Consolidated Balance Sheets (Unaudited)

(in thousands except per share amounts)	March 31, 2022	December 31, 2021
ASSETS		
Cash and due from banks	$ 10,118	$ 11,197
Interest-bearing deposits with banks	24,438	40,128
Government money market funds	83	83
Federal funds sold	500	500
Cash and cash equivalents	35,139	51,908
Available-for-sale securities	139,803	138,713
Held-to-maturity securities	350	350
Loans and leases	364,484	359,565
Less: Allowance for loan and lease losses	4,418	4,377
Loans, net	360,066	355,188
Bank premises and equipment, net	11,639	11,676
Accrued interest receivable	1,631	1,574
Deferred tax assets, net	2,687	1,024
Restricted stock	615	615
Other assets	12,465	12,192
TOTAL ASSETS	$564,395	$573,240
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Non-interest bearing	$154,555	$155,638
Interest bearing	360,668	362,588
Total deposits	515,223	518,226
Long-term debt	3,925	3,923
Accrued interest payable	62	65
Other liabilities	2,827	3,341
Total liabilities	522,037	525,555
STOCKHOLDERS' EQUITY		
Common stock, $5.00 par value, 10,000,000 shares authorized; 1,545,646 and 1,545,646 issued; 1,391,346 and 1,391,346 outstanding.	7,728	7,728
Preferred stock, $5.00 par value, 4,000,000 shares authorized; no shares issued or outstanding	–	–
Additional paid-in capital	8,263	8,263
Retained earnings	36,957	36,111
Accumulated other comprehensive income	(6,021)	152
Treasury stock at cost, 154,300 and 154,300 shares	(4,569)	(4,569)
Total stockholders' equity, net	42,358	47,685
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$564,395	$573,240

DIVIDEND DIRECT DEPOSIT

Shareholders may opt to have their dividends deposited directly into their checking or savings account at any financial institution participating in the Automated Clearing House (ACH) system.
To register, visit https://shareholder.broadridge.com/wdfn (select account maintenance under need a form?)

BANK OFFICERS

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

COMMUNITY BOARD MEMBERS

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Nathan Grenoble
Darin Hamm
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Adam Kordes
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Betty Steinbacher

BOARD OF DIRECTORS

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Marc D. Lewis
Melvin W. Lewis
George E. Logue, Jr.
Trisha Gibbons Marty
Thomas G. Stubler
Theodore J. Weiss

BOARD OF DIRECTORS EMERITI

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Robert E. Forse
John E. Hoffman
Harold L. Hurwitz
David L. Shollenberger

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:

Boenning & Scattergood, Inc.
4 Tower Bridge
200 Barr Harbor Drive, Suite 200
West Conshohocken, PA 19428
(800) 842-8928

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

Registrar and 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 is a Pennsylvania State Chartered Bank and a member of the Federal Reserve System and the Federal Deposit Insurance Corporation.
Deposits are insured up to $250,000.
Member FDIC – Equal Housing Lender

Visit our website at www.woodlandsbank.com

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

Broadridge Mail Code
MAY1976

Quarterly Report
March 31, 2022

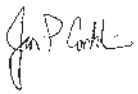
Dear Shareholders,

I am pleased to present the financial results of Woodlands Financial Services Company (the Company) for the first quarter 2022. As we began the year, there existed some economic anxiety and uncertainty across the board as inflation spiked to 40-year highs causing the Fed to project several interest rate hikes over the course of the year, the first of which was enacted during the quarter. The impact of these anticipated moves on the economy and on profits for the financial sector are largely unknown, but the Company has been positioning itself as best as possible to benefit from the anticipated rates-up environment. Since the end of 2021, the balance sheet has shrunk mostly due to the impact of the rate increase which has lowered the fair market value of the fixed-income portfolio. Total assets decreased $8.8 million, 1.5%, since the end of the prior quarter with $3.0 million of this decrease due to a reduction, 0.6%, in total deposits over that period. Net loans increased $4.9 million, 1.4%, during the quarter while total securities increased $1.1 million, 0.8%, despite the significant mark-to-market adjustment on the fixed-income portfolio due to the increase in interest rates. In addition, core capital increased 1.1% since the end of 2021. Credit quality in the loan portfolio continues to see improvement; however, the Company continues to closely monitor all relationships in order to quickly identify any credit concerns that may arise as interest rates increase and the economy cools down as a result. Management remains laser-focused on executing the tactics that will allow the Company to continue to grow and remain profitable no matter how the uncertain environment in which we operate plays out over the course of the next few years.

Net income for the first quarter 2022 was $1.2 million which is a 12.0% decrease over the net income of the first quarter of 2021 but consistent with the net income of the previous quarter. The Company operated for most of the quarter with the historically thin margins experienced during 2021. The increase in the Fed Funds rate during the quarter should provide some margin relief going forward. Given the significant inflation that is impacting the cost of labor, goods and services in all sectors of the economy, the Company was able to control non-interest expenses within an acceptable range. Return on Average Assets (ROAA) and Return on Average Equity (ROAE) for the quarter were 0.87% and 10.69%, respectively, which were both increases over the fourth quarter of 2021.

The challenges facing community banks across the country continue to be daunting, but the spirit that drives the industry is derived from the customers and the communities that the industry serves. At Woodlands, we are committed to assisting our customers with their financial needs and to continuing to be a true partner in the communities in which we operate. It is that unwavering certainty that our success is only possible with the prosperity of our customers and strength and resiliency of our communities. For this reason, we will continue to grow and strengthen our relationships despite the headwinds that we may face. Our commitment to our customers and communities coupled with your continued commitment to our unique brand of community banking will allow the Company to enjoy the long-term success and independence that remains the cornerstone of our corporate objectives.

Sincerely,



Jon P. Conklin
President and CEO

Consolidated Statements of Income (Unaudited)

(in thousands except per share amounts)	For the three months ended March 31 2022	2021
INTEREST INCOME		
Interest & fees on loans and leases	$3,583	$3836
Interest & dividends on cash & cash equivalents	23	20
Interest & dividends on investment securities:		
Taxable	536	295
Tax-exempt	167	148
Dividends	7	8
Total interest income	4,316	4,307
INTEREST EXPENSE		
Interest on deposits	238	351
Interest on borrowed funds	57	62
Total interest expense	295	413
NET INTEREST INCOME	4,021	3,894
PROVISION FOR LOAN LOSSES	60	75
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,961	3,819
OTHER INCOME		
Service charges and other fees	231	232
Other operating income	412	409
Trust department income	324	323
Gain on sale of loans and other assets, net	34	24
Gain on investment securities, net	–	35
Total other income	1,001	1,023
OTHER EXPENSES		
Salaries & employee benefits	1,941	1,719
Occupancy expense	198	189
Furniture & equipment expense	155	145
FDIC insurance premiums	52	23
Data processing expense	310	273
Professional fees	61	77
Other operating expenses	836	726
Total other expenses	3,553	3,152
INCOME BEFORE INCOME TAXES	1,409	1,690
PROVISION FOR INCOME TAXES	186	301
NET INCOME	$ 1,223	$ 1,389
NET INCOME PER COMMON SHARE	$ 0.88	$ 0.93
RETURN ON AVERAGE ASSETS	0.87%	1.09%
RETURN ON AVERAGE EQUITY	10.69%	11.62%

WOODLANDS
FINANCIAL SERVICES
COMPANY