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## **CITIZENS FINANCIAL SERVICES, INC. REPORTS FIRST QUARTER 2010 EARNINGS**

MANSFIELD, PENNSYLVANIA— April 26, 2010 – Citizens Financial Services, Incorporated (OTC BB: CZFS), parent company of First Citizens National Bank, has released its unaudited financial performance for the first quarter ended March 31, 2010.

Record 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. Investment securities total \$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.

CEO and President Randall E. Black stated, “We continue to remain focused on our disciplined credit underwriting standards. The ongoing 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, I would draw your attention to our annualized net-charge-offs as a percent of total loans through the 1st quarter of 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,” stated Mr. Black.

Citizens Financial Services, Inc. has over 1,500 shareholders, the majority of whom reside in Potter, Tioga, and Bradford Counties, Pennsylvania and Allegany County, New York, where their 17 offices are located.

*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.*