

PEOPLES FINANCIAL SERVICES CORP/  
Form 10-Q  
November 08, 2005

---

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**Form 10-Q**

(X) Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **September 30, 2005** or  
( ) Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934 for the transition period from

No. 0-23863  
(Commission File Number)

**PEOPLES FINANCIAL SERVICES CORP.**  
(Exact name of registrant as specified in its charter)

**PENNSYLVANIA**  
(State of incorporation)

**23-2391852**  
(IRS Employer Identification No.)

**50 MAIN STREET, HALLSTEAD, PA**  
(Address of principal executive offices)

**18822**  
(Zip code)

**(570) 879-2175**  
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days. Yes X No\_\_\_\_\_

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes X No\_\_\_\_\_

Number of shares outstanding as of September 30, 2005

COMMON STOCK (\$2 Par Value) 3,151,128

-----  
(Title of Class) (Outstanding Shares)

---

---

-1-

---

PEOPLES FINANCIAL SERVICES CORP.  
FORM 10-Q

For the Quarter Ended September 30, 2005

PART I	FINANCIAL INFORMATION	Page No.
Item 1. Financial Statements		
	<u>Consolidated Balance Sheets</u> as of September 30, 2005 (Unaudited) and December 31, 2004 (Audited)	3
	<u>Consolidated Statements of Income</u> (Unaudited) for the Three-Months and Nine-Months Ended September 30, 2005 and 2004	4
	<u>Consolidated Statements of Stockholders' Equity</u> (Unaudited) for the Nine-Months Ended September 30, 2005 and 2004	5
	<u>Consolidated Statements of Cash Flows</u> (Unaudited) for the Nine-Months Ended September 30, 2005 and 2004	6
	Notes to Consolidated Financial Statements	7 - 10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations		10 - 20
Item 3. Quantitative and Qualitative Disclosures About Market Risk		21
Item 4. Controls and Procedures		21
 PART II	 OTHER INFORMATION	
Item 1. Legal Proceedings		22
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds		22
Item 3. Defaults upon Senior Securities		22
Item 4. Submission of Matters to a Vote of Security Holders		23
Item 5. Other Information		23
Item 6. Exhibits		24
Signatures		25

**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**PEOPLES FINANCIAL SERVICES CORP.  
CONSOLIDATED BALANCE SHEETS

September 30, 2005 (UNAUDITED) and December 31, 2004

**(In thousands, except share data)**

<b>ASSETS:</b>	<i>Sept 2005</i>	<i>Dec 2004</i>
Cash and due from banks	\$ 7,079	\$ 5,903
Interest bearing deposits in other banks	103	102
Cash and cash equivalents	7,182	6,005
Securities available for sale	111,621	113,598
Loans	251,283	244,814
Allowance for loan losses	(2,599)	(2,739)
Loans, net	248,684	242,075
Bank premises and equipment, net	5,790	4,904
Accrued interest receivable	1,959	1,987
Intangible assets	1,696	1,892
Other assets	9,468	8,914
<b>Total assets</b>	<b>\$ 386,400</b>	<b>\$ 379,375</b>
<b>LIABILITIES:</b>		
Deposits:		
Non-interest bearing	\$ 48,047	\$ 42,999
Interest bearing	245,316	231,776
Total deposits	293,363	274,775
Accrued interest payable	578	550
Short-term borrowings	14,851	14,614
Long-term borrowings	37,825	46,034
Other liabilities	440	1,048
<b>Total liabilities</b>	<b>347,057</b>	<b>337,021</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$2 per share; authorized 12,500,000 shares; issued 3,341,251 shares; outstanding 3,151,128 shares and 3,155,801 shares at September 30, 2005 and December 31, 2004, respectively	6,683	6,683
Surplus	2,897	2,821
Retained earnings	33,903	35,665
Accumulated other comprehensive income (loss)	(399)	618
Treasury stock at cost	(3,741)	(3,433)
<b>Total stockholders' equity</b>	<b>39,343</b>	<b>42,354</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 386,400</b>	<b>\$ 379,375</b>

See Notes to Consolidated Financial Statements

Table of Contents

PEOPLES FINANCIAL SERVICES CORP.  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

<b>(In thousands, except per share data)</b>	Nine months ended		Three months ended	
	Sept 30 2005	Sept 30 2004	Sept 30 2005	Sept 30 2004
<b>INTEREST INCOME:</b>				
Loans receivable, including fees	\$ 11,882	\$ 11,237	\$ 4,086	\$ 3,783
Securities:				
Taxable	2,368	2,368	783	778
Tax exempt	1,140	1,269	395	436
Other	52	42	20	20
<b>Total interest income</b>	<b>15,442</b>	<b>14,916</b>	<b>5,284</b>	<b>5,017</b>
<b>INTEREST EXPENSE:</b>				
Deposits	4,067	3,612	1,503	1,183