F.N.B. Corporation

Transcript

F.N.B Corporation Announces Agreement to Acquire Parkvale Financial Corporation

CONFERENCE CALL

June 16, 2011

Cindy Christopher, Investor Relations

Thank you, welcome to the conference call.

Certain statements in this presentation, including, without limitation, statements as to the impact of the merger, statements as to F.N.B.'s, Parkvale's, or their respective management's beliefs, expectations or opinions, and all other statements in this presentation, other than historical facts, are forward-looking statements, as such term is defined in the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created thereby. Forward-looking statements are subject to risks and uncertainties, and are subject to change at any time and may be affected by various factors that may cause actual results to differ materially from the expected or planned results. In addition to the factors discussed above, certain other factors, including without limitation, 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; less favorable than expected general or local economic or political conditions; legislative or regulatory changes that may adversely affect the businesses in which F.N.B. or Parkvale is engaged; technological issues which may adversely affect F.N.B.'s or Parkvale's financial operations or customers; changes in the securities markets and other risks detailed from time to time in F.N.B.'s and Parkvale's filings with the SEC can cause actual results and developments to be materially different from those expressed or implied by such forward-looking statements. F.N.B. and Parkvale may not be able to complete the proposed merger on the terms summarized

in this presentation or other acceptable terms, or at all, due to a number of factors, including the failure to obtain approval of Parkvale's shareholders, regulatory approvals or to satisfy other customary closing conditions. F.N.B. and Parkvale disclaim any intent or obligation to publicly update or revise any forward-looking statements, regardless of whether new information becomes available, future developments occur or otherwise.

F.N.B. Corporation and Parkvale Financial Corporation will file a proxy statement/prospectus and other relevant documents with the SEC in connection with the merger. SHAREHOLDERS OF PARKVALE ARE ADVISED TO READ THE PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

The proxy statement/prospectus and other relevant materials (when they become available), and any other documents filed by F.N.B. with the SEC, may be obtained free of charge at the SEC's Web site at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by F.N.B. Corporation by contacting James Orie, Chief Legal Officer, F.N.B. Corporation, One F.N.B. Boulevard, Hermitage, PA 16148, telephone: (724) 983-3435 and those filed by Parkvale by contacting Gilbert A. Riazzi, CFO, Parkvale Financial Corporation, 4220 William Penn Highway, Monroeville, PA 15146, telephone: (412) 373-4804.

F.N.B. and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its shareholders in connection with the proposed merger. Information concerning such participants' ownership of F.N.B. common stock is set forth in F.N.B.'s proxy statement and Annual Report on Form 10-K, previously filed with the SEC. Additional information about the interests of those participants may be obtained from reading the proxy statement/prospectus relating to the merger when it becomes available.

Parkvale and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its shareholders in connection with the proposed merger. Information concerning such participants' ownership of Parkvale common stock is set forth in Parkvale's proxy statements and Annual Reports on Form 10-K, previously filed with the SEC. Additional information about the interests of those participants may be obtained from reading the proxy statement/prospectus relating to the merger when it becomes available. This communication does not constitute an offer of any securities for sale.

It is now my pleasure to turn the call over to Mr. Steve Gurgovits, CEO of FNB Corporation. Steve?

Steve Gurgovits, Chief Executive Officer

Thank you, Cindy. Good morning everyone and welcome to FNB's conference call to discuss our merger with Parkvale Financial Corporation. A copy of the presentation we will be referencing this morning is available on our Web site in the Investor and Analyst Presentations section of www.fnbcorporation.com. With me today is Brian Lilly, our Chief Operating Officer, Vince Delie, President of FNB Corporation and Vince Calabrese, our Chief Financial Officer.

Let me begin by saying that we are very pleased that last night after the market close, FNB Corporation and Parkvale Financial Corporation jointly announced the signing of a definitive agreement and plan of merger. The transaction is valued at approximately $130 million. Parkvale Financial Corporation is the holding company for Parkvale Savings Bank, one of the largest independent community banks headquartered in the greater Pittsburgh area. I'd like to spend a moment discussing our rationale for this transaction and some of the key terms. I will then turn the call over to Brian who will address the potential impact on our financial results. After which, we would be happy to take any questions.

To begin, page 3 summarizes many of the key reasons we are excited about this transaction. First, the addition of Parkvale's franchise solidifies our already leading status in the

Pittsburgh market and expands our presence in the east side of Pittsburgh where we currently have a limited presence. Additionally, Parkvale is one of the last meaningful players remaining in the market. Within the Pittsburgh MSA, this transaction gives a significant boost to our market share ranking, moving us up to a strong 3rd position from 7th and, this transaction is consistent with our stated expansion strategy of building out the Pittsburgh market.

Second, we believe this transaction will involve low execution risk. We already have a very experienced and successful management team on the field in Pittsburgh and have established strong brand presence in this market in recent years. Also, as is our normal practice, key management personnel from Parkvale will be employed to assist in the integration and our experience successfully integrating eight bank acquisitions since 2002 will serve us well.

Third, we view the terms of the transaction as financially attractive, as we are upholding our strict criteria of having acquisitions be accretive to operating earnings per share in the first full year after closing. This is an effective deployment of our recently completed capital raise.

As with any in-market transaction, we believe that there are reasonable amounts of cost savings to be realized. We also believe there is opportunity for revenue enhancement given our broad presence in the market, brand awareness and the opportunity for employees of both companies to possess a larger product set offering.

This slide portrays the history of our Pittsburgh expansion strategy, which really began in 2002 and has included 5 bank acquisitions, with Parkvale being the fifth. We also acquired an insurance broker and formed F.N.B. Capital Corporation, which is based in Pittsburgh. In this timeline, and more specifically around 2005, we began assembling a great team and continue building on this team. Given our success in this market, we also expanded our regional headquarters and relocated our Wealth Management division to Pittsburgh.

Looking at our growth, you can see that we have been very successful growing both through acquisitions and organically in Pittsburgh.

Moving to Page 5, our focused efforts to expand our franchise in the Pittsburgh market over the past years have proven successful. This slide provides a few relevant indicators of the continued future opportunity for market share gains and positive economic proof points for the region. These metrics along with the experienced team we have assembled gives us confidence we can continue to perform well and gain market share.

First, the charts on the top graphically illustrate the number of businesses based on total employees. As you can see, the market is well above the Pennsylvania and national MSA average in each category, making the Pittsburgh MSA very attractive and conducive to the success of our middle market commercial model.

Second, Pittsburgh's economy has outperformed much of the nation throughout the recent recession. The unemployment rate has remained well below the national levels and recent job growth, while still low, has occurred at a much faster pace than national trends.

Taking a look at some of these trends, the first chart on the bottom shows April 2011 job numbers in the Pittsburgh region were up 15,000 from the year ago period, the second strongest results for all of the benchmarked regions shown. Not depicted here is the unemployment rate for the MSA, which was 6.5% at the end of April, well below the national average and a significant improvement from 7.9% a year ago.

Additional indicators on this slide relate to the housing market and reflect the stability of this market. The fact that the region did not experience the foreclosures and home price decline that other regions did will continue to position Pittsburgh well for the future.

Our leadership position in the Pittsburgh market is strengthened with the addition of the Parkvale franchise. On a pro forma basis, we will have a strong #3 market share position. We are very pleased with this positioning and believe that there is opportunity to gain additional market share through continued organic growth in the future. Also, the expansion to the east of Pittsburgh is attractive to us as it nicely fills in our branch network. We have substantial

momentum built in this market and expect it to continue. Also, our 40% branch overlap offers significant opportunity for synergies.

The transaction will add $1.0 billion in loans and $1.5 billion in deposits. The balance sheet mix of Parkvale is consistent with that of a thrift and offers tremendous opportunity as we transition to the FNB operating model. We expect to see revenue synergies as we leverage our core commercial and consumer strengths, including the cross selling of our broad financial services. On the deposit side, our strategy to attract relationship-based transaction accounts and customer repurchase agreements will continue and in the process will improve the funding mix over time.

At this point, let me turn the presentation over to Brian who will provide some additional details on the financial impact of the transaction. Brian?

Brian Lilly, Chief Operating Officer

Thank you, Steve. Let me start with page eight on the transaction overview. We have a 100% stock transaction with a fixed exchange ratio of 2.178 times, equating to approximately $130 million for the common shareholders of Parkvale. That's in addition to the $32 million to the government, under the TARP program. We have completed our extensive detailed due diligence and I'll touch on that in a second. We are targeting a close for the fourth quarter of 2011 subject to customary regulatory approvals and the approval of Parkvale's shareholders. We plan to work with Parkvale in redeeming their $32 million of TARP prior to closing or in connection therewith. We will be adding Bob McCarthy, President and CEO of Parkvale, to our Corporate Board, plus one additional Parkvale board member to our Bank Board.

Turning to page nine, let me just touch on our detailed due diligence process. As is our practice, we completed a very comprehensive review of all areas. These is our eighth completed transaction in addition to numerous other due diligence reviews, and believe our team and the proof points, certainly over the last number of years, have proven out our processes. We ask our team to build detailed business plans focused on the risks and opportunities in revenues and

costs. These detailed business plans represent not just a high-level view, but we also support these plans with our internal gearing ratios that we use to operate our business to support the revenue production and the cost processes. All of that builds to the financial model that I'll touch on in a second. First, looking at a couple of the normal risk areas, beginning with the extensive credit review that we performed. We have very good coverage on the commercial portfolio through our review. Additionally, Parkvale has about $700 million in residential mortgages and in total, we feel very comfortable with their in-market lending. We took a harder look at the out-of-market mortgages, which represents about $263 million of their 1-4 family mortgage portfolio. In addition to our internal review, we engaged two national service providers to give us a look at these out-of-market mortgages, as their portfolio goes across the country. We were able to get comfortable with the work that they did there. For the total loan portfolio, the result is a $40 million pre-tax mark or about 3.9% of the total loans. That's an increase of about $21 million from where Parkvale is at the end of the first quarter.

Another risk area that I should touch on is the investment portfolio. Parkvale, like a number of banks, has an investment in the pooled trust preferreds. At March 31,2011 they are carried at about a third of their original cost. We looked at their pools consistent with the way we value our portfolio and the way our outside providers give us information, and we obtained a comfort level for these pooled trust preferreds.

On page 10, we give you a number of pieces to help you look at the financials the way that we have modeled them. Certainly the cost saves that Steve mentioned come from operations, as well as the potential in branch overlap and we'll be looking at that as we go forward.

Looking at the net interest margin, Parkvale operates in the lower 2% currently. We believe that we can change that rather quickly, through some deleveraging and pricing. And as you know, under GAAP we expect that the repricing of some of the higher costs liabilities will benefit the margin as you go forward.

Regarding credit costs, once we put the $40 million against the current loan portfolio, we expect that the early years provision for loan losses will be at approximately 1.25% against the new loans only.

One-time expenses are expected to be approximately $17 million, and the CDI is about 2%, consistent with where we were on the CBT transaction. We have estimated a 6% earnings per share accretion for 2012, excluding the one-time charges. That is off a base of $0.84, which is the consensus estimate for F.N.B. at this time.

Steve mentioned our 20% IRR and this is one of the key metrics that we consider. Our IRR assumptions include an approximate $190 million in total investment and a conservative 12 termination multiple. The $190 million investment comes from not just what the common shareholders get, but certainly the payback to the government, the one-time costs that we'll be incurring and the capital to support a conservative 7% assumption in the incremental business.

Now that we've covered the earnings impact, I will touch on our evaluation of capital. Turning to page 11, let me first orient you to this schedule because there's a lot here. On the left-hand side, we have the groupings of the regulatory ratios and some book ratios. As you go across the top, we provide the standalone F.N.B., where we were at March 31, 2011, and the pro forma results reflecting the fortuitous or opportunistic capital raise that we were able to take advantage of here in May that increased our capital ratios. As we stated at that time, we fully intended to deploy that capital, which is perfect timing for what we're talking about today. The third column includes the capital raise and the acquisition's pro forma results for the end of December 2011.

To the far right hand side are two comparison columns. First point I would make is under the regulatory ratios. As you see, after the capital raise and the acquisition the regulatory capital ratios are very similar to our comfortable levels at March 31, 2011. So deploying the capital that we raised into this transaction essentially gets us back to where we started at March 31, 2011.

The second point is regarding tangible book value per share. From the $4.36 at March 31, we realized nice accretion from the capital raise, where we raised that money at $10.70 - certainly very attractive compared to the recent prices. This accretion resulted in tangible book value of $4.65, pro forma at March 31, 2011, and with just a slight dilution, a couple of pennies, compared to end of 2011 pro forma results of $4.61. Generally very neutral to our tangible book value per share. When you combine the earnings pickup and the IRR returns with the capital-neutral position, the transaction is attractive and balanced from a pricing standpoint.

Now turning to page 12. As I mentioned, we do focus on the earnings and capital impacts in our pricing of a transaction. However, there are a lot of metrics that get reported as shortcuts for assessing the pricing. We just wanted to touch on a couple of those here because most of them fall into place.

The stated price to tangible book is 1.95 times. The median price to tangible book for comparable transactions since January of 2007 for thrifts between $1 billion and $10 billion is 1.76 times. There are a lot of different options that can be used for comparisons, but what jumps out to you based on this is that we're slightly higher than the median. As you know, there's a numerator and a denominator to every ratio and the denominator of the TCE/TA ratio is about half of what the presented peer group of transactions would be which is certainly going to cause that stated price to tangible book value to look higher.

As another way of looking at it, we show a normalized view, where we took both sides of the transaction and assumed a 7% tangible common equity ratio and then compared the pricing. Of course, we added the capital to both the denominator and the numerator assuming we would be paying dollar-for-dollar for that additional capital. You can see that the normalized view reduces it down to about 1.5 times tangible book value and the comparable transactions go up slightly as a result of moving that 7.60% down to 7.00%. Our only point here is that Parkvale is an outlier when looking at these metrics due to its low tangible common equity level.

Our core deposit premium fell right into line at 5%, very similar to where we were with CB&T, and certainly the price to trailing EPS is somewhat skewed by the earnings of Parkvale

in recent periods and after cost saves getting well below the trading multiples of ourselves and other banks has some comfort to it.

Steve, that completes my comment.

Stephen Gurgovits, Chief Executive Officer

Thanks, Brian. Let me summarize a few key points. We believe this transaction creates value for shareholders by leveraging our already strong position in the Pittsburgh market and that the transaction risk is low given our market familiarity and integration with an experienced leadership team already in place. I would also like to point out that we've integrated eight banks and several non-bank acquisitions since 2002. In each and every case, cultures blended very well, cost takeouts were achieved integration went smoothly.

We view this announcement as having several positive financial benefits and creating long-term value for both of our shareholders, including the effective and prompt deployment of the capital we just raised last month.

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