



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

**Conditional Approval #617
January 2004**

December 22, 2003

James G. Orie, Esq.
Corporate Counsel
F.N.B. Corporation
One F.N.B. Boulevard
Hermitage, PA 16148-3363

Re: 2003-SD-02-0002 -- Affiliated Merger of First National Trust Company,
Hermitage, PA into First National Bank of Pennsylvania, Hermitage, PA

2003-SW-12-0203 -- Merger (215a-3) of First National Investment Services
Company into First National Bank of Pennsylvania

2003-SD-01-0001 -- Trust Bank Charter for First National Trust Company

2003-SD-01-0002 -- Trust Bank Charter for First National Wealth Management
Company

2003-SD-12-0008 -- Capital Application for Alteration of Terms of Trust Preferred
Stock Issuance of First National Bank of Pennsylvania

2003-SD-12-0098 -- Non-Cash Dividend Request for First National Bank of
Pennsylvania

Dear Mr. Orie:

This is to inform you that on December 22, 2003, the Office of the Comptroller of the Currency (OCC) approved or conditionally approved the above-referenced applications. These applications are part of a plan by F.N.B. Corporation ("FNBCorp") to divide into two public companies in Pennsylvania and Florida. The OCC's conclusions on each of these applications are detailed below.

Each of the approvals was granted based on a thorough review of all information available, including commitments and representations made in the application and the merger agreement and those of your representatives. You represented that each of the transactions will occur within short succession of each other, and on the same day. You must complete all steps as

detailed below and provide this office with all documents requested and the effective date intended.

Summary of Transactions

On October 9, 2003, the First National Bank of Pennsylvania, Greenville, Pennsylvania (“Bank”), filed several applications with the Office of the Comptroller of the Currency (“OCC”) for approval for various transactions necessary to effectuate the plan by the Bank’s holding company, FNBCorp, to spin-off its Florida-based banking and business operations to its shareholders. FNBCorp is a financial holding company headquartered in Florida.¹ It wholly owns the Bank, First National Bank of Florida, Naples, Florida (“FNBFL”), and First National Trust Company, Hermitage, Pennsylvania (“OldFNTC”), among other entities. FNBCorp proposes to transfer all of its Florida operations through a series of transactions to a newly formed subsidiary holding company, First National Bankshares of Florida, Inc., Naples, Florida (“FCorp”).² Once all of the Florida operations have been transferred to FCorp, FNBCorp will distribute all of the outstanding stock of FCorp to FNBCorp’s shareholders.³

¹ FNBCorp currently offers various financial services and products through its national bank subsidiaries, finance company, trust company, insurance agency and securities brokerage services. FNBCorp’s banks and other businesses operate in Pennsylvania, Ohio, Tennessee, and Florida.

² FNBCorp has made application to the Federal Reserve Bank of Atlanta to organize this subsidiary holding company and for FCorp to acquire FNBFL and to establish First National Wealth Management Company (“FNWMC”), Naples, Florida, a new national trust bank.

³ The transactions that will effect the transfer of the Florida operations of FNBCorp to its shareholders include:

1. F.N.B. Corporation, Hermitage, Pennsylvania (“FNBCorp”) forms First National Bankshares of Florida, Inc., Naples, Florida (“FCorp”) as a wholly owned subsidiary;
2. First National Trust Company, Hermitage, Pennsylvania (“OldFNTC”), merges into the Bank. As a result of this merger, the operating subsidiaries of OldFNTC, First National Investment Services Company, Hermitage, Pennsylvania (“OldFNIS”), and F.N.B. Investment Advisors, Inc. (“Advisors”), become operating subsidiaries of the Bank;
3. OldFNIS, now a subsidiary of the Bank, merges into the Bank;
4. The Bank organizes two limited purpose national trust banks as subsidiaries, First National Trust Company, Hermitage, Pennsylvania (“NewFNTC”), and First National Wealth Management Company, Naples, Florida (“FNWMC”);
5. The Bank transfers the Pennsylvania trust operations formerly held by OldFNTC and OldFNIS and stock of Advisors to NewFNTC;
6. NewFNTC organizes First National Investment Services Company, Hermitage, Pennsylvania (“NewFNIS”), as a wholly owned subsidiary and transfers to it the Pennsylvania annuity, insurance, investment advisory and related activities;
7. The Bank transfers the Florida trust operations and investment services assets to FNWMC;
8. The Bank distributes the stock of FNWMC to FNBCorp;
9. The Bank purchases the membership interests of Customer Service Center of F.N.B., L.L.C. (“CSC”) held by Regency Finance Company (“Regency”), an affiliate of the Bank. CSC performs data processing for the Bank and First National Bank of Florida, Naples, Florida (“FNBFL”). CSC wholly owns Infitech, Inc. (“Infitech”), a company which provides data processing to Sun Bank, Selinsgrove, Pennsylvania;
10. CSC dissolves, distributing its Florida operations to FNBFL and its Pennsylvania operations, as well as its ownership of Infitech, to the Bank;
11. FNBCorp distributes all of the stock of FNWMC and FNBFL to FCorp; and
12. FNBCorp distributes all of the stock of FCorp to its shareholders.

All of the above transactions will occur within a short period of time.

The Bank filed an Application with the OCC for approval for OldFNTC to merge with and into the Bank, under the Bank's charter and title, pursuant to 12 U.S.C. § 215a. The Bank is a national bank that has its main office in Pennsylvania and branches in Ohio and Pennsylvania. It is insured by the FDIC. OldFNTC is a limited purpose national trust bank that has its main office in Pennsylvania. It has no branches and is not insured by the FDIC.

The Bank also filed an Application with the OCC for approval for First National Investment Services Company, Hermitage, Pennsylvania ("OldFNIS"), to merge with and into the Bank, under the Bank's charter and title, pursuant to 12 U.S.C. § 215a-3. OldFNIS is currently a wholly owned subsidiary of OldFNTC engaged in providing securities and insurance brokerage services and investment advisory services to customers through a third party networking arrangement. It is not insured by the FDIC. At the moment of this merger, OldFNIS will be a direct wholly owned subsidiary of the Bank.

The Bank filed another Application with the OCC for approval to organize a limited purpose national trust company, First National Trust Company, Hermitage, Pennsylvania ("NewFNTC"). NewFNTC's main office will be located at the current main office of FNBCorp's existing national trust bank in Hermitage, OldFNTC. The Bank will own 100 percent of the stock of NewFNTC. NewFNTC will not be insured by the FDIC. Additionally, the Bank filed an Application for approval to organize another limited purpose national trust company, First National Wealth Management Company, Naples, Florida ("FNWMC").⁴ The Bank will own 100 percent of the stock of FNWMC. FNWMC will not be insured by the FDIC.⁵

The Bank also filed applications to change the terms of existing non-voting trust preferred stock and to distribute the stock of FNWMC to FNBCorp as a non-cash dividend. Subsequently, FNBCorp will transfer the stock of FNWMC to FCorp.

Affiliated Merger of First National Trust Company into First National Bank of Pennsylvania

The OCC approved your proposal to merge First National Trust Company, Hermitage, Pennsylvania into the Bank. We reviewed the proposed merger transaction under the criteria of the Bank Merger Act (12 U.S.C. § 1828(c)), the Community Reinvestment Act (12 U.S.C. § 2901 et. seq.) and applicable OCC regulations and policies. Our review considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served, and whether the proposed transactions would substantially lessen competition. In addition, the Bank Merger Act requires the OCC to consider, "...the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including in overseas branches." We considered these factors and found them to be consistent with approval of the proposed merger transactions.

⁴ The address of FNWMC will be 2150 Goodlette Road, Naples, Florida.

⁵ The Community Reinvestment Act, 12 U.S.C. §§ 2901 – 2907, will not be applicable to NewFNTC and FNWMC because the Act applies only to institutions insured by the FDIC.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- 1) A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved.
- 2) An executed merger agreement with Articles of Association for the resulting bank attached.

Merger (215a-3) of First National Investment Services Company into First National Bank of Pennsylvania

The OCC approved your proposal to merge First National Investment Services Company into the Bank, pursuant to 12 U.S.C. §§ 215a-3 and 1828(c).

OldFNIS is not a bank and is wholly owned by the Bank. Therefore, OldFNIS is a nonbank subsidiary of the Bank for purposes of section 215a-3. OldFNIS limits its activities to securities brokerage and investment advisory and insurance agency activities that are permissible for national banks. Therefore, the merger will not add any impermissible powers for the Bank. OldFNIS and the Bank are both located in Pennsylvania.⁶ Pennsylvania law authorizes Pennsylvania corporations to merge with foreign corporations, including national banks, with the foreign corporation as the surviving corporation.⁷ The Bank represents that it and OldFNIS will comply with the requirements of Pennsylvania law for the merger of a Pennsylvania corporation with a foreign corporation. In addition, the proposed transaction raises no supervisory or policy concerns. Accordingly, the merger of OldFNIS with and into the Bank is authorized under section 215a-3.

Trust Bank Charter for First National Trust Company

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national trust bank, which will engage solely in fiduciary activities, with the title of First National Trust Company ("NewFNTC"). On December 22, 2003, the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements. Overall, the OCC determined that NewFNTC has a reasonable chance of success and that it will be operated in a safe and sound manner. Your request(s) to establish First National Investment Services and First National Investment Advisors as operating subsidiaries of NewFNTC was also approved. Our decision to grant preliminary conditional approval was with the understanding that NewFNTC will apply for Federal Reserve membership.

⁶ Notwithstanding, section 215a-3 authorizes mergers with any nonbank subsidiary or affiliate without regard to geographic location.

⁷ Pennsylvania law treats federally chartered financial institutions as foreign business corporations. *See* 15 Pa. Cons. Stat. § 4101 (2002). The Pennsylvania corporate merger statute, 15 Pa. Cons. Stat. § 1921(b), expressly provides that a Pennsylvania domestic business corporation may merge with a foreign business corporation provided the laws of the jurisdiction under which the foreign business corporation is incorporated authorize such a merger. For purposes of this merger transaction, Section 215a-3 provides the necessary authorization.

The OCC granted preliminary conditional approval only. Final approval and authorization for NewFNTC to open will not be granted until all preopening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

This preliminary conditional approval is subject to the following condition(s):

1. NewFNTC: (i) shall give the OCC Mid-Sized Bank Supervision Office at least sixty (60) days prior written notice of NewFNTC's intent to significantly deviate or change from its business plan or operations⁸ and (ii) shall obtain the OCC's written determination of no objection before NewFNTC engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to NewFNTC's notice.
2. NewFNTC shall maintain at least \$2.5 million in Tier 1 capital at all times during 2004 and at least \$3 million during 2005 and thereafter. If NewFNTC fails to maintain these specified Tier 1 capital levels, NewFNTC shall be deemed "undercapitalized," for purposes of 12 USC § 1831o and 12 CFR 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 USC § 1831o and 12 CFR 6 applicable to an undercapitalized national bank. For purposes of 12 USC § 1831o(e)(5), an action "necessary to carry out the purpose of this section" shall include restoration of NewFNTC's capital so that it is not "undercapitalized," and any other action deemed advisable by the OCC to address NewFNTC's capital deficiency or the safety and soundness of its operations

These conditions of approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

The OCC is currently reviewing its capital and liquidity policy with respect to national trust banks. Should there be a change in our policy as a result of the review, we will advise you accordingly. In addition, if NewFNTC's future assets under management increase significantly, or if NewFNTC assumes additional risk, the OCC may conclude that increased capital is required.

The OCC poses no objection to the following person(s) serving as executive officer(s), directors, and/or organizers as proposed in the application:

<u>Name</u>	<u>Title</u>
Andrew Barnette	Director
Arlene Nichols	Director
Brian Sullivan	Director
Kevin Hale	Director
Michael Morris	CEO and Director

⁸ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

The “Corporate Organization” booklet in the *Comptroller’s Licensing Manual* provides guidance for organizing your bank. The booklet is located at the OCC’s web site: www.occ.treas.gov/corpbook/group1/public/pdf/corpporg.pdf. The booklet contains all of the steps you must take to receive your charter.

As detailed in the booklet, you may establish the corporate existence of and begin organizing NewFNTC. As a “body corporate” or legal entity, you may begin taking those steps necessary for obtaining final approval. NewFNTC may not engage in fiduciary activities until it fulfills all requirements for a bank in organization and the OCC grants final approval.

Enclosed are standard requirements and minimum policies and procedures for new national banks. NewFNTC must meet the standard requirements before it is allowed to commence business and the Board of Directors must ensure that the applicable policies and procedures are established and adopted before NewFNTC begins operation.

Under separate cover, the OCC will send to you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the Comptroller’s Licensing Manual, which is available only in electronic form at our web site: <http://www.occ.gov/publications/publications-by-type/licensing-manuals/index-licensing-manuals.html>.

Trust Bank Charter for First National Wealth Management Company

OCC has reviewed your application to establish a new national trust bank, which will engage solely in fiduciary activities, with the title of First National Wealth Management Company (“FNWMC”). On December 22, 2003, the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements. Overall, the OCC determined that FNWMC has a reasonable chance of success and that it will be operated in a safe and sound manner. Our decision to grant preliminary conditional approval was with the understanding that FNWMC will apply for Federal Reserve membership.

The OCC granted preliminary conditional approval only. Final approval and authorization for FNWMC to open will not be granted until all preopening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

This preliminary conditional approval is subject to the following condition(s):

1. FNWMC: (i) shall give FNWMC’s Examiner in Charge at least sixty (60) days prior written notice of FNWMC’s intent to significantly deviate or change from its business plan or operations⁹ and (ii) shall obtain the OCC’s written determination of no objection

⁹ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

before FNWMC engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to FNWMC's notice.

2. FNWMC shall maintain at least \$1.7 million in Tier 1 capital at all times during 2004, at least \$2.5 million during 2005, and at least \$3 million during 2006 and thereafter. If the FNWMC fails to maintain these specified Tier 1 capital levels, FNWMC shall be deemed "undercapitalized," for purposes of 12 USC § 1831o and 12 CFR 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 USC § 1831o and 12 CFR 6 applicable to an undercapitalized national bank. For purposes of 12 USC § 1831o(e)(5), an action "necessary to carry out the purpose of this section" shall include restoration of FNWMC's capital so that it is not "undercapitalized," and any other action deemed advisable by the OCC to address FNWMC's capital deficiency or the safety and soundness of its operations.
3. FNWMC shall within thirty days of the date of this letter enter into a "Capital Assurances and Liquidity Maintenance Agreement" with First National Bankshares of Florida, Inc. that is acceptable to the OCC.

These conditions of approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

The OCC is currently reviewing its capital and liquidity policy with respect to national trust banks. Should there be a change in our policy as a result of the review, we will advise you accordingly. In addition, if FNWMC's future assets under management increase significantly, or if FNWMC assumes additional risk, the OCC may conclude that increased capital is required.

The OCC poses no objection to the following person(s) serving as executive officer(s), directors, and/or organizers as proposed in the application:

<u>Name</u>	<u>Title</u>
Archie Wallace	Director
Colin Appleton	Director
Henry Ekker	Director
Ben Wiley	Director
William Strimbu	Director
Earl Wah	Director
Kim Craig	CEO & President Eastern Region
Paul Belfore	CEO & President Western Region

The "Corporate Organization" booklet in the *Comptroller's Licensing Manual* provides guidance for organizing your bank. The booklet is located at the OCC's web site: www.occ.treas.gov/corpbook/group1/public/pdf/corpg.pdf. The booklet contains all of the steps you must take to receive your charter.

As detailed in the booklet, you may establish the corporate existence of and begin organizing FNWMC. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval. FNWMC may not engage in fiduciary activities until it fulfills all requirements for a bank in organization and the OCC grants final approval.

Enclosed are standard requirements and minimum policies and procedures for new national banks. FNWMC must meet the standard requirements before it is allowed to commence business and the Board of Directors must ensure that the applicable policies and procedures are established and adopted before FNWMC begins operation.

Under separate cover, the OCC will send to you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the Comptroller's Licensing Manual, which is available only in electronic form at our web site:

<http://www.occ.gov/publications/publications-by-type/licensing-manuals/index-licensing-manuals.html>.

Capital Application for Alteration of Terms of Trust Preferred Stock Issuance of First National Bank of Pennsylvania

The OCC approved the application by the Bank to alter the terms of its currently outstanding trust preferred securities. The two changes that will be made include exchanging non-voting preferred shares issued by First National Financial Company, LLC to First National Management Corporation for voting preferred shares, and converting subordinated debt issued by the Bank to First National Financial Company, LLC into the Bank voting preferred stock. The changes do not raise any supervisory or policy concerns and will not affect the eligibility of this stock for inclusion in the Bank's Tier 1 capital. You are requested to advise the OCC when these changes have been completed.

Non-Cash Dividend Request for First National Bank of Pennsylvania

The OCC approved the Bank's in-kind dividend proposal, to pass the stock of First National Wealth Management Company, valued at \$2,250,000 to its parent FNBCorp, as outlined in your letters of December 9, 2003 and December 19, 2003. This proposed transaction is consistent with applicable law, regulations and OCC policy, raises no supervisory or policy concerns, and will result in an adequate capital structure.

Conclusion

Please submit the required documentation for all of the above applications to Karen Bryant, Licensing Manager, Southern District Office, 500 North Akard Street, Suite 1600, Dallas, Texas 75201.

These approvals and preliminary conditional approvals and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or

any other obligation binding upon the OCC, the United States (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have any questions with regard to this letter, please contact John Stein, Senior Licensing Liaison, at 404-588-4550, or me at 202-874-5060.

Sincerely,

/s/ J. Greg Parvin

J. Greg Parvin
Senior Licensing Analyst/National Bank Examiner

Enclosures: Standard Requirements
Minimum Policies and Procedures