

CITIZENS & NORTHERN CORP

Form S-4

January 10, 2019

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Registration Statement No. 333-

Filed January 10, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CITIZENS & NORTHERN CORPORATION

(Exact name of Registrant as specified in its charter)

Pennsylvania	6022	23-2451943
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

90-92 Main Street

P.O. Box 58

Wellsboro, PA 16901

(570) 724-3411

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

J. Bradley Scovill

President and Chief Executive Officer

Citizens & Northern Corporation

90-92 Main Street

P.O. Box 58

Wellsboro, PA 16901

(570) 724-3411

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

Copies of all communications to:

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the transaction described in the enclosed document. 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.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (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, a smaller reporting company or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

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)

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## Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price(2)	Amount of registration fee
Common stock, \$1.00 par value	1,318,0621	N/A	\$ 17,443,789.86	\$ 2,114.19

(1)

Based on the maximum number of shares of common stock of Citizens & Northern Corporation (“C&N”) that may be issued in connection with the proposed merger of Monument Bancorp, Inc. (“Monument”) and C&N, calculated by multiplying (i) 1,624,189 shares of Monument common stock outstanding and reserved for issuance as of January 10, 2019 including shares issuable upon the exercise of outstanding stock options, by (ii) 80% (which is the percentage of Monument shares that will be exchanged for the C&N shares of common stock being registered by this registration statement), by (iii) 1.0144 shares of C&N common stock per share of Monument common stock. In accordance with Rule 416, this registration statement shall also register any additional shares of C&N’s common stock that may become issuable to prevent dilution resulting from stock splits, stock dividends or similar transactions as provided by the agreement relating to the merger. If C&N elects to avoid termination of the merger agreement by increasing the exchange ratio in accordance with the terms of the merger agreement, then C&N will file a registration statement pursuant to Rule 462(b) or Rule 429 under the Securities Act, as applicable, to reflect such increase.

(2)

Estimated solely for purposes of calculating the registration fee. Computed in accordance with Rule 457(f)(2), on the basis of the book value of the common stock of Monument on December 31, 2018 of \$16.36 per share and based on a maximum of 1,624,189 shares of Monument common stock to be cancelled and exchanged for registrant’s common stock in the merger, multiplied by the book value of \$16.36 per share, less the maximum amount of cash to be paid by C&N for the Monument common stock of \$9,127,942.18.

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 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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MONUMENT BANCORP, INC.

465 NORTH MAIN STREET

DOYLESTOWN, PENNSYLVANIA 18901

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON FRIDAY, MARCH 15, 2019

TO THE SHAREHOLDERS OF MONUMENT BANCORP, INC.:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Monument Bancorp, Inc., or "Monument," will be held at 9:00 a.m., local time, on Friday, March 15, 2019, at Doylestown Country Club, 20 Country Club Lane, Doylestown, Pennsylvania 18901, to consider and vote on:

1. a proposal to adopt and approve the Agreement and Plan of Merger, dated September 27, 2018, by and between Monument and Citizens & Northern Corporation, or "C&N," which provides for, among other things, the merger of Monument with and into C&N (the "merger agreement"); and
2. a proposal to authorize the board of directors to adjourn the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement (the "adjournment proposal").

These items are described in more detail in the accompanying proxy statement/prospectus and its annexes. You should read these documents in their entirety before voting. We have fixed Wednesday, February 6, 2019 as the record date for determining those Monument shareholders entitled to vote at the special meeting. Accordingly, only shareholders of record at the close of business on that date are entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting.

Your board of directors has unanimously determined that the proposed merger is advisable and in the best interests of Monument and unanimously recommends that you vote "FOR" the proposal to adopt and approve the merger agreement. Your board of directors also recommends that you vote "FOR" the adjournment proposal. In accordance with the terms of the merger agreement, each director and executive officer of Monument has agreed to vote all shares of Monument common stock solely owned by him or her in favor of adoption and approval of the merger agreement and the transactions contemplated by the merger agreement.

Your vote is very important, regardless of the number of shares of Monument common stock that you own. We cannot complete the merger unless Monument's shareholders adopt and approve the merger agreement.

Even if you plan to attend the special meeting in person, Monument requests that you complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope prior to the special meeting to ensure that your shares of Monument common stock will be represented at the special meeting. If you hold your shares in "street name" through a bank, brokerage firm or other nominee, you should follow the procedures provided by your bank, brokerage firm or other nominee to vote your shares. If you fail to submit a proxy or to attend the special meeting and vote in person or do not provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares, your shares of Monument common stock will not be counted and will have the same effect as a vote "against" the adoption and approval of the merger agreement.

We urge you to vote as soon as possible so that your shares will be represented.

BY ORDER OF THE BOARD OF DIRECTORS,

G. Brian Cooper

Secretary

Doylestown, Pennsylvania

[Mail Date]

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The information in this proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or sale is not permitted.

Proxy Statement/Prospectus

PRELIMINARY — SUBJECT TO COMPLETION — DATED JANUARY 10, 2019

**PROXY STATEMENT  
FOR SPECIAL MEETING OF SHAREHOLDERS  
OF MONUMENT BANCORP, INC.  
MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT**

**CITIZENS & NORTHERN CORPORATION  
PROSPECTUS FOR  
1,318,062 SHARES OF CITIZENS & NORTHERN CORPORATION COMMON STOCK  
Nasdaq: CZNC**

Dear Shareholders of Monument Bancorp, Inc.:

On September 27, 2018, Monument Bancorp, Inc., or “Monument,” and Citizens & Northern Corporation, or “C&N,” entered into an Agreement and Plan of Merger, which we refer to as the “merger agreement,” that provides for the merger of Monument with and into C&N, with C&N surviving. In connection with the merger, Monument Bank, the wholly-owned subsidiary of Monument, will merge with and into C&N’s wholly-owned subsidiary, Citizens & Northern Bank, or “C&N Bank,” with C&N Bank surviving. Before we complete the merger, the shareholders of Monument must approve and adopt the merger agreement.

You are invited to attend a special meeting of shareholders (the “special meeting”) of Monument to be held on Friday, March 15, 2019, at 9 a.m., local time, at Doylestown Country Club, 20 Country Club Lane, Doylestown, Pennsylvania 18901. The special meeting is being held to approve and adopt, among other things, the merger of Monument into C&N pursuant to the merger agreement.

If the merger agreement is adopted and approved by the holders of at least 66 2/3% of the shares of Monument common stock outstanding and entitled to vote at the special meeting and the merger is subsequently completed, each outstanding share of common stock, \$1.00 par value per share, of Monument (“Monument common stock”) will be converted into the right to receive at the election of the holder thereof either (1) \$28.10 in cash, without interest, or (2) 1.0144 shares of common stock, \$1.00 par value per share, of C&N (“C&N common stock”), subject to adjustment procedures described in this document, to ensure that, in the aggregate, 80% of Monument common stock will be converted to C&N common stock and the remaining 20% of Monument common stock will be converted to cash. The maximum number of shares of C&N common stock estimated to be issuable upon completion of the merger is 1,318,062.

Although the number of shares of C&N common stock that holders of Monument common stock will be entitled to receive is fixed, the market value of the stock consideration will fluctuate with the market price of C&N common stock and will not be known at the time Monument shareholders vote on the merger. However, as described in more detail elsewhere in this document, under the terms of the merger agreement, if the average price of C&N common stock over a specified period of time decreases below certain specified thresholds, Monument would have a right to terminate the merger agreement, unless C&N elects to increase the exchange ratio, which would result in additional shares of C&N common stock being issued.

C&N common stock is traded on the Nasdaq Capital Market under the symbol “CZNC.” The common stock of Monument is not traded on any exchange. On September 27, 2018, which was the last trading date preceding the public announcement of the proposed merger, the closing price of C&N common stock was \$26.02 per share, which,

after giving effect to the 1.0144 exchange ratio, has an implied value of approximately \$26.39 per share. Based upon this price with respect to the stock consideration, and the cash consideration of \$28.10 per share, upon completion of the merger, a Monument shareholder who receives cash for 20% of his or her shares of common stock and receives stock for 80% of his or her shares of common stock would receive total merger consideration with an implied value of approximately \$26.73 per share. On [•], the last practicable trading day prior to the printing of this proxy statement/ prospectus, the closing price of C&N common stock was \$[•] per share, which, after giving effect to the 1.0144 exchange ratio, has an implied value of approximately \$[•] per share. Based on this price with respect to the stock consideration, and the cash consideration of \$28.10 per share, upon completion of the merger, a Monument shareholder who receives cash for 20% of his or her shares of common stock and receives stock for 80% of his or her shares of common stock would receive total merger consideration with an implied value of approximately \$[•] per share. The market price of C&N common stock will fluctuate before the completion of the merger; therefore, you are urged to obtain current market quotations for C&N common stock.

After careful consideration, our board of directors unanimously approved the merger agreement and determined that the transactions provided for in the merger agreement are advisable to, and in the best interests of, Monument. Our board of directors unanimously recommends that you vote “FOR” adoption and approval of the merger agreement and “FOR” the approval of the other proposals described in this document.

Your vote is important, regardless of the number of shares of Monument common stock you own. We cannot complete the merger unless the merger agreement is approved by the affirmative vote of the holders of at least 66<sup>2</sup>/<sub>3</sub>% of the shares of Monument common stock outstanding and entitled to vote at the special meeting.

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This document provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to this document. We encourage you to read this entire document, including the annexes hereto and the documents incorporated by reference herein, carefully because it contains important information about the merger and the related transactions. In particular, you should read carefully the information under the section titled “Risk Factors” beginning on page 26.

Whether or not you expect to attend the special meeting in person, we urge you to submit a completed proxy as promptly as possible. If your shares are held in the name of a broker, bank or other nominee, please follow the instructions on the voting instruction form furnished to you by your broker, bank or other nominee. Do not send your stock certificates with the proxy card. You will receive an election form with instructions for delivering your stock certificates under separate cover.

On behalf of our board of directors, thank you for your continued support and interest in Monument. We look forward to seeing you at the special shareholders’ meeting.

Sincerely,

Clark S. Frame  
Chairman of the Board of Directors  
Monument Bancorp, Inc.

Christopher A. Nardo  
President and Chief Executive Officer  
Monument Bancorp, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the C&N common stock in connection with the merger or the other transactions described in this document, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this document is [•], and it is first being mailed or otherwise delivered to shareholders of Monument on or about [Mail Date].

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Date, Time and Place

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**WHERE YOU CAN FIND MORE INFORMATION**

This document incorporates important business and financial information about Citizens and Northern Corporation (“C&N”) that is not included in or delivered with this document as permitted by the Securities and Exchange Commission (“SEC”). This information is available without charge to security holders upon written or oral request by contacting the Treasurer at 90-92 Main Street, Wellsboro, PA 16901 or 570-724-3411. In order to ensure timely delivery of such documents, any request should be made by [•]. In addition, you may read and copy any document C&N files, including the registration statement on Form S-4, of which this document forms a part, and the documents incorporated herein by reference by C&N, at the SEC public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC filings of C&N also are available to the public through the SEC website at <http://www.sec.gov>. In addition, you may obtain free copies of the documents C&N files with the SEC by going to C&N’s website at <http://www.cnbankpa.com>. The Internet website address of C&N is provided as an inactive textual reference only. The information provided on the Internet website of C&N, other than copies of the documents listed below that have been filed with the SEC, is not part of this document and, therefore, is not incorporated herein by reference.

C&N has filed with the SEC a registration statement under the Securities Act that registers the shares of C&N common stock to be issued to Monument shareholders in connection with the merger. This document is a part of that registration statement and constitutes a prospectus of C&N with respect to the C&N common stock to be issued to Monument’s shareholders in the merger, and a proxy statement of Monument for its special meeting. The registration statement, including the attached exhibits, contains additional relevant information about C&N. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this document. As permitted by the SEC, the following documents are incorporated by reference by C&N (SEC File No. 000-16084) in this document:

- Annual Report on Form 10-K filed February 15, 2018, for the year ended December 31, 2017;
- All other reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of C&N’s fiscal year referred to immediately above; and
- The description of C&N common stock contained in C&N’s registration statement filed under the Exchange Act and any amendment or report filed for purposes of updating such description.

All documents filed by C&N pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this document and prior to the special meeting are also incorporated by reference into this document and will be deemed to be a part hereof from the date of filing of such documents.

Any statement contained in a document that is incorporated by reference will be deemed to be modified or superseded for all purposes to the extent that a statement contained herein (or in any other document that is subsequently filed with the Securities and Exchange Commission and incorporated by reference) modifies or is contrary to that previous statement.

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**ABOUT THIS DOCUMENT**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by C&N (File No. 000-16084), constitutes a prospectus of C&N under the Securities Act of 1933, as amended (the “Securities Act”) with respect to the shares of C&N common stock, par value \$1.00 per share, to be issued to Monument shareholders pursuant to the Agreement and Plan of Merger, dated as of September 27, 2018, by and between C&N and Monument, which we refer to as the “merger agreement.” This document also constitutes a proxy statement of Monument under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) for its special meeting. It also constitutes a notice of meeting with respect to the special meeting at which Monument shareholders will be asked to vote to approve and adopt the merger agreement.

All information contained or incorporated by reference in this document relating to C&N and its subsidiaries has been supplied by C&N. All information contained or incorporated by reference in this document relating to Monument and its subsidiaries has been supplied by Monument. Monument does not file reports with the SEC.

Neither C&N nor Monument has authorized anyone to give any information or make any representation about the merger of our companies that is different from, or in addition to, that contained in this document or in any of the materials that have been incorporated in this document. Therefore, even if you receive information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this document or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.

This document contains a description of the representations and warranties that each of C&N and Monument made to the other in the merger agreement. Representations and warranties made by C&N and Monument are also set forth in contracts and other documents that are attached or filed as exhibits to this document or are incorporated by reference into this document. These representations and warranties were made as of specific dates, may be subject to important qualifications and limitations agreed to between the parties in connection with negotiating the terms of the agreement, and may have been included in the agreement for the purpose of allocating risk between the parties rather than to establish matters as facts. These materials are included or incorporated by reference only to provide you with information regarding the terms and conditions of the agreements, and not to provide any other factual information regarding C&N, Monument or their respective businesses. Accordingly the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the other information provided elsewhere in this document or incorporated by reference into this document.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND  
THE SHAREHOLDER MEETING**

The following questions and answers briefly address some commonly asked questions about the merger (as defined below) and the Monument shareholders meeting. They may not include all the information that is important to the shareholders of Monument. Shareholders of Monument should read carefully this entire document, including the annexes and other documents referred to in this document. This document is first being sent to Monument shareholders on or about [Mail Date].

Questions about the Merger

Q:

What is the merger?

A:

C&N and Monument have entered into an Agreement and Plan of Merger, dated September 27, 2018, referred to as the “merger agreement.” A copy of the merger agreement is attached as Annex A to, and is incorporated by reference in, this document. The merger agreement contains the terms and conditions of the proposed business combination of C&N and Monument. Under the merger agreement, Monument will merge with and into C&N, with C&N surviving the merger, and the separate corporate existence of Monument will cease. We refer to this transaction as the “merger.” In addition, in connection with the merger, Monument’s wholly owned subsidiary, Monument Bank, will merge with and into Citizens & Northern Bank, or C&N Bank, the wholly-owned subsidiary of C&N. C&N Bank will be the surviving institution. We refer to this transaction as the “bank merger.”

Q:

Why am I receiving these materials?

A:

This document constitutes a proxy statement of Monument and a prospectus of C&N. Monument is sending these materials to its shareholders to help them decide how to vote their shares of Monument common stock with respect to the proposed merger and the other matters to be considered at the special meeting.

The merger cannot be completed unless the shareholders of Monument adopt the merger agreement. Monument is holding a special meeting of shareholders to vote on the merger, as well as the other proposals described in “Monument’s Special Meeting,” beginning on page 77. Information about the special meeting, the merger and the other business to be considered at the special meeting is contained in this document.

Q:

Why are Monument and C&N proposing the merger?

A:

Monument’s board of directors, in unanimously determining that the merger is in the best interests of Monument, considered a number of factors which are described under the headings “The Merger — Background of the Merger” and “The Merger — Monument’s Reasons for the Merger,” beginning on pages 33 and 35, respectively.

Q:

What will Monument shareholders receive as a result of the merger?

A:

Each share of Monument common stock issued and outstanding immediately prior to the completion of the merger will be converted into the right to receive, at the election of the shareholder, either (i) 1.0144 shares of C&N common stock (which we refer to as the exchange ratio) or (ii) \$28.10 in cash. Monument’s shareholders may elect to receive the cash consideration or the stock consideration for each share owned, subject to the requirement that 20% of the outstanding Monument shares are converted into the cash consideration. If cash elections and shares for which no

election was made represent less than 20% of the outstanding Monument shares, all stock elections will be proportionately converted into cash elections until the 20% cash election requirement is met. If cash elections are made for more than 20% of the outstanding Monument shares, all cash elections will be proportionately converted into stock elections until the 20% cash election requirement is met.

Q:

Will the merger consideration fluctuate with changes in the market value of C&N common stock?

A:

The exchange ratio and cash consideration is fixed. Thus, the value of the stock portion of the merger consideration will vary with the market value of C&N's common stock. However, if (i) the average

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price of C&N's common stock, measured over a ten trading day period occurring shortly before the closing date of the merger, drops below \$21.94 per share and (ii) the percent decline in C&N common stock, determined by dividing the ten day average price by \$27.43, is less than the percent decline in the KBW NASDAQ Regional Banking Stock Index Value, determined by dividing the average KBW NASDAQ Regional Stock Index Value for the same ten day period by the KBW NASDAQ Regional Banking Stock Index Value on September 10, 2018 by more than 20%, then Monument's board of directors may elect to terminate the merger agreement unless C&N increases the aggregate consideration to an amount that would not permit Monument to terminate.

Q:

How do Monument shareholders elect the form of merger consideration they wish to receive?

A:

After the shareholders of Monument have approved the merger, the exchange agent, American Stock Transfer & Trust Company, LLC, or AST, will send you an election form to complete and return to AST, with appropriate instructions. You should only complete and return the election form when it is sent to you. All election forms must be returned to AST before the election deadline.

Q:

When is the election deadline?

A:

After Monument's shareholders approve the merger, AST will mail the election form to all shareholders of Monument with instructions, which will include the election deadline. In addition, we will publicly announce the election deadline through a press release or other public communication.

Q:

What if I do not complete and return the election form before the election deadline?

A:

If you do not submit a properly completed election form prior to the election deadline, your shares will be treated as non-electing shares and will be converted into stock or cash, as necessary to achieve the required 20% cash consideration condition.

Q:

Can I change my election?

A:

Yes. Monument shareholders can change or revoke their election at any time prior to the election deadline by delivering a written notice of revocation to Monument or delivering a new, properly completed election form to AST, the exchange agent, no later than the election deadline.

Q:

When should I send in my Monument stock certificates?

A:

**DO NOT SEND IN YOUR MONUMENT COMMON STOCK CERTIFICATES NOW.** If Monument shareholders approve and adopt the merger agreement, Monument shareholders will receive a letter of transmittal from AST that will explain how to exchange Monument stock certificates for the merger consideration. Please do not send in any Monument stock certificates until you receive the letter of transmittal.

Q:

Who will be the directors and executive officers of C&N and C&N Bank following the merger?

A:

Following the merger, C&N and C&N Bank's boards of directors will consist of their current directors plus Clark S. Frame, one of Monument's current board members. The executive officers of C&N and C&N Bank will remain the same.

Q:

When do you expect to complete the merger?

A:

We cannot complete the merger until all conditions to the merger in the merger agreement are satisfied or waived, including receipt of shareholder approval at the special meeting of Monument, and until we receive all required regulatory approvals. The parties have also agreed not to consummate the merger prior to February 28, 2019. We currently expect to complete the merger in the second quarter of 2019. It is possible, however, that factors outside of either company's control could result in us completing the merger at a later time or not completing the merger at all.

Q:

What are the federal income tax consequences of the merger?

A:

The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the "Internal Revenue Code."



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It is a condition to the completion of the merger that the parties receive a written opinion from Barley Snyder LLP, counsel to C&N, to the effect that (i) the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; (ii) the holders of Monument common stock will not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their Monument common stock for C&N common stock (except for cash consideration received or cash received in lieu of fractional shares); (iii) the basis of C&N common stock received by the shareholders of Monument will be the same as the basis of such shareholders' Monument common stock exchanged therefore; and (iv) the holding period of the shares of C&N common stock received by the shareholders of Monument will include the holding period of Monument common stock, provided such shares of Monument common stock were held as a capital asset as of the effective time of the merger. For further discussion of the material U.S. federal income tax consequences of the merger, see "Material United States Federal Income Tax Consequences of the Merger," beginning on page 67.

We recommend that holders of Monument common stock consult their tax advisors to determine the tax consequences to them of the merger, including the application and effect of any state, local or non-U.S. income and other tax laws. Questions about the Monument Special Meeting

Q:

What are the matters on which I am being asked to vote at the Monument special meeting?

A:

You are being asked to consider and vote on the following matters:

1.  
Adoption of the merger agreement, a copy of which is attached as Annex A to this document; and

2.  
Adjournment of Monument's special meeting, if necessary, to solicit additional proxies in favor of adoption of the merger agreement.

Q:

How does Monument's board of directors recommend that I vote my shares?

A:

Monument's board of directors recommends that Monument shareholders vote their shares as follows:

- "FOR" adoption of the merger agreement; and
- "FOR" an adjournment of Monument's special meeting, if necessary, to solicit additional proxies in favor of adoption of the merger agreement.

As of the record date, directors and executive officers of Monument and their affiliates beneficially owned 1,095,608 shares, or 68.71%, of Monument's common stock outstanding and entitled to be voted at the special meeting. In accordance with the terms of the merger agreement, each of the directors and executive officers of Monument has executed a voting agreement in favor of C&N pursuant to which he or she has agreed to vote all shares of Monument common stock beneficially owned by him or her, and over which he or she holds sole voting power, in favor of adoption of the merger agreement and the transactions contemplated thereby. Collectively, the Monument directors and executive officers own and have sole voting power over 540,374 shares, or 34.54%, of Monument's common stock outstanding, which they committed to vote in favor of the adoption of the merger agreement. In addition, each director and executive officer agreed to use their best efforts to cause shares of Monument over which they hold shared voting power to be voted in favor of the adoption of the merger agreement.

Q:

What do I need to do now?

A:

After carefully reading and considering the information contained in this document, please submit your proxy as soon as possible so that your shares will be represented at Monument's special meeting. Please follow the instructions stated on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Q:

Who is entitled to vote at Monument's special meeting?

A:

Only shareholders of record as of the close of business on February 6, 2019, which is referred to as the record date, are entitled to notice of, and to vote at, Monument's special meeting.

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Q:

How many votes do I have?

A:

Each outstanding share of Monument common stock is entitled to one vote.

Q:

How do I vote my Monument shares?

A:

You may vote your Monument shares by completing and returning the enclosed proxy card or by voting in person at Monument's special meeting. Should you have any questions on the procedure for voting your shares, please contact G. Brian Cooper, Secretary, Monument Bancorp, Inc., 465 North Main Street, Doylestown, Pennsylvania 18901, telephone (215) 323-4780, extension 107.

**Voting by Proxy.** You may vote your Monument shares by completing and returning the enclosed proxy card. Your proxy will be voted in accordance with your instructions. If you do not specify a choice on one of the proposals described in this document, your proxy will be voted in favor of that proposal.

**ON YOUR MONUMENT PROXY CARD:**

- 

Mark your selections;

- 

Date and sign your name exactly as it appears on your card; and

- 

Return your completed proxy card in the enclosed postage-paid envelope.

**Voting in Person.** If you attend Monument's special meeting, you may deliver your completed proxy card in person or may vote by completing a ballot, which will be available at Monument's special meeting.

Q:

Why is my vote important?

A:

Because the merger cannot be completed without the affirmative vote of the holders of two-thirds of all of the outstanding shares of Monument common stock, and because a majority of the outstanding shares of Monument common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting, every shareholder's vote is important.

Q:

If my shares of Monument common stock are held in street name by my broker, will my broker automatically vote my shares for me?

A:

No. Your broker CANNOT automatically vote your shares on any proposal at Monument's special meeting, other than the proposal to adjourn the meeting if necessary to solicit additional proxies, without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

Q:

What if I fail to instruct my broker?

A:

If you do not provide your broker with instructions, your broker generally will not be permitted to vote your shares on the merger proposal or any other proposal (a so-called “broker non-vote”) at Monument’s special meeting, other than the proposal to adjourn the meeting, and your broker will abstain from voting. Abstentions are considered for purposes of determining the presence of a quorum, but are not considered a vote cast under Pennsylvania law. Although broker non-votes will not be counted as votes cast either “for” or “against” any proposal, they will be counted to determine if a quorum is present with respect to any matter to be voted upon by shareholders at the special meeting so long as such shares have been voted at the special meeting on another matter other than a procedural motion. Because approval of the merger requires the affirmative vote of holders of two-thirds of the outstanding shares, abstentions, including broker non-votes, will effectively act as a vote “against” adoption of the merger agreement.

Q:

What constitutes a quorum for Monument special meeting?

A:

As of Monument’s record date, 1,564,599 shares of Monument common stock were issued and outstanding, each of which will be entitled to one vote at the meeting. Under Monument’s bylaws, the presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all

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shareholders are entitled to cast constitutes a quorum for the transaction of business at the special meeting. If you vote by proxy, your shares will be included for determining the presence of a quorum. Both abstentions and broker non-votes that are voted on at least one non-procedural item are also included for purposes of determining the presence of a quorum.

Q:

Assuming the presence of a quorum, what is the vote required to approve the matters to be considered at Monument's special meeting?

A:

The affirmative vote at the special meeting of the holders of two-thirds of the outstanding shares of Monument common stock, in person or by proxy, is required to adopt the merger agreement. With respect to the proposal to adjourn Monument's special meeting if necessary to solicit additional votes in favor of the proposal to adopt the merger agreement, and on any other matter properly presented at the special meeting, such matters require the approval of a majority of the votes cast, in person or by proxy, at the special meeting. Because the merger requires the affirmative vote of holders of two-thirds of the outstanding shares, abstentions and broker non-votes will effectively act as a vote against adoption of the merger agreement, but will have no effect on the proposal to adjourn the meeting.

Q:

Do I have appraisal or dissenters' rights?

A:

Yes. Shareholders of Monument will be entitled to dissenters' rights with respect to the merger, entitling them to request the "fair value" of their shares of Monument stock. To perfect your dissenters' rights, you must follow, precisely, the required statutory procedures stated in Annex C to this document.

Q:

Can I attend Monument's special meeting and vote my shares in person?

A:

Yes. All shareholders, including shareholders of record and those who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Holders of record of Monument common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership, and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

Q:

Can I change my vote?

A:

Yes. You may revoke your proxy at any time before it is voted at the special meeting by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Monument's Secretary, or (3) attending the special meeting in person, notifying the Secretary and voting by ballot at the special meeting. Monument's Secretary's mailing address is Monument Bancorp, Inc., 465 North Main Street, Doylestown, Pennsylvania 18901, Attention: Secretary. Monument will honor the latest vote cast.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy if notification of such revocation has been given

to Monument's Secretary, but the mere presence (without notifying Monument's Secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Q:

What happens if additional proposals are presented at Monument's special meeting?

A:

Other than the proposals described in this document, Monument does not expect any matters to be presented for a vote at the special meeting. If you grant a proxy, the persons named as proxy holders will vote your shares on any additional matters properly presented for a vote at the special meeting at the direction of Monument's board of directors.

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Q:

Are there risks that I should consider in deciding whether to vote to approve the merger agreement?

A:

Yes. You should consider the risk factors set out in the section entitled “Risk Factors” beginning on page 26 of this document.

Q:

Whom should I contact if I have additional questions?

A:

If you have any questions about the merger, or if you need additional copies of this document or the enclosed proxy card, you should contact: G. Brian Cooper, Secretary, Monument Bancorp, Inc., 465 North Main Street, Doylestown, Pennsylvania 18901, telephone (215) 323-4780, extension 107.

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### SUMMARY

This summary highlights information contained elsewhere in this document and may not contain all of the information that is important to you. We urge you to carefully read this entire document and the other documents to which we refer in order to fully understand the merger and the related transactions. See “Where You Can Find More Information” on page 1. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

#### Information about the Companies

##### Citizens & Northern Corporation and Citizens & Northern Bank (page 76)

Citizens & Northern Corporation, or C&N, is a Pennsylvania corporation that was formed in 1987 as a one-bank holding company. C&N acquired First National Bank of East Smithfield in May 1990 and acquired Canisteo Valley Corporation and its subsidiary, First State Bank, a New York State chartered commercial bank with offices in Canisteo and South Hornell, NY, in 2005. In 2010, the First State Bank operations were merged into C&N Bank and Canisteo Valley Corporation was merged into C&N. On May 1, 2007, C&N acquired Citizens Bancorp, Inc. (“Citizens”), with banking offices in Coudersport, Emporium and Port Allegany, Pennsylvania. Citizens Trust Company, the banking subsidiary of Citizens, was merged with and into C&N Bank as part of the transaction. The common stock of C&N is currently quoted on the Nasdaq Capital Market under the symbol “CZNC”. C&N’s website can be accessed at [www.cnbankpa.com](http://www.cnbankpa.com). The principal executive offices of C&N are located at 90-92 Main Street, P.O. Box 58, Wellsboro, Pennsylvania 16901, and its telephone number is 570-724-3411. C&N is a public company that files periodic reports with the SEC, which can be accessed at [www.sec.gov](http://www.sec.gov).

C&N Bank is a Pennsylvania banking institution founded in 1864 as The First National Bank of Wellsborough. C&N Bank has held its current name since May 6, 1975, at which time C&N Bank changed its charter from a national bank to a Pennsylvania bank. In 1971, C&N Bank consolidated with The Citizens National Bank of Towanda. Subsequent mergers included: First National Bank of Ralston in May 1972; Sullivan County National Bank in October 1977; Farmers National Bank of Athens in January 1984; and First National Bank of East Smithfield in May 1990. C&N Bank is a full-service financial institution with 25 banking offices in Bradford, Cameron, Lycoming, McKean, Potter, Sullivan and Tioga Counties in Pennsylvania and Steuben County in New York and a loan production office in Elmira, New York. Investment products are offered through C&N Investment Services and insurance products are offered through C&N Financial Services Corp. Trust services are offered by C&N Bank through the C&N Trust and Financial Management Group, a division of C&N Bank.

At September 30, 2018, C&N had total assets of approximately \$1.271 billion, total deposits of approximately \$1.052 billion, and 189.9 million of shareholders’ equity.

##### Monument Bancorp, Inc. and Monument Bank (page 81)

Monument Bancorp, Inc., or Monument, was incorporated as a Pennsylvania business corporation on April 7, 2016 for the purpose of becoming a one-bank holding company. Monument’s main office is located at 465 North Main Street, Doylestown, Pennsylvania. Monument’s primary function is to own all of the common stock of its wholly-owned subsidiary, Monument Bank.

The common stock of Monument is not currently listed on any exchange or quoted in the over the counter market. Monument’s website can be accessed at <http://www.monumentbankpa.com>. The principal executive offices of Monument are located at 465 N. Main Street, Doylestown, Pennsylvania 18901, and its telephone number is (215) 340-1020.

Monument Bank is a Pennsylvania banking institution that was incorporated on October 12, 2007 and commenced operations on February 22, 2008. Monument Bank is a community bank offering a full range of banking services to the Philadelphia metropolitan market. Monument Bank operates two banking offices and a loan production office in Bucks County, Pennsylvania.



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At September 30, 2018, Monument had approximately \$361.3 million in assets, \$255.4 million in deposits and \$26.1 million of shareholders' equity.

Share Information and Market Prices (page 81)

C&N common stock is listed on the Nasdaq Capital Market under the trading symbol "CZNC". Monument common stock is not listed on any exchange or quoted in the over the counter market. There is currently a very limited public trading market for the common stock of Monument.

The table below shows the last sale prices of C&N common stock, Monument common stock and the equivalent price per share of Monument common stock based on the exchange ratio on September 27, 2018, the day before announcement of the merger, and on [LPD], the latest practicable date before printing of this document.

	Historical Price Per Share	Pro Forma Equivalent Price Per Share(1)
<b>C&amp;N Common Stock</b>		
Closing Price on September 27, 2018	\$ 26.02	N/A
Closing Price on [LPD]		N/A
<b>Monument Common Stock</b>		
Closing Price on September 27, 2018	\$ 22.04(2)	\$ 26.39
Closing Price on July 18, 2018	\$ 22.04(2)	

(1)

Based upon the product of the conversion ratio (1.0144) and the closing price of C&N common stock, rounded to the nearest cent.

(2)

Per share price of last trade known to Monument for 600 shares on July 18, 2018.

Given the absence of an active trading market and publicly available trading information for Monument shares, such prices may not reflect actual current market values.

The Merger Agreement (page 55)

The terms and conditions of the merger are contained in the merger agreement, which is attached as Annex A to this document and incorporated by reference herein. Please carefully read the merger agreement as it is the legal document that governs the merger. The merger agreement is not intended to provide any other factual information about C&N, Monument, or any of their respective subsidiaries and affiliates. The representations, warranties and covenants contained in the merger agreement were made as of specific dates, may be subject to limitations agreed upon by the parties as stated in the agreement, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the agreement, none of which materially alter the representations and warranties made by either party.

Monument and C&N will Merge (page 55)

We are proposing the merger of Monument and C&N, with C&N surviving. As a result of the merger, the corporate existence of Monument will end. We refer to this event as the "merger" in this document. In connection with the merger, Monument Bank will merge with and into C&N Bank, with C&N Bank surviving. We refer to this event as the "bank merger" in this document.

Monument Will Hold Its Special Meeting on March 15, 2019 (page 77)

Monument will hold a special meeting on Friday, March 15, 2019 at 9:00 a.m., local time, at Doylestown Country Club, 20 Country Club Lane, Doylestown, Pennsylvania 18901. At the special meeting, Monument shareholders will be asked to:



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1.  
Adopt the merger agreement; and

2.  
Approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

**Record Date.** Only holders of record of Monument common stock at the close of business on February 6, 2019 will be entitled to vote at the special meeting. Each share of Monument common stock is entitled to one vote. As of Monument's record date, there were 1,564,599 shares of Monument common stock issued and outstanding and entitled to vote at the special meeting.

**Required Vote.** The affirmative vote of sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) of the outstanding shares of Monument common stock is required to adopt the merger agreement. Approval of the proposal to adjourn the special meeting requires approval of a majority of the votes cast, in person or by proxy, at the meeting. A majority of the outstanding shares of Monument common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting.

In accordance with the terms of the merger agreement, each of the directors and executive officers of Monument has executed a voting agreement in favor of C&N pursuant to which he or she has agreed to vote all shares of Monument common stock beneficially owned by him or her, and over which he or she holds sole voting power, in favor of adoption of the merger agreement and the transactions contemplated thereby. Collectively, the Monument directors and executive officers own and have sole voting power over 540,374 shares, or 34.54%, of Monument's common stock outstanding, which they committed to vote in favor of the adoption of the merger agreement. In addition, each director and executive officer agreed to use their best efforts to cause shares of Monument over which they hold shared voting power to be voted in favor of the adoption of the merger agreement. As of the record date, directors and executive officers of Monument and their affiliates beneficially owned, in the aggregate, 1,095,608 shares, or 68.71%, of Monument's common stock outstanding and entitled to be voted at the special meeting.

**Monument Shareholders Will Receive Cash or Shares of C&N Common Stock in the Merger (page 55)**

In the proposed merger, Monument shareholders will receive, in exchange for each share of Monument common stock they own immediately prior to completion of the merger, either (i) 1.0144 shares of C&N common stock or (ii) \$28.10 in cash. Fractional shares of C&N common stock resulting from the application of the exchange ratio to a shareholder's holdings of Monument common stock will be converted into the right to receive a cash payment for each such fractional share. The cash payment will equal an amount determined by multiplying (i) the fraction of a share to which such holder would otherwise have been entitled and (ii) \$28.10.

Monument shareholders will be entitled to indicate the form of merger consideration they wish to elect to receive for each share owned. However, the actual form of merger consideration you receive will depend on your election and on the elections made by all other Monument shareholders. The merger agreement requires that 20% of the outstanding Monument shares will be converted into the cash consideration; as a result, your election is subject to proration to ensure that result. Therefore, if Monument shareholders, in the aggregate, submit elections requesting too many or too few Monument shares to be converted into the cash consideration, the stock or cash elections, as appropriate, will be prorated to ensure that 20% of Monument's outstanding shares are converted into the cash consideration.

**While the Exchange Ratio and Cash Consideration is Fixed, in Certain Circumstances, Monument May Terminate the Merger Unless C&N Increases the Consideration (page 55)**

The exchange ratio and cash consideration is fixed. Thus, the value of the stock portion of the merger consideration will vary with the market value of C&N's common stock. However, if (i) the average price of C&N's common stock, measured over a ten trading day period occurring shortly before the closing date of the merger, drops below \$21.94 per share and (ii) the percent decline in C&N common stock, determined by dividing the ten day average price by \$27.43, is less than the percent decline in the KBW NASDAQ Regional Banking Stock Index Value, determined by dividing the average KBW NASDAQ Regional Stock

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Index Value for the same ten day period by the KBW NASDAQ Regional Banking Stock Index Value on September 10, 2018 by more than 20%, then Monument's board of directors may elect to terminate the merger agreement unless C&N increases the aggregate consideration to an amount that would not permit Monument to terminate as described in (ii).

Expected Material United States Federal Income Tax Treatment as a Result of the Merger (page 67)

The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Internal Revenue Code, and it is a condition to the completion of the merger that the parties receive a written opinion from Barley Snyder LLP, counsel to C&N, to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and that holders of Monument common stock will not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their Monument common stock for C&N common stock pursuant to the merger. For further discussion of the material U.S. federal income tax consequences of the merger, see "Material United States Federal Income Tax Consequences of the Merger," beginning on page 67.

We recommend that holders of Monument common stock consult their tax advisors to determine the tax consequences to them, including the application and effect of any state, local or non-U.S. income and other tax laws, of the merger. Accounting Treatment of the Merger (page 66)

The merger will be treated as a business combination to be accounted for using the acquisition method of accounting under U.S. generally accepted accounting principles. Under the acquisition method of accounting, the acquired tangible and identifiable intangible assets and liabilities assumed of Monument will be recorded, as of the date of completion of the merger, at their respective fair values. Any excess of the purchase price over the fair values of net assets acquired will be recorded as "goodwill." Under U.S. generally accepted accounting principles, goodwill is not amortized, but is assessed annually, or more frequently if necessary, for impairment with any resulting impairment losses included in net income. If the fair value of net assets acquired exceeds the purchase price, there will be no goodwill recorded, and the resulting difference will be recorded as a bargain purchase gain. The results of operations of the combined entity will include the results of Monument's operations only after completion of the merger.

Boenning & Scattergood, Inc. Has Provided an Opinion to Monument's Board of Directors that the Merger Consideration is Fair (page 39)

Monument's financial advisor, Boenning & Scattergood, Inc., or "Boenning," has conducted financial analyses and delivered an opinion to Monument's board of directors that, as of September 27, 2018, the merger consideration was fair, from a financial point of view, to Monument's shareholders. The full text of Boenning's opinion is attached as Annex B to this document. Monument shareholders should read that opinion and the summary description of Boenning's opinion contained in this document in their entirety. The opinion of Boenning does not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger. Monument does not expect that it will request an updated opinion from Boenning.

Pursuant to the Boenning engagement agreement, Monument agreed to pay Boenning a non-refundable cash fee equal to 1.25% of the aggregate merger consideration, \$20,000 of which became payable upon retention of Boenning, \$60,000 of which became payable concurrently with the rendering of Boenning's opinion, and the balance of which is contingent upon the consummation of the merger. Boenning's fee for rendering the fairness opinion was not contingent upon Boenning reaching any particular conclusion. Monument also agreed to reimburse Boenning for reasonable out-of-pocket expenses and disbursements incurred in connection with its engagement and to indemnify Boenning against certain liabilities relating to or arising out of Boenning's engagement or Boenning's role in connection therewith.

Board of Directors and Executive Officers of C&N and C&N Bank after the Merger (page 50)

Following the merger, the C&N and C&N Bank boards of directors will consist of the current members of each board plus Clark S. Frame, who is currently Chairman of the boards of directors of Monument and Monument Bank. The current executive officers of C&N and of C&N Bank will remain the same after the merger.

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The Monument Board of Directors Recommends That Monument Shareholders Vote “FOR” Adoption of the Merger Agreement (page 37)

Monument’s board of directors believes that the merger is in the best interests of Monument and has unanimously approved the merger and the merger agreement. Monument’s board of directors recommends that Monument shareholders vote “FOR” adoption of the merger agreement. Monument’s board of directors also recommends that Monument shareholders vote “FOR” the proposal to adjourn the special meeting, if necessary, to solicit additional proxies in favor of the adoption of the merger agreement.

Monument’s Directors and Executive Officers Have Financial Interests in the Merger that May Differ from Your Interests (page 53)

In addition to their interests as Monument shareholders, the directors and executive officers of Monument may have interests in the merger that are different from or in addition to interests of other Monument shareholders. These interests include, among others, provisions in the merger agreement appointing one Monument director to serve on the C&N board of directors, payment of severance to executive officers who will not be employed by C&N, assumption by C&N of employment agreements, indemnification by C&N and payment for directors’ and officers’ insurance. These additional interests may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than you may view it as a Monument shareholder. Monument’s board of directors was aware of these interests and took them into account in its decision to approve the merger agreement.

Holders of Monument Common Stock Have Dissenters’ Rights (page 50)

Monument shareholders have the right under Pennsylvania law to dissent from the merger agreement and obtain the “fair value” of their shares in cash as determined by an appraisal process in accordance with the procedures under Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988, as amended, or PBCL. The statutorily determined “fair value” could be more or less than the value of the merger consideration. If you intend to exercise dissenters’ rights, you should read the statute carefully and consult with your own legal counsel. Failure to strictly comply with the procedures set forth in the PBCL will result in the loss of dissenters’ rights. Also, if you exercise dissenters’ rights, you may have taxable income as a result, so you should consult with your own tax advisor if you intend to dissent. See “The Merger — Monument Shareholders Have Dissenters’ Rights in the Merger” and Annex C. The Rights of Monument Shareholders Will Be Governed by Pennsylvania Law and C&N’s Articles of Incorporation and Bylaws after the Merger (page 90)

The rights of Monument shareholders will change as a result of the merger due to differences in C&N’s and Monument’s governing documents. A description of shareholder rights under each of the C&N and Monument governing documents, and the material differences between them, is included in the section entitled “Comparison of Shareholders’ Rights” found on page 90.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 63)

The parties have agreed not to consummate the merger before February 28, 2019. Currently, we expect to complete the merger in the second quarter of 2019. As more fully described in this document and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others: approval of the merger by the requisite vote of Monument’s shareholders; the receipt of all required regulatory approvals from the Board of Governors of the Federal Reserve System (“FRB”), Federal Deposit Insurance Corporation (“FDIC”), and the Pennsylvania Department of Banking and Securities (“PDB”); the holders of no more than 5% of the outstanding shares of common stock of Monument exercising dissenters’ rights; and the receipt of a legal opinion from Barley Snyder LLP, counsel to C&N, regarding the tax treatment of the merger.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

No Solicitation of Other Offers (page 61)

Monument has agreed that it, its directors and officers and its representatives and advisors will not, between the date of the merger agreement and the date of the special meeting of Monument’s shareholders,

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directly or indirectly, seek or encourage, respond to, endorse, pursue or enter into an alternative acquisition proposal unless its board of directors determines, in good faith, that such discussions or consideration of an alternative acquisition proposal are required for its board of directors to fulfill its fiduciary duties.

For further discussion of the restrictions on solicitation of acquisition proposals from third parties, see “The Merger Agreement — Agreement Not to Solicit Other Offers” beginning on page 61.

### Termination of the Merger Agreement (page 64)

The boards of Monument and C&N may mutually agree to terminate the merger agreement before completing the merger, even after shareholder approval has been obtained. In addition, C&N or Monument may decide to terminate the merger agreement if (i) a bank regulator or governmental entity issues a final order that is not appealable prohibiting the merger, (ii) the shareholders of Monument fail to adopt the merger agreement, (iii) the other party breaches the merger agreement and fails to cure such breach, if that breach would cause the conditions to closing not to be met, or (iv) the merger has not been completed by August 15, 2019, unless the reason the merger has not been completed by that date is a breach of the merger agreement by the party seeking to terminate the merger agreement. C&N may terminate the merger agreement if Monument’s board of directors, in connection with the receipt of an alternative acquisition proposal, (1) enters into an acquisition agreement with respect to the alternative acquisition proposal, (2) terminates the merger agreement, (3) fails to make, withdraws, modifies or qualifies its recommendation of the merger agreement in a manner adverse to C&N, or (4) delivers a written notice to C&N of its determination to accept the alternative acquisition proposal.

Monument may terminate the merger agreement if Monument receives an alternative acquisition proposal and delivers a written notice to C&N of its determination to accept the alternative acquisition proposal.

Monument’s board of directors may also elect to terminate the merger agreement if the value of C&N common stock significantly declines and C&N fails to increase the aggregate consideration as explained above under the heading “While the Exchange Ratio and Cash Consideration is Fixed, in Certain Circumstances, Monument May Terminate the Merger Unless C&N Increases the Consideration.”

### Termination Fee (page 64)

Monument will pay C&N a termination fee of \$1,726,000 in the event that the merger agreement is terminated:

- By C&N because Monument’s shareholders fail to approve the merger at the special meeting of Monument and, prior thereto, there has been a publicly proposed or announced alternative acquisition proposal for Monument that is agreed to or consummated within 12 months following termination; or

- By C&N because Monument has received an alternative acquisition proposal, and Monument (1) enters into an acquisition agreement with respect to the alternative acquisition proposal, (2) terminates the merger agreement, (3) fails to make, withdraws, modifies or qualifies its recommendation of the merger agreement in a manner adverse to C&N, or (4) delivers a written notice to C&N of its determination to accept the alternative acquisition proposal; or

- By Monument, if Monument receives an alternative acquisition proposal and delivers a written notice to C&N of its determination to accept the alternative acquisition proposal in compliance with all requirements of the merger agreement.

### Regulatory Approvals Required for the Merger and the Bank Merger (page 53)

The merger is subject to certain regulatory approvals or waivers, including approval or waiver of the FRB, FDIC and PDB. As of the date hereof, applications are pending with the FDIC and PDB and a request for a waiver has been submitted to the FRB.

**TABLE OF CONTENTS****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF C&N (UNAUDITED)**

The following tables set forth selected historical consolidated financial data for C&N as of and for each of the nine months ended September 30, 2018 and 2017 (unaudited) and for the five years ended December 31, 2017, 2016, 2015, 2014 and 2013 (which has been derived from C&N's audited financial statements). You should read these tables together with the historical consolidated financial information contained in C&N's consolidated financial statements and related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in C&N's Annual Report on Form 10-K for the year ended December 31, 2017, which has been filed with the SEC and is incorporated by reference herein. Information for the nine months ended September 30, 2018 and 2017 is derived from unaudited interim consolidated financial statements and has been prepared on the same basis as C&N's audited consolidated financial statements and includes, in the opinion of management, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the data for such period. The results of operations for the nine months ended September 30, 2018 are not necessarily indicative of the results which may be expected for any future interim period or for the full year.

(In thousands of dollars, except per share data)	As of or for the Nine Months Ended September 30,		As of or for the Year Ended December 31,			
INCOME STATEMENT	2018	2017	2017	2016	2015	2014
Interest and fee income	\$ 37,024	\$ 34,078	\$ 45,863	\$ 44,098	\$ 44,519	\$ 46,009
Interest expense	3,313	2,916	3,915	3,693	4,602	5,122
Net interest income	33,711	31,162	41,948	40,405	39,917	40,887
Provision for loan losses	332	778	801	1,221	845	476
Net interest income after provision for loan losses	33,379	30,384	41,147	39,184	39,072	40,411
Noninterest income excluding securities gains	13,557	12,036	16,153	15,511	15,478	15,420
Net gains on securities	2,037	257	257	1,158	2,861	1,104
Loss on prepayment of debt	0	0	0	0	2,573	0
Noninterest expense excluding loss on prepayment of debt	29,412	27,566	36,967	34,744	33,030	34,157
Income before income tax provision	19,561	15,111	20,590	21,109	21,808	22,778
Income tax provision	3,229	3,620	7,156	5,347	5,337	5,692

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Net income	\$ 16,332	\$ 11,491	\$ 13,434	\$ 15,762	\$ 16,471	\$ 17,086
Net income attributable to common shares	\$ 16,249	\$ 11,432	\$ 13,365	\$ 15,677	\$ 16,387	\$ 17,009
PER COMMON SHARE:						
Basic earnings per share	\$ 1.33	\$ 0.94	\$ 1.10	\$ 1.30	\$ 1.35	\$ 1.38
Diluted earnings per share	\$ 1.33	\$ 0.94	\$ 1.10	\$ 1.30	\$ 1.35	\$ 1.38
Cash dividends declared per share	\$ 0.81	\$ 0.78	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04
Book value per common share at period-end	\$ 15.45	\$ 15.66	\$ 15.43	\$ 15.36	\$ 15.39	\$ 15.34
Tangible book value per common share at period-end	\$ 14.48	\$ 14.68	\$ 14.45	\$ 14.37	\$ 14.41	\$ 14.36
Weighted average common shares outstanding – basic	12,209,879	12,105,673	12,115,840	12,032,820	12,149,252	12,333,933
Weighted average common shares outstanding – diluted	12,248,669	12,146,297	12,155,136	12,063,055	12,171,084	12,355,916
END OF PERIOD BALANCES						
Available-for-sale securities	\$ 358,706	\$ 365,086	\$ 356,908	\$ 395,077	\$ 420,290	\$ 516,807
Gross loans	822,513	801,012	815,713	751,835	704,880	630,545
Allowance for loan losses	8,815	8,900	8,856	8,473	7,889	7,336
Total assets	1,285,439	1,259,921	1,276,959	1,242,292	1,223,417	1,241,963
Deposits	1,043,947	1,021,625	1,008,449	983,843	935,615	967,989
Borrowings	41,406	38,995	70,955	64,629	92,263	78,597
Stockholders' equity	189,987	191,013	188,443	186,008	187,487	188,362
Common shares outstanding	12,297,274	12,197,527	12,214,525	12,113,228	12,180,623	12,279,980
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(In thousands of dollars, except per share data)	As of or for the Nine Months Ended September 30,		As of or for the Year Ended December 31,				
INCOME STATEMENT	2018	2017	2017	2016	2015	2014	2013
AVERAGE BALANCES							
Total assets	\$ 1,272,867	\$ 1,243,448	\$ 1,247,759	\$ 1,229,866	\$ 1,243,209	\$ 1,239,897	\$ 1,239,897
Earning assets	1,201,263	1,164,974	1,169,569	1,147,549	1,159,298	1,155,401	1,155,401
Gross loans	820,958	773,138	780,640	723,076	657,727	627,753	627,753
Deposits	1,024,735	985,961	990,917	970,447	968,201	965,418	965,418
Stockholders' equity	187,056	188,448	188,958	188,373	188,905	185,469	185,469
KEY RATIOS							
Return on average assets (annualized)	1.71%	1.23%	1.08%	1.28%	1.32%	1.38%	1.38%
Return on average equity (annualized)	11.64%	8.13%	7.11%	8.37%	8.72%	9.21%	9.21%
Average equity to average assets	14.70%	15.16%	15.14%	15.32%	15.19%	14.96%	14.96%
Net interest margin(1)	3.87%	3.86%	3.82%	3.76%	3.69%	3.80%	3.80%
Efficiency(2)	60.96%	60.88%	60.74%	59.22%	56.66%	57.59%	57.59%
Cash dividends as a % of diluted earnings per share	60.90%	82.98%	94.55%	80.00%	77.04%	75.36%	75.36%
Tier 1 leverage	14.50%	14.40%	14.23%	14.27%	14.31%	13.89%	13.89%
Tier 1 risk-based capital	22.76%	22.42%	21.95%	22.48%	23.29%	26.26%	26.26%
Total risk-based capital	23.88%	23.57%	23.07%	23.60%	24.40%	27.60%	27.60%
Tangible common equity/tangible assets	13.98%	14.35%	13.95%	14.15%	14.49%	14.34%	14.34%
Nonperforming assets/total assets	1.30%	1.35%	1.47%	1.43%	1.31%	1.34%	1.34%
Nonperforming loans/total loans	1.71%	1.92%	2.10%	2.07%	2.09%	2.45%	2.45%
Allowance for loan losses/total loans	1.07%	1.11%	1.09%	1.13%	1.12%	1.16%	1.16%
Net charge-offs/average	0.06%	0.06%	0.05%	0.09%	0.04%	0.29%	0.29%

loans (annualized)

(1)

Rates of return on tax-exempt securities and loans are calculated on a fully-taxable equivalent basis.

(2)

The efficiency ratio is calculated by dividing: (a) total noninterest expense excluding losses from prepayment of debt, by (b) the sum of net interest income (including income from tax-exempt securities and loans on a fully-taxable equivalent basis) and noninterest income excluding securities gains or losses.

**TABLE OF CONTENTS****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF MONUMENT (UNAUDITED)**

The following tables set forth selected historical financial data for Monument Bancorp, Inc. as of and for each of the nine months ended September 30, 2018 and 2017 (unaudited) and for the five years ended December 31, 2017, 2016, 2015, 2014 and 2013 (which has been derived primarily from its audited financial statements). The information at and for the nine months ended September 30, 2018 and 2017 is unaudited and includes, in the opinion of management of Monument Bancorp, Inc., all adjustments, consisting only of normal recurring adjustments necessary to present fairly the information for such periods. The results of operations for the nine months ended September 30, 2018 are not necessarily indicative of the results which may be expected for any future interim period or for a full year's operations. You should read these tables together with "Management's Discussion and Analysis of Financial Condition and Results of Operations of Monument Bancorp, Inc." included in this document.

	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
(In Thousands, Except per Share Information)	2018	2017	2017	2016	2015	2014	2013
<b>Summary of Operations</b>							
Interest and dividend income	\$ 10,859	\$ 9,223	\$ 12,542	\$ 11,161	\$ 9,880	\$ 9,522	\$ 8,108
Interest expense	3,721	2,698	3,756	3,130	2,643	2,562	2,309
Net interest income	7,138	6,525	8,786	8,031	7,237	6,960	5,799
Provision for loan losses	395	200	290	(54)	645	633	242
Net interest income after provision for loan losses	6,743	6,325	8,496	8,085	6,592	6,326	5,557
Investment securities gains	730	11	11	154	351	1,041	618
Noninterest income	100	111	143	517	957	919	1,023