

F.N.B. CORPORATION
SECOND QUARTER 2007 EARNINGS CONFERENCE CALL

July 20, 2007

MODERATOR – Stephen J. Gurgovits, President and CEO, F.N.B. Corporation

Operator – Welcome to the F.N.B. Corporation Second Quarter 2007 Earnings Conference Call.

It is now my pleasure to turn the call over to Bartley Parker of Investor Relations.

PARKER:

Thank you. This conference call of F.N.B. Corporation (“F.N.B.”) and the reports it files with the Securities and Exchange Commission often contain “forward-looking statements,” which are based on current expectations, estimates, forecasts and projections about F.N.B., as well as F.N.B. management’s assumptions and beliefs relating to present or future trends or factors affecting the future performance of F.N.B. and the banking and financial services industry. Since forward-looking statements relate to future developments, results and events, they involve certain risks and uncertainties, and actual future results may differ materially from historical performance or those expressed in or implied by this presentation as a result of future decisions by F.N.B. or by other factors and developments beyond F.N.B.’s control, including but not limited to:

- 1) a significant increase in competitive pressures among financial institutions;
- 2) changes in the interest rate environment that may reduce interest margins;
- 3) changes in prepayment speeds, loan sale volumes, charge-offs and loan loss provisions;
- 4) less favorable than expected general economic conditions;
- 5) legislative or regulatory changes that may adversely affect the businesses in which F.N.B. is engaged;
- 6) technological issues which may adversely affect F.N.B.'s financial operations or customers;
- 7) changes in the securities markets; or
- 8) risk factors mentioned in F.N.B.'s filings with the Securities and Exchange Commission.

F.N.B. undertakes no obligation to update these forward-looking statements or to reflect events or circumstances after the date of this call. It is now my pleasure to turn the call over to Mr. Stephen Gurgovits, President and CEO. Steve?

GURGOVITS:

Thank you, Bartley. Good morning everyone and thank you for joining our second quarter 2007 earnings conference call.

With me today on the call is Brian Lilly, our Chief Financial Officer and Gary Roberts, President and CEO of First National Bank of Pennsylvania.

Before we delve into the results for the second quarter, I want to take a moment to discuss what I believe to be a key topic of interest for second quarter earnings calls for the banking industry.

From most articles I have read, analysts have been predicting rising credit costs, as credit quality deteriorates. I am pleased to say that is not the case for F.N.B. Corporation.

As of June 30, 2007, our credit quality has shown improvement both on a linked quarter and year-over-year basis. Our ratio of non-performing loans to total loans has improved quarter-over-quarter and on a year ago basis. Net charge-offs improved on a year-over-year basis and accordingly, we reduced our provision as compared to last year.

As we monitor these, as well as other asset quality metrics, we are encouraged that we do not see any signs that would lead us to believe our asset quality should not continue to remain strong.

We at F.N.B. continue to hold firm in our principle of sound loan underwriting. We are especially proud of our asset quality and I commend our entire loan operation for a terrific job.

I'd now like to turn back to our comments about our results for the quarter.

For the second quarter of 2007, we were on track with our plan, earning 29 cents per diluted share, up 4 percent sequentially, adjusting for the sizeable non-accrual interest income received in the first quarter.

Although quality loan growth opportunities were not as plentiful earlier in the quarter, we finished the quarter strongly, as shown by our total loans increasing 3.1 percent on an annualized spot basis. The momentum we had in June carried forward into

July, which makes us cautiously optimistic about meeting our expectations for the remainder of the year.

On a regional basis, Florida has an estimated \$85 million in its less than 90 day loan pipeline and we believe our strategy in this market will continue to provide quality, well-priced, earning assets for our balance sheet. With regard to Pittsburgh and Harrisburg, we continue to be on track with our goals.

We are pleased that our strategies to manage our assets and liabilities continue to bear fruit, enabling the Corporation's level of net interest income to grow.

Our ability to focus on our core value of deepening and strengthening customer relationships by providing the best possible service helps us meet competition coming from other financial institutions. We also reported positive operating leverage for the second quarter, despite the difficult revenue environment, as we continue to prudently manage our cost structure.

Taken together, our second quarter results showed continued solid performance ratios with a return on tangible assets of 1.28 percent and a return on tangible equity of nearly 27 percent. We believe the return on tangible equity continues to place F.N.B. in the top quartile of our regional peer group.

Let me now turn the call over to Brian to provide some additional color on our earnings for the second quarter of 2007.

Brian...

LILLY:

Thank you Steve and good morning everyone.

As Steve mentioned, our loan growth was slow early in the quarter and accelerated later in June. This explains the flat linked-quarter average loan growth versus the quarter end spot comparison, which grew 3.1 percent annualized.

Our focus categories of Commercial, Direct Installment and Consumer Lines of Credit grew over 6 percent annualized as compared to the prior quarter end.

The auto industry had a better second quarter allowing us to replace the natural runoff in the indirect auto portfolio while residential mortgages continued their paced amortization. Clearly, the growth at the end of the quarter positions us well for the third quarter.

On the deposit side, the continued success of our Lifestyle 50 and FirstRate accounts, in addition to our business deposit initiatives, led the 5.7 percent annualized growth of our deposit and treasury management average balances.

In fact, over two-thirds of the linked-quarter growth in non-interest and interest bearing checking was driven by business deposits.

The strong deposit growth also allowed for the continued reduction of our borrowing position, decreasing average short-term and long-term balances by 7.4 percent from the first quarter. Lower borrowings, combined with the favorable mix of the deposit growth contributed to an increase in the cost of funds of only 2 basis points when compared to the prior quarter. The 2 basis points represented the smallest increase in the last 9 quarters.

The growth in our higher yielding loans and low-cost core deposits were two factors contributing to the 6 basis point expansion of our net interest margin, as compared to the prior quarter, after adjusting for the sizable pick up of non-accrual interest income realized in the first quarter. Our forecast includes a continued stable margin through the third quarter.

Building our wealth management, insurance and bank service charge revenue continues to be central to our revenue diversification strategy.

In the linked quarter comparison, good growth in our fee businesses was offset by the seasonal declines in insurance contingent revenue and trust-related tax planning fees. Additionally, we realized a lower amount of gains from our bank stock portfolio. On a year-over-year basis, we continue to be pleased with the organic growth in the trust, retail security sales and insurance businesses.

Although the revenue for the insurance business was flat year-over-year second quarter, the soft renewal market is masking the growth in our book of business. Specifically, many of the account renewals are benefiting by up to 12 percent in lower premiums from the carriers, thereby reducing our commissions. However, we continue to achieve our objectives of deepening our commercial relationships as well as providing a valuable source of recurring fee income.

With regard to the bank stock gains, given the current bank stock valuations, we are not expecting to realize any gains of significance for the remainder of the year.

However, we do expect the organic and seasonal fee income growth to cover the lower bank stock gains for the rest of the year.

We continue to be disciplined with our cost control. On a linked quarter basis, we have maintained flat expenses as the benefit of lower employee taxes was partially offset by the annual director stock grants and higher legal expenses related to the 2007 proxy and loan activity.

Year-over-year, our total non-interest expense increased just 2.7 percent. We achieved positive operating leverage as evidenced by the improvement in the efficiency ratio to 58.3 percent for the second quarter of 2007.

We realized this improvement despite digesting an out of market acquisition and expanding the number of Florida loan production offices. We expect the second quarter total expenses to be a good run rate for the remainder of the year.

Let me also comment on our effective tax rate and expectations. The effective tax rate of approximately 30 percent for the second quarter is a better reflection of our run rate, as the first quarter included the effect of reserves recorded in conjunction with our FIN 48 implementation.

As Steve noted, we feel very comfortable with our credit quality position at the end of the second quarter of 2007.

- Annualized net charge-offs were a very good 24 basis points. Of the Corporation's total annualized net charge-off ratio, approximately 14 basis points is attributed to the loan portfolio at the bank, while the remaining 10 basis points is attributed to Regency, our high performing consumer finance subsidiary.
- Non-performing loans to total loans improved to 56 basis points at quarter end, which was 7 basis points better than the prior quarter and 18 basis points stronger

than the second quarter of 2006. This represents our sixth consecutive quarterly improvement in this important metric.

At June 30, 2007, our leverage capital ratio was a comfortable 7.4 percent.

F.N.B. continues to exceed all well capitalized measures, as defined by federal bank regulators.

Steve, that concludes my remarks for the quarter.

GURGOVITS: Thanks Brian.

We are encouraged by the recent lending activity and continuing good deposit growth. This, coupled with our strong credit quality position and disciplined management of operating expenses, positions us well for the future. Consequently, we are comfortable with the current FirstCall average earnings estimate of \$1.17 per share for 2007.

In closing, we believe our sound strategy of profitably managing our businesses and providing shareholders with an above average dividend yield of nearly 6.0 percent, based upon yesterday's closing price, makes us an attractive investment choice. We thank all of our shareholders for their continued support.

That concludes our formal remarks for this call. I will now ask the operator to poll the audience for questions.

QUESTIONS ??

GURGOVITS: Thank you again for joining us today.

Telephone Replays of this call will be available through July 27 by calling (888) 203-1112 and entering confirmation number 8264203. The transcript of today's call on our Web site, www.fnbcorporation.com.