Consolidated Financial Highlights

(In thousands, except per share data)

As of and for the six months ended June 30,		2025		2024		Change $	Change %	
Financial Position:								
Assets	$	5,107,879	$	3,616,055	$	1,491,824	41.26	%
Investment securities		582,812		466,916		115,896	24.82	
Loans		3,997,525		2,869,553		1,127,972	39.31	
Deposits		4,287,349		3,064,959		1,222,390	39.88	
Stockholders' equity		494,096		340,807		153,289	44.98	
Average earning assets		4,662,260		3,446,252		1,216,008	35.28	
Average interest-bearing liabilities	$	3,585,247	$	2,635,591	$	949,656	36.03	%
Financial Performance:								
Net interest income	$	81,745	$	38,234	$	43,511	113.80	%
(Credit to) provision for credit losses		(39)		1,304		(1,343)	(102.99)	
Noninterest income		12,503		6,947		5,556	79.98	
Noninterest expense		55,615		36,230		19,385	53.51	
Provision for income tax expense		6,707		899		5,808	646.05	
Net Income		31,965		6,748		25,217	373.70	
Comprehensive income	$	37,672	$	5,824	$	31,848	546.84	%
Financial ratios:								
Net income as a percentage of total average assets		1.29	%	0.37	%			
Net income as a percentage of total average stockholders' equity		13.30		3.98				
Stockholders' equity as a percentage of total assets		9.67		9.42				
Net interest margin (FTE)[1]		3.60		2.29				
Loans, net as a percentage of deposits		93.24		93.62				
Net loans charged-off as a percentage of average loans, net		0.04	%	0.01	%			
Per share data:								
Net income, basic	$	3.20	$	0.96				
Net income, diluted		3.18		0.95				
Cash dividends declared		1.24		0.82				
Stockholders' equity	$	49.44	$	48.29				

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

Dear Fellow Shareholder:

Peoples reported net income of $17.0 million, or $1.68 per diluted share for the three months ended June 30, 2025, compared to net income of $15.0 million, or $1.49 per diluted share for the three months ended March 31, 2025. Return on average assets ("ROAA") and return on average equity ("ROAE") for the three months ended June 30, 2025 was 1.36% and 13.87% on an annualized basis compared to 1.22% and 12.70% for the three months ended March 31, 2025. Net income on a linked-quarter basis, increased primarily due to higher net interest income and a lower provision for credit losses.

For the six months ended June 30, 2025, net income was $32.0 million, or $3.18 per diluted share. In comparison, net income was $6.7 million, or $0.95 per diluted share for the comparable period of 2024. The increase in net income for the current period of $25.3 million was due primarily to higher net interest income and noninterest income, and a lower provision for credit losses which more than offset an increase in noninterest expenses. ROAA and ROAE for the six months ended June 30, 2025 was 1.29% and 13.30% on an annualized basis compared to 0.37% and 3.98% for the six months ended June 30, 2024.

At June 30, 2025, total assets, loans, and deposits were $5.1 billion, $4.0 billion, and $4.3 billion, respectively. The Company maintained its well capitalized position at June 30, 2025. Stockholders' equity equaled $494.1 million or $49.44 per share at June 30, 2025, and $469.0 million or $46.94 per share at December 31, 2024. Dividends declared for the six months ended June 30, 2025 amounted to $1.235 per share, representing an increase of 50.6% over the dividend of $0.82 per share declared for the same period of June 30, 2024.

One year ago, we merged with FNCB Bancorp, Inc. with the belief that together, we would be stronger. Today, our performance affirms that belief - our net income, earnings per share, net interest margin and asset quality all reflect the strength of our combined organization. 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	Kingston	(570) 288-0128
Airport Road	(610) 691-1202	Meshoppen	(570) 833-5171
Back Mountain	(570) 602-2300	Minooka	(570) 955-1883
Binghamton, NY	(607) 729-3832	Montrose	(570) 278-4100
Central City Scranton	(570) 955-1700	Moscow	(570) 842-7626
Central PA Business Center	(717) 279-2200	Mountain Top	(570) 475-3050
Conklin, NY	(607) 722-2114	Mount Pocono	(570) 839-8732
Daleville	(570) 848-3622	Nanticoke	(570) 258-3622
Dickson City	(570) 489-8617	Nicholson	(570) 942-2265
Doylestown	(215) 348-8207	North Allegheny	(724) 719-2399
Dunmore	(570) 348-6440	Old Forge	(570) 451-7200
Emrick Blvd.	(610) 317-4690	Peckville	(570) 383-2154
Exeter	(570) 603-1000	Piscataway, NJ	(732) 699-2143
Glenburn	(570) 585-5130	Pittston	(570) 655-3622
Green Ridge	(570) 346-4695	Plains Rt. 315	(570) 846-3652
Hallstead	(570) 879-2195	Susquehanna	(570) 853-4901
Hazleton	(570) 501-3622	Tilghman Street	(610) 398-9680
Honesdale	(570) 253-1096	Tunkhannock	(570) 836-2135
Hop Bottom	(570) 289-4124	Wilkes-Barre	(570) 831-1000
King of Prussia	(610) 205-1880		

Common Stock Information

	High	Low	Dividends Declared
Second Quarter, 2025	$ 51.21	$ 40.67	$ 0.62
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

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
SERVICES CORP.

QUARTERLY REPORT

2025

JUNE 30, 2025

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Consolidated Statements of Income and Comprehensive Income (Unaudited)
(Dollars in thousands, except per share data)

June 30,	Three Months Ended 2025	Three Months Ended 2024	Six Months Ended 2025	Six Months Ended 2024
Interest income:				
Interest and fees on loans:				
Taxable	$ 57,459	$ 34,406	$ 112,671	$ 68,447
Tax-exempt	2,302	1,399	4,547	2,817
Interest and dividends on investment securities:				
Taxable	4,604	1,904	8,738	3,822
Tax-exempt	399	371	795	742
Dividends	40	2	81	4
Interest on interest-bearing deposits in other banks	96	115	209	235
Interest on federal funds sold	435	179	720	1,306
Total interest income	65,335	38,376	127,761	77,373
Interest expense:				
Interest on deposits	20,303	18,114	41,150	36,818
Interest on short-term borrowings	410	633	635	895
Interest on long-term debt	1,211	269	2,388	539
Interest on subordinated debt	1,026	444	1,469	887
Interest on junior subordinated debt	188		374	
Total interest expense	23,138	19,460	46,016	39,139
Net interest income	42,197	18,916	81,745	38,234
(Credit to) provision for credit losses	(239)	596	(39)	1,304
Net interest income after (credit to) provision for credit losses	42,436	18,320	81,784	36,930
Noninterest income:				
Service charges, fees, commissions and other	3,664	1,885	7,068	3,921
Merchant services income	584	260	815	375
Commissions and fees on fiduciary activities	563	517	1,100	1,068
Wealth management income	619	416	1,269	777
Mortgage banking income	125	87	239	179
Increase in cash surrender value of life insurance	535	286	1,061	565
Interest rate swap income	164	102	207	78
Net (losses) gains on equity investments	(7)	(12)	64	(20)
Net gains on the sale of fixed assets		13	680	4
Total noninterest income	6,247	3,554	12,503	6,947
Noninterest expense:				
Salaries and employee benefits expense	13,761	8,450	27,242	17,289
Net occupancy and equipment expense	6,284	4,589	12,894	9,305
Acquisition related expenses	66	1,071	220	1,557
Amortization of intangible assets	1,684		3,367	
Professional fees and outside services	1,168	779	2,179	1,467
FDIC insurance and assessments	976	504	1,998	1,098
Advertising and corporate business development	1,074	433	1,933	842
Other expenses	3,249	2,345	5,782	4,672
Total noninterest expense	28,262	18,171	55,615	36,230
Income before income taxes	20,421	3,703	38,672	7,647
Provision for income tax expense	3,465	421	6,707	899
Net income	16,956	3,282	31,965	6,748
Other comprehensive income (loss):				
Unrealized gain (loss) on investment securities available for sale	1,859	18	7,431	(2,423)
Change in derivative fair value	16	160	(132)	1,239
Other comprehensive income (loss)	1,875	178	7,299	(1,184)
Income tax expense (benefit) related to other comprehensive income (loss)	409	38	1,592	(260)
Other comprehensive income (loss), net of income tax expense (benefit)	1,466	140	5,707	(924)
Comprehensive income	$ 18,422	$ 3,422	$ 37,672	$ 5,824
Share and per share amounts:				
Net income:				
Basic	$ 1.70	$ 0.47	$ 3.20	$ 0.96
Diluted	$ 1.68	$ 0.46	$ 3.18	$ 0.95
Dividends declared	$ 0.62	$ 0.41	$ 1.24	$ 0.82
Average common shares outstanding:				
Basic	9,994,955	7,057,258	9,993,944	7,055,085
Diluted	10,082,260	7,114,115	10,062,831	7,108,113

See notes to consolidated financial statements.

Consolidated Balance Sheets
(In thousands, except share data)

	(Unaudited) June 30, 2025	December 31, 2024
Assets:		
Cash and cash equivalents:		
Cash and due from banks	$ 60,173	$ 47,029
Interest-bearing deposits in other banks	9,646	8,593
Federal funds sold	105,920	80,229
Total cash and cash equivalents	175,739	135,851
Investment securities:		
Available-for-sale: Amortized cost of $546,709 and $575,288, respectively, net of allowance for credit losses of $0 at June 30, 2025 and December 31, 2024	505,181	526,329
Held to maturity: Fair value of $64,253 and $65,152 respectively, net of allowance for credit losses of $0 at June 30, 2025 and December 31, 2024	75,137	78,184
Equity investments carried at fair value	2,494	2,430
Total investment securities	582,812	606,943
Loans	3,997,525	3,993,505
Less: allowance for credit losses	40,890	41,776
Net loans	3,956,635	3,951,729
Loans held for sale	547	
Goodwill	75,986	75,986
Premises and equipment, net	76,896	73,283
Bank owned life insurance	87,635	87,429
Deferred tax assets	31,647	35,688
Accrued interest receivable	15,854	15,632
Intangible assets, net	30,778	34,197
Other assets	73,350	74,919
Total assets	$ 5,107,879	$ 5,091,657
Liabilities:		
Deposits:		
Noninterest-bearing	$ 899,597	$ 935,516
Interest-bearing	3,387,752	3,472,036
Total deposits	4,287,349	4,407,552
Short-term borrowings	76,340	15,900
Long-term debt	103,449	98,637
Subordinated debt	83,164	33,000
Junior subordinated debt	8,088	8,039
Accrued interest payable	4,640	5,503
Other liabilities	50,753	54,076
Total liabilities	4,613,783	4,622,707
Stockholders' equity:		
Common Stock, par value $2.00, authorized 25,000,000 shares, issued and outstanding at June 30, 2025, 9,994,696 shares and 9,990,724 shares at December 31, 2024	20,015	19,995
Capital surplus	250,468	250,695
Retained earnings	258,601	238,955
Accumulated other comprehensive loss	(34,988)	(40,695)
Total stockholders' equity	494,096	468,950
Total liabilities and stockholders' equity	$ 5,107,879	$ 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 and six months ended June 30, 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.