Peoples Financial Corporation

NASDAQ: PFBX

PEOPLES FINANCIAL CORPORATION

Safe Harbor Statement

This presentation contains forward-looking statements and reflects industry conditions, company performance and financial results. These forward-looking statements are subject to a number of risk factors and uncertainties which could cause the Company's actual results and experience to differ from the anticipated results and expectation expressed in such forward-looking statements.

PEOPLES FINANCIAL CORPORATION

Corporate Profile

- The Peoples Bank founded 1896
- Headquarters—Biloxi, MS
- Employees—180
- Branches—16
- ATMs— 52

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way -- in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only.

A Tale of Two Cities, Charles Dickens

Peoples Financial Corporation

Market stats-March 31, 2011

- Assets—$833 million
- Market cap—$82 million
- Stock price 52 week range—$13.53-26.95
- Book value—$19.96
- Price/book—.80
- Shares outstanding—5,136,918

PEOPLES FINANCIAL CORPORATION

PEOPLES FINANCIAL CORPORATION

(Unaudited) (In thousands, except weighted average shares and per share figures)

EARNINGS SUMMARY

	Three Months Ended March 31,	
	2011	2010
Net interest income	$ 5,862	$ 6,993
Provision for loan losses	641	1,150
Non-interest income	2,023	2,133
Non-interest expense	6,956	6,929
Income taxes	(150)	175
Net income	438	871
Earnings per share	0.09	0.17

TRANSACTIONS IN THE ALLOWANCE FOR LOAN LOSSES

	Three Months Ended March 31,	
	2011	2010
Allowance for loan losses, beginning of period	$ 6,650	$ 7,828
Recoveries	114	55
Charge-offs	(300)	(755)
Provision for loan losses	641	1,150
Allowance for loan losses, end of period	$ 7,105	$ 8,278

PEOPLES FINANCIAL CORPORATION

(Unaudited) (In thousands, except weighted average shares and per share figures)

PERFORMANCE RATIOS

March 31,	2011	2010
Return on average assets	0.21%	0.40%
Return on average equity	1.72%	3.33%
Net interest margin	3.44%	3.69%
Efficiency ratio	96%	87%

BALANCE SHEET SUMMARY

March 31,	2011	2010
Total assets	$ 832,548	$ 865,933
Loans	406,781	448,874
Securities	327,790	336,818
Other real estate (ORE)	6,937	1,751
Total deposits	535,446	526,967
Total federal funds purchased	145,061	154,392
Shareholders' equity	102,519	105,698
Book value per share	19.96	20.52
Weighted average shares	5,136,918	5,151,697

PERIOD END DATA

March 31,	2011	2010
Allowance for loan losses as a percentage of loans	1.75%	1.84%
Loans past due 90 days and still accruing	2,863	10,732
Nonaccrual loans	13,491	21,432
Primary capital	13.43%	13.02%

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Market stats-Dec. 31, 2010

- Assets—$787 million
- Market cap—$80 million
- Stock price 52 week range—$10.50-23.12
- Book value—$19.68
- Price/book—.79
- Shares outstanding—5,151,139
- Insider ownership—21% (Executive Officers & Holding Co. Directors)
- Institutional ownership—9.09%

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2010 Year End Update

- Earnings were $1,485,000 for the year ended December 31, 2010.
- Full year net income was 53% lower than 2009 due mainly to $6,845,000 loan loss provision and decrease in net interest income of $3,434,000.
- Loan volume decreased 12% for 2010 compared to 2009.
- Primary capital ratio was 12.96%.

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PEOPLES FINANCIAL CORPORATION
(Unaudited) (In thousands, except weighted average shares and per share figures)

EARNINGS SUMMARY

	Year Ended December 31,	
	2010	2009
Net interest income	$ 25,074	$ 26,888
Provision for loan losses	6,845	5,225
Non-interest income	10,114	10,146
Non-interest expense	27,581	27,636
Income taxes	(723)	954
Net income	1,485	3,220
Earnings per share	.29	.62

TRANSACTIONS IN THE ALLOWANCE FOR LOAN LOSSES

	Year Ended December 31,	
	2010	2009
Allowance for loan losses, beginning of period	$ 7,828	$ 11,114
Recoveries	268	569
Charge-offs	(8,291)	(9,080)
Provision for loan losses	6,845	5,225
Allowance for loan losses, end of period	$ 6,650	$ 7,828

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ASSET QUALITY	December 31, 2010	December 31, 2009
Allowance for loan losses as a percentage of loans	1.62%	1.68%
Loans past due 90 days and still accruing	$ 2,962	$ 4,218
Nonaccrual loans	14,537	22,006

PERFORMANCE RATIOS	December 31, 2010	December 31, 2009
Return on average assets	.18%	.36%
Return on average equity	1.45%	3.06%
Net interest margin	3.42%	3.36%
Efficiency ratio	97%	87%
Primary capital	12.96%	12.49%

BALANCE SHEET SUMMARY	December 31, 2010	December 31, 2009
Total assets	$ 786,545	$ 869,007
Loans	409,899	464,976
Securities	295,201	323,689
Other real estate (ORE)	5,744	1,521
Total deposits	484,140	470,701
Total federal funds purchased	140,102	174,431
Shareholders' equity	101,357	103,588
Book value per share	19.68	20.11
Weighted average shares	5,151,661	5,170,430

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FDIC Premium Increase

- 2007 $ 128,000
- 2008 $ 169,000
- 2009* $1,428,000
- 2010 $1,509,000

Prepaid Asset next two years - $3,652,972

*Includes Special Assessment

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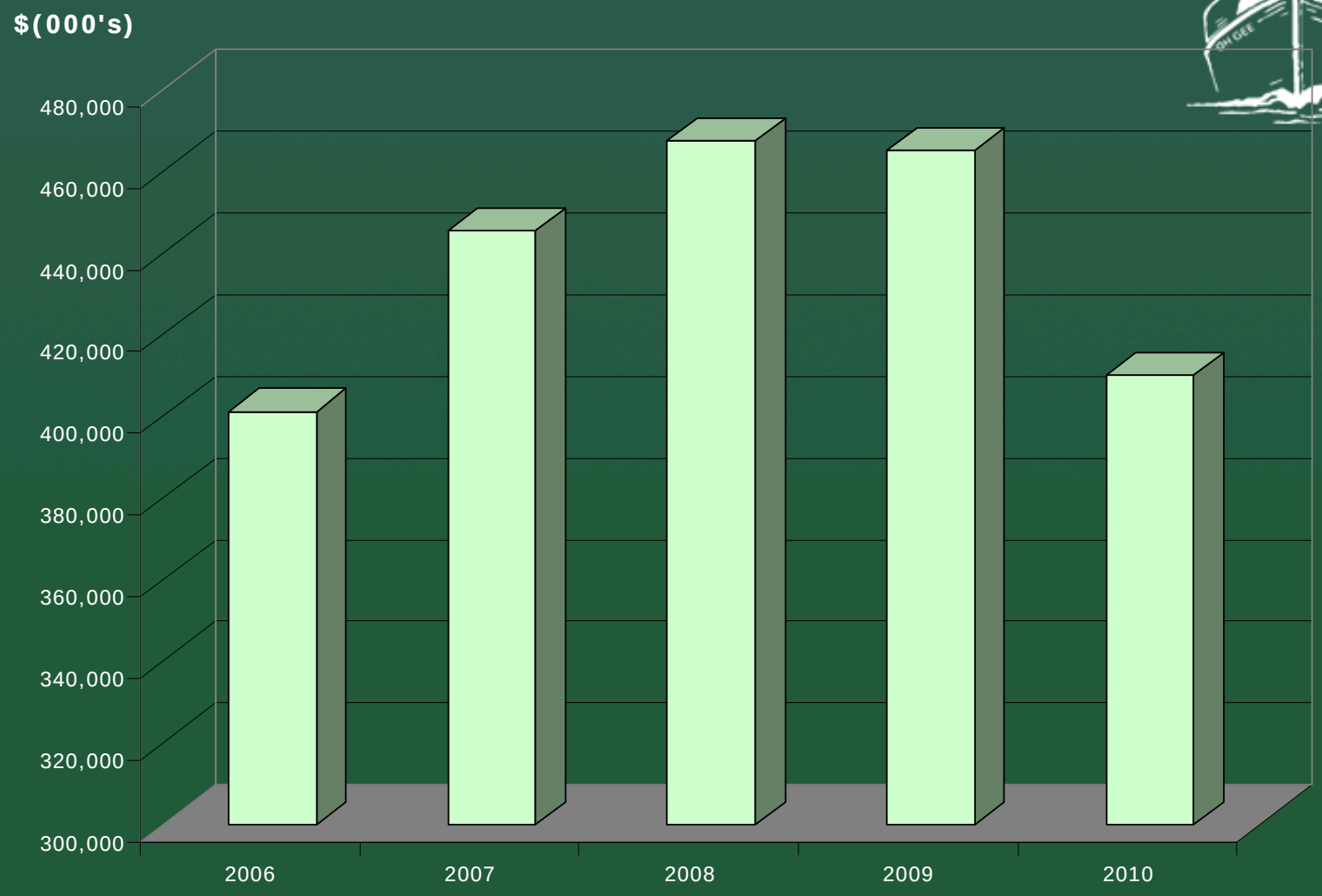
Loan Volume 2006-2010



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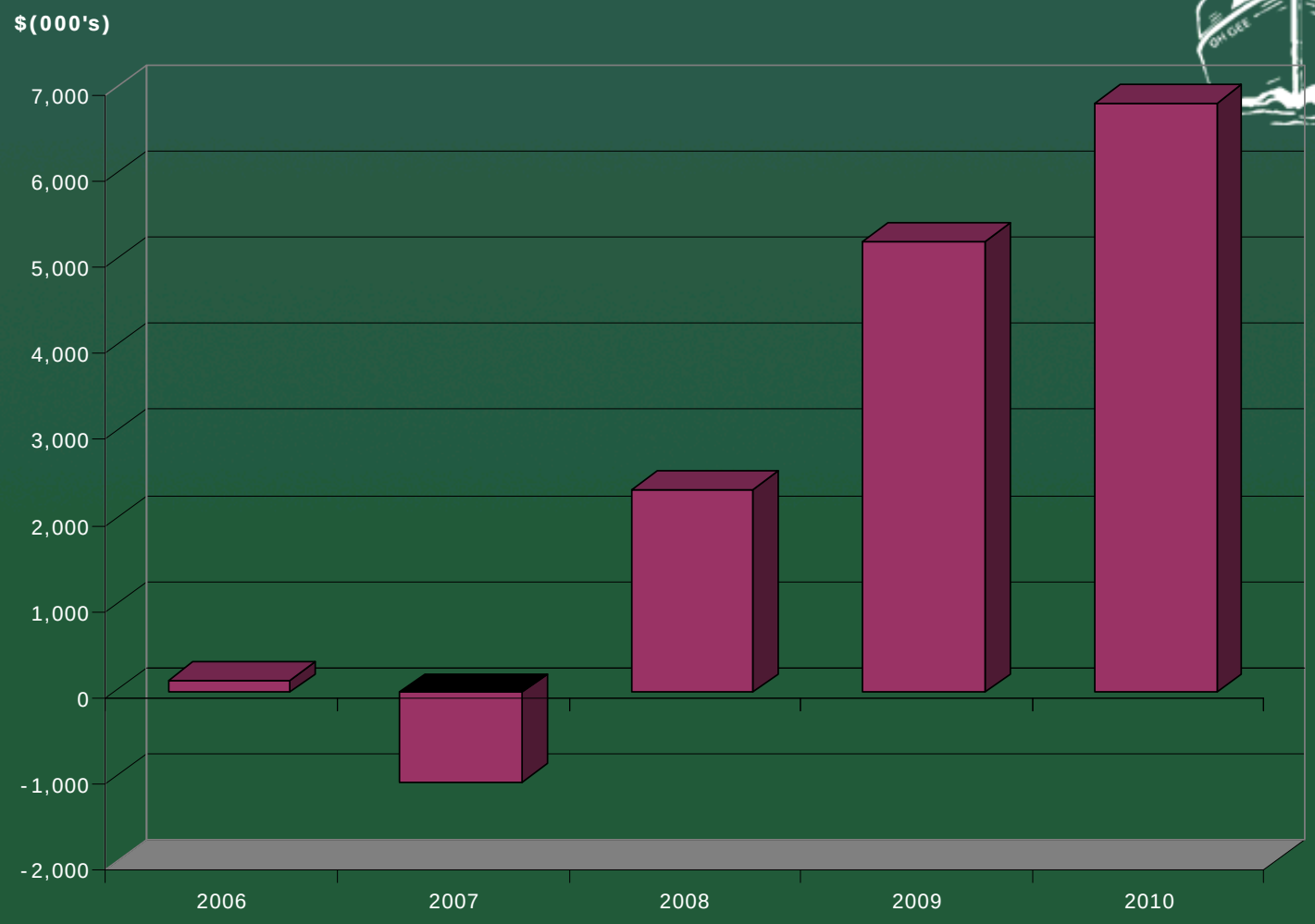
Provision for Loan Losses 2006-2010



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Mississippi Gulf Coast Banks
Loan Loss Reserve as a % of Loans

	2008	2009	2010
• Whitney Bank	1.77	2.65	2.92
• Bancorp South	1.34	1.80	2.09
• **The Peoples Bank**	**2.38**	**1.68**	**1.62**
• Hancock Bank	1.58	1.11	1.60
• Community Bank	1.05	1.51	1.59
• Merchants & Marine Bank	1.54	1.47	1.49
• Century Bank	1.96	1.75	1.45

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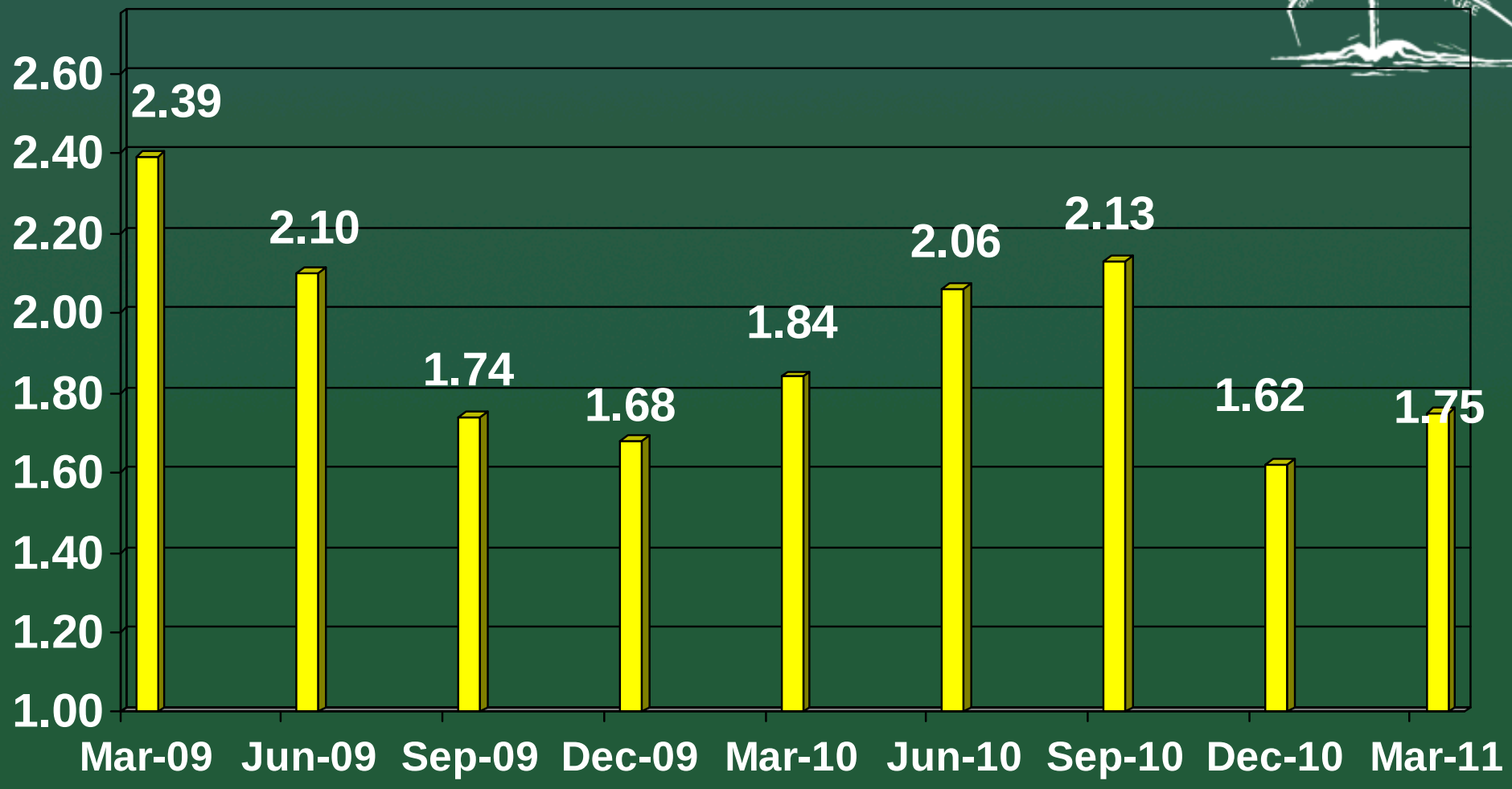
Asset Quality

Allowance for Loan Loss as % of Loans



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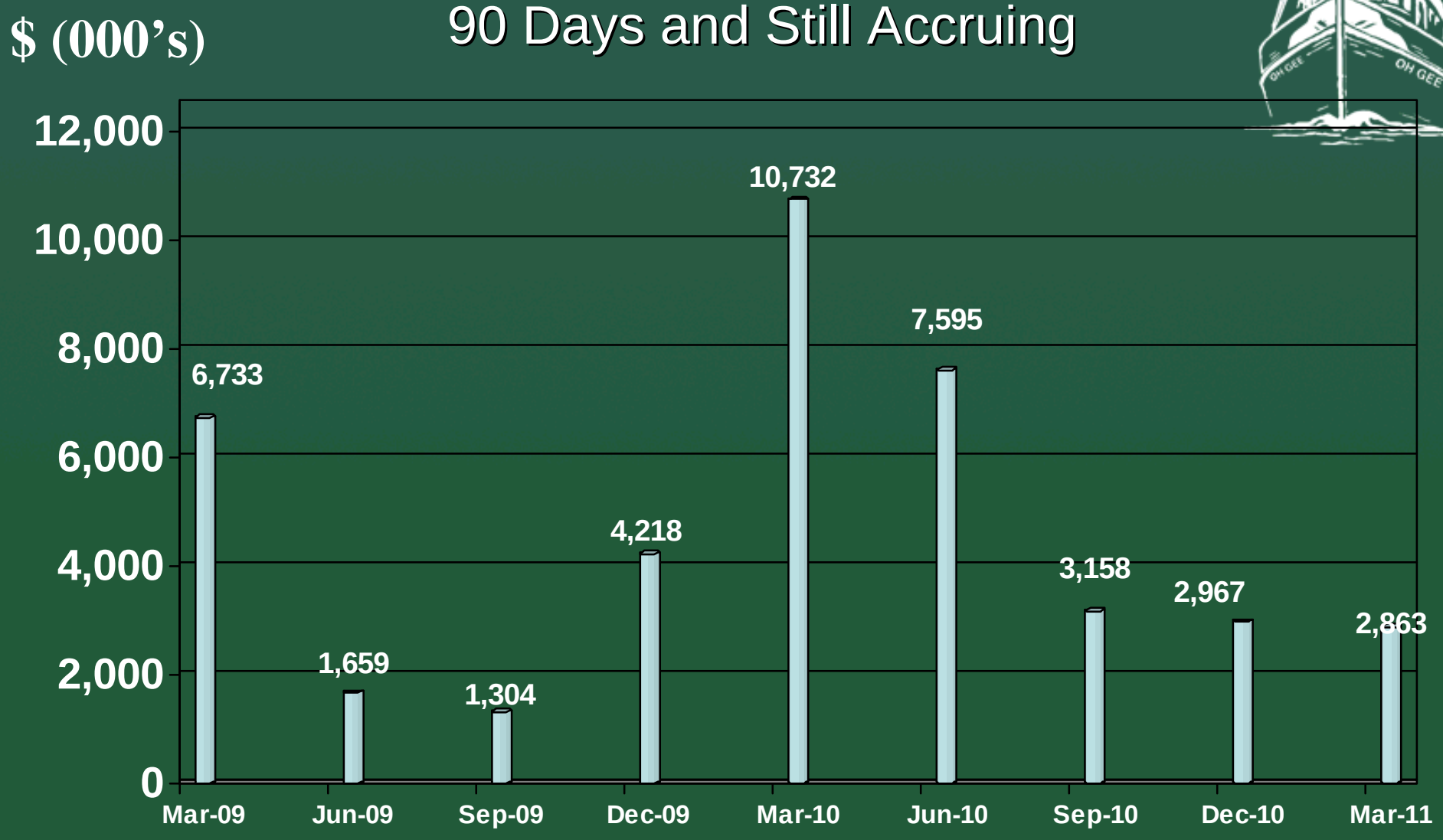
Asset Quality

Loans Past Due
90 Days and Still Accruing



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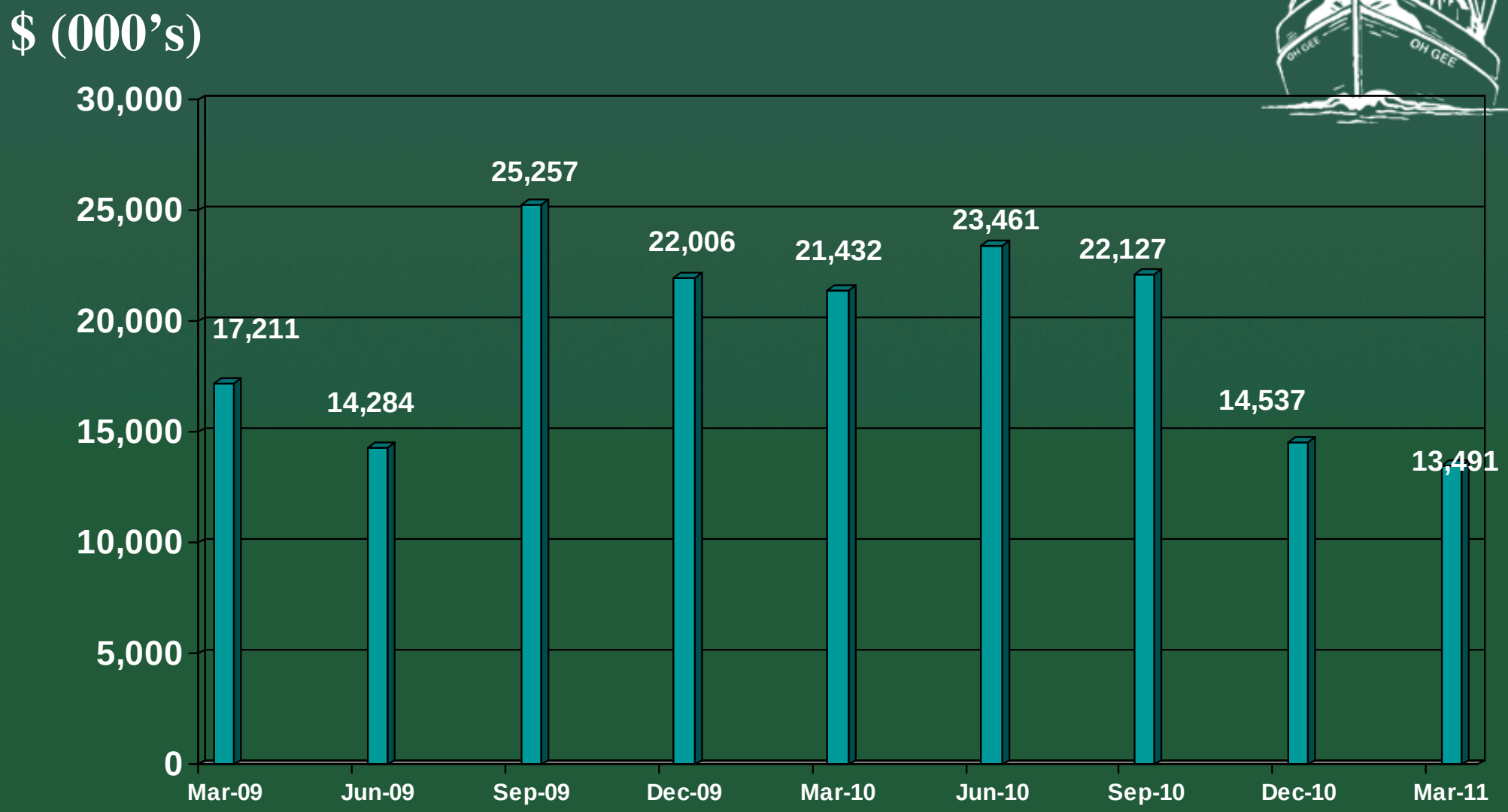
Asset Quality

Non Accrual Loans



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Casino Credit Exposure Quarter End Balances

Date	Total Committed	Outstanding Month End	As % of Capital Total Casino Exposure	Casinos as % of Total Outstanding Loans
12/31/2007	$121,588,926	$74,594,665	115.91%	16.58%
3/31/2008	$119,700,321	$74,285,679	114.00%	16.32%
6/30/2008	$120,177,821	$75,932,171	118.05%	16.09%
9/30/2008	$120,595,321	$75,692,476	121.66%	16.42%
12/31/2008	$118,230,632	$79,509,573	113.12%	17.06%
3/31/2009	$117,350,148	$85,550,146	117.00%	18.00%
6/30/2009	$111,506,946	$74,807,011	112.00%	16.00%
9/30/2009	$109,617,075	$69,461,919	109.75%	14.94%
12/31/2009	$103,534,294	$69,938,002	104.48%	15.05%
3/31/2010	$97,658,415	$64,414,871	97.12%	14.37%
6/30/2010	$96,311,807	$62,827,989	93.18%	14.10%
9/30/2010	$79,350,314	$46,602,697	76.98%	11.04%
12/31/2010	$74,750,351	$44,432,798	77.52%	10.82%
3/31/2011	$72,607,604	$41,226,783	74.77%	10.13%

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Other Real Estate Owned 2008-2011

Month	2008		2009		2010		2011	
	#	Amount	#	Amount	#	Amount	#	Amount
January	-	-	13	757,771	19	$1,428,313	33	$5,904,150
February	-	-	14	811,771	21	1,778,313	36	6,625,884
March	-	-	14	811,771	23	1,750,963	40	6,937,128
April	7	$7	14	811,771	25	1,790,963		
May	9	148,007	16	3,015,472	24	1,668,963		
June	9	148,007	17	3,083,812	23	1,396,913		
July	9	148,007	19	2,652,468	26	1,956,284		
August	9	148,007	20	2,745,468	24	2,346,384		
September	10	371,632	20	2,745,468	30	2,818,834		
October	10	371,632	22	3,339,715	30	2,907,334		
November	10	369,082	25	3,277,027	33	4,921,150		
December	10	397,181	22	1,521,313	32	5,744,150		

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Schedule of Gain or Loss on ORE Sold as of December 31

Year	Carrying Value	Net Sale Price	Gain (Loss) on ORE Sold	# of Properties Disposed of	ORE Book Value at December 31
2009	$2,897,673	$3,047,731	$150,058.00	11	$1,521,313
2010	$1,414,850	$1,328,000	($86,850.00)	14	$5,744,150
TOTAL	$4,312,523	$4,375,731	$63,208.00	25	

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Capital

		Date	Book Value per Share	Total Capital	Primary Capital to Avg. Assets
		12/31/2004	$ 15.44	$ 85,801,000	15.87%
	*	12/31/2005	$ 15.77	$ 87,503,000	13.67%
		12/31/2006	$ 17.71	$ 98,233,000	11.91%
		12/31/2007	$ 19.66	$ 106,018,000	12.13%
Mkt. Value		12/31/2008	$ 20.27	$ 107,000,000	12.81%
20.32		12/31/2009	$ 20.11	$ 103,588,000	12.49%
15.16		12/31/2010	$ 19.68	$ 101,357,000	12.96%
15.95		3/31/2011	$ 19.96	$ 102,519,000	13.43%

* Hurricane Katrina

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Looking ahead into 2011

- Strong capital position allows us to deal effectively with uncertain economy
- Current primary capital to average assets is 12.96%
- Instead of overpaying for deposits, we let high-priced deposits run off. We now see deposit growth going forward.
- Self funding of health insurance plan
- Hiring freeze with the exception of essential positions and no employee pay increases

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Mississippi Gulf Coast Economic Environment

- Rebuilding is in "neutral" because of insurance issues
- Tourism is slowing but is still strong
- Construction is slowing down
- Gaming numbers 60% percent share of gaming market

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Market Area

Summary

- PFBX is undervalued stock
- We have been doing business for 115 years
  - Banks do not get strong because they are old; they get old because they are strong
- We have seen times like this before
- We will be here when others are gone

PEOPLES FINANCIAL CORPORATION

Information

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