Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (Unaudited)

(Dollars In Thousands, Except Per Share Data)

September 30,	Three Months Ended 2024	Three Months Ended 2023	Nine Months Ended 2024	Nine Months Ended 2023
Interest income:				
Interest and fees on loans:				
Taxable	$ 59,412	$ 33,095	$ 127,859	$ 95,283
Tax-exempt	2,299	1,411	5,116	4,205
Interest and dividends on investment securities:				
Taxable	4,739	1,920	8,561	5,973
Tax-exempt	411	375	1,153	1,210
Dividends	55		59	4
Interest on interest-bearing deposits in other banks	150	91	385	190
Interest on federal funds sold	1,218	1,873	2,524	2,914
Total interest income	68,284	38,765	145,657	109,779
Interest expense:				
Interest on deposits	26,398	16,481	63,216	39,805
Interest on short-term borrowings	550	291	1,444	1,590
Interest on long-term debt	1,389	273	1,929	569
Interest on subordinated debt	443	443	1,330	1,330
Interest on junior subordinated debt	260		260	
Total interest expense	29,040	17,488	68,179	43,294
Net interest income	39,244	21,277	77,478	66,485
Provision for (credit to) credit losses	14,458	(166)	15,762	(1,103)
Net interest income after provision for (credit to) credit losses	24,786	21,443	61,716	67,588
Noninterest income:				
Service charges fees, commissions and other	3,384	1,900	7,304	5,847
Merchant services income	223	170	598	542
Commissions and fees on fiduciary activities	649	606	1,717	1,691
Wealth management income	708	393	1,486	1,177
Mortgage banking income	84	87	263	295
Increase in cash surrender value of life insurance	551	270	1,116	790
Interest rate swap (loss) revenue	(53)	266	25	512
Net gains (losses) on equity investment securities	175		155	(17)
Net gains on sale of investment securities available for sale	1		1	81
Total noninterest income	5,722	3,692	12,665	10,918
Noninterest expense:				
Salaries and employee benefits expense	13,170	8,784	30,459	26,346
Net occupancy and equipment expense	6,436	4,298	15,745	12,678
Acquisition related expenses	9,653	869	11,210	990
Amortization of intangible assets	1,665	29	1,665	86
Net gain on sale of other real estate owned		(18)		(18)
Professional fees and outside services	1,017	687	2,482	1,960
FDIC insurance and assessments	809	508	1,907	1,565
Donations	512	389	1,354	1,254
Other expenses	2,240	1,508	6,906	5,361
Total noninterest expense	35,502	17,054	71,728	50,222
(Loss) income before income taxes	(4,994)	8,081	2,653	28,284
(Benefit) provision for income tax expense	(657)	1,335	242	4,534
Net (loss) income	(4,337)	6,746	2,411	23,750
Other comprehensive (loss) income:				
Unrealized gain (loss) on investment securities available for sale	15,167	(10,378)	12,744	(4,690)
Reclassification adjustment for net gain on available for sale securities included in net income	(1)		(1)	(81)
Change in derivative fair value	(1,424)	747	(185)	826
Other comprehensive income (loss)	13,742	(9,631)	12,558	(3,945)
Income tax expense (benefit) related to other comprehensive income (loss)	3,008	(2,074)	2,748	(851)
Other comprehensive income (loss), net of income tax expense (benefit)	10,734	(7,557)	9,810	(3,094)
Comprehensive income (loss)	$ 6,397	$ (811)	$ 12,221	$ 20,656
Share and per share amounts:				
Net income:				
Basic	$ (0.43)	$ 0.95	$ 0.30	$ 3.33
Diluted	$ (0.43)	$ 0.95	$ 0.30	$ 3.31
Dividends declared	$ 0.62	$ 0.41	$ 1.44	$ 1.23
Average common shares outstanding:				
Basic	9,987,627	7,088,745	8,039,734	7,130,506
Diluted	10,044,449	7,120,685	8,094,036	7,165,570

See notes to consolidated financial statements.

Consolidated Balance Sheets (Unaudited)

(Dollars in thousands, except share data)

For the Period Ending	September 30, 2024	December 31, 2023
Assets:		
Cash and cash equivalents:		
Cash and due from banks	$ 97,090	$ 33,524
Interest-bearing deposits in other banks	10,286	9,141
Federal funds sold	178,093	144,700
Total cash and cash equivalents	285,469	187,365
Investment securities:		
Available for sale: Amortized cost of $601,270 and $450,454, respectively, net of allowance for credit losses of $0 at September 30, 2024 and December 31, 2023	562,486	398,927
Held to maturity: Fair value of $69,034 and $71,698, respectively, net of allowance for credit losses of $0 at September 30, 2024 and December 31, 2023	79,861	84,851
Equity investments carried at fair value	3,921	98
Total investment securities	646,268	483,876
Loans,	4,069,683	2,849,897
Less: allowance for credit losses	39,341	21,895
Net loans	4,030,342	2,828,002
Loans held for sale:	803	250
Goodwill	76,958	63,370
Premises and equipment, net	75,877	61,276
Bank owned life insurance	87,401	49,397
Deferred tax assets	33,078	13,770
Accrued interest receivable	17,979	12,734
Intangible assets, net	35,907	
Other assets	70,056	42,249
Total assets	$ 5,360,138	$ 3,742,289
Liabilities:		
Deposits:		
Noninterest-bearing	$ 717,565	$ 644,683
Interest-bearing	3,920,299	2,634,354
Total deposits	4,637,864	3,279,037
Short-term borrowings	37,346	17,590
Long-term debt	111,489	25,000
Subordinated debentures	33,000	33,000
Junior subordinated debentures	8,015	
Accrued interest payable	6,829	5,765
Other liabilities	50,544	41,475
Total liabilities	4,885,087	3,401,867
Stockholders' equity:		
Common stock, par value $2.00, authorized 25,000,000 shares, issued and outstanding 9,994,648 shares at September 30, 2024 and 7,040,852 shares at December 31, 2023	19,993	14,093
Capital surplus	250,578	122,130
Retained earnings	239,021	248,550
Accumulated other comprehensive loss	(34,541)	(44,351)
Total stockholders' equity	475,051	340,422
Total liabilities and stockholders' equity	$ 5,360,138	$ 3,742,289

See notes to consolidated financial statements.

Notes To Consolidated Financial Statements

1. Basis Of Presentation

The accompanying unaudited consolidated financial statements of Peoples Financial Services Corp. and subsidiaries (collectively, the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), Regulation S-X and reporting practices applied in the banking industry. In the opinion of management, all normal recurring adjustments necessary for a fair presentation of the financial position and results of operations for the periods presented have been included. All significant intercompany balances and transactions have been eliminated in consolidation. Prior-period amounts are reclassified when necessary to conform with the current year's presentation. These reclassifications did not have any effect on the operating results or financial position of the Company. The operating results and financial position of the Company at and for the three and nine months ended September 30, 2024, are not necessarily indicative of the results of operations and financial position that may be expected in the future. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. For additional information and disclosures required under GAAP, reference is made to the Company's Annual Report on Form 10-K.

Consolidated Financial Highlights (Unaudited)

(Dollars in thousands, except per share data)

Nine months ended September 30,		2024		2023		Change $	Change %	
Financial Position:								
Assets	$	5,360,138	$	3,825,799	$	1,534,339	40.11	%
Investment securities		646,268		468,565		177,703	37.92	
Loans		4,069,683		2,870,969		1,198,714	41.75	
Deposits		4,637,864		3,365,083		1,272,781	37.82	
Stockholders' equity		475,051		324,390		150,661	46.44	
Average earning assets		3,925,169		3,465,664		459,505	13.26	
Average interest-bearing liabilities	$	3,093,421	$	2,565,701	$	527,720	20.57	%
Financial Performance:								
Net interest income	$	77,478	$	66,485	$	10,993	16.53	%
Provision for (credit to) credit losses		15,762		(1,103)		16,865	1529.01	
Noninterest income		12,665		10,918		1,747	16.00	
Noninterest expense		71,728		50,222		21,506	42.82	
Provision for income tax expense		242		4,534		(4,292)	-94.66	
Net income		2,411		23,750		(21,339)	-89.85	
Comprehensive income	$	12,221	$	20,656	$	(8,435)	-40.84	%
Financial Ratios:								
Net income as a percentage of total average assets		0.08	%	0.87	%			
Net income as a percentage of total average stockholders' equity		0.83		9.63				
Stockholders' equity as a percentage of total assets		8.86		8.48				
Net interest income as a percentage of average earning assets		2.69		2.62				
Loans, net as a percentage of deposits		87.75		85.32				
Net loans charged-off as a percentage of average loans, net		0.01	%	0.01	%			
Per Share Data:								
Net income, basic	$	0.30	$	3.33				
Net income, diluted		0.30		3.31				
Cash dividends declared		1.44		1.23				
Stockholders' equity	$	47.53	$	46.07				

Note: Tax-equivalent adjustment was calculated using the prevailing statutory rate.

Dear Fellow Shareholder:

For the nine months ended September 30, 2024, net income was $2.4 million, or $0.30 per diluted share, compared to $23.8 million, or $3.31 per diluted share for the comparable period of 2023. Net income for the current period decreased $21.4 million when compared to the nine months ended September 30, 2023 due to $25.5 million of non-recurring transaction charges, arising from the completion of our previously announced merger with FNCB. The $25.5 million of non-recurring transaction charges included $14.3 million of provision expense for credit losses and $11.2 million of acquisition expenses.

At September 30, 2024, total assets, loans and deposits were $5.4 billion, $4.1 billion and $4.6 billion, respectively. The significant increases in assets, loans and deposits for the third quarter was primarily due to the completion of our merger with FNCB. The Company maintained its well capitalized position at September 30, 2024. Stockholders' equity equaled $475.1 million or $47.53 per share at September 30, 2024, and $340.4 million or $48.35 per share at December 31, 2023. Dividends declared for the nine months ended September 30, 2024 amounted to $1.44 per share.

This is my last quarterly report to our shareholders. I will be resigning from the Company and the Board on December 31, 2024. It has been my privilege to be associated for the last 19 years with such a quality corporation and an honor to have worked alongside an amazing group of talented and dedicated employees. I would like to thank you for your investment in our corporation and for the trust and support of me as your CEO.

Best Regards,

Craig W. Best
Chief Executive Officer

Board of Directors

William E. Aubrey II, Chairman
Louis A. DeNaples, Vice Chairman
Craig W. Best, CEO
Sandra L. Bodnyk
William G. Bracey
Joseph Coccia
William P. Conaboy, Esq.
Joseph L. DeNaples, Esq.
Keith W. Eckel
Ronald G. Kukuchka
Kathleen McCarthy Lambert
Richard S. Lochen, Jr.
Thomas J. Melone
James B. Nicholas
Elisa Zúñiga Ramirez
Joseph T. Wright, Jr., Esq.

Offices (Pennsylvania, unless noted)

Abington	(570) 587-4898	King of Prussia	(610) 205-1880
Airport Road	(610) 691-1202	Kingston	(570) 288-0128
Back Mountain	(570) 602-2300	Meshoppen	(570) 833-5171
Binghamton, NY	(607) 729-3832	Minooka	(570) 955-1883
Central City Scranton	(570) 955-1700	Montrose	(570) 278-4100
Central PA Business Center	(717) 279-2200	Moscow	(570) 842-7626
Conklin, NY	(607) 722-2114	Mountaintop	(570) 475-3050
Daleville	(570) 848-3622	Mount Pocono	(570) 839-8732
Dickson City	(570) 489-8617	Nanticoke	(570) 258-3622
Doylestown	(215) 348-8207	Nicholson	(570) 942-2265
Dunmore Main	(570) 348-6440	North Allegheny	(724) 719-2399
Emrick Blvd.	(610) 317-4690	Old Forge	(570) 451-7200
Exeter	(570) 603-1000	Peckville	(570) 383-2154
Glenburn	(570) 585-5130	Plains Rt. 315	(570) 846-3652
Green Ridge	(570) 346-4695	Piscataway, NJ	(732) 699-2143
Hallstead	(570) 879-2195	Pittston	(570) 655-3622
Hazleton	(570) 501-3622	Susquehanna	(570) 853-4901
Honesdale	(570) 253-1096	Tilghman Street	(610) 398-9680
Hop Bottom	(570) 289-4124	Tunkhannock	(570) 836-2135
		Wilkes-Barre	(570) 831-1000

Common Stock Information

	High	Low	Dividends Declared
Third Quarter, 2024	$ 50.49	$ 41.44	$ 0.62
First Quarter, 2024	46.25	36.26	0.41
Fourth Quarter, 2023	48.84	38.09	0.41
Third Quarter, 2023	49.99	38.58	0.41
Second Quarter, 2023	48.19	40.04	0.41

Market Makers

Janney Montgomery Scott	(215) 665-6000
Griffin Financial Group, LLC	(757) 955-8444
Keefe, Bruyette & Woods	(212) 887-8996
Piper Sandler	(800) 635-6851

The common stock of Peoples Financial Services Corp. is quoted on t he NASDAQ under the symbol PFIS. St ockholders, analysts, portfolio managers and others seeking financial information should contact John R. Anderson III, Execut ive Vice President , Chief Financial Officer at (570) 346-7741 extension 2317.

Dividend Reinvestment

Equiniti Trust Company LLC administers a Dividend Reinvestment Plan whereby stockholders can increaset heir investment in additional shares of commonstock. Contact Equiniti Trust Company LLC, Dividend Reinvestment Department, 55 Challenger Road, Suite 200, Ridgefield Park, NJ 07660 at (800) 937-5449, for additional information.

Dividend Direct Deposit

Peoples Financial Services Corp. stockholders not participating in the Dividend Reinvestment Plan may opt to have their dividends deposited directly into their bank account by contact ing Equiniti T rust Company LLC at (800) 937-5449.

Online Information

The Company files reports, proxy and information statements and other information electronically with the Securities and Exchange Commission ("SEC") through the Electronic Data Gathering Analysis and Retrieval filing system. Stockholders and other interested parties may read and copy any materials that the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm EST . Information on the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information st atements and other information regarding issuers that file electronically with the SEC. The SEC's website address is http://www.sec.gov. Copies of the Company's Annual Report on Form 10-K, Quart erly Reports on Form 10-Q, Current Report s on Form 8-K, and amendments to those reports filed with the SEC may be obtained without charge by writing to Peoples Financial Services Corp., 150 North Washington Avenue, Scranton, PA 18503 Attn: Marie L. Luciani, Investor Relations Officer through our website at ir.psbt.com.

Peoples Financial SERVICES CORP.

QUARTERLY REPORT 2024

SEPTEMBER 30, 2024

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