

Consolidated Balance Sheets (Unaudited)

	March 31, 2026	December 31, 2025
(in thousands except per share amounts)		
ASSETS		
Cash and due from banks	\$ 10,499	\$ 24,065
Interest-bearing deposits with banks	35,752	3,612
Government money market funds	5	5
Federal funds sold	4,500	4,500
Cash and cash equivalents	50,756	32,182
Available-for-sale securities	113,039	113,495
Loans and leases	439,236	439,762
Less: Allowance for credit losses	6,175	6,124
Loans, net	433,061	433,638
Bank premises and equipment, net	10,539	10,647
Accrued interest receivable	1,954	1,952
Deferred tax assets, net	3,889	3,840
Restricted stock	1,248	1,248
Other assets	18,822	18,812
TOTAL ASSETS	\$633,308	\$615,814

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Non-interest bearing	\$156,677	\$150,515
Interest bearing	412,970	403,074
Total deposits	569,647	553,589
Fed funds purchased & other short-term debt	4,000	4,000
Long-term debt	10,000	10,000
Accrued interest payable	512	567
Other liabilities	5,073	4,383
Total liabilities	589,232	572,539

STOCKHOLDERS' EQUITY

Common stock, \$5.00 par value, 10,000,000 shares authorized; 1,553,552 and 1,553,552 issued; 1,399,252 and 1,399,252 outstanding.	7,768	7,768
Preferred stock, \$5.00 par value, 4,000,000 shares authorized; no shares issued or outstanding	—	—
Additional paid-in capital	8,372	8,372
Retained earnings	40,412	39,143
Accumulated other comprehensive income	(7,907)	(7,439)
Treasury stock at cost, 154,300 and 154,300 shares	(4,569)	(4,569)
Total stockholders' equity, net	44,076	43,275

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$633,308	\$615,814
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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
 Timothy J. Bennett, VP
 Jon P. Conklin, President & CEO
 John J. Engel, Jr., SVP
 Joseph F. Farley, EVP & COO/CFO
 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
 800-394-9230

Janney Montgomery Scott, LLC
 Eugene Bodo
 Managing Director
 Institutional Equity Sales
 215-665-6566

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

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

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

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 Williamsport, PA 17701
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 2 South Main Street
 Hughesville, PA 17737
 570-584-2385

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

Broadridge Mail Code
MAY1976



QUARTERLY REPORT MARCH 31, 2026



Dear Shareholders,

We are pleased to announce the financial results of Woodlands Financial Services Company (the Company) for the first quarter 2026. The results for the first quarter continued to follow the general trends of the previous quarters during 2025 in that interest rate margins, and consequently net income, continued to show improvement as the cost of funds have stabilized and the asset side of the balance sheet continued to reprice upward with additional loans booked at current interest rates and additional commercial loans reaching the end of their fixed-rate periods. The first quarter 2026 results have set the tone for what is looking to be a very solid year in terms of both income and growth for the Company absent unforeseen events or issues that would impact the economy and/or monetary policy. In today's environment, uncertainty has become the most reliable constant for businesses across all industries, which have made decisions on general planning, capital investment, and hiring quite difficult. Despite these challenges, Woodlands Bank has been able to seize upon the opportunities locally from the recent market disruption and has experienced consistent growth in core relationships through the first quarter of the year. Additionally, credit metrics, which have been elevated for multiple quarters, improved with the payoff of some non-performing credits during the quarter. Management anticipates that there will be further improvement in these metrics in the quarters to come following additional anticipated payoffs and restructurings of repayment terms after partial payoffs and bringing all remaining credits in the relationship to non-delinquent status.

During the first quarter of 2026, the Company's assets increased by \$17.5 million, 2.8%, driven mostly by an increase in total deposits of \$16.1 million, 2.9%, over the same period. While loans net of allowance remained nearly flat, new loan originations exceeded \$17 million during the quarter; a historically busy first quarter for the Company. Year-over-year, total deposits increased \$22.4 million, 4.1%, while tangible capital increased \$4.3 million, 8.2%. The Company remains well positioned in terms of liquidity and is focused on utilizing that liquidity to fund quality loan opportunities across the markets.

Net income for the quarter was \$1.68 million, an increase of 6.1% from the previous quarter and 62.8% from the first quarter 2025. This net income illustrates the continued improvement in net interest margin due to the incremental repricing of the asset side of the balance sheet. In addition, the Company has been able to slightly increase its non-interest income as well as control its non-interest expenses, particularly Salaries and Employee Benefits which were less than the previous quarter and only slightly higher than the first quarter of 2025.

There is noticeable excitement as we head into the second quarter of 2026. While some of it may be the warmer weather that we are finally experiencing after a somewhat brutal winter, most of it can be attributed to the increased activity being seen across all departments of the bank as well as the new hires and initiatives aimed at achieving the type of game changing success that is possible in the current environment. As the only remaining community bank headquartered in Lycoming County, PA, we are confident that those who value that high-touch, relationship-based approach to banking will find a home at Woodlands Bank, both as customers and employees. Your continued support is very much appreciated and will no doubt be rewarded with improved shareholder returns as a result of our current efforts.

Sincerely,



Jon P. Conklin
President and CEO

Consolidated Statements of Income (Unaudited)

	For the three months ended March 31	
	2026	2025
(in thousands except per share amounts)		
INTEREST INCOME		
Interest & fees on loans and leases	\$5,999	\$5,872
Interest & dividends on cash & cash equivalents	267	97
Interest & dividends on investment securities:		
Taxable	638	626
Tax-exempt	151	128
Dividends	19	28
Total interest income	7,074	6,751
INTEREST EXPENSE		
Interest on deposits	1,963	2,234
Interest on borrowed funds	191	317
Total interest expense	2,154	2,551
NET INTEREST INCOME	4,920	4,200
EXPENSE FOR CREDIT LOSS	90	180
NET INTEREST INCOME AFTER EXPENSE FOR CREDIT LOSS	4,830	4,020
OTHER INCOME		
Service charges and other fees	301	277
Other operating income	475	456
Trust department income	535	489
Gain on sale of loans and other assets, net	26	27
Gain on investment securities, net	-	-
Total other income	1,337	1,249
OTHER EXPENSES		
Salaries & employee benefits	2,148	2,121
Occupancy expense	259	207
Furniture & equipment expense	307	276
FDIC insurance premiums	120	165
Data processing expense	308	261
Professional fees	226	209
Other operating expenses	830	879
Total other expenses	4,198	4,118
INCOME BEFORE INCOME TAXES	1,969	1,151
PROVISION FOR INCOME TAXES	294	122
NET INCOME	\$1,675	\$1,029
NET INCOME PER COMMON SHARE	\$ 1.20	\$ 0.74
RETURN ON AVERAGE ASSETS	1.10%	0.69%
RETURN ON AVERAGE EQUITY	15.22%	11.33%

