

CNB FINANCIAL CORP/PA
Form 424B5
June 09, 2010
Table of Contents

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Registration No. 333-166111

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Preliminary Prospectus Supplement

(To the prospectus dated May 28, 2010)

Subject to Completion. Dated June 9, 2010.

\$27,000,000

Common Stock

We are offering _____ shares of our common stock, no par value per share. Our common stock is listed for trading on The NASDAQ Global Select Market, or the NASDAQ, under the symbol CCNE. On June 8, 2010, the last reported sale price of our common stock on the NASDAQ was \$11.47 per share.

The shares of common stock are not savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation, or the FDIC, or by any other governmental entity. Investment in the shares of common stock involves a risk of loss, including risk of principal amount invested.

Investing in our common stock involves risks. See Risk Factors beginning on page S-7 to read about factors you should consider before buying our common stock.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to CNB Financial Corporation (before expenses)	\$	\$

The underwriters also may purchase up to an additional _____ shares of our common stock within 30 days of the date of this prospectus supplement to cover over-allotments, if any.

The underwriters expect to deliver the common stock in book-entry form only, through the facilities of The Depository Trust Company, against payment on or about June _____, 2010.

RBC Capital Markets

Boenning & Scattergood, Inc.

Prospectus Supplement dated June _____, 2010

Table of Contents

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-ii
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	S-ii
<u>CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS</u>	S-iv
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-7
<u>USE OF PROCEEDS</u>	S-19
<u>CAPITALIZATION</u>	S-20
<u>PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY</u>	S-21
<u>DESCRIPTION OF COMMON STOCK</u>	S-22
<u>CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS</u>	S-24
<u>CERTAIN ERISA CONSIDERATIONS</u>	S-28
<u>UNDERWRITING</u>	S-30
<u>LEGAL MATTERS</u>	S-33
<u>EXPERTS</u>	S-33

Prospectus

<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	2
<u>CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS</u>	2
<u>ABOUT CNB FINANCIAL CORPORATION</u>	3
<u>RISK FACTORS</u>	4
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	5
<u>USE OF PROCEEDS</u>	6
<u>THE SECURITIES WE MAY OFFER</u>	7
<u>DESCRIPTION OF COMMON STOCK</u>	8
<u>DESCRIPTION OF PREFERRED STOCK</u>	10
<u>PLAN OF DISTRIBUTION</u>	14
<u>LEGAL MATTERS</u>	16
<u>EXPERTS</u>	16

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since such dates.

If there is any inconsistency between the information in this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless otherwise indicated or unless the context otherwise requires, all references in this prospectus supplement to CNB, the Company, we, us, our or similar references mean CNB Financial Corporation.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, we file many of our documents electronically with the SEC, and you may access those documents over the Internet. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of the SEC's web site is <http://www.sec.gov>. Documents we have filed with the SEC are also available on our website at <http://www.bankcnb.com>. Except as expressly stated herein, information contained on our website does not constitute a part of this prospectus supplement and is not incorporated by reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it in this prospectus supplement. This helps us disclose certain information to you by referring you to the documents we file with the SEC. The information we incorporate by reference is an important part of this prospectus supplement. We incorporate by reference each of the documents listed below:

our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 9, 2010, including the information we incorporated by reference in our Form 10-K from our definitive proxy statement for our 2010 Annual Meeting of Shareholders, which we filed on March 22, 2010;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, filed with the SEC on May 7, 2010;

our Current Reports on Form 8-K filed with the SEC on February 9, 2010, April 15, 2010, April 21, 2010 and May 12, 2010; and

the description of our common stock contained in our registration statement on Form 8-A, filed with the SEC on April 17, 1985, including any amendment or report filed for the purpose of updating such description.

Table of Contents

We incorporate by reference any additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (other than those furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K or other information furnished to the SEC), from the date of the registration statement of which this prospectus supplement is part until the termination of the offering of the securities described herein. These documents may include annual, quarterly and current reports, as well as proxy statements. Any material that we later file with the SEC will automatically update and replace the information previously filed with the SEC. These documents are available to you without charge. See [Where You Can Find More Information](#) above.

You may obtain copies of these documents, other than exhibits, free of charge by contacting Richard L. Greslick, Jr., Secretary, at our principal office, which is located at 1 South Second Street, P.O. Box 42, Clearfield, PA 16830, or by telephone at (814) 765-9621.

S-iii

Table of Contents

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information included or incorporated by reference in them includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, liquidity, results of operations, future performance and our business. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that are not historical facts. Forward-looking statements include statements with respect to beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors (some of which are beyond our control). Forward-looking statements often include the words believes, expects, anticipates, estimates, forecasts, intends, plans, targets, potentially, probably, projected, or similar expressions or future conditional verbs such as may, will, should, would and could. Such known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, include, but are not limited to:

changes in general business, industry or economic conditions or competition;

changes in any applicable law, rule, regulation, policy, guideline or practice governing or affecting financial holding companies and their subsidiaries or with respect to tax or accounting principals or otherwise;

adverse changes or conditions in capital and financial markets;

changes in interest rates;

higher than expected costs or other difficulties related to integration of combined or merged businesses;

the inability to realize expected cost savings or achieve other anticipated benefits in connection with business combinations and other acquisitions;

changes in the quality or composition of our loan and investment portfolios;

adequacy of loan loss reserves;

increased competition;

loss of certain key officers;

continued relationships with major customers;

deposit attrition;

rapidly changing technology;

unanticipated regulatory or judicial proceedings and liabilities and other costs;

changes in the cost of funds, demand for loan products or demand for financial services; and

other economic, competitive, governmental or technological factors affecting our operations, markets, products, services and prices. Some of these and other factors are discussed in our annual and quarterly reports previously filed with the SEC. Such developments could have an adverse impact on our financial position and our results of operations.

The forward-looking statements are based upon management's beliefs and assumptions and are made as of the date of this prospectus supplement. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus supplement or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, except to the extent required by federal securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus supplement, the accompanying prospectus or in the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

S-iv

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and may not contain all the information that you need to consider in making your investment decision. You should carefully read this entire prospectus supplement and the accompanying prospectus, as well as the information to which we refer you and the information incorporated by reference herein, before deciding whether to invest in the common stock. You should pay special attention to the Risk Factors section of this prospectus supplement to determine whether an investment in the common stock is appropriate for you.

About CNB Financial Corporation

We are a financial holding company registered under the Bank Holding Company Act of 1956, as amended. We were incorporated under the laws of the Commonwealth of Pennsylvania in 1983 for the purpose of engaging in the business of a financial holding company. On April 26, 1984, we acquired all of the outstanding capital stock of County National Bank, a national banking chartered institution. In December 2006, County National Bank changed its name to CNB Bank, referred to as the Bank, and became a state bank chartered in Pennsylvania and subject to regulation by the Pennsylvania Department of Banking and the Federal Deposit Insurance Corporation.

In addition to the Bank, we have four other subsidiaries. One of our subsidiaries, CNB Securities Corporation, is incorporated in Delaware and currently maintains investments in debt and equity securities. County Reinsurance Company, also a subsidiary, is an Arizona corporation, and provides credit life and disability insurance for customers of CNB Bank. CNB Insurance Agency, incorporated in Pennsylvania, provides for the sale of nonproprietary annuities and other insurance products. Holiday Financial Services Corporation, referred to as Holiday, incorporated in Pennsylvania, offers small balance unsecured loans and secured loans, primarily collateralized by automobiles and equipment, to borrowers with higher risk characteristics.

CNB Bank

The Bank was incorporated in 1934 and is chartered in the Commonwealth of Pennsylvania. The Bank has 26 full service branch offices and one loan production office located in various communities in its market area. The Bank's primary market area consists of the Pennsylvania counties of Clearfield, Elk, McKean, Cameron, Cambria and Warren. It also includes a portion of western Centre County including Philipsburg Borough, Rush Township and the western portions of Snow Shoe and Burnside Townships and a portion of Jefferson County, consisting of the boroughs of Brockway, Falls Creek, Punxsutawney, Reynoldsville and Sykesville, and the townships of Washington, Winslow and Henderson.

ERIEBANK, a division of CNB Bank, began operations in 2005 in Erie, Pennsylvania and offers commercial loan services to businesses located within Erie and Erie County. The primary market area for the ERIEBANK division is the northwestern Pennsylvania county of Erie including the city of Erie and the city of Meadville. ERIEBANK currently has four full service branch offices in the city of Erie, Pennsylvania, and one full service branch office in the city of Meadville, Pennsylvania.

The Bank is a full service bank engaging in a full range of banking activities and services for individual, business, governmental and institutional customers. These activities and services principally include checking, savings, and time deposit accounts; real estate, commercial, industrial, residential and consumer loans; and a variety of other specialized financial services. The Bank's Wealth & Asset Management Services division offers a full range of client services.

Table of Contents

Holiday Financial Services Corporation

In 2005, we entered the consumer discount loan and finance business, which is conducted through a wholly owned subsidiary, Holiday Financial Services Corporation. Holiday currently has eight offices within our footprint. Management believes that we have made the necessary investments in experienced personnel and technology which has helped facilitate the growth of Holiday into a successful and profitable subsidiary.

Strategy

Management believes that our strategy of being a full service community banking organization with local decision-making is an attractive alternative, particularly for small and mid-sized businesses and consumers that otherwise might fall below the size focus of the Bank's larger competitors. The Bank seeks to compete in markets where there is minimal local community bank competition, and where it believes it can effectively compete against larger regional competitors. The Bank has not historically entered new markets without first identifying a seasoned leader who is an established resident in and well connected to the community. Our local Board members are also a source of business leads and client relationship opportunities.

The Bank began its ERIEBANK division in 2005, in a market that is significantly larger than our historical markets, which we believe allows for significant growth opportunities. The division was started with long time Erie-based bankers in commercial banking, private banking and retail banking, as well as a group of local advisory board members who are each influential in the community, and was based on a relationship-driven, not transactional, model. We have surpassed our initial long-term market share objectives more quickly than anticipated, in part due to the acquisition by another entity of one of the market's larger competitors, and we continue to find meaningful additional growth opportunities in the market.

Management believes that our ERIEBANK division market area, along with our traditional CNB Bank market areas, should provide the Bank with moderate loan growth during 2010. Deposit growth was significant in 2009 and the first quarter of 2010 in part due to our offering of competitive rates, with a designed focus on core transaction, savings and money market accounts, and growth of our ERIEBANK division. We expect continued deposit growth throughout the remainder of 2010 even though the continued historically low interest rate environment has resulted in downward adjustments by management to certain deposit rates in the first quarter of 2010.

While non-interest costs are expected to increase with the growth of our banking and consumer discount loan businesses, we expect these new ventures will continue to provide growth in earning assets as well as growth in relationships and enhanced non-interest income which we believe will more than offset these costs in 2010 and beyond. In addition, throughout 2009 and the first quarter of 2010, management conducted a cost management study covering all areas of non-interest expense. Cost savings as a result of this study were recognized in 2009 and the first quarter of 2010, with benefits continuing into subsequent periods.

The interest rate environment will continue to play an important role in our future earnings. We experienced some compression of our net interest margin in the first quarter of 2010 as a result of the current interest rate environment. However, management will continue to apply a disciplined approach to managing our balance sheet in these uncertain times. We have taken measures such as instituting rate floors on our commercial lines of credit and home equity lines as a result of the historic lows on various key interest rates such as the Prime Rate and 3-month LIBOR. In addition, we intend to implement strategies to effectively reduce our cost of funds.

Due to our continued growth, non-interest income should be enhanced in several areas including wealth and asset management income, service charges and other fees. While our business plan continues to focus on commercial lending, we also offer a full service approach to servicing the needs of high net worth individuals through our Private Banking groups in both our CNB Bank and ERIEBANK franchises.

Table of Contents

Corporate Information

Our principal executive offices are located at 1 South Second Street, P.O. Box 42, Clearfield, Pennsylvania 16830, and our telephone number is (814) 765-9621. Our website is www.bankcnb.com. Our website and the information thereon or connected thereto is not a part of this prospectus supplement or the accompanying prospectus.

Recent Developments

On April 19, 2010, we released our first quarter 2010 earnings and subsequently, on May 7, 2010, filed our Quarterly Report on Form 10-Q as of and for the period ended March 31, 2010.

At March 31, 2010, we had total deposits of \$1.0 billion, which was an increase of \$208 million, or 25%, from March 31, 2009. Approximately 66% of our total deposits are transaction, savings and money market accounts and only 34% are certificates of deposit. Our loan-to-deposit ratio was 69% at March 31, 2010. Nonetheless, our net interest margin remained strong for the quarter at 3.57%.

For the first quarter of 2010, we recorded net income available to common shareholders of \$2.2 million, or \$0.25 diluted earnings per share. Our annualized return on average assets and return on average equity for the first quarter of 2010 were 0.72% and 12.04%, respectively.

At March 31, 2010, our non-performing loans amounted to approximately \$14.6 million, or approximately 2.05% of total loans, compared to approximately \$13.3 million, or approximately 1.86% of total loans, at December 31, 2009. Net loan charge-offs for the three months ended March 31, 2010 were \$466 thousand, or 0.26% of average total loans on an annualized basis, versus \$557 thousand, or 0.33% of average total loans on an annualized basis, for the three months ended March 31, 2009.

At March 31, 2010, our tier 1 leverage, tier 1 risk-based and total risk based capital ratios were 7.11%, 10.84% and 12.09%, respectively, all well in excess of well capitalized standards. At March 31, 2010, our tangible common equity ratio was 4.96%, down from 5.08% at December 31, 2009.

Table of Contents**The Offering**

The following summary contains basic information about our common stock and is not intended to be complete. It does not contain all the information that is important to you. For a more complete description of our common stock, see the information under the heading "Description of Common Stock" beginning on page S-22.

Common stock we are offering	shares
Common stock outstanding after this offering	shares (1)
Use of proceeds	Our net proceeds from this offering will be approximately \$ million, or approximately \$ million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and other estimated expenses of this offering. We intend to use all of the net proceeds of the offering for general corporate purposes, which may include expansion of our business, investments in our subsidiary bank as regulatory capital to fund growth, financing of possible acquisitions, refinancing, reduction or repayment of debt or investments at the holding company level. For a more complete description, see "Use of Proceeds" below.
NASDAQ Global Select listing	CCNE
Settlement date	Delivery of shares of our common stock will be made against payment therefor on or about June , 2010.

- (1) The number of shares of common stock outstanding immediately after the closing of this offering is based on 8,809,135 shares of common stock outstanding as of June 8, 2010. Unless otherwise indicated, the number of shares of common stock presented in this prospectus supplement excludes shares issuable pursuant to the exercise of the underwriters' over-allotment option and 153,000 shares of common stock issuable under our stock incentive plans.

Risk Factors

An investment in our common stock involves certain risks. You should carefully consider the risks described under the heading "Risk Factors" beginning on page S-7 of this prospectus supplement as well as other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, including our consolidated financial statements and the notes thereto, before making an investment decision.

Table of Contents**Summary Selected Consolidated Financial Information**

The following table sets forth summary historical consolidated financial information as of and for the fiscal years ended December 31, 2009, 2008, 2007, 2006 and 2005, and as of and for the three months ended March 31, 2010 and 2009. The summary historical financial information as of and for the three months ended March 31, 2010 and 2009 is unaudited. The results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results of operations for the full year or any other interim period. CNB's management prepared the unaudited information on the same basis as it prepared CNB's audited consolidated financial statements. In the opinion of CNB's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with CNB's consolidated financial statements and related notes included in CNB's Annual Report on Form 10-K for the year ended December 31, 2009 and CNB's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. Please see "Where You Can Find More Information" beginning on page S-ii.

	At or For the Three Months Ended		At or For the Years ended December 31,				
	March 31, 2010	2009	2009	2008	2007	2006	2005
(Dollars in thousands, except per share data)							
Balance sheet data:							
Assets	\$ 1,239,814	\$ 1,027,241	\$ 1,161,591	\$ 1,016,518	\$ 858,700	\$ 780,850	\$ 764,018
Loans	711,382	677,165	715,142	671,556	599,688	547,020	510,613
Allowance for loan losses	9,914	9,024	9,795	8,719	6,773	6,086	5,603
Securities	390,556	235,622	346,370	238,181	162,792	156,696	161,897
Deposits	1,032,492	824,691	956,858	814,596	659,157	631,322	618,503
Borrowings	101,124	108,416	101,383	108,197	100,000	59,885	60,250
Shareholders' equity	71,884	62,462	69,409	62,467	69,283	72,279	69,968
Results of operations:							
Net interest income	\$ 9,441	\$ 9,203	\$ 37,402	\$ 36,600	\$ 31,011	\$ 28,019	\$ 25,667
Provision for loan losses	585	862	4,465	3,787	1,512	1,371	783
Non-interest income	2,034	1,951	7,720	2,490	8,189	8,435	7,407
Non-interest expense	8,089	7,359	29,791	28,801	25,273	22,111	20,164
Net income	2,160	2,226	8,512	5,235	9,134	9,622	9,138
Common share data:							
Diluted earnings per share	\$ 0.25	\$ 0.26	\$ 0.98	\$ 0.61	\$ 1.05	\$ 1.07	\$ 1.00
Cash dividends per share	0.165	0.165	0.660	0.645	0.620	0.570	0.550
Book value per share	8.17	7.24	7.92	7.27	8.10	8.15	7.76
Tangible book value per share Non-GAAP ⁽¹⁾	6.93	5.97	6.68	5.99	6.80	6.89	6.47
Diluted weighted average common shares outstanding	8,762	8,598	8,672	8,566	8,698	8,974	9,115
Performance ratios:							
Return on average assets	0.72%	0.88%	0.79%	0.55%	1.12%	1.26%	1.23%
Return on average shareholders equity	12.04%	14.19%	12.86%	7.88%	12.82%	13.51%	13.42%
Net interest margin, tax equivalent	3.57%	4.07%	4.00%	4.33%	4.27%	4.17%	3.97%
Asset quality:							
Non-performing loans	\$ 14,568	\$ 3,940	\$ 13,341	\$ 3,579	\$ 2,374	\$ 1,747	\$ 2,023
Non-performing assets	15,046	4,862	13,593	4,250	2,890	1,928	2,108
Non-performing loans to total loans	2.05%	0.58%	1.87%	0.53%	0.40%	0.32%	0.40%
Non-performing assets to loans + OREO	2.11%	0.72%	1.90%	0.63%	0.48%	0.35%	0.41%

Table of Contents**Summary Selected Consolidated Financial Information (Continued)**

	At or For the Three Months Ended			At or For the Years ended December 31,			
	March 31, 2010	2009	2009	2008	2007	2006	2005
	(Dollars in thousands, except per share data)						
Allowance for loan losses to total loans	1.39%	1.33%	1.37%	1.30%	1.13%	1.11%	1.10%
Net charge-offs to average loans	0.26%	0.33%	0.49%	0.28%	0.14%	0.17%	0.15%
Capital ratios:							
Tangible common equity to tangible assets							
Non-GAAP ⁽¹⁾	4.96%	5.07%	5.08%	5.12%	6.86%	7.94%	7.75%
Tier 1 leverage ratio	7.11%	7.91%	7.87%	8.40%	9.74%	9.22%	9.18%
Tier 1 risk based ratio	10.84%	10.53%	10.70%	10.80%	11.89%	11.70%	11.72%
Total risk based ratio	12.09%	11.72%	11.95%	12.00%	12.91%	12.75%	12.76%

¹ Tangible book value per share, tangible common equity and tangible assets are non-GAAP financial measures calculated using GAAP amounts. Tangible book value per share is calculated by excluding the balance of goodwill and other intangible assets from the calculation of book value. Tangible common equity is calculated by excluding the balance of goodwill and other intangible assets from the calculation of stockholders' equity. Tangible assets is calculated by excluding the balance of goodwill and other intangible assets from the calculation of total assets. CNB believes that these non-GAAP financial measures provide information to investors that is useful in understanding our financial condition. Because not all companies use the same calculation of tangible common equity and tangible assets, this presentation may not be comparable to other similarly titled measures calculated by other companies. A reconciliation of these non-GAAP financial measures is provided below.

	At or For the Three Months Ended			At or For the Years ended December 31,			
	March 31, 2010	2009	2009	2008	2007	2006	2005
	(Dollars in thousands, except per share data)						
Tangible book value per share:							
Total shareholders' equity	\$ 71,884	\$ 62,462	\$ 69,409	\$ 62,467	\$ 69,283	\$ 72,279	\$ 69,968
Goodwill	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)
Other intangible assets	(60)	(160)	(85)	(185)	(285)	(385)	(800)
Shares outstanding	8,799,743	8,624,606	8,761,273	8,596,056	8,553,802	8,864,204	9,024,154
Tangible book value per share	\$ 6.93	\$ 5.97	\$ 6.68	\$ 5.99	\$ 6.80	\$ 6.89	\$ 6.47
Tangible common equity to tangible assets:							
Total shareholders' equity	\$ 71,884	\$ 62,462	\$ 69,409	\$ 62,467	\$ 69,283	\$ 72,279	\$ 69,968
Goodwill	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)
Other intangible assets	(60)	(160)	(85)	(185)	(285)	(385)	(800)
Tangible common equity	61,003	51,481	58,503	51,461	58,177	61,073	58,347
Total assets	\$ 1,239,814	\$ 1,027,241	\$ 1,161,591	\$ 1,016,518	\$ 858,700	\$ 780,850	\$ 764,018
Goodwill	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)

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Other intangible assets	(60)	(160)	(85)	(185)	(285)	(385)	(800)
Tangible assets	1,228,933	1,016,260	1,150,685	1,005,512	847,594	769,644	752,397
Tangible common equity to tangible assets	4.96%	5.07%	5.08%	5.12%	6.86%	7.94%	7.75%

S-6

Table of Contents

RISK FACTORS

An investment in our common stock involves certain risks. You should carefully consider the risks described below as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including our historical and pro forma consolidated financial statements and the notes thereto, before making an investment decision. If any of these risks actually occur, our business, financial condition, liquidity, results of operations and prospects could be materially and adversely affected. In that case, the market price of our common stock could decline substantially and you could lose all or a large part of your investment.

Risks Related to our Company

Difficult market conditions have adversely affected the banking and financial services industry and our business, and a continuation of these conditions could adversely affect our financial condition and results of operations.

Dramatic declines in the national housing market since 2008, with falling home prices and increasing foreclosures, unemployment and under-employment, have negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities as well as major commercial and investment banks. These write-downs, initially of mortgage-backed securities but spreading to credit default swaps and other derivative and cash securities, in turn, have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. The resulting economic pressure on consumers and lack of confidence in the financial markets could adversely affect our business, financial condition and results of operations. In particular, we may face the following risks in connection with these events:

We expect to face increased regulation of the banking and financial services industry. Compliance with such regulation may increase our costs and limit our ability to pursue business opportunities.

Market developments may affect customer confidence levels and may cause increases in loan delinquencies and default rates, which we expect would adversely impact the Bank's charge-offs and provision for loan losses.

Market developments may adversely affect the Bank's securities portfolio by causing other-than-temporary-impairments, prompting write-downs and securities losses.

Our and the Bank's ability to borrow from other financial institutions or to access the debt or equity capital markets on favorable terms or at all could be adversely affected by further disruptions in the capital markets or other events, including actions by rating agencies and deteriorating investor expectations.

Competition in banking and financial services industry could intensify as a result of the increasing consolidation of financial services companies in connection with current market conditions.

The Bank may be required to pay significantly higher premiums to the Federal Deposit Insurance Corporation, or the FDIC, because market developments have significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits.

Table of Contents

The Bank's allowance for loan losses may not be adequate to cover loan losses which could have a material adverse effect on our business, financial condition and results of operations.

A significant source of risk for us arises from the possibility that losses will be sustained because borrowers, guarantors and related parties may fail to perform in accordance with the terms of their loan agreements. Most loans originated by the Bank are secured, but some loans are unsecured based upon management's evaluation of the creditworthiness of the borrowers. With respect to secured loans, the collateral securing the repayment of these loans principally includes a wide variety of real estate, and to a lesser extent personal property, either of which may be insufficient to cover the obligations owed under such loans.

Collateral values and the financial performance of borrowers may be adversely affected by changes in prevailing economic, environmental and other conditions, including declines in the value of real estate, changes in interest rates and debt service levels, changes in oil and gas prices, changes in monetary and fiscal policies of the federal government, widespread disease, terrorist activity, environmental contamination and other external events, which are beyond the control of the Bank. In addition, collateral appraisals that are out of date or that do not meet industry recognized standards might create the impression that a loan is adequately collateralized when in fact it is not. Although the Bank may acquire any real estate or other assets that secure defaulted loans through foreclosures or other similar remedies, the amounts owed under the defaulted loans may exceed the value of the assets acquired.

The allowance for loan losses is subject to a formal analysis by the credit administrator of CNB using a methodology whereby loan pools are segregated into special mention, substandard, doubtful and unclassified categories and the pools are evaluated based on historical loss factors. The Bank monitors delinquencies and losses on a monthly basis. The Bank has adopted underwriting and credit monitoring policies and procedures, including the review of borrower financial statements and collateral appraisals, which management believes are appropriate to mitigate the risk of loss by assessing the likelihood of borrower non-performance and the value of available collateral. The Bank also manages credit risk by diversifying its loan portfolio. An ongoing independent review, subsequent to management's review, of individual credits is performed by an independent loan review function, which reports to the Loan Committee of our Board of Directors. However, such policies and procedures have limitations, including judgment errors in management's risk analysis, and may not prevent unexpected losses that could have a material adverse effect on our business, financial condition and results of operations.

Interest rate volatility could significantly reduce our profitability.

Our earnings largely depend on the relationship between the yield on our earning assets, primarily loans and investment securities, and the cost of funds, primarily deposits and borrowings. This relationship, commonly known as the net interest margin, is susceptible to significant fluctuation and is affected by economic and competitive factors that influence the yields and rates, and the volume and mix of the Bank's interest earning assets and interest bearing liabilities.

Interest rate risk can be defined as the sensitivity of net interest income and of the market value of financial instruments to the direction and frequency of changes in interest rates. Interest rate risk arises from the imbalance in the re-pricing, maturity and/or cash flow characteristics of assets and liabilities. We are subject to interest rate risk to the degree that our interest bearing liabilities re-price or mature more slowly or more rapidly or on a different basis than our interest earning assets. Changes in interest rates will affect the levels of income and expense recorded on a large portion of the Bank's assets and liabilities, and fluctuations in interest rates will impact the market value of all interest sensitive assets. Significant fluctuations in interest rates could have a material adverse impact on our business, financial condition, results of operations, or liquidity.

The Bank's interest rate risk measurement and management techniques incorporate the re-pricing and cash flow attributes of its balance sheet and off-balance sheet instruments as they relate to current and potential changes in interest rates. The level of interest rate risk, measured in terms of the potential future effect on

Table of Contents

earnings, is determined through the use of static gap analysis and earnings simulation modeling under multiple interest rate scenarios. Management's objectives are to measure, monitor and develop strategies in response to the interest rate risk profile inherent in the Bank's balance sheet in order to preserve the sensitivity of net interest income to actual or potential changes in interest rates. At March 31, 2010, our interest rate sensitivity position was close to neutral but slightly liability sensitive in the short-term. For further information on risk relating to interest rates, refer to Part I, Item 3, Quantitative and Qualitative Disclosures about Market Risk, in our Quarterly Report on Form 10-Q for the three months ended March 31, 2010.

We cannot assure you that recent actions by governmental agencies and regulators, as well as recently enacted legislation, will stabilize the U.S. financial system, and new legislation may significantly affect our financial condition.

Beginning in 2008 and continuing into 2009 and 2010, the Board of Governors of the Federal Reserve System, the United States Congress, the United States Department of the Treasury, the FDIC and others have taken numerous steps to stabilize and stimulate the financial services industry. These measures include: (1) homeowner relief that encourages loan restructuring and modification; (2) the establishment of significant liquidity and credit facilities for financial institutions and investment banks; (3) the lowering of the federal funds rate; and (4) coordinated efforts to address liquidity and other weaknesses in the banking sector. For example, pursuant to the terms of the Emergency Economic Stabilization Act of 2008 (enacted on October 3, 2008), the Treasury has the authority to, among other things, purchase up to \$700 billion of mortgages, mortgage-backed securities and certain other financial instruments from financial institutions for the purpose of stabilizing and providing liquidity to the U.S. financial markets. Changes also have been made in tax policy for financial institutions.

We cannot predict the actual impact, if any, that new legislation or other governmental initiatives will have on the economy or the financial markets, or whether any impact will be positive or negative. The failure of legislation or other initiatives to stabilize the financial markets could weaken public confidence in financial institutions and have a substantial and material adverse effect on our business, financial condition, results of operations, access to credit or the trading price of our common stock. Additionally, compliance with such initiatives may increase our costs and limit our ability to pursue business opportunities, and participation in specific programs may subject us to additional restrictions. Further, we may be required to pay significantly higher FDIC premiums in the future if market developments which have significantly depleted the FDIC insurance fund and reduced the ratio of reserves to insured deposits continue.

The Bank's loans are principally concentrated in certain areas of Pennsylvania, and adverse economic conditions in those markets could adversely affect our business, financial condition and results of operations.

Our success is dependent to a significant extent upon general economic conditions in the United States and, in particular, the local economies in northwest and central Pennsylvania, the primary markets served by the Bank. The Bank is particularly exposed to real estate and economic factors in the northwest and central areas of Pennsylvania, as most of its loan portfolio is concentrated among borrowers in these markets. Furthermore, because a substantial portion of the Bank's loan portfolio is secured by real estate in these areas, the value of the associated collateral is also subject to regional real estate market conditions.

Since 2008, the financial and capital marketplaces have been affected by significant disruption and volatility. This turbulence has been attributable to a variety of factors, including the fallout associated with the subprime mortgage market. One aspect of this fallout has been significant deterioration in the activity of the secondary residential mortgage market. These disruptions have been exacerbated by the continued decline of the real estate housing market along with significant mortgage loan related losses incurred by many lending institutions. The turmoil in the mortgage market has impacted the global markets as well as the domestic markets and has led to a significant credit and liquidity crisis. In addition, the significant decline in economic growth,

Table of Contents

both nationally and globally, led to a national economy in deep recession. The Bank is not immune to negative consequences arising from overall economic weakness and, in particular, a sharp downturn in the real estate market. While the Bank's loan portfolio has not shown significant signs of credit quality deterioration to the extent of national markets, we cannot assure you that these conditions will continue. An economic recession in the markets served by the Bank, and the nation as a whole, could negatively impact household and corporate incomes. This impact could lead to decreased loan demand and increase the number of borrowers who fail to pay the Bank interest or principal on their loans, and accordingly, could have a material adverse effect on our business, financial condition, results of operations, or liquidity.

Our investment securities portfolio is subject to credit risk, market risk, and liquidity risk, and declines in value in our investment securities portfolio may require us to record other-than-temporary impairment charges that could have a material adverse effect on our results of operations and financial condition.

Our investment securities portfolio has risks beyond our control that can significantly influence its fair value. These factors include, but are not limited to, rating agency downgrades of the securities, defaults of the issuers of the securities, lack of market pricing of the securities, and continued instability in the credit markets. Recent lack of market activity with respect to certain of the securities has, in certain circumstances, required us to base our fair market valuation on unobservable inputs. We have engaged valuation experts to price these certain securities using proprietary models, which incorporate assumptions that market participants would use in pricing the securities, including bid/ask spreads and liquidity and credit premiums. Any change in current accounting principles or interpretations of these principles could impact our assessment of fair value and thus our determination of other-than-temporary impairment of the securities in our investment securities portfolio.

The Bank may be required to record other-than-temporary impairment charges on its investment securities if they suffer a decline in value that is considered other-than-temporary. Numerous factors, including collateral deterioration underlying certain private label mortgage-backed securities, lack of liquidity for re-sales of certain investment securities, absence of reliable pricing information for certain investment securities, adverse changes in business climate, adverse actions by regulators, or unanticipated changes in the competitive environment could have a negative effect the Bank's securities portfolio in future periods. An other-than-temporary impairment charge could have a material adverse effect on our results of operations and financial condition.

Our business and that of the Bank is highly regulated and impacted by monetary policy, limiting the manner in which we and the Bank may conduct our business and obtain financing, and modifications to the existing regulatory framework under which we operate could have a material adverse effect on our business, financial condition, results of operations or liquidity.

As a financial holding company and state-chartered financial institution, respectively, we and the Bank are subject to extensive regulation and supervision under federal and state laws and regulations. The restrictions imposed by such laws and regulations limit the manner in which we and the Bank conduct our business, undertake new investments and activities, and obtain financing. These laws and regulations are designed primarily for the protection of the deposit insurance funds and consumers and not to benefit our shareholders. These laws and regulations may sometimes impose significant limitations on our operations. These regulations, along with the existing tax, accounting, securities, insurance, and monetary laws, regulations, rules, standards, policies and interpretations control the methods by which financial institutions conduct business, implement strategic initiatives and tax compliance, and govern financial reporting and disclosures. These laws, regulations, rules, standards, policies and interpretations are constantly evolving and may change significantly over time.

The nature, extent, and timing of the adoption of significant new laws and regulations, including laws currently proposed in the U.S. Congress, or changes in or repeal of existing laws and regulations, or specific actions of our regulators, could have a material adverse effect on our business, financial condition, results of operations or liquidity. Furthermore, federal monetary policy, particularly as implemented through the Federal

Table of Contents

Reserve System, significantly affects credit risk and interest rate risk conditions for the Bank and us, and any unfavorable change in these conditions could have a material adverse effect on our business, financial condition, results of operations or liquidity.

We rely on our management and other key personnel, and the loss of any of them may adversely affect our operations.

We are and will continue to be dependent upon the services of our executive management team. In addition, we will continue to depend on our ability to retain and recruit key client relationship managers. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial condition.

Strong competition within our markets may have a material adverse impact on our profitability.

We compete with an ever-increasing array of financial service providers. As noted above, as a financial holding company and state-chartered financial institution, respectively, we and the Bank are subject to extensive regulation and supervision, including, in many cases, regulations that limit the type and scope of our activities. The non-bank financial service providers that compete with us and the Bank may not be subject to such extensive regulation, supervision, and tax burden. Competition from nationwide banks, as well as local institutions, is strong in our markets.

The financial services industry is undergoing rapid changes in technology. In addition to improving customer services, effective use of technology increases efficiency and enables financial institutions to reduce costs. Furthermore, technological advances are likely to intensify competition by enabling more companies to provide financial resources. Accordingly, our future success will depend in part on our ability to address customer needs by using technology. We cannot assure you that we will be able to develop new technology driven products and services, or be successful in marketing these products to our customers. Many of our competitors have far greater resources to invest in technology.

Regional, national and international competitors have far greater assets and capitalization than we have and they have greater access to capital markets and can offer a broader array of financial services than we can.

We cannot assure you that we will continue to be able to compete effectively with other financial institutions in the future. Furthermore, developments increasing the nature or level of competition could have a material adverse effect on our business, financial condition, results of operations, or liquidity. For further information on competition, refer to Part I, Item 1, Competition in our Annual Report on Form 10-K for the year ended December 31, 2009.

Non-compliance with applicable laws and/or regulations, including the Bank Secrecy Act and USA Patriot Act, may adversely affect our operations and our financial results and could result in significant fines or sanctions.

Federal and state regulators have the ability to impose substantial sanctions, restrictions and requirements on our banking and nonbanking subsidiaries if they determine, upon examination or otherwise, that we have violated laws or regulations with which we or our subsidiaries must comply, or that weaknesses or failures exist with respect to general standards of safety and soundness. Such enforcement may be formal or informal and can include, among other things, civil money penalties and orders to take certain actions or to refrain from certain actions. The imposition of regulatory sanctions, including any monetary penalties, may have a material impact on our financial condition and results of operations, damage our reputation, and/or cause us to lose our financial holding company status. In addition, compliance with any such action could distract management's attention from our operations, cause us to incur significant expenses, restrict us from engaging in potentially profitable activities, and limit our ability to raise capital.

Table of Contents

The USA Patriot and Bank Secrecy Acts require financial institutions to develop programs to prevent the institutions from being used for money laundering and terrorist activities. If certain activities are detected, financial institutions are obligated to file suspicious activity reports with the U.S. Treasury Department's Financial Crimes Enforcement Network. These rules also require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts or conduct transactions, and require the filing of certain reports, such as those for cash transactions above a certain threshold. Financial institutions must also refrain from transacting business with certain countries or persons designated by the Office of Foreign Assets Control.

Non-compliance with laws and regulations such as these could result in significant fines or sanctions. These particular laws and regulations have significant implications for all financial institutions, establish new crimes and penalties, and require the federal banking agencies, in reviewing merger and acquisition transactions, to consider the effectiveness of the parties to such transactions in combating money laundering and terrorist activities. Even inadvertent non-compliance and technical failure to follow the regulations may result in significant fines or other penalties, which could have a material adverse impact on our business, financial condition, results of operations or liquidity.

We are exposed to a variety of operational risks that could result in significant financial losses.

We are exposed to many types of operational risk, including reputation risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems.

Negative public opinion can result from our actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions, and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect our ability to attract and keep customers and can expose us to litigation and regulatory action.

Given the volume of our transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. Our necessary dependence upon automated systems to record and process our transaction volumes may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. We may also be subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control (for example, computer viruses, computer hacking or electrical or telecommunication outages), which may give rise to disruption of service to customers and to financial loss or liability. We are further exposed to the risk that our external vendors may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees as we are) and to the risk that our (or our vendors') business continuity and data security systems prove to be inadequate.

We regularly assess the level of operational risk throughout the organization and have established systems of internal controls that provide for timely and accurate information. Testing of the operating effectiveness of these control systems is performed regularly. While not providing absolute assurance, these systems of internal controls have been designed to manage operational risks at appropriate, cost-effective levels. Procedures exist that are designed to ensure policies relating to conduct, ethics, and business practices are followed. From time to time losses from operational risk may occur, including the effects of operational errors. Such losses are recorded as non-interest expense.

While we continually monitor and improve our system of internal controls, data processing systems, and corporate-wide risk management processes and procedures, we cannot assure you that future losses arising from operational risk will not occur and have a material impact on our business, financial condition, results of operations, or liquidity.

Table of Contents

We may not be able to meet our cash flow needs on a timely basis at a reasonable cost, and our cost of funds for banking operations may significantly increase as a result of general economic conditions, interest rates and competitive pressures.

Liquidity is the ability to meet cash flow obligations as they come due and cash flow needs on a timely basis and at a reasonable cost. The liquidity of the Bank is used to make loans and to repay deposit and borrowing liabilities as they become due, or are demanded by customers and creditors. Many factors affect the Bank's ability to meet liquidity needs, including variations in the markets served by its network of offices, its mix of assets and liabilities, reputation and standing in the marketplace, and general economic conditions.

The Bank's primary source of funding is retail deposits, gathered throughout its network of banking offices. Periodically, we utilize term borrowings from the Federal Home Loan Bank of Pittsburgh, or FHLB, of which the Bank is a member, and other lenders to meet funding obligations. The Bank's securities and loan portfolios provide a source of contingent liquidity that could be accessed in a reasonable time period through sales.

Significant changes in general economic conditions, market interest rates, competitive pressures or otherwise, could cause the Bank's deposits to decrease relative to overall banking operations, and it would have to rely more heavily on brokered funds and borrowings in the future, which are typically more expensive than deposits.

Management and the Board of Directors of CNB, through its Asset/Liability Committee, or the ALCO Committee, monitor liquidity and the ALCO Committee establishes and monitors acceptable liquidity ranges. The Bank actively manages its liquidity position through target ratios. Continual monitoring of these ratios, both historical and through forecasts under multiple rate scenarios, allows the Bank to employ strategies necessary to maintain adequate liquidity.

Changes in economic conditions, including consumer savings habits and availability of or access to capital, could potentially have a significant impact on our liquidity position, which in turn could materially impact our financial condition, results of operations and cash flows.

Recent levels of market volatility remain elevated, which may have a material adverse effect on our ability to access capital and on our business, financial condition and results of operations.

The capital and credit markets have been experiencing volatility and disruption since early 2008. In the fourth quarter of 2008, the volatility and disruption reached unprecedented levels. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial strength. If the current recovery stalls and current levels of market disruption and volatility continue or worsen, we cannot assure you that we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

A substantial decline in the value of the Bank's FHLB common stock may adversely affect our results of operations, liquidity and financial condition.

As a requirement of membership in the FHLB of Pittsburgh, the Bank must own a minimum required amount of FHLB stock, calculated periodically based primarily on its level of borrowings from the FHLB. Borrowings from the FHLB represent the Bank's primary source of short-term and long-term wholesale funding.

In an extreme situation, it is possible that the capitalization of a FHLB, including FHLB of Pittsburgh, could be substantially diminished or reduced to zero. Consequently, given that there is no market for the Bank's FHLB common stock, our management believes that there is a risk that our investment could be deemed other-than-temporarily-impaired at some time in the future. If this occurs, it may adversely affect our results of operations and financial condition.

Table of Contents

In addition, if the capitalization of FHLB of Pittsburgh is substantially diminished, the Bank's liquidity may be adversely impaired if it is not able to obtain alternative sources of funding.

There are 12 branches of the FHLB, including Pittsburgh. To conserve capital, some FHLB branches are suspending dividends, cutting dividend payments, and not buying back excess FHLB stock that member banks hold. The 12 FHLB branches are jointly liable for the consolidated obligations of the FHLB system. To the extent that one FHLB branch cannot meet its obligations to pay its share of the system's debt, other FHLB branches can be called upon to make the payment. We cannot assure you, however, that the FHLB system will be able to meet these obligations.

The Bank could be held responsible for environmental liabilities relating to properties acquired through foreclosure, resulting in significant financial loss.

In the event the Bank forecloses on a defaulted commercial or residential mortgage loan to recover its investment, it may be subject to environmental liabilities in connection with the underlying real property, which could significantly exceed the value of the real property. Although the Bank exercises due diligence to discover potential environmental liabilities prior to acquiring any property through foreclosure, hazardous substances or wastes, contaminants, pollutants, or their sources may be discovered on properties during its ownership or after a sale to a third party. We cannot assure you that the Bank would not incur full recourse liability for the entire cost of any removal and cleanup on an acquired property, that the cost of removal and cleanup would not exceed the value of the property, or that the Bank could recover any of the costs from any third party. Losses arising from environmental liabilities could have a material adverse impact on our business, financial condition, results of operations, or liquidity.

Federal and state governments could pass legislation responsive to current credit conditions which could cause us to experience higher credit losses.

We could experience higher credit losses because of federal or state legislation or regulatory action that reduces the amount the Bank's borrowers are otherwise contractually required to pay under existing loan contracts. Also, we could experience higher credit losses because of federal or state legislation or regulatory action that limits the Bank's ability to foreclose on property or other collateral or makes foreclosure less economically feasible. We cannot assure you that future legislation will not significantly and adversely impact our ability to collect on our current loans or foreclose on collateral.

The preparation of our financial statements requires the use of estimates that could significantly vary from actual results, which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make significant estimates that affect the financial statements. For example, one of these significant estimates is the allowance for loan losses. Due to the inherent nature of estimates, we cannot provide absolute assurance that we will not significantly increase the allowance for loan losses and/or sustain credit losses that are significantly higher than the provided allowance, which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our financial results may be subject to the impact of changes in accounting standards or interpretation in new or existing standards.

From time to time the Financial Accounting Standards Board, or FASB, and the SEC change accounting regulations and reporting standards that govern the preparation of our financial statements. In addition, the FASB, SEC, bank regulators and the outside independent auditors may revise their previous interpretations regarding existing accounting regulations and the application of these accounting standards. These revisions in their interpretations are out of our control and may have a material impact on our financial statements.

Table of Contents

Our information technology systems may be vulnerable to attack or other technological failures, exposing us to significant loss.

We depend upon data processing software, communication and information exchange on a variety of computing platforms and networks including the Internet. Despite instituted safeguards, we cannot be certain that all of our systems are entirely free from vulnerability to electronic attack or other technological difficulties or failures. We also rely on the services of a variety of third party vendors to meet our