

CITIZENS FINANCIAL SERVICES, INC. REPORTS SECOND QUARTER 2010 EARNINGS

MANSFIELD, PENNSYLVANIA— July 23, 2010 – Citizens Financial Services, Incorporated (OTC BB: CZFS), parent company of First Citizens National Bank, has released its unaudited financial performance for the second quarter ended June 30, 2010.

Net income for the six months ended June 30, 2010 totaled \$5,673,000 which compares to \$4,818,000 for the same period last year. This represents an increase of \$855,000, or 17.7%. Earnings per share of \$1.98 increased 17.9% from \$1.68 per share last year. Annualized return on equity for the comparable periods was 18.49% and 17.79%, while return on assets was 1.52% and 1.42%, respectively.

Net income for the three months ended June 30, 2010 totaled \$2,927,000 which compares to \$2,472,000 for the second quarter of 2009, representing an increase of \$455,000, or 18.4%. Earnings per share of \$1.02 increased 18.6% from \$.86 per share for the same period last year. Annualized return on equity for the comparable periods was 19.09% and 17.99%, while return on assets was 1.57% and 1.43%, respectively.

As of June 30, 2010, total assets were \$773.7 million, which was an increase of \$44.2 million from December 31, 2009, and an increase of \$67.0 million since June, 2009. The investment portfolio totals \$217.3 million, an increase of \$18.7 million since year-end. Net loans of \$467.0 million have increased \$15.5 million, or 3.4%, since December 31, 2009 and have increased \$29.6 million since last June. Total deposits at the end of June totaled \$646.7 million, which is an increase of \$41.1 million since year end, and have increased \$64.2 million since last June, or 11.0%. The growth in deposits can be attributed to the impact of the Marcellus Shale gas play, our outstanding customer service and the overall financial strength of First Citizens.

CEO and President Randall E. Black stated, “First Citizens continues to be recognized nationally for its financial performance. In June, we were recognized by US Banker as placing 11th in the country for financial performance based upon the three year average return on average equity for the period ended December 31, 2009. This is up from placing 58th in 2008 and 154th in 2007. The impact of the economic environment has had an impact on credit quality, even though we continue to compare favorably to peer. As of June 30, 2010 non-performing assets as a percent of loans was 1.45%, which is an improvement from 1.55% at the end of December 2009, but up from .87% at the end of last June.”

Stockholders’ equity totaled \$66.6 million at June 30, 2010, representing an increase of \$5.1 million, or 8.3%, from December 31, 2009. Book value per share at June 30, 2010 was \$22.17 compared with \$20.71 last December, an increase of 7.0%. On July 8, 2010, a cash dividend of \$.255 per share as well as a 1% stock dividend was declared and will be paid on July 30, 2010 to shareholders of record as of July 16, 2010. The cash dividend of \$.255 per share represents an increase of 4.1% over the July 2009 dividend. First Citizens remains well capitalized with capital levels exceeding regulatory levels. “Our outstanding financial performance gives us the ability to continue providing 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.