

F.N.B. CORPORATION
FIRST QUARTER 2008 EARNINGS CONFERENCE CALL
April 18, 2008

MODERATOR – Robert V. New, President and CEO, F.N.B. Corporation

Operator – Welcome to the F.N.B. Corporation First Quarter 2008 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, Chairman of F.N.B. Corporation. Steve?

GURGOVITS:

Thank you, Bartley. Good morning everyone and thank you for joining our first quarter 2008 earnings conference call. With me today on the call is Bob New, our President and Chief Executive Officer, Brian Lilly, our Chief Financial Officer and Gary Roberts, President and CEO of First National Bank of Pennsylvania.

Bob officially took over as Chief Executive Officer of the Corporation on April 1st, having been President and CEO-elect since January 15th. Bob has been diligently getting to know our operations throughout Pennsylvania and Florida and, along with Brian and me, meeting with some of you at the investor conferences we've attended during the first quarter. Going forward, Bob will be leading our quarterly earnings calls, so at this time I'd like to turn the call over to him. Bob?

NEW

Thank you Steve.

Let me begin by saying thank you to Steve for his many years of service and leadership with F.N.B. Steve, I'm looking forward to working along side of you in your new role as Chairman of the board.

I think it is important to note, that although we have a change in leadership, the Corporation's primary strategies won't change. Our Operating Strategy remains designed to manage our businesses for profitability.

The seven components of this strategy include:

- Operating our businesses in markets that we know and understand;
- Maintaining a low risk profile;
- Driving organic revenue growth through relationship banking;
- Funding loan growth with core deposits;
- Targeting a neutral asset - liability posture to manage interest rate risk;
- Building our fee income sources;
- And maintaining rigid control of expenses.

Our Capital Management Strategy will also stay the same. We intend to exceed regulatory "Well Capitalized" measures and return excess capital to shareholders in the form of dividends.

Our Expansion Strategy has two components to it. First, we will look to fill in our existing footprint with De Novo branches or small acquisitions where it strategically complements our existing network. Second, we will continue to look to expand our existing footprint with opportunistic acquisitions that add to shareholder value.

In either case, we intend to be good stewards of our capital, which means acquisitions should be both accretive to earnings within the second year and not dilutive to capital.

Now, let me bring you up to date on these strategies.

As for expanding our footprint, we finalized our merger with Omega Financial Corporation on April 1st. The integration of Omega began well before the actual closing date. That gave us a running start on combining operations, sharing best practices, and achieving targeted synergies. We expect the systems conversion to take place over the Memorial Day weekend.

In February, we announced the signing of a merger agreement with Iron and Glass Bancorp. This transaction enhances our Pittsburgh presence by adding branches on the south side of the city, which complements our branches on the north side and directly in the city. We believe there are solid opportunities for revenue synergies given our larger suite of products and balance sheet. The relative size of Iron and Glass makes it a low execution risk transaction and we are progressing toward a third quarter closing.

Let's turn now to our first quarter results. Our results for the first quarter are in line with our expectations as we delivered 27 cents per share in earnings and continued our top quartile peer performance with a return on tangible equity of 24 percent.

These results, in a difficult environment, reflect the benefit of having a low-risk operating strategy, which has allowed us to focus on new business during the quarter and not deal with the challenges affecting some of our competitors.

We are also pleased that given the pace and magnitude of Fed's interest rate cuts and the resulting competitive pressures on both the asset side and the liability side of the balance sheet, we were able to hold our net interest margin steady in the first quarter.

One of the bright spots for us in the quarter is the continued momentum of our commercial banking group. Our 10 percent annualized loan growth, over the prior quarter, came from our Pennsylvania markets with our Pittsburgh region leading the way. Commercial loan production for the first quarter, which by the way is traditionally our slowest quarter, was \$228 million. By comparison, loan production in the first quarter of 2007 was \$180 million. So, we're off to a good start with our loan production and our pipelines look good for the second quarter.

Also in the quarter we saw solid gains in our fee income namely bank service charges and wealth management fees.

Perhaps most important to us, not only this quarter, but every quarter, is our credit performance. Asset quality held steady in the quarter with charge offs, non-performing assets and past dues all remaining at very manageable levels.

With that overview of the quarter and our operations to date, let me now turn the call over to Brian to provide some additional insight into our earnings. Brian?

LILLY:

Thank you Bob and good morning everyone.

The overall results for the quarter were a function of good loan and fee income growth as well as a stable net interest margin. In addition, we experienced good credit quality and met our plan for expenses.

As Bob mentioned, we are pleased with the 10 percent, annualized, linked quarter commercial loan growth. This growth was partially offset by seasonal runoff in the direct installment portfolio and weaker automobile sales, which drove a decline in the indirect installment portfolio. In total, average loans grew 4.0 percent annualized compared to the prior quarter. We have good momentum heading into the second quarter with our period end loan balances above our average balances.

On the deposit side, we did experience the normal seasonal outflows of business deposits in the first quarter and saw certain competitors become more aggressive with deposit promotions. Managing deposit rates was a key focus, as we responded to the aggressive Fed actions and competitive challenges. Our loan and deposit pricing strategies enabled us to increase the net interest margin one basis point over the fourth quarter, to 3.73 percent as we offset the earning assets yield decrease of 24 basis points with a rate paid decrease of 29 basis points. Looking forward, while the margin continues to be under pressure, we have targeted to maintain the margin into the second quarter.

Turning to non-interest income, seasonal increases, organic growth and a \$700 thousand gain from the VISA IPO contributed to a \$1.5 million increase in non-interest income compared to the prior quarter. Insurance commissions and fees included the receipt of \$650 thousand in contingency fee income, reflecting favorable loss sharing results. The year over year decrease in insurance fees of \$500 thousand was entirely driven by lower Contingency fees this year. The linked quarter increase in the other non-interest income category reflects approximately \$800 thousand in swap fees. These fees are earned through an interest rate swap program for our larger commercial customers who desire a fixed rate loan, while F.N.B. benefits from a variable rate asset thereby helping to maintain a neutral asset-liability

position. With regard to bank service charges, the first quarter of the year is seasonally lower than the fourth. On a year-over-year basis, the increase reflects higher activity in checking and debit card accounts. For the quarter, our total non-interest income represented 31 percent of our total revenue.

We are pleased with the delivery of the first quarter expenses, which was consistent with our previous guidance of a mid single digit increase and a first quarter efficiency ratio closer to 60%. The start of a new year includes the typical effect of annual merit increases, which contributed half of the \$2.5 million increase in expense on a year over year basis. In addition, this quarter included costs related to the Omega merger, the transition of the Corporation's senior leadership and higher accrual expense for the Corporation's long-term restricted stock program. And finally, the first quarter of 2007 benefited approximately \$400 thousand from the 2006 restructuring of the post-retirement benefit plans. I should note that the quarter did include approximately \$600 thousand in one-time expenses related to the Omega merger and relocation costs. Going forward, we would expect expense levels to be slightly lower as we move through the year with the efficiency ratio moving towards 55 percent. That is, before the impact of integrating and operating Omega.

As Bob shared, we are comfortable with our overall asset quality. Our net charge-offs were 27 basis points, which is below the 29 basis points for the full year of 2007. The ratio of non-performing assets to total loans and OREO increased just one basis point to 95 at quarter's end. The allowance to non-performing loans remains consistent at 1.6 times. With this in mind, our provision for loan losses of \$3.6 million generally covered net charge-offs and loan growth.

Now, let me update our full year guidance. I have already shared with you several of the key financial components. Factoring in the changes to the interest rate outlook and competitive environment, our guidance for the full year 2008 remains within our previously announced range of \$1.13 to \$1.17 per

share, although we would guide you to the lower end. This range includes the impact from the Omega merger, but excludes the approximately two to three cent in one-time merger charges.

Bob, that concludes my remarks for the quarter.

NEW:

Thanks, Brian.

Overall, we are encouraged by the pick up in lending activity we had toward the end of the quarter and our pipelines look good. This, coupled with our solid credit quality position and disciplined management of operating expenses, positions us well for the future.

In closing, we believe that our strategies, coupled with our history of successful execution, and our conscious avoidance of those risks encumbering other financial service firms, makes F.N.B. a preferred investment for shareholders. 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 ??

NEW: Thank you again for joining us today. A replay of the call will be available from 2:00 PM Eastern Time today until midnight Eastern Time on May 2, 2008. A transcript of the call will be posted to the Shareholder and Investor Relations section of F.N.B. Corporation's Web site at www.fnbcorporation.com.