

CITIZENS FINANCIAL SERVICES INC
Form S-4/A
September 25, 2015

As filed with the Securities and Exchange Commission on September 25, 2015.

Registration No. 333-206807

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1 TO

FORM S-4

REGISTRATION STATEMENT UNDER THE

SECURITIES ACT OF 1933

Citizens Financial Services, Inc.
(Exact name of registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	6022 (Primary Standard Industrial Classification Code Number)	23-2265045 (IRS Employer Identification Number)
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15 South Main Street
Mansfield, Pennsylvania 16933

Randall E. Black
President and Chief Executive
Officer

15 South Main Street

(570) 662-2121

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Mansfield, Pennsylvania
16933**

(570) 662-2121

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and the conditions to the consummation of the merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer x
 Non-accelerated filer Smaller reporting company
 (Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee ⁽³⁾
Common Stock, par value \$1.00 per share	336,685	Not applicable	\$10,145,000	\$1,179 ⁽⁴⁾

(1) Represents the estimated maximum number of shares of common stock issuable by Citizens Financial Services, Inc. upon the consummation of the proposed merger with The First National Bank of Fredericksburg (“FNB”), based on the product of (x) the number of shares of FNB common stock outstanding and any shares reserved for issuance upon the exercise of outstanding stock options as of June 30, 2015, (y) an exchange ratio of 12.6000:1, and (z) 75% (the maximum portion of the merger consideration consisting of shares of Citizens Financial Services, Inc. common stock issuable in the proposed merger). Pursuant to Rule 416, this Registration Statement also covers an indeterminate number of shares of common stock as may become issuable as a result of stock splits, stock dividends or similar transactions.

(2) In accordance with Rule 457(c) and Rule 457(f), the proposed maximum aggregate offering price was calculated by multiplying (A) the book value per share of the common stock of FNB as of June 30, 2015, or \$442.24 per share, by (B) 35,628, the maximum number of shares of FNB common stock (including any shares issuable pursuant to the exercise of outstanding options to purchase FNB common stock) that may be exchanged for the merger consideration, reduced by the amount of cash to be paid by Citizens Financial Services, Inc. for such shares of FNB common stock.

(3) Computed in accordance with Section 6(b) of the Securities Act of 1933 by multiplying 0.0001162 by the proposed maximum aggregate offering price.

(4) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

MERGER PROPOSAL — YOUR VOTE IS VERY IMPORTANT

Dear First National Bank of Fredericksburg Stockholder:

On June 30, 2015, The First National Bank of Fredericksburg (“FNB”) entered into an Agreement and Plan of Merger (the “merger agreement”) with Citizens Financial Services, Inc. (“Citizens”) and its wholly owned subsidiary, First Citizens Community Bank (“First Citizens”). The merger agreement provides for the merger of FNB with and into First Citizens, with First Citizens as the surviving bank (the “merger”).

If the merger is completed, the separate existence of FNB will cease and each share of FNB common stock issued and outstanding immediately before the merger will be converted into the right to receive, at the election of the holder thereof, either (i) \$630.00 in cash, (ii) 12.6000 shares of Citizens common stock, or (iii) a combination of cash and Citizens common stock, provided that, in the aggregate, 75% of the issued and outstanding shares of FNB common stock will be converted into shares of Citizens common stock and the remaining shares of FNB common stock will be converted into cash. Citizens may elect to increase the merger consideration under certain circumstances as described under “The Merger and the Merger Agreement—Merger Consideration” section of this document (which we refer to as the “joint proxy statement/prospectus”). Based on the closing price of Citizens common stock of \$49.00 per share on the OTC Pink on June 30, 2015, the last trading day before public announcement of the merger agreement, the 12.6000 exchange ratio represented approximately \$617.40 in value for each share of FNB common stock. Based on the closing price of Citizens common stock of \$47.00 per share on September 23, 2015, the latest practicable date before the printing of this document, the 12.6000 exchange ratio represented approximately \$592.20 in value for each share of FNB common stock. Based on the closing price of Citizens common stock of \$47.00 per share on September 23, 2015, the aggregate implied value of the merger consideration is \$21.4 million. You should obtain current stock price quotations for Citizens common stock. Citizens common stock trades on the OTC Pink under the symbol “CZFS.” FNB common stock is not publicly traded.

The Board of Directors of FNB has approved the merger agreement and the transactions related to it. The merger cannot be completed unless, among other things, the merger agreement is approved by FNB stockholders. The merger agreement must be approved by the affirmative vote of holders of two-thirds of the issued and outstanding shares of FNB common stock. FNB will hold a special meeting of stockholders in connection with the merger. The special meeting of FNB stockholders will be held on Tuesday, November 10, 2015, at 1:00 p.m., local time. At the special meeting of FNB stockholders, you will be asked to (i) approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, and (ii) approve the adjournment, postponement or continuation of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the approval of the merger agreement.

Your Board of Directors unanimously recommends that you vote “FOR” approval of the merger agreement and “FOR” approval of one or more adjournments or postponements of the special meeting, if necessary or appropriate, including adjournments or postponements to permit further solicitation of proxies in favor of the approval of the merger agreement.

If you sign, date and return your proxy card without indicating how you want to vote, your proxy will be counted as a vote “FOR” approval of the merger agreement and “FOR” approval of one or more adjournments or postponements of the special meeting, if necessary or appropriate, including adjournments or postponements to permit further solicitation of proxies in favor of the approval of the merger agreement. If you fail to vote, it will have the same effect as voting “AGAINST” approval of the merger agreement.

This joint proxy statement/prospectus is being delivered to FNB stockholders in connection with the solicitation by the FNB Board of Directors of proxies to be used at the special meeting of FNB stockholders. The joint proxy statement/prospectus provides you with detailed information about the proposed merger. It also contains or references information about Citizens and FNB and related matters. You are encouraged to read this document carefully. **In particular, you should read the “Risk Factors” section for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

Voting procedures are described in the joint proxy statement/prospectus. Your vote is important. Whether or not you plan to attend the annual meeting of stockholders, please take the time to vote by completing the enclosed proxy card and mailing it in the enclosed envelope.

Sincerely,

Rodney P. Seidel
President and Chief Executive Officer

PLEASE MARK, SIGN, DATE AND RETURN YOUR PROXY CARD PROMPTLY, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING OF STOCKHOLDERS

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger or the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The securities Citizens Financial Services, Inc. is offering through this document are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of either Citizens Financial Services, Inc. or The First National Bank of Fredericksburg, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement/prospectus is dated [], 2015, and is first being mailed to stockholders of The First National Bank of Fredericksburg on or about October 7, 2015.

3016 South Pine Grove Street

Fredericksburg, Pennsylvania 17026

(717) 202-2255

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

A special meeting of the stockholders of The First National Bank of Fredericksburg will be held at the Fredericksburg Community Center, 125 S. Tan Street, Fredericksburg Pennsylvania, on Tuesday, November 10, 2015, at 1:00 p.m., local time, to consider and vote upon the following matters:

1. A proposal to approve the Agreement and Plan of Merger, dated as of June 30, 2015, by and among Citizens Financial Services, Inc., First Citizens Community Bank and The First National Bank of Fredericksburg (the “merger agreement”), and thereby to approve the transactions contemplated by the merger agreement, including the merger of The First National Bank of Fredericksburg with and into First Citizens Community Bank (the “merger proposal”);
2. A proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, including adjournments or postponements to permit further solicitation of proxies in favor of the approval of the merger proposal (the “adjournment proposal”); and
3. Any other business which may properly come before the special meeting or any adjournments or postponements thereof.

You are entitled to dissent to the merger and receive payment for your shares under 12 U.S.C. §214a(b). Any stockholder who wishes to exercise these rights must strictly comply with the procedures described in the attached joint proxy statement/prospectus, including: (1) (a) delivering to The First National Bank of Fredericksburg, at or before the vote on the merger agreement taken at the special meeting of stockholders, written notice to the presiding officer that he or she dissents from the merger agreement; or (b) voting against the merger agreement; and (2) strictly complying with all of the procedures required under 12 U.S.C. §214a(b). A copy of 12 U.S.C. §214a(b) is attached as Appendix C to this joint proxy statement/prospectus.

The proposed merger is described in more detail in the attached joint proxy statement/prospectus, which you should read carefully in its entirety before voting. A copy of the merger agreement is attached as Appendix A to this joint proxy statement/prospectus. Only stockholders of record of The First National Bank of Fredericksburg as of the close of business on September 30, 2015, are entitled to notice of and to vote at the special meeting of stockholders or any adjournments of the special meeting.

Your vote is very important. To ensure your representation at the special meeting of stockholders, please follow the voting procedures described in the attached joint proxy statement/prospectus and on the enclosed proxy

card. This will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Your proxy may be revoked at any time before it is voted. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished to you by such record holder.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE MERGER PROPOSAL AND “FOR” THE ADJOURNMENT PROPOSAL.

BY ORDER OF THE BOARD OF DIRECTORS

Alletta M. Schadler
Corporate Secretary

October 7, 2015

Fredericksburg, Pennsylvania

DO NOT SEND STOCK CERTIFICATES WITH THE PROXY CARD. YOU WILL RECEIVE A LETTER OF TRANSMITTAL WITH INSTRUCTIONS FOR DELIVERING YOUR STOCK CERTIFICATES UNDER SEPARATE COVER.

If you have any questions concerning the merger or other matters to be considered at the special meeting, would like additional copies of this joint proxy statement/prospectus or need help voting your shares, please contact:

Rodney P. Seidel, President and Chief Executive Officer

The First National Bank of Fredericksburg

3016 South Pine Grove Street

Fredericksburg, Pennsylvania 17026

(717) 202-2255

REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Citizens Financial Services, Inc. from documents filed with the Securities and Exchange Commission (the “SEC”), that are not included in or delivered with this joint proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Citizens Financial Services, Inc. at no cost from the SEC’s website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference in this joint proxy statement/prospectus, at no cost by contacting Citizens Financial Services, Inc. at the following address:

Citizens Financial Services, Inc.

15 South Main Street

Mansfield, Pennsylvania 16933

Attention: Randall E. Black

President and Chief Executive Officer

You should rely only on the information contained in, or incorporated by reference into, this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated [], 2015, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate only as of the date of such information. See “Where You Can Find More Information.”

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or by any person to or by whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding Citizens Financial Services, Inc. has been provided by Citizens Financial Services, Inc. and information contained in this document regarding The First National Bank of Fredericksburg has been provided by The First National Bank of Fredericksburg.

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Appendix A: Agreement and Plan of Merger by and among Citizens Financial Services, Inc., First Citizens Community Bank and The First National Bank of Fredericksburg, dated as of June 30, 2015

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Appendix B: Fairness Opinion of Boenning & Scattergood, Inc.

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Appendix C: Dissenters' Rights Statute (12 U.S.C. 214a(b))

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE STOCKHOLDER MEETING

The following are answers to certain questions that you may have regarding the merger and the stockholder meeting. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this joint proxy statement/prospectus. See “Where You Can Find More Information.”

GENERAL QUESTIONS ABOUT THE MERGER

Q: WHY AM I RECEIVING THIS DOCUMENT?

On June 30, 2015, The First National Bank of Fredericksburg (“FNB”) entered into an Agreement and Plan of Merger (the “merger agreement”) with Citizens Financial Services, Inc. (“Citizens”) and First Citizens Community Bank (“First Citizens”). The merger agreement provides for the merger of FNB with and into First Citizens, with First Citizens as the surviving bank (the “merger”). A copy of the merger agreement is attached to this joint proxy statement/prospectus as Appendix A. In order to complete the merger, the stockholders of FNB must vote to approve the merger agreement. FNB will hold a special meeting of stockholders to obtain the required approval to complete the merger. By means of this joint proxy statement/prospectus, the FNB Board of Directors is soliciting proxies from FNB stockholders to obtain their approval at the special meeting. This joint proxy statement/prospectus contains important information about the merger agreement, the merger, the special meeting of stockholders, and other related matters. You should read it carefully.

Q: WHAT WILL HAPPEN TO FNB AS A RESULT OF THE MERGER?

If the merger is completed, FNB will merge with and into First Citizens, FNB stockholders will become Citizens shareholders, and FNB will cease to exist.

Q: WHAT WILL FNB STOCKHOLDERS RECEIVE IN THE MERGER?

If the merger proposal is approved and the merger is subsequently completed, each outstanding share of FNB common stock (other than any dissenting shares) will be converted into the right to receive either (i) \$630.00 in cash, (ii) 12.6000 shares of Citizens common stock, or (iii) a combination of cash and Citizens common stock, provided that, in the aggregate, 75% of the issued and outstanding shares of FNB common stock will be converted into shares of Citizens common stock and the remaining shares of FNB common stock will be converted into cash. In the event of certain decreases in the price of Citizens common stock, as described in the merger agreement and this joint proxy statement/prospectus, FNB may elect to terminate the merger agreement unless Citizens elects to increase the exchange ratio. See “The Merger and the Merger Agreement Merger Consideration.”

Q: WHEN WILL THE MERGER BE COMPLETED?

The merger will be completed when all of the conditions to completion contained in the merger agreement are satisfied or waived, including the receipt of required regulatory approvals and the approval of the merger agreement by FNB stockholders at the FNB special meeting. We currently expect to complete the merger late in the fourth calendar quarter of 2015. However, because fulfillment of some of the conditions to completion of the merger, such as the receipt of required regulatory approvals, is not entirely within our control, we cannot predict the actual timing.

Q: WHAT HAPPENS IF THE MERGER IS NOT COMPLETED?

If the merger is not completed, FNB stockholders will not receive any consideration for their shares of common stock in connection with the merger. Instead, FNB will remain an independent bank. Under specified circumstances, FNB may be required to pay to Citizens a fee with respect to the termination of the merger agreement, as described under “The Merger and the Merger Agreement Termination; Amendment; Waiver.”

Q: SHOULD FNB STOCKHOLDERS SEND IN THEIR STOCK CERTIFICATES NOW?

No. FNB stockholders **SHOULD NOT** send in any stock certificates now. If the merger is approved, transmittal A: materials, with instructions for their completion, will be provided to FNB stockholders under separate cover and the stock certificates should be sent at that time.

Q: WHAT ARE THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO FNB STOCKHOLDERS?

The merger is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Holders of FNB common stock are not expected to recognize any gain or loss, for United States federal income tax purposes, if they exchange their shares of FNB common stock solely for shares of Citizens common stock, except to the extent any cash is received in lieu of a fractional share of Citizens common A: stock. Holders of FNB common stock who receive cash in exchange for shares of FNB common stock will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in their shares of FNB common stock and/or the basis in their fractional share interest. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year.

For a more detailed discussion of the material United States federal income tax consequences of the merger, see “The Merger and the Merger Agreement—Material United States Federal Income Tax Consequences of the Merger.”

The consequences of the merger to any particular stockholder will depend on that stockholder’s particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

Q: ARE DISSENTING FNB STOCKHOLDERS ENTITLED TO APPRAISAL RIGHTS?

Yes. Pursuant to federal banking law, FNB stockholders may dissent from the merger and elect to have the fair market value of their shares appraised and to receive payment for their shares in cash. In order to perfect dissenters’ A: rights of appraisal, a stockholder must comply with the provisions of federal law, which include voting against the merger or giving notice in writing at or before the special meeting to the presiding officer that he or she dissents from the plan of merger. For further information, see “The Merger and the Merger Agreement—Dissenters’ Rights” and Appendix C to this joint proxy statement/prospectus.

Q: ARE THERE RISKS THAT I SHOULD CONSIDER IN DECIDING WHETHER TO VOTE FOR APPROVAL OF THE MERGER-RELATED PROPOSALS?

Yes. You should read and carefully consider the risk factors set forth in the section of this joint proxy A: statement/prospectus entitled “Risk Factors.”

THE SPECIAL MEETING OF FNB STOCKHOLDERS

Q: WHEN AND WHERE WILL FNB HOLD ITS SPECIAL MEETING?

A: FNB will hold a special meeting of its stockholders at the Fredericksburg Community Center, 125 S. Tan Street, Fredericksburg, Pennsylvania on Tuesday, November 10, 2015, at 1:00 p.m., local time.

Q: WHAT MATTERS ARE FNB STOCKHOLDERS BEING ASKED TO APPROVE AT THE FNB SPECIAL MEETING PURSUANT TO THIS JOINT PROXY STATEMENT/PROSPECTUS?

FNB stockholders are being asked to approve the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, which we refer to as the “merger proposal.” FNB A: stockholders also are being asked to approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the merger proposal, which we refer to as the “adjournment proposal.”

Q: WHAT DOES THE FNB BOARD OF DIRECTORS RECOMMEND WITH RESPECT TO THE TWO PROPOSALS?

A: The FNB Board of Directors has unanimously approved the merger agreement and determined that the merger agreement and the merger are in the best interests of FNB and its stockholders and unanimously recommends that FNB stockholders vote “**FOR**” the merger proposal and “**FOR**” the adjournment proposal.

Q: DID THE FNB BOARD OF DIRECTORS RECEIVE AN OPINION FROM A FINANCIAL ADVISOR WITH RESPECT TO THE MERGER?

A: Yes. On June 30, 2015, Boenning & Scattergood, Inc. (“Boenning”) rendered its opinion to the FNB Board of Directors that, as of such date and based upon and subject to the factors and assumptions described to the FNB Board of Directors during Boenning’s presentation and set forth in its opinion, the consideration in the proposed merger was fair, from a financial point of view, to holders of FNB common stock. The full text of Boenning’s written opinion is attached as Appendix B to this joint proxy statement/prospectus. FNB stockholders are urged to read the opinion carefully.

Q: WHO CAN VOTE AT THE FNB SPECIAL MEETING?

A: Holders of record of FNB common stock at the close of business on September 30, 2015, which is the record date for the FNB special meeting, are entitled to vote at the special meeting.

Q: HOW MANY VOTES MUST BE REPRESENTED IN PERSON OR BY PROXY AT THE FNB SPECIAL MEETING TO HAVE A QUORUM?

A: The holders of a majority of the shares of FNB common stock outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting.

Q: WHAT VOTE BY FNB STOCKHOLDERS IS REQUIRED TO APPROVE THE FNB SPECIAL MEETING PROPOSALS?

A: Approval of the merger proposal will require the affirmative vote of holders of two-thirds of the outstanding shares of FNB common stock. Abstentions and broker non-votes will have the same effect as shares voted against the merger agreement proposal.

Approval of the adjournment proposal will require the affirmative vote of a majority of the votes cast at the special meeting. Abstentions and broker non-votes will not affect whether the adjournment proposal is approved.

As of the record date for the special meeting, directors and executive officers of FNB, together with their affiliates, had sole or shared voting power over approximately 10.66% of the FNB common stock outstanding and entitled to vote at the special meeting.

Q: HOW CAN THE FNB STOCKHOLDERS VOTE THEIR SHARES FOR THE SPECIAL MEETING PROPOSALS PRESENTED IN THIS JOINT PROXY STATEMENT/PROSPECTUS?

FNB stockholders may vote by completing, signing, dating and returning the proxy card in the enclosed prepaid return envelope as soon as possible. This will enable their shares to be represented and voted at the special meeting.

A: If your stock is held in “street name,” you will receive instructions from your broker, bank or other nominee that you must follow to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions via the telephone or the Internet. Please review the proxy card or instruction form provided by your broker, bank or other nominee that accompanies this proxy statement.

Q: WILL A BROKER, BANK OR OTHER NOMINEE HOLDING SHARES IN “STREET NAME” FOR AN FNB STOCKHOLDER AUTOMATICALLY VOTE THOSE SHARES FOR THE STOCKHOLDER AT THE FNB SPECIAL MEETING?

A: No. A broker, bank or other nominee **WILL NOT** vote your shares with respect to the merger proposal without first receiving instructions from you on how to vote. If your shares are held in “street name,” you will receive separate voting instructions with your proxy materials. It is therefore important that you provide timely instruction to your broker, bank or other nominee to ensure that all shares of FNB common stock that you own are voted at the special meeting.

Q: WILL FNB STOCKHOLDERS BE ABLE TO VOTE THEIR SHARES AT THE FNB SPECIAL MEETING IN PERSON?

A: Yes. Submitting a proxy will not affect the right of any FNB stockholder to vote in person at the special meeting. If your shares are held in “street name,” you must ask your broker, bank or other nominee how to vote your shares in person at the special meeting.

Q: WHAT DO FNB STOCKHOLDERS NEED TO DO NOW?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, FNB stockholders are requested to vote by mail or by attending the special meeting and voting in person. If you choose to vote by mail, you should complete, sign, date and promptly return the enclosed proxy card. The proxy card will instruct the persons named on the proxy card to vote the stockholder’s FNB shares at the special meeting as the stockholder directs. If a stockholder signs and sends in a proxy card and does not indicate how the stockholder wishes to vote, the proxy will be voted **“FOR”** approval of the merger proposal and **“FOR”** approval of the adjournment proposal.

Q: WHAT SHOULD AN FNB STOCKHOLDER DO IF THEY RECEIVE MORE THAN ONE SET OF VOTING MATERIALS?

A: As an FNB stockholder, you may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your FNB shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold FNB shares. If you are a holder of record and your FNB shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this joint proxy statement/prospectus in the section entitled “Special Meeting of The First National Bank of Fredericksburg Stockholders.”

Q: MAY AN FNB STOCKHOLDER CHANGE OR REVOKE THEIR VOTE AFTER SUBMITTING A PROXY?

A: Yes. If you have not voted through your broker, bank or other nominee, you can change your vote by:

- providing written notice of revocation to the Corporate Secretary of FNB, which must be filed with the Corporate Secretary by the time the special meeting begins;
- submitting a new proxy card (any earlier proxies will be revoked automatically); or
- attending the special meeting and voting in person. Any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker, bank or other nominee to vote your shares, you must follow the directions of your broker, bank or other nominee to change your vote.

Q: WHAT HAPPENS IF I SELL MY SHARES OF FNB COMMON STOCK BEFORE THE SPECIAL MEETING?

A: The record date for FNB stockholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the completion of the merger. If you transfer your FNB shares of common stock after the record date but before the special meeting, unless special arrangements are made, you will retain your right to vote at the special meeting, but will have transferred the right to receive the merger consideration to the person to whom you transfer your shares.

Q: IF I AM AN FNB STOCKHOLDER, WHO CAN HELP ANSWER MY QUESTIONS?

A: If you have any questions about the merger or the special meeting, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact Rodney P. Seidel, President and Chief Executive Officer, The First National Bank of Fredericksburg, 3016 South Pine Grove Street, Fredericksburg, Pennsylvania 17026, (717) 202-2255.

SUMMARY

On June 30, 2015, FNB entered into the merger agreement with Citizens and its wholly owned subsidiary, First Citizens, pursuant to which FNB will merge with and into First Citizens, with First Citizens as the surviving bank. The merger cannot be completed unless the merger agreement is approved by FNB stockholders. This joint proxy statement/prospectus provides you with detailed information about the proposed merger. It also contains or references information about Citizens and FNB and related matters.

This summary highlights selected information included in this joint proxy statement/prospectus and does not contain all of the information that may be important to you. Each item in this summary includes a page reference directing you to a more complete description of that item. You should read this entire joint proxy statement/prospectus and its appendices and the other documents to which we refer you before you decide how to vote with respect to the merger agreement and related transactions. In addition, we incorporate by reference important business and financial information about Citizens into this document. For a description of this information, see “Where You Can Find More Information.” You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled “References to Additional Information.”

This joint proxy statement/prospectus, including information included or incorporated by reference into this document, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to: (i) statements of goals, intentions and expectations; (ii) statements regarding business plans, prospects, growth and operating strategies; (iii) statements regarding the asset quality of loan and investment portfolios; (iv) statements regarding estimates of risks and future costs and benefits; and (iv) other statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of the management of Citizens and FNB and are inherently subject to significant business, economic and competitive uncertainties and contingencies, including those described in the section entitled “Risk Factors,” many of which are beyond the control of Citizens and FNB. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements. See “Forward-Looking Statements.”

THE MERGER

The merger agreement is attached to this document as [Appendix A](#). We encourage you to read the agreement carefully, as it is the legal document that governs the merger of FNB with and into First Citizens.

Parties to the Merger (page 55)

Citizens Financial Services, Inc. and First Citizens Community Bank. Citizens is a bank holding company engaged in commercial banking and financial services through its wholly owned subsidiary, First Citizens, a Pennsylvania-chartered commercial bank. Established in 1932, and headquartered in Mansfield, Pennsylvania, First Citizens has a primary market area of Clinton, Potter, Tioga and Bradford Counties in north central Pennsylvania and Allegany County in southwestern New York, and operates 18 branch offices. As of June 30, 2015, Citizens had total assets of approximately \$942.5 million, total deposits of approximately \$791.9 million, net loans of approximately \$564.7 million, and stockholders’ equity of approximately \$103.2 million. Through this branch network and its electronic delivery channels, First Citizens provides deposit and loan products and financial services to local businesses, consumers and municipalities. First Citizens’ wholly owned subsidiary, First Citizens Insurance Agency, Inc., offers products such as mutual funds, annuities, and health and life insurance. The principal executive office of

Citizens is located at 15 South Main Street, Mansfield, Pennsylvania 16933 and its telephone number is (570) 662-2121.

The First National Bank of Fredericksburg . Founded in 1907, FNB is a national bank regulated by the Office of the Comptroller of the Currency (the “OCC”). FNB engages in general commercial banking business from its main office in Fredericksburg, Pennsylvania and operates seven branch offices located in Berks, Lebanon and Schuylkill Counties in southcentral Pennsylvania. FNB provides its customers with a variety of consumer and commercial banking services. As of June 30, 2015, FNB had total assets, deposits and net loans of approximately \$232.4 million, \$214.1 million and \$145.2 million, respectively. FNB’s principal executive office is located at 3016 South Pine Grove Street, Fredericksburg, Pennsylvania 17026 and its telephone number is (717) 202-2255.

Upon completion of the proposed merger, the combined institution will have total assets of approximately \$1.2 billion, total deposits of approximately \$1.0 billion, net loans of approximately \$707.7 million, and 25 branches serving northcentral and southcentral Pennsylvania and Allegany County in southwestern New York.

Special Meeting of FNB Stockholders (page 48)

FNB will hold a special meeting of its stockholders at the Fredericksburg Community Center, 125 S. Tan Street, Fredericksburg, Pennsylvania, on Tuesday, November 10, 2015, at 1:00 p.m., local time. At the special meeting, FNB stockholders will be asked to vote to approve the merger proposal and the adjournment proposal. You may vote at the special meeting of stockholders if you owned shares of FNB common stock at the close of business on the record date, September 30, 2015. On that date, there were 35,628 shares of FNB common stock outstanding and entitled to vote at the special meeting of FNB stockholders. You may cast one vote for each share of FNB common stock you owned on the record date.

Even if you expect to attend the special meeting of stockholders, FNB recommends that you promptly complete and return your proxy card in the enclosed return envelope.

Approval of the merger agreement by FNB stockholders requires the affirmative vote of holders of two-thirds of the issued and outstanding shares of FNB common stock. A failure to vote or an abstention will have the same effect as a vote against approval of the merger agreement. Approval of the adjournment proposal will require the affirmative vote of a majority of the votes cast at the special meeting. Abstentions and broker non-votes will not affect whether the adjournment proposal is approved.

As of the record date, directors and executive officers of FNB beneficially owned 3,798 shares of FNB common stock entitled to vote at the special meeting of stockholders. This represents approximately 10.66% of the total votes entitled to be cast at the special meeting of stockholders. The directors have executed voting agreements pursuant to which they have agreed to vote "FOR" adoption of the merger agreement.

What FNB Stockholders Will Receive in the Merger (page 68)

If the merger agreement is approved and the merger is subsequently completed, each outstanding share of FNB common stock will be converted into the right to receive either (i) \$630.00 in cash, (ii) 12.6000 shares of Citizens common stock (the "exchange ratio"), or (iii) a combination of cash and Citizens common stock, provided that, in the aggregate, 75% of the issued and outstanding shares of FNB common stock will be converted into shares of Citizens common stock and the remaining shares of FNB common stock will be converted into cash. In the event of certain decreases in the price of Citizens common stock, as described in the merger agreement and this document, FNB may elect to terminate the merger agreement unless Citizens elects to increase the exchange ratio.

Material United States Federal Income Tax Consequences of the Merger (page 83)

Citizens and FNB will not be required to complete the merger unless each receives a legal opinion from its respective counsel to the effect that the merger will qualify as a tax-free reorganization for United States federal income tax purposes.

For United States federal income tax purposes, we expect that you generally will not recognize any gain or loss with respect to your shares of FNB common stock that are exchanged for shares of Citizens common stock in the merger, except with respect to any cash received in lieu of a fractional share of Citizens common stock. If you receive cash in exchange for your shares of FNB common stock, we expect that you will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in your shares of FNB common stock and/or the basis in

your fractional share interest. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, your holding period for such shares is greater than one year.

You should read “The Merger and the Merger Agreement—Material United States Federal Income Tax Consequences of the Merger” for a more complete discussion of the federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to fully understand the tax consequences of the merger to you.

The FNB Board of Directors Unanimously Recommends Stockholder Approval of the Merger Agreement (page 58)

The FNB Board of Directors, after careful review and consideration of the terms of the merger agreement, unanimously approved the merger agreement and all directors have agreed to vote shares of FNB common stock they own as of the record date in favor of the adoption of the merger agreement. The FNB Board of Directors believes that the merger and the merger agreement are in the best interests of FNB and its stockholders and unanimously recommends that you vote “FOR” approval and adoption of the merger agreement. See “The Merger and the Merger Agreement—Recommendation of the FNB Board of Directors and Reasons for the Merger.”

Fairness Opinion of Boenning & Scattergood, Inc. as FNB’s Financial Advisor (page 61 and Appendix B)

At the June 30, 2015 meeting of the FNB Board of Directors, representatives of Boenning rendered Boenning’s oral opinion, which was confirmed by delivery of a written opinion to the FNB Board of Directors dated June 30, 2015, as to the fairness, as of such date, from a financial point of view, to the holders of FNB common stock of the exchange ratio provided for in the merger pursuant to the merger agreement.

The full text of the written opinion of Boenning, dated June 30, 2015, which sets forth, among other things, the various qualifications, assumptions and limitations on the scope of the review undertaken, is attached as Appendix B to this joint proxy statement/prospectus. Boenning provided its opinion for the information and assistance of the FNB Board of Directors (in its capacity as such) in connection with its consideration of the merger, and the opinion only addresses whether the exchange ratio provided for in the merger pursuant to the merger agreement was fair, from a financial point of view, to FNB stockholders. The Boenning opinion does not constitute a recommendation to the FNB Board of Directors or any holder of FNB common stock as to how the FNB Board of Directors, such stockholder or any other person should vote or otherwise act with respect to the merger or any other matter.

Holders of FNB Common Stock Have Dissenters’ Rights (page 73 and Appendix C)

The holders of FNB common stock are entitled to dissent from approval of the merger agreement and to receive the fair value of their shares in cash if the merger is consummated, provided they follow certain procedures. These procedures are described at page 73 in the section “The Merger and the Merger Agreement Dissenters’ Rights” and set forth in Appendix C to this joint proxy statement/prospectus.

Interests of FNB’s Directors and Officers in the Merger that are Different from Yours (page 74)

In considering the recommendation of the Board of Directors of FNB to approve the merger agreement, you should be aware that officers and directors of FNB have employment and other compensation agreements or economic interests that give them interests in the merger that are somewhat different from, or in addition to, the interests of FNB stockholders. These interests and agreements provide for potential cash severance payments in the aggregate amount of up to approximately \$769,277. Some of the interests of the officers and directors include:

- Employment agreements between FNB and each of Rodney P. Seidel, President and Chief Executive Officer, Michael R. Groff, Vice President/Senior Loan Officer, Kyle R. Fisher, Vice President/Trust Officer, and Wendy E. Dorsey, Assistant Vice President/Operations Officer, that provide for cash severance payments and continued health and welfare benefits in connection with a termination of employment without cause or for good reason following a

change in control;

Salary continuation agreements with Messrs. Seidel, Groff, Fisher, and Ms. Dorsey that provide for annual retirement benefits over a period of 15 years following retirement and under which the normal retirement benefits fully vest upon a change in control;

Insurance policies and split-dollar agreements for directors and executives, pursuant to which seven current executives will receive a benefit upon a termination of employment following a change in control;