



Stock Symbol: CZFS.OB

www.firstcitizensbank.com

Dear Shareholders and Friends:

April 30, 2010

It is my pleasure to communicate to you on behalf of the Board of Directors and our employees, our financial performance for the first quarter of 2010. As outlined below, First Citizen's strong financial performance has continued into 2010. While it is with great pride that we remain focused and committed to serving our local communities and customers, it is also gratifying that our financial performance has resulted in outstanding shareholder value and return.

Net income for the three months ended March 31, 2010 totaled \$2,746,000, which compares to \$2,346,000 for the first quarter of 2009. This represents an increase of \$400,000, or 17.1%. Earnings per share of \$.96 increased 17.1% from \$.82 per share for the same period last year. Annualized return on equity for the comparable periods was 18.22% and 17.59%, while return on assets was 1.50% and 1.41%, respectively.

As of March 31, 2010, total assets were \$749.9 million, which was an increase of \$20.4 million from December 31, 2009, and an increase of \$75.2 million since the end of March, 2009. Our investment portfolio totals \$217.0 million, an increase of \$18.4 million since year-end. Since the end of 2009, net loans have increased \$8.0 million, or 1.8%, and currently total \$459.5 million. The overall financial strength of First Citizens, the impact of the Marcellus Shale gas play, and other factors have led to continued, strong deposit growth. As such, total deposits of \$624.4 million have increased \$18.8 million from December 31, 2009.

We remain focused on our disciplined credit underwriting standards. The continuing economic environment has had an impact on credit quality as non-performing assets as a percent of loans increased slightly from the end of the year from 1.55% to 1.69% at the end of March. However, we continue to compare favorably to other financial institutions in our peer group. Additionally, our annualized net-charge-offs as a percent of total loans through the 1st quarter is 0.04%, which is also well below our peer group. The provision for loan losses for the three months ended March 31, 2010 was \$305,000 compared to \$150,000 for the same period last year.

Stockholders' equity totaled \$63.7 million at March 31, 2010, representing an increase of \$2.2 million, or 3.6%, from December 31, 2009. Book value per share at March 31, 2010 was \$21.44 compared with \$20.71 last December, an increase of 3.5%. On April 6, 2010, a cash dividend of \$.255 per share was declared and will be paid on April 30, 2010 to shareholders of record, as of April 16, 2010, which represents an increase of 4.1% over the April 2009 dividend. First Citizens remains well capitalized with capital levels exceeding regulatory levels. Our continued, outstanding financial performance gives us the ability to provide a very attractive dividend yield to our shareholders.

2010 has already been a busy year for First Citizens! In March, First Citizens National Bank was recognized, in the Pennsylvania Bank Performance Report compiled by Financial Management Consulting group, for ranking 5th overall in total performance for 2009 out of a total of 186 Pennsylvania banks. This compares to our 2008 ranking of 7th. We have also been busy with the construction of our new banking facility in Wellsboro, expected to be completed in June. The new building will represent the premier banking facility in Wellsboro and will significantly enhance customer access and convenience.

I would like to once again express my sincere thanks to our employees, local board members and the Board of Directors for their tireless drive and dedication. Together, we will continue to focus on the challenges and opportunities that lie before us entering a new decade. We remain committed to being a financially strong, independent community bank servicing the needs of individuals, businesses and communities in our area. Likewise, we remain dedicated to providing you, our shareholders, with total shareholder return. I personally welcome you to stop by one of our branches or visit us online at www.firstcitizensbank.com to see what we are all about and what we have to offer you.

Sincerely,

Randall E. Black
Chief Executive Officer and President

Consolidated Balance Sheet

(Unaudited - In thousands, except share data)

	March 31 2010	December 31 2009	March 31 2009
ASSETS:			
Total cash and cash equivalents	\$ 24,512	\$ 31,449	\$ 21,698
Available-for-sale securities	216,969	198,582	173,812
Loans (net of allowance for loan losses 2010, \$5,151; December 31, 2009, \$4,888; March 31, 2009, \$4,498)	459,495	451,496	433,080
Other assets	48,877	47,950	46,094
TOTAL ASSETS	\$ 749,853	\$ 729,477	\$ 674,684
LIABILITIES:			
Total deposits	\$ 624,397	\$ 605,559	\$ 554,576
Borrowed funds	53,429	54,115	56,764
Other liabilities	8,288	8,276	8,905
TOTAL LIABILITIES	686,114	667,950	620,245
STOCKHOLDERS' EQUITY	63,739	61,527	54,439
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 749,853	\$ 729,477	\$ 674,684

Consolidated Statement of Income

(Unaudited - In thousands)

	Three Months Ended March 31	
	2010	2009
Interest income	\$ 9,730	\$ 9,597
Interest expense	2,983	3,438
Net interest income	6,747	6,159
Provision for loan losses	305	150
Net interest income after provision for loan losses	6,442	6,009
Investment securities gains, net	64	16
Other non-interest income	1,326	1,338
Non-interest expense	4,328	4,372
Income before provision for income taxes	3,504	2,991
Provision for income taxes	758	645
NET INCOME	\$ 2,746	\$ 2,346
CORE EARNINGS	\$ 2,704	\$ 2,335

Core operating earnings differ from net income under U.S. generally accepted accounting principles by excluding investment securities gains and losses on an after tax basis.

Performance Ratio and Share Data:

	2010	2009
Return on average assets (annualized)	1.50%	1.41%
Return on average equity (annualized)	18.22%	17.59%
Net interest margin (tax equivalent)	4.34%	4.34%
Cash dividends paid per share	\$0.25	\$0.24
Earnings per share	\$0.96	\$0.82
Weighted average shares outstanding	2,870,481	2,872,476
Book value per share (at end of period)	\$21.44	\$19.06
Common shares outstanding (at end of period)	2,869,832	2,846,202
Nonperforming assets to total loans (at end of period)	1.69%	0.66%
Annualized net charge-offs to total loans	0.04%	0.04%

Per share calculations give retroactive effect to stock dividends declared by the Company