Consolidated Balance Sheets (Unaudited)

as of March 31

(in thousands except per share amounts)

	2015	2014
ASSETS		
Cash and due from banks	$ 4,830	$ 7,628
Interest-bearing deposits with banks	8,841	2,092
Government money market funds	2,501	1,565
Federal funds sold	500	500
Cash and cash equivalents	16,672	11,785
Available-for-sale securities	79,013	78,683
Held-to-maturity securities	125	125
Loans and leases	249,176	235,099
Less: Allowance for loan and lease losses	3,051	2,535
Loans, net	246,125	232,564
Bank premises and equipment, net	9,690	7,496
Other real estate owned	–	369
Accrued interest receivable	1,038	1,014
Deferred tax assets, net	687	885
Restricted stock	968	1,366
Other assets	7,812	6,147
TOTAL ASSETS	$362,130	$340,434
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Non-interest bearing	$ 64,121	$ 60,337
Interest bearing	246,441	231,183
Total deposits	310,562	291,520
Repurchase agreements	5,585	4,376
Long-term debt	10,599	10,610
Accrued interest payable	128	150
Other liabilities	1,787	3,097
Total liabilities	328,661	309,753
STOCKHOLDERS' EQUITY		
Common stock, $5.00 par value, 10,000,000 shares authorized; 767,132 and 762,775 shares issued and outstanding in 2015 and 2014, respectively.	3,836	3,814
Preferred stock, $5.00 par value, 4,000,000 shares authorized; no shares issued or outstanding	–	–
Additional paid-in capital	8,068	7,923
Retained earnings	20,127	18,332
Accumulated other comprehensive income	1,438	612
Total stockholders' equity	33,469	30,681
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$362,130	$340,434

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 (select account maintenance under need a form?)

BANK OFFICERS

David L. Bartges, VP
C. Victor Beach, VP
Brian S. Brooking, Assistant VP
Thomas B. Burkholder, VP & Secretary
Jon P. Conklin, President & CEO
John J. Engel, Jr., VP
Joseph F. Farley, VP & CFO
David L. Fortin, Jr., Assistant VP
Andrew J. Gallagher, VP
Matthew A. Gaugler, VP
Shelly A. Hepler, VP
Carlene J. Keyte, Assistant VP
Stacy L. Neill, VP
Carol J. Welliver, VP

COMMUNITY BOARD MEMBERS

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James F. Campbell
Daniel D. Forrestal
Michael Gaetano
Nathan E. Grenoble
Darin L. Hamm
Margaret A. Harbaugh
Darwin M. Higley
Clyde R. Peeling
Eugene A. Schurer
Thomas M. Springman
Marvin H. Staiman
Betty L. Steinbacher
David J. Steinbacher
Theodore J. Weiss
Jessica A. Wheeland

BOARD OF DIRECTORS

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William C. Brown
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Robert E. Forse, Chairman
Marc D. Lewis
Melvin W. Lewis
George E. Logue, Jr.
David L. Shollenberger
Thomas G. Stubler
Peter Went

BOARD OF DIRECTORS EMERITI

Donald E. Alsted
Catherine K. Ertel
John E. Hoffman
Harold L. Hurwitz

WOODLANDS FINANCIAL SERVICES COMPANY COMMON STOCK

is traded on the OTCQX market under the symbol of WDFN
The broker listed below is the designated corporate broker for Woodlands Financial Serivces Company:

Boenning & Scattergood, Inc.
9922 Brewster Lane
Powell, OH 43065
(800) 326-8113

Registrar and Transfer Agent:
Broadridge Corporate Issuer Solutions
P.O. Box 1342
Brentwood, NY 11717
855-449-0975
or
720-378-5970
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

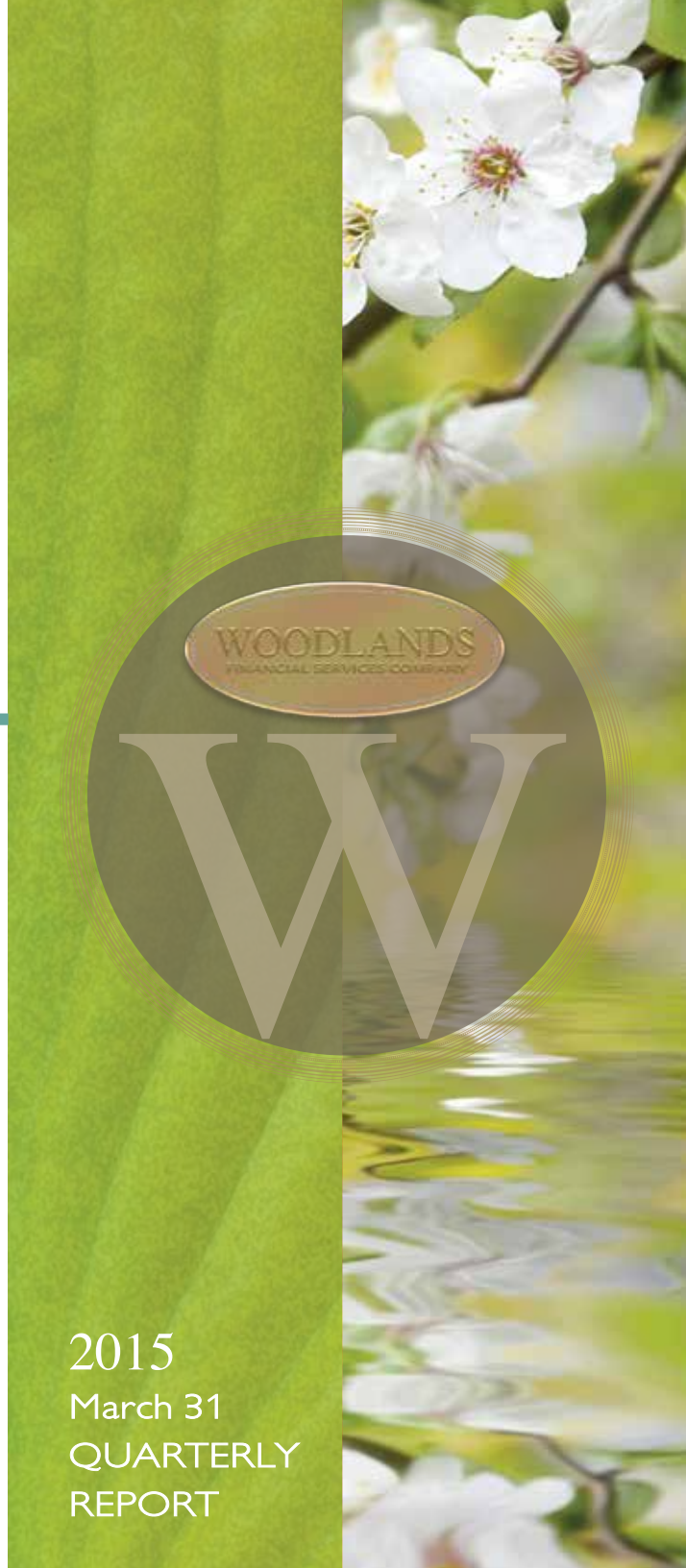
LOYALSOCK
2450 East Third Street
Williamsport, PA 17701
570-327-5263

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



2015 March 31 QUARTERLY REPORT

Dear Shareholders,

I am pleased to present the financial results of Woodlands Financial Services Company (the Company) for the first quarter 2015. The first quarter results mark a solid start to the year and reflect some of the work that was done in the past few years laying a foundation for future earnings. Total assets decreased $2.1 million (0.6%) for the quarter but increased $21.7 million (6.4%) year over year. As part of the overall change in assets, net loans decreased $1.6 million (0.6%) but increased $13.6 million (5.8%), respectively, over the same periods. Total deposits were down $1.3 million (0.4%) since the end of the year, which is mostly attributable to the call of a large brokered deposit during the quarter, but were up $19.0 million (6.5%) since the end of the first quarter 2014. The Company's core capital also grew 1.6% and 6.5%, respectively, over those same periods. Despite a tepid first quarter in terms of growth, the Company is optimistic about the prospects for quality earning asset growth throughout its entire market in the upcoming months and into the future as the economy continues its slow recovery and as we continue our collective efforts to grow the Woodlands brand and market share. The Company's balance sheet remains positioned to have a positive impact on earnings should rates begin to rise as anticipated by some to occur before the end of 2015. Also, the credit quality of the earning asset portfolio remains strong and is reflective of the credit underwriting and monitoring culture at the Company.

Net income for the first quarter 2015 was $766 thousand, an increase of 22.6% from the prior quarter and 15.7% from the first quarter 2014. The quarter-over-quarter and year-over-year earnings increases reflect the growth in the earning asset base achieved over the past two years as well as reductions in funding costs and strong earnings from our wealth management department. As part of this increase, net interest income continued to be a significant contributor to the bottom line improvement with a 7.3% increase over the first quarter of 2014. For the quarter, the Return on Average Assets (ROAA) was 0.90% and the Return on Average Equity (ROAE) was 9.81%, which were improvements over the same measures of the previous quarter by 36.4% and 32.2%, respectively, and over the first quarter of the previous year by 7.1% and 5.9%, respectively.

With the first quarter of 2015 in the books and despite the constant pressures on the bank's margins due to the prolonged low interest rate environment, the stiff local competition for business, and the added costs of compliance with the continuing deluge of regulatory changes, the Company's management remains optimistic for the prospects of continued success for Woodlands Bank and Woodlands Financial Services Company. This optimism stems from the confidence that the community banking model in general remains an attractive one for businesses and consumers alike and that the Woodlands model in particular is one that will resonate with customers well into the future. It's all about the people who have contributed their efforts and the relationships that have been forged over time, and we continue to thank you all for your continued support of the "Woodlands Way".

Sincerely,

Jon P. Conklin
President and CEO

Consolidated Statements of Income (Unaudited)

(in thousands except per share amounts)	For the three months ended March 31 2015	2014
INTEREST INCOME		
Interest & fees on loans and leases	$2,786	$2,638
Interest & dividends on cash & cash equivalents	4	1
Interest & dividends on investment securities:		
Taxable	249	243
Tax-exempt	182	189
Dividends	46	21
Total interest income	3,267	3,092
INTEREST EXPENSE		
Interest on deposits	321	340
Interest on borrowed funds	95	95
Total interest expense	416	435
NET INTEREST INCOME	2,851	2,657
PROVISION FOR LOAN LOSSES	81	75
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,770	2,582
OTHER INCOME		
Service charges and other fees	163	198
Other operating income	255	207
Trust department income	248	292
Gain on sale of loans and other assets, net	27	10
Gain on investment securities, net	79	31
Total other income	772	738
OTHER EXPENSES		
Salaries & employee benefits	1,448	1,359
Occupancy expense	194	216
Furniture & equipment expense	115	96
FDIC insurance premiums	60	60
Data processing expense	150	137
Professional fees	68	73
Other operating expenses	505	522
Total other expenses	2,540	2,463
INCOME BEFORE INCOME TAXES	1,002	857
PROVISION FOR INCOME TAXES	236	195
NET INCOME	$ 766	$ 662
NET INCOME PER COMMON SHARE	$ 1.00	$ 0.87
RETURN ON AVERAGE ASSETS	0.90%	0.84%
RETURN ON AVERAGE EQUITY	9.81%	9.26%

