

## Consolidated Balance Sheets (Unaudited)

	June 30, 2025	March 31, 2025
(in thousands except per share amounts)		
<b>ASSETS</b>		
Cash and due from banks	\$ 12,072	\$ 10,417
Interest-bearing deposits with banks	21,217	16,831
Government money market funds	5	5
Federal funds sold	4,500	4,500
Cash and cash equivalents	37,794	31,753
Available-for-sale securities	109,563	107,816
Loans and leases	438,805	440,698
Less: Allowance for loan and lease losses	5,834	5,552
Loans, net	432,971	435,146
Bank premises and equipment, net	10,731	10,818
Accrued interest receivable	1,917	1,980
Deferred tax assets, net	4,630	4,935
Restricted stock	1,448	1,656
Other assets	18,748	19,223
<b>TOTAL ASSETS</b>	<b>\$617,802</b>	<b>\$613,328</b>

## LIABILITIES AND STOCKHOLDERS' EQUITY

### LIABILITIES

Non-interest bearing	\$149,758	\$147,595
Interest bearing	405,335	399,622
Total deposits	555,093	547,217
Long-term debt	18,956	23,953
Accrued interest payable	618	572
Other liabilities	4,420	4,277
Total liabilities	579,087	576,019

### 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	37,032	36,187
Accumulated other comprehensive income	(9,847)	(10,409)
Treasury stock at cost, 154,300 and 154,300 shares	(4,569)	(4,569)
Total stockholders' equity, net	38,715	37,308

<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$617,802</b>	<b>\$613,327</b>
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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)

## BANK OFFICERS

Brian S. Brooking, VP & Secretary  
Timothy J. Bennett, VP  
Jon P. Conklin, President & CEO  
John J. Engel, Jr., VP  
Joseph F. Farley, EVP & COO/CFO  
David L. Fortin, Jr., VP  
Andrew J. Gallagher, VP  
Matthew A. Gaugler, VP  
Kelly M. Gillis, VP  
Sheri A. Grozier, VP  
Shelly A. Hepler, VP  
Jeanette L. Kitchen, VP  
Richard A. Kuczawa, VP  
Mark Rice, VP

## BOARD OF DIRECTORS

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William Kieser  
Adam Kordes  
Arthur Nonemaker  
Clyde Peeling  
Michael Philbin  
Pamela Schurer-Keefer  
Betty Steinbacher

## BOARD OF DIRECTORS EMERITI

R. Edward Alberts  
Donald E. Alsted  
Richard H. Baker  
Robert E. Forse  
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:

**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](mailto: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](http://www.woodlandsbank.com)

## OFFICES LOCATED AT:

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

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

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

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

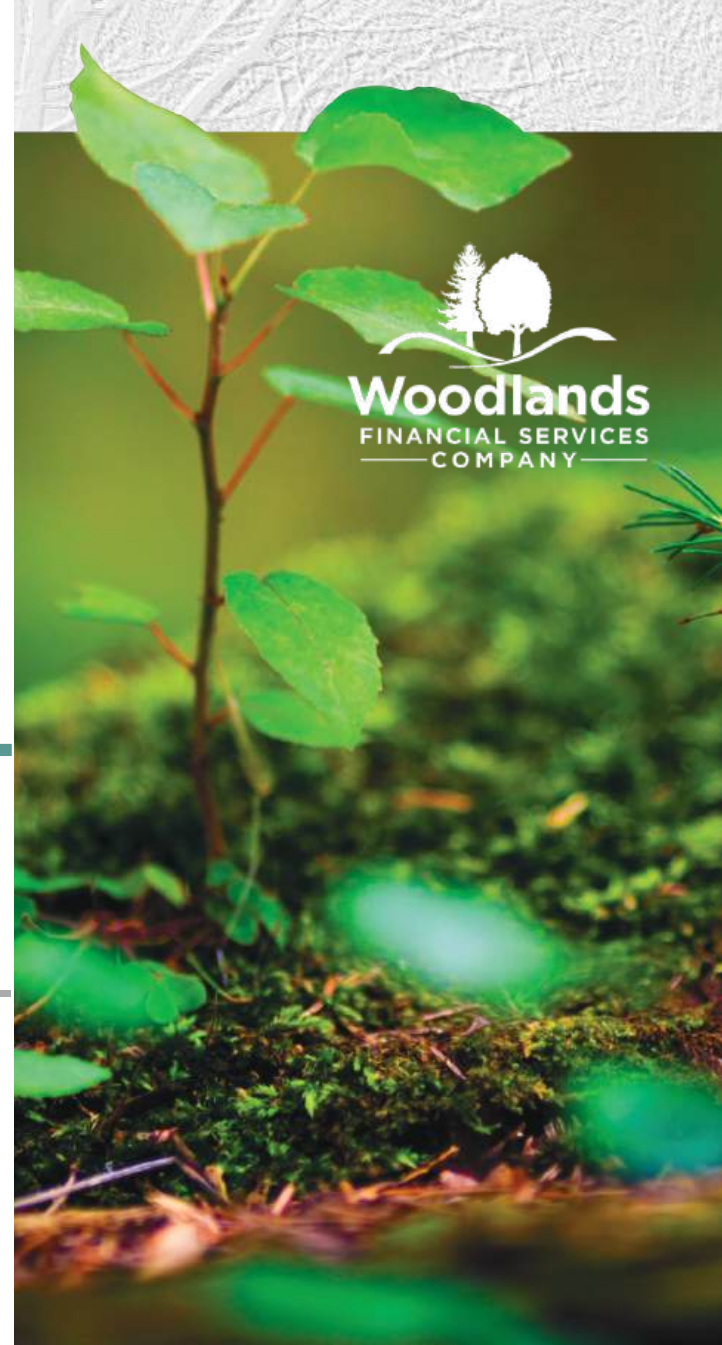
**NEWBERRY**  
1980 West Fourth Street  
Williamsport, PA 17701  
570-327-1550

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

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

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

Broadridge Mail Code  
**AUG176**



**2025** june 30  
quarterly report

Dear Shareholders,

We are pleased to announce the financial results of Woodlands Financial Services Company (the Company) for the second quarter 2025. This quarter was defined by continued uncertainty in the larger economic environment and the continuation of the Company's strategic efforts to realign the balance sheet, expand interest rate margins, restore capital reserves, and resolve a few larger problem credits that have elevated the Company's credit risk metrics. The financial results clearly reflect the results of these efforts, and management is confident that the Company is in a strong position to seize on the significant opportunities that have presented themselves in its markets. These opportunities, arising from merger activity in the Company's local markets, provide the Company with prospects for meaningful growth in earning assets, core deposits, market share, and capital, all of which would put the Company in a position of strength and with an expanded menu of strategic options. Sales and marketing efforts aimed at capitalizing on the market disruption are underway and will continue over the next several months. As changes being implemented by the new administration continue to play out, the regulatory environment appears to be moving in a positive direction for community banks; however, the tariff situation and the executive branch pressure being placed on the independent Federal Reserve Open Market Committee continue to create volatility and uncertainty in terms of monetary policy and the economic outlook.

During the second quarter 2025, the Company's net loans declined by \$2.2 million, 0.5%, while total deposits increased by \$7.9 million, 1.4%. Total assets increased by \$4.5 million, 0.7%, for the quarter; while total tangible capital has increased by \$2.7 million, 5.8%, year-over-year. While net loans decreased during the quarter; the outlook for loan growth is strong over the remainder of the year, and the Company's strategic approach to loan growth over the past 12 months has positioned it well to take advantage of the anticipated growth opportunities ahead. The growth in deposits has largely been due to an expansion of core relationships in the local markets which continues to provide a solid base of stable funding for future growth. Net income for the second quarter 2025 was \$1.25 million, an increase of 21% over the prior quarter and of 92% over the second quarter of 2024. Year-to-date net income of \$2.28 million through the first six months of 2025 is twice as much as was achieved through the first six months of 2024. These positive results are largely driven by a reduction in interest expense achieved through replacing high-cost borrowings with core deposit growth as well as the continued repricing of the loan portfolio which lagged that of the deposit side of the balance sheet. Additionally, the Company was able to reduce certain categories of non-interest expense, namely salaries and benefits and data processing as well as increase all categories of non-interest income.

As everyone at Woodlands Bank (the Bank) works to capitalize on the market disruption taking place, there are also two separate examinations scheduled to take place during the early part of the third quarter 2025. Thankfully, the individual and collective dedication and talent across the Bank is such that there is no doubt about the ability to be successful in those efforts. Your continued support of all that we do is not only appreciated but crucial as we work to expand the market presence of the Bank and move the Company forward to a place of strength in determining its own destiny and independence.

Sincerely,



Jon P. Conklin  
Chairman, President and CEO

## Consolidated Statements of Income (Unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
(in thousands except per share amounts)				
<b>INTEREST INCOME</b>				
Interest & fees on loans and leases	\$5,829	\$ 5,825	\$11,701	\$ 11,421
Interest & dividends on cash & cash equivalents	293	45	390	101
Interest & dividends on investment securities:				
Taxable	633	741	1,259	1,521
Tax-exempt	131	131	259	261
Dividends	32	50	60	90
Total interest income	6,918	6,792	13,669	13,394
<b>INTEREST EXPENSE</b>				
Interest on deposits	2,310	2,424	4,544	4,712
Interest on borrowed funds	320	681	637	1,416
Total interest expense	2,630	3,105	5,181	6,128
<b>NET INTEREST INCOME</b>	4,288	3,687	8,488	7,266
<b>EXPENSE FOR CREDIT LOSS</b>	180	75	360	150
<b>NET INTEREST INCOME AFTER EXPENSE FOR CREDIT LOSS</b>	4,108	3,612	8,128	7,116
<b>OTHER INCOME</b>				
Service charges and other fees	304	225	581	453
Other operating income	498	485	954	948
Trust department income	472	416	961	843
Gain on sale of loans and other assets, net	44	18	71	18
Total other income	1,318	1,144	2,567	2,262
<b>OTHER EXPENSES</b>				
Salaries & employee benefits	1,995	2,051	4,116	4,144
Occupancy expense	178	197	385	418
Furniture & equipment expense	284	213	560	409
FDIC insurance premiums	165	105	330	210
Data processing expense	258	322	519	654
Professional fees	221	182	430	393
Other operating expenses	898	997	1,777	1,970
Total other expenses	3,999	4,067	8,117	8,198
<b>INCOME BEFORE INCOME TAXES</b>	1,427	689	2,578	1,180
<b>PROVISION FOR INCOME TAXES</b>	177	37	299	39
<b>NET INCOME</b>	\$1,250	\$ 652	\$ 2,279	\$1,141
<b>NET INCOME PER COMMON SHARE</b>	\$ 0.89	\$ 0.47	\$ 1.63	\$ 0.82
<b>RETURN ON AVERAGE ASSETS</b>	0.81%	0.43%	0.75%	0.38%
<b>RETURN ON AVERAGE EQUITY</b>	13.22%	8.12%	12.29%	7.06%

