

PEOPLES FINANCIAL CORPORATION



OTCQX: 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 - 151
- Branches - 18
- ATMs - 30

PEOPLES FINANCIAL CORPORATION



Market Statistics – 3/31/2018

- Assets: \$647 million
- Market Cap: \$70 million
- Stock price 52 week range: \$12.05 - \$15.27
- Book value: \$17.16
- Price/book: 0.81%
- Shares outstanding: 5,072,794
- Insider Ownership: 35%
- Institutional Ownership: 49%

PEOPLES FINANCIAL CORPORATION



FIRST QUARTER 2018 UPDATE

- Net earnings totaled \$292,000, a 395% increase over 1Q17
- Earnings for the year-ended December 31, 2017 totaled \$2,758,000 vs \$167,000 for the prior year
- Net Interest Margin improved 25bps in 1Q18 vs 1Q17
- Loan volume decreased 9% in 1Q18 vs 1Q17
- Primary capital base of 14.24%, well in excess of regulatory minimums

PEOPLES FINANCIAL CORPORATION

Analysis of Quarterly Interest Income & Interest Expense (in thousands)



	<u>1Q-2017</u>	<u>2Q-2017</u>	<u>3Q-2017</u>	<u>4Q-2017</u>	<u>2017 (YE)</u>	<u>1Q- 2018</u>
Interest and fees on loans	\$ 3,274	\$ 3,295	\$ 3,165	\$ 3,236	\$ 12,970	\$ 3,233
U.S. Treasury	415	375	413	399	1,602	379
U.S Government Agencies	142	136	126	127	531	122
Mortgage - backed securities	265	268	343	444	1,320	550
Other investments	11	3	8	4	26	3
Federal funds sold	<u>101</u>	<u>135</u>	<u>148</u>	<u>36</u>	<u>420</u>	<u>39</u>
Total interest income	<u>4,601</u>	<u>4,598</u>	<u>4,623</u>	<u>4,681</u>	<u>18,503</u>	<u>4,765</u>
Deposits	264	336	381	395	1,376	476
Borrowings from FHLB	<u>15</u>	<u>9</u>	<u>8</u>	<u>15</u>	<u>47</u>	<u>20</u>
Total interest expense	<u>279</u>	<u>345</u>	<u>389</u>	<u>410</u>	<u>1,423</u>	<u>496</u>
Net interest income	\$ 4,322	\$ 4,253	\$ 4,234	\$ 4,271	\$ 17,080	\$ 4,269

PEOPLES FINANCIAL CORPORATION

ASSET QUALITY



AGING OF PAST DUE LOANS (in thousands)

	30 - 59 Days		60 - 89 Days		90 Days Accruing		Non Accruals		Total		% of Total Loans	Total Loans (\$)
	#	Amt (\$)	#	Amt (\$)	#	Amt (\$)	#	Amt (\$)	#	Amt (\$)		
12/31/11	136	17,374	27	3,924	13	1,832	64	57,593	240	80,723	18.7	432,407
12/31/12	137	17,681	31	2,809	11	1,539	54	53,891	233	75,920	17.7	429,738
12/31/13	124	12,860	12	2,590	8	750	42	26,171	188	42,371	11.3	374,578
12/31/14	99	8,003	17	2,186	10	763	60	33,298	186	44,250	12.2	361,687
12/31/15	81	8,590	19	3,317	3	145	37	15,186	140	27,238	8.1	337,132
12/31/16	76	6,276	14	1,986	0	0	41	11,853	131	20,115	6.0	315,355
12/31/17	58	11,529	13	305	0	0	114	13,811	185	25,645	9.2	279,988
3/31/18	41	7,852	9	1,613	0	0	108	12,891	158	22,356	8.1	275,025

PEOPLES FINANCIAL CORPORATION

ASSET QUALITY

Non Performing Assets



NONACCURAL LOANS

(in thousands)

<u>Year-End</u>	<u>Amount (\$)</u>		
2011	57,593		
2012	53,891		
2013	26,131		
2014	33,297		
		Nonaccruals in Bankruptcy	
2015	15,186	<u>Amount (\$)</u>	<u>Relationships</u>
2016	11,853	4,528	6
2017	13,810	5,354 *	10
03/2018	12,891	3,295	9

* One account added 64 loans in 3Q-17

PEOPLES FINANCIAL CORPORATION



LOAN LOSS RESERVE

Allowance For Loan Loss Reserve

Year Ended December 31

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>3/2018</u>
ALL beginning of period	\$8,857	\$8,934	\$9,206	\$8,070	\$5,466	\$6,153
Recoveries	538	598	390	350	842	175
Charge-Offs	(10,122)	(7,730)	(4,108)	(3,522)	(271)	(151)
Provision for loan losses	<u>9,661</u>	<u>7,404</u>	<u>2,582</u>	<u>568</u>	<u>116</u>	<u>35</u>
Allowance for loan losses EOP	\$8,934	\$9,206	\$8,070	\$5,466	\$6,153	6,212

PEOPLES FINANCIAL CORPORATION

CAPITAL

(in thousands)



<u>Year-End</u>	<u>Book Value Per Share(\$)</u>	<u>Total Capital (\$)</u>	<u>Primary Capital to Avg. Assets (%)</u>
2004	15.44	85,801	15.87
2005 *	15.77	87,503	13.67
2006	17.71	98,233	11.91
2007	19.56	106,542	12.13
2008	20.27	107,000	12.81
2009	20.11	103,558	12.49
2010	19.68	101,357	12.96
2011	21.31	109,452	14.65
2012	21.61	111,021	14.71
2013	19.25	99,147	13.64
2014	18.53	94,951	14.38
2015	17.93	91,839	15.06
2016	17.27	88,461	13.99
2017	17.84	90,659	14.34
03/2018	17.16	89,499	14.24

* Hurricane Katrina

PEOPLES FINANCIAL CORPORATION

Looking ahead into 2018

Why Invest in PFBX



EARNINGS

		<u>Income / (Loss)</u>	<u>Valuation Allowance</u>	<u>Net Operating Loss Carryforward</u>
2014	Net Loss	(\$10,004,000)	\$ 8,140,000	
2015	Net Loss	(\$ 4,592,000)	\$10,106,000	
2016	Net Income	\$ 167,000	\$11,560,000	
2017	Net Income	\$ 2,758,000	\$ 7,934,000	\$ 9,004,000
03/2018	Net Income	\$ 292,000		

PEOPLES FINANCIAL CORPORATION

Looking ahead into 2018

Why Invest in PFBX

- MS Gulf Coast scheduled to receive bulk of BP Settlement - \$600 million over 15 years
- City of Biloxi expected to spend \$200 million infrastructure improvements by YE-2019
- Current primary capital to average assets is 14.24%
- Reestablishing regular dividend payment (5/10/18)
- Stock repurchase plan fully funded; retired 50,392 shares of 110,000 share allocation



PEOPLES FINANCIAL CORPORATION

Looking ahead into 2018

Why Invest in PFBX



- Shareholder & Management interests are aligned
- Net Interest Margin was 3.10% for 1Q18 vs 2.85% for 1Q17
- Cost of Funds was 0.24% (1Q18), lowest on MS Gulf Coast
- Loan Loss Provision
 - Declining for past five years
 - 2.19% as of 1Q18
 - Lowest on the MS Gulf Coast

PEOPLES FINANCIAL CORPORATION

Looking ahead into 2018

Why Invest in PFBX



- Moved to OTCQX Best Market from NASDAQ Capital Market
- Other Real Estate (“ORE”)
 - March/2008, eight properties totaling \$8
 - March/2015, ORE peaked totaling \$12.3 million
 - Since Great Recession, sold 185 properties totaling \$19.1 million

PEOPLES FINANCIAL CORPORATION

ASSET QUALITY

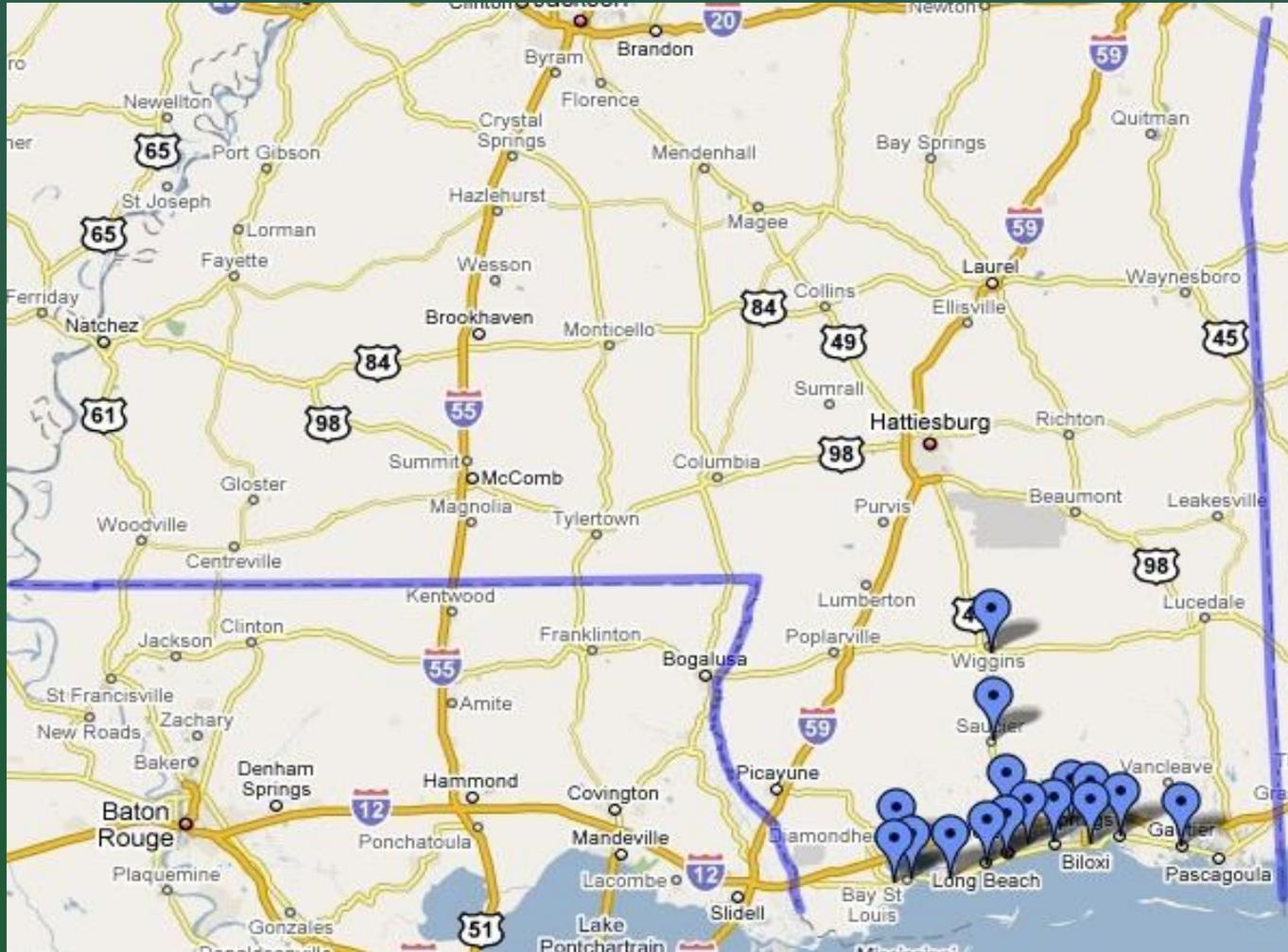
Schedule of Gain or Loss on ORE Sold as of 12/31
(in thousands)



<u>Year-End</u>	<u>Carrying Value (\$)</u>	<u>Net Sale Price (\$)</u>	<u>Gain (Loss) ORE Sold (\$)</u>	<u># Properties Disposed</u>	<u>ORE Book Value (\$)</u>
2009	2,897	3,047	150	11	1,521
2010	1,414	1,328	(86)	14	5,744
2011	2,101	1,921	(180)	25	6,153
2012	1,567	1,546	(21)	16	7,008
2013	1,186	1,123	(62)	12	9,630
2014	2,067	2,115	47	14	7,646
2015	4,294	3,505	(789)	35	9,916
2016	2,524	2,775	250	16	8,513
2017	1,767	1,666	(100)	37	8,231
03/2018	<u>124</u>	<u>119</u>	<u>(4)</u>	<u>5</u>	<u>8,844</u>
TOTAL	19,945	19,148	(797)	185	

PEOPLES FINANCIAL CORPORATION

Market Area



PEOPLES FINANCIAL CORPORATION

Information



Corporate Office

Mailing Address

P.O. Box 529
Biloxi, MS 39533

Physical Address

152 Lameuse St.
Biloxi, MS 39530
(228)435-8205

Website

www.thepeoples.com

Shareholder Information

Asset Management & Trust Department

The Peoples Bank

P.O. Box 1416
Biloxi, MS 39533-1416
(228)435-8208

investorrelations@thepeoples.com

S.E.C. Form 10-K Requests

Lauri A. Wood, Chief Financial Officer

Peoples Financial Corporation

P.O. Box 529
Biloxi, MS 39533-0529
(228)435-8412

lwood@thepeoples.com