

Press Release - For Immediate Release  
September 30, 2019

**GNB Financial Services, Inc. and Subsidiaries Third Quarter 2019 Earnings**

Gratz, PA - GNB Financial Services, Inc. (OTC Pink: GNBF), parent company of The Gratz Bank, has released its unaudited financial statements for the third quarter of 2019.

Net income, as reported under U.S. Generally Accepted Accounting Principles, for the nine months ended September 30, 2019, was \$3,040,000 compared to \$2,809,000 for the same period in 2018. The return on average assets and return on average equity were 1.13% and 10.03% for the nine months-ended September 30, 2019 as compared to 1.14% and 9.73% for the same period of 2018.

Total assets amounted to \$370.4 million at September 30, 2019 as compared to \$345.0 million at December 31, 2018. Since year end 2018, net loans, increased by \$1.8 million while investment securities increased \$12.9 million. Over the same time period, total deposits increased \$30.3 million.

When compared to December 31, 2018, stockholders' equity increased \$4.5 million to \$45.3 million as of September 30, 2019. The current level of stockholders' equity equated to a book value per share of \$57.22 at September 30, 2019, compared with \$52.46, as of December 31, 2018. For the nine months ended September 30, 2019, cash dividends of \$0.84 per share were paid to stockholders, compared to \$0.75 for the same period of 2018. GNB Financial Services, Inc. remains well-capitalized, with an equity-to-assets ratio of 12.2% as of September 30, 2019.

*Note: This press release may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Actual results and trends could differ materially from those set forth in such statements due to various factors. These factors include operating, legal and regulatory risks; changing economic and competitive conditions and other risks and uncertainties.*

## GNB Financial Services, Inc. and Subsidiaries

Consolidated Balance Sheets  
(Unaudited, dollars in thousands)

	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
Cash and due from banks	5,074	5,721
Interest-bearing deposits with other institutions	7,642	6,162
Federal funds sold	9,967	776
Cash and cash equivalents	22,683	12,659
Certificates of deposit with other banks	16,303	15,056
Investment securities available for sale, at fair value	80,567	67,714
Loans, net	237,318	235,178
Less: Allowance for loan losses	2,642	2,263
Net Loans	234,676	232,915
Accrued interest receivable	1,285	1,169
Restricted investments in bank stock	1,211	1,406
Premises and equipment, net	3,428	3,447
Cash surrender value of life insurance	6,711	6,623
Goodwill	2,185	2,185
Intangible assets	144	185
Other real estate owned	-	304
Other assets	1,170	1,318
<b>TOTAL ASSETS</b>	<b>370,363</b>	<b>344,981</b>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	51,839	46,994
Interest-bearing deposits	266,639	241,174
Total deposits	318,478	288,168
Short-term borrowings	-	9,000
FHLB advances - long-term	3,161	4,350
Accrued interest payable	351	318
Other liabilities	3,054	2,356
<b>TOTAL LIABILITIES</b>	<b>325,044</b>	<b>304,192</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock (\$5 par value; 2,000,000 shares authorized; 782,321 shares issued, and 779,000 and 777,543 shares outstanding as of Sept. 30, 2019 and Dec. 31, 2018, respectively)	3,912	3,912
Additional paid-in capital	17,749	17,747
Retained earnings	22,838	20,450
Accumulated other comprehensive loss	1,008	(1,050)
Treasury stock (3,321 and 4,778 shares at Sept. 30, 2019 and Dec. 31, 2018, respectively)	(188)	(270)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>45,319</b>	<b>40,789</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>370,363</b>	<b>344,981</b>

## GNB Financial Services, Inc. and Subsidiaries

Consolidated Statement of Income  
(Unaudited, dollars in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>INTEREST AND DIVIDEND INCOME</u></b>				
Loans, including fees	2,788	2,896	8,924	8,178
Investment securities:				
Taxable	287	161	681	458
Exempt from federal income tax	275	202	754	595
Certificates of deposit with other banks	81	98	241	303
Other interest and dividend income	66	55	207	135
<b>Total interest and dividend income</b>	<b>3,497</b>	<b>3,412</b>	<b>10,807</b>	<b>9,669</b>
<b><u>INTEREST EXPENSE</u></b>				
Deposits	761	528	2,060	1,458
Short-term borrowings	1	3	58	21
FHLB advances - long-term	24	15	84	25
<b>Total interest expense</b>	<b>786</b>	<b>546</b>	<b>2,202</b>	<b>1,504</b>
<b><u>NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES</u></b>	<b>2,711</b>	<b>2,866</b>	<b>8,605</b>	<b>8,165</b>
Provision for loan losses	63	31	355	171
<b><u>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</u></b>	<b>2,648</b>	<b>2,835</b>	<b>8,250</b>	<b>7,994</b>
<b><u>NONINTEREST INCOME</u></b>				
Service charges on deposit accounts	221	207	618	619
Earnings on cash surrender value of life insurance	23	33	88	100
Net realized losses on sales of investment securities	(36)	(96)	(18)	(163)
Income from fiduciary activities	-	-	-	-
Other	7	12	50	125
<b>Total noninterest income</b>	<b>215</b>	<b>156</b>	<b>738</b>	<b>681</b>
<b><u>NONINTEREST EXPENSE</u></b>				
Compensation and employee benefits	1,083	958	3,104	2,827
Occupancy	59	175	364	464
Furniture and fixtures	52	43	110	104
Data processing	141	192	526	542
Professional fees	37	90	301	338
Shares tax	63	62	189	178
Amortization of intangible assets	13	15	41	49
Other	173	294	761	755
<b>Total noninterest expense</b>	<b>1,621</b>	<b>1,829</b>	<b>5,396</b>	<b>5,257</b>
Income before income tax expense	1,242	1,162	3,592	3,418
Income tax expense	172	178	552	609
<b><u>NET INCOME</u></b>	<b>1,070</b>	<b>984</b>	<b>3,040</b>	<b>2,809</b>
<b>EARNINGS PER SHARE</b>	<b>1.38</b>	<b>1.27</b>	<b>3.91</b>	<b>3.61</b>
<b>CASH DIVIDENDS PER SHARE</b>	<b>0.28</b>	<b>0.25</b>	<b>0.84</b>	<b>0.75</b>
<b>WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING</b>	<b>779,000</b>	<b>777,543</b>	<b>778,029</b>	<b>777,543</b>

## **GNB Financial Services, Inc. and Subsidiaries**

Quarter Ended Sept 30, 2019  
(Unaudited, dollars in thousands)

<b><u>Operating Highlights</u></b>		9/30/2019	6/30/2019
Net income	\$	1,070	\$ 1,027
Net interest income	\$	2,711	\$ 2,916
Provision for loan losses	\$	63	\$ 54
Non-interest income	\$	215	\$ 293
Non-interest expense	\$	1,621	\$ 1,948
<b><u>Financial Condition Data</u></b>			
Total assets	\$	370,363	\$ 356,522
Loans, net	\$	234,676	\$ 234,631
Intangibles	\$	2,329	\$ 2,342
Total deposits	\$	318,478	\$ 305,256
Noninterest-bearing	\$	51,369	\$ 49,675
Interest-bearing	\$	113,456	\$ 97,839
Savings	\$	63,126	\$ 63,764
Time deposits	\$	90,057	\$ 93,977
Total interest-bearing deposits	\$	266,639	\$ 255,580
<b><u>Selected Ratios</u></b>			
Net interest margin (YTD)		3.70%	3.60%
Annualized return on average assets		1.13%	1.13%
Annualized return on average equity		10.03%	9.29%
<b><u>Capital Ratios</u></b>			
Common equity tier I capital ratio		12.66%	12.44%
Tier I capital ratio		12.66%	12.44%
Total risk-based capital ratio		13.76%	13.53%
Leverage ratio		8.87%	8.96%
<b><u>Per Share Data</u></b>			
Earnings per share	\$	1.38	\$ 1.32
Dividend declared per share	\$	0.28	\$ 0.28
Book value	\$	57.22	\$ 56.64
Tangible book value	\$	55.19	\$ 53.63
Weighted average common shares		779,000	777,543