Consolidated Balance Sheets (Unaudited)

(in thousands except per share amounts)	June 30, 2026	March 31, 2026
ASSETS		
Cash and due from banks	$ 24,223	$ 10,499
Interest-bearing deposits with banks	10,959	35,752
Government money market funds	5	5
Federal funds sold	4,500	4,500
Cash and cash equivalents	39,687	50,756
Available-for-sale securities	113,548	113,039
Loans and leases	455,960	439,236
Less: Allowance for credit losses	5,316	6,175
Loans, net	450,644	433,061
Bank premises and equipment, net	10,501	10,539
Accrued interest receivable	2,097	1,954
Deferred tax assets, net	3,609	3,889
Restricted stock	1,251	1,248
Other assets	18,755	18,822
TOTAL ASSETS	$640,092	$633,308
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Non-interest bearing	$163,931	$156,677
Interest bearing	410,164	412,970
Total deposits	574,095	569,647
Fed funds purchased & other short-term debt	4,000	4,000
Long-term debt	10,000	10,000
Accrued interest payable	522	512
Other liabilities	5,463	5,073
Total liabilities	594,080	589,232
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	41,909	40,412
Accumulated other comprehensive income	(7,468)	(7,907)
Treasury stock at cost, 154,300 and 154,300 shares	(4,569)	(4,569)
Total stockholders' equity, net	46,012	44,076
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$640,092	$633,308

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

Timothy J. Bennett, VP
Brian S. Brooking, VP & Secretary
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
Matthew A. Gaugler, SVP
Kelly M. Gillis, VP
Sheri A. Grozier, VP
Shelly A. Hepler, VP
Jeanette L. Kitchen, SVP
Mark Rice, VP

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
Pamela Schurer-Keefer
Betty Steinbacher

BOARD OF DIRECTORS

Jay B. Alexander, Chairman
William C. Brown
Jon P. Conklin
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
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

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
AUG1976

QUARTERLY REPORT
JUNE 30, 2026

Woodlands
FINANCIAL SERVICES
COMPANY

Dear Shareholders,

We are pleased to announce the financial results of Woodlands Financial Services Company (the Company) for the second quarter and first half of 2026. The results for the quarter continue to reflect a further widening of interest rate margins largely being driven by an extended period with no monetary policy movements by the Federal Open Market Committee of the Federal Reserve Board of Governors (FOMC) and the relative growth of non-interest bearing deposits which now make up almost 29% of total deposits. Ongoing efforts aimed at seizing upon growth opportunities created by market disruption have had success early with new loan and deposit accounts contributing to the quarterly growth detailed below and new trust and brokerage accounts adding to the assets under management (AUM) of those departments. While the Company's credit metrics have improved, they remain elevated at the end of the second quarter. Management is confident, however, that the substantial efforts aimed at restoring the credit metrics to acceptable levels have had success in shoring up collateral positions and establishing clear, achievable plans for resolving these credits without having to take any actions that would negatively impact earnings. Subsequent quarters will reflect incremental improvement in these metrics as the credits either pay off or are returned to accruing status once they have met the requirements to do so over those quarters. The Company's liquidity position remains strong and will allow for the retirement of further non-core funding in both the third and fourth quarters of this year. Overall, the quarterly results reflect the continued benefit of asset repricing, a more stable cost of funds environment, disciplined expense management, and steady growth in core customer relationships across the markets we serve.

For the second quarter of 2026, net income was $1.90 million, an increase of 52.2% from the second quarter of 2025. For the first six months of 2026, net income was $3.58 million, an increase of 57.0% from the first six months of 2025. Net income per common share was $2.56 for the first six months of 2026, compared to $1.63 for the same period in 2025. Return on average assets (ROAA) and return on average equity (ROAE) were 1.19% and 16.90%, respectively, for the quarter, and 1.14% and 16.07%, respectively, for the first six months of the year. The improvement in earnings was driven primarily by continued expansion in net interest income. The expense for credit losses decreased by half for both the second quarter ($90 thousand vs. $180 thousand) as well as the first six months ($180 thousand vs. $360 thousand) of 2026 due largely to improvement in cash flow and collateral coverage of the individually evaluated credits in the calculation of the Current Expected Credit Losses (CECL) model. All categories of non-interest income showed increases over the prior year's second quarter and first six months totals, mostly reflecting increases in volume related to the customer growth previously mentioned. Non-interest expenses have increased overall due to the Company continuing to invest in people, technology, facilities, and customer service capabilities. Overall expense levels, however, remained aligned with the Company's growth and strategic priorities.

During the second quarter of 2026, the Company's assets increased by $6.8 million, 1.1%, to $640.1 million as of June 30, 2026. Loans and leases increased by $16.7 million, 3.8%, during the quarter, reflecting solid growth for the quarter and continued demand for quality credit opportunities. Total deposits increased by $4.4 million, 0.8%, during the quarter to $574.1 million, with non-interest-bearing deposits increasing by $7.3 million and ending the quarter just shy of 30% of total deposits. The Company's capital continues to grow at a steady pace mainly due to consistently strong core earnings over the last several quarters. Management continues to focus on deploying liquidity into quality loan opportunities while maintaining appropriate balance sheet flexibility in an uncertain interest rate and economic environment.

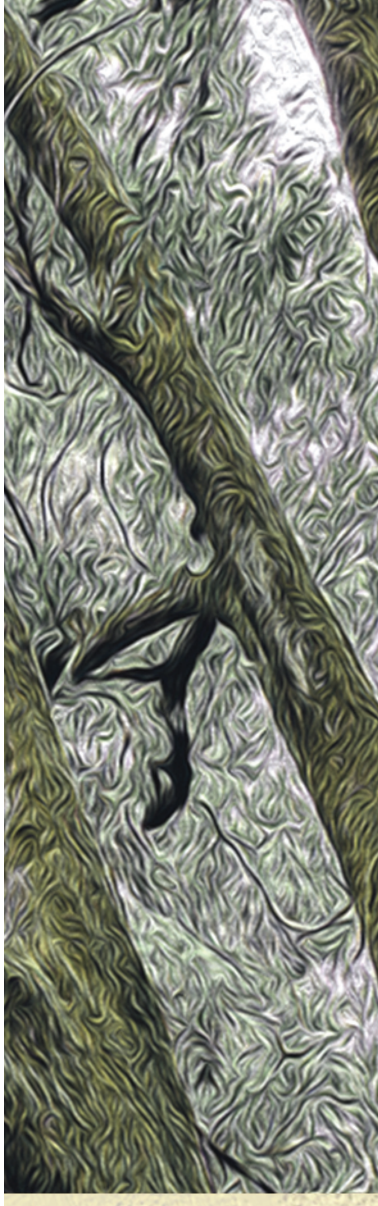
As we move into the second half of 2026, there is palpable excitement across the bank relative to the opportunities that currently exist for Woodlands Bank to grow and differentiate itself in the markets it serves. For many, banking with a community bank is a necessity which has really brought into focus the opportunities that remain available to Woodlands Bank as the only remaining community bank headquartered in Lycoming County, PA. Additionally, the Company's performance for the first six months of 2026 demonstrates the intrinsic value that the Woodlands Way model of community banking offers. While the current dynamics are certainly exciting, management is well aware of the risks that also exist. We remain committed to staying steadfastly focused on the disciplined growth, strong customer relationships, and long-term shareholder value. Thank you for your support.

Sincerely,

Jon P. Conklin
President and CEO

Consolidated Statements of Income (Unaudited)

(in thousands except per share amounts)	For the three months ended June 30 2026	For the three months ended June 30 2025	For the six months ended June 30 2026	For the six months ended June 30 2025
INTEREST INCOME				
Interest & fees on loans and leases	$6,281	$5,829	$12,280	$11,701
Interest & dividends on cash & cash equivalents	392	293	659	390
Interest & dividends on investment securities:				
Taxable	662	633	1,300	1,259
Tax-exempt	157	131	308	259
Dividends	24	32	43	60
Total interest income	7,516	6,918	14,590	13,669
INTEREST EXPENSE				
Interest on deposits	2,052	2,310	4,015	4,544
Interest on borrowed funds	192	320	383	637
Total interest expense	2,244	2,630	4,398	5,181
NET INTEREST INCOME	5,272	4,288	10,192	8,488
EXPENSE FOR CREDIT LOSS	90	180	180	360
NET INTEREST INCOME AFTER EXPENSE FOR CREDIT LOSS	5,182	4,108	10,012	8,128
OTHER INCOME				
Service charges and other fees	349	304	650	581
Other operating income	520	498	995	954
Trust department income	547	472	1,082	961
Gain on sale of loans and other assets, net	67	44	93	71
Gain on investment securities, net	1	–	1	–
Total other income	1,484	1,318	2,821	2,567
OTHER EXPENSES				
Salaries & employee benefits	2,271	1,995	4,419	4,116
Occupancy expense	227	178	486	385
Furniture & equipment expense	306	284	613	560
FDIC insurance premiums	120	165	240	330
Data processing expense	297	258	605	519
Professional fees	239	221	465	430
Other operating expenses	958	898	1,788	1,777
Total other expenses	4,418	3,999	8,616	8,117
INCOME BEFORE INCOME TAXES	2,248	1,427	4,217	2,578
PROVISION FOR INCOME TAXES	345	177	639	299
NET INCOME	$1,903	$1,250	$ 3,578	$ 2,279
NET INCOME PER COMMON SHARE	$ 1.36	$ 0.89	$ 2.56	$ 1.63
RETURN ON AVERAGE ASSETS	1.19%	0.81%	1.14%	0.75%
RETURN ON AVERAGE EQUITY	16.90%	13.22%	16.07%	12.29%



Woodlands
FINANCIAL SERVICES
COMPANY