
GNB FINANCIAL SERVICES

September 30, 2019

Dear Fellow Shareholders:

On August 14, 2019, the Board of Directors of GNB Financial Services, Inc., (“GNB”) declared a third quarter cash dividend of \$0.28 per share of common stock to shareholders of record as of September 16, 2019, and payable on September 30, 2019. This is an increase of \$0.03 per share, or 12%, over the dividend paid to shareholders in the third quarter of 2018. Your dividend check is enclosed.

As disclosed in the second quarter shareholder letter, on June 12, 2019, the parent companies of The Gratz Bank and Riverview Bank announced that The Gratz Bank will acquire the Trevorton Office of Riverview Bank, including its deposits and customers. All required regulatory approvals have been obtained, with an anticipated closing date of November 1, 2019. This office is expected to open as a branch of The Gratz Bank, on November 4, 2019. We are excited to provide our new customers with the same high quality customer service that our existing customers enjoy.

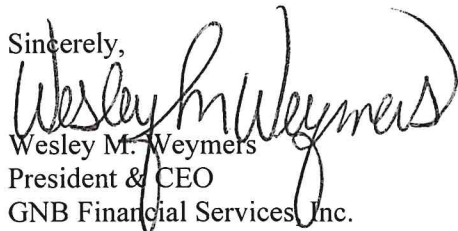
It is hard to believe that we are now approaching the final quarter of 2019. Just one year ago, the Federal Reserve signaled that they would increase short-term interest rates. How things have changed as the Fed has lowered the Fed Funds rate twice this year. This philosophical reversal along with fears about the trade war, political unrest, and a rather sluggish economy, has made it more difficult to manage and to predict future financial performance with any certainty.

From a financial standpoint, the first nine months of 2019 have been strong. Net income is above projections and exceeds that of the first nine months of 2018, even though the bank has one-time expenses associated with the Trevorton Branch acquisition. Our interest margin has improved, a critical factor in realizing higher earnings. The primary source of capital for our company is through the retention of a portion of net earnings, so the Bank’s capital position continues to grow, which has created a strong base for future asset growth. The Gratz Bank is in a strong financial position that provides a solid foundation for future earnings.

We look forward to a strong finish to 2019 and to an even better financial performance in 2020. Our company could not accomplish our goals without supportive shareholders, a visionary Board of Directors, and a dedicated employee staff who emphasizes superior customer service. We continue to believe that our existence as an independent community bank is the best strategic option for our stakeholders.

On behalf of our Board of Directors, management team, and staff, we express our thanks for your support and confidence. Several shareholders have either called me or stopped by my office, so I encourage you to do the same. Please feel free to stop in anytime and say hello or call me at 717-508-4300.

Sincerely,



Wesley M. Weymers
President & CEO
GNB Financial Services, Inc.