain on sale of VISA	12,153	-	12,153	100.0%
(7) Wealth management income	3,810	3,407	403	11.8%
(8) Total noninterest income	25,636	16,642	8,994	54.0%
(9) Total Revenue	108,521	89,043	19,478	21.9%
(10) Noninterest expense:				
(11) Salaries and employee benefits expense	29,736	30,135	(399)	-1.3%
(12) Net occupancy and equipment	12,848	12,840	8	0.1%
(13) Other expenses	13,022	11,893	1,129	9.5%
(14) Total Noninterest expense	55,606	54,868	738	1.3%
(15) Pre-tax Net Income	52,915	34,175	18,740	54.8%
(16) Provision for income tax expense	9,396	4,821	4,575	94.9%
(16) Net income - Reported	$ 45,519	$ 29,354	$ 14,165	48.3%
(17) Net income - Operating	$ 33,918	$ 28,634	$ 5,284	18.5%
(18) EPS - Reported	$ 6.02	$ 4.00		
(19) EPS - Operating	$ 4.69	$ 3.90		

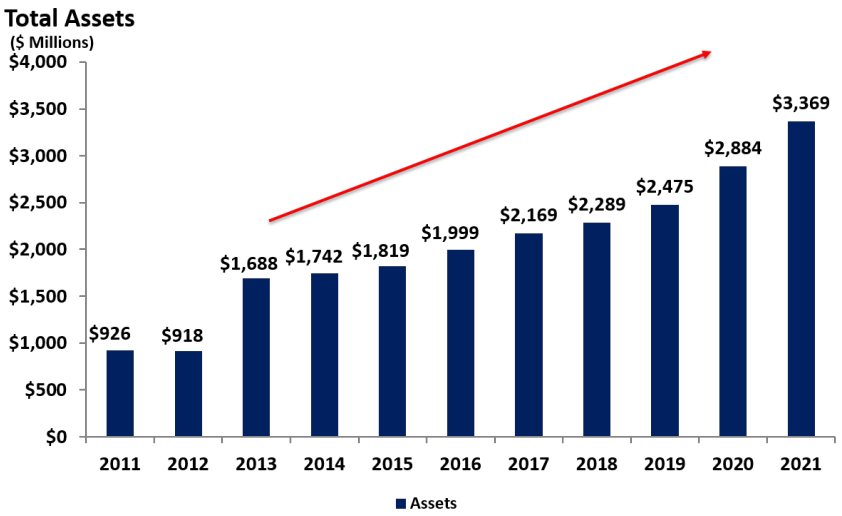
- Lower interest expense, $4.9M
- Strong commercial loan growth and improved asset quality

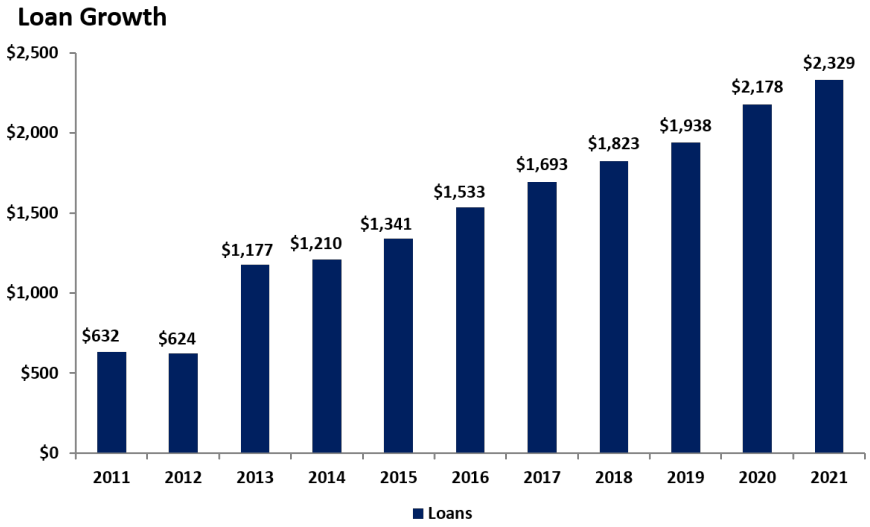
- Lower SWAP related revenue and BOLI benefit
- Gain on the sale of VISA

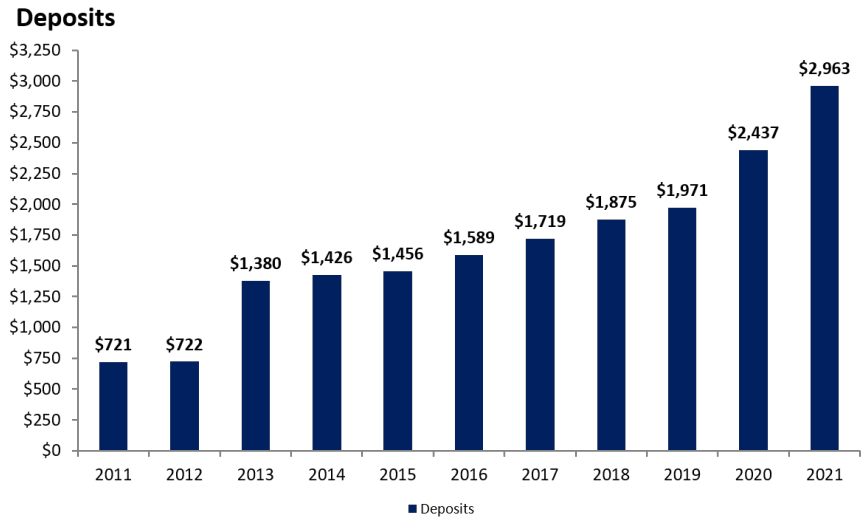
- PPP2 deferred loan costs, Increased labor efficiencies
- Digital banking and IT infrastructure investment

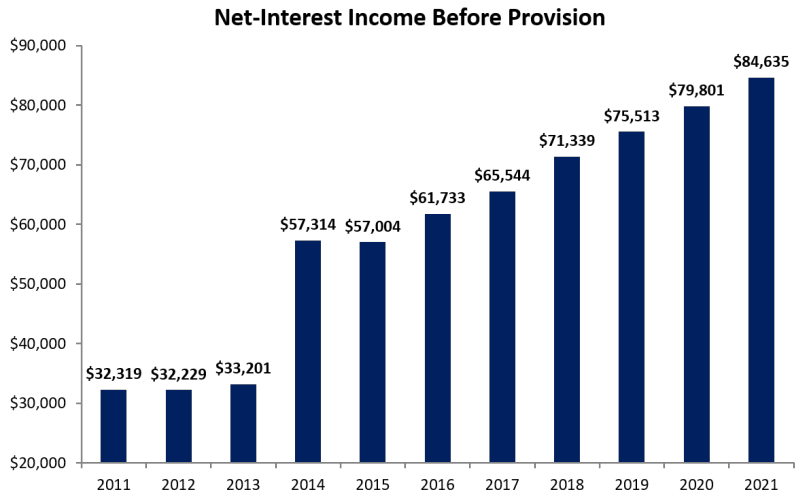
COMPANY PERFORMANCE

Peoples Financial SERVICES CORP.





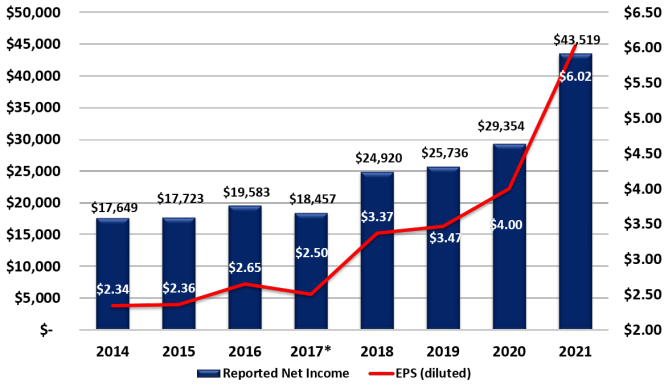




COMPANY PERFORMANCE

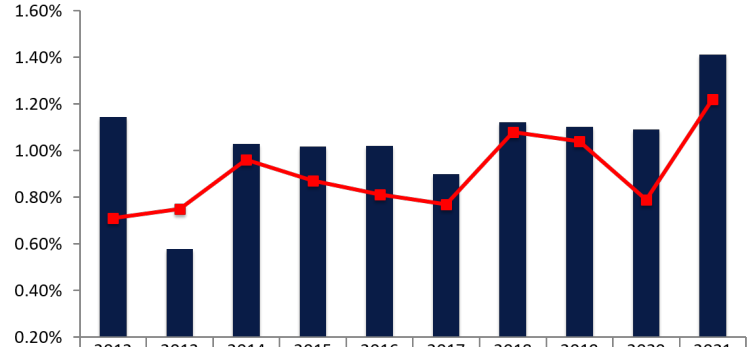
Peoples Financial SERVICES CORP.

Net Income *(Reported)*



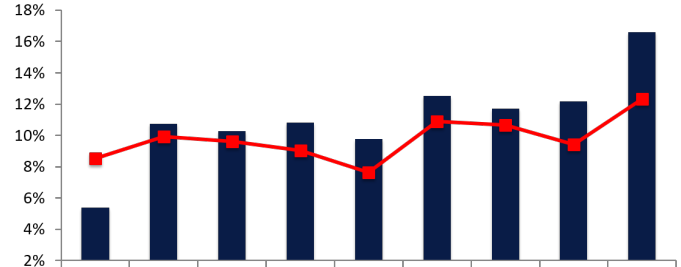
* Tax Cuts and Jobs Act of 2017 impact of $0.35 per share

Return on Average Assets



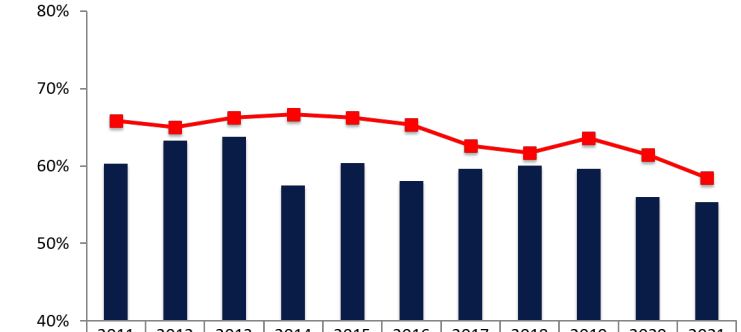
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PFIS	1.14%	0.58%	1.03%	1.02%	1.02%	0.90%	1.12%	1.10%	1.09%	1.41%
PEER	0.71%	0.75%	0.96%	0.87%	0.81%	0.77%	1.08%	1.04%	0.79%	1.22%

Return on Average Tangible Common Equity



	2013	2014	2015	2016	2017	2018	2019	2020	2021
PFIS	5.38%	10.74%	10.26%	10.82%	9.76%	12.52%	11.70%	12.18%	16.61%
PEER	8.54%	9.93%	9.61%	9.02%	7.63%	10.91%	10.68%	9.43%	12.34%

Operating Efficiency

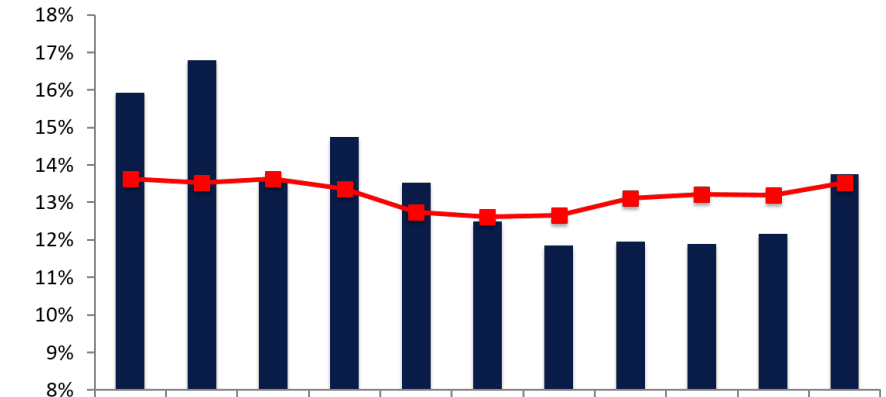


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PFIS	60.33%	63.23%	63.75%	57.50%	60.35%	58.03%	59.67%	60.03%	59.60%	56.00%	55.32%
PEER	65.80%	64.99%	66.23%	66.69%	66.28%	65.37%	62.63%	61.71%	63.62%	61.47%	58.51%

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

Tier One Risk Based Capital Ratio

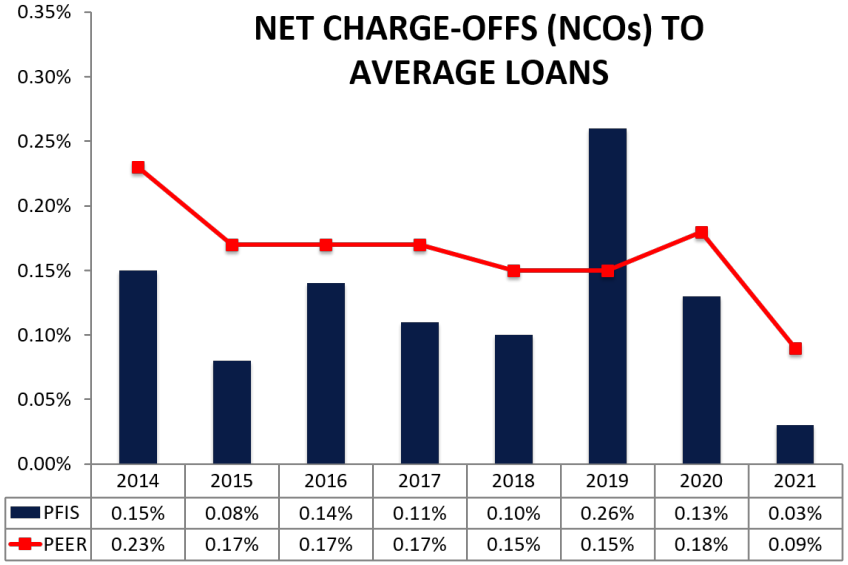


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PFIS	15.93%	16.80%	13.62%	14.75%	13.52%	12.49%	11.85%	11.95%	11.90%	12.16%	13.76%
PEER	13.64%	13.53%	13.64%	13.36%	12.75%	12.62%	12.66%	13.12%	13.21%	13.19%	13.52%

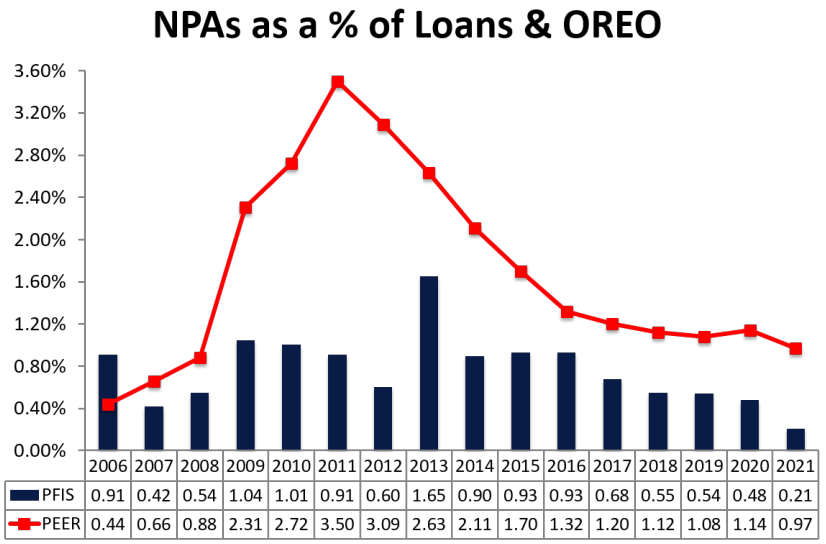
PFIS Source: Earnings Release, 10K
Peer Source: S&P Global
Mid-Atlantic: DE, NJ, NY, MD, PA banks
$1 - 5 Billion in Assets

COMPANY PERFORMANCE

Peoples Financial SERVICES CORP.



	2014	2015	2016	2017	2018	2019	2020	2021
PFIS	0.15%	0.08%	0.14%	0.11%	0.10%	0.26%	0.13%	0.03%
PEER	0.23%	0.17%	0.17%	0.17%	0.15%	0.15%	0.18%	0.09%



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PFIS	0.91	0.42	0.54	1.04	1.01	0.91	0.60	1.65	0.90	0.93	0.93	0.68	0.55	0.54	0.48	0.21
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	1.08	1.14	0.97

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