
GNB FINANCIAL SERVICES

December 31, 2019

Dear Fellow Shareholders:

On November 13, 2019, the Board of Directors of GNB Financial Services, Inc., (“GNB”) declared a fourth quarter cash dividend of \$0.28 per share of common stock and a special cash dividend of \$0.43 per share of common stock, to shareholders of record as of December 17, 2019, and payable December 31, 2019. Your check representing the regular and special dividends is enclosed.

The cumulative dividend paid in 2019, is \$1.55 per share of GNB common stock, which compares favorably to the \$1.40 per share that was paid in 2018. This represents an increase of 10.71%. When combined with the price appreciation of GNB common stock, management and our directorate believe we have provided an equitable return to our shareholders this year.

The financial performance of our company in 2019 has once again been strong. As I write this letter, it seems certain that Net Income will be at a historical high as of December 31, 2019. I continue to be encouraged by the progress achieved in executing our Strategic Plan, which was revised in 2018. The Fed changed course and enacted a monetary policy that is focused on controlling inflation by lowering interest rates. The escalation in the trade war, a weakening economy, and political unrest, including the impeachment hearings, have slowed business growth and have resulted in a material slowdown in lending. This has caused high anxiety levels for consumers and business owners, resulting in lower than expected loan growth. While loan growth has been stagnant, deposit growth has been strong.

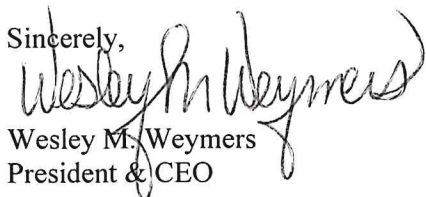
Our lending officers are reporting fierce competition relative to loan pricing, while a relatively flat yield curve is not providing viable investment alternatives, resulting in a flat net interest margin. Our asset portfolio continues to be appropriately priced for risk and composed of high-quality loans and investments. Capital remains strong and bank management continues to control overhead expenses. In 2020, we will continue to balance our diverse product delivery methods, physical branch office locations and the use of virtual branches through technology, in order to provide our customers with choices for their banking needs.

On November 4, 2019, the Trevorton Office (formerly a branch of Riverview Bank), opened as the sixth full service office of The Gratz Bank. The Trevorton staff was excited to become a part of the Gratz Bank family and they are providing our new customers with the same high quality customer service for which our bank is known.

During a season of giving thanks and reflection, we are blessed with a wonderful staff, a caring board of directors, and a loyal customer base. This combination and a defined future strategic direction reinforces our belief that the best alternative for our shareholders, employees, and the communities that we serve, is that of an independent community bank

On behalf of our Board of Directors, management team, and staff, we express our thanks for your support. Please feel free to stop in anytime and say hello, or call me at 717-508-4300, as it is always a pleasure to meet and converse with shareholders. Please enjoy a safe and happy holiday season.

Sincerely,



Wesley M. Weymers
President & CEO