



FCCCB

FIRST CITIZENS COMMUNITY BANK

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**INVESTOR PRESENTATION:  
STRATEGIC ACQUISITION OF HV BANCORP, INC.**

# Legal Disclosures

## Forward-Looking Statements

This presentation contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements about CZFS and HVBC and their industry involve substantial risks and uncertainties. Statements other than statements of current or historical fact, including statements regarding CZFS' or HVBC's future financial condition, results of operations, business plans, liquidity, cash flows, projected costs, and the impact of any laws or regulations applicable to CZFS or HVBC, are forward-looking statements. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "projects," "may," "will," "should" and other similar expressions are intended to identify these forward-looking statements. Such statements are subject to factors that could cause actual results to differ materially from anticipated results.

Among the risks and uncertainties that could cause actual results to differ from those described in the forward-looking statements include, but are not limited to the following: (1) the businesses of CZFS and HVBC may not be combined successfully, or such combination may take longer to accomplish than expected; (2) the cost savings from the merger may not be fully realized or may take longer to realize than expected; (3) operating costs, customer loss and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected; (4) governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger; (5) the shareholders of HVBC may fail to approve the merger; (6) the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; (7) diversion of management's attention from ongoing business operations and opportunities; (8) the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected timeframes or at all and to successfully integrate HVBC's operations and those of CZFS; (9) such integration may be more difficult, time consuming or costly than expected; (10) revenues following the proposed transaction may be lower than expected; (11) CZFS's and HVBC's success in executing their respective business plans and strategies and managing the risks involved in the foregoing; (12) the dilution caused by CZFS's issuance of additional shares of its capital stock in connection with the proposed transaction; (13) changes in general economic conditions, including changes in market interest rates and changes in monetary and fiscal policies of the federal government; (14) legislative and regulatory changes; and (15) uncertainty as to the extent of the duration, scope, and impacts of the COVID-19 pandemic on CZFS, HVBC and the proposed transaction. Further information about these and other relevant risks and uncertainties may be found in CZFS' and HVBC's respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2021 and in subsequent filings with the Securities and Exchange Commission ("SEC"). Forward-looking statements speak only as of the date they are made. CZFS and HVBC do not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements. You are cautioned not to place undue reliance on these forward-looking statements.

# Legal Disclosures

## **Additional Information and Where to Find it**

In connection with the proposed transaction, CZFS expects to file with the SEC a registration statement on Form S-4 that will include a proxy statement of HVBC that also constitutes a prospectus of CZFS (the “proxy statement/prospectus”), which proxy statement/prospectus will be mailed or otherwise disseminated to HVBC’s shareholders when it becomes available. CZFS and HVBC also plan to file other relevant documents with the SEC regarding the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT ON FORM S-4, THE PROXY STATEMENT/PROSPECTUS TO BE INCLUDED WITHIN THE REGISTRATION STATEMENT ON FORM S-4, AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC WHEN THEY BECOME AVAILABLE, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CZFS, HVBC AND THE PROPOSED TRANSACTION. You may obtain a free copy of the registration statement, including the proxy statement/prospectus (when it becomes available) and other relevant documents filed by CZFS and HVBC with the SEC, without charge, at the SEC’s website at [www.sec.gov](http://www.sec.gov). Copies of the documents filed by CZFS with the SEC will be available free of charge on CZFS’ website at [www.firstcitizensbank.com](http://www.firstcitizensbank.com) or by directing a request to Citizens Financial Services, Inc., 15 S. Main Street, Mansfield, PA 16933, attention: Corporate Secretary (570) 622-2121. Copies of the documents filed by HVBC with the SEC will be available free of charge on HVBC’s website at [www.myhvb.com](http://www.myhvb.com) or by directing a request to HV Bancorp, Inc., 2005 South Easton Road, Suite 304, Doylestown, PA 18901, attention: Corporate Secretary (267) 280-4000.

## **No Offer**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.

## **Participants in Solicitation**

CZFS and HVBC and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. You can find information about CZFS’ executive officers and directors in CZFS’ definitive proxy statement filed with the SEC on March 10, 2022. You can find information about HVBC’s executive officers and directors in HVBC’s definitive proxy statement filed with the SEC on April 14, 2022. Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and other relevant documents filed with the SEC when they become available. You may obtain free copies of these documents from CZFS or HVBC using the sources indicated above.

# Overview of HV Bancorp, Inc.



HVBC is the holding Company of Huntingdon Valley Bank, which was founded in 1871 as a mutual institution and converted to a stock institution in 2017



HVBC is led by Travis Thompson, the Chairman and CEO, who has overseen HVBC's transformation since he joined in 2013



HVBC has the 19<sup>th</sup> largest deposit market share in the Philadelphia MSA<sup>(1)</sup>



HVBC has seen a total asset Compound Annual Growth Rate ("CAGR") of 24.0% since 2017

## Well Positioned Market Footprint<sup>(1)</sup>

Market	Rank
Burlington County, NJ	#8
Montgomery County, PA	#7
Bucks County, PA	#13
Philadelphia County, PA	#13

## Balance Sheet

Total Assets	\$570,647
Total Loans	\$391,338
Total Deposits	\$481,510
Loans / Deposits	81.27%
% of Core Deposits <sup>(2)</sup>	96.81%

## Capital Summary

TCE / TA	7.22%
Bank Leverage Ratio	9.36%
Bank CET 1 Ratio	12.20%
Bank Tier 1 Ratio	12.20%
Bank TRBC Ratio	12.90%

## Profitability (06/30/2022)

Net Interest Margin	3.34%
ROAA	0.46%
ROAE	6.23%
Efficiency Ratio	77.80%
Net Income	\$640

## Asset Quality

NPA's/Assets	0.49%
LLR/Gross Loans	0.73%
NCOs/Average Loans	0.10%

# First Citizens & Huntingdon Valley

## Combination of Like-Minded Institutions



<b>Headquarters:</b>	Mansfield, PA	Doylestown, PA
<b>Executive Management:</b>	Randall E. Black	Travis J. Thompson
<b>Assets:</b>	\$2.2B	\$570.6M
<b>Loans:</b>	\$1.6B	\$391.3M
<b>Deposits:</b>	\$1.9B	\$481.5M
<b>Loans / Deposits (%):</b>	84.9%	81.3%
<b>LTM ROAA (%):</b>	1.31%	0.49%
<b>LTM ROAE (%):</b>	12.92%	6.55%
<b>LTM Efficiency Ratio (%):</b>	54.4%	84.6%
<b>LTM NIM (%):</b>	3.40%	3.00%
<b>NPAs/Assets (%):</b>	0.67%	0.49%
<b>Reserves/Loans (%):</b>	1.10%	0.73%



Note: Financial data shown as of June 30, 2022

# Compelling Strategic Rationale

## Creating Scale and Enhancing Shareholder Value

### Proactive Transaction

- Pro forma Company approaching \$3B in assets – immediate loan growth of ~\$400M<sup>(1)</sup>
- Addition of experienced and talented pool of community banking leaders
- Presents strong market entrance into Southeastern Pennsylvania markets and is geographically complementary to prior acquisitions in Delaware markets
- HVBC is in the middle of a commercial bank transformation – doubling total assets since 2017 and recomposing its balance sheet
- Attractive pro forma loan and deposit mix expected to enhance future banking relationships and better position the pro forma Company in the current interest rate environment

### Strategically Compelling

- Accretion/dilution and earn-back metrics are within market acceptable guardrails
- Continues to establish CZFS as the consolidator of choice in its markets
- Acquisition with ~95% pay-to-trade ratio utilizes strong CZFS currency<sup>(2)</sup>
- Pro forma market capitalization positions for Russell 3000 anticipated participation in 2023

### Low Risk Transaction

- Retention of key players to the franchise – existing HVBC leadership will join the CZFS executive team and board of directors (1 Hold Co. / 2 Bank)
- HVBC will represent approximately 22.5% of the pro forma balance sheet
- Historical track record of strong asset quality as a result credit culture within HVBC
- Conservative merger-related assumptions
- Detailed credit review by internal CZFS team and independent external team

# First Citizens & Huntington Valley

## Combination of Like-Minded Institutions

**Community-oriented banks providing exceptional levels of service and driving high levels of performance for shareholders**



**Community-Focused Institution**



**Attentive to Customers**



**Disciplined Lending Practices**



**Entrepreneur Sales Culture**



**Preferred Community Bank in its Markets**



**Serving the Local Business Community**



**Employer of Choice**





# Transaction Overview

<b>Transaction</b>	<ul style="list-style-type: none"> <li>Citizens Financial Services, Inc. (“CZFS”) , parent of First Citizens Community Bank (“FCCB”), will acquire 100% of HV Bancorp, Inc.’s (“HVBC”) outstanding common stock</li> </ul>
<b>Consideration Mix</b>	<ul style="list-style-type: none"> <li>80% stock / 20% cash</li> <li>Subject to shareholder election</li> </ul>
<b>Per Share Consideration<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>\$30.50 per share in cash per share of HVBC common stock; or</li> <li>0.4000 shares of CZFS common stock per HVBC share</li> <li>\$28.58 blended price per share based on CZFS stock price as of October 18, 2022<sup>(1)</sup></li> </ul>
<b>Aggregate Consideration</b>	<ul style="list-style-type: none"> <li>\$67.4 million at announcement<sup>(1)</sup> including cashed out options</li> </ul>
<b>Price Protection</b>	<ul style="list-style-type: none"> <li>Fixed exchange ratio</li> <li>20% double trigger downside price protection</li> </ul>
<b>Announcement Metrics</b>	<ul style="list-style-type: none"> <li>Price to tangible equity of 163.4% on a fully diluted basis</li> <li>Price to tangible equity (excluding AOCI) of 153.1% on a fully diluted basis</li> <li>Price/LTM Earnings of 21.2x</li> <li>Premium to core deposits<sup>(2)</sup> of 4.0%</li> </ul>
<b>Personnel</b>	<ul style="list-style-type: none"> <li>Key executives from HVBC to join executive team at CZFS and First Citizens Community Bank, including HVBC CEO Travis Thompson and HVBC President Bob Marino</li> </ul>
<b>Approvals &amp; Close</b>	<ul style="list-style-type: none"> <li>HVBC shareholder approval</li> <li>Will seek customary approvals from PA and the Federal Reserve</li> <li>Expected closing in the 1<sup>st</sup> half of 2023</li> </ul>

# Pro Forma Institution – A Premier Community Bank

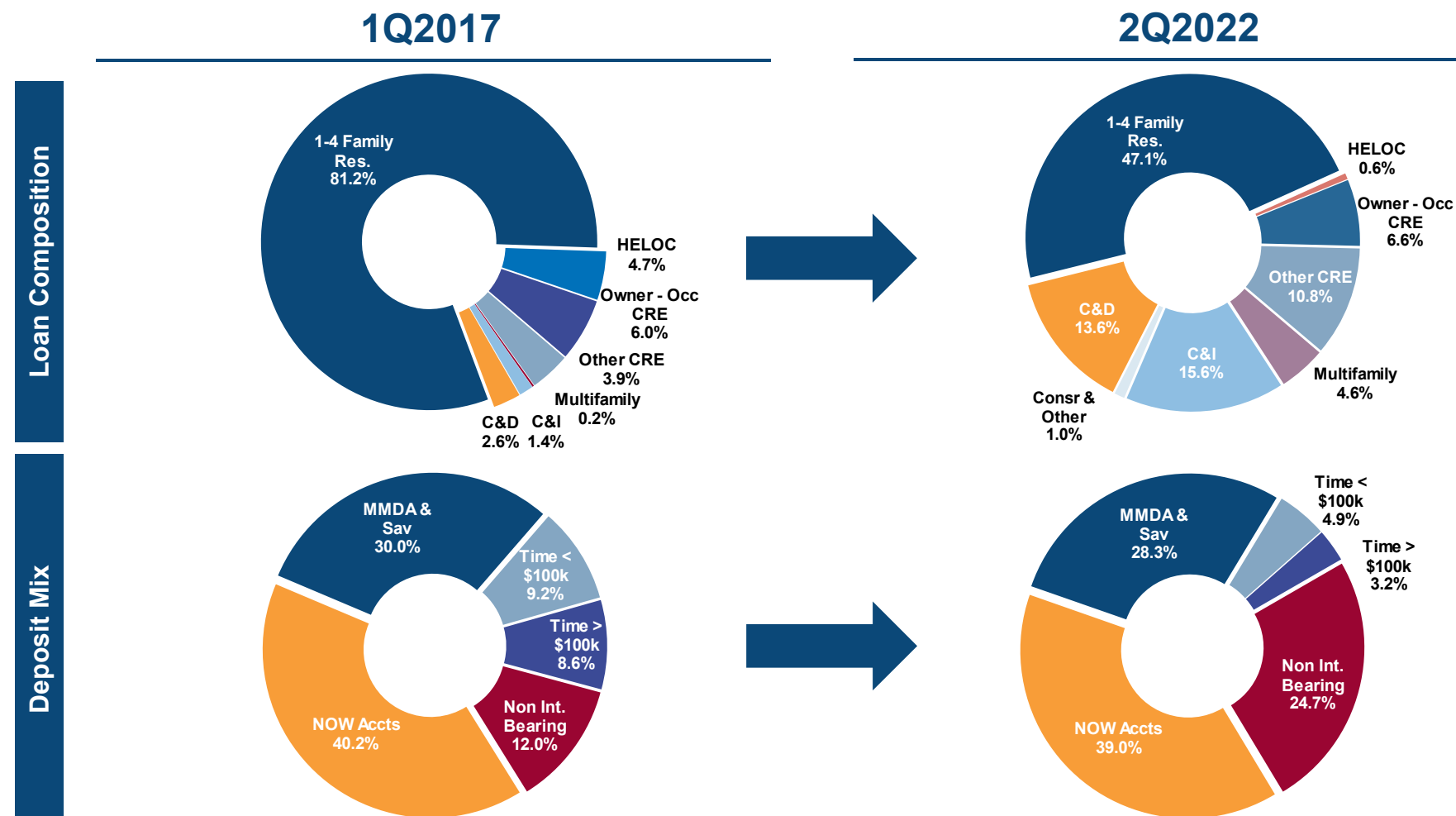
<b>\$2.8B Assets</b>	<b>\$2.0B Loans</b>	<b>\$2.4B Deposits</b>	<b>\$236M Tier 1 Capital</b>	<b>\$329M Market Cap.<sup>(1)</sup></b>
<b>44 Locations</b>	<b>4 States</b>	<b>18 Counties</b>	<b>436 Team Members</b>	<b>\$35.6M Combined Annual Earnings<sup>(2)</sup></b>

# Combined Group of Talented Bankers

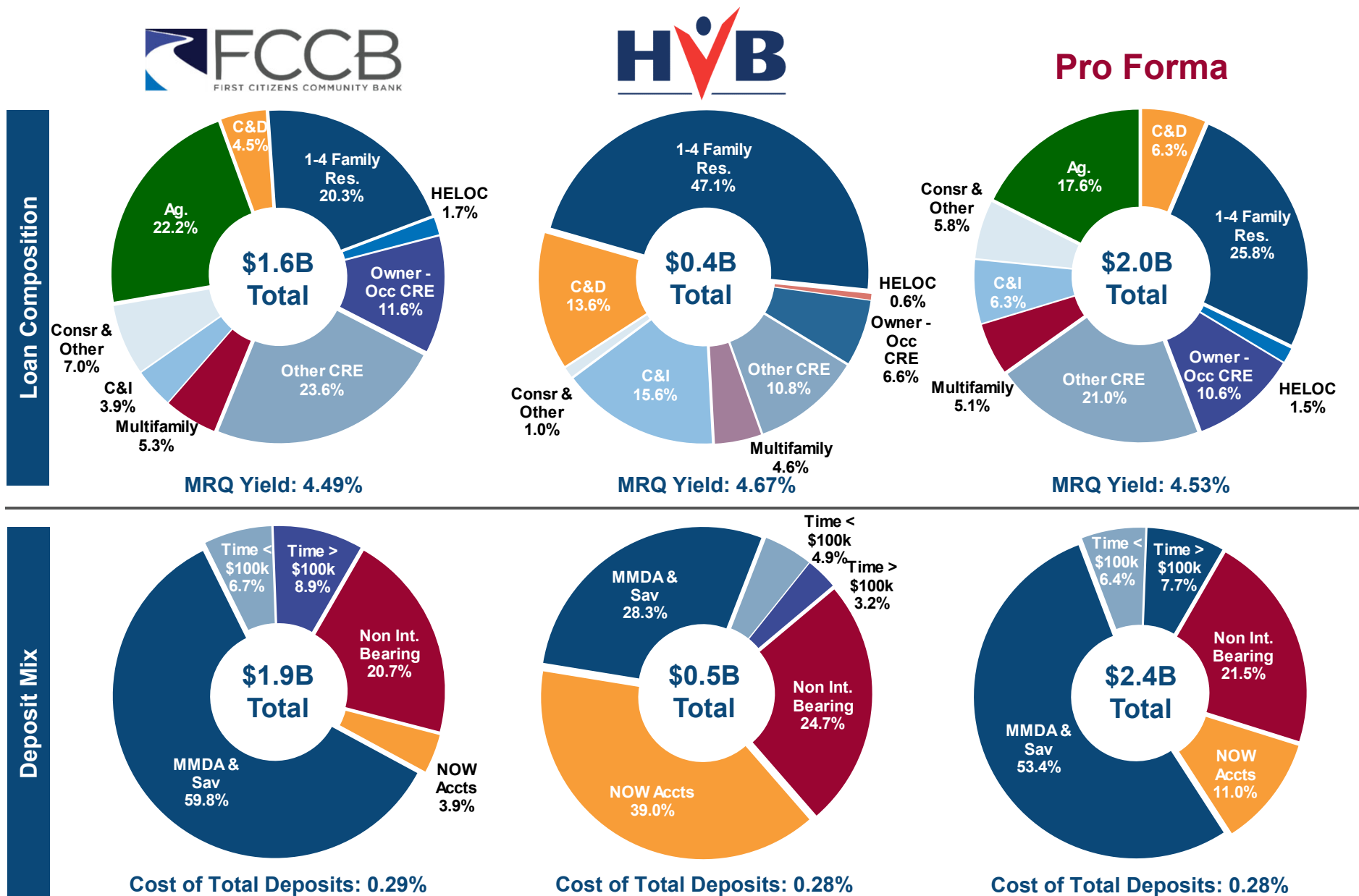
Banker	Community Bank Experience	Years
 <b>Randall Black</b>	<ul style="list-style-type: none"> <li>▪ CZFS CEO since 2004</li> <li>▪ Started his banking career at CZFS in 1993</li> <li>▪ Penn State Board of Trustees</li> <li>▪ Director of the Federal Reserve Bank of Philadelphia</li> <li>▪ Pennsylvania Bankers Association Board - 2nd Vice Chair</li> </ul>	<b>30</b>
 <b>Mickey Jones</b>	<ul style="list-style-type: none"> <li>▪ CZFS Chief Operating Officer / Former CZFS CFO</li> <li>▪ Current CZFS Board Member</li> <li>▪ Certified public accountant</li> </ul>	<b>20</b>
 <b>Travis Thompson</b>	<ul style="list-style-type: none"> <li>▪ HVBC CEO since 2013 / Chairman since 2016</li> <li>▪ Former practicing attorney in the community banking division of a prominent regional law firm</li> </ul>	<b>25</b>
 <b>Robert J. Marino</b>	<ul style="list-style-type: none"> <li>▪ HVBC President and Vice Chairman</li> <li>▪ Former Delaware Valley Region Market for Valley Green Bank</li> <li>▪ President of Southeast Region for National Penn</li> <li>▪ Founder of Spring Garden Lending</li> </ul>	<b>35</b>
 <b>David Richards Jr.</b>	<ul style="list-style-type: none"> <li>▪ CZFS Executive Vice President and Central Market President</li> <li>▪ Current CZFS board member</li> <li>▪ Former CEO of Nittany Bank / Former EVP at S&amp;T</li> </ul>	<b>40</b>

# HV Bancorp, Inc. – A Transformational Story

- Huntington Valley Bank was formed in 1871 as a mutual bank - 150+ year legacy
- HVBC executed a successful stock conversion in 2017 and has been executing a transformation strategy to create a strong commercial bank since the conversion
- Loans and deposits now represent a more commercially focused bank



# Complementary Loan & Deposit Mix

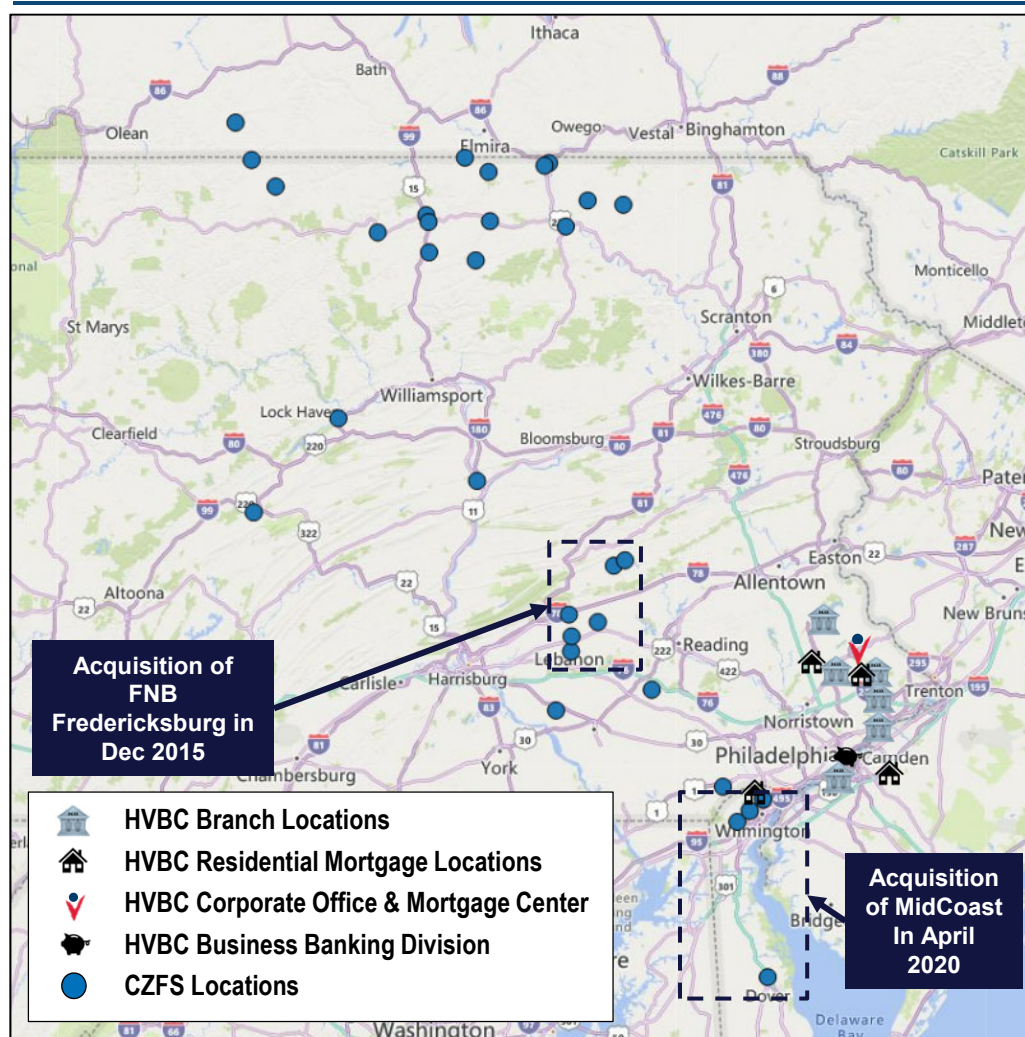


# Extends Presence in Highly Attractive Southeastern PA

## Highly-Ranked Pro Forma Deposit Market Share

Southeastern PA Region			June 30, 2022		
2022 Rank	Under \$10B Rank	Institution	Branches	Deposits (\$000)	Market Share (%)
15	4	Republic First Bancorp, Inc. (PA)	15	\$1,946,940	1.1
16	5	Meridian Corp. (PA)	7	1,570,777	0.9
17	--	JPMorgan Chase & Co. (NY)	33	1,239,093	0.7
18	6	FNB Bancorp Inc. (PA)	15	1,239,060	0.7
19	7	QNB Corp. (PA)	10	1,212,606	0.7
20	8	S&T Bancorp, Inc. (PA)	14	891,139	0.5
21	9	Harleysville Financial Corp. (PA)	7	779,084	0.5
22	10	Malvern Bancorp, Inc. (PA)	8	663,214	0.4
23	--	Customers Bancorp, Inc. (PA)	6	578,379	0.3
24	11	Phoenixville Federal Bk & Tr (PA)	7	529,844	0.3
<b>Pro Forma Entity</b>			<b>9</b>	<b>513,373</b>	<b>0.3</b>
25	12	HV Bancorp Inc. (PA)	8	485,598	0.3
26	13	Quaint Oak Bancorp Inc. (PA)	2	485,294	0.3
27	14	Citizens & Northern Corp. (PA)	4	474,800	0.3
28	15	Hatboro Federal Savings (PA)	4	452,076	0.3
29	16	William Penn Bancorp. (PA)	9	443,825	0.3
30	17	The Victory Bancorp (PA)	1	415,224	0.2
31	18	Tompkins Financial Corporation (NY)	7	400,962	0.2
32	19	First Resource Bancorp (PA)	3	381,637	0.2
33	20	Ambler Savings Bank (PA)	7	361,512	0.2
34	21	United Savings Bank (PA)	6	352,654	0.2
60	44	Citizens Financial Services (PA)	1	27,775	0.0
<b>Total</b>			<b>1009</b>	<b>\$171,529,245</b>	<b>100.0</b>

## Attractive Pro Forma Branch Franchise Footprint

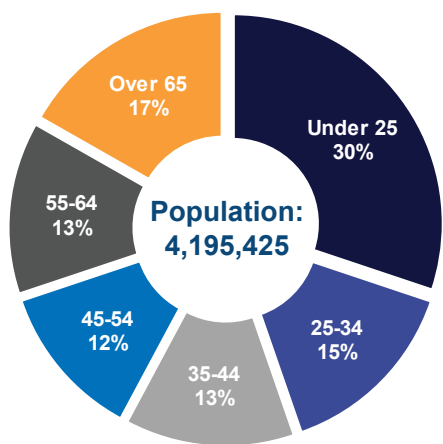


# Demographically Accretive Acquisition

## Southeastern PA Observations

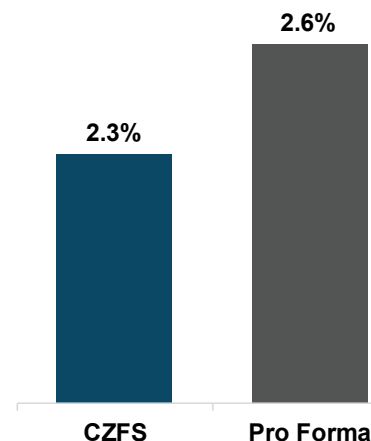
- Southeastern Pennsylvania region encompasses some of the most desirable counties in the Commonwealth of Pennsylvania
- With higher education options such as Pennsylvania University, Swarthmore College, and Villanova University, the region attracts a young and educated work force
- Southeastern Pennsylvania is a diverse economic hub with established industries including Healthcare, Manufacturing, Biomedical Technology, Finance and Supply Chain
- In addition to metro Philadelphia, Southeastern Pennsylvania is home to other attractive markets such as West Chester, Media, Downingtown, King of Prussia and Conshohocken

## Southeastern Pennsylvania Age Breakdown

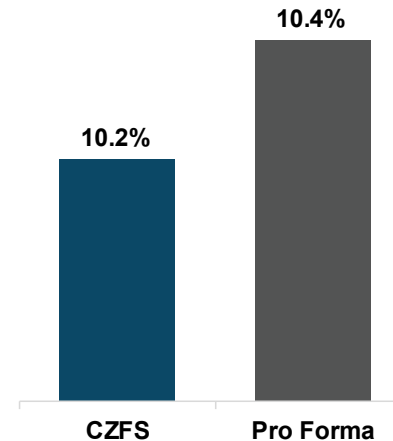


## CZFS MSA Projected Growth Trends

### Weighted '27 Pop. Growth



### Weighted '27 HHI Growth






## Median Southeastern PA Counties vs. Median Pennsylvania Demographics

	Southeastern PA Counties	Remaining PA Counties
Median Population	639,897	76,476
Median HHI	\$100,615	\$61,705
Median Unemployment	3.9%	5.0%

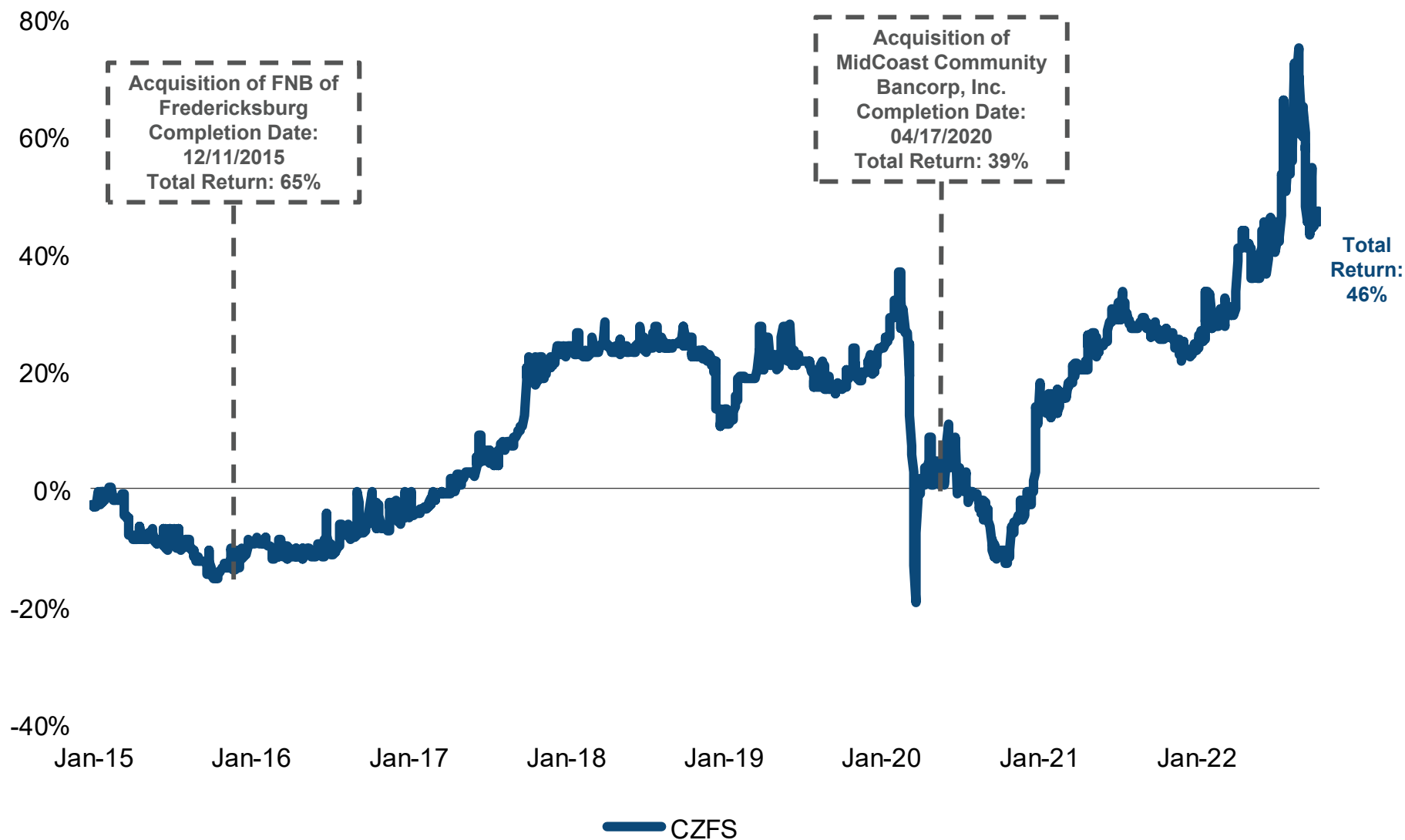
# Successful Track Record of Prudent Acquisitions

## CZFS Acquisitions since January 1, 2015

Transaction:	 FIRST NATIONAL BANK FREDERICKSBURG FNB of Fredericksburg	 MidCoast Community Bancorp, Inc.	 HV Bancorp, Inc.	Total Recent Whole Bank Acquisitions
Geography:	Fredericksburg, PA	Wilmington, DE	Doylestown, PA	--
Date Closed:	12/11/2015	4/17/2020	Est. 1H2023	--
Locations:	7	3	12	22
Purchase Price:	Cash & Stock: \$23.0 million	Cash & Stock: \$29.5 million	Cash & Stock: \$67.9 million	--
Target Assets (\$000):	\$232,409	\$268,546	\$570,647	\$1,071,602
Target Loans (\$000):	\$146,425	\$230,934	\$391,338	\$768,697
Target Deposits (\$000):	\$214,114	\$212,963	\$481,510	\$908,587

# Acquisitions Driving CZFS Shareholder Return

## CZFS Stock Performance since January 1, 2015



# Key Financial Assumptions

## Targeted Cost Savings:

- Identified \$6.6 million in cost savings, 30% cost savings rate based upon HVBC's LTM noninterest expense as of June 30, 2022
- 75% expected to be phased-in in first 12 months post-close; 100% phased-in thereafter

## Loan Credit Mark:

- \$6.9 million total loan credit mark (1.37% of total loans est. at close)
  - \$3.3 million PCD
  - \$3.6 million Non-PCD
- \$3.6 million allowance recorded immediately at close as part of the CECL double-count

## Fair Value Marks:

- \$6.5 million (1.29%) positive mark to HVBC loan portfolio
  - 100% straight-line over 5 years accretion
- \$822 thousand write up to time deposits
- \$2.7 million write up to borrowings
- Existing AOCI of \$2.8 million on HVBC 6/30 balance sheet

## Transaction Expenses:

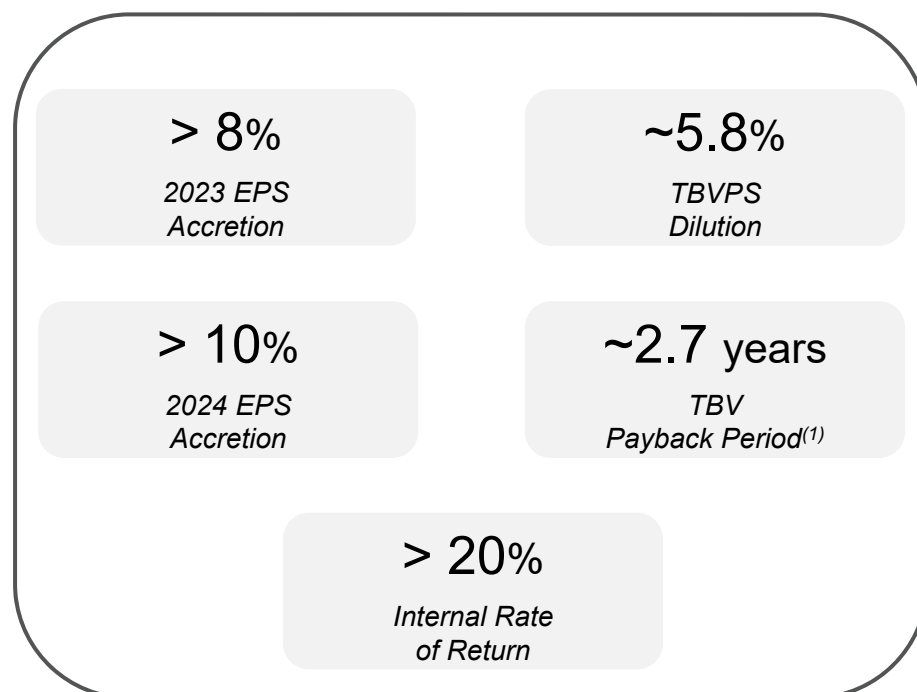
- \$8.4 million in pre-tax transaction expenses

## Other:

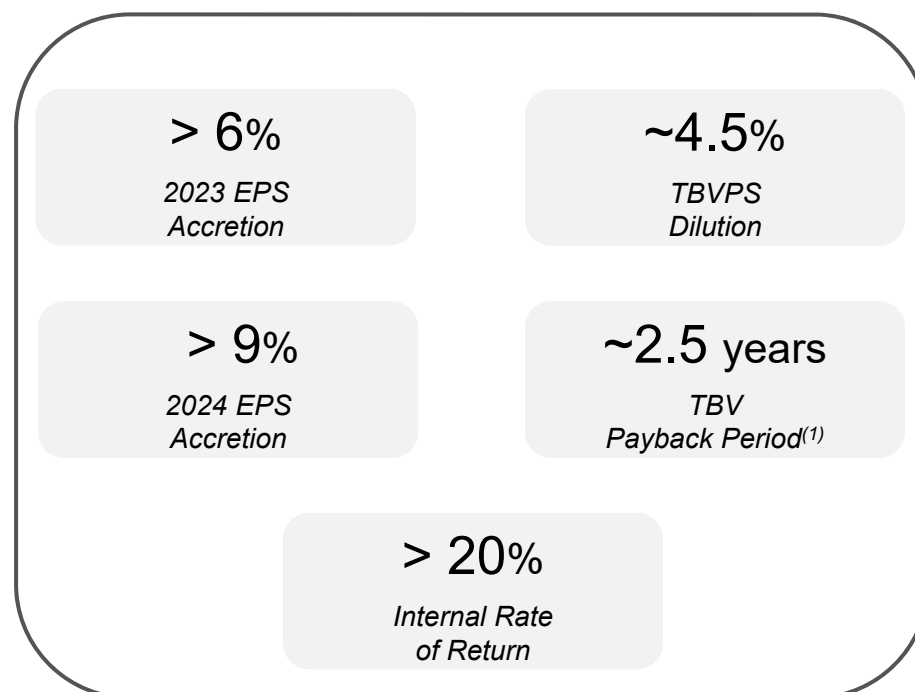
- Core deposit intangible estimated represent 1.50% of HVBC's core deposits<sup>(1)</sup> estimated at close

# Transaction Impact

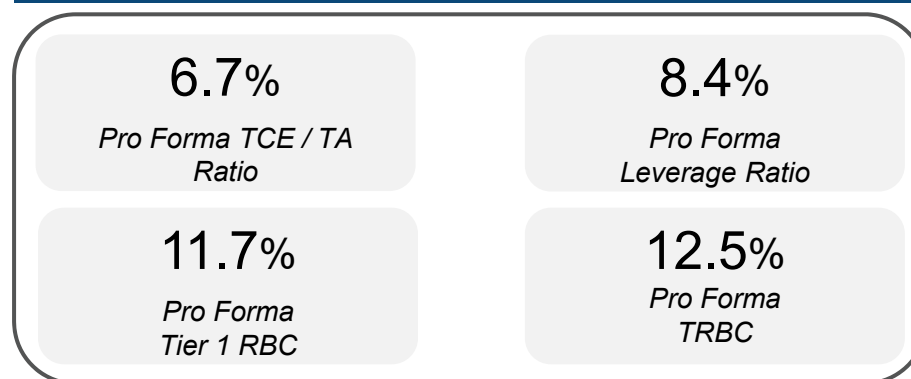
## Pro Forma Financial Impact



## Pro Forma Financial Impact (Excl. HVBC AOCI)



## Capital Ratio Impact<sup>(2)</sup>



# Building the “Better Experience Bank”



Became a publicly traded company in June, 2022 under the ticker symbol CZFS, a significant milestone that builds on our demonstrated growth.

Celebrated for outstanding 2020 performance in the prestigious Bank Directors Performance Scorecard, placing 29th in the nation and as the highest-ranking Pennsylvania bank.

Consistently awarded 5-star ratings from Bauer Financial, Inc., an organization that analyzes the financial condition of banks in our Nation.

For 15 consecutive years, FCCB has been recognized by American Banker as one of the top performing community banks, ranking first in the state of Pennsylvania where we are headquartered, and 55th in the nation in 2022.

**Forbes2018**  
**BEST-IN-STATE BANKS**

**Forbes2019**  
**BEST-IN-STATE BANKS**

Voted the “Best in State Bank” by our customers in a Forbes survey in 2018 and 2019



# Transaction Summary

- Strategic and offensive transaction to create the premier community banking franchise in its markets
- Extraordinary depth of community banking expertise, experience and leadership at the executive level
- Pushes the combined institution clearly into a stronger market cap class for future institutional sponsorship
- Continued execution of acquisition strategy to create long term franchise value and establishes CZFS as a premier consolidator in the Mid-Atlantic Region
- Financially attractive transaction with strong earnings accretion numbers and reasonable tangible book value dilution metrics
- Addition of HVBC accelerates CZFS' plans to improve infrastructure and build resources for long term franchise growth