WOODLANDS
FINANCIAL SERVICES COMPANY

Annual Report 2022

Our Mission

Woodlands Bank recognizes that our customers are the reason for our existence. Through our staff of professional employees we will consistently strive to deliver the best possible personalized service to individuals and local businesses while, at the same time, creating economic value for our shareholders.
As an independent, locally owned community bank, we will endeavor to be an active partner in the communities we serve.

In all that we do, it is our primary aim to make Woodlands Bank "easy to do business with."

Contents

Dear Friends:

We are pleased to announce the financial results of Woodlands Financial Services Company (Company) for 2022. The year was a challenging one in many ways as the Federal Reserve (Fed) employed aggressive interest-rate hikes coupled with a sharp reduction of their balance sheet in an attempt to tame the highest inflation that has been experienced in the United States since the early 1980's. These measures created volatility in the investment markets as participants scrambled to adjust to this new environment. The year ended as the first since 1969 and only the sixth such year in U.S. History where both stocks and bonds declined in value. Despite the uncertainty and the headwinds created by monetary policy measures purposely designed to decrease overall economic activity, the commercial lending pipeline remained strong throughout the entire year while the more rate-sensitive consumer and residential mortgage lending did experience a reduction in activity, however not as much as expected. As tumultuous as the year was, the Company managed to achieve significant growth in both loans and deposits as well as solid earnings.

Net income for the year was $5.06 million which is a 4% decrease from the prior year's net income. This reduction in net income was driven primarily by a reduction in loan fees from the prior year as well as a continued margin compression following the Fed rate increases due to a significant portion of the Company's deposit portfolio repricing immediately which caused a short-term mismatch given the velocity with which the Fed raised their rates. However, due to the substantial loan growth during the year and the eventual adjustment on the asset side of the balance sheet, that compression began to wane during the fourth quarter, and projections for 2023 indicate healthier margins ahead. Despite the rampant inflation being experienced across all economies, the Company was able to effectively manage its non-interest expenses during the year. In addition, the Company increased its provision for loan losses in order to cover the significant loan growth experienced during the year.

Total assets ended the year at $610.9 million, which represents a 6.6% increase over the prior year's ending balance. Driven by a 9.4% increase in deposits, this year continued the trend of significant balance sheet growth over the last three years. The Company was pleased to continue seeing the establishment of new core relationships and the expansion of existing relationships across its markets. During 2022, net loans grew considerably at 15.5% which will provide the Company with a solid base for earnings going forward. The Company surpassed $400 million in net loans for the first time ending at $410 million at year end. Along with this growth in loans, the Company was able to improve its credit metrics by resolving some larger problem credits without having to take any collateral onto its balance sheet or having to incur any negative impact to earnings.

As Company management navigated the challenging environment during 2022, a new three-year strategic plan began in earnest. There was significant effort put in by many across all areas of the organization toward the achievement of our ultimate strategic goals. These efforts have already begun to materialize and will continue to do so as we move through 2023. While the larger benefits of these strategic initiatives may not be seen immediately, the strategic plan is focused on putting the pieces in place for continued growth, earnings, and shareholder value over the long-term. The support from all of you over the years and as we evolve our systems and processes to ensure future success could not be more critical or more appreciated.

Sincerely,

Jon P. Conklin
President and CEO

MMQ

McGrail Merkel Quinn & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Clay Avenue Professional Plaza
1173 Clay Avenue
Scranton, PA 18510
570 961-0345
Fax: 570 961-8650
mmq.com

Independent Auditor's Report

To the Board of Directors and Stockholders
Woodlands Financial Services Company and Subsidiaries
Williamsport, Pennsylvania

Opinion

We have audited the consolidated financial statements of Woodlands Financial Services Company and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors and Stockholders
Woodlands Financial Services Company and Subsidiaries

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

McGrail Merkel Quinn
+ Associates, P.C.

Scranton, Pennsylvania
February 22, 2023

WOODLANDS FINANCIAL SERVICES COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(in thousands except per share amounts)

	2022	2021
ASSETS		
Cash and due from banks	$ 22,866	$ 11,197
Interest-bearing deposits with banks	5,276	40,128
Government money market funds	84	83
Federal funds sold	4,500	500
Cash and cash equivalents	32,726	51,908
Available-for-sale securities	131,366	138,713
Held-to-maturity securities	300	350
Loans and leases, net	410,200	355,188
Bank premises and equipment, net	11,408	11,676
Accrued interest receivable	1,834	1,574
Deferred tax assets, net	5,136	1,024
Cash surrender value of life insurance	12,133	8,893
Restricted stock	645	615
Other assets	5,152	3,299
Total assets	$ 610,900	$ 573,240
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Non-interest bearing	$ 174,383	$ 155,638
Interest bearing	392,669	362,588
Total deposits	567,052	518,226
Long-term debt	3,932	3,923
Accrued interest payable	57	65
Other liabilities	3,552	3,341
Total liabilities	574,593	525,555
Stockholders' equity		
Common stock, $5.00 par value, 10,000,000 shares authorized; 1,547,268 and 1,545,646 shares issued and 1,392,968 and 1,391,346 outstanding	7,736	7,728
Preferred stock, $5.00 par value, 4,000,000 shares authorized; no shares issued or outstanding	-	-
Additional paid-in capital	8,299	8,263
Retained earnings	39,643	36,111
Accumulated other comprehensive income	(14,802)	152
Total	40,876	52,254
Less: Treasury stock at cost, 154,300 shares and 154,300 shares	(4,569)	(4,569)
Total stockholders' equity	36,307	47,685
Total liabilities and stockholders' equity	$ 610,900	$ 573,240

The accompanying Notes are an integral part of these Consolidated Financial Statements.

WOODLANDS FINANCIAL SERVICES COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands except per share amounts)

	2022	2021
Interest income		
Interest and fees on loans and leases	$ 16,107	$ 15,208
Interest on cash and cash equivalents	457	92
Interest and dividends on investments:		
Taxable	2,639	1,489
Tax-exempt	655	600
Dividends	30	30
Interest on Federal funds sold	74	1
Total interest income	19,962	17,420
Interest expense		
Interest on deposits	2,499	1,320
Interest on borrowed funds	230	244
Total interest expense	2,729	1,564
Net interest income	17,233	15,856
Provision for loan losses	390	150
Net interest income, after provision for loan losses	16,843	15,706
Other income		
Service charges and other fees	893	914
Other operating income	1,817	1,756
Trust department income	1,356	1,307
Gain on sale of loans and other assets, net	82	203
Gain on investment securities, net	-	30
Total other income	4,148	4,210
Other expenses		
Salaries and employee benefits	8,111	7,692
Occupancy expense	744	715
Furniture and equipment expense	686	630
FDIC insurance premiums	208	90
Data processing expense	1,247	1,165
Professional fees	333	238
Other operating expenses	3,825	3,224
Total other expenses	15,154	13,754
Income before income taxes	5,837	6,162
Provision for income taxes	774	887
Net income	$ 5,063	$ 5,275
Net income per common share	$ 3.64	$ 3.69

The accompanying Notes are an integral part of these Consolidated Financial Statements.

WOODLANDS FINANCIAL SERVICES COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands except per share amounts)

	2022	2021
Net income	$ 5,063	$ 5,275
Other comprehensive income, net of tax:		
Unrealized holding losses arising during the year	(14,954)	(1,485)
Less: Reclassification adjustment for gains included in net income	-	24
Other comprehensive income	(14,954)	(1,509)
Comprehensive income	$ (9,891)	$ 3,766

The accompanying Notes are an integral part of these Consolidated Financial Statements.

WOODLANDS FINANCIAL SERVICES COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands except per share amounts)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2020	$ 7,720	$ 8,236	$ 32,356	$ 1,661	$ (1,504)	$ 48,469
Net income			5,275			5,275
Other Comprehensive Income				(1,509)		(1,509)
Issuance of 1,567 shares under employee stock purchase plan	8	27				35
Purchase of 96,852 shares of common stock for treasury					(3,065)	(3,065)
Cash dividends declared ($1.06 per share)			(1,520)			(1,520)
Balance, December 31, 2021	7,728	8,263	36,111	152	(4,569)	47,685
Net income			5,063			5,063
Other Comprehensive Income				(14,954)		(14,954)
Issuance of 1,622 shares under employee stock purchase plan	8	36				44
Cash dividends declared ($1.10 per share)			(1,531)			(1,531)
Balance, December 31, 2022	$ 7,736	$ 8,299	$ 39,643	$ (14,802)	$ (4,569)	$ 36,307

The accompanying Notes are an integral part of these Consolidated Financial Statements.

WOODLANDS FINANCIAL SERVICES COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands except per share amounts)

	2022	2021
Operating activities		
Net income	$ 5,063	$ 5,275
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	390	150
Depreciation	484	459
Amortization of securities (net of accretion)	630	559
Gain on sale of investment securities, loans and other assets, net	(82)	(233)
Increase in cash surrender value of life insurance	(240)	(200)
Sale of mortgage loans originated for sale	3,866	8,135
Mortgage loans originated for sale	(3,148)	(8,569)
Deferred taxes	(137)	119
Debt issuance costs	9	8
Increase in accrued interest receivable	(260)	(96)
Increase in other assets	(1,853)	(454)
Decrease in accrued interest payable	(8)	(82)
Increase in other liabilities	211	248
Net cash provided by operating activities	4,925	5,319
Investing activities		
Purchase of available-for-sale securities	(28,935)	(79,327)
Proceeds from sales and repayments of available-for-sale securities	16,723	26,112
Proceeds from repayments of held-to-maturity securities	50	150
Net increase in loans and leases	(56,038)	(16,746)
Purchase of bank-owned life insurance	(3,000)	-
Purchase of restricted stock	(30)	(15)
Proceeds from restricted stock	-	40
Purchase of bank premises and equipment	(216)	(1,114)
Net cash used by investing activities	(71,446)	(70,900)
Financing activities		
Net increase in deposits	48,826	72,387
Repayments on long-term borrowings	-	(1,000)
Dividends paid to stockholders of common stock	(1,531)	(1,520)
Payments to acquire treasury stock	-	(3,065)
Proceeds from issuance of common stock	44	35
Net cash provided by financing activities	47,339	66,837
Net (decrease) increase in cash and cash equivalents	(19,182)	1,256
Cash and cash equivalents at January 1	51,908	50,652
Cash and cash equivalents at December 31	$ 32,726	$ 51,908

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Woodlands Financial Services Company (Company) is a Pennsylvania corporation organized as a financial services holding company of Woodlands Bank (Bank) and Woodlands Stock Corporation. The Bank is a state chartered commercial bank located in Williamsport, Pennsylvania and operates as a traditional community bank, providing commercial and consumer banking and trust services in Lycoming and Clinton Counties and the surrounding market area.

Basis of Presentation

The Financial Statements of the Company have been consolidated with those of its wholly-owned subsidiaries, Woodlands Bank and Woodlands Stock Corporation, eliminating all intercompany items and transactions.

All information is presented in thousands of dollars, except per share amounts.

The Company has evaluated subsequent events through February 22, 2023, the date that these financial statements were available to be issued, and concluded no events or transactions occurred during that period requiring recognition or disclosure.

Segment Reporting

Public business enterprises are required to report financial and descriptive information about their reportable operating segments. The Company has determined that its only reportable segment is community banking.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans and the valuation of investment securities.

Per Share Data

Earnings per share of common stock have been computed on the basis of the weighted-average number of shares of common stock outstanding during the period. The number of common shares used in computing basic and diluted earnings per share and dividends per share was 1,392,164 in 2022 and 1,429,611 in 2021.

Investment Securities

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designation as of each balance sheet date. Investments in securities are classified in two categories and accounted for as follows:

Note 1 – Nature of Operations and Summary of Significant Accounting Policies – (Continued)

Securities Held-to-Maturity - Bonds, notes and other debt securities for which the Company has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts, computed by a method that approximates the effective interest method, over the remaining period to maturity.

Securities Available-for-Sale - Bonds, notes, other debt securities, mortgage-backed securities not classified as securities to be held-to-maturity and equity securities are carried at fair value with unrealized holding gains and losses, net of tax, reported as a net amount in a separate component of stockholders' equity until realized.

The amortization of premiums on mortgage-backed securities is based on the Espiel prepayment model which mirrors the dynamic nature of prepay speeds over the life of the securities. The model incorporates underlying factors such as changes in interest rates, details of origination, ages of loan, loan types, loan balances and credit ratings to more accurately project future prepayment activity. The four sources of prepayment incorporated into the model include U.S. home sales and activity, borrower refinancing activity, principal curtailment, and loan default.

Gains and losses on the sale of securities available-for-sale are determined using the specific identification method and are reported as a separate component of other income in the Consolidated Statements of Income.

The Company evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. The Company employs a systematic methodology that considers available evidence in evaluating potential impairment of its investments. In the event that the cost of an investment exceeds its fair value, the Company evaluates, among other factors, the magnitude and duration of the decline in fair value; the expected cash flows of the securities; the financial health of and business outlook for the issuer; the performance of the underlying assets for interests in securitized assets; and the Company's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in investment income and a new cost basis in the investment is established.

Loans and Leases

Loans are stated at unpaid principal balance, net of unamortized deferred loan fees and costs and an allowance for loan losses. Interest income is accrued on the unpaid principal balance of the loans. The Company recognizes nonrefundable loan origination fees and certain direct loan origination costs over the life of the related loans as an adjustment of the loan yield using the interest method.

Loans are placed on nonaccrual status when principal or interest is past due 90 days or more and the collection of interest is doubtful. Interest accrued but not collected as of the date of placement on nonaccrual status is reversed and charged against current income. Interest income on the nonaccrual loans is recognized only to the extent of interest payments received. Loans are returned to the accrual status when factors indicating doubtful collectability cease to exist.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies – (Continued)

Allowance for Loan and Lease Losses

The allowance for loan and lease losses is established through provisions for loan and lease losses charged against income. Loans or leases deemed to be uncollectible are charged against the allowance for loan and lease losses, and subsequent recoveries, if any, are credited to the allowance.

The allowance for loan and lease losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. The allowance is evaluated on a regular basis by management and is based upon management's periodic review of their ability to collect loans and leases in light of historical experience, the nature and volume of the loan and lease portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general, and unallocated components. The specific component relates to loans and leases that are classified as doubtful, substandard, or special mention. For such loans and leases that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan or lease is lower than the carrying value of that loan or lease. The general component covers non-classified loans and leases and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

The Company considers a loan to be impaired, based upon current information and events, if it is probable that the Company will be unable to collect the scheduled payments of principal or interest according to the contractual terms of the loan agreement. The Company individually evaluates such loans for impairment. Factors considered by management in determining impairment include payment status and collateral value. The measurement of impaired loans is based on the present value of expected future cash flows discounted at the historical effective interest rate, except that all collateral-dependent loans are measured for impairment based on the fair value of the collateral less costs to sell. The Company does not accrue interest on impaired loans. While a loan is considered impaired, subsequent cash payments received are either applied to the outstanding principal balance or recorded as interest income, depending upon management's assessment of the ultimate collectability of principal and interest. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

Mortgage Banking Activity

Loans held for sale consist of residential mortgage loans originated by the Company. They are recorded at the lower of cost or estimated fair value on an aggregate basis. Gains and losses are included in the Consolidated Statements of Income.

Bank Premises and Equipment

Bank premises and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred. When premises or equipment are retired or sold, the remaining cost and accumulated depreciation are removed from the accounts and any gain or loss is credited or charged to income.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies – (Continued)

Other Real Estate

Other real estate acquired through foreclosure or other means is recorded at the lower of its carrying value or fair value of the property at the transfer date, less estimated selling costs. Costs to maintain other real estate are expensed as incurred. Other real estate is included with other assets in the balance sheets. The Company had no other real estate owned as of December 31, 2022 or 2021.

Revenue Recognition

The Company recognizes revenue from various activities. Certain revenues are generated from contracts where they are recognized when, or as services are provided to customers for amounts the Company expects to be entitled. Revenue generating activities related to financial assets and liabilities are also recognized, including interest on loans, fees on depository accounts, and gains and losses on securities. Certain specific policies include the following:

- Trust Services recognized over the period in which Services are performed and are based on a percentage of the fair value of the assets under management.

- Service Fees include Service charges on deposit accounts received under depository agreements with customers. Checking or savings accounts may contain Fees for various Services used on a day-to-day basis by a customer. Fees are recognized as Services are delivered to and consumed by the customer, or as penalty Fees are charged.

- Credit and Debit Card Revenue includes interchange from Credit and Debit cards processed through Card association networks, annual Fees, and other transaction and account management fees. interchange rates are generally set by the Credit Card associations and based on purchase volumes and other factors. the Company records interchange as Services are provide. transaction and account management Fees are recognized as Services are provided.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2022 and 2021, amounted to $245 and $239, respectively.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year (after exclusion of non-taxable income such as interest on state and municipal securities) as well as deferred taxes on temporary differences. Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of temporary differences between book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. Federal, state or local tax authorities for years before 2019.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies – (Continued)

Cash Flows

For purposes of the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand, due from banks, interest bearing balances with banks, government money market funds and Federal funds sold for a one-day period.

The Company paid interest and income taxes of $2,737 and $700 during the year ended December 31, 2022 and $1,646 and $900 during the year ended December 31, 2021, respectively.

Non-cash transactions during the years ended December 31, 2022 and 2021 included the change in unrealized losses on available-for-sale securities of ($18,929) and $(1,909), respectively.

Long-Lived Assets

The Company reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that carrying amounts of the assets might not be recoverable.

Trust Assets and Income

Assets held by the Company in a fiduciary or agency capacity for its customers are not included in the financial statements since such items are not assets of the Company. Trust income is reported on a cash basis, which is not materially different from the accrual basis.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. ASU 2016-13 is effective for the Company on January 1, 2023. The Company is currently completing the evaluation and does not expect the impact to be material on its consolidated financial statements.

In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842): Codification Improvements,* which addressed issues lessors sometimes encounter. Specifically the ASU addresses issues related to determining the fair value of the underlying leased assets and presentation issues in the cash flow statement for sales-type and direct financing leases. The ASU also exempts both lessees and lessors from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities,* which delays the effective date of ASU 2019-01 for certain entities. This ASU was effective for the Company beginning on January 1, 2022. The adoption of ASU 2019-02 did not have a significant impact on the Company's consolidated financial statements.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies – (Continued)

In April 2019, the FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.* ASU No. 2019-04 was issued as part of the FASB's ongoing project to improve upon its Accounting Standards Codification (ASC), and to clarify and improve areas of guidance related to recently issued standards on credit losses, hedging, and recognition and measurement. This guidance contains several effective dates. The amendments related to ASC 326 are effective for the Company as of January 1, 2023, the amendments related to ASC 815 and ASC 825 were effective for the Company as of January 1, 2020 and had no significant impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes,* which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This ASU was effective for the Company beginning on January 1, 2021. The adoption of ASU 2019-12 did not have a significant impact on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity,* which addresses the complexity of its guidance for certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 removes the accounting models that require beneficial conversion features or cash conversion features associated with convertible instruments to be recognized as a separate component of equity, adds certain disclosure requirements for convertible instruments, amends the guidance for the derivatives scope exception for contracts in an entity's own equity and simplifies the diluted earnings per share calculation for certain situations. This ASU is effective for the Company beginning on January 1, 2024. The adoption of ASU 2020-06 is not expected to have a significant impact on the Company's consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments – Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815),* which clarifies that the observable price changes in orderly transactions that should be considered when applying the measurement alternative in accordance with ASC 321 include transactions that require it to either apply or discontinue the equity method of accounting under ASC 323. ASU 2020-01 also addresses questions about how to apply the guidance in Topic 815, Derivatives and Hedging, for certain forward contracts and purchased options to purchase securities that, upon settlement or exercise, would be accounted for under the equity method of accounting. This ASU was effective for the Company beginning on January 1, 2022. The adoption of ASU 2020-01 did not have a significant impact on the Company's consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, *Financial instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* This ASU removes the existing troubled debt restructuring recognition and measurement guidance from U.S. generally accepted accounting principles for entities that have adopted ASU 2016-13, and also enhances disclosures for loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. Additionally, ASU 2022-02 clarifies the disclosure requirement for presenting financing receivable information by year of origination. ASU 2022-02 is effective for the Company on January 1, 2023. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and does not expect the impact to be material on its consolidated financial statements.

Note 2 – Restrictions on Cash and Due from Banks

Banks are required to maintain reserves, in the form of cash balances with the Federal Reserve Bank, against their deposit liabilities. The Company may, from time to time, maintain balances with financial institutions in excess of federally insured limits.

Note 3 – Investment Securities

The amortized cost and fair value of investment securities are as follows:

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:				
U.S. Government securities	$ 22,317	$ -	$ 2,340	$ 19,977
U.S. Government agencies and corporations	-	-	-	-
State and political subdivisions	50,436	3	8,337	42,102
Corporate securities	20,898	-	2,327	18,571
Mortgage-backed securities	56,452	13	5,749	50,716
Total available-for-sale	$ 150,103	$ 16	$ 18,753	$ 131,366
Held-to-maturity:				
Other securities	$ 300	$ -	$ 2	$ 298

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:				
U.S. Government securities	$ 18,391	$ -	$ 72	$ 18,319
U.S. Government agencies and corporations	1,000	-	-	1,000
State and political subdivisions	49,494	1,071	308	50,257
Corporate securities	22,034	35	142	21,927
Mortgage-backed securities	47,602	245	637	47,210
Total available-for-sale	$ 138,521	$ 1,351	$ 1,159	$ 138,713
Held-to-maturity:				
Other securities	$ 350	$ -	$ -	$ 350

The amortized cost and estimated fair value of debt securities at December 31, 2022, by contractual maturity, are presented in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or repayment penalties.

Note 3 – Investment Securities – (Continued)

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 749	$ 745	$ 200	$ 199
Due after one year through five years	20,878	19,172	100	99
Due after five years through ten years	30,803	27,347	-	-
Due after ten years	41,221	33,385	-	-
Subtotal	93,651	80,649	300	298
Mortgage-backed securities	56,452	50,717	-	-
Total debt securities	$ 150,103	$ 131,366	$ 300	$ 298

There were no sales of available-for-sale debt securities during 2022.

Proceeds from sales of available-for-sale debt securities during 2021 were $1,031. Gross gains and gross losses realized on these sales were $32 and $4, respectively.

Investment securities with a carrying value of $96,295 at December 31, 2022 and $83,000 at December 31, 2021, were pledged as collateral for public deposits and other items as provided by law.

Gross unrealized losses and fair values, aggregated by investment category and length of time individual securities have been in a continuous unrealized loss position are shown below.

	December 31, 2022					
	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Government securities	$ 3,874	$ 119	$ 16,103	$ 2,221	$ 19,977	$ 2,340
State and political subdivisions	28,345	3,887	12,894	4,450	41,239	8,337
Corporate securities	5,342	702	11,489	1,625	16,831	2,327
Mortgage-backed securities	23,994	1,404	24,090	4,345	48,084	5,749
Other securities	199	1	99	1	298	2
Total	$ 61,754	$ 6,113	$ 64,675	$ 12,642	$ 126,429	$ 18,755

	December 31, 2021					
	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Government securities	$ 18,319	$ 72	$ -	$ -	$ 18,319	$ 72
State and political subdivisions	14,711	276	2,398	32	17,109	308
Corporate securities	12,977	142	-	-	12,977	142
Mortgage-backed securities	30,435	523	2,411	114	32,846	637
Total	$ 76,442	$ 1,013	$ 4,809	$ 146	$ 81,251	$ 1,159

Note 3 – Investment Securities – (Continued)

The table at December 31, 2022 includes one hundred fifteen (115) securities that have unrealized losses for less than twelve months and ninety-five (95) securities that have been in an unrealized loss position for twelve or more months. The table at December 31, 2021 includes eighty-six (86) securities that have unrealized losses for less than twelve months and eight (8) securities that have been in an unrealized loss position for twelve or more months.

Investment securities, other than mortgage-backed securities - The unrealized losses on the Company's investments in investment securities, other than mortgage-backed securities, were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2022.

Mortgage-backed securities - The unrealized losses on the Company's investments in mortgage-backed securities were caused by interest rate increases. The contractual cash flows of those investments are guaranteed by an agency of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2022.

Note 4 – Loans and Leases

Major classifications of loans and leases are as follows:

	December 31, 2022	December 31, 2021
Commercial	$ 73,123	$ 59,436
Consumer	976	858
Real estate:		
Construction	8,173	7,329
Farmland	7,652	5,900
Residential	132,022	119,257
Home equity lines of credit	49,482	45,467
Multi-family	13,193	11,407
Commercial	130,333	109,911
Gross loans and leases	414,954	359,565
Less: Allowance for loan losses	4,754	4,377
Loans and leases, net	$ 410,200	$ 355,188

Net unamortized loan and lease costs of $3 at December 31, 2022 and $5 at December 31, 2021 are included in the carrying value of loans and leases shown above.

Note 4 – Loans and Leases – (Continued)

Age Analysis of Past Due Loans
As of December 31

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Accruing
2022							
Commercial	$ 3	$ -	$ -	$ 3	$ 73,120	$ 73,123	$ -
Commercial real estate	32	-	-	32	159,319	159,351	-
Consumer	-	1	-	1	975	976	-
Residential	166	308	619	1,093	180,411	181,504	-
Total	$ 201	$ 309	$ 619	$ 1,129	$ 413,825	$ 414,954	$ -
2021							
Commercial	$ -	$ -	$ -	$ -	$ 59,436	$ 59,436	$ -
Commercial real estate	-	-	-	-	134,547	134,547	-
Consumer	2	-	1	3	855	858	-
Residential	44	233	409	686	164,038	164,724	-
Total	$ 46	$ 233	$ 410	$ 689	$ 358,876	$ 359,565	$ -

Credit Quality Indicators. As part of the on-going monitoring of the credit quality of the Company’s loan portfolio, management tracks certain credit quality indicators including trends related to (i) loan delinquency, (ii) the level of classified commercial loans, (iii) net charge-offs, (iv) non-performing loans (see details above) and (v) the general economic conditions in the State of Pennsylvania.

The Company utilizes a risk grading matrix to assign a risk grade to each of its commercial and residential loans. Loans are graded on a scale of 1 to 10. A description of the general characteristics of the 10 risk grades is as follows:

Pass Credits (Rating 1 through 5): Loans that are adequately protected by the current sound worth and debt service capacity of the borrower, guarantor, or the underlying collateral generally are considered pass credits. Similarly, loans to sound borrowers that are renewed or restructured in accordance with prudent underwriting standards are considered pass credits.

Watch (Rating 6): Watch credits are current and performing, but certain credit characteristics may have become impaired. Watch credits are those that require additional monitoring but do not fall into the problem asset grade.

Special Mention (Rating 7): A special mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special Mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

Note 4 – Loans and Leases – (Continued)

Substandard Assets (Rating 8): A substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful Assets (Rating 9): An asset classified doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss Assets (Rating 10): Assets classified loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Credit Risk Profile by Payment Activity

	Consumer	
	2022	2021
Performing	$ 976	$ 857
Nonperforming	-	1
Total	$ 976	$ 858

Credit Quality Indicators as of December 31, 2022 and 2021

Commercial Credit Exposure Credit Risk Profile by Credit Worthiness Category

	Commercial		Commercial Real Estate	
	2022	2021	2022	2021
Pass	$ 61,952	$ 48,474	$ 146,894	$ 122,222
Watch	6,241	7,669	279	2,753
Special mention	1,357	-	3,585	-
Substandard	3,573	3,293	8,593	9,572
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	$ 73,123	$ 59,436	$ 159,351	$ 134,547

Residential Credit Exposure Credit Risk Profile by Credit Worthiness Category

	Residential	
	2022	2021
Pass	$ 180,004	$ 163,078
Watch	-	89
Special mention	81	-
Substandard	1,419	1,557
Total	$ 181,504	$ 164,724

Note 4 – Loans and Leases – (Continued)

Impaired Loans. Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. Impairment is evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. If a loan is impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Interest payments on impaired loans are typically applied to principal unless collectability of the principal amount is reasonably assured, in which case interest is recognized on a cash basis. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Impaired Loans
For the Year Ended December 31, 2022

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial Real Estate	$ 5,748	$ 5,727	$ -	$ 6,003	$ 309
Commercial	2,636	2,628	-	2,594	114
Consumer	-	-	-	-	-
Residential Real Estate	1,166	1,165	-	1,179	47
With an allowance recorded:					
Commercial Real Estate	-	-	-	-	-
Commercial	132	131	14	139	8
Consumer	1	1	1	2	1
Residential Real Estate	373	373	53	385	23
Total:	$ 10,056	$ 10,025	$ 68	$ 10,302	$ 502
Commercial Real Estate	$ 5,748	$ 5,727	$ -	$ 6,003	$ 309
Commercial	$ 2,768	$ 2,759	$ 14	$ 2,733	$ 122
Consumer	$ 1	$ 1	$ 1	$ 2	$ 1
Residential Real Estate	$ 1,539	$ 1,538	$ 53	$ 1,564	$ 70

For the Year Ended December 31, 2021

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial Real Estate	$ 5,578	$ 5,569	$ -	$ 6,042	$ 260
Commercial	2,575	2,569	-	2,616	127
Consumer	1	1	-	1	-
Residential Real Estate	1,110	1,109	-	1,140	47
With an allowance recorded:					
Commercial Real Estate	1,152	1,148	75	1,181	71
Commercial	501	499	26	576	29
Consumer	2	2	2	2	-
Residential Real Estate	505	504	77	511	31
Total:	$ 11,424	$ 11,401	$ 180	$ 12,069	$ 565
Commercial Real Estate	$ 6,730	$ 6,717	$ 75	$ 7,223	$ 331
Commercial	$ 3,076	$ 3,068	$ 26	$ 3,192	$ 156
Consumer	$ 3	$ 3	$ 2	$ 3	$ -
Residential Real Estate	$ 1,615	$ 1,613	$ 77	$ 1,651	$ 78

Note 4 – Loans and Leases – (Continued)

Non-Accrual and Past Due Loans. Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on non-accrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on non-accrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured with the minimum of a six month positive payment history.

Non-accrual loans at December 31, 2022 and 2021, segregated by class of loans, were as follows:

	2022	2021
Commercial	$ 196	$ 368
Commercial real estate	1,338	2,020
Consumer	1	3
Residential real estate	1,346	1,307
Total	$ 2,881	$ 3,698

Allowance for Credit Losses and Recorded Investment in Loans For The Year Ended December 31, 2022

	Commercial	Commercial Real Estate	Consumer	Residential	Unallocated	Total
Allowance for credit losses:						
Beginning balance	$ 807	$ 1,863	$ 11	$ 1,547	$ 149	$ 4,377
Provision	(44)	263	4	248	(81)	390
Loans charged off	-	-	(1)	(27)	-	(28)
Recoveries	7	-	-	8	-	15
Ending balance	$ 770	$ 2,126	$ 14	$ 1,776	$ 68	$ 4,754
Ending balance: Individually evaluated for impairment	14	-	1	53	-	68
Ending balance: Collectively evaluated for impairment	$ 756	$ 2,126	$ 13	$ 1,723	$ 68	$ 4,686
Loans:						
Ending balance	$ 73,123	$ 159,351	$ 976	$ 181,504		$ 414,954
Ending balance: Individually evaluated for impairment	2,768	5,748	1	1,539		10,056
Ending balance: Collectively evaluated for impairment	$ 70,355	$ 153,603	$ 975	$ 179,965		$ 404,898

Note 4 – Loans and Leases – (Continued)

Allowance for Credit Losses and Recorded Investment in Loans For The Year Ended December 31, 2021

	Commercial	Commercial Real Estate	Consumer	Residential	Unallocated	Total
Allowance for credit losses:						
Beginning balance	$ 676	$ 1,873	$ 17	$ 1,461	$ 63	$ 4,090
Provision	120	(120)	(3)	67	86	150
Loans charged off	-	-	(5)	(5)	-	(10)
Recoveries	11	110	2	24	-	147
Ending balance	$ 807	$ 1,863	$ 11	$ 1,547	$ 149	$ 4,377
Ending balance: Individually evaluated for impairment	26	75	2	77	-	180
Ending balance: Collectively evaluated for impairment	$ 781	$ 1,788	$ 9	$ 1,470	$ 149	$ 4,197
Loans:						
Ending balance	$ 59,436	$ 134,547	$ 858	$ 164,724		$ 359,565
Ending balance: Individually evaluated for impairment	3,076	6,730	3	1,615		11,424
Ending balance: Collectively evaluated for impairment	$ 56,360	$ 127,817	$ 855	$ 163,109		$ 348,141

The allowance for possible loan losses is a reserve established through a provision for possible loan losses charged to expense, which represents management’s best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company’s allowance for possible loan loss methodology includes allowance allocations calculated in accordance with ASC Topic 310, “Receivables” and allowance allocations calculated in accordance with ASC Topic 450, “Contingencies.” Accordingly, the methodology is based on historical loss experience by type of credit and internal risk grade, specific homogeneous risk pools and specific loss allocations, with adjustments for current events and conditions. The Company’s process for determining the appropriate level of the allowance for possible loan losses is designed to account for credit deterioration as it occurs. The provision for possible loan losses reflects loan quality trends, including the levels of and trends related to non-accrual loans, past due loans, potential problem loans, criticized loans and net charge-offs or recoveries, among other factors. The provision for possible loan losses also reflects the totality of actions taken on all loans for a particular period. In other words, the amount of the provision reflects not only the necessary increases in the allowance for possible loan losses related to newly identified criticized loans, but it also reflects actions taken related to other loans including, among other things, any necessary increases or decreases in required allowances for specific loans or loan pools.

Note 4 – Loans and Leases – (Continued)

The Company has no commitments to loan additional funds to borrowers whose loans have been modified.

The Company grants commercial and consumer loans to customers primarily in Lycoming and Clinton Counties, Pennsylvania. The Company has a concentration of loans secured by real estate. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on, among other things, the economic conditions within Lycoming and Clinton Counties.

Transactions in the allowance for loan and lease losses are summarized as follows:

	Years Ended December 31,	
	2022	2021
Beginning balance	$ 4,377	$ 4,090
Provision charged to operations	390	150
Loans charged off	(28)	(10)
Recoveries of loans previously charged off	15	147
Ending balance	$ 4,754	$ 4,377

The Company considers a loan to be a troubled debt restructuring when for economic or legal reasons related to a borrower's financial difficulties, the Company grants a concession to the borrower that it would not otherwise consider. The Company may consider granting a concession in an attempt to protect as much of its investment as possible.

The restructuring of a loan may include, but is not necessarily limited to (1) the transfer from the borrower to the Bank of real estate, receivables from third parties, other assets, or an equity interest in the borrower in full or partial satisfaction of the loan (2) the issuance or other granting of an equity interest to the Company by the borrower to satisfy fully or partially a debt unless the equity interest is granted pursuant to existing terms for converting the debt in to an equity interest (3) a modification of the loan terms, such as a reduction of the stated interest rate, principal, or accrued interest or an extension of the maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, or (4) a reduction of the face amount or maturity amount of the debt as stated in the instrument or other agreement and (5) a reduction of accrued interest.

Note 4 – Loans and Leases – (Continued)

The outstanding balance of troubled debt restructurings at December 31, 2022 and December 31, 2021 was $1,317 ($0 of loans in accrual status and $1,317 of loans classified as non-accrual) and $1,382 ($0 of loans in accrual status and $1,382 of loans classified as non-accrual), respectively. Troubled debt restructurings during the years ending December 31, 2022 and 2021 are as follows:

2022

Troubled Debt Restructurings	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Outstanding Recorded Investment at December 31
Commercial	-	$ -	$ -
Commercial Real Estate	1	10	10
Residential	-	-	-
Consumer	-	-	-
Total	1	$ 10	$ 10

The Bank did not forgive debt with the modification of any loans. The Bank received $75 in recoveries and did not recognize a write down for potential collateral shortfall during 2022.

There were no troubled debt restructurings that subsequently defaulted during the 12 months ended December 31, 2022.

2021

Troubled Debt Restructurings	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Outstanding Recorded Investment at December 31
Commercial	1	$ 11	$ 7
Commercial Real Estate	-	-	-
Residential	1	129	125
Consumer	-	-	-
Total	2	$ 140	$ 132

There were no troubled debt restructurings that subsequently defaulted during the 12 months ended December 31, 2021.

Note 5 – Bank Premises and Equipment

Bank premises and equipment are summarized as follows:

	December 31, 2022	December 31, 2021
Land	$ 3,108	$ 3,108
Bank premises	11,521	11,485
Furniture and equipment	2,242	2,232
Capitalized software	515	513
Total	17,386	17,338
Less: accumulated depreciation	5,978	5,662
Bank premises and equipment, net	$ 11,408	$ 11,676

Depreciation of bank premises and equipment charged to operations amounted to $484 and $459 for the years ended December 31, 2022 and 2021, respectively.

Note 6 – Cash Surrender Value of Life Insurance

The Company has purchased Bank Owned Life Insurance (BOLI) policies on certain officers. The policies are split-dollar life insurance policies which provide for the Company to receive the cash value of the policy and to split the residual proceeds with the officer's designated beneficiary upon the death of the insured, while the officer is employed at the Company. The majority of the residual proceeds are retained by the Company per the individual agreements with the insured officers.

Note 7 – Restricted Stock

Restricted stock at December 31, 2022 and 2021 consisted of Federal Home Loan Bank (FHLB), Federal Reserve Bank (FRB) and Atlantic Community Bankers Bank (ACBB) stock, which are required investments in order to participate in various programs including an available line of credit program. All restricted stock is stated at par value as they are restricted to purchases and sales with the various institutions.

Note 8 – Deposits

The composition of deposits is as follows:

	December 31,	
	2022	2021
Demand - non-interest bearing	$ 174,383	$ 155,638
Demand - interest bearing	182,265	153,006
Savings	170,744	164,206
Money markets	1,103	1,700
Time - over $250,000	2,681	3,233
Time - other	35,876	40,443
Total	$ 567,052	$ 518,226

The scheduled maturities of time deposits at December 31, 2022 are as follows:

2023	$ 18,392
2024	9,934
2025	3,756
2026	2,756
2027	2,411
Thereafter	1,308
Total	$ 38,557

Time deposits of $250,000 or more totaled $2,681 and $3,233 at December 31, 2022 and 2021, respectively. Interest expense related to these deposits was $39 and $73 in 2022 and 2021, respectively.

Note 9 – Short-Term Borrowings

Securities sold under agreements to repurchase and Federal funds purchased generally mature within 1 to 30 days. Federal Home Loan Bank advances mature within one year of issuance date.

A summary of short-term borrowings is as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Amount outstanding at year-end	$ -	$ -
Average interest rate at year-end	0.00%	0.00%
Maximum amount outstanding at any month-end	$ -	$ -
Average amount outstanding	$ -	$ -
Average interest rate	0.00%	0.00%

There were no investment securities pledged to secure repurchase agreements at December 31, 2022 or 2021.

The Bank has the availability of Federal funds credit lines of $5,500. There was no outstanding balance on the lines at December 31, 2022 or 2021.

The Bank has available three types of borrowings with the Federal Home Loan Bank (FHLB). Advances under the FHLB "Open RepoPlus" are short-term borrowings maturing within one year and bear interest at a variable rate based on a requested interest payment frequency. Advances under the FHLB "RepoPlus" and "Mid-Term Repo" are borrowings maturing from 1 day to 3 years and bear interest at a fixed rate or an adjustable rate set at the time of funding. The Bank has a borrowing limit under this arrangement of approximately $198,186, exclusive of any outstanding advances. All advances are collateralized by the Bank's FHLB stock and certain permitted bank loans and securities under a floating-lien agreement.

Note 10 – Long-Term Debt

Long-term debt in the amount of $3,932, consists of two issuances of subordinated debt, net of related fees. These loans bear interest at 5.75% per annum through March 30, 2025 and a variable interest rate of LIBOR plus 430 basis points from March 31, 2025 through their maturity on March 31, 2030.

Note 11 – Income Taxes

The components of applicable income taxes are as following:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Current payable	$ 911	$ 768
Deferred (benefit) provision	(137)	119
Provision for income taxes	$ 774	$ 887

Note 11 – Income Taxes - (Continued)

The tax effects of deductible and taxable temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Allowance for loan losses	$ 1,020	$ 941
Deferred expenses	478	434
Investment in limited partnership	13	-
Unrealized holding loss on available-for-sale securities	3,935	-
Total	5,446	1,375
Deferred tax liabilities:		
Premises and equipment	293	293
Securities discount accretion	17	11
Investment in limited partnership	-	7
Unrealized holding gain on available-for-sale securities	-	40
Total	310	351
Deferred tax asset, net	$ 5,136	$ 1,024

The reconciliation between the expected statutory income tax rate and the effective income tax rate is as follows:

	Years Ended December 31, 2022		2021	
	Amount	%	Amount	%
Provision at statutory rate	$ 1,226	21.0	$ 1,294	21.0
Tax-exempt income	(254)	(4.4)	(213)	(3.4)
Nondeductible interest expense	5	0.1	3	0.1
Other items	(203)	(3.3)	(197)	(3.2)
Total	$ 774	13.4	$ 887	14.5

Note 12 – Commitments and Contingencies

The Bank leases facilities and office equipment under noncancellable operating leases which expire in various years through 2044. The minimum annual rental commitments under these leases at December 31, 2022 are as follows:

2023	$ 6
2024	6
2025	4
2026	4
2027	4
Thereafter	85
Total	$ 109

The total rental expense for these operating leases in 2022 and 2021 amounted to $10 and $17, respectively.

Note 13 – Employee Benefit Plans

The Company maintains a defined contribution benefit plan under Section 401(k) of the Internal Revenue Code, which covers substantially all eligible employees. This plan permits employees to make contributions, which are matched by the Company based on a percentage of the employee's compensation, subject to certain restrictions. The cost of this plan is charged to operating expense annually as benefit costs are incurred. The Company's contribution to the plan was $222 and $206 for the years ended December 31, 2022 and 2021, respectively.

The Company has a supplemental non-qualified, non-funded retirement plan, for which the Company has purchased cost recovery life insurance on the lives of the participants. The Company is the owner and beneficiary of such policies. The amount of the coverage is designed to provide sufficient revenues to cover all costs of the plan if assumptions made as to mortality experience, policy earnings and other factors are realized. As of December 31, 2022 and 2021, the cash surrender value of these policies was $9,713 and $6,525, respectively.

Note 14 – Employee Stock Purchase Plan

The Company has an employee stock purchase plan that allows participating employees to purchase, through payroll deductions, shares of the Company's common stock at 90% of the fair market value at specified dates. Under the plan, employees purchased 1,622 shares in 2022 and 1,567 shares in 2021. There were 7,016 common shares available for issuance under this plan at December 31, 2022.

Note 15 – Related Party Transactions

In the normal course of business, loans are extended to directors, executive officers and their associates. In management's opinion, all of these loans are on substantially the same terms and conditions as loans to other individuals and businesses of comparable creditworthiness.

A summary of loan activity for those directors, executive officers, and their associates is as follows:

Years Ended December	Beginning Balance	Additions	Reductions	Ending Balance
2022	$ 10,284	$ 4,835	$ 7,035	$ 8,084
2021	$ 11,839	$ 5,813	$ 7,368	$ 10,284

The Company held related party deposits of $10,160 and $14,649 at December 31, 2022 and 2021, respectively.

Note 16 – Other Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheets, such items, along with net income, are components of comprehensive income. A summary of other comprehensive income for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Components of other comprehensive income:		
Unrealized holding losses arising during the year	$ (18,929)	$ (1,879)
Reclassification adjustment for investment securities:		
Gains included in net income during the year	-	(30)
Net unrealized losses	(18,929)	(1,909)
Tax effect	3,975	400
Other comprehensive income	$ (14,954)	$ (1,509)

Note 17 – Off-Balance Sheet Risk

In the normal course of business, there are outstanding commitments and contingent liabilities, created under prevailing terms and collateral requirements such as commitments to extend credit, financial guarantees and letters of credit, which are not reflected in the accompanying Financial Statements. The Company does not anticipate any losses as a result of these transactions. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Balance Sheets.

The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

Financial instruments whose contract amounts represent credit risk at December 31, 2022 and 2021 are as follows:

	2022	2021
Commitments to extend credit	$ 15,417	$ 11,388
Unfunded commitments under lines of credit	$ 103,787	$ 106,598
Standby letters of credit	$ 2,355	$ 2,431

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have expiration dates of one year or less or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Various actions and proceedings are presently pending to which the Company is a party. Management is of the opinion that the aggregate liabilities, if any, arising from such actions would not have a material adverse effect on the financial position of the Company.

Note 18 – Regulatory Matters

The Company and the Bank are subject to various regulatory capital requirements administered by its primary federal regulator, the Federal Reserve Bank (FRB) and the Commonwealth of Pennsylvania Department of Banking and Securities. Failure to meet the minimum regulatory capital requirements can initiate certain mandatory, and possible additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under the capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the following Capital Adequacy table) of Tier I, Common Equity Tier I and Total Capital to risk-weighted assets and of Tier I Capital to average assets (Leverage ratio). The table also presents the Company's actual capital amounts and ratios. Management believes, as of December 31, 2022 and 2021, that the Company and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2022 and 2021, the Bank was categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as "well capitalized", the Bank must maintain minimum ratios as set forth in the table. There are no conditions or events since December 31, 2022 that management believes have changed the Bank's categorization.

The following table reflects the Company's and Bank's actual regulatory capital and ratios as well as the ratios required for the Company and Bank to be considered adequately capitalized under the regulatory framework for prompt corrective action.

	Actual		For Capital Adequacy Purposes		To Be "Well Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022						
Total Capital (to Risk-Weighted Assets)						
Company	$ 59,967	13.0%	$ 36,825	8.0%	N/A	N/A
Bank	$ 59,669	12.5%	$ 38,337	8.0%	$ 47,921	10.0%
Tier 1 Capital (to Risk-Weighted Assets)						
Company	$ 51,109	11.1%	$ 27,618	6.0%	N/A	N/A
Bank	$ 54,810	11.4%	$ 28,752	6.0%	$ 38,337	8.0%
Common Equity Tier 1(to Risk-Weighted Assets)						
Company	$ 51,109	11.1%	$ 20,714	4.5%	N/A	N/A
Bank	$ 54,810	11.4%	$ 21,564	4.5%	$ 31,149	6.5%
Tier 1 Capital (to Average Assets)						
Company	$ 51,109	8.2%	$ 24,966	4.0%	N/A	N/A
Bank	$ 54,810	8.8%	$ 24,976	4.0%	$ 31,221	5.0%

Note 18 – Regulatory Matters - (Continued)

	Actual		For Capital Adequacy Purposes		To Be "Well Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2021						
Total Capital (to Risk-Weighted Assets)						
Company	$ 56,014	14.0%	$ 31,917	8.0%	N/A	N/A
Bank	$ 55,530	13.9%	$ 31,911	8.0%	$ 39,889	10.0%
Tier 1 Capital (to Risk-Weighted Assets)						
Company	$ 47,532	11.9%	$ 23,938	6.0%	N/A	N/A
Bank	$ 51,049	12.8%	$ 23,933	6.0%	$ 31,911	8.0%
Common Equity Tier 1(to Risk-Weighted Assets)						
Company	$ 47,532	11.9%	$ 17,954	4.5%	N/A	N/A
Bank	$ 51,049	12.8%	$ 17,950	4.5%	$ 25,928	6.5%
Tier 1 Capital (to Average Assets)						
Company	$ 47,532	8.3%	$ 22,903	4.0%	N/A	N/A
Bank	$ 51,049	8.9%	$ 22,867	4.0%	$ 28,584	5.0%

Restrictions imposed by Federal Reserve Regulation H limit dividend payments in any year to the current year's net income plus the retained net income of the prior two years without the approval of the Federal Reserve Bank. Accordingly, Bank dividends in 2023 may not exceed Bank net income for 2023 plus $7,287. Additionally, banking regulations limit the amount of dividends that may be paid to the Company by the Bank without prior approval of the Bank's regulatory agency. Retained earnings against which dividends may be paid without prior approval of the banking regulators amounted to approximately $41,803 at December 31, 2022, subject to the minimum capital ratio requirements noted above.

The Bank is subject to regulatory restrictions that limit its ability to loan or advance funds to the Company. At December 31, 2022, the regulatory lending limit amounted to approximately $8,950.

Note 19 – Fair Value of Financial Instruments

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring and nonrecurring basis as of December 31, 2022 and 2021, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Fair values determined by Level 2 inputs utilize information other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement, in its entirety, falls has been determined based on the lowest level input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

	Fair Value Measurements at December 31, 2022 Using			
	Quoted Prices in Active Markets for Identical Instrument (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Input (Level 3)	Total
Assets Measured at Fair Value on a Recurring Basis:				
Available-for-sale securities:				
U.S. Government securities	$ 19,977	$ -	$ -	$ 19,977
U.S. Government agencies and corporations	-	-	-	-
States and political subdivisions	-	42,101	-	42,101
Corporate securities	-	18,571	-	18,571
Mortgage-backed securities	-	50,717	-	50,717
Assets Measured at Fair Value on a Nonrecurring Basis:				
Impaired loans	$ -	$ -	$ 9,988	$ 9,988
Restricted stock	-	-	645	645

Note 19 – Fair Value of Financial Instruments – (Continued)

	Fair Value Measurements at December 31, 2021 Using			
	Quoted Prices in Active Markets for Identical Instrument (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Input (Level 3)	Total
Assets Measured at Fair Value on a Recurring Basis:				
Available-for-sale securities:				
U.S. Government securities	$ 18,319	$ -	$ -	$ 18,319
U.S. Government agencies and corporations	-	1,000	-	1,000
States and political subdivisions	-	50,257	-	50,257
Corporate securities	-	21,927	-	21,927
Mortgage-backed securities	-	47,210	-	47,210
Assets Measured at Fair Value on a Nonrecurring Basis:				
Impaired loans	$ -	$ -	$ 11,244	$ 11,244
Restricted stock	-	-	615	615

Impaired loans, which are measured for impairment primarily using the fair value of the collateral for collateral dependent loans, were approximately $10,056, with an allowance for loan and lease losses of approximately $68 for the year ended December 31, 2022 and approximately $11,424, with an allowance for loan and lease losses of approximately $180 for the year ended December 31, 2021.

The carrying values and estimated fair values of financial instruments of the Company are as follows:

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
FINANCIAL ASSETS					
Cash and cash equivalents	$ 32,726	$ 32,726	$ -	$ -	$ 32,726
Investment securities	131,666	19,977	111,687	-	131,664
Loans and leases, net	410,200	-	-	379,830	379,830
Accrued interest receivable	1,834	-	1,834	-	1,834
Cash surrender value of life insurance	12,133	-	12,133	-	12,133
Restricted stock	645	-	-	645	645
FINANCIAL LIABILITIES					
Deposits	$ 567,052	$ -	$ 566,477	$ -	$ 566,477
Borrowed funds	3,932	-	3,614	-	3,614
Accrued interest payable	57	-	57	-	57

Note 19 – Fair Value of Financial Instruments – (Continued)

	December 31, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
FINANCIAL ASSETS					
Cash and cash equivalents	$ 51,908	$ 51,908	$ -	$ -	$ 51,908
Investment securities	139,063	18,319	120,744	-	139,063
Loans and leases, net	355,188	-	-	356,850	356,850
Accrued interest receivable	1,574	-	1,574	-	1,574
Cash surrender value of life insurance	8,893	-	8,893	-	8,893
Restricted stock	615	-	-	615	615
FINANCIAL LIABILITIES					
Deposits	$ 518,226	$ -	$ 518,669	$ -	$ 518,669
Borrowed funds	3,923	-	4,027	-	4,027
Accrued interest payable	65	-	65	-	65

Generally Accepted Accounting Principles (GAAP) require disclosure of the estimated fair value of an entity's assets and liabilities considered to be financial instruments. For the Company, as for most financial institutions, the majority of its assets and liabilities are considered financial instruments. However, many such instruments lack an available trading market, as characterized by a willing buyer and seller engaging in an exchange transaction. Also, it is the Company's general practice and intent to hold its financial instruments to maturity and not to engage in trading or sales activities, except for certain loans and investments. Therefore, the Company had to use significant estimates and present value calculations to prepare this disclosure.

Changes in the assumptions or methodologies used to estimate fair values may materially affect the estimated amounts. Also, management is concerned that there may not be reasonable comparability between institutions due to the wide range of permitted assumptions and methodologies in the absence of active markets. This lack of uniformity gives rise to a high degree of subjectivity in estimating financial instrument fair values.

Estimated fair values have been determined by the Company using the best available data and an estimation methodology suitable for each category of financial instruments. The estimation methodologies used at December 31, 2022 and December 31, 2021 are outlined below. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured at fair value on a recurring or non-recurring basis are discussed in the fair value measurements section above. The estimated fair value approximates carrying value for cash and cash equivalents, accrued interest and the cash surrender value of life insurance policies. The methodologies for other financial assets and financial liabilities are discussed below:

Investment securities - The fair value of investment securities is based on quoted market prices, where available. If quoted market prices are not available, external pricing services that approximate fair value are used.

Note 19 – Fair Value of Financial Instruments – (Continued)

Loans - Fair values are estimated for portfolios of loans with similar financial characteristics. For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for other loans are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Restricted stock - All restricted stock is stated at par value as they are restricted to purchases and sales with the various institutions.

Deposits - The fair value of deposits with no stated maturity is the amount payable on demand as of December 31, 2022 and 2021. For time deposits, fair value is estimated by discounting the contractual cash flows using a discount rate equal to the rate currently offered for similar deposits of similar maturities.

Borrowed Funds - Rates available to the Company for borrowed funds with similar terms and remaining maturities are used to estimate the fair value of borrowed funds.

Note 20 – Condensed Financial Statements of Parent Company

The condensed financial statements for Woodlands Financial Services Company are as follows:

	December 31,	
BALANCE SHEETS	2022	2021
ASSETS		
Cash and cash equivalents	$ 170	$ 346
Investment in subsidiaries	40,008	51,201
Other assets	61	61
Total Assets	$ 40,239	$ 51,608
LIABILITIES AND STOCKHOLDERS' EQUITY		
Borrowed Funds	$ 3,932	$ 3,923
Stockholders' Equity	36,307	47,685
Total Liabilities and Stockholders' Equity	$ 40,239	$ 51,608

	Years Ended December 31,	
STATEMENTS OF INCOME	2022	2021
Dividends from subsidiaries	$ 1,531	$ 2,625
Equity in undistributed earnings of subsidiaries	3,761	2,880
Other income	-	-
Expenses	(229)	(230)
Net Income	$ 5,063	$ 5,275

Note 20 – Condensed Financial Statements of Parent Company – (Continued)

STATEMENTS OF CASH FLOWS	Years Ended December 31,	
	2022	2021
Operating Activities:		
Net income	$ 5,063	$ 5,275
Adjustments to reconcile net income to net cash provided by operating activities		
Equity in undistributed earnings of subsidiaries	(3,761)	(2,880)
Increase in other assets	-	(44)
Net cash provided by operating activities	1,302	2,351
Investing Activities:		
Investment in subsidiaries	-	-
Net cash provided by investing activities	-	-
Financing Activities:		
Increase in subordinated debt	9	8
Issuance of common stock	44	35
Purchase of treasury stock	-	(3,065)
Dividends paid	(1,531)	(1,520)
Net cash used by financing activities	(1,478)	(4,542)
Decrease in cash and cash equivalents	(176)	(2,191)
Cash and cash equivalents at January 1	346	2,537
Cash and cash equivalents at December 31	$ 170	$ 346

WOODLANDS BANK

BOARD OF DIRECTORS

Jay B. Alexander
William C. Brown
Jon P. Conklin, Chairman
Marc D. Lewis
Melvin W. Lewis, Vice Chairman
George E. Logue, Jr.
Trisha Gibbons Marty
Thomas G. Stubler
Theodore J. Weiss

COMMUNITY BOARD MEMBERS

Seth Alberts
Gregory Anthony
Daniel Forrestal
William Forse
Michael Gaetano
Nathan Grenoble
Darin Hamm
Charles Imbro
William Kieser
Adam Kordes
Arthur Nonemaker
Clyde Peeling
Michael Philbin
Eugene Schurer
Betty Steinbacher

BANK OFFICERS

David L. Bartges, Vice President
Brian S. Brooking, Vice President & Secretary
Thomas B. Burkholder, Vice President
Jon P. Conklin, President & CEO
John J. Engel, Jr., Vice President
Joseph F. Farley, Executive Vice President & CFO/COO
David L. Fortin, Jr., Vice President
Andrew J. Gallagher, Vice President
Matthew A. Gaugler, Vice President
Kelly M. Gillis, Vice President
Sheri A. Grozier, Vice President
Shelly A. Hepler, Vice President
Jeanette L. Kitchen, Vice President
Stacy L. Neill, Vice President
Mark Rice, Vice President

WOODLANDS FINANCIAL SERVICES COMPANY

BOARD OF DIRECTORS

Jay B. Alexander
William C. Brown
Jon P. Conklin, Chairman
Marc D. Lewis
Melvin W. Lewis, Vice Chairman
George E. Logue, Jr.
Trisha Gibbons Marty
Thomas G. Stubler
Theodore J. Weiss

BOARD OF DIRECTORS EMERITI

R. Edward Alberts
Donald E. Alsted
Richard H. Baker
Robert E. Forse
John E. Hoffman
David L. Shollenberger

OFFICERS

Brian S. Brooking, Vice President & Secretary
Jon P. Conklin, President & CEO
Joseph F. Farley, Vice President & Treasurer

OFFICES LOCATED AT:

HALLS STATION
973 Lycoming Mall Drive
Pennsdale, PA 17756
570-546-5001

JERSEY SHORE
1146 Allegheny Street
Jersey Shore, PA 17740
570-398-2850

WILLIAMSPORT
213 West Fourth Street
Williamsport, PA 17701
570-321-1600

LOYALSOCK
2450 East Third Street
Williamsport, PA 17701
570-327-5263

NEWBERRY
1980 West Fourth Street
Williamsport, PA 17701
570-327-1550

SOUTH WILLIAMSPORT
618 West Southern Ave.
So. Williamsport, PA 17702
570-323-5263

HUGHESVILLE
2 South Main Street
Hughesville, PA 17737
570-584-2385

LOCK HAVEN
202 North Jay Street
Lock Haven, PA 17745
570-748-5166

WOODLANDS FINANCIAL SERVICES COMPANY COMMON STOCK

is traded over-the-counter under the symbol of WDFN
The following brokers make a market in the common stock:

D.A. Davidson & Co.
Troy N. Carlson, SVP, Financial Advisor
75 West Front Street Suite 5
Red Bank, NJ 07701
(856) 994-6056

REGISTRAR & TRANSFER AGENT:

Broadridge Corporate Issuer Solutions
P.O. Box 1342
Brentwood, NY 11717
844-318-0132
or
https://shareholder.broadridge.com/wdfn/
or
shareholder@broadridge.com

WOODLANDS BANK

Visit our website at
www.woodlandsbank.com