Consolidated Statements of Income and Comprehensive Income (Unaudited)

(Dollars in thousands, except per share data)

September 30,	Three Months Ended 2025	Three Months Ended 2024	Nine Months Ended 2025	Nine Months Ended 2024
Interest income:				
Interest and fees on loans:				
Taxable	$ 57,621	$ 59,411	$ 170,292	$ 127,859
Tax-exempt	2,151	2,299	6,698	5,116
Interest and dividends on investment securities:				
Taxable	4,335	4,739	13,073	8,561
Tax-exempt	537	411	1,332	1,153
Dividends	47	55	128	59
Interest on interest-bearing deposits in other banks	101	150	310	385
Interest on federal funds sold	372	1,218	1,092	2,524
Total interest income	65,164	68,283	192,925	145,657
Interest expense:				
Interest on deposits	20,194	26,398	61,344	63,216
Interest on short-term borrowings	341	550	976	1,444
Interest on long-term debt	1,509	1,389	3,897	1,929
Interest on subordinated debt	1,748	443	3,217	1,330
Interest on junior subordinated debt	189	260	563	260
Total interest expense	23,981	29,040	69,997	68,179
Net interest income	41,183	39,243	122,928	77,478
(Credit to) provision for credit losses	(838)	14,458	(877)	15,762
Net interest income after (credit to) provision for credit losses	42,021	24,785	123,805	61,716
Noninterest income:				
Service charges, fees, commissions and other	3,386	3,384	10,454	7,304
Merchant services income	321	223	1,136	598
Commissions and fees on fiduciary activities	607	649	1,707	1,717
Wealth management income	950	708	2,219	1,486
Mortgage banking income	148	84	387	263
Increase in cash surrender value of life insurance	543	551	1,604	1,116
Interest rate swap income (loss)	182	(53)	389	25
Net (losses) gains on equity investments	(21)	175	43	155
Net gains on sale of investment securities available for sale		1		1
Net (losses) gains on the sale of fixed assets	(615)	(3)	65	
Total noninterest income	5,501	5,719	18,004	12,665
Noninterest expense:				
Salaries and employee benefits expense	14,128	13,170	41,370	30,459
Net occupancy and equipment expense	7,221	6,433	20,115	15,745
Acquisition related expenses	16	9,653	236	11,210
Amortization of intangible assets	1,515	1,665	4,882	1,665
Professional fees and outside services	935	1,017	3,114	2,482
FDIC insurance and assessments	607	809	2,605	1,907
Advertising and corporate business development	1,106	741	3,040	1,862
Other expenses	3,150	2,010	8,931	6,398
Total noninterest expense	28,678	35,498	84,293	71,728
Income (loss) before income taxes	18,844	(4,994)	57,516	2,653
Provision (benefit) for income tax expense	3,598	(657)	10,305	242
Net income (loss)	15,246	(4,337)	47,211	2,411
Other comprehensive income:				
Unrealized gains on investment securities available for sale	7,415	15,167	14,846	12,744
Reclassification adjustment for gains on available for sale securities included in net income		(1)		(1)
Change in derivative fair value	18	(1,424)	(114)	(185)
Other comprehensive income	7,433	13,742	14,732	12,558
Income tax expense related to other comprehensive income	1,621	3,008	3,213	2,748
Other comprehensive income, net of income tax expense	5,812	10,734	11,519	9,810
Comprehensive income	$ 21,058	$ 6,397	$ 58,730	$ 12,221
Share and per share amounts:				
Net income (loss) - basic	$ 1.53	$ (0.43)	$ 4.72	$ 0.30
Net income (loss) - diluted	$ 1.51	$ (0.43)	$ 4.69	$ 0.30
Cash dividends declared	$ 0.62	$ 0.62	$ 1.86	$ 1.44
Average common shares outstanding - basic	9,994,629	9,987,627	9,994,175	8,039,734
Average common shares outstanding - diluted	10,086,915	10,044,449	10,070,947	8,094,036

See notes to consolidated financial statements.

Consolidated Balance Sheets

(In thousands, except share data)

	(Unaudited) September 30, 2025	(Audited) December 31, 2024
Assets:		
Cash and cash equivalents:		
Cash and due from banks	$ 62,133	$ 47,029
Interest-bearing deposits in other banks	9,492	8,593
Federal funds sold	108,298	80,229
Total cash and cash equivalents	179,923	135,851
Investment securities:		
Available-for-sale: Amortized cost of $568,633 and $575,288, respectively, net of allowance for credit losses of $0 at September 30, 2025 and December 31, 2024	534,521	526,329
Held to maturity: Fair value of $63,545 and $65,152 respectively, net of allowance for credit losses of $0 at September 30, 2025 and December 31, 2024	73,286	78,184
Equity investments carried at fair value	2,473	2,430
Total investment securities	610,280	606,943
Loans	4,016,367	3,993,505
Less: allowance for credit losses	39,843	41,776
Net loans	3,976,524	3,951,729
Loans held for sale	816	
Goodwill	75,986	75,986
Premises and equipment, net	77,009	73,283
Bank owned life insurance	88,175	87,429
Deferred tax assets	30,025	35,688
Accrued interest receivable	16,995	15,632
Intangible assets, net	29,239	34,197
Other assets	74,664	74,919
Total assets	$ 5,159,636	$ 5,091,657
Liabilities:		
Deposits:		
Noninterest-bearing	$ 912,044	$ 935,516
Interest-bearing	3,377,687	3,472,036
Total deposits	4,289,731	4,407,552
Short-term borrowings	76,310	15,900
Long-term debt	137,029	98,637
Subordinated debt	83,111	33,000
Junior subordinated debt	8,114	8,039
Accrued interest payable	7,976	5,503
Other liabilities	48,105	54,076
Total liabilities	4,650,376	4,622,707
Stockholders' equity:		
Common Stock, par value $2.00, authorized 25,000,000 shares, issued and outstanding at September 30, 2025, 9,994,595 shares and 9,990,724 shares at December 31, 2024	20,015	19,995
Capital surplus	250,735	250,695
Retained earnings	267,686	238,955
Accumulated other comprehensive loss	(29,176)	(40,695)
Total stockholders' equity	509,260	468,950
Total liabilities and stockholders' equity	$ 5,159,636	$ 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 nine months ended September 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.

Consolidated Financial Highlights

(In thousands, except per share data)

As of and for the nine months ended September 30,	2025	2024	Change $	Change %
Financial Position:				
Assets	$ 5,159,636	$ 5,360,138	$ (200,502)	(3.74) %
Investment securities	610,280	646,268	(35,988)	(5.57)
Loans	4,016,367	4,069,683	(53,316)	(1.31)
Deposits	4,289,731	4,637,864	(348,133)	(7.51)
Stockholders' equity	509,260	475,051	34,209	7.20
Average earning assets	4,675,204	3,925,169	750,035	19.11
Average interest-bearing liabilities	$ 3,591,411	$ 3,093,421	$ 497,990	16.10 %
Financial Performance:				
Net interest income	$ 122,928	$ 77,478	$ 45,450	58.66 %
(Credit to) provision for credit losses	(877)	15,762	(16,639)	(105.56)
Noninterest income	18,004	12,665	5,339	42.16
Noninterest expense	84,293	71,728	12,565	17.52
Provision for income tax expense	10,305	242	10,063	4,158.26
Net Income	47,211	2,411	44,800	1,858.15
Comprehensive income	$ 58,730	$ 12,221	$ 46,509	380.57 %
Financial ratios:				
Net income as a percentage of total average assets	1.25 %	0.08 %		
Net income as a percentage of total average stockholders' equity	12.86	0.83		
Stockholders' equity as a percentage of total assets	9.87	8.86		
Net interest margin (FTE)[1]	3.58	2.69		
Loans, net as a percentage of deposits	93.63	87.75		
Net loans charged-off as a percentage of average loans, net	0.04 %	0.01 %		
Per share data:				
Net income, basic	$ 4.72	$ 0.30		
Net income, diluted	4.69	0.30		
Cash dividends declared	1.86	1.44		
Stockholders' equity	$ 50.95	$ 47.53		

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

Dear Fellow Shareholder:

Peoples reported net income of $15.2 million, or $1.51 per diluted share for the three months ended September 30, 2025, compared to net income of $17.0 million, or $1.68 per diluted share for the three months ended June 30, 2025 and a net loss of $4.3 million, or $0.43 per diluted share for the three months ended September 30, 2024. Return on average assets ("ROAA") and return on average equity ("ROAE") on an annualized basis for the three months ended September 30, 2025, was 1.19% and 12.02% compared to 1.36% and 13.87% for the three months ended June 30, 2025, and (0.33)% and (3.58)% for the three months ended September 30, 2024. Net income in the current quarter was negatively impacted by the recognition of a $0.6 million pre-tax loss on the pending sale of several administrative properties along with higher occupancy expenses associated with the Company's transition into its new headquarters. Net income in the third quarter of 2024 included $9.7 million in acquisition-related expenses.

For the nine months ended September 30, 2025, net income was $47.2 million, or $4.69 per diluted share, compared to $2.4 million, or $0.30 per diluted share for the comparable period of 2024. The increase in net income for the current year to date period of $44.8 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. Higher levels of interest-earning assets, higher transaction volumes and purchase accounting related accretion resulting from the FNCB merger resulted in the increase in net interest income and noninterest income when compared to the prior year period.

At September 30, 2025, total assets, loans, and deposits were $5.2 billion, $4.0 billion, and $4.3 billion, respectively. The Company maintained its well capitalized position at September 30, 2025. Stockholders' equity equaled $509.3 million or $50.95 per share at September 30, 2025, compared to $469.0 million or $46.94 per share at December 31, 2024. Dividends declared for the nine months ended September 30, 2025 amounted to $1.86 per share, representing an increase of 29.2% over the dividend of $1.44 per share declared for the same period of September 30, 2024.

We are extremely pleased with another strong quarter driven by disciplined credit quality and balance sheet management. We are building for the future with a focus on efficiency, enhanced customer service and long-term growth as we centralize operations in our new corporate headquarters. 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

William E. Aubrey II, Chairman
Louis A. DeNaples, Vice Chairman
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, CPA
Richard S. Lochen, Jr., CPA
Thomas J. Melone, CPA
James B. Nicholas
Elisa Zúñiga Ramirez
Joseph T. Wright, Jr., Esq.

Offices *(Pennsylvania, unless noted)*

Abington	(570) 587-4898	Kingston	(570) 288-0128
Airport Road	(610) 691-1202	Manheim Township	(717) 690-3850
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	Mountain Top	(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	Piscataway, NJ	(732) 699-2143
Green Ridge	(570) 346-4695	Pittston	(570) 655-3622
Hallstead	(570) 879-2195	Plains Rt. 315	(570) 846-3652
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
King of Prussia	(610) 205-1880	Wilkes-Barre	(570) 831-1000

Common Stock Information

	High	Low	Dividends Declared
Third Quarter, 2025	$ 53.69	$ 46.90	$ 0.62
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

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

SEPTEMBER 30, 2025

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