CITIZENS & NORTHERN CORP
Form 424B5
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Registration No. 333-162279

PRELIMINARY PROSPECTUS SUPPLEMENT (To Prospectus Dated October 26, 2009) **SUBJECT TO COMPLETION, DATED NOVEMBER 12, 2009**

$20.0 Million

Common Stock

We are offering shares of our common stock, par value $1.00 per share, to be sold in this offering.

Our common stock is traded on the NASDAQ Capital Market under the symbol CZNC. On November 10, 2009, the closing sale price of our common stock was $11.78 per share, as reported on the NASDAQ Capital Market. We urge you to obtain current market prices for our common stock.

Investing in our common stock involves risks. You should carefully read and consider the risk factors described in this prospectus supplement, the accompanying base prospectus, our periodic reports and other information we file with the Securities and Exchange Commission, or the SEC, before making a decision to purchase our common stock. See Risk Factors beginning on page S-9 of this prospectus supplement

	Per Share	Total
Public offering price	$	$ 20,000,000
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters also may purchase up to an additional shares of our common stock at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments, if any.

Neither the Securities and Exchange Commission, any state securities commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, any state banking regulator nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying base prospectus. Any representation to the contrary is a criminal offense.

These securities are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the FDIC or any other governmental agency.

The underwriters expect to deliver the shares of common stock only in book-entry form through the facilities of The Depository Trust Company on or about , 2009.

Sole Book-Running Manager

Co-Manager

The date of this prospectus supplement is November , 2009

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You should rely only on the information contained in this prospectus supplement and the accompanying base prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information that is different from that contained in, or incorporated by reference in, this prospectus supplement or the accompanying base prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information appearing in, or incorporated by reference in, this prospectus supplement and the accompanying base prospectus is accurate only as of their respective

dates. Our business, financial condition and results of operations may have changed since those dates. This prospectus supplement supersedes the accompanying base prospectus to the extent it contains information that is different from or in addition to the information in that prospectus.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying base prospectus. The second part, the accompanying base prospectus, gives more general information about us and the common stock offered by the prospectus supplement and the accompanying base prospectus. Some of the information in the accompanying base prospectus may not apply to this offering. Generally, when we refer to the prospectus, we are referring to this prospectus supplement and the base prospectus combined as one document. To the extent the information in the prospectus supplement differs from the information in the accompanying base prospectus or any document incorporated by reference filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement.

We and the underwriters are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The distribution of this prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus outside the United States. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any common stock offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference therein, in making your investment decision. You should rely only on the information contained in, or incorporated by reference in, this prospectus supplement and the accompanying base prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. This prospectus may only be used where it is legal to sell our common stock. You should not assume that the information that appears in this prospectus supplement, the accompanying base prospectus and any document incorporated by reference into this prospectus supplement or the accompanying base prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since the date of such information.

Unless this prospectus supplement indicates otherwise or the context otherwise requires, references to we, us, our, Citizens & Northern Corporation, Citizens & Northern or the Company refer to Citizens & Northern Corporation and its direct and indirect owned subsidiaries. The term you refers to a prospective investor. Unless otherwise expressly stated or the context otherwise requires, all information in this prospectus supplement assumes that the over-allotment option to purchase additional shares granted to the underwriters is not exercised in whole or in part.

As used in this prospectus supplement, the terms Series A Preferred Stock and Warrant refer to the 26,440 shares of Citizens & Northern s Series A Preferred Stock, having a liquidation preference of $1,000 per share, and the warrant to purchase up to 194,794 shares of Citizens & Northern s common stock at an initial exercise price of $20.36 per share, respectively, which we issued to the U.S. Department of the Treasury on January 16, 2009. See Description of Our Preferred Stock and Outstanding TARP Securities in the accompanying base prospectus for more information on the Series A Preferred Stock and the Warrant.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made in this prospectus, including information incorporated by reference in this prospectus by reference to other documents, are forward-looking statements within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as may , will , anticipate , assume , sh indicate , would , believe , contemplate , expect , estimate , continue , plan , point to , project , coul other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation:

the effects of future economic, business and market conditions, domestic and foreign, including seasonality;
the effects of, and changes in, governmental monetary and fiscal policies;
legislative and regulatory changes, including changes in banking, insurance, securities and tax laws and regulations and their application by our regulators;
changes in accounting policies, rules and practices;
the risk of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities, and interest sensitive assets and liabilities;
the risk of decreases in the value of investment securities we own;
the effects of other-than-temporary impairment charges relating to our investment portfolio;
failure to realize deferred tax assets;
credit risks of borrowers;
changes in the availability and cost of credit and capital in the financial markets;
changes in the prices, values and sales volumes of residential and commercial real estate;
the effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services;
the failure of assumptions underlying the establishment of allowances or reserves for possible loan losses and other estimates;
risks related to our participation in the Troubled Asset Relief Program Capital Purchase Program;
possible reductions in our quarterly dividends and regulatory restrictions on our ability to pay dividends;
potential undiscovered weaknesses in our internal controls and disclosure controls;
a potential decline in the value of our Federal Home Loan Bank of Pittsburgh common stock;
our inability to realize growth opportunities or to manage our growth; and
other factors and risks, including those detailed in this prospectus supplement and under Risk Factors in our filings with the SEC.

Because such forward looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such statements. The foregoing list of important factors is not exclusive and you are cautioned not to place undue reliance on these forward-looking statements, which speak

only as of the date of this document or, in the case of documents incorporated by reference, the dates of those documents. We do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of us.

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PROSPECTUS SUMMARY

This summary highlights some information about us and this offering and it may not contain all of the information that is important to you. You should carefully read the sections entitled Risk Factors in this prospectus supplement and in the accompanying base prospectus and the documents identified in the sections Where You Can Find More Information and Incorporation of Certain Documents by Reference in this prospectus supplement. Except as otherwise noted, all information in this prospectus supplement assumes no exercise of the underwriters over-allotment option.

Citizens & Northern Corporation

We are a Pennsylvania business corporation formed on February 19, 1987, and a bank holding company registered under the Bank Holding Company Act of 1956, as amended. Through our subsidiaries, we offer a full array of deposit accounts and retail banking services, engage in consumer and commercial lending and provide a wide variety of trust and asset management services, as well as offer securities products and annuities and other insurance products.

Our primary subsidiary, Citizens & Northern Bank, referred to as C&N Bank, a Pennsylvania chartered bank, operates 24 branches in seven counties in north-central Pennsylvania. In addition, First State Bank, Canisteo, N.Y., a New York chartered bank and a wholly-owned subsidiary of Canisteo Valley Corporation, a bank holding company and our wholly-owned subsidiary, operates two branches located in Steuben County, New York. In addition to its lending activities, C&N Bank provides trust and investment management services.

As of September 30, 2009, we had total deposits of approximately $896.9 million, total assets of approximately $1.3 billion and shareholders equity of approximately $126.1 million. Citizens & Northern Corporation s operating revenues and net income are derived primarily from C&N Bank through the payment of dividends.

We also reinsure credit and mortgage life and accident and health insurance through our wholly-owned subsidiary, Bucktail Life Insurance Company, and offer securities brokerage and annuities and other insurance products on an agency basis through C&N Financial Services Corporation, a wholly-owned subsidiary of C&N Bank, through an agreement with a registered broker dealer. Our wholly-owned subsidiary, Citizens & Northern Investment Corporation, holds investment securities.

Our primary objective is to be a highly profitable community-based banking institution for whom our customers appreciate our highly personalized banking services. Our stated mission is to proactively identify and understand our clients needs and goals and develop creative solutions to meet those needs. Our business strategy is to combine balanced and sound growth with superior asset quality while emphasizing local and long-term lending and deposit relationships with individuals and small to medium sized business. Our management team and employees provide an array of high quality financial services to our customers. Through the effective implementation of our business strategy, we seek to achieve superior financial results and maximize return for shareholders.

Recent Developments

Results of Operations

On November 9, 2009, we announced our financial results for the quarter and nine-month period ended September 30, 2009. The following presents an overview of those results. This discussion is subject to the risks and uncertainties relating to our business described under Risk Factors in this prospectus.

We reported a net loss available to common shareholders of approximately $45.0 million, or $5.01 per diluted share, in the first nine months of 2009, primarily attributable to after-tax other-than-temporary impairment (OTTI) charges on available-for-sale securities (net of subsequent gains from selling some of the securities) of approximately $56.4 million. For the first nine months of 2008, we reported net income of approximately $7.9 million, or $0.88 per diluted share.

For the third quarter 2009, the net loss available to common shareholders was approximately $28.6 million, or $3.17 per share. In the third quarter 2008, net income available to common shareholders was approximately $1.0 million, or $0.11 per share.

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Our results for the first nine months of 2009 included positive Core Earnings available to common shareholders of approximately $11.4 million ($1.26 per diluted share), reduced by after-tax OTTI charges on available-for-sale securities (net of subsequent gains from selling some of the securities) of approximately $56.4 million. For the first nine months of 2008, we had Core Earnings of approximately $12.0 million ($1.33 per diluted share). Third quarter 2009 results included Core Earnings of approximately $3.9 million ($0.43 per diluted share), offset by after-tax OTTI charges on available-for-sale securities (net of subsequent gains from selling some of the securities) of approximately $32.5 million. In the third quarter of 2008, Core Earnings was approximately $4.1 million ($0.46 per diluted share).[(1)]

Our interest margin increased approximately $1.1 million, or 3.6%. On a fully taxable-equivalent basis, the interest margin increased approximately $1.7 million, or 5.1%. The interest margin has been positively impacted by lower short-term market interest rates, which have reduced interest rates paid on deposits and borrowings. The interest margin has also been positively impacted by increased levels of investments and high yields on municipal bonds. The interest margin has been negatively impacted by weak consumer loan demand, as average loans outstanding decreased approximately $11.3 million for the first nine months of 2009, as compared to the same period in 2008.

The provision for loan losses was approximately $115,000 lower in the first nine months of 2009. The ratio of nonperforming loans (including nonaccrual loans and loans 90 days or more past due and still accruing interest) and other real estate owned, as a percentage of assets, was 0.77% at September 30, 2009, as compared to the 0.69% level at December 31, 2008.

Non-interest income decreased approximately $602,000, or 6.2%. In the first nine months of 2008, non-interest income included a gain of approximately $533,000 from redemption of restricted shares of Visa, resulting from Visa s initial public offering. Also, in the first nine months of 2009, we received no dividend income on our investment in restricted stock issued by the Federal Home Loan Bank of Pittsburgh, while dividend income on this stock was approximately $282,000 in the first nine months of 2008.

Non-interest expense increased approximately $616,000, or 2.4%. Federal Deposit Insurance Corporation, or FDIC, insurance costs increased approximately $1.5 million in the first nine months of 2009, to approximately $1.7 million from approximately $161,000 in the same period of 2008. The higher FDIC costs included the effects of premium increases and a special assessment of approximately $589,000. Excluding FDIC costs, total non-interest expense was 3.5% lower in the first nine months of 2009 as compared to the corresponding period in 2008.

(1) Core Earnings is a non-GAAP financial measure. Core Earnings is an earnings performance measurement which our management has defined to exclude other-than-temporary impairment losses on available-for-sale securities, realized gains and related bank stock sales and income taxes from net (loss) income. Management uses Core Earnings as a means to measure operating performance. Management believes Core Earnings is meaningful to shareholders to evaluate our operating performance because it excludes some of the market volatility impact as it relates to investments in pooled trust-preferred securities and other securities in our investment portfolio. Core Earnings should not be viewed as a substitute for results of operations determined in accordance with GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. See Reconciliation of Non-GAAP Core Earnings on page S- 4 for a reconciliation of Core Earnings to net (loss) income, the most directly comparable GAAP financial measure.

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Trust and financial management revenue decreased $301,000, or 11.2%, in the first nine months of 2009 as compared to the same period of 2008. Trust and financial management revenues are significantly affected by the value of assets under management which have been generally lower throughout most of 2009. Over the second and third quarters of 2009, the market values of equity securities have recovered a substantial portion of prior losses in value. At September 30, 2009, total trust assets under management of approximately $592.8 million were 1.5% lower than one year earlier.

The average balance of gross loans decreased 1.5% to approximately $730.7 million in the first nine months of 2009 from approximately $742.0 million in the same period of 2008. Due to the challenging economic environment, we have experienced contraction in the balance of our mortgage and consumer loan portfolios, with slight growth in average commercial and tax-exempt loan balances. Our yield on loans fell as rates on new loans as well as existing, variable-rate loans have decreased. The average rate of return on loans was 6.56% in 2009 and 6.92% in 2008.

Total average deposits (interest-bearing and noninterest-bearing) increased 4.2%, to approximately $879.3 million in the first nine months of 2009 from approximately $844.0 million in the same period of 2008. This increase has come mainly in interest checking, money market, and individual retirement accounts and is partially offset by a reduction in the balance in certificates of deposit. Consistent with substantial reductions in short-term global interest rates, the average rates incurred on deposit accounts have decreased significantly in 2009 as compared to 2008.

Total average borrowed funds decreased approximately $30.6 million to approximately $265.6 million in the first nine months of 2009 from approximately $296.2 million in the same period of 2008. During 2008 and early 2009, we have generally paid off long-term borrowings as they matured using the cash flow received from loans, mortgage-backed securities, and growth in deposit balances. The average rate on borrowed funds was 3.79% in the first nine months of 2009, down from 4.02% in the same period of 2008. This change primarily reflects lower rates being paid on customer repurchase agreements, which make up most of our short-term borrowed funds.

Change in Dividend Policy

Based upon guidance issued by the Federal Reserve Board concerning the payment of dividends, on November 10, 2009, our Board of Directors approved a reduction in our quarterly dividend of at least fifty percent (50%) (from $0.24 per share to no more than $0.12 per share) commencing in the fourth quarter of 2009, subject to regulatory approval. No determination has been made by our Board of Directors regarding whether or what amount of dividends will be paid in future quarters. Additionally, there can be no assurance that regulatory approval will be granted by the Federal Reserve Board to pay the reduced dividend. See Dividend Policy.

Corporate Information

Our principal executive offices are located at 90-92 Main Street, Wellsboro, Pennsylvania 16901, and our telephone number at that address is (570) 724-3411. We maintain an Internet website at *www.cnbankpa.com*. The foregoing website address is intended to be an inactive textual reference only. The information on this website is not a part of this prospectus.

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Reconciliation of Non-GAAP Core Earnings (Unaudited) (In thousands, except per-share data)

	2009 (Loss)/ Income	Diluted EPS	2008 (Loss)/ Income	Diluted EPS
QUARTER ENDED SEPTEMBER 30:				
Net (loss) income available to common shareholders	($28,567)	($3.17)	$1,012	$ 0.11
Other-than-temporary impairment losses on available-for-sale securities	(47,947)		(4,747)	
Realized gains on related bank stock sales	70		0	
Other-than-temporary impairment losses on available-for-sale securities, net of related gains	(47,877)		(4,747)	
Income taxes[a]	15,392		1,614	
Other-than-temporary impairment losses, net	(32,485)		(3,133)	
Core earnings available to common shareholders	$3,918	$0.43	$4,145	$ 0.46
NINE MONTHS ENDED SEPTEMBER 30:				
Net (loss) income available to common shareholders	($45,005)	($5.01)	$7,881	$ 0.88
Other-than-temporary impairment losses on available-for-sale securities	(84,407)		(6,167)	
Realized gains on related bank stock sales	361		0	
Other-than-temporary impairment losses on available-for-sale securities, net of related gains	(84,046)		(6,167)	
Income taxes[a]	27,690		2,097	
Other-than-temporary impairment losses, net	(56,356)		(4,070)	
Core earnings available to common shareholders	$11,351	$1.26	$11,951	$ 1.33

(a) Income tax has been allocated to the non-core losses at 34%, adjusted for a valuation allowance on deferred tax assets associated with losses from securities classified as capital assets for federal income tax reporting purposes. The valuation allowance, which was recorded in the third quarter 2009, is described in more detail in Note 11 to the unaudited, consolidated financial statements included in our quarterly report on Form 10-Q filed with the SEC on November 9, 2009.

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The Offering

Common stock offered
shares (or shares if the underwriters exercise in full the over-allotment option to purchase additional shares)

Over-allotment option
The underwriters may purchase up to an additional shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement.

Common stock outstanding after this offering[1]
shares, or shares if the underwriters exercise their over-allotment option in full.

Net proceeds
We estimate that our net proceeds from this offering (after deducting offering expenses payable by us) will be approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full.

Use of proceeds
We intend to use our net proceeds of this offering for general corporate purposes which may include, without limitation, making investments at the holding company level, providing capital to support our subsidiaries, including C&N Bank, supporting asset and deposit growth, engaging in acquisitions or other business combinations, and reducing or refinancing existing debt. We do not have any specific plans for acquisitions or other business combinations at this time. Among other things, we may also seek regulatory approval to repurchase the Series A Preferred Stock and the Warrant with the net proceeds of this offering and other cash available to us. We have not determined if, or when, we will seek such regulatory approval. Allocations of the net proceeds from this offering to specific purposes have not been made as of the date of this prospectus supplement. See Use of Proceeds.

NASDAQ Capital Market symbol
CZNC

Risk Factors
An investment in our common stock involves risks. You should carefully consider the risks described below under the heading Risk Factors and the other information included in this prospectus supplement and the accompanying base prospectus before you purchase any shares of our common stock.

(1) The number of shares of common stock outstanding immediately after the closing of this offering is based on 9,236,744 shares of common stock outstanding as of November 10, 2009. Unless otherwise indicated, the number of outstanding shares of common stock presented in this prospectus supplement excludes: shares of common stock issuable pursuant to the exercise of the underwriters over-allotment option; 2,256,853 shares of common stock authorized for future issuance pursuant to our dividend reinvestment and stock purchase and sale plan as of November 10, 2009; 321,808 shares of common stock issuable upon exercise of outstanding options under our equity incentive and director plans as of November 10, 2009; and the 194,794 shares of common stock issuable upon exercise of the Warrant at an exercise price of $20.36 per share. Of the options outstanding under our equity incentive and director plans as of November 9, 2009, 321,808 of the options were exercisable as of that date, at a weighted average exercise price of $20.41 per share.

Summary Selected Consolidated Financial Data

The following table sets forth summary historical consolidated financial information as of and for the years ended December 31, 2008, 2007, 2006, 2005 and 2004 (which has been derived from our audited consolidated financial statements), and as of and for the nine months ended September 30, 2009 and 2008. The summary historical financial information as of and for the nine months ended September 30, 2009 and 2008 is unaudited. The unaudited financial information as of and for the nine months ended September 30, 2009 and 2008 has been prepared on the same basis as our audited financial statements and includes, in the opinion of management, all adjustments, consisting of only normal recurring adjustments, necessary to fairly present the data for such periods. The results of operations for the nine months ended September 30, 2009 are not necessarily indicative of the results of operations to be expected for the full year or any future period. The following summary selected consolidated financial information should be read in conjunction with our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, which have been filed with the SEC and are incorporated herein by reference.

	As of or for the Nine Months Ended September 30,		As of or for the Year Ended December 31,				
Dollars in thousands, except hare and er share data)	2009	2008	2008	2007	2006	2005	2004
NCOME STATEMENT	(unaudited)						
nterest and fee income	$51,720	$55,648	$74,237	$70,221	$64,462	$61,108	$57,922
nterest expense	18,786	23,854	31,049	33,909	30,774	25,687	22,606
et interest income	32,934	31,794	43,188	36,312	33,688	35,421	35,316
rovision for loan losses	554	669	909	529	672	2,026	1,400
et interest income after rovision for loan losses	32,380	31,125	42,279	35,783	33,016	33,395	33,916
oninterest income excluding ecurities (losses)/gains and ains from sale of credit card oans	9,102	9,704	12,883	10,440	7,970	7,636	6,922
et impairment losses ecognized in earnings from vailable-for-sale securities	(84,407)	(6,167)	(10,088)	0	0	0	0
ealized gains on vailable-for-sale securities	885	707	750	127	5,046	1,802	2,877
ain from sale of credit card oans	0	0	0	0	340	1,906	0
oninterest expense	26,073	25,457	33,446	33,283	31,614	28,962	26,001
ncome before income tax rovision	(68,113)	9,912	12,378	13,067	14,758	15,777	17,714
ncome tax provision	(24,163)	2,031	2,319	2,643	2,772	2,793	2,851
et (loss) income	(43,950)	7,881	10,059	10,424	11,986	12,984	14,863
	1,055	0	0	0	0	0	0

.S. Treasury preferred ividends							
et (loss) income available to ommon shareholders	$(45,005)	$7,881	$10,059	$10,424	$11,986	$12,984	$14,863
ER COMMON SHARE ATA:[1]							
asic earnings per share	$(5.01)	$0.88	$1.12	$1.19	$1.42	$1.53	$1.76
iluted earnings per share	$(5.01)	$0.88	$1.12	$1.19	$1.42	$1.52	$1.75
ash dividends declared per hare	$0.72	$0.72	$0.96	$0.96	$0.96	$0.93	$0.89
tock dividend				1%	1%	1%	1%
ook value per common share t period-end	$11.02	$13.65	$13.66	$15.34	$15.51	$15.58	$15.61
angible book value per ommon share at period-end	$9.64	$12.20	$12.22	$13.85	$15.13	$15.18	$15.61
Veighted average common hares outstanding basic	8,978,665	8,965,230	8,961,805	8,784,134	8,422,495	8,458,813	8,433,494
Veight Weighted average ommon shares utstanding diluted	8,978,665	8,985,211	8,983,300	8,795,366	8,448,169	8,517,598	8,481,750

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llars in thousands)	At or for the Nine Months Ended September 30, 2009	2008	At or for the Year Ended December 31, 2008	2007	2006	2005	2004
D OF PERIOD LANCES	(unaudited)						
ailable-for-sale securities	$399,112	$417,761	$419,688	$432,755	$356,665	$427,298	$475,085
ss loans	728,479	748,909	743,544	735,941	687,501	653,299	579,613
owance for loan losses	8,188	8,498	7,857	8,859	8,201	8,361	6,787
al assets	1,283,378	1,288,897	1,281,637	1,283,746	1,127,368	1,162,954	1,123,002
posits	896,866	856,576	864,057	838,503	760,349	757,065	676,545
rowings	249,504	302,045	285,473	300,132	228,440	266,939	305,005
ckholders' equity	126,053	122,074	122,026	137,781	129,888	131,968	131,585
mmon stockholders equity ckholders equity, excluding ferred stock)	100,347	122,074	122,026	137,781	129,888	131,968	131,585
ERAGE BALANCES							
al assets	1,296,174	1,281,551	1,280,924	1,178,904	1,134,689	1,144,619	1,114,041
ning assets	1,218,763	1,199,189	1,202,872	1,090,035	1,055,103	1,065,189	1,036,535
ss loans	730,738	742,018	743,741	729,269	662,714	618,344	551,352
posits	879,324	843,950	847,714	812,255	750,982	702,404	669,307
ckholders' equity	143,798	133,494	130,790	138,669	131,082	132,465	128,374
Y RATIOS							
urn on average assets nualized)	-4.52 %	0.82 %	0.79 %	0.88 %	1.06 %	1.13 %	1.33
urn on average equity nualized)	-40.75 %	7.87 %	7.69 %	7.52 %	9.14 %	9.80 %	11.58
erage equity to average ets	11.09 %	10.42 %	10.21 %	11.76 %	11.55 %	11.57 %	11.52
interest margin(2)	3.85 %	3.72 %	3.77 %	3.51 %	3.42 %	3.62 %	3.78
iciency(3)	59.04 %	59.10 %	57.40 %	68.39 %	71.73 %	62.68 %	56.35
h dividends as a % of ited earnings per share	NM	81.82 %	85.71 %	80.67 %	67.61 %	61.18 %	50.86
r 1 leverage	7.60 %	10.24 %	10.12 %	10.91 %	11.22 %	10.62 %	10.69
r 1 risk-based capital	12.46 %	14.97 %	13.99 %	15.46 %	16.51 %	16.52 %	17.17
al risk-based capital	13.58 %	15.96 %	14.84 %	16.52 %	17.97 %	18.19 %	18.89
gible common ity/tangible assets(4)	6.91 %	8.55 %	8.61 %	9.79 %	11.27 %	11.09 %	11.72

NM = Not a meaningful ratio because earnings were negative for the period.

(1) All share and per share data have been restated to give effect to stock dividends and splits.

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

(3) The efficiency ratio is calculated by dividing total noninterest expense by the sum of net interest income (including income from tax-exempt securities and loans on a fully-taxable equivalent basis) and noninterest income on a fully-taxable equivalent basis) and noninterest income excluding securities (losses)/gains and gains from sale of credit card loans.

(4) Tangible common equity and tangible assets are non-GAAP financial measures calculated using GAAP amounts. We calculate tangible common equity by excluding the balance of goodwill, intangible assets and preferred equity from our calculation of shareholders' equity. We calculate tangible assets by excluding the balance of goodwill and other intangible assets from the calculation of risk-based capital ratios. Management believes that this is consistent with the treatment by bank regulatory agencies, which exclude goodwill and other intangible assets from the calculation of risk-based capital ratios. Accordingly, management believes that these non-GAAP financial measures provide information to investors that is useful in understanding the basis of our risk-based capital ratios. However, these non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. 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 as calculated by other companies. A reconciliation of the non-GAAP ratio of tangible common equity to tangible assets is provided below.

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	September 30,		December 31,				
	2009	2008	2008	2007	2006	2005	2004
al stockholders' equity	$126,053	$122,074	$122,026	$137,781	$129,888	$131,968	$131,585
s: preferred stock	(25,706)	0	0	0	0	0	0
s: intangible assets	(12,525)	(12,978)	(12,840)	(13,410)	(3,145)	(3,383)	0
gible common equity	87,822	109,096	109,186	124,371	126,743	128,585	131,585
al assets	1,283,378	1,288,897	1,281,637	1,283,746	1,127,368	1,162,954	1,123,002
s: intangible assets	(12,525)	(12,978)	(12,840)	(13,410)	(3,145)	(3,383)	0
gible assets	1,270,853	1,275,919	1,268,797	1,270,336	1,124,223	1,159,571	1,123,002
gible common ity/tangible assets	6.91 %	8.55 %	8.61 %	9.79 %	11.27 %	11.09 %	11.72

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RISK FACTORS

An investment in our common stock involves certain risks. You should carefully consider the following risk factors, in addition to the information included or incorporated by reference in this prospectus supplement and the accompanying base prospectus, before making an investment decision to purchase shares of our common stock in this offering. The risks and uncertainties described below and those incorporated by reference into this prospectus supplement and the accompanying base prospectus are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business. If any of the risks actually occur, our business, financial condition, liquidity, results of operations and prospects could be materially adversely affected. In that case, the market price of our common stock could decline substantially and you could lose all or a part of your investment.