

FOR IMMEDIATE RELEASE

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CITIZENS FINANCIAL SERVICES, INC. DECLARES EARLY DIVIDEND

MANSFIELD, PENNSYLVANIA— The Board of Directors of Citizens Financial Services, Inc. (CZFS) the bank holding company for First Citizens Community Bank, recently declared a cash dividend for Citizens Financial Services shareholders.

A cash dividend of \$.38 per share will be paid on December 31, 2012 to shareholders of record on December 21, 2012. The cash dividend represents an accelerated dividend payment for the regularly scheduled dividend due for January 2013. The Board of Directors of Citizens Financial Services, declared this accelerated cash dividend due to the significant issues in Washington regarding the very complex fiscal cliff tax issues. The Board's decision to accelerate the first quarter 2013 dividend will benefit shareholders that may be affected by the potential tax increase on dividends that will occur in 2013 should a compromise by the Federal lawmakers not be reached by the end of 2012. The Bank's strong capital position and continued outstanding financial performance puts the Bank in a position to accelerate January 2013's dividend.

The cash dividend of \$.38 per share represents an increase of \$.085 per share, or 29%, over the quarterly dividend of \$.295 per share paid in January 2012. "Our considerable increase in the cash dividend results in a very attractive dividend yield, and is consistent with the Board of Directors' desire to provide total shareholder return to our shareholder base," stated Randall E. Black, CEO and President.

Citizens Financial Services, Inc. is an \$880 million bank holding company conducting business through First Citizens Community Bank. First Citizens Community Bank operates 17 full-service offices in Pennsylvania and New York as well as a loan production office in Lock Haven, PA.

For further information regarding the stock of Citizens Financial Services, Inc., please contact any of the following firms: Automated Trading Desk, 866-283-2831; Boenning & Scattergood, Inc., 800-842-8928; Keefe, Bruyette & Woods, Inc., 800-342-5529; Monroe Securities Inc., 800-766-5560; Pershing LLC, 201-413-2700; RBC Capital Markets Corp., 800-959-5951; Sandler O' Neill & Partners, 212-466-8020; Stifel, Nicolaus & Co., Inc., 973-549-4200; UBS Securities, LLC, 203-719-8710.

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.

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