Peoples Financial Services (PFIS)

Updated November 5th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$45	**5 Year CAGR Estimate:**	16.7%	**Market Cap:**	$449 M
Fair Value Price:	$76	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	11/28/25
% Fair Value:	59%	**5 Year Valuation Multiple Estimate:**	11.1%	**Dividend Payment Date:**	12/15/25
Dividend Yield:	5.5%	**5 Year Price Target**	$84	**Years Of Dividend Growth:**	9
Dividend Risk Score:	D	**Sector:** Financials		**Rating:**	Hold

Overview & Current Events

Peoples Financial Services (PFIS) is the holding company of Peoples Security Bank and Trust Company, a community bank that was founded in 1905 and is headquartered in Scranton, Pennsylvania. It operates 44 branches in Pennsylvania and provides various banking products and services to consumers, municipalities and businesses. Peoples Financial Services has a market capitalization of $449 million.

On July 1st, 2024, Peoples Financial Services completed its acquisition of FNCB Bancorp in an all-stock deal. As per the terms of the deal, the shareholders of FNCB now own ~29% of the combined entity. Thanks to the merger, the bank grew its total assets from $3.7 billion to $5.5 billion and thus it became the 5th largest community bank in Pennsylvania. It also raised its dividend by 51% and thus it is now offering a nearly 10-year high dividend yield of 5.5%. In addition, management expects the acquisition to boost earnings-per-share by ~59% this year.

In late October, Peoples Financial Services reported (10/30/25) financial results for the third quarter of fiscal 2025. Loans remained essentially flat and deposits decreased -3% during the quarter. Net interest margin expanded from 3.26% in the prior year's quarter to 3.54% thanks to lower deposit costs. As a result, net interest income grew 5% and the bank switched from a loss per share of -$0.43 to earnings-per-share of $1.51. Earnings-per-share missed the analysts' consensus by $0.02. Before the recent acquisition of FNCB Bancorp, Peoples Financial Services had one of the narrowest net interest margins in the financial sector, thus revealing the existence of strong competitive forces. However, the bank has greatly improved its net interest margin after the takeover. Moreover, as the Fed intends to cut interest rates in the upcoming years, the net interest margin of the bank is likely to improve further. We view the recent merger positively, given the expected growth. Thanks to the highly accretive acquisition of FNCB Bancorp, we still expect all-time high earnings-per-share of $6.10 this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.36	$2.65	$2.50	$3.37	$3.47	$4.00	$6.02	$5.28	$4.03	$3.77	***$6.10***	***$6.73***
DPS	$1.24	$1.24	$1.26	$1.31	$1.37	$1.44	$1.50	$1.58	$1.64	$2.06	***$2.47***	***$2.72***
Shares[1]	7.5	7.4	7.4	7.4	7.4	7.3	7.2	7.2	7.1	10.0	***10.0***	***10.0***

Peoples Financial Services has more than doubled its loans and its deposits and has grown its earnings-per-share by 5.3% per year on average over the last decade. Going forward, the bank has promising growth prospects thanks to the recent acquisition of FNCB Bancorp, which is major for the bank given the size of the deal (43% of the market cap of the bank before the merger). In addition, the Fed is likely to reduce interest rates in the upcoming years. As a result, while Peoples Financial Services has been hurt by high deposit costs amid high interest rates in the last two years, it is likely to enjoy an expansion of its net interest margin in the upcoming years. Nevertheless, given the high comparison base formed by the blowout earnings expected this year, we expect 2.0% average annual growth of earnings-per-share beyond this year.

[1] In millions.

Peoples Financial Services (PFIS)

Updated November 5th, 2025 by Aristofanis Papadatos

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.9	14.8	17.6	13.4	13.1	9.6	7.4	9.7	11.0	11.9	***7.4***	***12.5***
Avg. Yld.	3.1%	3.2%	2.9%	2.9%	3.0%	3.7%	3.4%	3.1%	3.7%	4.6%	***5.5%***	***3.2%***

Peoples Financial Services has traded at an average price-to-earnings ratio of 12.5 over the last nine years. We assume this valuation level as fair for this stock. The stock is currently trading at a price-to-earnings ratio of 7.4, which is much lower than the historical average of the bank. If the stock trades at its average valuation level in five years, it will enjoy an 11.1% annualized valuation gain.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	53%	47%	50%	39%	39%	36%	25%	30%	41%	55%	***40%***	***40%***

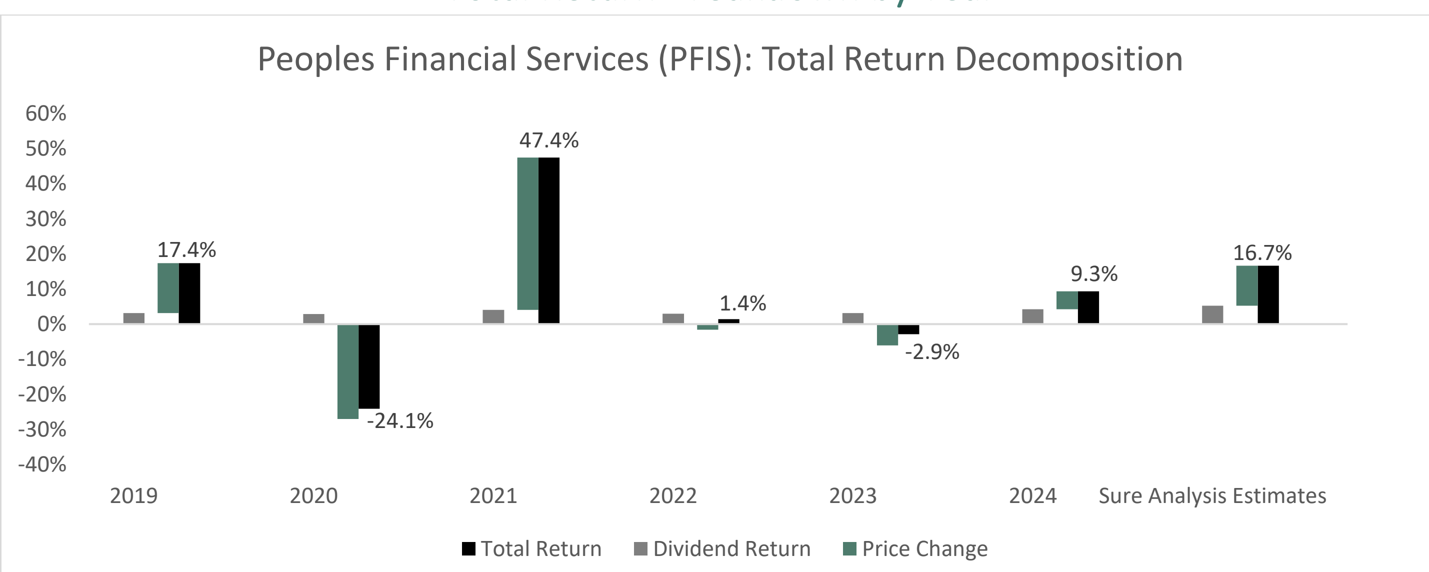
Peoples Financial Services has raised its dividend for 9 consecutive years. Thanks to its recent major acquisition, the bank raised its dividend by 51% last year and thus it is currently offering a nearly 10-year high dividend yield of 5.5%, which is much higher than the 3.1% median dividend yield of the financial sector. The bank also has a healthy payout ratio of 40% and hence it is likely to continue raising its dividend in the upcoming years.

Peoples Financial Services is prudently managed and thus it outperformed its peers during the Great Recession. In that crisis, the non-performing loans of the bank increased only modestly, in contrast to what happened to most banks. Peoples Financial Services also proved resilient to the pandemic, as it grew its earnings in 2020 and 2021. Nevertheless, the bank is not immune to downturns. Its earnings-per-share declined -33% between 2021 and 2023 due to the surge of interest rates, which compressed the net interest margin of the bank and caused losses in its investment portfolio.

Final Thoughts & Recommendation

Peoples Financial Services just completed a major acquisition and thus it has promising growth prospects ahead while it is also offering an attractive dividend. It can offer a 16.7% average annual return over the next five years thanks to 2.0% growth of earnings-per-share, its 5.5% dividend and an 11.1% valuation tailwind. It appears highly attractive and receives a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Peoples Financial Services (PFIS)

Updated November 5th, 2025 by Aristofanis Papadatos

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	70	75	80	85	91	96	98	108	101	229
SG&A Exp.	22	24	27	30	32	31	31	35	37	---
D&A Exp.	3	3	3	3	4	4	4	4	3	7
Net Profit	18	20	18	25	26	29	44	38	27	8
Net Margin	25.3%	26.2%	22.9%	29.3%	28.4%	30.4%	44.3%	35.2%	27.1%	3.7%
Free Cash Flow	25	21	22	29	31	35	36	35	27	31
Income Tax	5	5	8	3	3	5	10	7	5	---

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,819	1,999	2,169	2,289	2,475	2,884	3,369	3,554	3,742	5,099
Cash & Equivalents	33	40	37	33	31	45	38	38	43	47
Goodwill & Int. Ass.	69	68	67	66	66	65	65	64	64	110
Total Liabilities	1,570	1,743	1,904	2,010	2,176	2,567	3,029	3,238	3,402	4,630
Long-Term Debt	99	141	173	124	185	98	36	148	76	168
Shareholder's Equity	249	257	265	279	299	317	340	315	340	469
LTD/E Ratio	0.40	0.55	0.65	0.45	0.62	0.31	0.11	0.47	0.22	0.36

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	1.0%	0.9%	1.1%	1.1%	1.1%	1.4%	1.1%	0.8%	0.2%
Return on Equity	7.2%	7.7%	7.1%	9.2%	8.9%	9.5%	13.2%	11.6%	8.4%	2.1%
ROIC	5.5%	5.3%	4.4%	5.9%	5.8%	6.5%	11.0%	9.1%	6.2%	1.6%
Shares Out.	7.5	7.4	7.4	7.4	7.4	7.3	7.2	7.2	7.1	8.6
Revenue/Share	9.32	10.09	10.88	11.48	12.23	13.14	13.59	14.99	14.11	26.72
FCF/Share	3.29	2.88	3.02	3.86	4.25	4.75	4.96	4.79	3.82	3.65

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.