

F.N.B. CORPORATION
STATEMENT OF DIRECTORS'
DUTIES AND RESPONSIBILITIES

September 27, 1994

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1. **General.**

The financial success of F.N.B. Corporation and its subsidiary companies (the "Company") is heavily dependent upon directors who are capable, loyal and supportive of the Company's business objectives. Directors must commit their time and expertise in a collective effort that permits the Company to achieve its ambition to operate in a sound and profitable enterprise.

In addition to these business objectives, all directors of the Company are subject to an array of legal, regulatory and ethical standards which establish their responsibilities to the Company's shareholders, customers and communities. This statement seeks to identify in broad terms those duties, responsibilities and expectations and to subject each director to these established standards of conduct.

2. **The Duty of Due Care.**

Each director is charged with the duty of reasonable supervision of the affairs of the Company and, in that regard, is expected to conduct those affairs diligently and honestly. A director must exercise the standard of care in performing his or

her duties that a reasonable and prudent person in a like position would exercise in similar circumstances.

In order to fulfill that responsibility, a director must:

- **Be aware** and generally informed about the Company's business environment and the legal and regulatory framework controlling the Company's activities.
- **Be diligent** by devoting the time and attention necessary to fulfill these obligations.
- **Review** meeting materials.
- **Ask questions** and seek explanations.
- **Express** an opinion.
- **Be familiar** with audit and examination reports.
- **Be objective** in overseeing the Company's affairs.

3. **The Duty of Loyalty.**

At no time will a director put his or her personal or business interests or those of others above the interests of the Company. Directors must be fair in their dealings with the Company and exercise good faith in the conduct of those dealings. At no time may a director's personal interests be allowed to influence Board decisions. Directors must not take for themselves or any other person opportunities that they learn of as a result of their

positions or that are in the Company's line of business without first offering those opportunities to the Company.

4. Conflicts of Interest.

The Company expects all directors to exercise good judgment and the highest ethical standards in conducting their private activities which in any way could affect the Company. Every director has an obligation to avoid any situation that conflicts with the Company's interest or interferes with the duty to serve the Company at all times to the best of the director's ability. Directors must take precautions in structuring their business and personal relations with the Company so as to avoid a potential conflict, or even the appearance of a conflict of interest.

Not every situation that might appear to violate this policy will automatically constitute a prohibited conflict of interest. Among the factors to be considered by the Company in determining whether a conflict of interest exists are:

- The extent to which all of the facts and circumstances of the transaction are known and can be monitored by the Company.
- The materiality of any benefits derived.
- The fairness of the transaction to the Company.

- The competitiveness, quality and "arms-length" nature of any services rendered to the Company.
- The quality and prior competitiveness of any products purchased by the Company.
- The likelihood that the director's judgment might be adversely influenced.

Where a potential or apparent conflict of interest is deemed to exist, the director shall notify the Board of Directors of all material facts concerning the nature of the conflict prior to the Board's consideration of the matter with respect to which the potential or apparent conflict exists. The Board's deliberations shall be reported in the minutes of the meeting of the Board of Directors. A director with a conflict of interest shall refrain from participating in the discussion of the matter and shall abstain from voting on the matter with respect to which the conflict arises.

In addition to full and complete disclosure as described in the preceding paragraph, the following additional precautions shall be taken when appropriate:

- Consult with and obtain an opinion of counsel before the transaction is approved.

- Document fully the terms of the transaction, establishing the competitiveness of the terms, and obtain fairness opinions or property appraisals from independent third parties.
- Establish a special committee of the Board composed of directors not involved in the transaction to review the situation and make a recommendation to the full Board of Directors.

One aspect of successful community banking is service by bank officers or directors on other boards of directors. Such service aids the Company in its efforts to understand and to serve the banking needs of its customers and communities. However, this service is complicated by situations where the enterprise is a customer of the Company or a related interest of a director or executive officer of the Company. This complication exists regardless of whether the other enterprise is a nonprofit organization.

This statement does not absolutely prohibit such service by a director of the Company, but subjects that service to the above provisions concerning Conflicts of Interest and the safeguards enumerated therein.

5. Collective Support.

Legal duties: Under common law and corporate statutes, the legal duties of due care and loyalty require directors to be inquisitive and to express their individual views on matters subject to Board deliberation and action.

Regulatory responsibilities: Directors also have a responsibility to guide the affairs of the Company in compliance with all statutes and regulations applicable to banking and our related activities. This includes, for example, the exercise of independent judgment as outlined by the Comptroller of the Currency in The Director's Book.

Moral and ethical responsibilities: By its nature, banking is thought of as an ethical and moral enterprise. All directors should expect and require that all activities of all directors, officers, employees, advisors, consultants, contractors, et al, be conducted in a highly ethical and moral fashion.

Business responsibilities: Most responsibilities of directors are related to business decisions and judgments, rather than their complex legal, regulatory and ethical responsibilities. It is these business matters that are addressed by this topic of "collective support".

Since the primary goal of the Company is to create shareholder value, the Board is responsible for establishing policy which seeks

to achieve this result. Such policy is more likely to succeed if it is supported collectively. Divisiveness will detract from goal achievement.

There is an important distinction to be made between a business and other forms of organization, such as political bodies. Among these groups, the goal or goals are seldom agreed upon. Therefore, policies, strategies and tactics are a matter of continuous disagreement. The loyal opposition seeks to thwart the will of the majority by appealing to other constituencies, using divisive tactics and seeking to embarrass opponents.

A business, however, normally has an agreed upon goal or goals. Achievement of those goals is desirable to all participants and should be supported by all.

Other responsibilities compel directors to be inquisitive and to express individual views on matters subject to Board deliberation and action. Once those deliberations are concluded and a course of action is selected by the entire Board, the success of that collective decision depends upon the support of each Board member. The business goals of the Company may be achieved by a concerted effort that supports and furthers Board decisions.

The decisions and actions of the Board are many and varied. Most frequently, they address business strategy, marketing, pricing

of services, hiring and promotion and do not require shareholder action. All these matters merit thorough analysis and vigorous discussion before the Board expresses its collective judgment in the form of a vote. Within the context of the Board's deliberations, thoughtful dissent is appropriate and encouraged.

After this process, each director is expected to support the majority decision. Outside the board context, a director should not speak against, denigrate or seek to defeat the Company's decision or strategy. At the very least, a director should not express opposition to the Company to outsiders or in a public forum.

Other actions of the Board require shareholder approval, such as changes in capitalization, purchase or sale of major business units, stock option plans, changes in the Articles of Incorporation and election of directors.

These matters also merit thorough analysis and discussion before the Board expresses its collective judgment in the form of a vote. Within the context of the Board's deliberations, thoughtful dissent is appropriate and encouraged.

As an insider, each director is expected to support the position of the Company, as has been determined by the majority of the Board, by exercising all voting rights in favor of the Company.

Obviously, no statement or policy can compel any director to vote or act in a prescribed fashion. However, active opposition by an insider is inappropriate. Therefore, an insider who cannot support the Company should be expected to resign. Opposition to the Company and its Board is more appropriate as an outsider.

This policy is intended to help foster consensus, rather than disagreement. By its adoption, the Board of Directors indicates its collective desire to promote harmony in order to expedite and promote financial rewards for the shareholders.

6. Banking Laws and Regulations.

Directors are responsible for ensuring that the Company complies with all applicable banking laws and regulations. These laws and regulations encompass a wide range of banking issues. Certain of these laws require special attention and include the following:

- insider transactions (Regulation O);
- transactions with affiliates (Federal Reserve Act §23A and B);
- loans to one borrower (Lending Limits);
- reporting requirements (Call Reports); and
- unsafe and unsound banking practices.

Concerning unsafe and unsound banking practices, directors must ensure that generally acceptable standards for prudent bank operations exist and address the following:

- Adequate internal controls, information systems and internal audit programs;
- Prudent lending practices;
- Adequate liquidity and sources of funding;
- Maintenance of an adequate allowance for loan and lease loss reserve;
- Adequate capital;
- Appropriate payment of salaries, bonuses, fees and commissions to bank officers and their related interests.

7. **Business Development.**

Each director is expected to assist the Company in its effort to achieve sound and profitable growth. The Board must continually evaluate the Company's competitive position in the marketplace to ensure that the Company is responsive to the banking needs of its community through the services that it offers. Further, directors must use their extensive business expertise and intimate knowledge of the community to seek out and influence individuals, businesses and governmental units to become customers of the Company.

8. **Confidential Information.**

Information about the Company, its customers, suppliers, shareholders and employees must be held in strictest confidence. At no time may a director disclose confidential information about the Company. This information is to be used solely for corporate business purposes and never for personal gain. Reports of bank regulatory agencies are the property of those agencies and are strictly confidential. Giving information from the reports to anyone not officially connected with the Company is a criminal offense.

9. **Insider Trading.**

The use of material non-public information (also known as "inside information") in securities transactions ("insider trading"), or the communication of that information to others who use it in securities trading may violate federal securities laws. Violations of these securities laws are likely to result in harsh consequences for the individuals involved, including:

- exposure to investigations by the Securities and Exchange Commission (SEC);
- criminal and civil prosecution;
- relinquishing any profits realized or losses avoided through use of the information;

- penalties of up to \$1,000,000 or three times the amount of any profits or losses, whichever is greater;
- prison terms of up to ten years; and/or
- possible additional liability in private lawsuits brought by persons with whom the Director engages in securities transactions.

Insider trading violations can also expose F.N.B. Corporation to civil liabilities and penalties for the actions of directors who engage in insider trading.

F.N.B. Corporation has adopted this policy statement to ensure that inside information will not be used by directors in securities transactions and to ensure that the confidentiality of the information will be maintained. This policy also applies to securities transactions made by individuals who reside in the same household with directors. Strict compliance is expected from all directors and members of their households.

NO DIRECTOR OR MEMBER OF A DIRECTOR'S HOUSEHOLD MAY PURCHASE OR SELL ANY SECURITY, WHETHER OR NOT ISSUED BY F.N.B. CORPORATION, IF THAT DIRECTOR POSSESSES MATERIAL INFORMATION CONCERNING THE SECURITY. ANY DIRECTOR WITH KNOWLEDGE OF MATERIAL INFORMATION REGARDING F.N.B. CORPORATION, ANOTHER COMPANY THAT TRANSACTS BUSINESS WITH

F.N.B. CORPORATION (SUCH AS A CUSTOMER), OR ANOTHER COMPANY WITH WHICH A RELATIONSHIP IS PROPOSED (SUCH AS A MERGER OR ACQUISITION CANDIDATE) SHALL NOT COMMUNICATE SUCH INFORMATION TO ANY OTHER PERSON UNLESS THAT PERSON REQUIRES THE INFORMATION IN ORDER TO PERFORM HIS OR HER PROFESSIONAL DUTIES.

"Material Information" means information relating to F.N.B. Corporation (or any other company with publicly-traded securities), its business operations or securities, which would be likely to affect the market price of any of its securities, or would be likely to be considered important by an investor in determining whether to buy, sell, or hold those securities if the information were to be publicly disseminated. Some types of information often found to be "material" are:

- earnings estimates;
- dividends;
- major new discoveries or advances in research;
- acquisitions, including mergers and tender offers;
- sales of substantial assets;
- change in debt ratings;

- significant write-downs of assets or additions to reserves for bad debts or contingent liabilities;
- liquidity problems;
- extraordinary management developments;
- public offerings;
- major price or marketing changes;
- labor negotiations; or
- significant litigation or investigations by governmental bodies.

Information about a company should be considered "non-public" if it is not widely disseminated to the general public. Information would generally be deemed "widely disseminated" if it has been disclosed, for example, in:

- the Dow Jones broad tape;
- news wire services such as Associated Press (AP) or Reuters;
- radio or television;
- newspapers or magazines;
- public documents filed with the SEC, such as periodic reports, prospectuses or proxies.

Directors and members of their households may not purchase or sell a security until at least 48 hours after the material non-

public information the director possesses has been widely disseminated.

10. Gifts.

A director shall not ask for or receive anything of value from a customer, supplier, fellow director, company or anyone else if the intent is to corruptly or criminally influence or reward a business decision or transaction involving that person or entity and F.N.B. Corporation ("Company"). Business decisions involving the Company include awarding business to a supplier, extending credit, giving or receiving investment advice, handling trust matters, or any other transactions with our customers and/or suppliers. These prohibitions apply both before and after a transaction is discussed and completed.

There are, however, a number of situations that are not subject to the foregoing prohibition. Among those situations are the following:

- those transactions that are not connected in any way with the business affairs of the Company;
- the acceptance of gifts, gratuities, amenities or favors based on family or personal relationships where those relations rather than the business of the Company are the motivating factor;

- the acceptance of meals, refreshments, travel arrangements or accommodations, or entertainment, all of reasonable value (generally considered to be not more than \$250) that are in the course of a business meeting or other such occasion, provided that the expenses would be paid for by the Company as a reasonable business expense, if not paid for by another party.

In the event that a director is offered or receives something of value that may be beyond what is contemplated by this Statement of Directors' Duties and Responsibilities, then that fact must be disclosed to the Board of Directors. The Board will then determine that what is offered or accepted is reasonable and does not pose a threat to the integrity of the Company. This determination shall be made in accordance with Section 4 of this Policy Statement.