



# PEOPLES FINANCIAL CORPORATION

April 15, 2021

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders (the "Annual Meeting") of Peoples Financial Corporation (the "Company") on Wednesday, May 19, 2021 at 6:30 p.m. Central Time, at the Company's offices located in The Swetman Building at The Peoples Bank, Suite 204, 727 Howard Avenue, Biloxi, Mississippi, 39530.

This year's meeting will be unlike any that the Company has had before. For the first time, a group of related shareholders composed of Stilwell Activist Investments, L.P., Stilwell Activist Fund, L.P., Stilwell Value Partners VII, L.P. Stilwell Value LLC, and Joseph D. Stilwell (collectively, "Stilwell Group"), has decided to conduct an adversarial proxy contest in order to nominate at least one individual for election to the Board Directors of our Company at the Annual Meeting outside of the typical nomination process.

**THE COMPANY'S BOARD OF DIRECTORS STRONGLY OPPOSES THE STILWELL GROUP'S PROXY SOLICITATION AND URGES YOU NOT TO SIGN OR RETURN ANY GREEN PROXY CARD SENT TO YOU BY THE STILWELL GROUP.** Even voting to "Withhold" a vote on the nominee or nominees of the Stilwell Group by signing and returning the GREEN PROXY CARD could invalidate any vote a shareholder may also make "For" the Board's nominees. Instead, shareholders supporting nominees recommended by your Board of Directors should sign and return the WHITE PROXY CARD that is included in the enclosed materials.

If you have already received and returned the GREEN PROXY CARD from the Stilwell Group, we urge you to change your vote by promptly signing, dating and returning the enclosed WHITE PROXY CARD or voting by internet using the instructions on the WHITE PROXY CARD. Only the latest dated proxy card or vote you submit will be counted.

Our Board unanimously recommends that shareholders vote "**FOR**" the approval of the six directors that have been nominated by the Board on recommendation from the Nominating Committee, as further described in the enclosed Proxy Statement. All are very well qualified and are long-time members of our Gulf Coast Community. All of the nominees have been directors of The Peoples Bank for some time. Five of the six nominated are currently serving on the Board of the Company.

I am also proud to announce the nomination of Paige Reed Riley for director of the Company as part of the slate of directors nominated by the Board. Paige is well known on the Mississippi Coast for her involvement with the tourism industry and for her leadership of Hillyer House, a nationally recognized, award-winning gallery that features exceptional works of art from local, regional and national artists. She is also the first female nominated for a position on the Board of the Company, although she has served as a member of the Board of Directors of The Peoples Bank since 2018.

*It is particularly important that you be represented by proxy at the Annual Meeting regardless of the number of shares you own.* The Company will expect all shareholders in attendance at the Annual Meeting to observe applicable health and safety guidance with respect to the Coronavirus disease (COVID-19), including social distancing and the wearing of masks. Nevertheless, due to recent health and travel concerns associated with COVID-19, you may determine that it is not advisable for you to attend the Annual Meeting. In that case, you are strongly encouraged to return a completed proxy in the form distributed along with the enclosed notice of meeting and proxy statement. If you expect to attend the Annual Meeting in person, please call *Greg Batia, Vice President - Audit*, at (228) 435-8673 by 3:00 p.m., Central Time, on Friday, May 14, 2021, to advise us of your plans so the Company can be adequately prepared for the purposes of complying with applicable health and safety guidance.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible by RETURNING the enclosed WHITE PROXY CARD. Your vote by proxy will ensure your representation and support at the Annual Meeting regardless of whether or not you attend in person.

We appreciate your prompt attention to this matter, and your continued support of and interest in the Company.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Chevis C. Swetman". The signature is fluid and cursive, with the first name "Chevis" and last name "Swetman" clearly distinguishable.

Chevis C. Swetman  
Chairman, President and Chief Executive Officer