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PEOPLES FINANCIAL CORPORATION ACTIONS ON NON-PERFORMING ASSETS GENERATE LOSS IN FOURTH QUARTER & FULL YEAR 2013

BILOXI, MS(January 22, 2014)—Peoples Financial Corporation (NASDAQ Capital Market: PFBX), parent of The Peoples Bank, reported a loss of \$883,000 for the quarter and \$538,000 for the full year ended December 31, 2013, due primarily to actions on certain non-performing assets, announced Chevis C. Swetman, chairman and chief executive officer of the holding company and the bank.

Loss per weighted average share totaled \$.17 for the fourth quarter and \$.10 for all of 2013. Per share figures are based on weighted average shares outstanding of 5,123,186 and 5,128,889 for the quarter and year ended December 31, 2013, respectively.

“In December, we announced the painful but prudent decision to take final action on a few large credit problems on our books,” said Swetman. “As it so often happens, strong medicine tastes terrible but proves therapeutic in the long run. Our senior management team and board are confident these steps will purge our balance sheet and position us firmly for positive growth in the future,” he said.

In December, 2013, the company announced a number of transactions, including the sale of property in the Other Real Estate portfolio that reduced earnings by \$413,000, net of taxes; the sale of a gaming loan that increased earnings by \$1,005,000, net of taxes, and an additional provision for loan loss of \$4,600,000 that reduced earnings by \$3,036,000 net of taxes.

Non-accrual loans at the end of 2013 decreased by 51% from the year before, largely due to the actions taken in fourth quarter. The allowance for loan losses on December 31, 2013, was \$8,934,000, slightly higher than the allowance of \$8,857,000 on December 31, 2012. The allowance represented 2.38% of all loans outstanding at the end of 2013, compared to 2.05% at the end of 2012.

“Our primary capital ratio at the end of 2013 totaled 13.64%, well in excess of regulatory minimums,” said Swetman.

Founded in 1896, with \$762 million in assets as of December 31, 2013, The Peoples Bank operates 17 branches along the Mississippi Gulf Coast in Hancock, Harrison, Jackson and Stone counties. In addition to a comprehensive range of retail and commercial banking services, the bank also operates a trust and investment services department that has provided customers with financial, estate and retirement planning services since 1936.

The Peoples Bank is a wholly-owned subsidiary of Peoples Financial Corporation, listed on the NASDAQ Capital Market under the symbol PFBX. Additional information is available on the Internet at www.thepeoples.com.

This news release 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.