FNB CORP/FL/
Form 424B3
December 01, 2011

Filed pursuant to Rule 424(b)(3)
Registration No. 333-177050

PROSPECTUS SUPPLEMENT NO. 1 to

Proxy Statement/Prospectus dated November 7, 2011

F.N.B. CORPORATION

This Prospectus Supplement No. 1 (the Supplement) supplements information contained in the proxy statement/prospectus dated November 7, 2011, which relates to the proposed issuance by F.N.B. Corporation (FNB) of up to 13,629,000 shares of its common stock, par value $0.01 per share, in connection with the proposed merger of Parkvale Financial Corporation (PFC) with and into FNB pursuant to an Agreement and Plan of Merger, dated as of June 15, 2011, between PFC and FNB.

Quarterly Report on Form 10-Q

The purpose of this Supplement is to inform you of certain developments that have occurred since the date of the proxy statement/prospectus. This Supplement includes PFC s attached Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011, which PFC filed with the Securities and Exchange Commission (SEC) on November 30, 2011. The information contained in such report is dated as of the date of such report.

Additional Proxy

If you have not yet voted your shares of common stock of PFC with respect to the proposals to be considered at the special meeting of PFC shareholders to be held on December 15, 2011 or if you wish to change your vote, an additional proxy and postage-paid return envelope are enclosed for your convenience. If your shares are held with a broker or bank, you can also vote by telephone or the internet by following the enclosed instructions.

This Supplement should be read together with the proxy statement/prospectus dated November 7, 2011, which was previously mailed to the PFC shareholders who were shareholders of record on October 20, 2011. The information in this Supplement is qualified by reference to the proxy statement/prospectus, except to the extent that the information in this Supplement updates or supersedes the information contained in the proxy statement/prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the FNB common stock to be issued pursuant to the proxy statement/prospectus, as supplemented by this Supplement, or determined if the proxy statement/prospectus or this Supplement is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this Supplement is December 1, 2011.

Additional Information About the Merger and Where to Find It

In connection with the proposed merger, PFC filed a definitive proxy statement with the SEC on November 7, 2011, and FNB filed a registration statement on Form S-4 (Registration No. 333-177050) with the SEC on November 3, 2011 (which contains PFC s definitive proxy statement and FNB s prospectus), and this Supplement on December 1, 2011. INVESTORS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT, THIS SUPPLEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC BY FNB OR PFC, INCLUDING ANY AMENDMENTS AND SUPPLEMENTS, BECAUSE THOSE DOCUMENTS DO AND WILL CONTAIN IMPORTANT INFORMATION.

Those documents, as well as other documents relating to the merger that FNB and/or PFC file with the SEC, may be obtained free of charge from the SEC s website at http://www.sec.gov. You may also request copies of those documents at no cost by contacting either FNB or PFC, as the case may be, at the following addresses:

F.N.B. CORPORATION

One F.N.B. Boulevard

Hermitage, Pennsylvania 16148

Attention: David B. Mogle, Corporate Secretary

Telephone: (724) 983-3431

PARKVALE FINANCIAL CORPORATION

Parkvale Bank Building

4220 William Penn Highway

Monroeville, Pennsylvania 15146

Attention: Gilbert A. Riazzi, Vice President and Chief Financial Officer

Telephone (412) 373-4804

FNB, PFC and their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from PFC shareholders in connection with the proposed merger. Information concerning such participants ownership of PFC common stock is set forth in the proxy statement/prospectus dated November 7, 2011.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

COMMISSION FILE NO: 0-17411

PARKVALE FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1556590**
(State of incorporation)	**(I.R.S. Employer Identification Number)**

4220 William Penn Highway, Monroeville, Pennsylvania 15146

(Address of principal executive offices; zip code)

Registrant s telephone number, including area code: (412) 373-7200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No x

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The closing sales price of the Registrant s Common Stock on November 16, 2011 was $22.74 per share.

Number of shares of Common Stock outstanding as of November 16, 2011 was 5,582,846.

PARKVALE FINANCIAL CORPORATION

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Item 1.

PARKVALE FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollar amounts in thousands, except share data)

(Unaudited)

	September 30, 2011	June 30, 2011
ASSETS		
Cash and noninterest-earning deposits	**$ 16,897**	$ 18,713
Federal funds sold	**158,012**	126,642
Cash and cash equivalents	**174,909**	145,355
Interest-earning deposits in other banks	**4,363**	4,463
Investment securities available for sale at fair value (cost of $5,501 at September 30, 2011 and $5,501 at June 30, 2011)	**5,258**	5,245
Investment securities held to maturity (fair value of $515,094 at September 30, 2011 and $531,116 at June 30, 2011)	**517,813**	532,189
Federal Home Loan Bank Stock, at cost	**11,694**	12,310
Loans, net of allowance of $18,663 at September 30, 2011 and $18,626 at June 30, 2011	**965,032**	983,996
Foreclosed real estate, net	**7,204**	9,764
Office properties and equipment, net	**16,811**	16,862
Goodwill	**25,634**	25,634
Intangible assets	**1,741**	1,968
Prepaid expenses and other assets	**67,499**	68,770
Total assets	**$ 1,797,958**	$ 1,806,556
LIABILITIES AND SHAREHOLDERS EQUITY		
LIABILITIES		
Deposits	**$ 1,488,127**	$ 1,484,924
Advances from Federal Home Loan Bank	**140,853**	150,857
Term debt	**20,625**	21,250
Other debt	**14,421**	12,518
Advance payments from borrowers for taxes and insurance	**4,228**	7,524
Other liabilities	**4,702**	5,269
Total liabilities	**1,672,956**	1,682,342
SHAREHOLDERS EQUITY		
Preferred stock ($1.00 par value, liquidation preference $1,000; 5,000,000 shares authorized; 31,762 shares issued)	**31,762**	31,762
Common stock ($1.00 par value; 10,000,000 shares authorized; 6,734,894 shares issued)	**6,735**	6,735
Additional paid-in capital	**2,151**	2,151
Treasury stock at cost (1,152,048 shares at September 30, 2011 and June 30, 2011)	**(24,072)**	(24,072)
Accumulated other comprehensive loss	**(13,753)**	(13,690)
Retained earnings	**122,179**	121,328
Total shareholders equity	**125,002**	124,214
Total liabilities and shareholders equity	**$ 1,797,958**	$ 1,806,556

PARKVALE FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Three months ended September 30,	
	2011	2010
Interest Income:		
Loans	**$ 11,412**	$ 13,047
Investments	**3,324**	3,670
Federal funds sold	**106**	122
Total interest income	**14,842**	16,839
Interest Expense:		
Deposits	**4,432**	5,228
Borrowings	**2,175**	2,752
Total interest expense	**6,607**	7,980
Net interest income	**8,235**	8,859
Provision for loan losses	**1,122**	1,034
Net interest income after provision for loan losses	**7,113**	7,825
Noninterest Income:		
Other-than-temporary impairment losses recognized in earnings		(3,035)
Non-credit related losses recognized in other comprehensive income		2,039
Net impairment losses recognized in earnings		(996)
Service charges on deposit accounts	**1,706**	1,759
Other service charges and fees	**346**	381
Net gain on sale of assets		1,172
Other	**551**	770
Total noninterest income	**2,603**	3,086
Noninterest Expense:		
Compensation and employee benefits	**3,563**	3,928
Office occupancy	**1,040**	1,067
Marketing	**106**	84
FDIC insurance	**585**	894
Office supplies, telephone and postage	**386**	472
Other	**2,151**	1,605
Total noninterest expense	**7,831**	8,050
Income before income taxes	**1,885**	2,861
Income tax expense	**525**	638
Net income	**1,360**	2,223

Less: Preferred stock dividend		**397**		397
Income to common shareholders	**$**	**963**	$	1,826
Net income per common basic share	**$**	**0.17**	$	0.33
Net income per common diluted share	**$**	**0.17**	$	0.33

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PARKVALE FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands)

(Unaudited)

	Three months ended September 30, 2011	2010
Cash flows from operating activities:		
Interest received	**$ 16,044**	$ 17,438
Loan fees received	**26**	159
Other fees and commissions received	**2,334**	2,635
Interest paid	**(6,668)**	(7,864)
Cash paid to suppliers and others	**(6,841)**	(3,992)
Income taxes paid		(328)
Net cash provided by operating activities	**4,895**	8,048
Cash flows from investing activities:		
Proceeds from sale of investment securities available for sale	**603**	50,705
Proceeds from maturities of investment securities	**100,618**	97,493
Purchase of investment securities held to maturity	**(87,586)**	(111,143)
Maturity (purchase) of deposits in other banks	**101**	(5,075)
Principal collected on loans	**68,213**	64,344
Loans made to customers, net of loans in process	**(47,795)**	(48,312)
Other	**(166)**	(66)
Net cash provided by investing activities	**33,988**	47,946
Cash flows from financing activities:		
Net increase in checking and savings accounts	**9,902**	15,094
Net (decrease) in certificates of deposit	**(6,699)**	(22,685)
Repayment of FHLB advances	**(10,004)**	(10,007)
Net increase (decrease) in other borrowings	**1,903**	(2,017)
Repayment of term debt	**(625)**	(625)
Net (decrease) in borrowers advances for taxes and insurance	**(3,296)**	(3,214)
Dividends paid	**(510)**	(673)
Net cash (used in) financing activities	**(9,329)**	(24,127)
Net increase in cash and cash equivalents	**29,554**	31,867
Cash and cash equivalents at beginning of period	**145,355**	153,509
Cash and cash equivalents at end of period	**$ 174,909**	$ 185,376

	Three months ended September 30, 2011	2010
Reconciliation of net income to net cash provided by operating activities:		
Net income	**$ 1,360**	$ 2,223
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**444**	442
(Accretion) and amortization of loan fees and discounts	**636**	(34)
Loan fees collected and deferred	**(16)**	(1)
Provision for loan losses	**1,122**	1,034
Net writedown (gain) on sale of securities		(176)
Decrease in accrued interest receivable	**503**	612
Decrease in other assets	**768**	665
(Decrease) increase in accrued interest payable	**(56)**	173
Increase in other liabilities	**134**	3,110
Total adjustments	**3,535**	5,825
Net cash provided by operating activities	**$ 4,895**	$ 8,048

For purposes of reporting cash flows, cash and cash equivalents include cash and noninterest earning deposits, and federal funds sold. Generally, federal funds are sold for one-day periods. Loans transferred to foreclosed assets aggregated $1.0 million for the three months ended September 30, 2011 and $2.5 million for the three months ended September 30, 2010, and is included in the principal collected on loans component of the consolidated statements of cash flows. Loans were transferred to foreclosed assets at the lesser of their carrying value or indicated fair value, less costs to sell.

PARKVALE FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(Dollars in thousands, except share data)

(Unaudited)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive (Loss)	Retained Earnings	Total Shareholders Equity
Balance, June 30, 2011	$ 31,762	$ 6,735	$ 2,151	($ 24,072)	($ 13,690)	$ 121,328	$ 124,214
Net income, three months ended September 30, 2011						1,360	1,360
Accumulated other comprehensive loss:							
Change in swap liability					(59)		
Change in unrealized loss on securities, net of deferred tax benefit of ($1)					(4)		(63)
Comprehensive income							1,297
Dividends declared on common stock at $0.02 per share						(112)	(112)
Dividends on preferred stock						(397)	(397)
Balance, September 30, 2011	$ 31,762	$ 6,735	$ 2,151	($ 24,072)	($ 13,753)	$ 122,179	$ 125,002
Balance, June 30, 2010	$ 31,762	$ 6,735	$ 2,734	($ 25,193)	($ 13,413)	$ 115,248	$ 117,873
Net income, three months ended September 30, 2010						2,223	2,223
Accumulated other comprehensive loss:							
Change in swap liability					(238)		
Change in unrealized loss on securities, net of deferred tax benefit of ($374)					(1,068)		
Reclassification adjustment, net of taxes of $40					114		(1,192)
Comprehensive income							1,031
Dividends declared on common stock at $0.02 per share						(110)	(110)
Dividends on preferred stock						(397)	(397)
Balance, September 30, 2010	$ 31,762	$ 6,735	$ 2,734	($ 25,193)	($ 14,605)	$ 116,964	$ 118,397

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, except share data)

NOTE 1. STATEMENTS OF OPERATIONS

The statements of operations for the three months ended September 30, 2011 and 2010 are unaudited, but in the opinion of management reflect all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation of the results of operations for those periods. The results of operations for the three months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2012. The Annual Report on Form 10-K for the year ended June 30, 2011 contains additional information and should be read in conjunction with this report.

NOTE 2. RECLASSIFICATION

Certain amounts in prior period s financial statements have been reclassified to conform to the current period presentation. The reclassifications had no significant effect on Parkvale s financial condition or results of operations.

NOTE 3. SUBSEQUENT EVENTS

The Corporation evaluated and disclosed all material subsequent events that provide evidence about conditions that existed as of September 30, 2011 through the date the consolidated financial statements were filed with the Securities and Exchange Commission.

NOTE 4. LOANS AND THE ALLOWANCE FOR LOAN LOSS

Loans are summarized as follows:

	September 30, 2011	June 30, 2011
Mortgage loans:		
1-4 family	**$ 603,561**	$ 615,884
Commercial	**156,764**	162,533
Total mortgage loans	**760,325**	778,417
Consumer loans:		
Home equity	**146,631**	146,728
Automobile	**24,908**	26,684
Other consumer	**10,105**	9,800
Total consumer loans	**181,644**	183,212
Commercial business loans	**40,940**	40,120
Total gross loans	**982,909**	1,001,749
Less: Loans in process	**63**	
Allowance for loan losses	**18,663**	18,626
Unamortized premiums and deferred loan fees	**(849)**	(873)
Loans, net	**$ 965,032**	$ 983,996

The loans receivable portfolio is segmented into mortgage loans, consumer loans and commercial business loans. The mortgage loan segment has two classes, 1-4 family first lien residential mortgage loans and commercial mortgage loans, which are comprised of commercial real estate, multi-family and acquisition and development loans. The consumer loan segment consists of three classes, home equity loans, automobile loans and other loans. The commercial business loan segment consists of one class, commercial and industrial loans.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands, except share data)

Portfolio Risk Characteristics:

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the known circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower s prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial business loans and commercial mortgage loans by either the present value of expected future cash flows discounted at the loan s effective interest rate or the fair value of the collateral if the loan is collateral dependent.

An allowance for loan losses is established for an impaired loan if its carrying value exceeds its estimated fair value. The estimated fair values of substantially all of the Corporation s impaired loans are measured based on the estimated fair value of the loan s collateral.

For commercial loans secured by real estate, estimated fair values are determined primarily through third-party appraisals. When a real estate secured loan becomes impaired, a decision is made regarding whether an updated certified appraisal of the real estate is necessary. This decision is based on various considerations, including the age of the most recent appraisal, the loan-to-value ratio based on the original appraisal and the condition of the property. Appraised values are discounted to arrive at the estimated selling price of the collateral, which is considered to be the estimated fair value. The discounts also include estimated costs to sell the property.

For commercial business loans secured by non-real estate collateral, such as accounts receivable, inventory and equipment, estimated fair values are determined based on the borrower s financial statements, inventory reports, accounts receivable agings or equipment appraisals or invoices. Indications of value from these sources are generally discounted based on the age of the financial information or the quality of the assets.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Corporation does not separately identify individual 1-4 family mortgage loans or consumer loans for impairment disclosures, unless such loans are the subject of a troubled debt restructuring agreement.

Loans whose terms are modified are classified as troubled debt restructurings if the Corporation grants such borrowers concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted under a troubled debt restructuring generally involve a temporary reduction in interest rate or an extension of a loan s stated maturity date. Non-accrual troubled debt restructurings are restored to accrual status if a pattern of consistent principal and interest payments under the modified terms is demonstrated after modification. Loans classified as troubled debt restructurings are designated as impaired. Loans are considered for removal from troubled debt restructuring status when they have consistently met their modified obligations for an extended period of time, generally more than six months.

The 1-4 family loans include residential first mortgage loans originated by Parkvale Bank in the greater Pittsburgh Metropolitan area, which comprises its primary market area, and loans purchased from other financial institutions in the secondary market, which are geographically diversified. We currently originate fixed-rate, fully amortizing mortgage loans with maturities of 15 to 30 years. We also offer adjustable rate mortgage (ARM) loans where the interest rate either adjusts on an annual basis or is fixed for the initial one, three or five years and

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands, except share data)

then adjusts annually. We underwrite 1 to 4 family residential mortgage loans with loan-to-value ratios of up to 95%, generally provided that the borrower obtains private mortgage insurance on loans that exceed 80% of the appraised value or sales price, whichever is less, of the secured property. We also require that title insurance, hazard insurance and, if appropriate, flood insurance be maintained on all properties securing real estate loans. We require that a licensed appraiser from our list of approved appraisers perform and submit to us an appraisal on all properties secured by a first mortgage on 1 to 4 family first mortgage loans. In underwriting 1-4 family residential mortgage loans, the Corporation evaluates both the borrower s ability to make monthly payments and the value of the property securing the loan. Real estate loans originated by the Corporation generally contain a due upon sale clause allowing the Corporation to declare the unpaid principal balance due and payable upon the sale of the property. The Corporation has not engaged in sub-prime residential mortgage loan originations. Our single-family residential mortgage loans generally are underwritten on terms and documentation conforming to guidelines issued by Freddie Mac. All of Parkvale s lending activities, including loan purchases, are subject to written underwriting standards and loan origination procedures approved by the Board of Directors.

Commercial mortgage loans include commercial real estate, multi-family and other loans that are secured by non-farm nonresidential properties. Commercial and multi-family real estate loans generally present a higher level of risk than loans secured by 1-4 family residences. This greater risk is due to several factors, including the concentration of principal in a limited number of loans and borrowers, the effect of general economic conditions on income producing properties and the increased difficulty of evaluating and monitoring these types of loans. Furthermore, the repayment of loans secured by commercial and multi-family real estate is typically dependent upon the successful operation of the related real estate project. If the cash flow from the project is reduced (for example, if leases are not obtained or renewed, or a bankruptcy court modifies a lease term, or a major tenant is unable to fulfill its lease obligations), the borrower s ability to repay the loan may be impaired.

Consumer loans include home equity loans secured by first or second liens on residential property, automobile loans and other unsecured consumer loans. The Corporation currently originates most of its consumer loans in its primary market area and surrounding areas. The Corporation originates consumer loans primarily on a direct basis. Consumer loans generally have higher interest rates and shorter terms than residential mortgage loans; however, they have additional credit risk due to the type of collateral securing the loan.

Consumer loans may entail greater credit risk than do residential mortgage loans, particularly in the case of consumer loans secured by rapidly depreciable assets, such as automobiles. In such cases, any repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation. In addition, consumer loan collections are dependent on the borrower s continuing financial stability, and thus are more likely to be affected by adverse personal circumstances. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

Commercial business loans are primarily short term facilities extended to small businesses and professionals located within the communities served by Parkvale, and are generally secured by business assets of the borrower. The commercial business loans that we originate may be either a revolving line of credit or for a fixed term of generally 10 years or less. Interest rates are adjustable, indexed to a published prime rate of interest, or fixed. Generally, equipment, machinery, real property or other corporate assets secure such loans. Personal guarantees from the business principals are generally obtained as additional collateral.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands, except share data)

The following table presents the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Corporation s internal risk rating system as of September 30, 2011:

	Pass	Special Mention	Substandard	Doubtful	Total
Mortgage loans:					
1-4 family	$ 570,036	$ 6,613	$ 26,912	$	$ 603,561
Commercial	149,685	1,079	6,000		156,764
Consumer loans:					
Home equity	145,369		1,262		146,631
Automobile	24,618		290		24,908
Other consumer	10,053		9	43	10,105
Commercial business loans	37,847	1,158	1,935		40,940
Total	$ 937,608	$ 8,850	$ 36,408	$ 43	$ 982,909

The following table presents the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Corporation s internal risk rating system as of June 30, 2011:

	Pass	Special Mention	Substandard	Doubtful	Total
Mortgage loans:					
1-4 family	$ 585,505	$ 7,673	$ 22,706	$	$ 615,884
Commercial	153,931	1,090	7,512		162,533
Consumer loans:					
Home equity	145,601		1,127		146,728
Automobile	26,378		306		26,684
Other consumer	9,773		26	1	9,800
Commercial business loans	37,014	1,177	1,929		40,120
Total	$ 958,202	$ 9,940	$ 33,606	$ 1	$ 1,001,749

Pass-rated loans consist of facilities that do not currently expose the Bank to sufficient risk to warrant classifications. Special mention loans have potential weaknesses requiring management s close attention that, if uncorrected, may result in deterioration of the repayment prospects. Substandard loans have a well-defined weakness that jeopardizes liquidation of the debt, and includes loans that are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Doubtful loans have all the weaknesses inherent with substandard facilities with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands, except share data)

The following table presents nonaccrual loans by class of the loan portfolio:

	September 30, 2011	June 30, 2011
Mortgage loans:		
1-4 family	**$ 25,554**	$ 22,058
Commercial	**5,215**	1,457
Consumer loans:		
Home equity	**850**	700
Automobile	**200**	196
Other consumer	**66**	14
Commercial business loans	**1,484**	1,271
Total nonaccrual loans	**33,369**	25,696
Less: in-place reserves	**(4,225)**	(4,214)
Total nonaccrual loans, net of in-place reserves	**$ 29,144**	$ 21,482

The following table summarizes information regarding impaired loans by loan portfolio class as of or for the quarter ended September 30, 2011:

	Net Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Mortgage loans:					
1-4 family	$ 3,811	$ 3,811	$	$ 3,816	$ 34
Commercial					
Consumer loans:					
Home equity					
Automobile					
Other consumer					
Commercial business loans	768	768		783	
With an allowance recorded:					
Mortgage loans:					
1-4 family	$ 15,872	$ 21,573	$ 5,701	$ 21,579	$ 57
Commercial	545	836	291	836	1
Consumer loans:					
Home equity	358	511	153	517	8
Automobile	79	189	110	196	2
Other consumer		23	23	23	
Commercial business loans					
Total:					
Mortgage loans:					
1-4 family	$ 19,683	$ 25,384	$ 5,701	$ 25,395	$ 91
Commercial	545	836	291	836	1
Consumer loans:					
Home equity	358	511	153	517	8
Automobile	79	189	110	196	2

Other consumer		23	23	23
Commercial business loans	768	768		783

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands, except share data)

The following table summarizes information regarding impaired loans by loan portfolio class as of or for the year ended June 30, 2011:

	Net Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Mortgage loans:					
1-4 family	$ 3,820	$ 3,820	$	$ 3,819	$ 154
Commercial					
Consumer loans:					
Home equity					
Automobile					
Other consumer					
Commercial business loans	798	798		1,143	
With an allowance recorded:					
Mortgage loans:					
1-4 family	$ 16,050	$ 21,630	$ 5,580	$ 21,602	$ 264
Commercial	1,259	1,855	596	1,930	53
Consumer loans:					
Home equity	405	570	165	593	32
Automobile	111	226	115	249	9
Other consumer		26	26	26	
Commercial business loans					
Total:					
Mortgage loans:					
1-4 family	$ 19,870	$ 25,450	$ 5,580	$ 25,421	$ 418
Commercial	1,259	1,855	596	1,930	53
Consumer loans:					
Home equity	405	570	165	593	32
Automobile	111	226	115	249	9
Other consumer		26	26	26	
Commercial business loans	798	798		1,143	

At September 30, 2011, modifications have been performed on 168 1-4 family mortgage loans totaling $29,575. Of the aggregate $29,575, 129 modifications totaling $20,441 relate primarily to extension of maturity dates and extension of interest-only payment periods of thirty-six months or less. Of the aggregate $29,575, 39 modifications totaling $9,134 were determined to be Troubled Debt Restructurings (TDR). The discounted cash flows related to these TDRs were analyzed and the appropriate reserves have been established at September 30, 2011. Of the 129 loan modifications, 113 loans totaling $18,286 are performing at September 30, 2011. Of the 39 TDRs, 28 loans totaling $6,424 are performing at September 30, 2011. At June 30, 2011, modifications were performed on 174 1-4 family mortgage loans totaling $31,500. Of the aggregate $31,500 modifications at June 30, 2011, 45 modifications totaling $11,300 were determined to be Troubled Debt Restructurings. The following is a summary of the composition of total TDRs:

	September 30, 2011	June 30, 2011
Accruing:		
Performing	$ 6,424	$ 9,400
Non-performing		
Non-accrual	2,710	1,900
	$ 9,134	$ 11,300

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands, except share data)

The recorded loan loss reserves for performing TDRs was $881 and $1,136 at September 30, 2011 and June 30, 2011, respectively, and the recorded loan loss reserves for non-accrual TDRs was $327 and $508 at September 30, 2011 and June 30, 2011, respectively. All TDRs were classified as substandard at September 30, 2011 and June 30, 2011.

The majority of TDRs are the result of interest rate concessions for periods ranging from 12-36 months, interest-only payments for periods ranging from 12-36 months, reduction in amortizing payments due as a result of temporary rate reductions, and/or capitalization of amounts related to past due interest or escrow payments. The following table summarizes information in regards to troubled debt restructurings at September 30, 2011:

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings			
1-4 family mortgage	39	$ 9,168	$ 9,249

	Number of Contracts	Recorded Investment
Troubled Debt Restructurings		
Within Previous 12 Months		
That Subsequently Defaulted		
1-4 family mortgage	11	$ 2,710

There were no loan modifications during the three months ended September 30, 2011 and as such there was no impact during the quarter on the provision for loan losses. A troubled debt restructuring is considered to be in default when a restructured loan is 90 days or more past due. For the three months ended September 30, 2011, there were no loans restructured within the preceding twelve months that were considered to be in default. There is no additional commitment on part of the Corporation to provide lending to borrowers whose loans have been classified as a troubled debt restructuring.

The performance and credit quality of the loan portfolio is monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following table presents the classes of the loan portfolio summarized by the past due status as of September 30, 2011:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans Receivable	Loans Receivable > 90 Days and Accruing
Mortgage loans:							