


# F.N.B. Corporation Announces Agreement to Acquire Annapolis Bancorp, Inc.

October 22, 2012



F.N.B. Corporation



## Cautionary Statement Regarding Forward-Looking Information and Non-GAAP Financial Information

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act, 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. Forward-looking statements are typically identified by words such as "believe", "plan", "expect", "anticipate", "intend", "outlook", "estimate", "forecast", "will", "should", "project", "goal", and other similar words and expressions. These forward-looking statements involve certain risks and uncertainties. In addition to factors previously disclosed in F.N.B. Corporation's reports filed with the SEC and those identified elsewhere in this filing, the following factors among others, could cause actual results to differ materially from forward-looking statements or historical performance: ability to obtain regulatory approvals and meet other closing conditions to the Merger, including approval by Annapolis Bancorp, Inc. shareholders, on the expected terms and schedule; delay in closing the Merger; difficulties experienced by FNB in expanding into a new market area, including retention of customers and key personnel of Annapolis Bancorp, Inc. and its subsidiary BankAnnapolis; difficulties and delays in integrating the FNB and Annapolis Bancorp businesses or fully realizing cost savings and other benefits; business disruption following the Merger; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer acceptance of FNB products and services; customer borrowing, repayment, investment and deposit practices; customer disintermediation; the introduction, withdrawal, success and timing of business initiatives; competitive conditions; the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with mergers, acquisitions and divestitures; economic conditions; and the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms. F.N.B. Corporation undertakes no obligation to revise these forward-looking statements or to reflect events or circumstances after the date of this presentation.

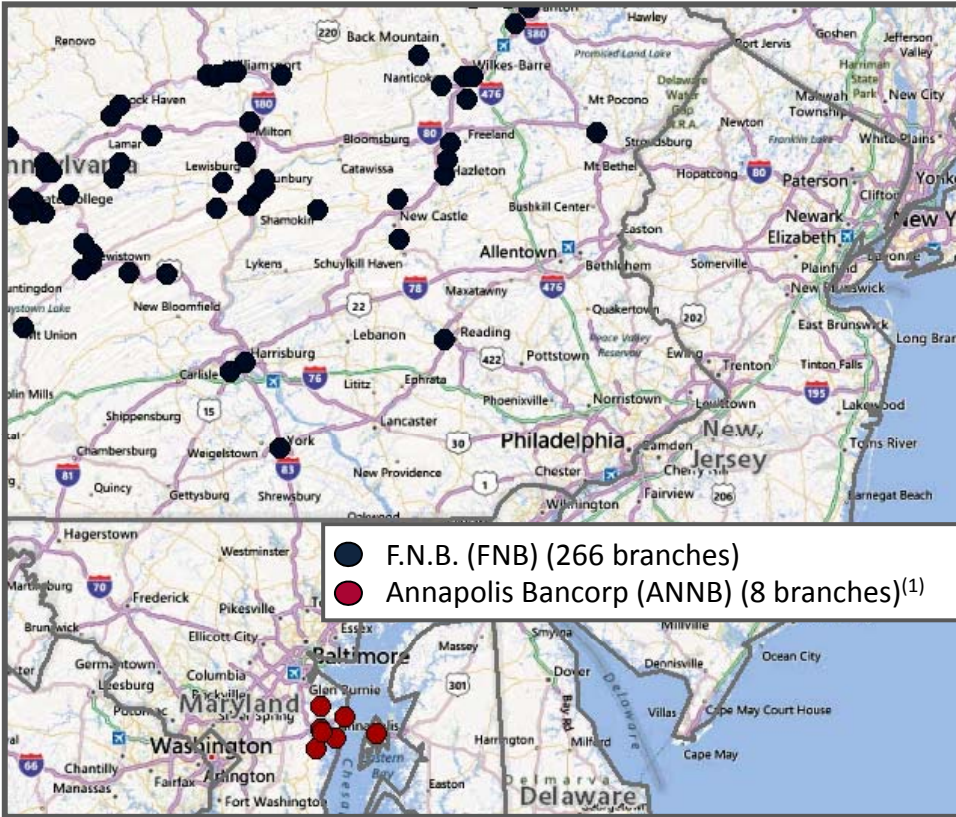
### ADDITIONAL INFORMATION ABOUT THE MERGER

F.N.B. Corporation and Annapolis Bancorp, Inc. will file a proxy statement/prospectus and other relevant documents with the SEC in connection with the merger. SHAREHOLDERS OF ANNAPOLIS BANCORP, INC. 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 F.N.B. Corporation has filed with the SEC, may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders may obtain free copies of the documents F.N.B. Corporation has filed with the SEC by contacting James Orie, Chief Legal Officer, F.N.B. Corporation, One F.N.B. Boulevard, Hermitage, PA 16148, telephone: (724) 983-3317; and free copies of the documents Annapolis Bancorp, Inc. has filed with the SEC by contacting Edward Schneider, Treasurer and CFO, Annapolis Bancorp, Inc., 1000 Bestgate Road, Suite 400, Annapolis, MD 21401, telephone: (410) 224-4455.

F.N.B. Corporation and Annapolis Bancorp, Inc. and certain of their directors and executive officers 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 Annapolis Bancorp, Inc. common stock will be set forth in the proxy statement/prospectus relating to the merger when it becomes available. This communication does not constitute an offer of any securities for sale.

# Opportunity Overview



County	Branches	Deposits in Market (\$000)	HH Income (\$ - 2011)
Anne Arundel, MD <sup>(1)</sup>	7	298,251	79,692
Queen Anne's, MD	1	45,107	72,774
<i>FNB Current Wtd Avg. by County</i>			42,350

## Attractive Market Entry Opportunity

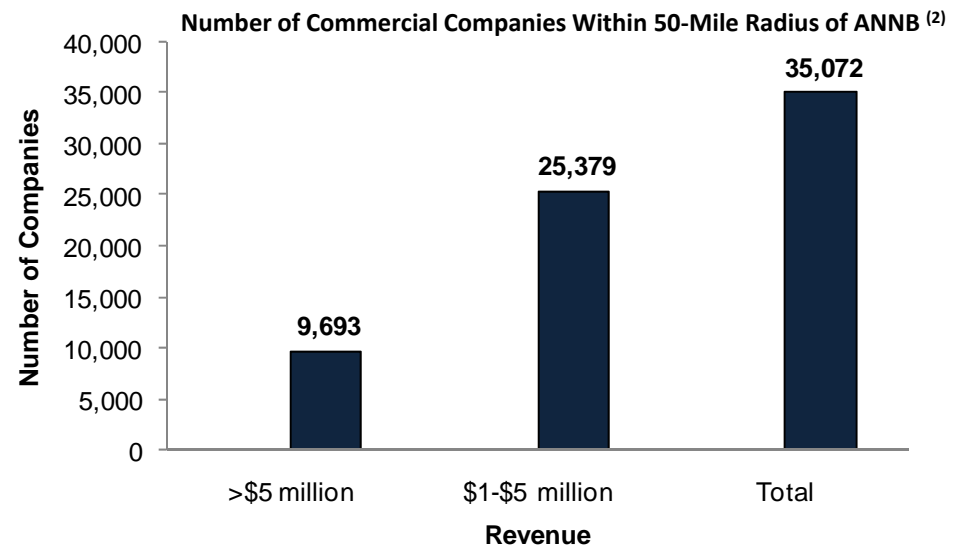
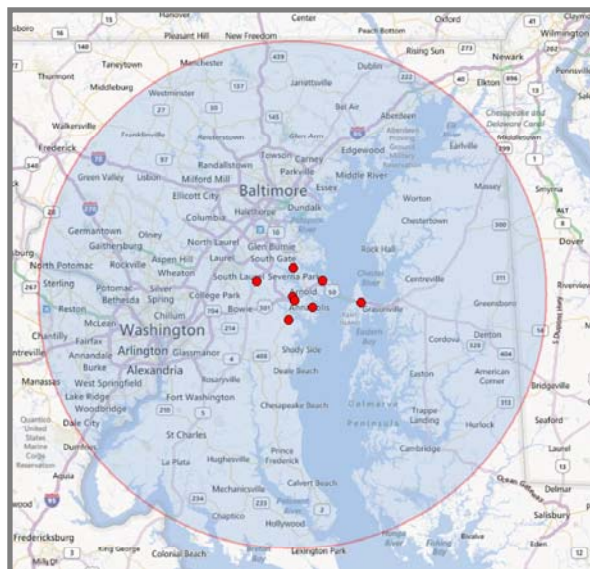
- **Natural progression**
  - Consistent with stated expansion strategy
- **Market opportunity**
  - Attractive demographics
  - Significant commercial banking opportunities
  - Excellent retail and wealth opportunities
  - Access to greater Baltimore and Washington D.C. markets
- **Markets conducive to FNB's model**
  - Execute FNB's scalable, proven business model and strong sales management culture
  - Establishes a 5<sup>th</sup> FNB region (refer to page 5)
- **Attractive partner**
  - ANNB is a relationship-focused bank with strong community ties and presence

Source: Deposit and demographic data per SNL Financial; deposits as of June 30, 2012

(1) Includes branch opened October, 2012 in Waugh Chapel

# Market Opportunity

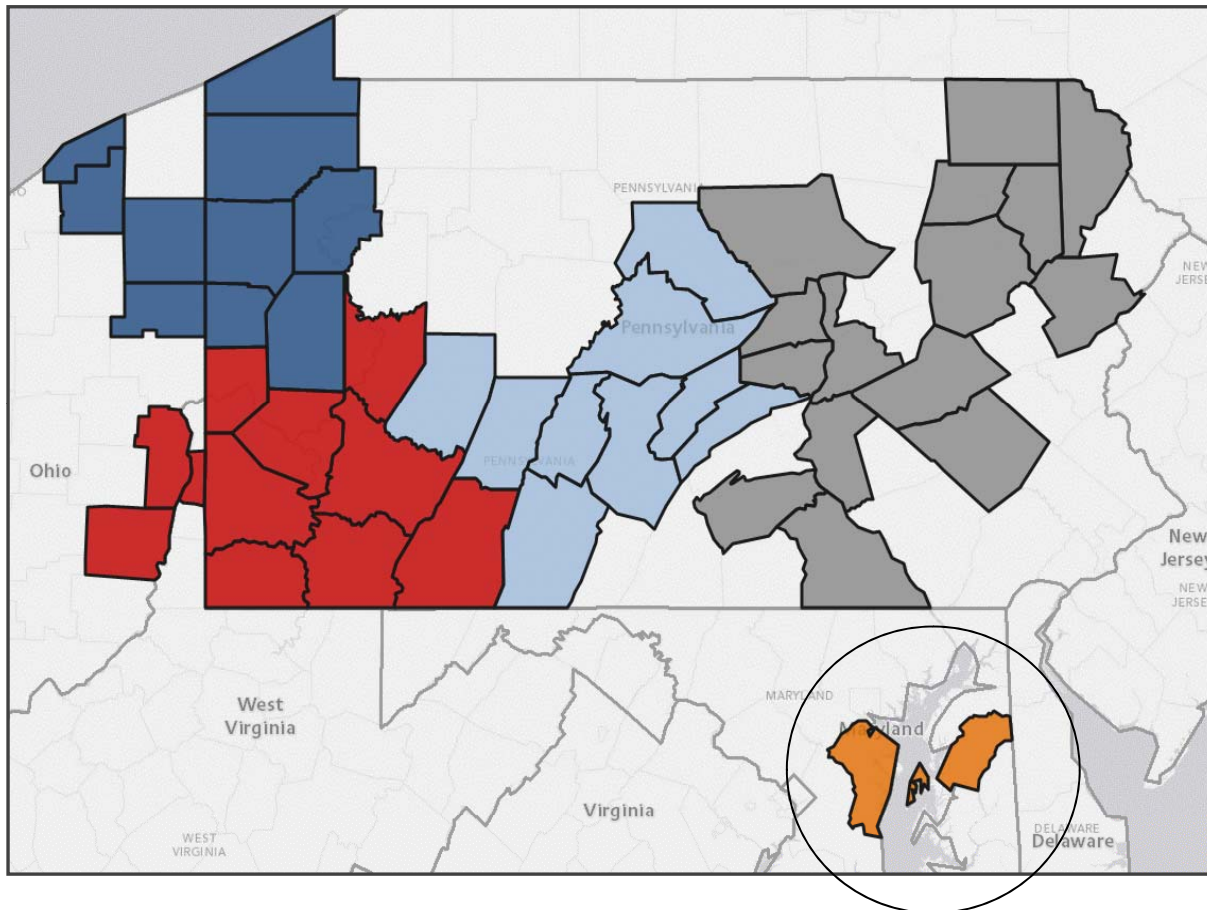
- Leverage FNB's core competencies and proven business model in a high growth market
  - Execute FNB's scalable, cross-functional sales management process
  - Regional model with local decision making, market leaders, credit authority and functional support
- Competitive environment : Similar to FNB's larger markets
- Future opportunity for expansion: 25 identified banks in close proximity<sup>(1)</sup>
- Attractive markets present commercial and retail opportunities
  - Strong demographics present retail, wealth management, private banking and insurance opportunities
  - Strong commercial opportunities with access to more than 35,000 companies within 50-mile radius



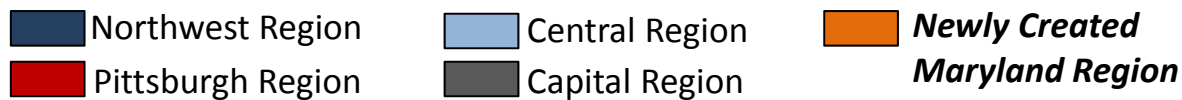
(1) Source: SNL Financial; Includes banks with assets between \$200 million and \$5 billion with NPA's/assets<4%; Excludes MHC's, merger targets and banks with 5 or fewer branches

(2) Source: Hoover's; Includes companies within a 50-mile radius of ANNB headquarters with revenue >\$5 million, between \$1 and \$5 million and total companies with revenue >\$1 million

# FNB's Regional Model



## FNB Regions



## Regional Model

- The ANNB transaction will create a 5<sup>th</sup> FNB region
- Benefits of a regional model
  - Local established management team with strong ties to region
  - Local decision making
  - Leverage newly created regional hub to integrate future acquisitions



# Transaction Overview

<b>Consideration</b>	<ul style="list-style-type: none"><li>➤ \$12.09<sup>(1)</sup> per Annapolis Bancorp share</li><li>➤ Fixed 1.143x exchange ratio</li><li>➤ 100% stock<sup>(2)</sup></li><li>➤ Price/TBV of 1.56x</li></ul>
<b>Credit Related Adjustment</b>	<ul style="list-style-type: none"><li>➤ Maximum additional cash consideration of up to \$0.36 per share in cash based on Annapolis Bancorp's ability to resolve an agreed upon credit matter</li></ul>
<b>Gross Credit Mark</b>	<ul style="list-style-type: none"><li>➤ 5% - 6% of loans<sup>(3)</sup></li></ul>
<b>Detailed Due Diligence</b>	<ul style="list-style-type: none"><li>➤ Completed</li></ul>
<b>Required Approvals</b>	<ul style="list-style-type: none"><li>➤ Customary regulatory and Annapolis Bancorp shareholders</li></ul>
<b>Expected Closing</b>	<ul style="list-style-type: none"><li>➤ April 2013</li></ul>
<b>TARP Repayment</b>	<ul style="list-style-type: none"><li>➤ Annapolis Bancorp intends to redeem its \$4 million of remaining TARP prior to closing, subject to Treasury approval</li></ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"><li>➤ Neutral to tangible book value per share</li><li>➤ Highly accretive on a marginal basis to earnings per share</li><li>➤ Slightly accretive to total FNB earnings per share in the first full year<sup>(4)</sup></li></ul>

(1) Based on FNB stock price as of Friday, October 19, 2012

(2) Subject to incremental cash pay-out for potential credit -related adjustment

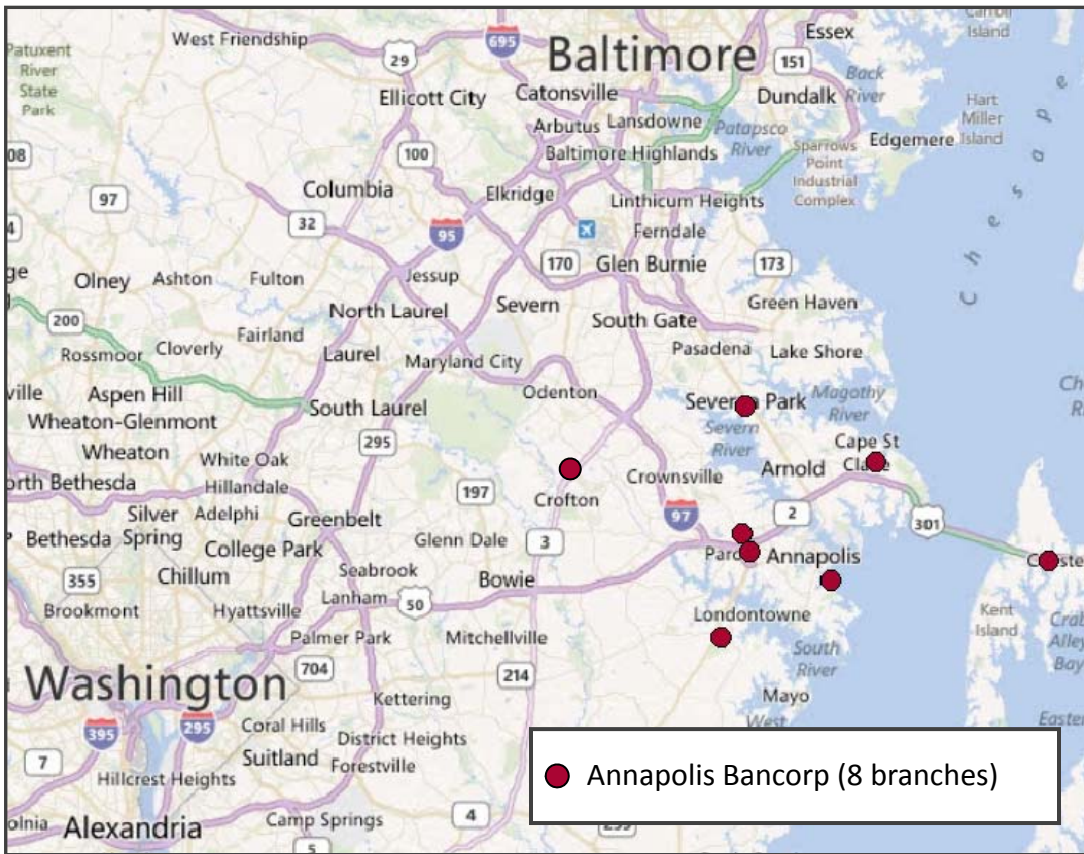
(3) Dependent upon credit related adjustment

(4) Excluding one-time costs

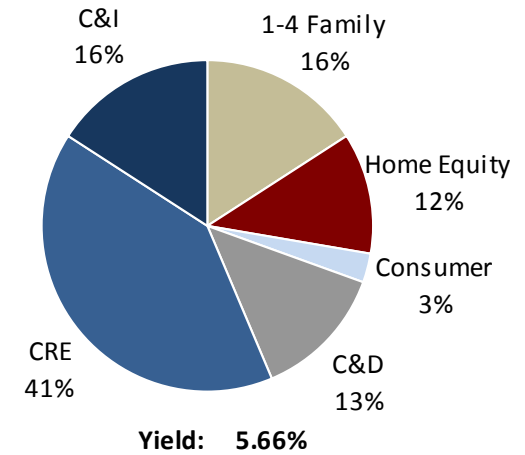


# Appendix

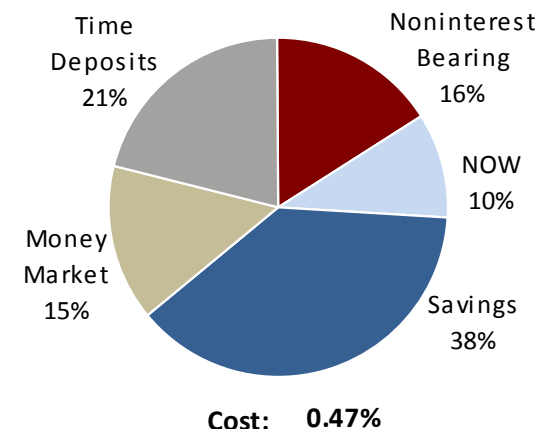
# Annapolis Bancorp, Inc. Financial Overview



## \$297 Million Loan Portfolio



## \$343 Million of Deposits



Source: SNL Financial and public filings as of June 30, 2012.



# Annapolis Bancorp, Inc. Financial Highlights

*(\$ in millions, except EPS)*

	Year Ended December 31				Quarter Ended	
	2008	2009	2010	2011	03/31/12	06/30/12
<b>Balance Sheet</b>						
Total Assets	\$395	\$444	\$432	\$442	\$441	\$437
Gross Loans	268	282	280	290	301	297
Total Deposits	301	350	341	350	347	343
Loans / Deposits	89%	80%	82%	83%	87%	87%
<b>Capital</b>						
TARP	\$0	\$8	\$8	\$8	\$8	\$4
Common Equity	27	25	27	29	30	31
TCE / TA	6.8%	5.5%	6.2%	6.6%	6.8%	7.0%
Tier 1 Ratio	11.4	12.5	12.8	12.8	12.7	11.8
Total Capital Ratio	12.6	13.7	14.1	14.0	14.0	13.1
Leverage Ratio	8.4	8.6	9.1	9.4	9.6	8.8
<b>Income Statement</b>						
Net Income	\$1.4	(\$1.7)	\$1.6	\$2.2	\$0.8	\$0.9
ROAA	0.38%	(0.38%)	0.37%	0.50%	0.75%	0.83%
ROAE	5.4	(5.2)	4.7	6.1	8.7	10.4
Net Interest Margin	3.6	3.3	3.7	3.9	3.8	3.9
Efficiency Ratio	70	76	72	69	67	65
Fee Income / Revenue	12	12	11	10	10	10
EPS	\$0.35	(\$0.56)	\$0.29	\$0.39	\$0.18	\$0.21
<b>Asset Quality</b>						
Reserves / Loans	1.54%	2.81%	2.45%	2.47%	2.25%	2.32%
NPAs / Assets	1.64	4.35	2.35	1.88	1.94	1.97
NCOs / Avg. Loans	0.21	1.00	1.16	0.64	0.79	(0.04)

Source: SNL Financial and public filings.