

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Citizens Financial Services, Inc.		2 Issuer's employer identification number (EIN) 23-2265045	
3 Name of contact for additional information Gina Boor	4 Telephone No. of contact 570-662-0444	5 Email address of contact gboor@myfccb.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 15 South Main Street		7 City, town, or post office, state, and ZIP code of contact Mansfield, PA 16933	
8 Date of action June 30, 2023		9 Classification and description Common Stock	
10 CUSIP number 174615104	11 Serial number(s)	12 Ticker symbol CZFS	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On June 30, 2023, Citizens Financial Services, Inc. paid a 1% stock dividend to shareholders of record as of June 9, 2023 (e.g. for every 100 shares a holder owns, Citizens Financial issued an additional share). Cash-in-lieu of fractional share was issued based on the market price of \$77.05, which was the closing price of our stock on May 30, 2023, the declaration date.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **For every share of common stock the holder owns, their cost basis would be diluted by 1%.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **It was a 1% stock dividend that resulted in 39,208.6805 shares being issued, taking the total shares outstanding from 4,664,930 to 4,704,139.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

18 Can any resulting loss be recognized? ▶ Yes, if the amount received per share in lieu of the fractional share is valued at less than their current stock basis.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Reportable in 2023.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ *Stephen J. Guillaume* Date ▶ 6-30-23

Paid Preparer Use Only	Print your name ▶ Stephen J. Guillaume	Preparer's signature	Title ▶ Chief Financial Officer	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶	
	Firm's address ▶				Phone no.	