

Consolidated Balance Sheets (Unaudited)

	December 31, 2025	September 30, 2025
(in thousands except per share amounts)		
ASSETS		
Cash and due from banks	\$ 24,065	\$ 11,834
Interest-bearing deposits with banks	3,612	29,335
Government money market funds	5	5
Federal funds sold	4,500	4,500
Cash and cash equivalents	32,182	45,674
Available-for-sale securities	113,495	113,046
Loans and leases	439,762	441,431
Less: Allowance for loan and lease losses	6,124	6,006
Loans, net	433,638	435,425
Bank premises and equipment, net	10,647	10,746
Accrued interest receivable	1,952	1,957
Deferred tax assets, net	3,840	4,092
Restricted stock	1,248	1,248
Other assets	18,812	18,625
TOTAL ASSETS	\$615,814	\$630,813

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Non-interest bearing	\$150,515	\$151,787
Interest bearing	403,074	419,003
Total deposits	553,589	570,790
Federal funds purchased & other short-term debt	4,000	4,000
Long-term debt	10,000	10,000
Accrued interest payable	567	589
Other liabilities	4,383	4,273
Total liabilities	572,539	589,652

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	39,143	37,970
Accumulated other comprehensive income	(7,439)	(8,380)
Treasury stock at cost, 154,300 and 154,300 shares	(4,569)	(4,569)
Total stockholders' equity, net	43,275	41,161

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$615,814	\$630,813
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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

Timothy J. Bennett, VP
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Jon P. Conklin, President & CEO
John J. Engel, Jr., VP
Joseph F. Farley, EVP & COO/CFO
David L. Fortin, Jr., 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
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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

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HUGHESVILLE
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618 West Southern Ave.
So. Williamsport, PA 17702
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Broadridge Mail Code
FEB1976



2025 december 31
quarterly report

Dear Shareholders,

We are pleased to announce the financial results of Woodlands Financial Services Company (the Company) for the fourth quarter 2025. The results for the final quarter of the year reflect a continuation of the same general trends from the previous quarters this year. Interest rate margins continued to expand due to the ongoing repricing of variable-rate assets and the impact of all earning assets that have been added to the balance sheet at the higher market rates. On the liability side of the balance sheet, the Company's cost of funds has reduced fairly significantly over the course of the year due to reductions in the Fed Funds rate by the Federal Open Market Committee (the FOMC), the extinguishment of nearly \$14 million of high-cost funding in the form of Federal Home Loan Bank (FHLB) borrowings, and continued growth in the Company's low-cost core deposit base. The treasury yield curve has continued to normalize, providing a much better environment for bank earnings than has been experienced since the FOMC began to undertake aggressive monetary policy actions in 2022. The Company continues its focus on seizing on significant opportunities in its local markets due to multiple merger transactions which resulted in the elimination of three local competitor community banks in 2024 and 2025. The 2025 financial statements reflect some loan and deposit growth resulting from these efforts; however, the prospects for a much more significant growth in core relationships exist in 2026 due to the timing necessary for many customers to move their entire relationships to Woodlands Bank from the successor banks resulting from these mergers. Credit metrics remain elevated; however, management remains confident that the non-performing loans responsible for these elevated metrics will continue to move toward resolution without any further losses being taken. The resolutions for most of these loans are expected to be achieved through actions of the borrowers producing the liquidity necessary to pay off the balances on their own. Values of collateral, which have been confirmed by management, and/or specific reservations of the Allowance for Credit Losses (ACL) will cover any remaining credits, or portions thereof, that would require the Company's actions to resolve. While management is highly optimistic and excited about the opportunities that exist in the coming year, there is still recognition that significant economic and monetary uncertainties remain that could provide headwinds for businesses, consumers, and consequently for banks who rely on the broad financial health of its customers for their ultimate ability to prosper. Despite these uncertainties and potential challenges, Company management and board of directors are confident that the roadmap laid out in its most recent strategic plan will plot the course toward the type of growth, profitability, and shareholder return necessary to remain an independent community bank for the long-term.

During the final quarter of the year, the Company's assets decreased by \$15.0 million, 2.4%, driven largely by seasonal reductions in deposits, which decreased by \$17.2 million, 3.0%. Loans, net of allowance, decreased slightly during the quarter, 0.4%, with some larger payoffs offsetting the new loans that were put on the books. The paid-off loans were largely credits that were part of problem relationships which helped with both credit metrics and interest margins. Year-over-year, total deposits increased \$17.6 million, 3.3%, while tangible capital increased \$3.6 million, 7.7%. The Company's liquidity position remains strong, and management considers the balance sheet strategies of the previous two years to have been successful in improving regulatory capital ratios and repositioning asset categories in preparation for growth opportunities and optimization of interest margins.

Net income for the quarter was \$1.58 million, an increase of 17.5% from the previous quarter and 51.0% from the final quarter of 2024. Annual net income of \$5.20 million is a 67.2% increase over 2024 annual net income. These results were mainly driven by the improvements in overall interest margin, which can be attributed to both market factors and to management's strategic successes over the past two years. In addition to much improved net interest income, the Company has been able to steadily grow non-interest income and control its non-interest expenses as it rebuilt capital and set the table for seizing on the opportunities that now present themselves.

While the last few years have presented some of the most daunting challenges in the history of the Company, there is widespread optimism across the Company that next few years will provide some truly lucrative opportunities for the Company's long-term success. With your continued support and the constant focus by management on maintaining those core values that have defined the Woodlands Way of community banking since 1990, we are highly confident that we will be able to seize upon these opportunities and gain that critical growth and scale necessary to ensure long-term viability. On to 2026 we go, and the foundations that have been laid are now poised to provide tangible shareholder returns in the present coupled with an expansion of capital necessary to fuel sustained, long-term growth, profitability, and ultimate shareholder value. Thank you all for your continued support.

Sincerely,



Jon P. Conklin
President and CEO

Consolidated Statements of Income (Unaudited)

	For the three months ended December 31		For the year ended December 31	
	2025	2024	2025	2024
(in thousands except per share amounts)				
INTEREST INCOME				
Interest & fees on loans and leases	\$6,087	\$ 5,969	\$23,861	\$ 23,468
Interest & dividends on cash & cash equivalents	431	118	1,229	266
Interest & dividends on investment securities:				
Taxable	653	657	2,558	2,895
Tax-exempt	145	129	545	520
Dividends	25	55	112	197
Total interest income	7,341	6,928	28,305	27,346
INTEREST EXPENSE				
Interest on deposits	2,223	2,438	9,126	9,571
Interest on borrowed funds	197	321	1,099	2,432
Total interest expense	2,420	2,759	10,225	12,003
NET INTEREST INCOME	4,921	4,169	18,080	15,343
EXPENSE FOR CREDIT LOSS	180	75	720	300
NET INTEREST INCOME AFTER EXPENSE FOR CREDIT LOSS	4,741	4,094	17,360	15,043
OTHER INCOME				
Service charges and other fees	313	282	1,209	963
Other operating income	523	463	2,017	1,924
Trust department income	438	377	1,802	1,720
Gain on sale of loans and other assets, net	33	20	132	56
Total other income	1,306	1,142	5,160	4,663
OTHER EXPENSES				
Salaries & employee benefits	2,228	2,208	8,407	8,489
Occupancy expense	186	179	774	776
Furniture & equipment expense	265	227	1,122	827
FDIC insurance premiums	120	135	570	480
Data processing expense	296	281	1,087	1,283
Professional fees	288	205	1,073	729
Other operating expenses	891	843	3,521	3,756
Total other expenses	4,274	4,078	16,554	16,340
INCOME BEFORE INCOME TAXES	1,774	1,158	5,966	3,366
PROVISION FOR INCOME TAXES	195	112	764	255
NET INCOME	\$1,579	\$ 1,046	\$ 5,202	\$ 3,111
NET INCOME PER COMMON SHARE	\$ 1.13	\$ 0.75	\$ 3.72	\$ 2.23
RETURN ON AVERAGE ASSETS	0.99%	0.68%	0.84%	0.51%
RETURN ON AVERAGE EQUITY	14.74%	12.31%	13.26%	9.50%

