

GNB FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

| | Year Ended December 31, | |
|--|-------------------------|---------------------|
| | 2018 | 2017 |
| INTEREST AND DIVIDEND INCOME | | |
| Loans, including fees | \$ 11,132,249 | \$ 10,193,488 |
| Investment securities: | | |
| Taxable | 651,244 | 555,761 |
| Exempt from federal income tax | 824,822 | 716,828 |
| Certificates of deposit in other banks | 387,605 | 335,894 |
| Other interest and dividend income | 186,903 | 101,351 |
| Total interest and dividend income | 13,182,823 | 11,903,322 |
| INTEREST EXPENSE | | |
| Deposits | 2,027,491 | 1,548,129 |
| Short-term borrowings | 32,281 | 38,099 |
| FHLB advances - long-term | 71,125 | 37,788 |
| Total interest expense | 2,130,897 | 1,624,016 |
| NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES | | |
| | 11,051,926 | 10,279,306 |
| Provision for loan losses | 313,754 | 352,392 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | | |
| | 10,738,172 | 9,926,914 |
| NONINTEREST INCOME | | |
| Service charges on deposit accounts | 823,959 | 803,245 |
| Earnings on cash surrender value of life insurance | 133,886 | 143,183 |
| Net realized losses on sales of investment securities | (156,503) | (56,608) |
| Income from fiduciary activities | - | 116,062 |
| Other | 142,555 | 56,577 |
| Total noninterest income | 943,897 | 1,062,459 |
| NONINTEREST EXPENSE | | |
| Compensation and employee benefits | 3,725,256 | 3,455,141 |
| Occupancy | 592,676 | 541,749 |
| Furniture and fixtures | 134,651 | 135,158 |
| Data processing | 800,065 | 701,515 |
| Professional fees | 412,657 | 357,125 |
| Shares tax | 239,073 | 216,857 |
| Amortization of intangible assets | 63,710 | 73,555 |
| Other | 1,147,935 | 1,125,166 |
| Total noninterest expense | 7,116,023 | 6,606,266 |
| Income before income tax expense | 4,566,046 | 4,383,107 |
| Income tax expense | 764,092 | 1,346,177 |
| NET INCOME | \$ 3,801,954 | \$ 3,036,930 |
| EARNINGS PER SHARE, BASIC AND DILUTED | \$ 4.89 | \$ 3.91 |
| WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED | 777,543 | 777,543 |

See accompanying notes to the consolidated financial statements.

GNB FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

| | December 31, | |
|---|-----------------------|-----------------------|
| | 2018 | 2017 |
| ASSETS | | |
| Cash and due from banks | \$ 5,720,763 | \$ 3,712,469 |
| Interest-bearing deposits with other institutions | 6,162,058 | 6,713,494 |
| Federal funds sold | 776,000 | - |
| Cash and cash equivalents | 12,658,821 | 10,425,963 |
| Certificates of deposit with other banks | 15,055,714 | 19,310,017 |
| Investment securities available for sale | 67,714,330 | 39,681,938 |
| Investment securities held to maturity (fair value of \$26,497,348) | - | 26,497,348 |
| Loans, net | 235,177,598 | 216,199,734 |
| Less: Allowance for loan losses | 2,262,809 | 2,048,596 |
| Net loans | 232,914,789 | 214,151,138 |
| Accrued interest receivable | 1,169,066 | 1,050,895 |
| Restricted investments in bank stock | 1,406,500 | 1,006,400 |
| Premises and equipment, net | 3,446,832 | 3,578,672 |
| Cash surrender value of life insurance | 6,622,580 | 6,488,692 |
| Goodwill | 2,185,371 | 2,185,371 |
| Intangible assets | 184,838 | 248,548 |
| Other real estate owned | 304,378 | - |
| Other assets | 1,318,011 | 1,027,557 |
| TOTAL ASSETS | \$ 344,981,230 | \$ 325,652,538 |
| LIABILITIES | | |
| Noninterest-bearing deposits | \$ 46,993,906 | \$ 40,077,304 |
| Interest-bearing deposits | 241,174,115 | 238,760,306 |
| Total deposits | 288,168,021 | 278,837,610 |
| Short-term borrowings | 9,000,000 | 4,016,000 |
| FHLB advances - long-term | 4,350,387 | 1,690,973 |
| Accrued interest payable | 317,664 | 246,612 |
| Other liabilities | 2,356,322 | 2,127,244 |
| TOTAL LIABILITIES | 304,192,394 | 286,918,439 |
| STOCKHOLDERS' EQUITY | | |
| Common stock (\$5 par value; 2,000,000 shares authorized; 782,321 shares issued and 777,543 shares outstanding) | 3,911,605 | 3,911,605 |
| Additional paid-in capital | 17,746,931 | 17,746,931 |
| Retained earnings | 20,449,904 | 17,736,512 |
| Accumulated other comprehensive loss | (1,049,645) | (390,990) |
| Treasury stock (4,778 shares) | (269,959) | (269,959) |
| TOTAL STOCKHOLDERS' EQUITY | 40,788,836 | 38,734,099 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 344,981,230 | \$ 325,652,538 |

See accompanying notes to the consolidated financial statements.