Consolidated Statements of Income and Comprehensive Income (Unaudited)

(In thousands, except per share data)

Three Months Ended	March 31, 2025	March 31, 2024
Interest income:		
Interest and fees on loans:		
Taxable	$ 55,212	$ 34,041
Tax-exempt	2,245	1,418
Interest and dividends on investment securities:		
Taxable	4,134	1,918
Tax-exempt	396	371
Dividends	41	2
Interest on interest-bearing deposits in other banks	113	120
Interest on federal funds sold	285	1,127
Total interest income	62,426	38,997
Interest expense:		
Interest on deposits	20,847	18,704
Interest on short-term borrowings	225	262
Interest on long-term debt	1,177	270
Interest on subordinated debt	443	443
Interest on junior subordinated debt	186	
Total interest expense	22,878	19,679
Net interest income	39,548	19,318
Provision for credit losses	200	708
Net interest income after provision for credit losses	39,348	18,610
Noninterest income:		
Service charges, fees, commissions and other	3,404	2,036
Merchant services income	231	115
Commissions and fees on fiduciary activities	537	551
Wealth management income	650	361
Mortgage banking income	114	92
Increase in cash surrender value of life insurance	526	279
Interest rate swap income (loss)	43	(24)
Net gains (losses) on equity investments	71	(8)
Net gains (losses) on sale of fixed assets	680	(9)
Total noninterest income	6,256	3,393
Noninterest expense:		
Salaries and employee benefits expense	13,481	8,839
Net occupancy and equipment expense	6,610	4,716
Acquisition related expenses	154	486
Amortization of intangible assets	1,683	
Professional fees and outside services	1,011	688
FDIC insurance and assessments	1,022	594
Advertising and corporate business development	859	566
Other expenses	2,533	2,170
Total noninterest expense	27,353	18,059
Income before income taxes	18,251	3,944
Provision for income tax expense	3,242	478
Net income	$ 15,009	$ 3,466
Other comprehensive income (loss):		
Unrealized gains (losses) on investment securities available for sale	$ 5,572	$ (2,441)
Change in derivative fair value	(148)	1,079
Other comprehensive income (loss)	5,424	(1,362)
Income tax expense (benefit) related to other comprehensive income (loss)	1,183	(298)
Other comprehensive income (loss), net of income tax expense (benefit)	4,241	(1,064)
Comprehensive income	$ 19,250	$ 2,402
Share and per share amounts:		
Net income - basic	$ 1.50	$ 0.49
Net income - diluted	1.49	0.49
Cash dividends declared	$ 0.62	$ 0.41
Weighted average common shares outstanding - basic	9,992,922	7,052,912
Weighted average common shares outstanding - diluted	10,043,186	7,102,112

See notes to consolidated financial statements.

Consolidated Balance Sheets (Unaudited)

(In thousands, except share data)

	March 31, 2025	December 31, 2024
Assets:		
Cash and cash equivalents:		
Cash and due from banks	$ 60,125	$ 47,029
Interest-bearing deposits in other banks	9,196	8,593
Federal funds sold	7,781	80,229
Total cash and cash equivalents	77,102	135,851
Investment securities:		
Available-for-sale: Amortized cost of $546,430 and $575,288, respectively, net of allowance for credit losses of $0 at March 31, 2025 and December 31, 2024	503,043	526,329
Held to maturity: Fair value of $64,775 and $65,152 respectively, net of allowance for credit losses of $0 at March 31, 2025 and December 31, 2024	76,689	78,184
Equity investments carried at fair value	2,501	2,430
Total investment securities	582,232	606,943
Loans,	3,991,539	3,993,505
Less: allowance for credit losses	41,054	41,776
Net loans	3,950,485	3,951,729
Loans held for sale	420	
Goodwill	75,986	75,986
Premises and equipment, net	72,492	73,283
Bank owned life insurance	87,953	87,429
Deferred tax assets	32,628	35,688
Accrued interest receivable	16,436	15,632
Intangible assets, net	32,488	34,197
Other assets	71,135	74,919
Total assets	$ 4,999,358	$ 5,091,657
Liabilities:		
Deposits:		
Noninterest-bearing	$ 901,398	$ 935,516
Interest-bearing	3,415,529	3,472,036
Total deposits	4,316,927	4,407,552
Short-term borrowings	14,840	15,900
Long-term debt	88,403	98,637
Subordinated debentures	33,000	33,000
Junior subordinated debentures	8,063	8,039
Accrued interest payable	5,439	5,503
Other liabilities	50,832	54,076
Total liabilities	4,517,504	4,622,707
Stockholders' equity:		
Common Stock, par value $2.00, authorized 25,000,000 shares, issued and outstanding at March 31, 2025, 9,995,483 shares and 9,990,724 shares at December 31, 2024	20,014	19,995
Capital surplus	250,488	250,695
Retained earnings	247,806	238,955
Accumulated other comprehensive loss	(36,454)	(40,695)
Total stockholders' equity	481,854	468,950
Total liabilities and stockholders' equity	$ 4,999,358	$ 5,091,657

Notes To Consolidated Financial Statements.

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. For inclusion in this letter to shareholders, the consolidated statements of changes in stockholders' equity, the consolidated statements of cash flows and the notes to consolidated financial statements have been omitted. 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 months ended March 31, 2025, 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 disclosures 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, Quarterly Report on Form 10-Q and other documents the Company files with the SEC from time to time.

Consolidated Financial Highlights

(In thousands, except per share data)

As of and for the three months ended March 31,	2025	2024	Change $	Change %
Financial Position:				
Assets	$ 4,999,358	$ 3,669,138	$ 1,330,220	36.25 %
Investment securities	582,232	477,810	104,422	21.85
Loans	3,991,539	2,858,412	1,133,127	39.64
Deposits	4,316,927	3,203,938	1,112,989	34.74
Stockholders' equity	481,854	339,992	141,862	41.73
Average earning assets	4,658,837	3,481,687	1,177,150	33.81
Average interest-bearing liabilities	$ 3,596,350	$ 2,671,500	$ 924,850	34.62 %
Financial Performance:				
Net interest income	$ 39,548	$ 19,318	$ 20,230	104.72 %
Provision for credit losses	200	708	(508)	-71.75
Noninterest income	6,256	3,393	2,863	84.38
Noninterest expense	27,353	18,059	9,294	51.46
Provision for income tax expense	3,242	478	2,764	578.24
Net Income	15,009	3,466	11,543	333.04
Comprehensive income	$ 19,250	$ 2,402	$ 16,848	701.42 %
Financial ratios:				
Net income as a percentage of total average assets	1.22 %	0.38 %		
Net income as a percentage of total average stockholders' equity	12.70	4.09		
Stockholder's equity as a percentage of total assets	9.64	9.27		
Net interest margin	3.44	2.23		
Net interest margin (FTE)[1]	3.50	2.29		
Loans, net as a percentage of deposits	92.46	89.22		
Net loans charged-off as a percentage of average loans, net	0.09 %	0.00 %		
Per share data:				
Net income, basic	$ 1.50	$ 0.49		
Net income, diluted	1.49	0.49		
Cash dividends declared	0.62	0.41		
Stockholders' equity	$ 48.21	$ 48.18		

[1] **Note: Fully tax-equivalent (FTE) adjustment was calculated using the prevailing statutory rate.**

Dear Fellow Shareholder:

We are pleased to report that net income for the three months ended March 31, 2025 was $15.0 million, or $1.49 per diluted share. In comparison, net income was $6.1 million, or $0.61 per diluted share for the three months ended December 31, 2024 and $3.5 million, or $0.49 per diluted share for the three months ended March 31, 2024. Return on average assets and return on average equity for the three months ended March 31, 2025 was 1.22% and 12.70% on an annualized basis compared to 0.47% and 5.07% for the three months ended December 31, 2024 and 0.38% and 4.09% for the three months ended March 31, 2024.

Net income on a linked-quarter basis, increased primarily due to higher net interest income, a lower provision for credit losses and reduced noninterest expenses. On July 1, 2024, Peoples consummated the merger of FNCB Bancorp, Inc. ("FNCB") into Peoples and the merger of FNCB Bank into the Bank (collectively referred to as the "FNCB merger"). Non-recurring acquisition related expenses totaled $0.2 million in the quarter ended March 31, 2025 compared to $5.0 million in the three months ended December 31, 2024.

At March 31, 2025, total assets, loans, and deposits were $5.0 billion, $4.0 billion, and $4.3 billion, respectively. The Company maintained its well capitalized position at March 31, 2025. Stockholders' equity equaled $481.9 million or $48.21 per share at March 31, 2025, and $469.0 million or $46.94 per share at December 31, 2024. Dividends declared for the three months ended March 31, 2025 amounted to $0.6175 per share, representing an increase of 50.6% over the dividend of $0.41 per share declared for the same period of March 31, 2024.

For the remainder of 2025, we are looking forward to building on the positive financial impacts achieved in the first quarter of 2025 by continuing to create post-merger operating efficiencies and synergies that will in turn drive both long-term and meaningful shareholder value.

Thank you for your continued support, we appreciate the opportunity to serve you and our communities with all your financial needs.

Best Regards,

Gerard A. Champi
Chief Executive Officer

Board of Directors

Offices *(Pennsylvania, unless noted)*

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

Common Stock Information

	High	Low	Dividends Declared
First Quarter, 2025	$ 53.70	$ 44.47	$ 0.62
Fourth Quarter, 2024	58.76	44.73	0.62
Third Quarter, 2024	50.49	41.44	0.62
Second Quarter, 2024	46.25	36.26	0.41
First Quarter, 2024	48.84	38.09	0.41

Market Makers

Janney Montgomery Scott	(215) 665-6000
JWTT, Inc.	(971) 323-0698
Keefe, Bruyette & Woods	(212) 887-8996
Piper Sandler	(800) 635-6851

The common stock of Peoples Financial Services Corp. is listed on NASDAQ under the symbol PFIS. Stockholders, analysts, portfolio managers and others seeking financial information should contact James M. Bone, Jr., CPA, Executive Vice President, Chief Financial Officer at (570) 348-6419.

Dividend Reinvestment

Equiniti Trust Company LLC administers a Dividend Reinvestment Plan whereby stockholders can increase their investment in additional shares of common stock. 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 contacting Equiniti Trust 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. The SEC maintains an Internet site that contains reports, proxy and information statements 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, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed with the SEC may be obtained without charge through our website at ir.psbt.com.

Peoples Financial
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QUARTERLY REPORT

2025

MARCH 31, 2025

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