

CITIZENS
FINANCIAL SERVICES
I N C O R P O R A T E D

Navigating the Storm
2020



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Navigating the Storm

Letter from: Randall E. Black • Chief Executive Officer and President

“Out of difficulties grow miracles.”

– Jean de la Bruyère

There are varying degrees of storms, but every storm brings with it regeneration and hope for something better.

Message to Our Fellow Shareholders, Customers, Coworkers & Friends,

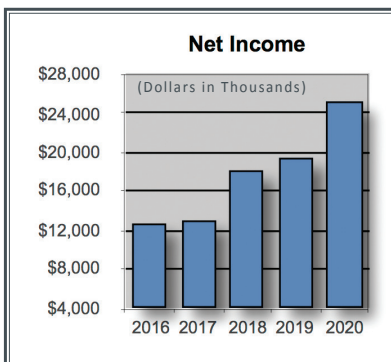
As you read this year’s message, I want all of us to just take a moment to stop and not dwell on the past year or the present, but to focus on what the future holds for every one of us, as with every storm there brings regeneration and hope for something better.

As we all are aware, we all are dealing with one of the greatest health threats of our generation. One that profoundly impacts not just our national economy, but our global economy and all of its citizens. Our thoughts and prayers remain with the communities, individuals and family members, including healthcare workers and first responders, most deeply impacted by the COVID-19 crisis. And, if that is not enough, we are nationally dealing with political unrest as a change in leadership takes office. Let’s hope that a peaceful transition can occur, and we can come together for the betterment of this great country of ours!

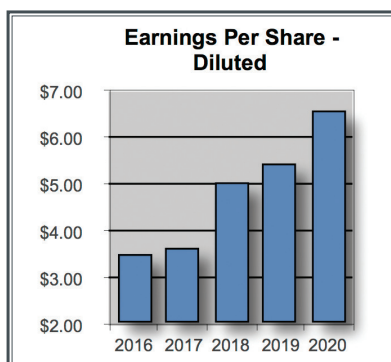


Throughout our history, First Citizens has built its reputation on being there for our customers and communities no matter what. This unprecedented environment is no different. Our actions during this crisis, not just as a company but also individually, are essential to getting our economy and personal health back to pre-pandemic levels and will be remembered for years to come.

As with previous annual letters, I will share with all of you, our major priorities, accomplishments and performance, as well as the impact this crisis will have not just on our company, but as I think, on society for generations to come. As we deal with both the economic and social effects of this pandemic, I want to share with you what we can and have done as a bank to remain strong, resilient and well positioned to support our customers, communities and employees through this process as we move closer to mass vaccination.



Looking back on the last 17 years as your CEO & President, the company has weathered some unprecedented challenges, as we have with this current pandemic — but they did not stop us from achieving some extraordinary results. We do this as a TEAM. You all should know how grateful and proud I am of our more than 300 employees. Also, special mention goes out to the senior leadership TEAM and our Board of Directors for the exceptional leadership they have shown under the most difficult of times.

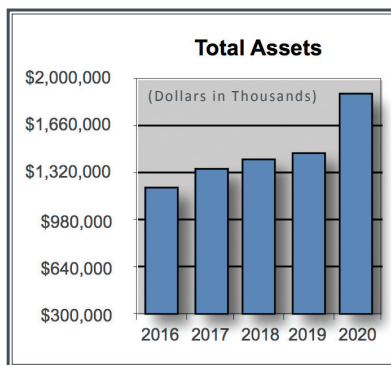
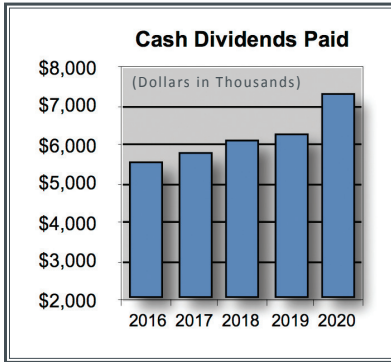


We entered 2020 in a position of strength and were able to build upon that strength throughout the year, resulting in one of our best years ever, as evidenced by our financial achievements for the twelve months ended December 31, 2020.

- Earnings growth of 28.8% to over \$25.1 million compared to \$19.5 million at December 31, 2019
- Earnings Per Share growth of 20.4% to \$6.60 versus \$5.48 for the year ended December 31, 2019

Navigating the Storm

continued from previous



- Return on Average Assets increased 9% to 1.46% compared to 1.34% for the year ended December 31, 2019
- Return on Average Equity increased 9.3% to 14.21% compared to 13.00% for the year ended December 31, 2019
- Return on Average Tangible Common Equity increased 10.1% to 17.16% compared to 15.58% for the year ended December 31, 2019
- Dividends paid increased 9% to \$1.92 per share compared to \$1.76 per share for 2019
- Loan growth of 26% to \$1.4 billion
- Assets growth of 29% to \$1.9 billion
- Deposit growth of 31.2% to \$1.6 billion

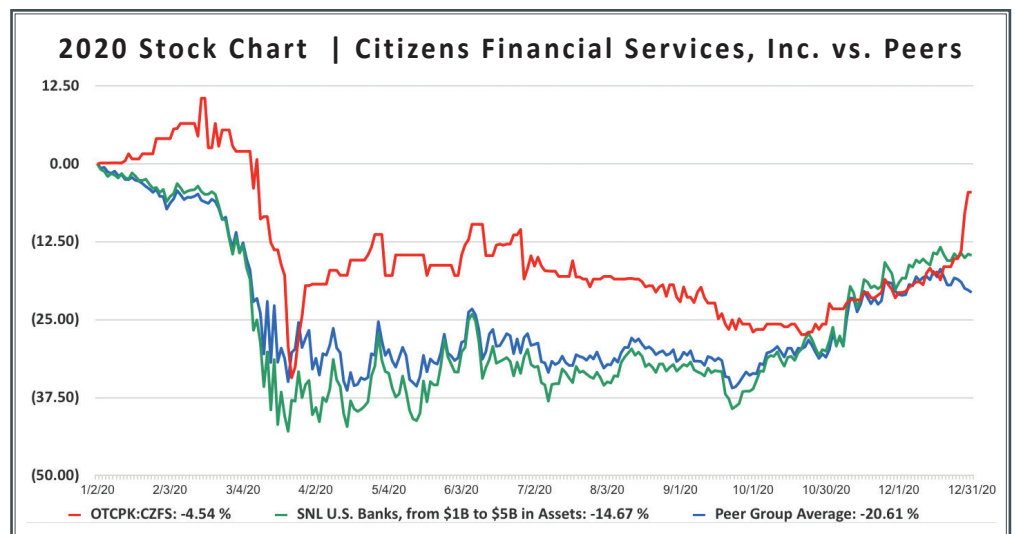
We strive every day to achieve, and maintain, financial performance levels in the top quartile of our peer group to continue to provide you, the shareholder, with positive returns. We understand this measure is critical to our long-term success, and a safe, sound financial institution. Our stock (CZFS) is held largely by individual investors, many who have ties back to the Company, through either their family or themselves,

having lived or currently living within the communities we serve, along with many of them being customers. Many of these individuals are veterans, teachers, first responders, retirees, or those saving for a home, school or retirement. Your TEAM goes to work every day recognizing the enormous responsibility that we must perform for you, our shareholders.

While we don't run the company worrying about the stock price in the short run, in the long run our stock price is a measure of the progress we have made over the years. We continue to make investments, no matter what the current economic factors are, to build upon our capabilities — our people, systems, products and services. It's this long-term vision that continues to drive our important investment decisions, which in turn drives the prospects of our company and puts us in a position of growth and strength.

A true testament to the strength of any organization or an individual is its ability to adapt to unexpected conditions. I want to let you know your TEAM is as strong as they come, as evidenced by their ability to adapt!

COVID-19 changed the world as we knew it during 2020, as an increased focus for the health and well-being of our employees and customers took front and center. This pandemic reality brought on an entirely new set of challenges, requiring an extremely agile response.





←—————→

We wasted no time in adjusting our focus and mission. We committed to three very specific and clear objectives and have stuck with them:

- To protect our people
- To be there for our customers
- To keep our company strong

We immediately established our COVID-19 task force, which set out new operating procedures with the three objectives above at the core of any decision. With the primary focus being on the health and safety of our TEAM, we immediately implemented social distancing practices throughout our company, along with establishing an “A” and “B” TEAM rotation schedule throughout our whole footprint, focused on protecting our TEAM. We also identified and relocated as many TEAM members as possible who could perform their jobs remotely from home and relocated remaining operational functions to separate physical locations within our corporate areas to ensure safety and continued functionality of bank operations.

At the same time, as access to our lobbies became limited, we undertook a massive outreach initiative to our customer base to ensure they had uninterrupted service and access to their finances through our ecommerce delivery channels, which some may have not been familiar with prior to the pandemic. What we have witnessed is that traditional banking as we knew it is a thing of the past, and we as individuals have learned to adapt to a new norm, with a real focus on health, safety and convenience. We are thankful that our suite of products and services are there to meet their needs, as our return on our investments in technology continues to put us in a position of strength and to pay dividends.

Meanwhile, our local and national economies came to a standstill as the overall flight to isolation for everyone’s safety and health created a break in the flow of commerce. With our educational institutions shutting down and adapting to remote learning models throughout our country, combined with stay at home orders and travel bans, it called into question what the survivability rates would be of our business customers both large and small. The impact was felt beyond consumers and businesses, with local and state governments, nonprofits, and educational institutions also being negatively impacted. Our government leaders acted quickly with the passage of not just one, but two stimulus packages aimed at keeping our small businesses afloat and individuals in their homes. The 2020 Coronavirus Relief Law (CARES Act) put in place the Payroll Protection Program (PPP), one of many stimulus packages within the CARES Act, which provided a financial stimulus to businesses to keep employees off the unemployment line and assist businesses as they navigated through the pandemic. Banks of all sizes were thrown into the conduit to get these PPP funds into the marketplace. Our TEAM stepped up to the challenge by providing \$54.3 million of funding to 591 customers during 2020. In addition to PPP, the CARES Act also provided regulatory guidance for payment deferrals for both commercial and residential loans resulting from the economic impact of the crisis. Under our loan modification program, at the peak of the crisis, we provided payment relief on 539 loans to our customers totaling \$206.8 million. As of December 31, 2020, there were just 4 commercial loans totaling \$8.7 million that remained under the deferral program. Just another great example supporting our claim that our greatest asset is our employees!

And if that wasn’t enough, because of the Federal Reserve’s attempt to stabilize and stimulate our economy by lowering the Federal Funds rate to zero, both short-term rates and long-term rates dropped to historical lows. As a result, our residential lending arm was overrun with customer requests to refinance, which resulted in the highest volume ever with 460 loans, representing \$88 million and \$2.2 million of fee income. Again, without our greatest asset – our employees – we would not have been able to accomplish such great feats!

Navigating the Storm

continued from previous

Amid all this activity in the first half of 2020, on April 17, 2020, we closed on our previously announced acquisition of MidCoast Community Bancorp, Inc., headquartered in Wilmington, Delaware. First Citizens added \$236 million in fair value assets and 3 offices. As discussed in previous correspondence, the Delaware market along with the south eastern part of Pennsylvania, plus the addition of the new TEAM of employees, provide unlimited opportunities for the company, and in turn you, the shareholder.

As part of our strategy directly related to the acquisition, in November of 2020, we opened a full-service office in Kennett Square, Chester County, PA, which not only connects our Wilmington, DE and Lancaster, PA markets, but positions us in one of the fastest-growing counties in Pennsylvania, adding to our overall growth strategy.

As you can see, we have been on quite a journey. Not just during 2020, but one that started years ago in 1872 with 1 location in Mansfield, Tioga County, PA to now 31 locations expanding three states, from Wellsville, NY to Dover, DE. In the past, we have symbolized our identity with our horse and rider logo, which represented Captain Williamson, who was instrumental in blazing the trail north from Harrisburg, PA up what's currently Route 15, to Mansfield, PA, previously known as the Williamson Trail. During 2020, we thought it was time to revisit our logo as we continue to expand beyond our borders, realizing no matter what symbol or acronym we use, we will always be, First Citizens Community Bank (FCCB). As a result, we decided it was time to refresh our logo to represent our journey, not only the journey we have been on as a company, but to represent the financial journey we take with our customers every day, side by side, from their first checking account and loan, to saving for retirement, to retirement and estate planning being their trusted financial partner for life. Thank you for being a part of our journey!

As stated earlier, our financial investments in our people and technology continue to pay forward. As in the past, our focus on growth and technology continue to be key drivers in executing our strategy, and 2020 was no different. Not only did we add to our talented TEAM through our expansion into Delaware, we were able to attract additional high-quality talent throughout all our markets...a true testament to our past success. We also undertook a major technology project with the execution and implementation of a new internal imaging system and teller capture system, which not only gives us improved processes and controls, but provides the foundation for additional technology advancements in the future.

As you can imagine, asset quality was and remains on high alert as we continue to evaluate the long-term economic impact this recession will have as result of the pandemic. Our loan portfolio consists of Commercial & Industrial, Commercial Real Estate, Agricultural Real Estate and Residential Real Estate loans across our foot print. FCCB has had a long history of high asset quality and strong loan metrics, which we attribute to our strong credit underwriting standards, our diversification of the portfolio both by product and geography, along with our skilled TEAM of lenders and their strong customer relationships. As evidenced below, asset quality continues to remain strong:

- Non-performing assets totaled \$13.1 million at December 31, 2020, a decrease of \$2.3 million, when compared to December 31, 2019
- Ratio of non-performing assets to total loans was .93% at December 31, 2020 which represents a decrease of 32.6% from 1.38% at December 31, 2019
- Annualized net charge-offs to total loans was .03% for the year ended December 31, 2020, a 50% decrease when compared to .06% for the year ended December 31, 2019

Even though asset quality metrics continue to trend in a positive direction and remain favorable compared to peers, we continue to monitor daily the long term impact this crisis will have on our customers, especially the small mom and pop businesses, the restaurant industry, hospitality, entertainment and theme parks and the commercial office space sector. Although our exposure is



very limited in these sectors, we remained concerned by what the national and global impact will be.

With everything that was thrown at us, you can see we not only weathered the storm of 2020, but got stronger, as evidenced by our record financial performance. Because of our performance, we continue to be recognized, for the thirteenth consecutive year, as one of the top 200 community banks in the country by the *American Banker Magazine*, with assets less than \$2 billion, for financial performance based upon the three-year average return of equity. In addition, FCCB again earned a maximum 5-star rating from Bauer Financial, Inc., which analyzes and reports on the financial condition of the nation's banks. We also finished the year as the number three agricultural lender headquartered in Pennsylvania and 65th in the nation as of September 30, 2020.

In true community banking fashion, at the onset of the pandemic, FCCB made donations across our entire market totaling \$50,000 to various health care and community organizations to assist them in their fight against COVID-19. Throughout 2020, FCCB also delivered meals to first responders in our markets as a way of saying thank you for all they have done and continue to do for our communities. In addition, \$50,000 was donated to the Central PA Food Bank in 2020 to help our families, friends, neighbors and customers in their time of need. We also continued our ongoing annual support to educational organizations, which are so vital to our mission, especially this year with all the changes that came about during the pandemic as to how students across the country received their education. Through the state of Pennsylvania sponsored Educational Improvement Tax Credit (EITC) program, we donated \$325,000 to 48 educational enrichment programs throughout our markets, with most of them being customers of FCCB — let's call it our way of giving back, a win/win for all. Our communities will always be a critical part of our mission and success!

As I stated in the beginning, we must not dwell on the past but remember as with any storm there comes a time of regeneration and new growth. As we tackle 2021 and beyond, we realize some things will never be the same and as such we must address and adjust our products, services, work environment expectations and benefits to meet the growing needs of our customers and employees. The year 2020 has changed consumer behaviors forever, with a focus on health, safety and convenience. The same goes for our employees, our greatest asset. We must adapt to their needs and wants, while not losing focus on meeting the expectations of our customers, communities and shareholders. So, rest assured, we will continue to drive forward, focused on our strategic plan, which continues to remain our road map for success.

Most importantly, through all of the challenges of 2020, our culture—as created and sustained by each of our employees—was revealed to be our greatest strength and asset. In the moment when we needed it most, we came together as one TEAM, aligned with our shared values and committed to our customers and our success.

I would like to express my deep gratitude and appreciation for the employees of First Citizens. I hope all shareholders and readers gain an appreciation for the tremendous character and capabilities of our people and how they have helped our customers and communities through this crisis. I can only hope you are as proud of them as I am. Together we will weather this storm and will undoubtedly be stronger for it.

Stay Safe. Stay Strong. Hold your loved ones tight.

Randall E. Black - Chief Executive Officer and President

New In 2020

We Grew Our Organization

- MidCoast Community Bancorp, Inc., headquartered in Delaware, became FCCB adding 3 offices and \$236 million in assets to our company.
- FCCB entered Chester County, PA with our 31st Office in Kennett Square.

We Were a Lending Machine!

FCCB Lenders refinanced 460 mortgage loans totaling \$88 million. That's an all-time high for FCCB!

We Fought COVID!

- Instituted safety measures to protect customers and staff while safely keeping lobbies open.
- Waived late payment fees.
- Provided loan payment relief to 539 customers and 591 PPP loans to businesses totaling \$54.3 million.



We Changed Our Look

But not who we are and what we stand for!

We Put the Unity in Community With \$500,000 in Donations

- \$50,000 to local hospitals to help battle COVID.
- \$325,000 to education.
- \$50,000 to the Central PA Food Bank.
- \$16,100 to the American Cancer Society from our annual Cancer Classic golf tournament bringing our 21-year total to \$264,000.

We Celebrated Our Achievements

Randall E. Black, CEO and President, was named Penn State University Trustee and Class A Director to the Philadelphia Federal Reserve.

We Implemented Technology Advancements

- Converted to a new teller system to improve transaction posting for customers.
- Converted eStatements to our online banking platform for greater customer convenience.
- Automated our Accounts Payable system to improve efficiency.

We Were Recognized for Our Efforts

Ranked 59th top-performing community bank in the nation.

Received the Delaware Small Business Chamber Blue Ribbon Award for Customer Service.

Earned a 5-star rating from Bauer Financial, Inc. for safety and soundness.

Ranked 65th top Agricultural Lending Bank in the nation.

Our Growth Extends to Delaware



FCCB Enhances Franchise Value with the Acquisition of MidCoast Community Bank

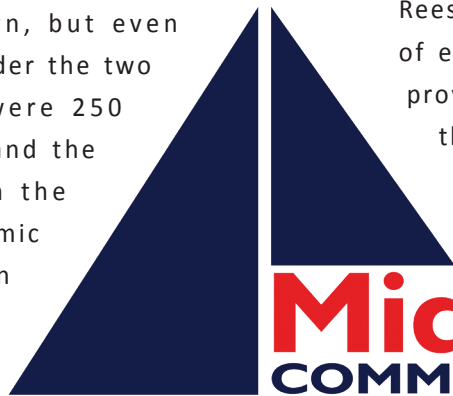
On April 17, 2020, we successfully completed the acquisition of MidCoast Community Bank headquartered in Delaware. An acquisition is one of the most challenging projects we undertake, as it involves a highly synchronized team effort from both organizations involved. It engages two teams who don't know each other, trying to understand each other's systems, markets, culture, products and processes over a short period of time with a shared goal of little to no customer inconvenience. Quite a feat on its own, but even more so when you consider the two banks' headquarters were 250 miles from each other and the conversion occurred in the midst of a global pandemic with travel restrictions in place. It was a mountain of a project, but once again, employee determination and experience made it possible!

The acquisition did more than just add \$236 million in assets and 3 new branches to First Citizens. It extended our footprint into new growth markets in Wilmington, Dover, and everywhere between. It provided the opportunity to open a branch in Kennett Square, Chester County, PA, which is strategically positioned between our Lancaster and Wilmington locations. And, it added value to our greatest asset, our TEAM.

32 experienced employees, who were well-connected and well-respected by their communities and customers, joined our First Citizens family. This is always one of the most rewarding benefits of an acquisition because new employees bring knowledge and ideas that help expand our current way of thinking, and in turn they also learn new things. Their branch management, sales and administrative

teams bring over 224 years in banking experience to our organization.

The experienced business lenders who joined us as part of the acquisition are second-to-none. And since then, we've been fortunate to have added even more talented lenders supporting our ability to stand out among the other banks in the market. Our six commercial lenders, Anthony Manerchia, Jeremy Abelson, Jose Colon, Kevin Esslinger, John Reese and Edward Sweeney have over 150 total years of experience. We're confident we can effectively provide the capital businesses need, while helping them create operational efficiencies and improve their cash flow through services provided by our talented Cash Management team.



MidCoast
COMMUNITY BANK

It's important to have a network of business and community

influencers. We promptly organized a Delaware Regional Advisory Board who will help connect their communities with the FCCB brand, assist in developing our strategic direction for the market, and inform us of unique opportunities to serve the consumers, businesses and community organizations in the market. A thorough search allowed us to identify the following key individuals to fill the Delaware Advisory Board:

Robert Aerenson

Eric Hoerner

Joy Barrist

L. Peter Temple

Geoffrey R. Bosley

Ronald E. Schofer

Joseph A. DePaulo, Jr.

Robert Dayton II

Welcome To



Our Employees Make the Difference

Years of Service Awards

Employee retention is crucial to running a successful business. It's important for the Company and for our customers. Each year, we recognize those employees who have reached milestones for years of service. We typically honor these folks at our company-wide In-Service Day celebration and snap some photos to include in the Year in Review Booklet. But this is yet one more tradition that has been sidelined by the pandemic. We've listed their names below. If you know them, give them a socially-distanced high-five for their achievements.

5

YEARS OF SERVICE

- Karen Watson
- Kiera Carneiro
- Shandi Rockwell
- Samantha Andrews
- Jarrod Burd
- Tracey Nudd
- Jim Rovito
- Zach Smith
- Molly Christman
- Melissa Daub
- Tara Brown
- Shelly Levan
- Judy Wenrich
- Lori Faller
- Kelly Bakke
- Marla Miller
- Dawn Miele
- Sheila Kleinfelter
- Dora Rodgers
- Lesley Martin
- Linda Wilcox
- Beth Reed
- Denise Deck
- Renee Duffy
- Jane Meyer
- Imelda Drahovsky
- Dave Leggat
- Tricia Nies

10

YEARS OF SERVICE

- Samantha Roupp
- Ashley Petrowski
- Jayanna Cavanaugh Teeter
- Erin Cole
- Danielle Russell

15

YEARS OF SERVICE

- Kristen D' Angelo
- Lori Hamblin

20

YEARS OF SERVICE

- Matt Lundgren
- Janet Holmes
- Kevin Hyatt
- Beth Weiskopff
- Lisa Alexander
- Pamela Beers
- Cindy Chapdelaine
- Deb Donnelly
- Karla Howland
- Vicky Sickler
- Debbie Casey
- Cathy Pientka
- Kelly Watkins
- Kathy Webster

30

YEARS OF SERVICE

- Sandra Smith
- Kristina Bogaczyk

40

YEARS OF SERVICE

- Beth Pfleegor
- Paula Johnson



In Memoriam – Richard E. Wilber

We are deeply saddened by the recent loss of Dick Wilber, who was President of First Citizens from 1981 to 2003. He accomplished many things during his 22 years, including the creation of our holding company, Citizens Financial Services, Inc., the acquisition of Star Savings and Loan in 1991, the acquisition of additional Bradford County offices from Meridian Bancorp Inc. and Sovereign Bank, the opening of two Supermarket branches, and the introduction of internet banking and bill payment to our customers. Under his direction, the Bank created a centralized operations center south of Mansfield and constructed a beautiful corporate headquarters and main branch that is a focal point of downtown Mansfield. In addition, Dick was very dedicated to community development, participating in many organizations whose goal was the improvement of neighborhoods.

"Dick gave me my start in banking which opened up incredible opportunities for me. I'll always be grateful for his willingness to take a chance on a local kid. He was very dedicated to First Citizens and helped build the strong foundation we now stand on. Our thoughts and prayers go out to Dick's family and friends."

– Randall E. Black, CEO and President



Common Stock

The Company's stock is not listed on any stock exchange, but it is quoted on the OTC Pink Market under the trading symbol CZFS. Prices presented in the table below are bid prices between broker-dealers published by the OTC Pink Market. The prices do not include retail markups or markdowns or any commission to the broker-dealer. The bid prices do not necessarily reflect prices in actual transactions. Cash dividends are declared on a quarterly basis.

A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, as required to be filed with the Securities and Exchange Commission, will be furnished without charge upon written request to the Company's Treasurer at the principal office at 15 South Main Street, Mansfield, PA 16933. The information is also available through the Company's website at www.firstcitizensbank.com and at the website of the Securities and Exchange Commission at www.sec.gov.

Stock Performance

	High	Low	Dividends Declared per share
2020			
First quarter	\$64.85	\$37.62	\$0.555
Second quarter	\$56.47	\$48.66	\$0.455
Third quarter	\$49.56	\$43.25	\$0.460
Fourth quarter	\$55.00	\$43.00	\$0.460
2019			
First quarter	\$59.66	\$55.00	\$0.445
Second quarter	\$61.39	\$59.70	\$0.445
Third quarter	\$60.55	\$57.75	\$0.450
Fourth quarter	\$61.50	\$58.30	\$0.450

Selected Financial Data

Consolidated Balance Sheet

(in thousands except share data)

Consolidated Balance Sheet					
	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
ASSETS:					
Cash and cash equivalents:					
Noninterest-bearing	\$ 16,374	\$ 17,727	\$ 15,327	\$ 16,347	\$ 16,854
Interest-bearing	52,333	793	1,470	2,170	900
Total cash and cash equivalents:	68,707	18,520	16,797	18,517	17,754
Interest bearing time deposits with other banks	13,758	14,256	15,498	10,283	6,955
Equity securities	1,931	701	516	-	-
Available-for-sale securities	295,189	240,706	241,010	254,782	314,017
Loans held for sale	14,640	815	1,127	1,439	1,827
Net Loans	1,389,466	1,101,724	1,068,999	989,335	790,725
Premises and equipment	16,948	15,933	16,273	16,523	17,030
Accrued interest receivable	5,998	4,555	4,452	4,196	4,089
Goodwill	31,376	23,296	23,296	23,296	21,089
Bank owned life insurance	32,589	28,128	27,505	26,883	26,223
Other assets	21,072	17,705	15,239	16,632	23,309
TOTAL ASSETS	\$ 1,891,674	\$ 1,466,339	\$ 1,430,712	\$ 1,361,886	\$ 1,223,018
LIABILITIES:					
Deposits:					
Noninterest-bearing	\$ 303,762	\$ 203,793	\$ 179,971	\$ 171,840	\$ 147,425
Interest-bearing	1,285,096	1,007,325	1,005,185	933,103	858,078
Total deposits	1,588,858	1,211,118	1,185,156	1,104,943	1,005,503
Borrowed funds	88,838	85,117	91,194	114,664	79,662
Accrued interest payable	1,017	1,088	1,076	897	720
Other liabilities	18,702	14,242	14,057	12,371	13,865
TOTAL LIABILITIES	1,697,415	1,311,565	1,291,483	1,232,875	1,099,750
STOCKHOLDERS' EQUITY:					
Common stock	4,350	3,939	3,904	3,870	3,704
Additional paid-in capital	75,908	55,089	53,099	51,108	42,250
Retained earnings	126,627	110,800	99,727	89,982	91,278
Accumulated other comprehensive gain (loss)	2,587	(629)	(3,921)	(3,398)	(1,392)
Treasury stock, at cost	(15,213)	(14,425)	(13,580)	(12,551)	(12,572)
TOTAL STOCKHOLDERS' EQUITY	194,259	154,774	139,229	129,011	123,268
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,891,674	\$ 1,466,339	\$ 1,430,712	\$ 1,361,886	\$ 1,223,018



Five Year Summary of Operations

(in thousands except share data)

	2020	2019	2018	2017	2016
Interest income	\$ 70,296	\$ 61,980	\$ 56,758	\$ 48,093	\$ 43,005
Interest expense	8,105	12,040	9,574	5,839	5,041
Net interest income	62,191	49,940	47,184	42,254	37,964
Provision for loan losses	2,400	1,675	1,925	2,540	1,520
Net interest income after provision for loan losses	59,791	48,265	45,259	39,714	36,444
Non-interest income	11,158	8,242	7,754	7,621	7,644
Investment securities gains (losses), net	264	144	(19)	1,035	255
Non-interest expenses	40,847	33,341	31,557	29,314	28,671
Income before provision for income taxes and extraordinary item	30,366	23,310	21,437	19,056	15,672
Provision for income taxes	5,263	3,820	3,403	6,031	3,034
Net income	\$ 25,103	\$ 19,490	\$ 18,034	\$ 13,025	\$ 12,638
Per share data:					
Net income - Basic (1)	\$ 6.60	\$ 5.48	\$ 5.04	\$ 3.63	\$ 3.50
Net income - Diluted (1)	6.59	5.47	5.04	3.63	3.49
Cash dividends declared (1)	1.92	1.76	1.71	1.55	1.59
Stock dividend	1%	1%	1%	5%	1%
Book value (1) (2)	48.87	43.61	40.02	36.84	34.70
Financial Ratios and Data:					
Return on average stockholders' equity, excluding accumulated other comprehensive income	14.21%	13.00%	13.00%	10.04%	10.24%
Return on average assets	1.46%	1.34%	1.29%	1.03%	1.06%
Dividends as a percent of net income	29.32%	32.40%	34.08%	44.97%	44.12%
Equity to asset ratio	10.27%	10.31%	9.90%	10.31%	10.35%
Loan Quality (dollars in thousands):					
Non-performing assets	\$ 13,093	\$ 15,427	\$ 14,393	\$ 11,845	\$ 12,895
Non-performing loans	\$ 11,257	\$ 12,023	\$ 13,792	\$ 10,726	\$ 11,859
Non-performing assets as a percent of loans, net of unearned income	0.93%	1.38%	1.33%	1.18%	1.61%
Non-performing loans as a percent of loans, net of unearned income	0.80%	1.08%	1.27%	1.07%	1.48%
Year-end allowance for loan losses	\$ 15,815	\$ 13,845	\$ 12,884	\$ 11,190	\$ 8,886
Year-end allowance to total loans	1.13%	1.24%	1.19%	1.12%	1.11%
Year-end allowance to total non-performing loans	140.49%	115.15%	93.42%	104.33%	74.93%

(1) Amounts were adjusted to reflect stock dividends. (2) Calculation excludes accumulated other comprehensive income.

Selected Financial Data

Consolidated Quarterly Data

(in thousands except share data)

2020	Three Months Ended,			
	Mar 31	June 30	Sep 30	Dec 31
Interest income	\$ 15,339	\$ 18,160	\$ 18,386	\$ 18,411
Interest expense	2,449	1,874	1,916	1,866
Net interest income	12,890	16,286	16,470	16,545
Provision for loan losses	400	550	550	900
Non-interest income	2,105	1,941	3,386	3,726
Investment securities (losses) gains, net	(254)	128	152	238
Non-interest expenses	8,921	11,413	9,692	10,821
Income before provision for income taxes	5,420	6,392	9,766	8,788
Provision for income taxes	889	1,054	1,759	1,561
Net income	\$ 4,531	\$ 5,338	\$ 8,007	\$ 7,227
Earnings Per Share Basic (1)	\$ 1.27	\$ 1.39	\$ 2.04	\$ 1.85
Earnings Per Share Diluted (1)	\$ 1.27	\$ 1.39	\$ 2.04	\$ 1.85

2019	Three Months Ended,			
	Mar 31	June 30	Sep 30	Dec 31
Interest income	\$ 15,017	\$ 15,502	\$ 15,874	\$ 15,587
Interest expense	3,102	3,166	2,975	2,797
Net interest income	11,915	12,336	12,899	12,790
Provision for loan losses	400	350	400	525
Non-interest income	2,022	1,997	2,140	2,083
Investment securities gains, net	11	30	37	66
Non-interest expenses	8,322	8,237	8,414	8,368
Income before provision for income taxes	5,226	5,776	6,262	6,046
Provision for income taxes	821	930	1,066	1,003
Net income	\$ 4,405	\$ 4,846	\$ 5,196	\$ 5,043
Earnings Per Share Basic (1)	\$ 1.24	\$ 1.38	\$ 1.46	\$ 1.42
Earnings Per Share Diluted (1)	\$ 1.24	\$ 1.38	\$ 1.46	\$ 1.42

(1) Amounts were adjusted to reflect stock dividends.



Trust and Investment Services Funds Under Management

(market values in thousands)

	2020	2019	2018	2017	2016
INVESTMENTS:					
Bonds	\$ 11,777	\$ 17,349	\$ 17,559	\$ 18,672	\$ 17,871
Stocks	30,867	18,632	16,372	18,957	18,860
Savings and Money Market Funds	13,427	16,085	16,100	13,076	10,697
Mutual Funds	86,141	75,158	60,847	67,027	59,306
Mineral interests	2,738	4,982	4,500	3,885	2,598
Mortgages	956	1,045	1,082	343	456
Real Estate	1,560	696	839	513	613
Cash and Miscellaneous	2,882	351	288	247	170
TOTAL	\$150,348	\$ 134,298	\$ 117,587	\$ 122,720	\$ 110,571
ACCOUNTS:					
Trusts	\$ 40,234	\$ 34,975	\$ 30,736	\$ 28,714	\$ 26,597
Guardianships	2,817	5,929	2,347	748	1,846
Employee Benefits	58,751	51,870	51,907	57,035	48,692
Investment Management	48,462	41,520	32,595	36,221	33,434
Custodial	84	4	2	2	2
TOTAL	\$150,348	\$ 134,298	\$ 117,587	\$ 122,720	\$ 110,571

Company and Shareholder Information

FIRST CITIZENS COMMUNITY BANK - BOARD OF DIRECTORS

- R. Lowell Coolidge, Esquire, Chairman of the Board
- Randall E. Black, CEO & President
- R. Joseph Landy, Esquire, Vice Chairman of the Board
- Rinaldo A. DePaola, Esquire
- Alletta M. Schadler
- E. Gene Kosa
- David Z. Richards, Jr.
- Christopher W. Kunes
- Roger C. Graham, Jr.
- Robert W. Chappell, Esquire
- Terry B. Osborne
- Mickey L. Jones, EVP, CPA
- Thomas E. Freeman

CFSI OFFICERS

- Randall E. Black, CEO & President
- Gina M. Boor, Secretary
- Mickey L. Jones, Treasurer & Asst. Secretary, CPA

RETIRED DIRECTORS - CFSI

- Robert E. Dalton
- Mark L. Dalton
- John E. Novak
- Carol J. Tama

FORM 10-K

The Annual Report on Form 10-K will be made available upon request or is available through the company's website, www.firstcitizensbank.com.

CONTACT

- Mickey L. Jones, Treasurer, CPA - Citizens Financial Services, Inc. - 15 South Main Street - Mansfield, PA 16933

INVESTOR INFORMATION

Stock Listing:

Citizens Financial Services, Inc. common stock is listed on the OTC Pink Market and is traded under the symbol CZFS. For assistance regarding a change in registration of stock certificates, replacing lost certificates/dividend checks, or address changes, please contact Shareholder Services or the Transfer Agent listed below.

Shareholder Services:

First Citizens Community Bank
Attn: Gina Marie Boor, AVP
15 South Main Street
Mansfield, PA 16933

Toll free: 800-326-9486
Telephone: 570-662-2121
Website: www.firstcitizensbank.com
E-mail: fccb@firstcitizensbank.com

Transfer Agent:

Broadridge Corporate Issuer Solutions, Inc.
P.O. Box 1342 - Brentwood, NY 11717-0718
Phone: 800-733-1121
Fax: 215-553-5402
E-mail: shareholder@broadridge.com

COMPANY INFORMATION

EXECUTIVE OFFICE

Randall E. Black, CEO & President
Gina M. Boor, AVP, Shareholder Services

FINANCE

Stephen J. Guillaume, SVP, CFO
Pamela R. Munford, VP
Matthew M. Lundgren, AVP

OPERATIONS

Mickey L. Jones, EVP, COO
Zerick D. Cook, EVP
Gregory J. Anna, SVP
Robert G. DeWater, VP
Keith E. Sampsell, VP
Melissa A. Cowles, VP
Renée P. Davis, AVP
Bonney J. Welch, AVP

Lisa A. Banik, AVP
Michele E. Litzelman, AVP
Douglas N. Smith, AVP
Alison S. Broughton, AVP
Kathy S. Webster, AVP
Wendy L. Southard, AVP

HUMAN RESOURCES & TRAINING

Amy C. Wood, SVP
Adam S. White, VP
Laura L. Nelson, AVP

MARKETING

Kathleen M. Campbell, SVP

INVESTMENTS & TRUST

Robert B. Mosso, SVP
John A. DiGiacomo, VP

Matthew A. Stroup, VP
Kristen D. D'Angelo, AVP
Florence L. Prough, AVP
Sylvia R. Thompson, AVP
Joseph Garrity, AVP

NORTHERN REGION

RETAIL BANKING SERVICES

Jeffrey B. Carr, SVP
Janet E. Holmes, VP
Diane K. Wilson, VP
Cathy C. Pientka, AVP
Kristina M. Bogaczyk, AVP
L. Abbie Pritchard, AVP
Beth A. Weiskopff, AVP
Zachary R. Smith, AVP



COMMERCIAL BANKING SERVICES

Jeffrey L. Wilson, EVP
Christopher S. Landis, SVP
Erin M. Cole, VP
Robert P. Fitzgerald, VP
David G. Morris, VP
Patrick E. Prough, VP
Kiera N. Carneiro, AVP
Margaret J. Shaffer, AVP
Amberleigh Y. Packard
James M. Knapp

OFFICE LOCATIONS

MANSFIELD – 15 S. Main St
570-662-2121

T.J. Howe
Local Board (Mansfield, Blossburg)
Gary R. Butters
Christopher D. Jones
Jody Thomas
Thomas J. D'Angelo
Samuel H. Knipe
Shane Nickerson

BLOSSBURG – 300 Main St
570-638-2115
Beth A. Weiskopff, AVP
Local Board (see Mansfield)

WELLSBORO – 1 Pearl St
570-724-2600
Sabrina Bubeck
Local Board
Benjamin Largey
Christopher Lantz
James K. Stager
Edward Osgood

WAL-MART – 1169 S. Main St Mansfield
570-662-8520
T.J. Howe

TROY – 1133 W. Main St
570-297-2131
Veronica R. Seymour, AVP
Local Board (Troy, Gillett, Millerton)
Rick Hoover
Gregory S. Jones
Amanda Miller
Richmond Havens

MILLERTON – 7352 Route 328
570-537-2203
J. Kelsey Jones
Local Board (see Troy)

GILLETT – 33178 Route 14
Veronica R. Seymour, AVP
570-596-2679
Local Board (see Troy)

CANTON – 53 W. Main St
570-673-3103
Misti L. Machmer, AVP
Local Board
Frank Watson
Philip C. Rockwell

TOWANDA – 111 Main St
570-265-6137
Lorraine F. Brown, AVP
Local Board (Towanda, Sayre)
Thomas J. McDonald, Jr., MD
Mark Gannon
Anthony J. Ventello
John L. Huntington

SAYRE – 306 W. Lockhart St
570-888-6602
Joy Wandell-Darrow
Local Board (see Towanda)

SAYRE – 1778 Elmira St
570-888-4900
Joy Wandell-Darrow
Local Board (see Towanda)

LERAYSVILLE – 960 Main St
570-744-2431
Debra S. Donnelly, AVP
Local Board
Gerald A. Histan
Richard R. Jones
Martha D. Young

ROME – 847 Main St
570-247-5100
Debra S. Donnelly, AVP
Local Board (see LeRaysville)

ULYSSES – 502 Main St
814-848-7572
L. Abbie Pritchard, AVP
Local Board (see Western Region)

GENESEE – 391 Main St
814-228-3201
Alaina F. Knisely, AVP
Local Board (see Western Region)

WELLSVILLE, NY – 10 Main St
585-593-7290
L. Abbie Pritchard, AVP

Local Board (Western Region)
Mary Kate Cole
Michael Finn
Kevin LaForge
Arlen Calcote
Victor O. Brown, DMD PC
Douglas Kibbe
John Painter

CENTRAL REGION

MARKET EXECUTIVE
David Z. Richards, Jr., EVP

WINFIELD LOAN PRODUCTION OFFICE
1157 West Branch Parkway, Suite 2
570-768-4203
Blaine T. Fessler, VP
A. Luke Vastine, AVP
Ian R. Weaver

OFFICE LOCATIONS

MILL HALL – 39 King Arthur Dr
570-748-6469
Christopher M. Daher
Local Board
Jay B. Alexander
Steven J. Bason
James Harbach
Michael Talone

STATE COLLEGE – 141 W. Beaver Ave
814-231-8010
Christopher M. Daher
Jami A. Tomczuk, VP
Jennifer M. Cadman, VP
Jessica L. Chobody, VP

SOUTHCENTRAL REGION

RETAIL BANKING SERVICES
Lauren E. Mariani, VP
James A. Rovito, VP
Kathleen Tokonitz

COMMERCIAL BANKING SERVICES
Sean P. McKinney, SVP
Jeffrey R. Bollinger, VP
Owen E. Heller, VP
Jason R. Landis, VP
Jeffrey J. Rae, VP
Kelly E. Wetzell, VP
Alex N. Myers, AVP
Jennifer Mills

Company Information

REGIONAL BOARD

Paul Kilgore, Esquire
Eugene Kreitzer, Sr.
Wilmer Stoner
Chris Pierce
Robert Walborn
Dale Burkholder

OFFICE LOCATIONS

FREDERICKSBURG – 3016 S. Pine Grove St
717-202-2255
Alecia C. Kelsey

LEBANON – 1690 N. 7th St
717-202-2252
Dawn M. Miele, AVP

LEBANON – 450 Isabel Dr
717-202-3978
David S. Leggat

MT. AETNA – 7635 Lancaster Ave
717-202-2239
Alecia C. Kelsey

MOUNT JOY – 720 E Main St
717-928-9050
Maryann T. Payne

FIVEPOINTVILLE - 1015 Dry Tavern Rd
Denver, PA 17517
717-335-1875
Maryann T. Payne

SCHUYLKILL HAVEN – 45 W. Main St
866-779-4102
Lori A. Faller

FRIEDENSBURG – 1549 Long Run Rd
866-779-4113
Beth A. Reed

DELAWARE REGION

RETAIL BANKING SERVICES

Brian Novacich, VP

COMMERCIAL BANKING SERVICES

Anthony Manerchia, SVP
Jeremy Abelson, VP
Jose Colon, VP
Kevin Esslinger, VP
Lisa Hutchinson, VP
Christine Menser, VP
Jonathan Reese, VP
Amy Saul, VP
Edward Sweeney

REGIONAL BOARD

Robert Aerenson
Joy Barrist
Geoffrey R. Bosley
Joseph A. DePaulo, Jr.
Eric Hoerner
L. Peter Temple
Ronald E. Schofer
Robert Dayton II

OFFICE LOCATIONS

KENNETT SQUARE, PA – 741 W. Cypress St
800-326-9486
Ariana Torres

DELAWARE

DOVER - 584 N. DuPont Highway
302-724-4833
Denise Solomon, AVP

WILMINGTON: CONCORD PIKE

2901 Concord Pike
302-482-4250
Denyse Corbett, AVP

WILMINGTON: KIRKWOOD HIGHWAY

4900 Kirkwood Highway
302-250-4344
Lura Taub, AVP

AG BANKING DIVISION

Randall E. Black, CEO and President
Christopher S. Landis, SVP
Sean P. McKinney, SVP
Blaine T. Fessler, VP
Jeffrey R. Bollinger, VP
Erin M. Cole, VP
Jason R. Landis, VP
David G. Morris, VP
Kiera N. Carneiro, AVP
Benjamin D. Landis
Ian R. Weaver

AGRICULTURAL ADVISORY BOARD - NORTH

Dale Hoffman
Gene Kosa
Phil Rockwell
Tim Webster
Martha Young
Dean Jackson
John Painter
Jeff Barnes

AGRICULTURAL ADVISORY BOARD - SOUTH

Brent Copenhaver
Chris Hoffman
Chris Pierce
Delvin Martin
Peter Hughes
Robert Brubaker, Jr.
Elvin Stoltzfus
Michael Peachey

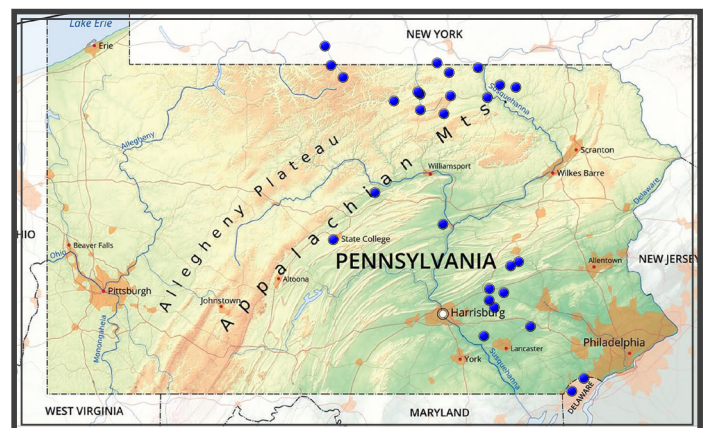
Top 30 Most Active Great Lakes OTC Banks, December 2020 (STIFEL)

Rank	Ticker	Company	OTC Tier	State	Last Sale (\$)	Nov. Vol (\$)	Vol Change (\$)
#1	ISBA	Isabella Bank Corp.	OTCQX U.S. Premier	MI	19.57	2,282,478	(100,529)
#2	CZFS	Citizens Financial Services, Inc.	Pink Current	PA	56.00	1,266,777	826,819
#3	NECB	Northeast Community Bancorp, Inc.	Pink Current	NY	13.80	3,385,895	(1,322,230)
#4	FBTT	First Bankers Trustshares, Inc.	OTCQB	IL	27.75	1,500,876	406,964
#5	UNIB	University Bancorp, Inc.	OTCQB	MI	12.56	753,880	1,064,151

Top Pick: (Boenning and Scattergood) Citizens Financial Services, Inc. (CZFS)

**\$1.8 Billion Assets | \$220 Million Market Cap
as of December 31, 2020**

- ▶ Stock Price: \$56.00
- ▶ Dividend Yield: 3.3%
- ▶ Price to tangible book value: 1.43x
- ▶ Target Price: \$63
- ▶ Normal return on assets of 121 bps w/ normal EPS >\$6.00
- ▶ 8.4% tangible common equity ratio
- ▶ Only 3% hotel loan mix, 2% restaurants, and 1% entertainment
- ▶ Only 1.5% of total loans in deferral v. peer group ave. of 2.8%
- ▶ Outperformed last credit cycle, with a mere 4 bps ave. annual net charge offs between 2007 and 2019



Source: S&P Global

CITIZENS

FINANCIAL SERVICES

I N C O R P O R A T E D

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