

Consolidated Balance Sheets (Unaudited)

	March 31, 2025	December 31, 2024
(in thousands except per share amounts)		
ASSETS		
Cash and due from banks	\$ 10,417	\$ 9,483
Interest-bearing deposits with banks	16,831	767
Government money market funds	5	5
Federal funds sold	4,500	—
Cash and cash equivalents	31,753	10,255
Available-for-sale securities	107,816	110,287
Loans and leases	440,698	446,820
Less: Allowance for loan and lease losses	5,552	5,383
Loans, net	435,146	441,437
Bank premises and equipment, net	10,818	10,906
Accrued interest receivable	1,980	1,963
Deferred tax assets, net	4,935	5,331
Restricted stock	1,656	1,656
Other assets	19,223	19,082
TOTAL ASSETS	\$613,327	\$600,917

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Non-interest bearing	\$147,595	\$146,794
Interest bearing	399,622	389,150
Total deposits	547,217	535,944
Fed funds purchased & other short-term debt	—	155
Long-term debt	23,953	23,951
Accrued interest payable	572	649
Other liabilities	4,277	4,566
Total liabilities	576,019	565,265

STOCKHOLDERS' EQUITY

Common stock, \$5.00 par value, 10,000,000 shares authorized; 1,551,057 and 1,551,057 issued; 1,396,757 and 1,396,757 outstanding.	7,755	7,755
Preferred stock, \$5.00 par value, 4,000,000 shares authorized; no shares issued or outstanding	—	—
Additional paid-in capital	8,344	8,344
Retained earnings	36,187	35,562
Accumulated other comprehensive income	(10,409)	(11,440)
Treasury stock at cost, 154,300 and 154,300 shares	(4,569)	(4,569)
Total stockholders' equity, net	37,308	35,652

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$613,327	\$600,917
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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> (click on Account Updates, Statements, and Checks)

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Brian S. Brooking, VP & Secretary
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 Jon P. Conklin, President & CEO
 John J. Engel, Jr., VP
 Joseph F. Farley, CFO/COO
 David L. Fortin, Jr., VP
 Andrew J. Gallagher, VP
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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.

Tom Dooley, SVP, Community Bank Professional
 3773 Attucks Drive
 Powell, OH 43065
 800-394-9230

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
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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

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 Jersey Shore, PA 17740
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 570-321-1600

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 Williamsport, PA 17701
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 Hughesville, PA 17737
 570-584-2385

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

Broadridge Mail Code
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2025 march 31
 quarterly report



Dear Shareholders,

We are pleased to announce the financial results of Woodlands Financial Services Company (the Company) for the first quarter 2025. The quarter's financial results reflect the strategic efforts undertaken by management during 2024 which involved taking a highly selective approach to lending, a focus on the growth of core deposits and relationships, and the elimination of high-cost funding through replacement with those core deposits and the proceeds from the maturities and pay-downs in the investment portfolio. This approach helped to strengthen capital ratios as well as to improve the interest rate margins which drive Company profitability. In terms of the larger economic and fiscal environments, the first quarter was dominated by a new administration taking the reins in Washington D.C. This administration's aggressive and unorthodox approach to governing has quickly led to changes within the Executive Branch, particularly in several agencies that have been subjected to significant terminations of personnel and canceling of contracts in the opening weeks of the new administration. While being lauded by many for the aggressive approach to eliminating "fraud, waste, and abuse" in government, these actions have also prompted a multitude of legal battles over their legality. The full impact of the significant elimination of federal government jobs and funding hasn't been quantified yet in relation to the larger economic metrics. Additionally, after months of threats, the administration has introduced an unprecedented, blanket tariff strategy which led to immediate selloffs in equity markets and chaos in bond markets across the globe. This was followed by adjustments to percentages and timeframes for enactment, all of which has created a widespread atmosphere of uncertainty. Generally, times of great uncertainty have not been conducive to economic growth due to the unwillingness of businesses and consumers alike to make large investments in such an environment. Therefore, the economic outlook for the remainder of the year is somewhat murky until some certainty can be achieved as these issues play themselves out. It is management's view, however, that the Company's balance sheet is positioned to produce solid earnings and growth despite these issues which are largely political in nature.

During the first quarter 2025, the Company's net loans declined by \$6.3 million, 1.4%, while total deposits increased \$11.3 million, 2.1%. Further maturities and runoff during the quarter led to a reduction in the securities portfolio of \$2.5 million, 2.2%, as well. These changes during the first quarter have positioned the Company, through improved margins and liquidity, to be able to seize upon the opportunities that have presented themselves in the local markets. Utilizing capabilities of the recent core upgrade coupled with internal efforts which have been focused on enhancing the sales culture across all areas of operations, the Company is poised to achieve growth in quality earning assets and core relationships over the remainder of the year. Net income for the first quarter 2025 was \$1.03 million, a slight reduction when compared to the previous quarter but a 110.4% increase over the first quarter 2024. Net interest income, non-interest income, and non-interest expenses have all increased slightly from the previous quarter. Management fully expects to see the continued positive impact of widening margins as well as some improvement in non-interest income sources due mainly to gains being made in the Trust and Asset Management and Brokerage areas of the Company.

There is optimism and excitement across the Company for the prospects that lie ahead. It has been said that success is when opportunity meets preparation, and it certainly seems like conditions are lining up perfectly to allow the highly motivated and competent employees across the Company to demonstrate the results of the hard work and preparation of the previous years to seize upon those opportunities which lie ahead. The importance of your continued, long-term support of the Woodlands brand of community banking cannot be overstated, and our primary goal is to ensure that your support is rewarded appropriately. May you all enjoy the late spring and early summer weather of the coming months.

Sincerely,



Jon P. Conklin
Chairman, President and CEO

Consolidated Statements of Income (Unaudited)

	For the three months ended March 31	
	2025	2024
<i>(in thousands except per share amounts)</i>		
INTEREST INCOME		
Interest & fees on loans and leases	\$5,872	\$ 5,596
Interest & dividends on cash & cash equivalents	97	56
Interest & dividends on investment securities:		
Taxable	626	780
Tax-exempt	128	130
Dividends	28	40
Total interest income	6,751	6,602
INTEREST EXPENSE		
Interest on deposits	2,234	2,288
Interest on borrowed funds	317	735
Total interest expense	2,551	3,023
NET INTEREST INCOME	4,200	3,579
EXPENSE FOR CREDIT LOSS		
NET INTEREST INCOME AFTER EXPENSE FOR CREDIT LOSS	4,020	3,504
OTHER INCOME		
Service charges and other fees	277	228
Other operating income	456	463
Trust department income	489	427
Gain on sale of loans and other assets, net	27	–
Gain on investment securities, net	–	–
Total other income	1,249	1,118
OTHER EXPENSES		
Salaries & employee benefits	2,121	2,093
Occupancy expense	207	221
Furniture & equipment expense	276	196
FDIC insurance premiums	165	105
Data processing expense	261	332
Professional fees	209	211
Other operating expenses	879	973
Total other expenses	4,118	4,131
INCOME BEFORE INCOME TAXES	1,151	491
PROVISION FOR INCOME TAXES	122	2
NET INCOME	\$1,029	\$ 489
NET INCOME PER COMMON SHARE	\$ 0.74	\$ 0.35
RETURN ON AVERAGE ASSETS	0.69%	0.32%
RETURN ON AVERAGE EQUITY	11.33%	6.02%

