



FCCCB

FIRST CITIZENS COMMUNITY BANK

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Citizens Financial Services, Inc.

2023 was a year of...

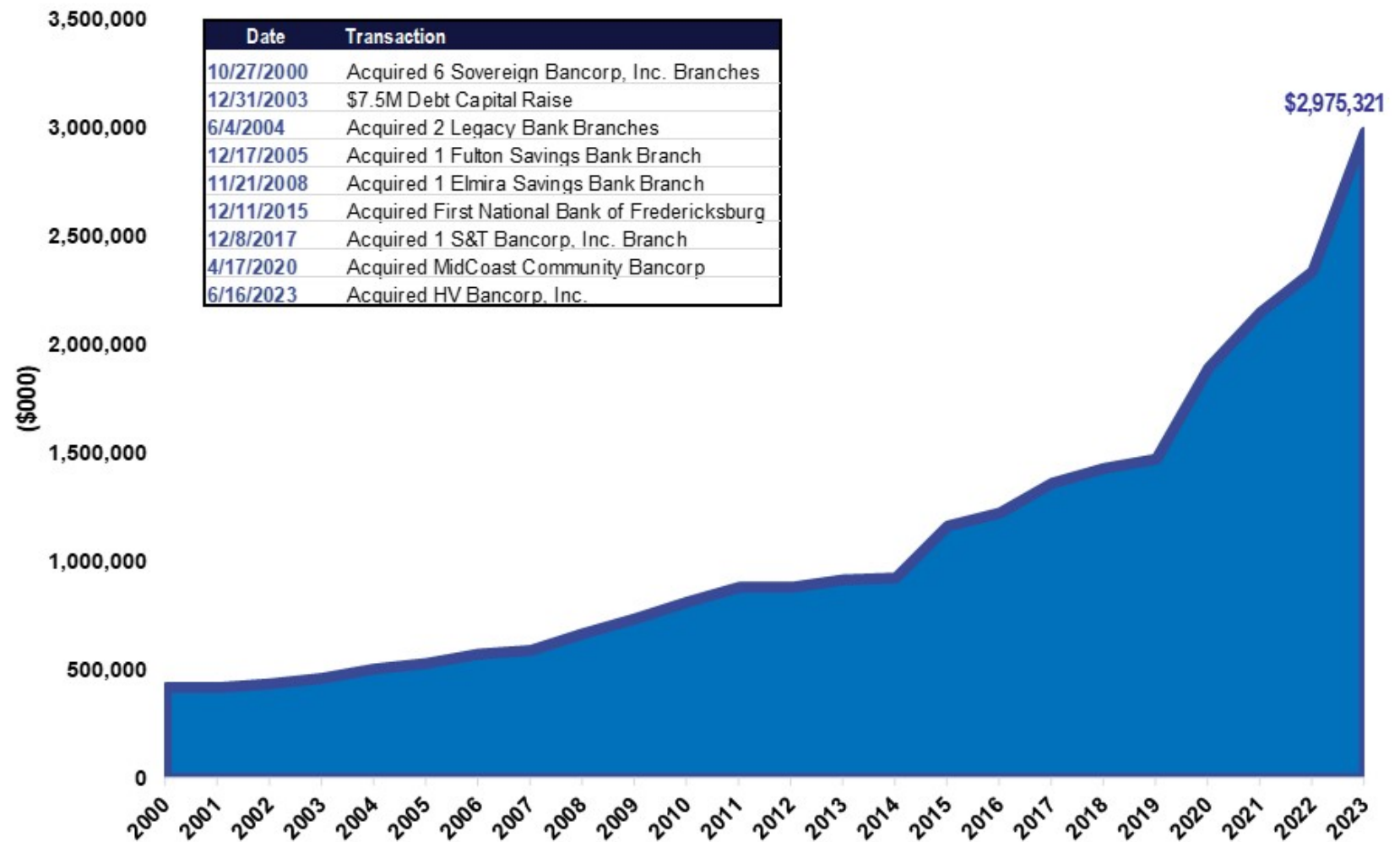
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**GROWTH!**

# History of Successful Growth

## Total Asset Growth since 2000



# HVB Acquisition

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## EXPANDING OUR FOOTPRINT

In June we completed the acquisition of Huntingdon Valley Bank, adding five new full-service community offices to our branch network. The expertise of our combined organizations has enabled FCCB to continue investing in the future of our people and our company.

# Williamsport Entry

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## BRINGING COMMUNITY BANKING TO WILLIAMSPORT

In December, we entered the Williamsport market with the opening of our 39th office! This move expanded our presence to both new and existing clients alike, as this market is a natural extension of our legacy footprint in the northern tier of Pennsylvania.

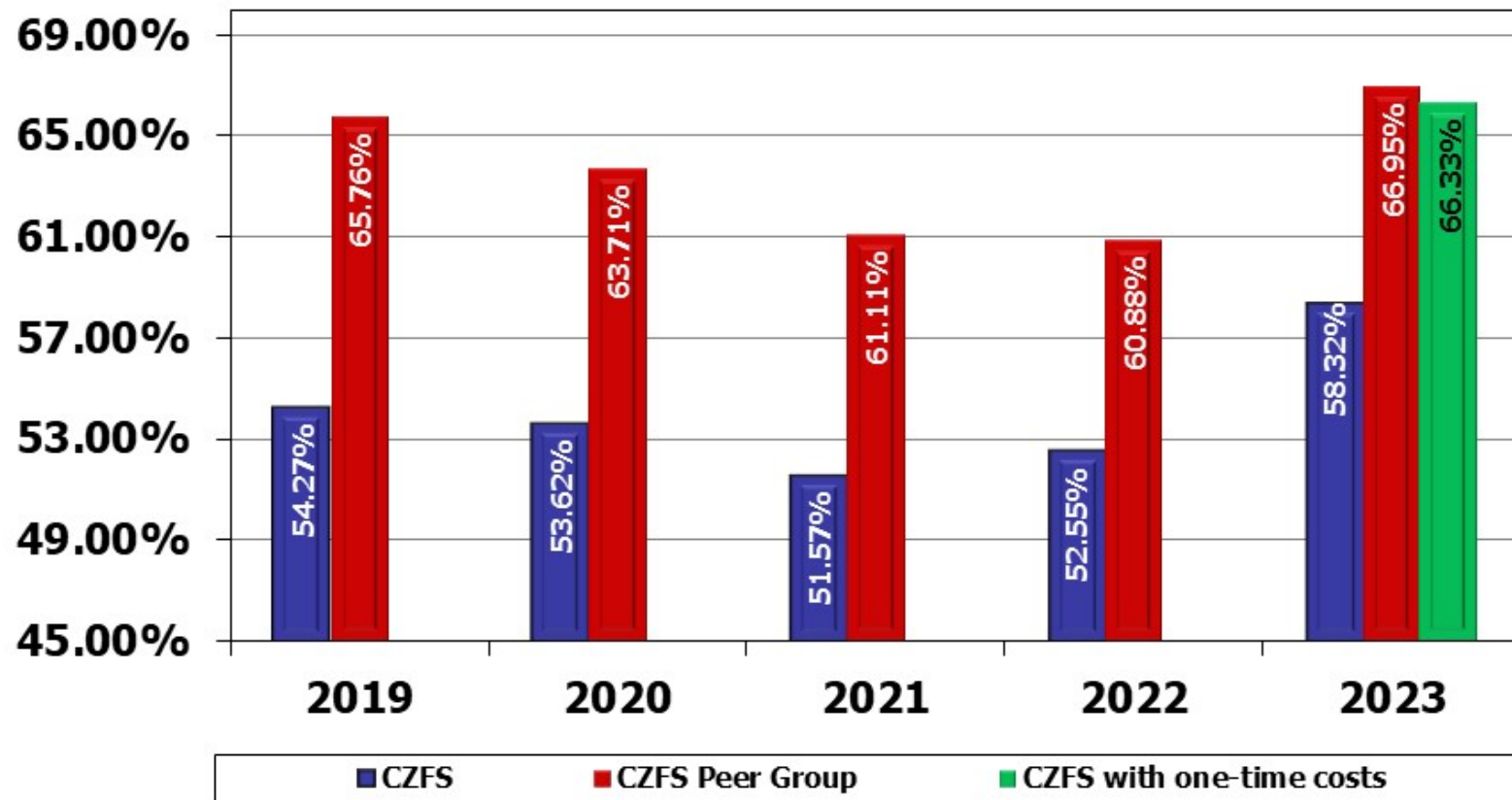




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# 2023 Financial Performance

# Efficiency Ratio History

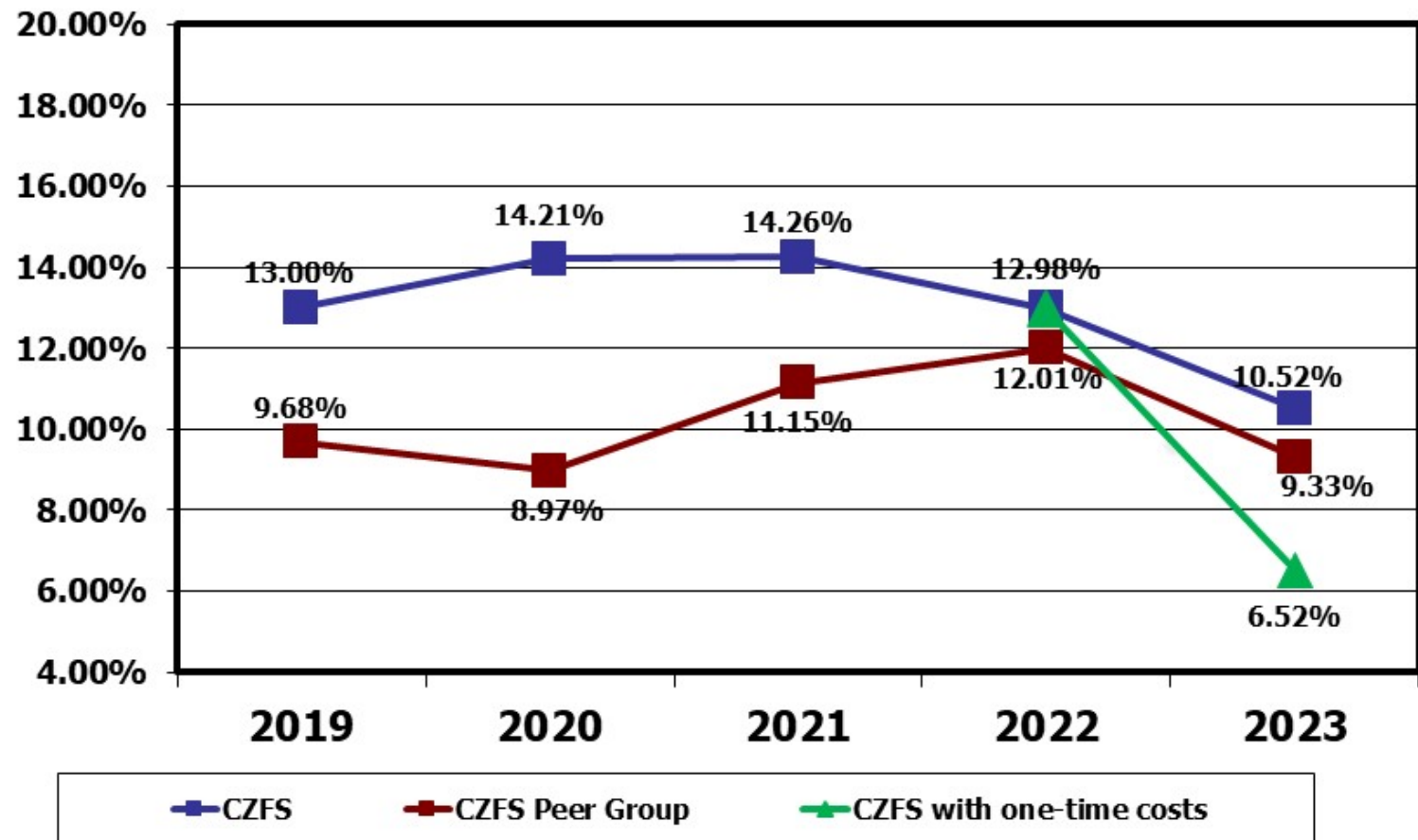


Finished in the 93<sup>rd</sup> percentile compared to the CZFS peer group for 2023 without one-time costs.

Finished in the 40<sup>th</sup> percentile compared to the CZFS peer group for 2023 with one-time costs.



# Return on Equity History

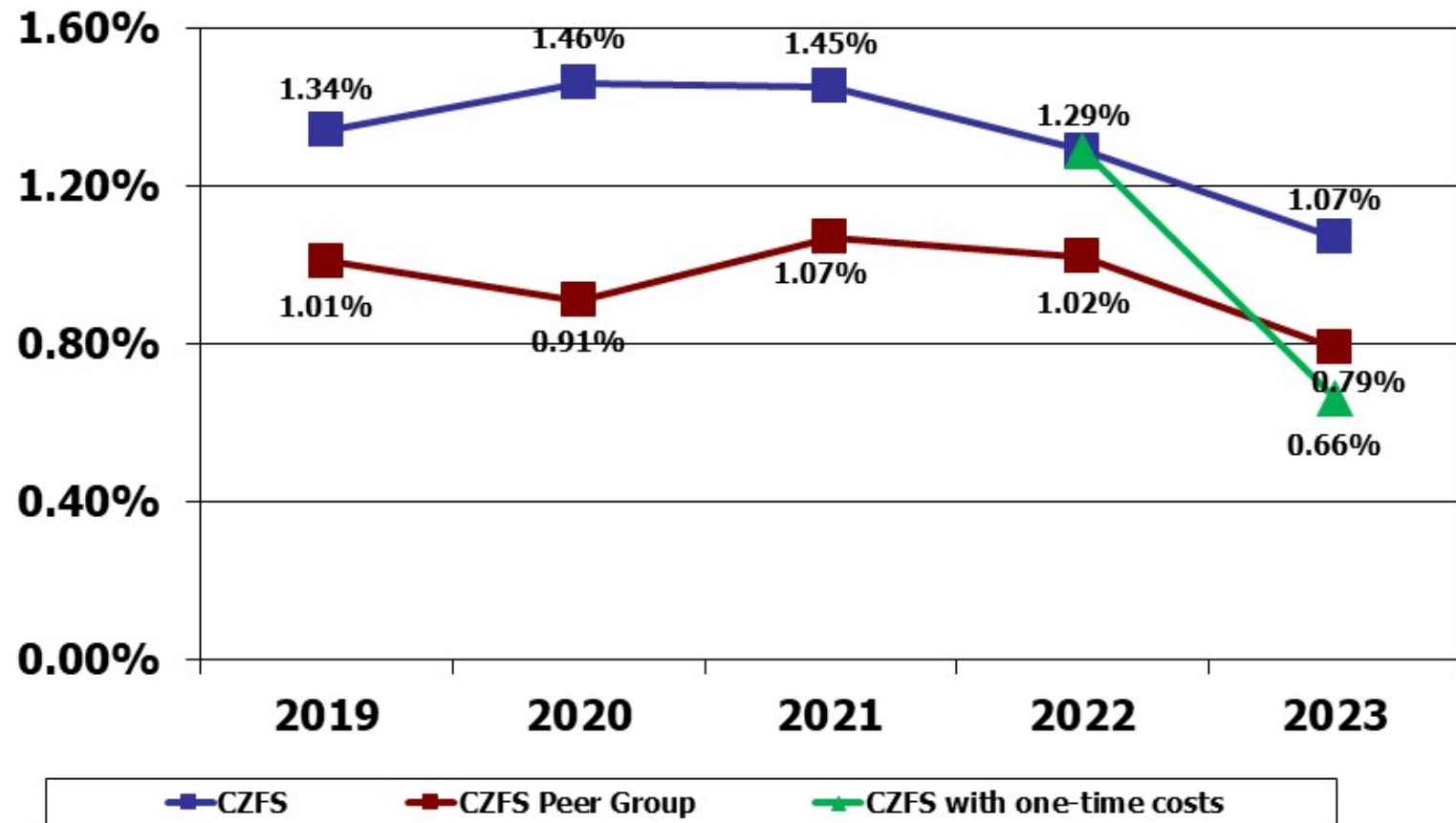


Finished in the 47<sup>th</sup> percentile compared to the CZFS peer group for 2023 without one-time costs.

Finished in the 20<sup>th</sup> percentile compared to the CZFS peer group for 2023 with one-time costs.



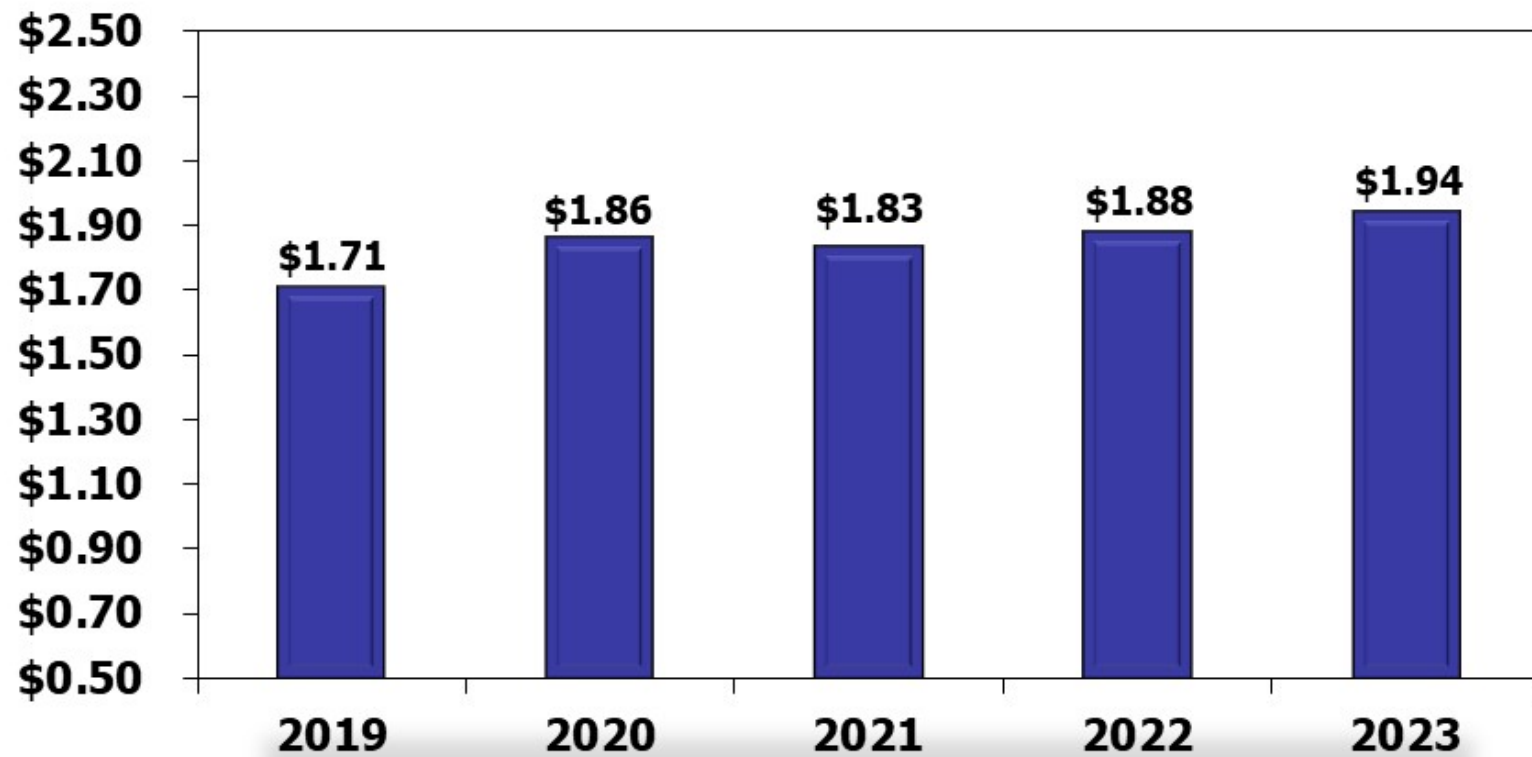
# Return on Assets History



Finished in the 80<sup>th</sup> percentile compared to the CZFS peer group for 2023 without one-time costs.

Finished in the 27<sup>th</sup> percentile compared to the CZFS peer group for 2023 with one-time costs.


# Cash Dividends Paid History



1% stock dividend paid in 2019, 2020, 2021, 2022, and 2023

# Outperforming the Competition

**CZFS is a top performer among its peers, with key metrics above peer medians**

	 <b>FCCB</b> FIRST CITIZENS COMMUNITY BANK	<b>PA NASDAQ Listed Banks</b>	<b>MD, NY &amp; PA NASDAQ Banks \$1.0B – \$4.0B</b>	<b>PA Banks \$1.0B - \$3.0B</b>
<b>MRQ Core ROAA<sup>(1)</sup>:</b>	<b>1.00%</b>	0.78%	0.86%	0.76%
<b>MRQ Core ROATCE<sup>(1)</sup>:</b>	<b>16.56%</b>	8.72%	11.15%	10.82%
<b>MRQ Efficiency:</b>	<b>61.63%</b>	68.74%	67.10%	71.31%
<b>MRQ NIM:</b>	<b>3.13%</b>	3.10%	3.15%	2.92%

(1) Please see appendix for non-GAAP reconciliations

Note: Median values shown for peer groups

Note: Financial data shown represents most recent quarter data reported as of December 31, 2023

# Key Financial Highlights

## Top Tier Consolidated

### CITIZENS FINANCIAL SERVICES, INC. - CZFS

In \$000s except for per share data	For the Twelve Months Ended			For the Quarter Ended			
	12/31/2021	12/31/2022	12/31/2023	3/31/2023	6/30/2023	9/30/2023	12/31/2023
<b>Balance Sheet</b>							
Total Assets	\$2,143,863	\$2,333,393	\$2,975,321	\$2,335,398	\$2,891,808	\$2,959,216	\$2,975,321
Total Gross Loans	\$1,446,087	\$1,725,724	\$2,258,215	\$1,724,146	\$2,177,782	\$2,260,551	\$2,258,215
Total Deposits	\$1,836,151	\$1,844,208	\$2,321,481	\$1,799,687	\$2,266,100	\$2,335,135	\$2,321,481
Loans/Deposits	78.76%	93.58%	97.27%	95.80%	96.10%	96.81%	97.27%
<b>Capital</b>							
Common Equity	\$212,492	\$200,147	\$279,666	\$213,238	\$263,228	\$262,686	\$279,666
Tangible Common Equity	\$180,662	\$168,473	\$190,258	\$181,595	\$175,464	\$174,062	\$190,258
Tang. Common Equity/Tang. Assets <sup>(1)</sup>	8.55%	7.32%	6.59%	7.88%	6.26%	6.06%	6.59%
Tang. Common Equity/Tang. Assets (Excl. AOCI) <sup>(1)</sup>	8.56%	8.76%	7.46%	9.04%	7.36%	7.34%	7.46%
<b>Profitability Measures</b>							
Net Interest Margin	3.52%	3.41%	3.21%	3.25%	3.16%	3.31%	3.13%
Non Interest Income/Average Assets	0.53%	0.44%	0.43%	0.40%	0.40%	0.48%	0.45%
Non Interest Expense/Average Assets	2.07%	1.97%	2.06%	1.95%	2.02%	2.16%	2.11%
Efficiency Ratio	52.71%	53.25%	59.21%	55.33%	59.52%	59.88%	61.63%
ROAA <sup>(1)(2)</sup>	1.45%	1.29%	1.07%	1.16%	1.03%	1.02%	1.00%
ROAE <sup>(1)(2)</sup>	14.26%	12.98%	10.52%	11.49%	10.03%	10.10%	9.92%
Earnings per share <sup>(1)(4)</sup>	\$7.23	\$7.25	\$6.56	\$1.71	\$1.53	\$1.61	\$1.60
Dividend Per Share	\$1.82	\$1.88	\$1.94	\$0.48	\$0.48	\$0.49	\$0.49
TBV per Share	\$44.90	\$42.00	\$45.71	\$45.28	\$37.28	\$36.98	\$45.71
Net Income <sup>(1)(4)</sup>	\$29,118	\$29,060	\$17,811	\$6,867	\$6,276	\$7,548	\$7,540
<b>Asset Quality</b>							
NPA's/Assets	0.73%	0.51%	0.43%	0.46%	0.47%	0.46%	0.43%
NPA's (excl TDRs)/Assets	0.41%	0.32%	0.43%	0.46%	0.47%	0.46%	0.43%
NCOs/Avg Loans	0.00%	0.03%	0.06%	0.00%	0.00%	0.14%	0.09%
Reserv es/Loans	1.20%	1.08%	0.94%	0.88%	0.99%	0.95%	0.94%

(1) Please see appendix for non-GAAP reconciliations

(2) 6/30/2023 profitability shown is core profitability financial data

# Liquidity Position and Sources

## Liquidity Well-Managed to Cover Short-Term Needs

Liquidity Sources	December 31, 2023 \$ in Thousands
Cash and Cash Equivalents	\$56,463
FHLB Borrowing Capacity Remaining	673,379
Brokered Deposits Capacity	336,288
FRB Borrowing Capacity	35,510
Total	\$1,101,640
<b>Investments</b>	
<i>US Gov't &amp; Agency</i>	\$259,882
<i>MBS &amp; CMO</i>	72,122
<i>Municipals</i>	107,945
<i>Corporates</i>	13,395
<i>Less: Pledged Securities</i>	(349,374)
<b>Net Unpledged Securities</b>	\$103,970
<b>Total Liquidity Sources</b>	<b>\$1,205,610</b>

*Note: Bank level regulatory data shown*

# Non-GAAP Reconciliation

Dollars in thousands, except per share data

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	For the Quarter Ended,	
										9/30/2023	12/31/2023
Net income	\$11,626	\$12,638	\$13,025	\$18,034	\$19,490	\$25,103	\$29,118	\$29,060	\$17,811	\$7,548	\$7,540
Boli death benefits	0	0	0	0	0	0	(1,155)	0	(195)	(195)	0
After tax provision for credit losses - acquisition day 1 non-PCD	0	0	0	0	0	0	0	0	3,627	0	0
After tax merger and acquisition costs	1,103	0	165	0	466	2,179	0	0	7,323	496	0
<b>Core net income</b>	<b>\$12,729</b>	<b>\$12,638</b>	<b>\$13,190</b>	<b>\$18,034</b>	<b>\$19,956</b>	<b>\$27,282</b>	<b>\$27,963</b>	<b>\$29,060</b>	<b>\$28,566</b>	<b>\$7,849</b>	<b>\$7,540</b>
Number of shares used in computation - basic	3,429,591	3,724,070	3,696,036	3,688,457	3,672,161	3,923,717	4,023,926	4,009,419	4,382,573	4,699,952	4,700,131
<b>Earnings per share, excluding merger and acquisition costs and provision for credit losses - acquisition day 1 non-PCD</b>	<b>\$3.71</b>	<b>\$3.39</b>	<b>\$3.57</b>	<b>\$4.89</b>	<b>\$5.43</b>	<b>\$6.95</b>	<b>\$6.95</b>	<b>\$7.25</b>	<b>\$6.52</b>	<b>\$1.67</b>	<b>\$1.60</b>
Average assets	\$951,083	\$1,192,380	\$1,258,925	\$1,400,499	\$1,453,957	\$1,719,757	\$2,002,634	\$2,255,966	\$2,699,039	2,959,264	3,023,756
<b>Annualized return on average stockholders equity, excluding boli death benefits, merger and acquisition costs and provision for credit losses - acquisition day 1 non-PCD</b>	<b>1.34%</b>	<b>1.06%</b>	<b>1.05%</b>	<b>1.29%</b>	<b>1.37%</b>	<b>1.59%</b>	<b>1.40%</b>	<b>1.29%</b>	<b>1.06%</b>	<b>1.06%</b>	<b>1.00%</b>
Average stockholders equity - GAAP	\$103,796	\$123,418	\$129,756	\$138,691	\$149,887	\$176,674	\$204,222	\$223,955	\$273,322	\$298,913	\$303,904
<b>Annualized return on average stockholders equity, excluding boli death benefits, merger and acquisition costs and provision for credit losses - acquisition day 1 non-PCD</b>	<b>12.26%</b>	<b>10.24%</b>	<b>10.17%</b>	<b>13.00%</b>	<b>13.31%</b>	<b>15.44%</b>	<b>13.69%</b>	<b>12.98%</b>	<b>10.45%</b>	<b>10.50%</b>	<b>9.92%</b>
Average Tangible Equity - Non-GAAP	\$93,602	\$98,850	\$102,611	\$109,712	\$122,871	\$146,505	\$171,450	\$174,568	\$179,366	\$174,763	\$182,160
<b>Annualized return on average tangible equity, excluding boli death benefits, merger and acquisition costs and provision for credit losses - acquisition day 1 non-PCD</b>	<b>13.60%</b>	<b>12.79%</b>	<b>12.85%</b>	<b>16.44%</b>	<b>16.24%</b>	<b>18.62%</b>	<b>16.31%</b>	<b>16.65%</b>	<b>15.93%</b>	<b>17.96%</b>	<b>16.56%</b>

## Non-GAAP Reconciliation

<i>Dollars in thousands</i>	For the Twelve Months Ended,				
	12/31/2007	12/31/2010	12/31/2013	12/31/2016	12/31/2019
Total common equity	\$48,528	\$68,690	\$92,056	\$123,268	\$154,774
Total intangible assets	8,893	10,288	10,256	22,501	24,001
<b>Tangible common equity</b>	<b>\$39,635</b>	<b>\$58,402</b>	<b>\$81,800</b>	<b>\$100,767</b>	<b>\$130,773</b>
Total assets	\$591,029	\$812,526	\$914,934	\$1,223,018	\$1,466,339
Total intangible assets	8,893	10,288	10,256	22,501	24,001
<b>Tangible assets</b>	<b>\$582,136</b>	<b>\$802,238</b>	<b>\$904,678</b>	<b>\$1,200,517</b>	<b>\$1,442,338</b>
Accumulated other comprehensive gain (loss) income	(\$348)	\$1,054	(\$1,225)	(\$1,392)	(\$629)
<b>TCE / TA</b>	<b>6.81%</b>	<b>7.28%</b>	<b>9.04%</b>	<b>8.39%</b>	<b>9.07%</b>
<b>TCE / TA (Excl. AOCI)</b>	<b>6.87%</b>	<b>7.15%</b>	<b>9.18%</b>	<b>8.51%</b>	<b>9.11%</b>
<b>Tangible Book Value Per Share</b>	<b>\$11.18</b>	<b>\$16.58</b>	<b>\$23.86</b>	<b>\$27.23</b>	<b>\$35.65</b>





# CZFS Common Stock

# Timeline

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Date	Event	Stock Price
10/19/2022	HVBC Deal Announced	\$65.35
02/15/2023	Shareholders Vote to Approve Deal	\$86.14
04/28/2023	Russell 3000 Rank Day	\$85.73
06/13/2023	HVBC Shareholder Consideration Election	\$85.30
06/16/2023	HVBC Deal Closes	\$86.67
06/23/2023	Russell 3000 Reconstitution	\$84.15
06/30/2023	End Second Quarter	\$74.47
09/30/2023	End Third Quarter	\$47.92
12/31/2023	End Fourth Quarter	\$64.72

# Stock Performance to Peer



<b>Peer Group</b>	<b>2023Y Stock Performance (%)</b>	<b>4Q23 Stock Performance (%)</b>	<b>2023Y P/TBV (%)</b>
PA Nasdaq Listed Banks	-5.6	25.8	121.1
MD, NY, PA Nasdaq Listed Banks \$1.0B-\$4.0B	-1.7	26.5	126.9
PA Banks \$1.0B - \$3.0B	-5.9	12.0	125.7
CZFS Proxy Peer Banks	-5.4	23.3	128.9
CZFS	-14.8	38.6	174.0



# 2023 & 2024 Challenges

# Challenges

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- **Turbulent Economy**

The Fed managed to bring down inflation without the economy tumbling into a recession in 2023. Economic, political and global uncertainty will cloud 2024.

# Challenges

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- **Staffing Struggles**

Staffing shortages were experienced by all businesses throughout 2023. FCCB will continue to focus on our “hire to retire” mentality to retain satisfied employees.

# Challenges

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- **Cybercrime**

Our customers continue to be targets of financial crimes and fraud. FCCB is committed to help customers mitigate such risks.



# Challenges

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- **Regulatory Requirements**

There is a lot more coming at banks as an industry. Some bills, like ACRE, help to sustain and grow rural and ag communities, while other bills, like 1071, if passed, will have a negative effect on small businesses.

# Challenges

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- **Customer Preferences & Digital**

Customers expect more convenience and personalization from both digital banking experiences and traditional banking channels.



# 2023 Stewardship

# Stewardship

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- **Helping the Homeless**

As a result of our partnership with the FHLB and their Home4Good Program, 18 organizations will receive \$1.4 million in grants to help those who are homeless.

# Stewardship

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- **Education**

In 2023 FCCB donated \$345,000 to organizations that support education.

# Stewardship

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- **Food Insecurity**

FCCB donated \$25,000 to the Central PA Food Bank in 2023, bringing our total donation to \$103,000 in just four years.

# Stewardship

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- **Fighting Cancer**

Our annual Cancer Classic golf tournament raised \$20,000 in 2023 for a cumulative total of \$301,000.



# Stewardship

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- **Sustaining Agriculture**

In the ag arena, FCCB funds the PA Farm Bureau's Mobile Ag Lab, supports local 4-H and FFA at community fairs, and grants our annual Ag Scholarships.

# Happy Retirement

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## Gene Kosa

- Served 23 years on the CZFS & FCCB Boards
- Chairman of the Audit Committee
- Member of Credit Committee
- Strong advocate of the ag industry

