

Milano:

Thank you, Lori. Good morning, everyone.

This conference call of F.N.B. Corporation and the reports it files with the Securities and Exchange Commission often contain “forward-looking statements” relating to present or future trends or factors affecting the banking industry and, specifically, the financial operations, markets and products of F.N.B. Corporation.

These forward-looking statements involve certain risks and uncertainties.

There are a number of important factors that could cause F.N.B. Corporation’s future results to differ materially from historical performance or projected performance.

These factors include, but are not limited to:

- A significant increase in competitive pressures among financial institutions;
- Changes in the interest rate environment that may reduce interest margins;
- Changes in prepayment speeds, loan sale volumes, charge-offs and loan loss provisions;
- General economic conditions;
- Legislative or regulatory changes that may adversely affect the businesses in which F.N.B. Corporation is engaged;
- Technological issues which may adversely affect F.N.B. Corporation’s financial operations or customers;
- Changes in the securities markets or
- Risk factors mentioned in the reports and registration statements F.N.B. Corporation files with the Securities and Exchange Commission.

F.N.B. Corporation undertakes no obligation to revise 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. Steve Gurgovits, Chairman, President and CEO of F.N.B. Corporation. Steve?

Gurgovits:

Thank you, Frank.

Good morning, everyone. It is a pleasure to welcome you to our first quarter earnings call. I am Steve Gurgovits, CEO of F.N.B. Corporation. Joining me on the call today are Brian Lilly, CFO and Gary Guerrieri, Chief Credit Officer.

Before I begin, let me update you on our CEO succession process.

Our board has created a succession committee. The committee has been meeting regularly and is expected to continue to do so until the project is completed. In the meantime, neither I nor the search committee are committed to any certain time frame. More importantly, they will be deliberate in their work and I am confident in their ultimate success. In the meantime, it is business as usual at F.N.B.

Now to the first quarter. The first quarter was a successful one for F.N.B. Corporation. We earned 16¢ per diluted share, 4¢ per diluted share above the consensus street estimate. Brian Lilly will give more color on the first quarter earnings later in the presentation. In addition, the momentum we established in 2008 has continued into 2009. If you recall, last year we experienced solid organic growth in both loans and deposits including treasury management accounts.

I'm pleased to report that the latter continued as first quarter deposits including treasury management accounts grew organically at an annualized rate of 6.3% year over year, excluding the impact of our acquisitions in 2008. We have continued to focus on building our core deposit and treasury management relationships with good results demonstrated by solid growth in every category except certificates of deposit. Organic growth in treasury management balances led the way, up 46% on a year-over-year basis. The decrease in CDs is by design, given the strong growth in core deposits and treasury management accounts which has allowed us to be less aggressive in pricing CDs.

On the lending side, we reported year-over-year organic growth of 2.6%, which is reflective of the overall economic environment, particularly on the commercial side. Commercial loans were up less than 1% on a year-over-year basis, reflecting the lower level of activity in our markets given the economy. While business customers may not be borrowing as much during these times, we are actively and aggressively cultivating new relationships. Given the continued competitive disruption in our markets, we believe these activities will position us well with business customers when the economy improves and loan demand picks up.

The growth we have seen in our loan portfolio has been driven by home equity lines of credit and indirect installment lending, which increased 22% and 24%, respectively, on a year-over-year basis. The growth in home equity lines reflects the continued execution of our strategies, while the growth in indirect loans was opportunistic given weakness amongst lenders in that business as we were able to significantly widen spreads while tightening underwriting.

Relative to national trends in terms of the economic environment in Pennsylvania, though not immune from the economic slow down, it has held up reasonably well. Based on March statistics from the U.S. Department of Labor, Pennsylvania unemployment is running better than the national average.

Now to tell you more about asset quality is Gary Guerrieri, our Chief Credit Officer. Gary?

Guerrieri:

Thank you, Steve and good morning everyone.

In looking at the first quarter, credit quality was as expected. For the Pennsylvania & Regency portfolios, credit quality metrics were slightly weaker, although at continued good levels, while the Florida portfolio performed as expected and continues to reflect a challenging environment. I'd like to review our portfolio in three segments with you, including Florida, Regency Finance, and our Pennsylvania portfolios.

As it relates to our Florida portfolio, we continue to update our analysis on each credit on a quarterly basis and meet with our borrowers regularly to review project status updates, update

financial information, discuss upcoming maturities, obtain new appraisals, and evaluate other options to strengthen the bank's position or reduce exposure.

As of quarter end, the Florida portfolio stands at \$302 million, still 5% of our total portfolio, up \$8 million over year-end with non-performing loans and OREO up \$2 million at \$96.2 million. Unfunded commitments total \$27 million of which 82% are related to existing construction projects. As it relates to composition, Florida remains consistent with what we reported last quarter with land and land development representing nearly 49%, income producing at 28%, and construction loans representing 20% of the portfolio, with the condo piece of that now down to 4.5%. The remaining 3% continues to represent C&I and owner occupied. At quarter end, our WALTV ratio for the portfolio stands at 71%, down 2.7% over year-end.

You will recall the action that we took in the fourth quarter increasing our reserves against the Florida portfolio to \$28.5 million or 9.6% of the total portfolio. During the quarter, we recognized charge offs of \$8.2 million on two Florida credits, and provided \$7.0 million to the reserve, bringing the total allowance against the Florida portfolio to \$27.3 million or 9.04%, down slightly due to the net activity in the quarter. Included in the charge off is nearly \$7 million related to a land loan whereby the bank reached an agreement with the borrowers to restructure the loan at \$16.3 million based upon the borrower's capacity and commitment to support the project. In doing so, the borrowers posted contractual payments for one year in conjunction with a remarking of the collateral position supporting performing status on the loan.

While the market continues to remain difficult, we've experienced slightly elevated interest and activity across all asset classes which should lead to additional reductions in higher risk exposures in the Florida portfolio.

Moving to Regency Finance, we recently experienced slightly weaker metrics through the first quarter, but remain well within historical asset quality levels. At quarter end, the portfolio stands at \$153 million, only 2.6% of our total portfolio. Delinquency and loss levels were as expected at 4.36% and 4.24%, respectively. Regarding the portfolio, \$52 million or 34% are secured by first mortgages averaging \$36,000. We remain confident that our traditional underwriting

practices and strong history of operations will benefit us throughout this cycle.

I would now like to turn your attention to our core portfolio in Pennsylvania. While our results reflect slightly weaker metrics, our portfolios continue to withstand the challenges of the current economic environment. At quarter end, the portfolio stood at \$5.3 billion and represented 92% of total loans. While non-performing loans and OREO as a percentage of total loans and OREO and total delinquency were up 17 bps and 6 bps, respectively, over the prior quarter at 1.15% and 1.84%, still at good levels, net charge offs were solid at \$2.3 million, or 17 bps, annualized. Our reserve position at 1.30% of total loans is consistent with year-end levels and covers non-performing loans by 133%.

At \$2.9 billion or 50% of total loans, our Pennsylvania commercial portfolio breaks down as follows: 36% in owner occupied real estate, 33% in non-owner occupied real estate, and 31% C&I.

The non-owner occupied portfolio is well diversified with only \$40 million or 4% related to residential construction and land development. Of this amount approximately 6% is non-performing with half of that represented by one loan. In addition, our exposure to the automobile industry is limited with approximately \$33 million in direct exposure and \$27 million of exposure to the supply chain manufacturers at quarter end, with an additional \$25 million unfunded. Of that total, approximately 35% are linked to the domestic manufacturers. In total, only \$2.3 million or 3.8% of our automobile exposure is non-performing.

We continue to be pleased with the performance of our consumer related portfolios which include direct installments, mainly home equity loans, consumer lines of credit, indirect installments, and residential mortgages. This portfolio represents \$2.4 billion or 42% of total loans at quarter end and is centered in home equity loans of \$1.3 billion, indirect installments of \$512 million and mortgages of \$575 million. Delinquency and losses relating to the total consumer portfolio continue to perform well through the first quarter at 1.34% and 27 bps, respectively.

Specifically relating to the indirect portfolios, delinquency and losses are slightly better than four year averages at 1.04% and 36 bps, respectively.

We attribute this steady performance to our fundamentally sound underwriting as well as our decision not to participate in the sub-prime and brokered business arena. While we do anticipate slightly elevated delinquency and loss rates as we move through this cycle, we expect these portfolios to continue to perform relatively well.

At this time, I would like to turn the call over to Brian Lilly, our Chief Financial Officer.

Lilly:

Thank you, Gary and good morning everyone.

We have included many of the first quarter details in the earnings release and Gary's comments. Therefore, I will focus my comments on the topic of Other than temporary Impairment and updating our guidance for 2009.

In the quarter we recognized a small amount of OTTI, a couple of hundred thousand dollars, on a few equity holdings in our bank stock portfolio. Otherwise the investment portfolio did not have any significant deterioration and the pooled trust preferred securities performed within our year-end assumptions. Relative to the original cost basis, at quarter end we carried the pooled trust preferred securities at 30 cents on the dollar and the single-name holdings are carried at 56 cents on the dollar.

We expect to adopt the new fair value accounting rules in the second quarter. We have estimated that we will reclass from Retained Earnings to Other Comprehensive Income approximately \$8 million of the \$10 million after tax OTTI charge that we took for the pooled trust preferred securities in the fourth quarter. This reclass will add approximately 10 bps to the regulatory leverage capital ratio.

Now let me turn to the first quarter review and an update of the 2009 guidance. I will start with some of our economic assumptions before touching on loans and deposits, the income statement

categories, and finish with the income statement categories.

Many key economic indicators worsened in the first quarter but were generally in line with our forecasts from earlier this year. As Steve mentioned, Pennsylvania markets are generally at levels better than the national averages regarding unemployment and housing prices. The economist's consensus view is that the recession will continue through 2009. As a result, we anticipate unemployment will remain elevated and that the fed will maintain the unprecedented low levels of interest rates. All of this presents a challenging 2009 operating environment.

Turning to the balance sheet we are reaffirming our guidance for flat to low single digit average loan growth. Incorporated into this assumption is that business demand will be slow, customers refinance activity will reduce the mortgage and home equity installment balances and that we will gradually exit some of our troubled loans over the course of 2009.

We expect to continue the momentum that we have built in gathering core deposits and treasury management balances. Based on our success in 2008 and the first quarter of 2009 we are targeting core deposit growth in the mid single digits. Given our strong loan to deposit ratio we will use our wholesale borrowing and retail certificates of deposit as levers, if necessary, as we did in the first quarter.

On a linked-quarter basis, the net interest margin narrowed as we had anticipated. However, the decline of 18 bps -- to 3.70% -- was a bit more than we projected. Half of this narrowing was driven by the purchase accounting marks to the rate paid on the Omega certificates of deposit. At the acquisition date, Omega's certificates of deposit had historical rates that were above what could be issued on April 1, 2008. The rate difference was recorded as a purchase accounting adjustment and spread over the average remaining life of the CD's of 9 months. The other 9 bps was driven by the aggressive Fed interest rate actions in the fourth quarter and the inability to pass this along in lower deposit rates. We have planned for the margin to operate in the existing range for 2009 but will look for opportunities to widen.

Gary provided an excellent overview of the credit quality. We do expect to continue with elevated levels of non-performing assets, net-charge offs and provisioning for credit losses. The

first quarter came in as expected but we are cautious for 2009 to unfold. As you know, many of these assumptions are driven by the economy and could worsen with a longer and/or deeper recession.

Regarding non-interest income, we expect service charge income to bounce back from the seasonally slower first quarter, and we expect higher mortgage origination volumes will provide some benefits in future periods. Our market-related fees will be more challenged in this environment. All told we expect low to mid single digit growth.

We are pleased with our cost management as expenses increased only \$2.6 million over the fourth quarter, despite approximately \$4.5 million in higher costs. The linked-quarter increase was driven by seasonally higher occupancy expenses, \$1.7 million in higher FDIC deposit insurance assessments, and approximately \$1.0 million each for higher pension costs and an executive departure. Going forward, in total we have forecasted expense levels to be slightly higher than the first quarter as one-time expenses are more than offset by even higher FDIC deposit insurance rates and seasonally higher marketing and operating expenses.

And finally, we enhanced the quarter end capital ratios through a 75% payout ratio and the previously reported \$100 million participation in the Treasury's Capital Purchase Program (CPP). We continue to evaluate the prospects of paying back the CPP money early but have not yet reached a decision. Although we have the liquidity to pay back the preferred shares, we are not comfortable reducing our regulatory capital due to the lack of visibility in this uncertain economic environment.

Steve, that completes my comments.

Gurgovits:

Thank you, Brian.

In closing, let me say that I am quite pleased with where F.N.B. finds itself today from a competitive view. As I mentioned earlier, we expect to have increased opportunities to attract both retail and commercial business from competitors like National City. We would expect this

activity to further increase now that the certainty of the sale has occurred. We have targeted activity and planned marketing to take advantage of this market disruption and will focus on acquiring as much market share as possible from this significant disruption in our core market.

As I look at the competitive landscape, in addition to the National City sale and branch sell off, most of our competitors, who by the way are headquartered out of state, are internally focused on their own financial issues. I believe we are best positioned to capitalize on this market disruption.

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

Gurgovits – After Q&A:

Thank you for your interest and participation in today's earnings call.

A replay of this call will be available, from 11:00 A.M. Eastern Time today until midnight on Friday, May 1st. The replay can be accessed by dialing, (888) 203-1112; the confirmation number is 1564034. A transcript of this call will be posted, to the "Shareholder and Investor Relations" section of F.N.B. Corporation's Web site, at www.fnbcorporation.com.

Again, thank you for joining us today. This concludes our call.