FNB CORP/FL/
Form 424B3
June 20, 2008

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MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Our board of directors has unanimously approved an agreement to merge with F.N.B. Corporation (FNB) that will enhance the competitive position of the combined company in the Greater Pittsburgh metropolitan area. The merger is structured so that FNB will be the surviving company. After completion of the merger, we expect that current FNB shareholders will, as a group, own approximately 96.5% of the combined company and our shareholders will, as a group, own approximately 3.5% of the combined company.

If the merger is completed, subject to proration as described below, our shareholders will have the right to receive for each share of IRGB common stock held immediately prior to the merger either:

five shares of FNB common stock; or

$75.00 in cash.

The merger consideration is subject to proration because the merger agreement in general limits the number of shares of FNB common stock to be used as merger consideration to 3,070,856 shares of FNB common stock. The actual allocation will depend on the elections made by our shareholders and may result in your receipt of a combination of FNB common stock and cash regardless of your choice.

The following table shows the closing sales price of FNB common stock as reported by the New York Stock Exchange, or NYSE, and the closing sales price of IRGB common stock as reported by the OTC Bulletin Board on February 14, 2008, the last trading day before we announced the merger, and on June 18, 2008, the last practicable trading day before the distribution of this proxy statement/prospectus. This table also shows the pro forma equivalent value of the merger consideration proposed for each share of our common stock, which we calculated by multiplying the closing price of FNB common stock on those dates by five, the exchange ratio in the merger.

	FNB Common Stock	IRGB Common Stock	Pro Forma Equivalent Value per Share of IRGB Common Stock
At February 14, 2008	$ 14.92	$ 53.00	$ 74.60
At June 18, 2008	$ 12.82	$ 68.50	$ 64.10

The market price of FNB common stock may fluctuate up or down prior to the merger, which will result in corresponding fluctuations in the pro forma equivalent value per share of our common stock. The exchange ratio of five shares of FNB common stock or $75.00 per share in cash for each share of our common stock is fixed. The exchange ratio will not change if our stock price or the stock price of FNB changes. The value of five shares of FNB

common stock may be more or less than $75.00 in cash. You should obtain current market quotations for the shares of both companies.

We expect that the merger will generally be tax-free to our shareholders, except for taxes on cash our shareholders receive as merger consideration or by perfecting their dissenters rights.

We cannot complete the merger unless our shareholders approve and adopt the merger agreement. We will hold a special meeting of our shareholders to vote on the merger agreement. **Your vote is important.** Whether or not you plan to attend our special meeting of shareholders, please take the time to vote your shares in accordance with the instructions contained in this proxy statement/prospectus. Only holders of record of our common stock as of June 6, 2008 are entitled to attend and vote at our special meeting. We will hold our special meeting on Thursday, July 31, 2008 at 10:00 a.m., prevailing time, at Le Mont Restaurant, 1114 Grandview Avenue, Pittsburgh, Pennsylvania.

Our board of directors unanimously recommends that you vote *FOR* the approval and adoption of the merger agreement.

The accompanying proxy statement/prospectus describes our special meeting, the merger agreement, the transactions contemplated thereby, the documents related to the merger and related matters. **We recommend that you carefully read this proxy statement/prospectus, including the considerations discussed under Risk Factors Relating to the Merger beginning on page 26 and the appendices hereto, which include the merger agreement.** You can also obtain information about FNB from documents that it has filed with the Securities and Exchange Commission.

Sincerely,

Michael J. Hagan

President and Chief Executive Officer

FNB common stock is quoted on the NYSE under the symbol FNB. Our common stock is quoted on the OTC Bulletin Board under the symbol IRGB.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the FNB common stock to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

Shares of FNB common stock are not savings or deposit accounts or other obligations of any bank or savings association and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is June 20, 2008, and it is first being mailed or otherwise delivered to our shareholders on or about June 25, 2008.

1114 East Carson Street
Pittsburgh, Pennsylvania 15203

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 31, 2008

NOTICE IS HEREBY GIVEN that we will hold a special meeting of our shareholders at 10:00 a.m., prevailing time, on Thursday, July 31, 2008 at Le Mont Restaurant, 1114 Grandview Avenue, Pittsburgh, Pennsylvania, for the following purposes, all of which are more completely set forth in the accompanying proxy statement/prospectus:

(1) to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of February 14, 2008, between F.N.B. Corporation (FNB) and us, pursuant to which we will merge with and into FNB and each outstanding share of our common stock will be converted into cash or shares of FNB common stock, as described in greater detail in the accompanying proxy statement/prospectus;

(2) to consider and vote upon a proposal to approve the adjournment of our special meeting, if necessary, to permit the further solicitation of proxies if there are not sufficient votes at the time of our special meeting to approve and adopt the merger agreement; and

(3) to transact such other business as may be properly presented for action at our special meeting and any adjournment or postponement of our special meeting.

We have fixed the close of business on June 6, 2008 as the record date for the determination of our shareholders entitled to notice of, and to vote at, our special meeting and any adjournment or postponement of our special meeting. We cannot complete the merger unless you vote to approve and adopt the merger agreement. Our directors, who collectively hold approximately 4.39% of our outstanding common stock, have entered into voting agreements with FNB and have agreed to vote ***FOR*** the approval and adoption of the merger agreement.

This notice also constitutes notice of your right to dissent from the merger and, upon compliance with the requirements of Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988, or PBCL, to receive the appraised fair value of your shares. A copy of the relevant sections of the PBCL regarding dissenters rights is included as Appendix C to the accompanying proxy statement/prospectus.

If our special meeting is adjourned for one or more periods aggregating at least 15 days because of the absence of a quorum, our shareholders entitled to vote who attend our reconvened special meeting, if less than a quorum as determined under applicable law, shall nevertheless constitute a quorum of our shareholders for the purpose of acting upon any matter set forth in this notice of special meeting.

Our board of directors has unanimously approved the merger agreement and recommends that you vote *FOR* approval and adoption of the merger agreement and *FOR* the adjournment of our special meeting, if necessary.

Whether or not you expect to attend our special meeting in person, you are urged to vote.

Please sign, date and promptly return the enclosed proxy. A self-addressed envelope is enclosed for your convenience; no postage is required if mailed in the United States. If you submit a signed proxy card but do not indicate how you want your shares voted, the persons named in the enclosed proxy will vote your shares ***FOR*** the approval and adoption of the merger agreement and ***FOR*** the adjournment of our special meeting, if necessary.

If you attend our special meeting and wish to vote in person, you may withdraw your proxy and vote in person.

Please do not send any stock certificates at this time. Thank you for your cooperation.

By order of our board of directors,

Michael J. Hagan

President and Chief Executive Officer

Pittsburgh, Pennsylvania
June 25, 2008

REFERENCE TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about FNB from documents that are not included in or delivered with this proxy statement/prospectus. You can obtain documents incorporated by reference in this proxy statement/prospectus, without charge, other than certain exhibits to those documents, by requesting them in writing or by telephone from FNB at the following address:

F.N.B. Corporation
One F.N.B. Boulevard
Hermitage, Pennsylvania 16148
Attention: David B. Mogle
Telephone: (724) 983-3431

In order to ensure timely delivery of the documents, any requests should be made by July 17, 2008.

See Where You Can Find More Information on page 98.

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Appendix C	Subsection D and Section 1930 of the Pennsylvania Business Corporation Law	C-1

QUESTIONS AND ANSWERS ABOUT THE MERGER AND OUR SPECIAL MEETING

Q. What matters will be considered at our special meeting?

A. At our special meeting, our shareholders will be asked to vote in favor of the proposal to approve and adopt the merger agreement whereby we will merge with and into FNB. We sometimes refer to this as the merger proposal in this proxy statement/prospectus. Our shareholders will also be asked to vote in favor of a proposal to adjourn our special meeting, if necessary, to solicit additional proxies if we have not received sufficient votes to approve and adopt the merger proposal at the time of our special meeting. We sometimes refer to this proposal as the adjournment proposal in this proxy statement/prospectus.

Q. What will I receive upon consummation of the merger?

A. Upon consummation of the merger, you will have the right to elect to receive the following, subject to proration, in exchange for each share of our common stock:

five shares of FNB common stock; or

$75.00 in cash.

You will have the right to elect to receive FNB common stock in exchange for some of your shares and to receive cash in exchange for the remainder of your shares.

Our stock options will be converted into FNB stock options at the exchange ratio for our common stock with an adjusted exercise price. See page 69 for more information regarding the treatment of our stock options.

Q. What is the recommendation of our board of directors?

A. Our board of directors has unanimously determined that the merger is fair to you and in your and our best interests and unanimously recommends that you vote for the merger proposal and the adjournment proposal.

In making this determination, our board of directors considered the opinion of Keefe Bruyette & Woods, Inc., or KBW, our independent financial advisor, as to the fairness to us and you from a financial point of view of the FNB shares and cash you will receive pursuant to the merger agreement. Our board of directors also reviewed and evaluated the terms and conditions of the merger agreement and the merger with the assistance of our independent legal counsel.

Q. What was the opinion of our financial advisor?

A. KBW presented an opinion to our board of directors to the effect that, as of February 14, 2008, and based upon the assumptions made by KBW, the matters it considered and the limitations on its review as set forth in its opinion, the merger consideration provided for in the merger agreement is fair to us and you from a financial point of view.

Q. What do I need to do now?

A. You should first carefully read this proxy statement/prospectus, including the appendices and the documents FNB incorporates by reference in this proxy statement/prospectus. See Where You Can Find More Information in this

proxy statement/prospectus. After you have decided how you wish to vote your shares, please vote by submitting your proxy using one of the methods described below.

Q. Why is my vote important?

A. Pennsylvania law and our articles of incorporation require the affirmative vote of a majority of the votes cast by the holders of our outstanding common stock entitled to vote in order to approve the merger proposal and the adjournment proposal, assuming the presence of a quorum at the special meeting. Under Pennsylvania law, abstentions and broker non-votes are not considered votes cast and, therefore, will have

no effect on the vote and will not be considered in determining whether the merger proposal or the adjournment proposal has received the requisite shareholder vote.

Q. How do I vote my shares?

A. If you are a registered shareholder of IRGB (that is, if your stock is registered in your name), you may attend our special meeting and vote in person or vote by proxy. To vote by proxy, please mark, sign and date your proxy card and return such card in the postage-paid envelope we have provided you.

Q. What if I do not specify on my proxy card how I want my shares voted?

A. If you submit a signed proxy card but do not indicate how you want your shares voted, the persons named in the proxy card will vote your shares:

FOR the approval and adoption of the merger agreement; and

FOR the adjournment of our special meeting, if necessary.

Our board of directors does not currently intend to bring any other proposals before our special meeting. If other proposals requiring a vote of shareholders are brought before our special meeting in a proper manner, the persons named in the enclosed proxy card intend to vote the shares they represent in accordance with their judgment.

Q. What if I fail to instruct my broker?

A. Brokers may not vote shares of our common stock that they hold for the benefit of another person either for or against the approval of the matters to be voted upon at our special meeting, without specific instructions from the person who beneficially owns those shares. Therefore, if your shares are held by a broker and you do not give your broker instructions on how to vote your shares, your votes will not be cast.

Q. May I change my vote after I have voted?

A. Yes. You may revoke your proxy at any time before the vote is taken at our special meeting. If you are a shareholder of record, you may revoke your proxy by:

submitting written notice of revocation to our corporate secretary prior to the voting of that proxy at our special meeting;

submitting a properly executed, later dated proxy by mail; or

voting in person at our special meeting.

However, simply attending our special meeting without voting will not revoke an earlier proxy.

If your shares are held in street name (that is, in the name of a bank, broker, nominee or other holder of record), you should follow the instructions of the bank, broker, nominee or other holder of record regarding the revocation of proxies.

Q. When do you expect to complete the merger?

A. We anticipate that we will obtain all necessary regulatory approvals to consummate the merger in the third quarter of 2008. However, we cannot assure you when or if the merger will occur. We must first obtain the requisite approval of our shareholders at our special meeting and we and FNB must obtain the requisite regulatory approvals to complete the merger.

Q. Should I send my stock certificates now?

A. No. Holders of our common stock should not submit their stock for exchange until they receive the transmittal instructions and an election form from the exchange agent.

Q. What rights do I have to dissent from the merger?

A. If you do not vote in favor of the merger proposal and you comply precisely with the applicable procedural requirements, the Pennsylvania Business Corporation Law of 1988, or the PBCL, entitles you to receive the appraised fair value of your shares. You must carefully and precisely follow the applicable procedures under the PBCL in order to exercise your dissenters rights. A complete copy of the relevant section of the PBCL is included in this proxy statement/prospectus as Appendix C. The fair value of your shares as determined in a dissenters rights proceeding may be more or less than the merger consideration you are entitled to receive from FNB under the merger agreement.

Q. Who can help answer my questions?

A. If you have additional questions about the merger or would like additional copies of this proxy statement/prospectus, please call Michael J. Hagan, our President and Chief Executive Officer, at (412) 488-5200.

SUMMARY

This summary highlights selected information from this proxy statement/prospectus. While this summary describes the material aspects of the merger, you should consider in your evaluation of the merger agreement and the merger that this summary does not contain all of the information that is important to you. We encourage you to read carefully this entire proxy statement/prospectus and its appendices in order to understand fully the merger. See Where You Can Find More Information on page 98. In this summary, we have included page references to direct you to a more detailed description of the matters described in this summary.

Throughout this proxy statement/prospectus, we, us, our or IRGB refers to Iron and Glass Bancorp, Inc., IRGB B refers to Iron and Glass Bank, FNB refers to F.N.B. Corporation, FNB Bank refers to First National Bank of Pennsylvania and you refers to the shareholders of IRGB. Also, we refer to the merger between IRGB and FNB as the merger, and the agreement and plan of merger dated as of February 14, 2008 between IRGB and FNB as the merger agreement.

IRGB provided the information contained in this proxy statement/prospectus with respect to IRGB, and FNB provided the information in this proxy statement/prospectus with respect to FNB.

The Parties

FNB and FNB Bank (Page 36)

FNB is an $8.0 billion diversified financial services holding company headquartered in Hermitage, Pennsylvania. FNB provides a broad range of financial services to its customers through FNB Bank and FNB s insurance agency, consumer finance, trust company and merchant banking subsidiaries. FNB Bank has 212 banking offices in western and central Pennsylvania and eastern Ohio, one loan production office in each of Ohio, Pennsylvania and Tennessee and six loan production offices in Florida and maintains six insurance agency locations. Regency Finance, FNB s consumer finance subsidiary, has 22 offices in Pennsylvania, 16 offices in Ohio and 16 offices in Tennessee. Another FNB subsidiary, First National Trust Company, has approximately $1.6 billion of assets under management. FNB Capital Corporation offers financing options for small- to medium-sized businesses that need financial assistance beyond the parameters of typical commercial bank lending products.

The principal executive offices of FNB and FNB Bank are located at One F.N.B. Boulevard, Hermitage, Pennsylvania 16148. FNB s telephone number is (724) 981-6000 and FNB s website address is www.fnbcorporation.com. The information on FNB s website is not a part of this proxy statement/prospectus.

IRGB (Page 37)

We are a holding company for IRGB Bank, a Pennsylvania state-chartered bank and member of the Federal Reserve Bank of Cleveland. IRGB Bank s principal sources of revenue arise from its portfolio of commercial mortgage, residential real estate and consumer loans, as well as interest earnings on investment securities and a variety of deposit services provided to customers through eight banking offices in the Southern and Western suburban areas of Pittsburgh, Pennsylvania.

Our mission is to provide clients with the highest level of financial service while recognizing and understanding their needs and opportunities. To accomplish our mission, we strive to recruit, train and retain quality employees who provide outstanding client service, help create profitable relationships and enhance long-term shareholder value. We have 37 years of increasing dividends.

Our principal executive office is located at 1114 East Carson Street, Pittsburgh, Pennsylvania 15203. Our telephone number is (412) 488-5200 and our website address is www.ironandglassbank.com. The information on our website is not part of this proxy statement/prospectus.

Our Special Meeting (Page 33)

This section contains information for our shareholders about the special meeting of shareholders we have called to consider the approval of the merger proposal and related matters.

General (Page 33)

This proxy statement/prospectus is being furnished to you for use at our special meeting and any adjournment or postponement of our special meeting.

When and Where Our Special Meeting Will Be Held (Page 33)

Our special meeting will be held on Thursday, July 31, 2008, at 10:00 a.m., prevailing time, at Le Mont Restaurant, 1114 Grandview Avenue, Pittsburgh, Pennsylvania, subject to any adjournment or postponement of our special meeting.

Matters to Be Considered (Page 33)

The purpose of our special meeting is to consider and vote upon:

Proposal 1 A proposal to approve and adopt the merger agreement between FNB and us;

Proposal 2 A proposal to grant discretionary authority to adjourn our special meeting if necessary to permit further solicitation of proxies because we have not received sufficient votes at the time of our special meeting to approve the merger proposal; and

such other business as may properly come before our special meeting and any adjournment or postponement of our special meeting.

Our shareholders must approve Proposal 1 for the merger to occur. If our shareholders fail to approve this proposal, the merger will not occur.

At this time, our board of directors is unaware of any other matters, other than as set forth above, which may be presented for action at our special meeting. If other matters are properly presented, however, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

Record Date; Shares Outstanding and Entitled to Vote (Page 33)

Our board of directors has fixed the close of business on June 6, 2008 as the record date for the determination of holders of our common stock entitled to notice of, and to vote at, our special meeting and any adjournment or postponement of our special meeting.

On the record date, 1,137,610 shares of our common stock were issued and outstanding and entitled to vote at our special meeting, held by approximately 297 holders of record. Each holder is entitled to cast one vote for each share of our common stock held on all matters that are properly submitted to our shareholders at our special meeting.

Quorum (Page 33)

The presence, in person or by properly executed proxy, of the holders of at least a majority of our outstanding shares of common stock on the record date is necessary to constitute a quorum at our special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present. A quorum must be present in order for the vote on the merger proposal and the adjournment proposal to occur.

Based on the number of shares of our common stock issued and outstanding as of the record date, 568,806 shares of our common stock must be present in person or represented by proxy at our special meeting to constitute a quorum.

Shareholder Vote Required (Page 34)

Approve and Adopt the Merger Agreement. The merger agreement must be adopted by an affirmative vote of a majority of the votes cast by all holders of our common stock entitled to vote thereon. Accordingly, we urge you to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope.

When considering our board of directors recommendation that you vote in favor of the approval and adoption of the merger agreement, you should be aware that certain of our executive officers and directors have interests in the merger that may be different from, or in addition to, your interests as a shareholder. See Proposal No. 1 Proposal to Approve and Adopt the Merger Agreement Interests of Our Directors and Executive Officers in the Merger beginning on page 62.

Discretionary Authority to Adjourn Our Special Meeting. The affirmative vote of the holders of a majority of the votes cast by all holders of our common stock entitled to vote thereon is required to approve the proposal to grant discretionary authority to adjourn our special meeting if necessary to permit further solicitation of proxies for the merger proposal.

Dissenters Rights (Page 66)

Under the PBCL, you have the right to object to the merger and receive the fair value for your shares of our common stock in connection with the merger. See Proposal No. 1 Proposal to Approve and Adopt the Merger Agreement Dissenters Rights of Dissenting Shareholders beginning on page 66 for further information.

Director and Executive Officer Voting (Page 34)

As of the record date, our directors and executive officers and their affiliates beneficially own 80,187 shares of our common stock, or approximately 7.0% of the issued and outstanding shares of our common stock entitled to vote at our special meeting. This number includes options to purchase 9,625 shares of our common stock exercisable within ten days of the record date.

Proxies (Page 34)

Voting. You should complete and return the proxy card accompanying this proxy statement/prospectus in order to ensure that your vote is counted at our special meeting and at any adjournment, postponement or continuation of our special meeting, regardless of whether you plan to attend our special meeting. If you sign and send in your proxy card and do not indicate how you want to vote, we will count your proxy card as a vote in favor of approval of the merger proposal and in favor of approval of the adjournment proposal.

If your shares of our common stock are held in the name of a bank, broker, nominee or other holder of record, you will receive instructions from the bank, broker, nominee or other holder of record that you must follow in order for your shares of our common stock to be voted.

Revocability. You may revoke your proxy at any time before the vote is taken at our special meeting. If you have not voted through a bank, broker, nominee or other holder of record, you may revoke your proxy by:

- submitting written notice of revocation to our corporate secretary prior to the voting of that proxy at our special meeting;

- submitting a properly executed proxy with a later date; or

voting in person at our special meeting.

However, simply attending our special meeting without voting will not revoke an earlier proxy.

Written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

Iron and Glass Bancorp, Inc.
1114 East Carson Street

Pittsburgh, Pennsylvania 15203
Attention: Mary Kay Rossi, Secretary

If your shares are held in the name of a bank, broker, nominee or other holder of record, you should follow the instructions of the bank, broker, nominee or other holder of record regarding the revocation of proxies.

A proxy appointment will not be revoked by the death or incapacity of the shareholder executing the proxy unless notice of the death or incapacity is given to our corporate secretary before the shares of our common stock represented by such proxy are voted.

How Proxies are Counted. All shares of our common stock represented by properly executed proxies received before or at our special meeting, and not revoked, will be voted in accordance with the instructions indicated in the proxies.

We will count a properly executed proxy marked ABSTAIN as present for purposes of determining the presence of a quorum.

Brokers may not vote shares of our common stock that they hold beneficially either for or against the approval of the merger proposal or the adjournment proposal without specific instructions from the person who beneficially owns those shares. Therefore, if your shares are held by a broker you must give your broker instructions on how to vote your shares.

Solicitation. We will pay for the costs of our special meeting and for the mailing of this proxy statement/prospectus to our shareholders, as well as all other costs we incur in connection with the solicitation of proxies from our shareholders. However, FNB and we will share equally the cost of printing this proxy statement/prospectus and the filing fees paid to the SEC.

In addition to soliciting proxies by mail, our directors, officers and employees may solicit proxies by telephone or in person. Our directors, officers and employees will not be specially compensated for these activities. We also intend to request that brokers, banks, nominees and other holders of record solicit proxies from their principals, and we will reimburse the brokers, banks, nominees and other holders of record for certain expenses they incur for those activities.

Recommendation of Our Board of Directors (Page 35)

Our board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement. Based on our reasons for the merger described in this proxy statement/prospectus, our board of directors believes that the merger is in our and your best interests. Accordingly, our board of directors unanimously recommends that our shareholders vote ***FOR*** approval of the merger proposal and ***FOR*** approval of the adjournment proposal. See Proposal No. 1 Proposal to Approve and Adopt the Merger Agreement Our Reasons for the Merger beginning on page 47, for a more detailed discussion of our board of directors recommendation.

Attending Our Special Meeting (Page 35)

If your shares are held in street name and you want to attend our special meeting, you must bring an account statement or letter from your holder of record showing that you were the beneficial owner of the shares on June 6, 2008, the record date for our special meeting.

The Merger

Certain Effects of the Merger (Pages 55 to 62)

Upon consummation of the merger:

Each share of our common stock will automatically be converted into the right to receive, at your election, subject to the provisions in the merger agreement:

five shares of FNB common stock; or

$75.00 in cash.

You will have the right to elect to receive FNB common stock in exchange for some of your shares and to receive cash in exchange for the remainder of your shares.

We will cease to exist as a separate legal entity and all of our operations will be conducted by FNB and FNB Bank.

Stock Options (Page 69)

The merger agreement provides that, at the effective time of the merger, each outstanding option to purchase our common stock will cease to represent a right to acquire our common stock and will be converted automatically into a right to acquire that number of shares of FNB common stock equal to the number of shares of our common stock subject to the option times the option ratio. The option ratio is the quotient determined by dividing the closing price of FNB common stock on the NYSE on the day prior to the effective time of the merger by the closing price of our common stock on the OTC Bulletin Board on the day prior to the effective time of the merger.

Opinion of Our Financial Advisor in Connection with the Merger (Pages 48 to 54)

KBW, our financial advisor in connection with the merger, delivered a written fairness opinion to our board of directors on February 14, 2008, the date the merger agreement was executed, that, as of February 14, 2008, and based upon and subject to the factors and assumptions set forth in its opinion, the merger consideration in the merger is fair, from a financial point of view, to the holders of shares of our common stock.

Appendix B to this proxy statement/prospectus sets forth the full text of the KBW opinion, which sets forth the assumptions KBW made, the procedures KBW followed, the matters KBW considered and the limitations on the review undertaken by KBW in connection with its opinion. **KBW provided its opinion for the information and assistance of our board of directors in connection with its consideration of the merger. The KBW opinion is not a recommendation as to how you should vote with respect to the merger or any related matter.** We encourage you to read the KBW opinion in its entirety.

Interests of Our Directors and Executive Officers in the Merger (Page 62)

In considering the recommendation of our board of directors that you vote ***FOR*** the merger proposal and ***FOR*** the adjournment proposal, you should be aware that certain of our executive officers and directors have interests in the merger that are different from, or in addition to, your interests as a shareholder. These interests relate to or arise from, among other things:

the continued indemnification of our current directors and executive officers under the merger agreement and providing these individuals with directors and officers insurance;

the potential receipt of salary continuation payments by certain of our executive officers pursuant to salary continuation agreements;

the potential continuation of certain benefits to four of our executive officers, two of whom are on our board of directors;

the conversion of our stock options into FNB stock options to acquire that number of shares of our common stock covered by the option times the option ratio at an exercise price equal to the exercise price of our stock option divided by the option ratio;

one member of IRGB Bank s board of directors will be appointed to FNB Bank s board of directors and will receive director s fees in connection therewith; and

three members of IRGB Bank s board of directors will be offered the opportunity to serve as members of FNB Bank s Pittsburgh Region advisory board of directors and will receive certain fees for such services.

Conditions to the Merger (Page 75)

Currently, we expect to complete the merger in the third quarter of 2008. However, as more fully described in this proxy statement/prospectus and in the merger agreement, the completion of the merger depends on the satisfaction of a number of conditions or, where legally permissible, the waiver of those conditions. These conditions include, among others:

approval of the merger proposal by the holders of a majority of the votes cast by all holders of shares of our common stock entitled to vote at our special meeting;

the receipt of all regulatory approvals needed to complete the merger, including the approval of the Office of the Comptroller of the Currency, or OCC, the approval of the Board of Governors of the Federal Reserve System, or Federal Reserve Board, the approval of the Pennsylvania Department of Banking, or the Department, and the approval of the listing of additional shares of FNB common stock on the NYSE;

the absence of any law or injunction that would effectively prohibit the merger;

the receipt by FNB of an environmental study from us with respect to all real property owned by us; and

the receipt of legal opinions from FNB s and our legal counsel as to the qualification of the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code.

Neither FNB nor we can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement (Page 76)

We may agree to terminate the merger agreement before completing the merger, even after our shareholders approve the merger proposal, if the termination is approved by our board of directors and the board of directors of FNB.

Either FNB or we may terminate the merger agreement, even after our shareholders approve the merger proposal, if certain conditions have not been met, such as:

failure to obtain the necessary regulatory approvals for the merger unless the failure is due to the terminating party s failure to perform or observe its covenants in the merger agreement;

failure to complete the merger by November 30, 2008, unless the reason the merger has not been consummated by that date is a failure by the terminating party to perform or observe its covenants and agreements in the merger agreement;

the non-terminating party s breach of a representation, warranty, covenant, agreement or other obligation contained in the merger agreement that would cause the failure of the closing conditions to be satisfied, provided the terminating party is not then in material breach of any of its representations, warranties, covenants, agreements or other obligations in the merger agreement; or

failure of the holders of the requisite percentage of our outstanding common stock to approve the merger proposal, provided we are not in material breach of our obligations to hold our special meeting and our board of directors is not in breach of its covenant to recommend such approval.

FNB may terminate the merger agreement at any time prior to our special meeting if we have:

breached our obligation not to initiate, solicit or encourage or take any action to facilitate another proposal to acquire us, participate in any discussions or negotiations relating to another proposal to acquire us or, except as permitted by and subject to certain terms of the merger agreement, approve, recommend or enter into any letter of intent, agreement or other commitment relating to another proposal to acquire us;

failed to have our board of directors recommend approval of the merger proposal to our shareholders or our board of directors shall have changed its recommendation, except as permitted by the merger agreement with respect to a proposal to acquire us on terms and conditions superior to those in the merger agreement;

recommended approval of another proposal to acquire us; or

failed to call, give notice of, convene and hold our special meeting.

We may terminate the agreement at any time prior to our special meeting:

in order to enter into an agreement relating to an acquisition proposal that has terms superior to those of the merger agreement from the perspective of our shareholders; or

if the average closing price of FNB common stock during a specified period before receipt of the last regulatory approval of the merger is less than $11.94 and FNB common stock underperforms the Nasdaq Bank Index by 20% and FNB does not elect to increase the exchange ratio as provided in the merger agreement.

Except as provided below with respect to termination fees and expenses and the parties respective confidentiality obligations in the event the merger agreement is terminated by FNB or us, neither of us will have any liability or obligation other than liabilities or damages incurred by either of us as a result of our willful breach of any of our respective representations, warranties, covenants or agreements contained in the merger agreement.

Expenses; Termination Fee (Page 77)

The merger agreement provides that we will pay FNB a break-up fee of $3,750,000 if:

prior to the mailing of this proxy statement/prospectus, we terminate the merger agreement in order to enter into an agreement relating to an acquisition proposal that has terms superior to those of the merger agreement from the perspective of our shareholders; or

FNB terminates the merger agreement prior to our special meeting because we have breached our obligation not to encourage or solicit acquisition proposals, we have failed to hold our special meeting or our board of directors has not recommended approval of the merger proposal or has changed its recommendation or has recommended approval of another proposal to acquire us or we fail to hold our special meeting; or

a tender or exchange offer for 25% or more of our common stock is made and our board of directors fails to send a statement to our shareholders recommending rejection of that offer within 10 days after the offer has

been made; or

FNB or we terminate the merger agreement because:

Our shareholders did not approve the merger proposal; and

a proposal to acquire us is made by a third party after February 14, 2008 and is not withdrawn prior to termination of the merger agreement; and

within 18 months thereafter, we enter into an agreement to merge with or be acquired by that third party or that third party acquires substantially all of our assets or that third party acquires more than 50% of our common stock.

The merger agreement also provides that upon termination:

by us because FNB breached its representations, warranties, covenants, agreements or other obligations in the merger agreement, which breach could reasonably be expected to result in a material adverse effect and which breach cannot be or is not cured, assuming we are also not in material breach of our obligations under the merger agreement, FNB will pay our out-of-pocket expenses in connection with the merger, including fees and expenses of legal counsel, financial advisors and accountants, up to a maximum of $500,000; and

by FNB because our shareholders did not approve the merger proposal at our special meeting or because we breached our representations, warranties, covenants, agreements or other obligations in the merger agreement which breach could reasonably be expected to result in a material adverse effect and which breach cannot be or is not cured, assuming FNB is also not in material breach of its obligations under the merger agreement, we will pay FNB s out-of-pocket expenses in connection with the merger, including fees and expenses of legal counsel, financial advisors and accountants, up to a maximum of $500,000, provided, however, that we do not have to pay FNB s expenses if we have paid the break-up fee to FNB.

Material U.S. Federal Income Tax Consequences of the Merger (Page 78)

We intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. In general, assuming that the merger so qualifies, each shareholder who receives solely shares of FNB common stock will not recognize gain or loss, while each shareholder who receives FNB common stock and cash generally will recognize gain, but not loss, for U.S. federal income tax purposes in an amount not exceeding the amount of cash received. In addition, our shareholders who receive solely cash in exchange for our shares in the merger will generally recognize gain or loss equal to the difference between the amount of cash received and their adjusted tax basis in our shares surrendered. The tax consequences of the merger to our shareholders may vary depending on their particular circumstances. We urge each of you to consult your own tax advisor with respect to the tax consequences of the merger.

Dividends (Page 66)

FNB paid cash dividends on its common stock totaling $0.95 per share for 2007. Based on the exchange ratio and FNB s current annual dividend rate of $0.96 per share, holders of our common stock would experience an anticipated dividend at an annual rate of $4.80 per IRGB share, an increase of $3.60 per IRGB share per year. Although FNB has no current plan or intention to change its dividend rate, FNB s board of directors may, subject to applicable law, change its dividend rate in the future. FNB s ability to pay dividends on its common stock is subject to various legal and regulatory limitations.

Certain Differences in Rights of Shareholders (Page 84)

When the merger is completed, the rights of our shareholders who receive FNB common stock will be governed by Florida law and FNB s articles of incorporation and bylaws rather than Pennsylvania law and our articles of incorporation and bylaws.

Future FNB Acquisitions (Page 29)

As part of its growth strategy, FNB may acquire other banks or financial services institutions to expand or strengthen its market position. Risks associated with this strategy are described in Risk Factors.

Comparative Market Prices and Dividends (Page 95)

FNB common stock is listed on the NYSE under the symbol FNB. Prices for our common stock are quoted on the OTC Bulletin Board under the symbol IRGB. The table on page 95 lists the quarterly price range of FNB common stock and our common stock since January 1, 2006 as well as the quarterly cash dividends we and FNB have paid. The following table shows the closing price of FNB common stock and our common stock as reported on February 14, 2008, the last trading day before FNB and we announced the merger, and on June 18, 2008, the last practicable trading day before the date of mailing of this proxy statement/prospectus. This table also shows the pro forma equivalent value of the merger consideration proposed for each share of our common stock, which we calculated by multiplying the closing price of FNB common stock on those dates by five (the exchange ratio in the merger).

	FNB Common Stock	IRGB Common Stock	Pro Forma Equivalent Value of One Share of IRGB Common Stock
February 14, 2008	$ 14.92	$ 53.00	$ 74.60
June 18, 2008	12.82	68.50	64.10

The market price of FNB common stock may change at any time. Consequently, the total dollar value of the FNB common stock that you will be entitled to receive as a result of the merger may be significantly higher or lower than its current value. We urge you to obtain a current market quotation for FNB common stock. No assurance can be given as to the future price of FNB common stock.

Questions and Additional Information (Page 35)

If you have more questions about the merger or how to submit your proxy card, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, please call Michael J. Hagan, our President and Chief Executive Officer, at (412) 488-5200.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF FNB

Set forth below are highlights from FNB s consolidated financial data as of and for the years ended December 31, 2003 through 2007 and FNB s unaudited consolidated financial data as of and for the three months ended March 31, 2007 and 2008. FNB s results of operations for the three months ended March 31, 2007 and 2008 are not necessarily indicative of FNB s results of operations for the full year of 2008. FNB management prepared the unaudited information on the same basis as it prepared FNB s audited consolidated financial statements. In the opinion of FNB s management, this information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data for these periods. You should read this information in conjunction with FNB s consolidated financial statements and related notes included in FNB s Annual Report on Form 10-K for the year ended December 31, 2007 and FNB s Quarterly Report on Form 10-Q for the three months ended March 31, 2008 which are incorporated by reference in this proxy statement/prospectus and from which this information is derived. See Where You Can Find More Information on page 98.

Selected Consolidated Historical Financial Data of FNB

	Three Months Ended March 31,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(Dollars in thousands, except per share amounts)						
Summary of Earnings Data:							
Total interest income	$ 88,525	$ 90,487	$ 368,890	$ 342,422	$ 295,480	$ 253,568	$ 256,102
Total interest expense	39,560	42,567	174,053	153,585	108,780	84,390	86,990
Net interest income	48,965	47,920	194,837	188,837	186,700	169,178	169,112
Provision for loan losses	3,583	1,847	12,693	10,412	12,176	16,280	17,155
Net interest income after provision for loan losses	45,382	46,073	182,144	178,425	174,524	152,898	151,957
Total non-interest income	22,168	20,916	81,609	79,275	57,807	77,326	67,319
Total non-interest expense	44,363	41,896	165,614	160,514	155,226	140,892	183,272
Income before income taxes	23,187	25,093	98,139	97,186	77,105	89,332	36,004
Income taxes	6,696	7,723	28,461	29,537	21,847	27,537	8,966
Income from continuing operations	16,491	17,370	69,678	67,649	55,258	61,795	27,038
Earnings from discontinued operations, net of taxes							31,751
Net income	16,491	17,370	69,678	67,649	55,258	61,795	58,789
Per Share Data(1):							
Basic earnings per share:							
Continuing operations	$ 0.27	$ 0.29	$ 1.16	$ 1.15	$ 0.99	$ 1.31	$ 0.58
Discontinued operations							0.69

Net income	0.27	0.29	1.16	1.15	0.99	1.31	1.27
Diluted earnings per share:							
Continuing operations	0.27	0.29	1.15	1.14	0.98	1.29	0.57
Discontinued operations							0.68
Net income	0.27	0.29	1.15	1.14	0.98	1.29	1.25
Cash dividends paid	0.24	0.235	.95	0.94	0.925	0.92	0.93
Book value(2)	8.97	8.91	8.99	8.90	8.31	6.47	13.10

	Three Months Ended March 31,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(Dollars in thousands, except per share amounts)						
ement of dition Data (at end riod):							
assets	$ 6,164,590	$ 6,015,804	$ 6,088,021	$ 6,007,592	$ 5,590,326	$ 5,027,009	$ 8,308,3
s of discontinued tions							3,751,1
oans	4,386,641	4,207,157	4,291,429	4,200,569	3,698,340	3,338,994	3,213,0
sits	4,436,654	4,395,029	4,397,684	4,372,842	4,011,943	3,598,087	3,439,5
-term borrowings	465,590	364,258	449,823	363,910	378,978	395,106	232,9
-term and junior rdinated debt	647,476	651,707	632,397	670,921	662,569	636,209	584,8
lities of ntinued operations							3,386,0
shareholders y(2)	543,622	538,292	544,357	537,372	477,202	324,102	606,9
ficant Ratios(2)**:**							
rn on average s	1.09%	1.17%	1.15%	1.15%	0.99%	1.29%	0.
rn on average ble assets	1.18	1.28	1.25	1.25	1.07	1.34	0.
rn on average y	12.14	13.06	12.89	13.15	12.44	23.54	9.
rn on average ble equity	24.24	26.79	26.23	26.30	23.62	30.42	16.
lend payout ratio	88.44	81.71	82.45	81.84	94.71	72.56	72.
age equity to ge assets	8.95	8.98	8.93	8.73	7.97	5.50	7.

(1) Per share amounts for 2003 have been restated for the common stock dividend declared on April 28, 2003.

(2) Effective January 1, 2004, FNB spun-off its Florida operations into a separate, independent public company. As a result of the spin-off, the Florida operations earnings for prior years have been classified as discontinued operations on FNB s consolidated income statements and the assets and liabilities related to the discontinued operations have been disclosed separately on FNB s consolidated balance sheets for prior years. In addition, the book value at period end, stockholders equity, the return on average assets ratio, the return on average tangible assets ratio, the return on average equity ratio, the return on average tangible equity ratio and the dividend payout ratio for 2003 include the discontinued operations.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF IRGB

Set forth below are highlights from IRGB s consolidated financial data as of and for the years ending December 31, 2003 through December 31, 2007 and IRGB s unaudited consolidated financial data as of and for the three months ended March 31, 2007 and 2008. The results of operations for the three months ended March 31, 2007 and 2008 are not necessarily indicative of the results of operations of IRGB for the full year. IRGB management prepared the unaudited information on the same basis as it prepared IRGB s audited consolidated financial statements. In the opinion of IRGB s management, this information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data for these periods. See Where You Can Find More Information on page 98 and Index to IRGB Financial Statements on page F-1.

Selected Consolidated Historical Financial Data of IRGB

	Three Months Ended March 31,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(Dollars in thousands, except per share amounts)						
Summary of Earnings Data:							
Total interest income	$ 4,408	$ 4,446	$ 17,798	$ 17,632	$ 16,562	$ 16,323	$ 16,786
Total interest expense	1,917	1,883	7,666	6,844	5,127	4,873	5,784
Net interest income	2,491	2,563	10,133	10,788	11,435	11,450	11,002
Provision for loan losses	60	60	25	325	535	1,556	690
Net interest income after provision for loan losses	2,431	2,503	10,108	10,463	10,900	9,894	10,312
Total non-interest income	374	382	1,575	1,690	1,268	1,832	1,342
Total non-interest expense	1,989	1,739	6,828	7,002	6,911	6,647	6,687
Income before income taxes	816	1,146	4,854	5,151	5,257	5,080	4,967
Income tax/expense	223	320	1,336	1,392	1,510	1,476	1,454
Net income from continuing operations	593	826	3,518	3,759	3,747	3,604	3,514
Earnings from discontinued operations, net of taxes							
Net income	593	826	3,518	3,759	3,747	3,604	3,514
Per Share Data:							
Basic earnings per share:							
Net income	0.53	0.74	3.15	3.37	3.37	3.24	3.18
Diluted earnings per share:							
Net income	0.53	0.73	3.11	3.31	3.31	3.20	3.14
Cash dividends common	0.30	0.28	1.21	1.13	1.05	0.97	0.89
Book value common	35.46	33.15	35.35	32.56	30.15	28.33	26.68

	Three Months Ended March 31,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(Dollars in thousands, except per share amounts)						
Statement of Condition Data (at end of period):							
Total assets	$ 315,329	$ 299,562	$ 301,995	$ 301,619	$ 293,189	$ 291,706	$ 293,478
Net loans	166,976	162,617	163,404	165,113	163,758	165,607	163,083
Deposits	263,785	251,053	251,272	253,103	239,451	249,927	252,569
Short-term borrowings	457	498	737	718	9,860	455	406
Long-term debt	8,000	8,000	8,000	8,000	8,000	8,000	9,000
Accrued interest and other liabilities	3,487	2,947	2,506	3,408	2,344	1,925	1,975
Total shareholders equity	39,599	37,065	39,479	36,389	33,535	31,400	29,528
Significant Ratios:							
Return on average assets	0.78%	1.10%	1.18%	1.26%	1.30%	1.23%	1.18%
Return on average common equity	6.02	8.99	9.45	10.86	11.52	11.97	12.35
Dividend payout common	56.60	37.84	38.41	33.53	31.16	29.94	27.99
Average equity to average assets	13.02	12.19	12.45	11.63	11.28	10.24	9.52

SELECTED CONSOLIDATED UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following table sets forth information about FNB s financial condition and results of operations, including per share data and financial ratios, after giving effect to the April 1, 2008 merger of Omega Financial Corporation, or Omega, with and into FNB and the merger of IRGB with and into FNB. This information is called pro forma financial information in this proxy statement/prospectus. The table shows the information as if the mergers had become effective on March 31, 2008, in the case of balance sheet data, and on January 1, 2007, in the case of income statement data. This pro forma information assumes that the mergers are accounted for using the purchase method of accounting and represents a current estimate based on available information about FNB s, Omega s and IRGB s results of operations. See Accounting Treatment on page 78.

The pro forma financial information includes adjustments to record the assets and liabilities of Omega and IRGB at their estimated fair values and is subject to further adjustment as additional information becomes available and as further analyses are completed. This table should be read in conjunction with, and is qualified in its entirety by, the historical financial statements, including the notes thereto, of IRGB, Omega and FNB included in or incorporated by reference in this proxy statement/prospectus. See Where You Can Find More Information on page 98.

The pro forma financial information, while helpful in illustrating the combined financial condition and results of operations of IRGB, Omega and FNB once the merger with IRGB is completed under a particular set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies and asset dispositions, among other possibilities, and post-merger integration costs that may occur as a result of the merger and, accordingly, does not attempt to predict future results. The pro forma financial information also does not necessarily reflect what the combined historical results of operations of IRGB, Omega and FNB would have been had they been merged during these periods.

SELECTED CONSOLIDATED UNAUDITED PRO FORMA FINANCIAL INFORMATION

	As of March 31, 2008						
	FNB	Omega	Pro Forma Adjustments	Pro Forma Combined	IRGB	Pro Forma Adjustments	Pro Fo Combi
	(Dollars in thousands, except per share amounts)						
	ASSETS:						
d equivalents	$ 109,783	$ 121,129	$	$ 230,912	$ 26,001	$ (37,251)(A)	$ 21
ent securities	1,014,882	266,127	29	1,281,038	113,772		1,39
e loans held	9,038			9,038	201		
	4,440,037	1,111,789	(1,118)	5,550,708	168,379	717(B,C)	5,71
ce for loan	(53,396)	(13,937)	2,694	(64,639)	(1,604)	21(C)	(6
s	4,386,641	1,097,852	1,576	5,486,069	166,775	738	5,65
s and nt, net	80,922	28,705		109,627	1,238		11
l	242,120	159,264	61,652	463,036	691	47,228(E)	51
tangibles	18,364	5,669	33,660	57,693		5,788(D)	6
sets	302,840	101,981	(3,775)	401,046	6,651	38(F)	40
sets	$ 6,164,590	$ 1,780,727	$ 93,142	$ 8,038,459	$ 315,329	$ 16,541	$ 8,37
	LIABILITIES:						
.	$ 4,436,654	$ 1,276,617	$ 6,227	$ 5,719,498	$ 263,785	$ 2,617(G)	$ 5,98
ngs	962,035	101,199	1,180	1,064,414	8,457	632(H)	1,07
ubordinated	151,031	55,570	(709)	205,892			20
bilities	71,248	13,172	28,190	112,610	3,488	5,063(I)	12
bilities	5,620,968	1,446,558	34,888	7,102,414	275,730	8,312	7,38
lders equity	543,622	334,169	58,254	936,045	39,599	8,229(J)	98
bilities and ders equity	$ 6,164,590	$ 1,780,727	$ 93,142	$ 8,038,459	$ 315,329	$ 16,541	$ 8,37
lue per share	$ 8.97	$ 26.37		$ 10.89	$ 35.46		$
utstanding	60,613,702	12,673,064	12,689,461	85,976,227	1,116,608	1,918,633	89,01
ratios:							
e ngible assets	4.80%	10.47%		5.52%	12.37%		
e capital ratio	7.51%	13.38%		8.29%	12.66%		

See Notes to Selected Consolidated Unaudited Pro Forma Financial Information

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	For the Three Months Ended March 31, 2008						
	FNB	Omega	Pro Forma Adjustments	Pro Forma Combined	IRGB	Pro Forma Adjustments	Pro Forma Combined
	(Dollars in thousands, except per share amounts)						
Total interest income	$ 88,525	$ 21,816	$ (696)	$ 109,645	$ 4,408	$ (151)(B)	$ 113,902
Total interest expense	39,560	7,851	(1,883)	45,528	1,917	(570)(G,H)	46,875
Net interest income	48,965	13,965	1,187	64,117	2,491	419	67,027
Provision for loan losses	3,583	3,435		7,018	60		7,078
Net interest income after provision for loan losses	45,382	10,530	1,187	57,099	2,431	419	59,949
Non-interest income	22,168	6,872		29,040	374		29,414
Non-interest expense	44,363	16,390	1,561	62,314	1,989	259(D)	64,562
Income before income taxes	23,187	1,012	(374)	23,825	816	160	24,801
Income taxes	6,696	(180)	(131)	6,385	223	56(K)	6,664
Net income	$ 16,491	$ 1,192	$ (243)	$ 17,440	$ 593	$ 104	$ 18,137
Earning per common share:(K)							
Basic	$ 0.27	$ 0.09		$ 0.20	$ 0.53		$ 0.20
Diluted	$ 0.27	$ 0.09		$ 0.20	$ 0.53		$ 0.20
Ratios:							
Return on average assets	1.09%	0.27%		0.88%	0.78%		0.88%
Return on average equity	12.14%	1.42%		7.45%	6.02%		7.37%
Dividend payout ratio	88.44%	329.51%		118.53%	56.60%		117.99%

See Notes to Selected Consolidated Unaudited Pro Forma Financial Information

	For the Year Ended December 31, 2007						
	FNB	Omega	Pro Forma Adjustments	Pro Forma Combined	IRGB	Pro Forma Adjustments	Pro Forma Combined
	(Dollars in thousands, except per share amounts)						
Total interest income	$ 368,890	$ 93,978	$ (2,785)	$ 460,083	$ 17,798	$ (605)(B)	$ 477,276
Total interest expense	174,053	34,153	(7,532)	200,674	7,666	(2,279)(G,H)	206,061
Net interest income	194,837	59,825	4,747	259,409	10,132	1,674	271,215
Provision for loan losses	12,693	2,155		14,848	25		14,873
Net interest income after provision for loan losses	182,144	57,670	4,747	244,561	10,107	1,674	256,342
Non-interest income	81,609	28,082		109,691	1,575		111,266
Non-interest expense	165,614	58,095	6,244	229,953	6,828	1,036(D)	237,817
Income before income taxes	98,139	27,657	(1,497)	124,299	4,854	638	129,791
Income taxes	28,461	6,560	(524)	34,497	1,336	223	36,056
Net income	$ 69,678	$ 21,097	$ (973)	$ 89,802	$ 3,518	$ 415	$ 93,735
Earnings per common share							
Basic	$ 1.16	$ 1.67		$ 1.05	$ 3.15		$ 1.06
Diluted	$ 1.15	$ 1.67		$ 1.04	$ 3.11		$ 1.05
Ratios:							
Return on average assets	1.15%	1.17%		1.13%	1.18%		1.13%
Return on average equity	12.89%	6.36%		9.65%	9.45%		9.61%
Dividend payout ratio	82.45%	74.44%		90.80%	38.41%		90.07%

See Notes to Selected Consolidated Unaudited Pro Forma Financial Information

NOTES TO SELECTED CONSOLIDATED UNAUDITED PRO FORMA FINANCIAL INFORMATION

Note 1 Basis of Pro Forma Presentation

The preceding tables set forth information about FNB s financial condition and results of operations, including per share data and financial ratios, after giving effect to the April 1, 2008 merger of Omega Financial Corporation (Omega) with and into FNB and the merger of IRGB with and into FNB. This information is called pro forma financial information in this proxy statement/prospectus. The table shows the information as if the mergers had become effective on March 31, 2008, in the case of balance sheet data, and on January 1, 2007, in the case of income statement data.

The estimated purchase price of $82.8 million for IRGB is based on a 45% cash payout at $75.00 per share and a 55% conversion of shares into FNB common stock using an exchange ratio of 5.0. The per share price value for FNB common stock was $14.99, which was the average of the closing prices of FNB common stock for the period commencing four trading days before, and ending four trading days after February 15, 2008, the date of the announcement of the merger agreement.

The merger will be accounted for using the purchase method of accounting; accordingly, FNB s cost to acquire us will be allocated to the assets acquired, including identifiable intangible assets, and liabilities assumed from us at their respective fair values on the date the merger is completed. This table should be read in conjunction with, and is qualified in its entirety by, the historical financial statements, including the notes thereto, of IRGB and FNB included in or incorporated by reference in this proxy statement/prospectus. See Where You Can Find More Information on page 98.

The selected consolidated unaudited pro forma financial information includes estimated adjustments to record our assets and liabilities at their respective fair values and represents management s estimates based on available information. The pro forma adjustments included herein may be revised as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the merger is completed and after completion of a final analysis to determine the fair values of our tangible, and identifiable intangible, assets and liabilities as of the closing date. Accordingly, the final purchase accounting adjustments and integration charges may be materially different from the pro forma adjustments presented in this proxy statement/prospectus. Increases or decreases in the fair value of the net assets, commitments, contracts and other items of IRGB compared to the information shown in this proxy statement/prospectus may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact the statement of income due to adjustments in yield and/or amortization of the adjusted assets or liabilities.

The selected consolidated unaudited pro forma financial information presented in this proxy statement/prospectus does not necessarily indicate the results of operations or the combined financial position that would have resulted had the merger been completed at the beginning of the applicable period presented, does not reflect the impact of possible revenue enhancements, expense efficiencies or asset dispositions, and is not indicative of the results of operations in future periods or the future financial position of the combined company.

Note 2 Pro Forma Adjustments

The selected consolidated unaudited pro forma financial information for the merger includes the pro forma balance sheet as of March 31, 2008 assuming the merger was completed on March 31, 2008. The pro forma income statements for the three months ended March 31, 2008 and the year ended December 31, 2007 were prepared assuming the merger was completed on January 1, 2007.

IRGB

The selected consolidated unaudited pro forma financial information reflects the issuance of 3,035,241 shares of FNB common stock with an aggregate value of $45.5 million and the conversion of approximately 61,804 shares underlying IRGB stock options with a value of approximately $2.3 million at

March 31, 2008. All IRGB stock options are vested and will be converted into FNB stock options at the time of the merger. Common stock used in the exchange was valued as discussed in Note 1 above.

The allocation of the purchase price follows (in thousands):

Cash, assuming 45% of IRGB shares receive cash of $75.00 per share	$ 37,251
Value of IRGB shares converted at an exchange ratio of 5 to 1	45,505
Incremental direct costs associated with the merger, net of tax benefit	2,935
Fair value of outstanding employee and non-employee stock options	2,323
Total cost of acquisition	88,014
IRGB net assets acquired:	
Stockholders equity	39,599
Elimination of recorded goodwill and other intangibles, net of deferred taxes	(691)
IRGB s tangible book value	38,908
Estimated adjustments to reflect assets acquired and liabilities assumed at fair value:	
Total fair value adjustments	1,827
Associated deferred income taxes	(640)
Fair value of net assets acquired, net of tax	40,095
Goodwill resulting from the merger	$ 47,919

The pro forma adjustments included in the selected consolidated unaudited pro forma financial information are as follows:

(A) Adjustment to record the cash consideration paid for the transaction.

(B) Adjustment to record the current fair value of our loan portfolio based on current interest rates. The adjustment will be recognized over the estimated remaining life of the loan portfolio. The impact of the adjustment was to decrease interest income by approximately $0.2 million and $0.6 million for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively.

(C) Adjustment to fair value for loans deemed impaired in accordance with Statement of Position 03-3.

(D) Adjustment to record core deposit intangible assets based on estimated fair values. Management is studying the nature, amount and amortization method of various possible identified intangibles. The adjustments reflected herein are based on current assumptions and valuations, which are subject to change. For purposes of the pro forma adjustments shown here, the estimated fair value of the core deposit intangible is $5.8 million. FNB estimates that the core deposit intangibles will be amortized on an accelerated basis over ten years. Material changes to these estimated fair values and estimated useful lives are possible once FNB completes its analyses. The net impact of the adjustment was to increase non-interest expense by approximately $0.3 million and $1.0 million for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively.

(E) Adjustment to write-off historical goodwill and record goodwill created as a result of the merger.

(F) Adjustment to record the deferred tax asset created as a result of the fair value adjustments using FNB s statutory tax rate of 35%.

(G) Adjustment to fair value of time deposit liabilities based on current interest rates for similar instruments. The adjustment will be recognized over the estimated remaining term of the related deposit liability. The impact of the adjustment was to decrease interest expense by approximately $0.5 million and $2.0 million for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively.

(H) Adjustment to fair value of outstanding long-term debt instruments. The adjustment will be recognized over the remaining life of the debt instruments. The impact of the adjustment was to decrease interest expense by $0.1 million and $0.3 million for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively.

(I) Adjustment to reflect the liability for incremental direct costs associated with the merger, net of the tax benefit. These costs include accountant and attorney fees, investment banker services, payout of vendor and employee contracts and severance payments to our displaced personnel. These liabilities have been recorded pursuant to EITF 95-3, Recognition of Liabilities in Connection with a Purchase Business Combination. The tax benefits of accounting and attorneys fees and investment banker services have not yet been determined.

(J) Adjustment to eliminate our historical shareholders equity; the adjustment reflects the issuance of FNB common stock and the conversion of our stock options into FNB stock options.

(K) Adjustment to record the tax effect of the pro forma adjustments using FNB s statutory tax rate of 35%.

(L) Weighted average shares were calculated using the historical weighted average shares outstanding of IRGB and FNB, adjusted using the exchange ratio, to the equivalent shares of FNB common stock, for the year ended December 31, 2007 and the three months ended March 31, 2008. Earnings per share data have been computed based on the combined historical income of IRGB and FNB and the impact of purchase accounting adjustments.

Omega

The pro forma adjustments for Omega are as follows:

The adjustments to fair value loans, deposits and borrowings as of March 31, 2008 were $1.6 million, $6.2 million and $0.5 million, respectively.

The impact of the Omega fair value adjustments for the three months ended March 31, 2008 on loans was to decrease interest income by $0.7 million and on deposits and borrowings was to decrease interest expense by $1.9 million. The impact of the Omega fair value adjustment on the core deposit intangible was to increase non-interest expense by $1.6 million for the three months ended March 31, 2008.

The impact of the Omega fair value adjustments for the year ended December 31, 2007 on loans was to decrease interest income by $2.8 million and on deposits and borrowings was to decrease interest expense by $7.5 million. The impact of the Omega fair value adjustment on the core deposit intangible was to increase non-interest expense by $6.2 million for the year ended December 31, 2007.

Note 3 Merger-Related Charges and Benefits

In connection with the merger, a plan is being developed to integrate FNB s and our operations. The total integration costs have not yet been determined and have not been included in the pro forma adjustments. The specific details of these plans will continue to be refined over the next several months. Currently, FNB s merger integration team is assessing the two companies operations, including information systems, premises, branch offices, equipment, benefit plans, service contracts, product offerings and personnel to determine optimum strategies to realize additional cost savings.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

The following discussion of our results of operations and financial condition should be read in conjunction with our financial statements included elsewhere in this proxy statement/prospectus.

Overview

Our net income for the quarter ended March 31, 2008 was $592,982, or $.53 per basic share, compared to net income of $825,883, or $.74 per basic share, for the quarter ended March 31, 2007. This decrease was primarily due to an increase in non-interest expense. Our stockholders equity at March 31, 2008 increased to $39,598,650 or $35.46 per share, from $37,065,207, or $33.15 per share at March 31, 2007.

Liquidity and Capital Resources

Our primary sources of cash during the quarter ended March 31, 2008 were interest earned on loans and investment securities, loan repayments and proceeds from maturing investment securities. At March 31, 2008, we had outstanding loans of $166,975,904, net of our allowance for loan losses and unearned income, and commitments to fund new loans of $24,790,915. We expect that these requirements will be funded from the sources described above.

The following table shows selected ratios for the period or at the date indicated:

	Quarter Ended March 31, 2008
Average equity as a percentage of average assets	13.02%
Equity to total assets at end of period	12.56
Return on average assets	.78
Return on average equity	6.02
Non-interest expense to average assets	.65
Non-performing loans and other real estate owned to total assets at end of period	.56

Results of Operations

Interest Income and Expense

Total interest income decreased to $4,408,325 for the first quarter of 2008 from $4,445,768 in the first quarter of 2007. Interest and fees on loans decreased in the first quarter of 2008 due to a decrease in the yield earned on our portfolio which more than offset a slight increase in loans outstanding. Interest income earned on investment securities and federal funds sold decreased due to a decrease in the amount of investment securities owned and federal funds sold in the portfolio.

Interest expense on deposits increased for the first quarter of 2008. Interest expense on deposits increased primarily because of higher balances in interest-bearing deposit accounts.

Provision for Loan Losses

The provision for loan losses is charged to earnings to bring the total allowance to a level deemed appropriate by management and is based upon historical experience, the volume and type of lending we conduct, industry standards, the amount of non-performing loans, general economic conditions, particularly as they related to our market areas and other factors related to the collectibility of our loan portfolio. The provision for both the first quarter of 2008 and 2007 was $60,000.

Non-Interest Income

Non-interest income decreased to $374,018 for the first quarter of 2008 from $382,188 for the first quarter of 2007. The decrease is primarily due to a decrease in fees earned on deposit account service charges.

Non-Interest Expense

Non-interest expense increased to $1,988,944 for the first quarter of 2008 from $1,739,329 for the first quarter of 2007. This increase was primarily attributable to the merger expenses we paid during the first quarter of 2008.

Income Taxes

Our income tax provision for the first quarter of 2008 was $223,000, an effective rate of 27.3%, compared to $320,000, an effective rate of 27.9%, for the first quarter of 2007.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that could be material to investors.

Contractual Obligations or Other Commercial Commitments

The following table summarizes our material contractual obligations in effect at March 31, 2008 and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods:

	Payments Due by Period				
	Total	**Less than One Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Long-term debt obligations	$ 8,000,000		$ 8,000,000		
Operating lease obligations	780,707	$ 176,508	337,296	$ 176,903	$ 110,000
Total contractual obligations	$ 8,780,707	$ 176,508	$ 8,317,296	$ 176,903	$ 110,000

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

The following discussion of our results of operations and financial condition should be read in conjunction with our financial statements for the years ended December 31, 2007 and 2006 included elsewhere in this proxy statement/prospectus.

Overview

Our net income for the year ended December 31, 2007 was $3,518,355, or $3.15 per basic share, compared to net income of $3,758,671, or $3.37 per basic share, for the year ended December 31, 2006. This decrease was primarily due to a decline in net interest income. Our shareholders equity increased to $39,479,000 at December 31, 2007, or $35.35 per share, from $36,389,403, or $32.56 per share, at December 31, 2006.

Liquidity and Capital Resources

Our primary sources of cash during 2007 were interest earned on loans and investment securities, loan repayments and proceeds from maturing investment securities. At December 31, 2007, we had outstanding loans of $163,403,601, net of allowance for loan losses and unearned income and commitments to fund new loans of $33,140,786. We expect that these requirements will be funded from the sources described above.

The following table shows selected ratios for the period or at the date indicated:

	Year Ended December 31, 2007
Average equity as a percentage of average assets:	12.45%
Equity to total assets at end of period:	13.07
Return on average assets:	1.18
Return on average equity:	9.45
Non-interest expense to average assets:	2.30
Non-performing loans and other real estate owned to total assets at end of period:	.64

Results of Operations

Interest Income and Expense

Our total interest income increased to $17,798,084 for 2007 from $17,632,297 in 2006. Our interest and fees on loans decreased to $11,085,941 in 2007 due to a decrease in loans outstanding, which more than offset a slight increase in the yield earned on the loan portfolio. Our interest income from investment securities and federal funds sold increased due to an increase in the amount of investment securities owned and federal funds sold in the portfolio.

Our interest expense on deposits increased to $7,028,821 in 2007 from $6,301,855 in 2006. Our interest expense on deposits increased primarily because of a steady increase in interest rates paid to depositors, which was consistent throughout the banking industry.

Provision for Loan Losses

Our provision for loan losses is charged to earnings to bring the total allowance to a level deemed appropriate by management and is based upon historical experience, the volume and type of lending we conduct, industry standards, the amount of non-performing loans, general economic conditions, particularly as they relate to our market areas and other factors related to the collectibility of our loan portfolio. Our loan loss provision for 2007 was $25,000 compared to $325,000 for 2006.

Non-Interest Income

Our non-interest income decreased to $1,574,799 in 2007 from $1,689,501 in 2006. The decrease is primarily due to a decrease in gains on sale of investment securities.

Non-Interest Expense

Our non-interest expense decreased 2.5% to $6,828,452 for 2007 from $7,002,186 for 2006. The primary factor attributable to this decrease was a decline in salaries and employee benefits.

Income Taxes

Our income tax provision for 2007 was $1,335,564, an effective rate of 27.5%, compared to $1,391,901, an effective rate of 27.0%, for 2006.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that could be material to investors.

Contractual Obligations or Other Commercial Commitments

The following table summarizes our material contractual obligations in effect at December 31, 2007 and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods:

		Payment Due by Period			
	Total	Less Than One Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term debt obligations	$ 8,000,000		$ 8,000,000		
Operating lease obligations	824,384	$ 175,908	331,861	$ 190,115	$ 126,500
Total contractual obligations	$ 8,824,384	$ 175,908	$ 8,331,861	$ 190,115	$ 126,500

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

The following discussion of our results of operations and financial condition should be read in conjunction with our financial statements included elsewhere in this proxy statement/prospectus.

Overview

Net income for the year ended December 31, 2006 was $3,758,671, or $3.37 per basic share, compared to net income of $3,746,706, or $3.37 per basic share, for the year ended December 31, 2005. This increase was primarily due to an increase in non-interest income. Shareholders equity increased to $36,389,403 at December 31, 2006, or $32.56 per share, from $33,534,683, or $30.15 per share, at December 31, 2005.

Liquidity and Capital Resources

Our primary sources of cash during the year 2006 were from an increase in deposits, interest earned on loans and investment securities, loan repayments and proceeds from maturing investment securities. At December 31, 2006, we had outstanding loans of $165,112,844, net of our allowance for loan losses and unearned income and commitments to fund new loans of $14,767,408. We expect that these requirements will be funded from the sources described above.

The following table shows selected ratios for the period or at the date indicated:

	Year Ended December 31, 2006
Average equity as a percentage of average assets:	11.63%
Equity to total assets at end of period:	12.06
Return on average assets:	1.26
Return on average equity:	10.86
Non-interest expense to average assets:	2.35
Non-performing loans and other real estate owned to total assets at end of period:	.42

Results of Operations

Interest Income and Expense

Total interest income increased to $17,632,297 for 2006 from $16,561,803 in 2005. Interest and fees on loans increased to $11,222,037 in 2006 due to an increase in loans outstanding and an increase in the yield earned on our loan portfolio. The increase in interest rates throughout the banking industry generated the higher yield. Interest income earned on investment securities also increased due to an increase in the amount of investment securities owned in the portfolio.

Interest expense on deposits increased to $6,301,855 in 2006 from $4,588,160 in 2005. Interest expenses on deposits increased primarily because of growth in the total dollar amount of deposits and a steady increase in interest rates, which was consistent throughout the banking industry.

Provision for Loan Losses

The provision for loan losses is charged to earnings to bring the total allowance to a level deemed appropriate by management and is based upon historical experience, the volume and type of lending we conducted, industry standards, the amount of non-performing loans, general economic conditions, particularly as they relate to our market areas, and other factors related to the collectibility of our loan portfolio. The provision for 2006 was $325,000 and for 2005 was $535,000.

Non-Interest Income

Non-interest income increased to $1,689,501 in 2006 from $1,267,596 in 2005. The increase is primarily due to an increase in service charges collected on deposit accounts and an increase in gains on sale of investment securities.

Non-Interest Expense

Non-interest expense increased to $7,002,186 for 2006 from $6,910,643 for 2005, an increase of 1.3%. There were no primary or material factors attributable to this minor increase.

Income Taxes

The income tax provision for 2006 was $1,391,901, an effective rate of 27.0%, compared to $1,509,978, an effective rate of 28.7%, for 2005. The drop in our effective tax rate was primarily due to an increase in tax-free income in 2006.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that could be material to investors.

Contractual Obligations or Other Commercial Commitments

The following table summarizes our material contractual obligations in effect at December 31, 2006 and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods:

	Payment Due by Period				
	Total	**Less Than One Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Long-term debt obligations	$ 8,000,000			$ 8,000,000	
Operating lease obligations	896,476	$ 166,167	$ 312,698	225,111	$ 192,500
Total contractual obligations	$ 8,896,476	$ 166,167	$ 312,698	$ 8,225,111	$ 192,500

RISK FACTORS RELATING TO THE MERGER

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, you should carefully consider the following risk factors in deciding whether to vote in favor of the merger proposal and the adjournment proposal.

Risks Specifically Related to the Merger

Because the market price of FNB common stock may fluctuate, our shareholders cannot be certain of the market value of the common stock that they will receive in the merger.

Upon completion of the merger, each share of our common stock will be converted into the right to receive five shares of FNB common stock or $75.00 in cash. Any change in the price of FNB common stock prior to the merger will affect the market value of the stock that you will receive in the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in FNB s businesses, operations and prospects and regulatory considerations.

The prices of FNB common stock and our common stock at the closing of the merger may vary from their respective prices on the date the merger agreement was executed, on the date of this proxy statement/prospectus and on the date of our special meeting. As a result, the value represented by the exchange ratio will also vary. For example, based on the range of closing prices of FNB common stock during the period from February 14, 2008, the last full trading day before public announcement of the merger, through June 18, 2008, the last practicable full trading day prior to the date of the printing of this proxy statement/prospectus, the exchange ratio represented a value ranging from a high of $84.30 on April 17, 2008 to a low of $64.10 on June 18, 2008 for each share of our common stock. Because the date the merger will be completed will be later than the date of our special meeting, at the time of our special meeting our shareholders will not know what the market value of FNB s common stock will be upon completion of the merger.

FNB may encounter integration difficulties or may fail to realize the anticipated benefits of the merger.

In determining that the merger was in the best interests of FNB and IRGB, our respective boards of directors considered that enhanced earnings may result from the consummation of the merger, including from reduction of duplicate costs, improved efficiency and cross-marketing opportunities. The success of the merger will depend, in part, on the ability of the combined company to realize the anticipated benefits of the merger, which may not be realized as anticipated or at all and may take longer to realize than anticipated. Failure to achieve the anticipated benefits of the merger could result in increased costs and decreases in the revenues of the combined company.

FNB and we may not be able to integrate their and our operations without encountering difficulties, including, without limitation, the loss of key employees and customers, the disruption of their and our respective ongoing businesses or possible inconsistencies in standards, controls, procedures and policies.

If the merger is not completed, FNB and we will have incurred substantial expenses without realizing the expected benefits of the merger.

FNB and we have incurred substantial expenses in connection with the merger described in this proxy statement/prospectus. The completion of the merger depends on the satisfaction of specified conditions and the receipt of regulatory approvals. If the merger is not completed, these expenses would have to be recognized currently and not capitalized and we and FNB would not have realized the expected benefits of the merger.

Future results of the combined company may materially differ from the pro forma financial information presented in this proxy statement/prospectus.

Future results of the combined company may be materially different from those shown in the pro forma financial statements that show only a combination of FNB s and our historical results. The costs FNB will incur in connection with the merger may be higher or lower than FNB has estimated, depending upon how

costly or difficult it is to integrate the operations of FNB and IRGB. Furthermore, these charges may decrease the capital of FNB after the merger that could be used for profitable, income-earning investments in the future.

The merger agreement limits our ability to pursue alternatives to the merger.

The merger agreement contains provisions that, subject to limited exceptions, limit our ability to discuss, facilitate or enter into agreements with third parties to acquire us. If we avail ourselves of those limited exceptions, we will be obligated to pay FNB a break-up fee of $3,750,000 if the merger agreement is terminated in specified circumstances. From our perspective, these provisions could discourage a potential competing acquiror that might have an interest in acquiring us from proposing or considering an acquisition of us even if that potential acquiror were prepared to pay a higher price to our shareholders than the price FNB proposes to pay under the merger agreement.

Some of our directors and executive officers have interests in the merger that may differ from the interests of our shareholders including, if the merger is completed, the receipt of financial and other benefits.

Executive officers of IRGB and FNB negotiated the terms of the merger agreement, the IRGB and FNB boards of directors approved the merger agreement and our board of directors recommends that you vote to approve and adopt the merger agreement. In considering these facts and the other information in this proxy statement/prospectus, you should be aware that certain of our directors and executive officers have economic interests in the merger other than their interests as shareholders. For example, some of our executive officers, two of whom are also directors, are parties to severance agreements with us that provide, among other things, cash payments in the case of a change of control, such as termination of employment after the completion of the merger with FNB. In addition, upon completion of the merger, one member of IRGB Bank s board of directors will become a member of FNB Bank s board of directors and will receive director s fees from FNB Bank in connection therewith. In addition, three members of IRGB Bank s board of directors will be offered the opportunity to serve as members of FNB s Pittsburgh Region advisory board of directors and will receive certain fees for their services. Our board of directors was aware of these interests at the time it approved the merger. These interests may cause our directors and executive officers to view the merger proposal differently and more favorably than you may view it.

Certain events could occur that would prevent counsel from issuing the tax opinions that are conditions precedent to the completion of the merger.

The issuance of tax opinions that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code are conditions precedent to the completion of the merger. These opinions can only be issued if, among other things, the FNB common stock received in the merger by our shareholders has a value in the aggregate on the date of the merger that is at least 40% of the total consideration paid for all IRGB shares in the merger. Various factors will impact a determination that the FNB common stock issued in the merger to our shareholders has a value in the aggregate equal to at least 40% of the total consideration paid for all IRGB shares in the merger, including:

- the market value of FNB common stock on the merger date;
- the amount of cash or other non-FNB stock consideration, if any, paid to our shareholders who perfect dissenters rights;
- whether we or FNB or any related parties, prior to or in connection with the merger redeem, repurchase or otherwise acquire shares of our common stock or make distributions to our shareholders; and
- if FNB or any parties related to FNB were to repurchase FNB common stock to be issued in the merger.

Risks Related to Owning FNB Common Stock

The combined company s status as a holding company makes it dependent on dividends from its subsidiaries to meet its obligations.

The combined company will be a holding company and will conduct almost all of its operations through its subsidiaries. The combined company will not have any significant assets other than the stock of its subsidiaries. Accordingly, the combined company will depend on dividends from its subsidiaries to meet its obligations. The combined company s right to participate in any distribution of earnings or assets of its subsidiaries is subject to the prior claims of creditors of such subsidiaries. Under federal and state law, FNB Bank is limited in the amount of dividends it may pay to FNB without prior regulatory approval. Also, bank regulators have the authority to prohibit FNB Bank from paying dividends if the bank regulators determine that FNB Bank is in an unsound or unsafe condition or that the payment would be an unsafe and unsound banking practice.

Interest rate volatility could significantly harm the combined company s business.

The combined company s results of operations will be affected by the monetary and fiscal policies of the federal government and the regulatory policies of governmental authorities. A significant component of the combined company s earnings will consist of its net interest income, which is the difference between the income from interest-earning assets, such as loans, and the expense of interest-bearing liabilities, such as deposits. A change in market interest rates could adversely affect the combined company s earnings if market interest rates change such that the interest the combined company pays on deposits and borrowings increases faster than the interest it collects on loans and investments. Consequently, the combined company, along with other financial institutions generally, will be sensitive to interest rate fluctuations.

The combined company s results of operations will be significantly affected by the ability of its borrowers to repay their loans.

Lending money is an essential part of the banking business. However, borrowers do not always repay their loans. The risk of non-payment is affected by:

- credit risks of a particular borrower;
- changes in economic and industry conditions;
- the duration of the loan; and
- in the case of a collateralized loan, uncertainties as to the future value of the collateral.

Generally, commercial/industrial, construction and commercial real estate loans present a greater risk of non-payment by a borrower than other types of loans. In addition, consumer loans typically have shorter terms and lower balances with higher yields compared to real estate mortgage loans, but generally carry higher risks of default. Consumer loan collections are dependent on the borrower s continuing financial stability, and thus are more likely to be affected by adverse personal circumstances. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount that can be recovered on these loans.

The combined company s financial condition and results of operations would be adversely affected if its allowance for loan losses were not sufficient to absorb actual losses.

There is no precise method of estimating loan losses. The combined company can give no assurance that its allowance for loan losses is or will be sufficient to absorb actual loan losses. Excess loan losses could have a material adverse effect on the combined company s financial condition and results of operations. FNB attempts to maintain an appropriate allowance for loan losses to provide for estimated losses in its loan portfolio. FNB periodically determines the amount of its allowance for loan losses based upon consideration of several factors, including:

a regular review of the quality, mix and size of the overall loan portfolio;

historical loan loss experience;

evaluation of non-performing loans;

assessment of economic conditions and their effects on FNB s existing portfolio; and

the amount and quality of collateral, including guarantees, securing loans.

The combined company s financial condition may be adversely affected if it is unable to attract sufficient deposits to fund its anticipated loan growth.

The combined company will fund its loan growth primarily through deposits. To the extent that the combined company is unable to attract and maintain sufficient levels of deposits to fund its loan growth, it would be required to raise additional funds through public or private financings. FNB can give no assurance that it would be able to obtain these funds on terms that are favorable to it.

The combined company could experience significant difficulties and complications in connection with its growth and acquisition strategy.

FNB has grown significantly over the last few years and may seek to continue to grow by acquiring financial institutions and branches as well as non-depository entities engaged in permissible activities for its financial institution subsidiaries. However, the market for acquisitions is highly competitive. The combined company may not be as successful in identifying financial institution and branch acquisition candidates, integrating acquired institutions or preventing deposit erosion at acquired institutions or branches.

As part of this acquisition strategy, the combined company may acquire additional banks and non-bank entities that it believes provide a strategic fit with its business. To the extent that the combined company is successful with this strategy, it cannot assure you that it will be able to manage this growth adequately and profitably. For example, acquiring any bank or non-bank entity will involve risks commonly associated with acquisitions, including:

potential exposure to unknown or contingent liabilities of banks and non-bank entities the combined company acquires;

exposure to potential asset quality issues of acquired banks and non-bank entities;

potential disruption to the combined company s business;

potential diversion of the time and attention of FNB s management; and

the possible loss of key employees and customers of the banks and other businesses FNB acquires.

In addition to acquisitions, the combined company may expand into additional communities or attempt to strengthen its position in its current markets by undertaking additional de novo branch openings. Based on its experience, FNB believes that it generally takes up to three years for new banking facilities to achieve operational profitability due to the impact of organizational and overhead expenses and the start-up phase of generating loans and deposits. To the extent that the combined company undertakes additional de novo branch openings, it is likely to continue to experience the effects of higher operating expenses relative to operating income from the new banking facilities, which may have an adverse effect on its net income, earnings per share, return on average shareholders equity and

return on average assets.

The combined company may encounter unforeseen expenses, as well as difficulties and complications in integrating expanded operations and new employees without disruption to its overall operations. Following each acquisition, the combined company must expend substantial resources to integrate the entities. The integration of non-banking entities often involves combining different industry cultures and business methodologies. The failure to integrate successfully the entities the combined company acquires into its existing operations may adversely affect its results of operations and financial condition.

The combined company could be adversely affected by changes in the law, especially changes in the regulation of the banking industry.

The combined company and its subsidiaries will operate in a highly regulated environment and are subject to supervision and regulation by several governmental regulatory agencies, including the Federal Reserve Board, the OCC and the FDIC. Regulations are generally intended to provide protection for depositors, borrowers and other customers rather than for investors. FNB is subject to changes in federal and state law, regulations, governmental policies, tax laws and accounting principles. Changes in regulations or the regulatory environment could adversely affect the banking industry as a whole and could limit FNB s growth and the return to investors by restricting such activities as:

- the payment of dividends;
- mergers with or acquisitions of other institutions;
- investments;
- loans and interest rates;
- the provision of securities, insurance or trust services; and
- the types of non-deposit activities in which the combined company s financial institution subsidiaries may engage.

In addition, legislation may change present capital requirements, which could restrict the combined company s activities and require the combined company to maintain additional capital.

The combined company s results of operations could be adversely affected due to significant competition.

The combined company may not be able to compete effectively in its markets, which could adversely affect the combined company s results of operations. The banking and financial services industry in each of the combined company s market areas is highly competitive. The competitive environment is a result of:

- changes in regulation;
- changes in technology and product delivery systems; and
- the accelerated pace of consolidation among financial services providers.

The combined company competes for loans, deposits and customers with various bank and non-bank financial service providers, many of which are larger in terms of total assets and capitalization, have greater access to the capital markets and offer a broader array of financial services than the combined company will have. Competition with such institutions may cause the combined company to increase its deposit rates or decrease its interest rate spread on loans it originates.

The combined company s anticipated future growth may require it to raise additional capital in the future, but that capital may not be available when it is needed.

The combined company is required by federal and state regulatory authorities to maintain adequate levels of capital to support the combined company s operations. FNB and we are, and the combined company will be, well capitalized under applicable regulations. FNB and we anticipate that the combined company s current capital resources will satisfy applicable capital requirements for the foreseeable future. The combined company may at some point, however, need to raise additional capital to support continued growth, both internally and through acquisitions.

The combined company s ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside the combined company s control, and on the combined company s financial performance. Accordingly, the combined company cannot assure you of its ability to expand its operations through internal growth and acquisitions could be materially impaired.

Adverse economic conditions in FNB s market area may adversely impact its results of operations and financial condition.

A substantial portion of FNB s historical business is concentrated in western Pennsylvania and eastern Ohio, which over recent years have become slower growth markets than other areas of the United States. As a result, FNB Bank s loan portfolio and results of operations may be adversely affected by factors that have a significant impact on the economic conditions in this market area. The local economies of this market area have become less robust than the economy of the nation as a whole and may not be subject to the same fluctuations as the national economy. Adverse economic conditions in FNB s market area, including the loss of certain significant employers, could reduce its growth rate, affect its borrowers ability to repay their loans and generally affect FNB s financial condition and results of operations. Furthermore, a downturn in real estate values in FNB Bank s market area could cause many of its loans to become inadequately collateralized.

Certain provisions of FNB s articles of incorporation and bylaws and Florida law may discourage takeovers.

FNB s articles of incorporation and bylaws contain certain anti-takeover provisions that may discourage or may make more difficult or expensive a tender offer, change in control or takeover attempt that is opposed by FNB s board of directors. In particular, FNB s articles of incorporation and bylaws:

- classify its board of directors into three classes, so that shareholders elect only one-third of its board of directors each year;
- permit shareholders to remove directors only for cause;
- do not permit shareholders to take action except at an annual or special meeting of shareholders;
- require shareholders to give FNB advance notice to nominate candidates for election to its board of directors or to make shareholder proposals at a shareholders meeting;
- permit FNB s board of directors to issue, without shareholder approval unless otherwise required by law, preferred stock with such terms as its board of directors may determine; and
- require the vote of the holders of at least 75% of FNB s voting shares for shareholder amendments to its bylaws.

Under Florida law, the approval of a business combination with shareholders owning 10% or more of the voting shares of a corporation requires the vote of holders of at least two-thirds of the voting shares not owned by such shareholders, unless the transaction is approved by a majority of the corporation s disinterested directors. In addition, Florida law generally provides that shares of a corporation acquired in excess of certain specified thresholds will not possess any voting rights unless the voting rights are approved by a majority vote of the corporation s disinterested shareholders.

These provisions of FNB s articles of incorporation and bylaws and of Florida law could discourage potential acquisition proposals and could delay or prevent a change in control, even though a majority of FNB s shareholders may consider such proposals desirable. Such provisions could also make it more difficult for third parties to remove and replace the members of FNB s board of directors. Moreover, these provisions could diminish the opportunities for shareholders to participate in certain tender offers, including tender offers at prices above the then-current market price of FNB s common stock, and may also inhibit increases in the trading price of FNB s common stock that could result from takeover attempts.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the financial condition, results of operations, earnings outlook, business and prospects of FNB and us, and the potential combined company, as well as statements applicable to the period following the completion of the merger. You can find many of these statements by looking for words such as plan, believe, expect, intend, anticipate, estimate, project, potential, possible or other similar express

These forward-looking statements involve certain risks and uncertainties. The ability of either FNB or us to predict results or the actual effects of their plans and strategies, particularly after the merger, is inherently uncertain. Accordingly, actual results may differ materially from anticipated results. Some of the factors that may cause actual results or earnings to differ materially from those contemplated by the forward-looking statements include, but are not limited to, those discussed under Risk Factors Relating to the Merger beginning on page 26, as well as the following:

- the businesses of FNB and us may not be integrated successfully or the integration may be more difficult, time-consuming or costly than currently anticipated;
- expected revenue synergies and cost savings from the merger may not be realized within the expected time frame or at all;
- revenues may be lower than expected following the merger;
- deposit attrition, operating costs, loss of customers and business disruption, including, without limitation, difficulties in maintaining relationships with our employees, customers or suppliers may be greater than anticipated following the merger;
- the regulatory approvals for the merger may not be obtained on acceptable terms, on the anticipated schedule or at all;
- the merger proposal may not be approved by the requisite vote of our shareholders;
- competitive pressure among financial services companies is intense;
- general economic conditions may be less favorable than expected;
- political conditions and related actions by the U.S. military abroad may adversely affect economic conditions as a whole;
- changes in the interest rate environment may reduce interest margins and impact funding sources;
- changes in market rates and prices may adversely impact the value of financial products and assets;
- legislation or changes in the regulatory environment may adversely affect the businesses in which FNB and we engage;
- litigation liabilities, including costs, expenses, settlements and judgments, may adversely affect either company or their businesses; and

a sufficient decline in the market value of FNB common stock thereby preventing tax counsel from issuing an opinion that the merger constitutes a reorganization within the meaning of Section 368(a) of the Code, which is a condition to closing the merger.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We caution you not to place undue reliance on these statements, which speak only as of the date of this proxy statement/prospectus or as of the date of any document incorporated by reference in this proxy statement/prospectus.

All forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to FNB or us or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, FNB and we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.

OUR SPECIAL MEETING

This section contains information for our shareholders about the special meeting of shareholders we have called to consider the approval of the merger proposal and related matters.

General

This proxy statement/prospectus is being furnished to holders of our common stock for use at our special meeting and any adjournment or postponement of our special meeting.

When and Where Our Special Meeting Will Be Held

Our special meeting will be held on Thursday, July 31, 2008, at 10:00 a.m., prevailing time, at Le Mont Restaurant, 1114 Grandview Avenue, Pittsburgh, Pennsylvania, subject to any adjournment or postponement of our special meeting.

Matters to Be Considered

The purpose of our special meeting is to consider and vote upon:

Proposal No. 1 A proposal to approve and adopt the merger agreement between FNB and us;

Proposal No. 2 A proposal to grant discretionary authority to adjourn our special meeting if necessary to permit further solicitation of proxies because we have not received sufficient votes at the time of our special meeting to approve the merger proposal; and

such other business as may properly come before our special meeting and any adjournment or postponement of our special meeting.

Our shareholders must approve Proposal No. 1 for the merger to occur. If our shareholders fail to approve this proposal, the merger will not occur.

At this time, our board of directors is unaware of any other matters, other than as set forth above, which may be presented for action at our special meeting. If other matters are properly presented, however, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

Record Date; Shares Outstanding and Entitled to Vote

Our board of directors has fixed the close of business on June 6, 2008 as the record date for the determination of holders of our common stock entitled to notice of, and to vote at, our special meeting and any adjournment or postponement of our special meeting.

On the record date, 1,137,610 shares of our common stock were issued and outstanding and entitled to vote at our special meeting, held by approximately 297 holders of record. Each share of our common stock is entitled to cast one vote on all matters that are properly submitted to our shareholders at our special meeting.

Quorum

The presence, in person or by properly executed proxy, of the holders of at least a majority of our outstanding shares of common stock on the record date is necessary to constitute a quorum at our special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present. A quorum must be present in order for the vote on the merger proposal and the adjournment proposal to occur.

Based on the number of shares of our common stock issued and outstanding as of the record date, 568,806 shares of our common stock must be present in person or represented by proxy at our special meeting to constitute a quorum.

Shareholder Vote Required

Approve and Adopt the Merger Agreement. The merger agreement must be adopted by an affirmative vote of a majority of the votes cast by the holders of our common stock entitled to vote thereon, assuming the presence of a quorum. Accordingly, we urge you to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope.

When considering our board of directors recommendation that you vote in favor of the approval and adoption of the merger agreement, you should be aware that certain of our executive officers and directors have interests in the merger that may be different from, or in addition to, your interests as a shareholder. See Proposal No. 1 Proposal to Approve and Adopt the Merger Agreement Interests of Our Directors and Executive Officers in the Merger beginning on page 62.

Discretionary Authority to Adjourn Our Special Meeting. The affirmative vote of the holders of a majority of the votes cast by the holders of our common stock entitled to vote thereon is required to approve the proposal to grant discretionary authority to adjourn our special meeting if necessary to permit further solicitation of proxies for the merger proposal.

Dissenters Rights

Under the PBCL you have the right to object to the merger and receive the fair value for your shares of our common stock in connection with the merger. See Proposal No. 1 Proposal to Approve and Adopt the Merger Agreement Dissenters Rights of Dissenting Shareholders beginning on page 66 for further information.

Director and Executive Officer Voting

As of the record date, our directors and executive officers and their affiliates beneficially own 80,187 shares of our common stock, or approximately 7.0% of the issued and outstanding shares of our common stock entitled to vote at our special meeting. This number includes options to purchase 9,625 shares of our common stock exercisable within ten days of the record date.

Proxies

Voting. You should complete and return the proxy card accompanying this proxy statement/prospectus in order to ensure that your vote is counted at our special meeting and at any adjournment, postponement or continuation of our special meeting, regardless of whether you plan to attend our special meeting. If you sign and send in your proxy card and do not indicate how you want to vote, we will count your proxy card as a vote in favor of approval of the merger proposal and in favor of approval of the adjournment proposal.

If your shares of our common stock are held in the name of a bank, broker, nominee or other holder of record, you will receive instructions from the bank, broker, nominee or other holder of record that you must follow in order for your shares of our common stock to be voted.

Revocability. You may revoke your proxy at any time before the vote is taken at our special meeting. If you have not voted through a bank, broker, nominee or other holder of record, you may revoke your proxy by:

submitting written notice of revocation to our corporate secretary prior to the voting of that proxy at our special meeting;

submitting a properly executed proxy with a later date; or

voting in person at our special meeting.

However, simply attending our special meeting without voting will not revoke an earlier proxy.

Written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

Iron and Glass Bancorp, Inc.
1114 East Carson Street
Pittsburgh, Pennsylvania 15203
Attention: Mary Kay Rossi, Secretary

If your shares are held in the name of a bank, broker, nominee or other holder of record, you should follow the instructions of the bank, broker, nominee or other holder of record regarding the revocation of proxies.

A proxy appointment will not be revoked by the death or incapacity of the shareholder executing the proxy unless notice of the death or incapacity is given to our corporate secretary before the shares of our common stock represented by such proxy are voted.

How Proxies are Counted. All shares of our common stock represented by properly executed proxies received before or at our special meeting, and not revoked, will be voted in accordance with the instructions indicated in the proxies.

We will count a properly executed proxy marked ABSTAIN as present for purposes of determining the presence of a quorum.

Brokers may not vote shares of our common stock that they hold beneficially either for or against the approval of the merger proposal or the adjournment proposal without specific instructions from the person who beneficially owns those shares. Therefore, if your shares are held by a broker you must give your broker instructions on how to vote your shares.

Solicitation. We will pay for the costs of our special meeting and for the mailing of this proxy statement/prospectus to our shareholders, as well as all other costs we incur in connection with the solicitation of proxies from our shareholders. FNB and we will share equally the cost of printing this proxy statement/prospectus and the filing fees paid to the SEC.

In addition to soliciting proxies by mail, our directors, officers and employees may solicit proxies by telephone or in person. Our directors, officers and employees will not be specially compensated for these activities. We also intend to request that brokers, banks, nominees and other holders of record solicit proxies from their principals, and we will reimburse the brokers, banks, nominees and other holders of record for certain expenses they incur for those activities.

Recommendation of Our Board of Directors

Our board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement. Based on our reasons for the merger described in this proxy statement/prospectus, our board of directors believes that the merger is in our and your best interests. Accordingly, our board of directors unanimously recommends that you vote ***FOR*** approval of the merger proposal and ***FOR*** approval of the adjournment proposal. See Proposal No. 1 Proposal to Approve and Adopt the Merger Agreement Our Reasons for the Merger beginning on page 47, for a more detailed discussion of our board of directors recommendation.

Attending Our Special Meeting

If your shares are held in street name and you want to attend our special meeting, you must bring an account statement or letter from your holder of record showing that you were the beneficial owner of the shares on June 6, 2008, the record date for our special meeting.

Questions and Additional Information

If you have more questions about the merger or how to submit your proxy card, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, please call Michael J. Hagan, our President and Chief Executive Officer, at (412) 488-5200.

INFORMATION ABOUT FNB AND US

FNB

F.N.B. Corporation
One F.N.B. Boulevard
Hermitage, Pennsylvania 16148
(724) 981-6000

FNB is an $8.0 billion diversified financial services holding company headquartered in Hermitage, Pennsylvania. FNB provides a broad range of financial services to its customers through FNB Bank and its insurance agency, consumer finance, trust company and merchant banking subsidiaries.

FNB has 212 banking offices in western and central Pennsylvania and eastern Ohio, one loan production office in each of Pennsylvania, Ohio and Tennessee and six loan production offices in Florida and maintains six insurance agency locations. FNB Bank offers the services traditionally offered by full-service commercial banks, including commercial and individual demand and time deposit accounts and commercial, mortgage and individual installment loans. FNB Bank also offers various alternative investment products, including mutual funds and annuities. As of March 31, 2008, after giving effect to the April 1, 2008 merger of Omega, FNB Bank had total assets, total liabilities and total shareholders equity of approximately $7.8 billion, $6.8 billion and $1.1 million, respectively.

Regency Finance, FNB s consumer finance subsidiary, has 22 offices in Pennsylvania, 16 offices in Ohio and 16 offices in Tennessee and principally makes personal installment loans to individuals and purchases installment sales finance contracts from retail merchants.

Another FNB subsidiary, First National Trust Company, a registered investment advisor, provides a broad range of personal and corporate fiduciary services, including the administration of decedent and trust estates, and has approximately $1.6 billion of assets under management as of March 31, 2008.

First National Investment Services Company, LLC offers a broad array of investment products and services for wealth management customers through a networking relationship with a brokerage firm. F.N.B. Investment Advisors, Inc., an investment advisor registered with the SEC, offers wealth management customers objective investment programs featuring mutual funds, annuities, stocks and bonds.

FNB s insurance segment operates principally through First National Insurance Agency, LLC, or FNIA. FNIA is a full-service insurance agency offering a broad line of commercial and personal insurance through major carriers to businesses and individuals primarily within FNB s geographic markets.

FNB s insurance segment also includes a reinsurance subsidiary, Penn-Ohio Life Insurance Company, that underwrites, as a reinsurer, credit life and accident and health insurance sold by FNB s lending subsidiaries. In addition, FNB Bank owns a direct subsidiary, First National Corporation, a Pennsylvania corporation, that offers title insurance products.

F.N.B. Capital Corporation offers subordinated debt and other types of financing options for small- to medium-sized commercial enterprises that need financial assistance beyond the parameters of typical commercial bank lending products.

For additional information about FNB, see Where You Can Find More Information, beginning on page 98.

IRGB

Iron and Glass Bancorp, Inc.
1114 East Carson Street
Pittsburgh, Pennsylvania 15203
(412) 488-5200

Business

We are a bank holding company that operates through our banking subsidiary, IRGB Bank. We provide financial services through our eight-branch network located within the Greater Pittsburgh, Pennsylvania area.

We provide traditional consumer and commercial banking services, including checking accounts, NOW, money market, savings accounts, certificates of deposits, secured and unsecured commercial and consumer loans, construction and mortgage loans, an automated teller machine network, online banking and safe deposit facilities. Our principal sources of revenue are our commercial, commercial mortgage, residential real estate, and consumer loans, as well as interest earnings on investment securities and fees earned by providing various deposit services to customers through our eight locations.

Our common stock is traded over the counter under the ticker IRGB.

We utilize a community bank philosophy in that we provide traditional commercial bank services to individuals and small-to medium-sized businesses with a focus on high-touch customer service. We have established ourselves as the premier community bank serving both retail and commercial customers in our local markets. We have operated in our local community for nearly 140 years, garnering a loyal customer base.

Banking Operations

We offer a select range of deposit accounts designed to attract small- to medium-sized businesses, professionals, professional practices, associations and individuals in our primary market area. These accounts include personal and business checking and savings accounts, time certificates of deposit and specialized deposit accounts, including tiered accounts designed to attract larger deposits and IRA accounts. In addition, we offer commercial loans and consumer loans, including auto loans, mortgages, home improvement loans and home equity loans and lines of credit. From time to time, we offer loans in amounts that exceed our lending limit through participation agreements with other financial institutions. Our deposits are insured by the FDIC up to the maximum extent permitted by law.

We provide a number of convenience-oriented services and products to our customers, including direct payroll and social security deposit services, IRGB-by-mail services, letters of credit, safe deposit boxes, night depository facilities, notary services, travelers checks, a courier service, 24-hour bank-by-phone and a personal and business 24-hour Online Banking Service.

Our management periodically reviews our services and will add or delete them based upon the needs of our customers, competitive factors and our financial and other capabilities. Improvements and developments in technology and evolving federal and state laws and regulations may also influence our future services significantly. All customer banking and credit decisions are made by our board of directors and management.

Credit Administration

Loan Policy and Approval Authorization. We employ extensive written policies and procedures to enhance management of credit risk. The loan portfolio is managed under a specifically defined credit process. This process

includes formulation of portfolio management strategy, guidelines for underwriting standards and risk assessment, procedures for ongoing identification and management of credit deterioration and regular portfolio reviews to estimate loss exposure and to ascertain compliance with our credit policies. In particular, these credit policies and procedures require the executive loan committee of our board of directors to analyze all credit decisions in the aggregate in excess of $300,000.

Loan authorities are approved by our board for our individual officers in various aggregate amounts on a secured and/or unsecured basis. Authority limits are based on experience, ability and need.

Loan Review. Whenever loans are classified in a category below satisfactory grade, heightened management attention is devoted to protect our position and to reduce loss exposure. We place loans on non-accrual status when the principal or interest is 90 days past due, unless the loan is well-secured and in the process of collection. Loans may be placed in non-accrual earlier if full recovery of the principal balance is in doubt. Loans are charged off when the collection of principal and interest can no longer be considered a sound collectible asset. Management meets regularly to review asset quality trends and to discuss loan policy issues. Losses are identified during this review and reserves are established accordingly. In management s opinion, all anticipated and identified potential loan losses are now reflected in the allowance for loan losses.

Concentration of Risk. A major element of credit risk management is diversification. Our objective is to maintain a diverse loan portfolio to minimize the impact of any single event or set of occurrences. Concentration parameters are based on individual risk factors and policy constraints for type of customer, collateral and product.

Our primary lending source is commercial mortgages. The portfolio has a concentration in apartment buildings and non-residential buildings but is diversified geographically by borrower and by industry.

Competition

The banking business in Pennsylvania is extremely competitive. We face strong competition from many other banks, savings and loan associations, credit unions and other financial institutions that have branch offices or otherwise operate in our market area, as well as many other financial services companies such as money market funds, stock brokerage firms, insurance companies, mortgage companies and others seeking deposits and making loans. Substantially all of these competitors have greater financial resources than we have, and many have substantially larger lending limits than we do. Many of these competitors also offer services that we do not intend to provide or are not authorized to provide, and may not be subject to the same regulatory restrictions and taxation as commercial banks.

Supervision and Regulation

General. Bank holding companies and banks are extensively regulated under federal and state law. No entity can engage in the business of banking in the United States without first applying for and obtaining either a federal or state bank charter. After a charter is approved and issued, all banks are subject to a complex structure of laws that regulate the business of banking, including transactions with consumers and other customers. The system of regulation and supervision by federal and state banking agencies is comprehensive and pervasive, and affects nearly every aspect of a bank s business, including expansion and, if necessary, liquidation. This discussion is qualified in its entirety by reference to the particular statutory and regulatory provisions referred to below and is not intended to be an exhaustive description of the statutes or regulations applicable to our business and the business of IRGB Bank. We and IRGB Bank are subject to supervision, regulation, and examination by the bank regulatory agencies primarily for the protection of bank depositors rather than holders of our common stock. Any change in applicable law or regulation may have a material effect on our business.

IRGB Bank is a Pennsylvania-chartered commercial bank that is a member of the Federal Reserve System, or a state member bank. In the United States, all banks are required to have their deposits insured by the FDIC. Under the Federal Deposit Insurance Act, or FDIA, each FDIC-insured bank must have a primary federal regulator, either the Federal Reserve Board, which is the primary regulator for state-chartered banks that are members of the Federal Reserve System, the OCC, which regulates national banks, or the FDIC for state non-member banks. Accordingly,

IRGB Bank s primary federal banking regulator is the Federal Reserve Board. Because we are state-chartered, the Department also regulates IRGB Bank. IRGB Bank s customers deposits are insured by the FDIC.

Bank Holding Company Regulation. As a bank holding company, we are subject to supervision and regulation by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended, or BHCA. Bank holding companies generally are limited to the business of banking, managing or controlling banks, and other activities that the Federal Reserve Board determines to be closely related to banking, or managing or controlling banks and a proper incident thereto. We are required to file with the Federal Reserve Board periodic reports and such other information as the Federal Reserve Board may request. The Federal Reserve Board examines us and may examine our non-bank subsidiaries. Some of IRGB s activities and transactions are also subject to prior notice to, or approval by, the Department.

The BHCA requires prior Federal Reserve Board approval for, among other things, the acquisition by a bank holding company of direct or indirect ownership or control of more than 5% of the voting shares or substantially all the assets of any bank, or for a merger or consolidation of a bank holding company with another bank holding company. The BHCA permits acquisitions of banks by bank holding companies whether located in the same state or elsewhere, subject to certain deposit-percentage, age of bank charter requirements, and other restrictions. Federal law also permits national and state-chartered banks to branch interstate through acquisitions of banks in other states. In July 1997, Pennsylvania adopted opt-in legislation that allows interstate mergers and purchase and assumption transactions. The Pennsylvania Banking Code of 1965, as amended, or the Pennsylvania Banking Code, does not impose a minimum age requirement on the acquisition of a Pennsylvania bank by an out-of-state bank. However, an acquiring bank holding company would be required to file an application under the Pennsylvania Banking Code, if the target bank holding company owns a bank located in Pennsylvania, whether chartered in the state or otherwise.

With certain exceptions, the BHCA prohibits a bank holding company from acquiring direct or indirect ownership or control of voting shares of any company which is not a bank or bank holding company, and from engaging directly or indirectly in any activity other than banking or managing or controlling banks or performing services for its authorized subsidiaries. A bank holding company, may, however, engage in or acquire an interest in a company that engages in activities which the Federal Reserve Board has determined by regulation or order to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

The Gramm-Leach-Bliley Act of 1999, or GLB, substantially revised the statutory restrictions separating banking activities from certain other financial activities. Under GLB, bank holding companies that are well-capitalized and well-managed , as defined in Federal Reserve Regulation Y, which have and maintain satisfactory Community Reinvestment Act ratings, and meet certain other conditions, can elect to become financial holding companies. Financial holding companies and their subsidiaries are permitted to acquire or engage in activities such as insurance underwriting, securities underwriting, travel agency activities, broad insurance agency activities, merchant banking, and other activities that the Federal Reserve Board determines to be financial in nature or complementary thereto. In addition, under the merchant banking authority added by GLB and Federal Reserve Board regulations, financial holding companies are authorized to invest in companies that engage in activities that are not financial in nature, as long as the financial holding company makes its investment with the intention of limiting the term of its investment and does not manage the company on a day-to-day basis, and the invested company does not cross-market with any of the financial holding company s controlled depository institutions. Financial holding companies continue to be subject to the overall oversight and supervision of the Federal Reserve Board, but GLB applies the concept of functional regulation to the activities conducted by subsidiaries. For example, insurance activities would be subject to supervision and regulation by state insurance authorities. We are not a financial holding company, but could elect to become a financial holding company in the future in order to exercise the broader powers provided by GLB. Banks may also engage in similar financial activities through subsidiaries. GLB also includes consumer privacy provisions, and the federal bank regulatory agencies have adopted extensive privacy rules implementing these statutory provisions.

Transactions with Related Parties. We are a legal entity separate and distinct from IRGB Bank. Various legal limitations restrict IRGB Bank from lending or otherwise supplying funds to us. We and IRGB Bank are subject to Sections 23A and 23B of the Federal Reserve Act and Federal Reserve Regulation W thereunder. Section 23A defines covered transactions to include extensions of credit, and limits a bank s covered

transactions with any affiliate to 10% of such bank s capital and surplus. All covered and exempt transactions between a bank and its affiliates must be on terms and conditions consistent with safe and sound banking practices, and banks and their subsidiaries are prohibited from purchasing low-quality assets from the bank s affiliates. Finally, Section 23A requires that all of a bank s extensions of credit to its affiliates be appropriately secured by acceptable collateral, generally United States government or agency securities. Section 23B generally requires covered and other transactions among affiliates to be on terms, including credit standards, that are substantially the same or at least as favorable to the bank or its subsidiary as those prevailing at the time for similar transactions with unaffiliated companies. In addition, banks are prohibited from lending to any affiliate that is engaged in activities that are not permissible for bank holding companies, and no bank may purchase the securities of any affiliate other than a subsidiary.

Federal Reserve Board policy requires a bank holding company to act as a source of financial strength and to preserve and protect its bank subsidiaries in situations where additional investments in a troubled bank may not otherwise be warranted. In addition, under the Financial Institutions Reform, Recovery and Enforcement Act of 1989, or FIRREA, where a bank holding company has more than one bank or thrift subsidiary, each of the bank holding company s subsidiary depository institutions are responsible for any losses to the FDIC resulting from an affiliated depository institution s failure. Accordingly, a bank holding company may be required to loan money to its subsidiaries in the form of capital notes or other instruments that qualify as capital under bank regulatory rules. However, any loans from the holding company to such subsidiary banks likely will be unsecured and subordinated to such bank s depositors and perhaps to other creditors of the bank.

Bank and Bank Subsidiary Regulation. The Pennsylvania Banking Code permits IRGB Bank to establish and operate branches throughout Pennsylvania, subject to the maintenance of adequate capital and the receipt of Department and Federal Reserve Board approval. In general, the Pennsylvania Interstate Banking Act permits out-of-state banks to maintain branches in Pennsylvania on a reciprocal basis if Pennsylvania banks are permitted by the laws of the other state to branch in that state. In the event of a bank merger involving a state-chartered bank such as IRGB Bank, where the surviving or newly incorporated institution is to be a bank chartered in Pennsylvania, the merger must be approved by the Department. When the surviving bank is not a state bank chartered in Pennsylvania, the applicant only needs to provide notice to the Department with respect to the bank merger.

The Federal Reserve Board has adopted the Federal Financial Institutions Examination Council s, or FFIEC, rating system and assigns each financial institution a confidential composite rating based on an evaluation and rating of six essential components of an institution s financial condition and operations including capital adequacy, asset quality, management, earnings, liquidity and sensitivity to market risk, as well as the quality of risk management practices. For most institutions, the FFIEC has indicated that market risk primarily reflects exposures to changes in interest rates. When regulators evaluate this component, consideration is expected to be given to: management s ability to identify, measure, monitor and control market risk; the institution s size; the nature and complexity of its activities and its risk profile and the adequacy of its capital and earnings in relation to its level of market risk exposure. Market risk is rated based upon, but not limited to, an assessment of the sensitivity of the financial institution s earnings or the economic value of its capital to adverse changes in interest rates, foreign exchange rates, commodity prices or equity prices; management s ability to identify, measure, monitor and control exposure to market risk and the nature and complexity of interest rate risk exposure arising from nontrading positions.

Community Reinvestment Act. IRGB Bank is subject to the provisions of the Community Reinvestment Act of 1977, as amended, or CRA, and related federal bank regulatory agencies regulations. Under the CRA, all banks and thrifts have a continuing and affirmative obligation, consistent with their safe and sound operation, to help meet the credit needs for their entire communities, including low and moderate income neighborhoods. The CRA requires a depository institution s primary federal regulator, in connection with its examination of the institution, to assess the institution s record of assessing and meeting the credit needs of the communities served by that institution, including

low- and moderate-income neighborhoods. The bank regulatory agency s assessment of the institution s record is made available to the public. Further, such assessment is required of any institution which has applied to: (i) charter a national bank; (ii) obtain deposit insurance coverage for a newly-chartered institution; (iii) establish a new branch office that accepts deposits;

(iv) relocate an office; (v) merge or consolidate with, or acquire the assets or assume the liabilities of, a federally regulated financial institution or (vi) expand other activities, including engaging in financial services activities authorized by GLB. A less than satisfactory CRA rating will slow, if not preclude, expansion of banking activities and prevent a company from becoming or remaining a financial holding company.

Following GLB, CRA agreements with private parties must be disclosed and annual CRA reports must be made to a bank s primary federal regulator. A bank holding company will not be permitted to become or remain a financial holding company and no new activities authorized under GLB may be commenced by a holding company or by a bank financial subsidiary if any of its bank subsidiaries received less than a satisfactory CRA rating in its latest CRA examination. Federal CRA regulations require, among other things, that evidence of discrimination against applicants on a prohibited basis, and illegal or abusive lending practices be considered in the CRA evaluation.

IRGB Bank is also subject to, among other things, the provisions of the Equal Credit Opportunity Act, or ECOA, and the Fair Housing Act, both of which prohibit discrimination based on race or color, religion, national origin, sex and familial status in any aspect of a consumer or commercial credit or residential real estate transaction. The Department of Justice, or DOJ, and the federal bank regulatory agencies have issued an Interagency Policy Statement on Discrimination in Lending in order to provide guidance to financial institutions in determining whether discrimination exists, how the agencies will respond to lending discrimination, and what steps lenders might take to prevent discriminatory lending practices. The DOJ has increased its efforts to prosecute what it regards as violations of the ECOA and the Fair Housing Act. We received a satisfactory CRA rating in our latest CRA examination.

Payments of Dividends. We are a legal entity separate and distinct from IRGB Bank. Our primary source of cash and liquidity, other than proceeds from securities offerings, is dividends from IRGB Bank. Dividend payments by IRGB Bank to us are subject to the Pennsylvania Banking Code and the FDIA. Under the Pennsylvania Banking Code, no dividends may be paid except from accumulated net earnings (generally, undivided profits). Under the FDIA, an insured bank may not pay dividends if the bank is in arrears in the payment of any insurance assessment due to the FDIC.

In addition, we and IRGB Bank are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal Reserve Board may prohibit the payment of dividends where it has determined that the payment of dividends would be an unsafe or unsound practice. The Federal Reserve Board has indicated that paying dividends that deplete a state member bank s capital base to an inadequate level would be an unsound and unsafe banking practice. The Federal Reserve Board has indicated that depository institutions and their holding companies should generally pay dividends only out of current operating earnings.

Prior approval by the Federal Reserve Board is required if the total of all dividends declared by a state member bank in any calendar year exceeds the bank s undivided profits or if the total of all dividends declared during the calendar year, including the proposed dividend, exceeds the (1) sum of the net income earned during the year-to-date and (2) the retained net income of the prior two calendar years as reported in the bank s call reports.

Capital. The Federal Reserve Board has published risk-based capital guidelines for bank holding companies and state member banks, respectively. These guidelines require a minimum ratio of capital to risk-weighted assets, including certain off-balance-sheet activities, such as standby letters of credit, of 8.0%. At least half of the Total Capital is required to be Tier 1 capital, consisting of common shareholders equity, retained earnings and a limited amount of qualifying preferred stock, less goodwill and certain core deposit intangibles. The remainder, or Tier 2 capital, may consist of non-qualifying preferred stock, qualifying subordinated, perpetual and/or mandatorily convertible debt, term subordinated debt and intermediate term preferred stock and up to 45% of pretax unrealized holding gains on available for sale equity securities with readily determinable market values that are prudently valued, and a limited amount of

any loan loss allowance. The Federal Reserve Board has stated that Tier 1 voting common equity should be the predominant form of capital.

In addition, the Federal Reserve Board has established minimum leverage ratio guidelines for bank holding companies and state member banks, which provide for a minimum leverage ratio of Tier 1 capital to adjusted average quarterly assets equal to 3%, plus an additional cushion of 1.0% to 2.0%, if the institution has less than the highest regulatory rating. The guidelines also provide that institutions experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. We and IRGB Bank are in compliance with these guidelines.

All bank holding companies and banks are expected to hold capital commensurate with the level and nature of their risks, including the volume and severity of their problem loans, and higher capital may be required as a result of an institution s risk profile. The Federal Reserve Board s guidelines indicate that the Federal Reserve Board will continue to consider a tangible Tier 1 leverage ratio (deducting all intangibles) in evaluating proposals for expansion or new activity. Recently, the federal bank regulatory agencies have begun seeking higher capital levels than the minimums due to market conditions.

The Federal Deposit Insurance Corporation Improvement Act of 1991, or FDICIA, requires, among other things, the federal bank regulatory agencies to take prompt corrective action regarding depository institutions that do not meet minimum capital requirements. FDICIA establishes five capital tiers: well capitalized , adequately capitalized , undercapitalized , significantly undercapitalized and critically undercapitalized. A depository institution s capital tier will depend upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation.

All of the federal bank regulatory agencies have adopted regulations establishing relevant capital measures and relevant capital levels for federally insured depository institutions. The relevant minimum capital measures are the Total Capital ratio, Tier 1 capital ratio, and the leverage ratio. Under the regulations, a state member bank will be (i) well capitalized if it has a Total Capital ratio of 10% or greater, a Tier 1 capital ratio of 6% or greater, and a leverage ratio of at least 5%, and is not subject to any written agreement, order, capital directive, or prompt corrective action directive by a federal bank regulatory agency to meet and maintain a specific capital level for any capital measure, (ii) adequately capitalized if it has a Total Capital ratio of 8% or greater, a Tier 1 capital ratio of 4% or greater, and a leverage ratio of 4% or greater (3% in certain circumstances), (iii) undercapitalized if it has a Total Capital ratio of less than 8%, a Tier 1 capital ratio of less than 4% (3% in certain circumstances), (iv) significantly undercapitalized if it has a total capital ratio of less than 6% or a Tier I capital ratio of less than 3%, or a leverage ratio of less than 3% and (v) critically undercapitalized if its tangible equity is equal to or less than 2% of average quarterly tangible assets. The federal bank regulatory agencies have authority to require additional capital.

At March 31, 2008, we met the definition of well-capitalized.

FDICIA. FDICIA directs that each federal bank regulatory agency prescribe standards for depository institutions and depository institution holding companies relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth compensation, a maximum ratio of classified assets to capital, minimum earnings sufficient to absorb losses, a minimum ratio of market value to book value for publicly traded shares, and such other standards as the federal bank regulatory agencies deem appropriate.

FDICIA generally prohibits a depository institution from making any capital distribution, including payment of a dividend, or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to growth limitations and are required to submit a capital restoration plan for approval within 45 days of the date the institution receives notice that it is undercapitalized, significantly undercapitalized or critically undercapitalized. For a capital restoration plan to be acceptable, the depository institution s parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company is limited to the lesser of 5% of

the depository institution s total assets at the time it became undercapitalized and the amount necessary to bring the institution into compliance with applicable capital standards. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized. If the controlling holding company fails to fulfill its obligations under FDICIA

and files, or has filed against it, a petition under the federal Bankruptcy Code, the claim for such liability would be entitled to a priority in such bankruptcy proceeding over third party creditors of the bank holding company. Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions are subject to the appointment of a receiver or conservator.

FDICIA also contains a variety of other provisions that may affect our operations and those of IRGB Bank, including reporting requirements, regulatory standards for real estate lending, truth in savings provisions, the requirement that a depository institution give 90 days prior notice to customers and regulatory authorities before closing any branch, and a prohibition on the acceptance or renewal of brokered deposits by depository institutions that are not well capitalized, or are adequately capitalized and have not received a waiver from the FDIC.

Enforcement Policies and Actions. The Federal Reserve Board monitors compliance with laws and regulations. Violations of laws and regulations, or other unsafe and unsound practices, may result in the Federal Reserve Board imposing fines or penalties, cease and desist orders, or taking other enforcement actions. Under certain circumstances, the Federal Reserve Board may enforce these remedies directly against officers, directors, employees and others participating in the affairs of a bank or bank holding company.

The International Money Laundering Abatement and Anti-Terrorism Funding Act of 2001 specifies know your customer requirements that obligate financial institutions to take actions to verify the identity of the account holders in connection with opening an account at any U.S. financial institution. Banking regulators will consider compliance with the Act s money laundering provisions in acting upon acquisition and merger proposals, and sanctions for violations of the Act can be imposed in an amount equal to twice the sum involved in the violating transaction, up to $1 million.

Under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or USA PATRIOT Act, financial institutions are subject to prohibitions against specified financial transactions and account relationships as well as enhanced due diligence and know your customer standards in their dealings with foreign financial institutions and foreign customers.

The USA PATRIOT Act requires financial institutions to establish anti-money laundering programs. The USA PATRIOT Act sets forth minimum standards for these programs, including:

- the development of internal policies, procedures, and controls;
- the designation of a compliance officer;
- an ongoing employee training program; and
- an independent audit function to test the programs.

Fiscal and Monetary Policy. Banking is a business that depends on interest rate differentials. In general, the difference between the interest paid by a bank on its deposits and its other borrowings, and the interest received by a bank on its loans and securities holdings, constitutes the major portion of a bank s earnings. Thus, the earnings and growth of IRGB Bank and us are subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve Board. The Federal Reserve Board regulates the supply of money through various means, including open market dealings in United States government securities, the discount rate at which banks may borrow from the Federal

Reserve Board, and the reserve requirements on deposits. The nature and timing of any changes in such policies and their effect on us and IRGB Bank cannot be predicted.

FDIC Insurance Assessments. IRGB Bank s deposits are insured by the FDIC s Deposit Insurance Fund, or DIF, and it is subject to FDIC assessments for its deposit insurance, as well as assessments by the FDIC to pay interest on Financing Corporation, or FICO, bonds.

Congress passed the Federal Deposit Insurance Reform Act, or Reform Act, in February 2006. Deposits remain insured up to a maximum of $100,000, but the amount of deposit insurance will be adjusted every five years based upon inflation. Retirement accounts will be insured for up to $250,000, and a bank that is less than adequately capitalized will not be able to accept employee benefit deposits. This law also changes the way FDIC insurance assessments and credits are calculated.

The FDIC has adopted new risk-based deposit premium rules following the Reform Act, to achieve the new targeted designated reserve ratio specified in the Reform Act. The new rules set forth the following risk categories and initial deposit insurance assessment rates:

Risk Category	Assessment Rate
I	5 to 7 basis points
II	10 basis points
III	28 basis points
IV	43 basis points

Federal Reserve Board. Regulations of the Federal Reserve Board require all depository institutions to maintain noninterest earning reserves against their transaction accounts (primarily NOW and regular checking accounts). Regulations generally require that reserves be maintained against aggregate transaction accounts as follows: for accounts aggregating $36.1 million or less, subject to adjustment, the reserve requirement is 3% and for accounts aggregating greater than $36.1 million, the reserve requirement is $900,000 plus 10%, subject to adjustment between 8% and 14%, against that portion of total transaction accounts in excess of $38.8 million. The first $6.0 million of otherwise reservable balances, subject to adjustments, are exempted from the reserve requirements. IRGB Bank is in compliance with the foregoing requirements. The balances maintained to meet the reserve requirements imposed by the Federal Reserve Board may be used to satisfy liquidity requirements that may be imposed by the FDIC under separate regulations.

Recent Legislative and Regulatory Changes. Legislative and regulatory proposals regarding changes in banking, and the regulation of banks, thrifts and other financial institutions and bank and bank holding company powers are being considered by the executive branch of the Federal government, Congress and various state governments, including Pennsylvania. Among these are possible changes to require banks and bank holding companies to increase their capital and liquidity levels. Certain of these proposals, if adopted, could significantly change the regulation or operations of banks and the financial services industry. It cannot be predicted whether any of these proposals will be adopted, and, if adopted, how these proposals will affect us or IRGB Bank.

Employees

We have 84 full-time employees and seven part-time employees. Our executive officers are the President and Chief Executive Officer, the Executive Vice President and Senior Loan Officer, the Vice President and Chief Financial Officer and the Vice President and Chief Operations Officer. Our remaining employees provide staff support in the areas of lending, personal banking and operations. Non-banking services, such as computer network management, internal auditing, and equipment maintenance are outsourced to companies specializing in those areas.

Properties

Our properties are as follows:

Principal and Executive Offices Located at 1114 East Carson Street, Pittsburgh, Pennsylvania 15203. IRGB Bank owns this property in fee and without liens.

Bethel Park Office Located at 3400 South Park Road, Bethel Park, Pennsylvania 15102. IRGB Bank leases this property. The lease, effective December 1, 2000, is for a term of five years with four five-year renewal options. This lease has been renewed, and IRGB Bank is leasing the property at a current annual rate of $16,260.

Brentwood Office 3010 Brownsville Road, Pittsburgh, Pennsylvania 15227. IRGB Bank owns this property in fee and without liens.

Castle Shannon Office 600 Castle Shannon Boulevard, Pittsburgh, Pennsylvania 15234. IRGB Bank owns this property in fee and without liens.

Chartiers Valley Office 1100 Washington Avenue, Carnegie, Pennsylvania 15106. IRGB Bank leases this property. The lease, effective October 10, 1996, is for a ten-year term with three five-year renewal options. This lease has been renewed, and IRGB Bank is leasing the property at a current annual rate of $32,689.

Robinson Township Office Route 60 at Park Manor Boulevard, Pittsburgh, Pennsylvania 15205. IRGB Bank leases this property. The lease, effective April 1, 2005, is for a 10-year term with two five-year renewal options. IRGB Bank is leasing the property at an annual rate of $66,000.

South Park Office 2550 Brownsville Road, Library Pennsylvania 15129. IRGB Bank leases this property. The lease, effective July 1, 1990, is for a five-year term with two five-year renewal options. The lease was extended for another five-year term and terminates on June 30, 2010. IRGB Bank is leasing the property at an annual rate of $40,800.

West Mifflin Office 2204 Lebanon Church Road, West Mifflin, Pennsylvania 15122. IRGB Bank leases this property. The lease, effective September 1, 1977, is for a 25-year term with four five-year renewal options. This lease has been renewed, and IRGB Bank is leasing the property at a current annual rate of $20,159.

Legal Proceedings

The nature of our business can generate a certain amount of litigation involving matters arising in the ordinary course of business. However, there are no proceedings pending to which we are a party or to which our property is subject that, if determined adversely to us, would be material in relation to our financial condition. In addition, to management s knowledge, no governmental authorities have initiated or are contemplating the initiation of any proceedings against us that would be material to our financial condition.

PROPOSAL NO. 1 PROPOSAL TO APPROVE AND ADOPT THE MERGER AGREEMENT

The following discussion contains material information pertaining to the merger. This discussion is subject, and qualified in its entirety by reference, to the merger agreement included as Appendix A to this proxy statement/prospectus. We encourage you to carefully read the merger agreement as well as the discussion in this proxy statement/prospectus.

FNB s Reasons for the Merger

Following the spin-off of its Florida operations on January 1, 2004, FNB committed to pursuing several key strategies. These strategies included the realization of modest organic growth and the supplementation of that growth through strategic acquisitions.

In approving the merger agreement, FNB s board of directors and its executive committee considered the following factors as generally supporting its decision to enter into the merger agreement:

its understanding of FNB s business, operations, financial condition, earnings and prospects and of our business, operations, financial condition, earnings and prospects, including our geographic position in the Greater Pittsburgh marketplace;

its understanding of the current and prospective environment in which FNB and we operate, including regional and local economic conditions, the competitive environment for financial institutions generally and continuing consolidation in the financial services industry and the likely effect of these factors on FNB in light of, and in the absence of, the proposed merger;

the complementary nature of the respective customer bases, business products and skills of FNB and us could result in opportunities to obtain synergies as products are cross-marketed and distributed over broader customer bases and best practices are compared and applied across businesses;

- the scale, scope, strength and diversity of operations, product lines and delivery systems that could be achieved by combining FNB and us;

- the proposed board and management arrangements which would position the combined company with strong leadership and experienced operating management;

- the historical and current market prices of FNB common stock and our common stock;

- the review by the FNB board of directors, with the assistance of FNB s management, of the structure and terms of the merger, including the exchange ratio, the expectation of FNB s legal advisors that the merger will qualify as a reorganization for U.S. federal income tax purposes and, based on the exchange ratio and assuming continuation of FNB s current per share dividend rate of $0.24 per quarter, an anticipated annual dividend increase of $3.60 per share for holders of our common stock; and

- the likelihood that the regulatory approvals needed to complete the transaction will be obtained.

The FNB board of directors also considered the fact that the merger will result in a combined entity with assets of approximately $8.4 billion. The future growth prospects of our market area are expected to provide sustained business development opportunities in the Greater Pittsburgh metropolitan area.

The foregoing discussion of the factors considered by the FNB board in evaluating the merger agreement is not intended to be exhaustive, but, rather, includes all material factors considered by the FNB board. In reaching its decision to approve the merger agreement and the merger, the FNB board did not quantify or assign relative rights to the factors considered, and individual directors may have given different weights to different factors. The FNB board considered all of the above factors as a whole, and on an overall basis considered them to be favorable to, and support, FNB s determination to enter into the merger agreement.

Background of the Merger

The past decade has been a period of rapid change in the banking industry throughout the United States and in Pennsylvania. This period has been characterized by:

- intensified competition from domestic and foreign banks and from non-bank financial services organizations;

- increasing requirements for investment in technology in order to meet customer needs on an efficient and competitive basis; and

- an increase in regulatory pressure on smaller banks in general and us in particular.

In January 2007, KBW met with our executives to discuss current market conditions, provide an update on the current mergers and acquisitions environment and discuss our strategic alternatives. In May 2007, KBW once again met with our executives to discuss a peer comparison, provide an update of the current market conditions and the mergers and acquisitions environment and discuss our strategic alternatives. In July 2007, KBW and our executives continued discussions relating to strategic alternatives.

From October 22, 2007 to November 5, 2007, KBW worked with our management and advisors to create a confidential information memorandum containing various financial and operational information about us that could be used to solicit interest in a strategic transaction with us. At the same time, KBW worked with our management and

several of our directors to generate a list of 13 potential affiliation partners, including FNB. On November 5, 2007, KBW began to contact parties so identified to solicit indications of interest. From the 13 identified parties, eight ultimately indicated to KBW that they had interest in pursuing a transaction with us.

On November 30, 2007, our board met to review and discuss the various indications of interest that had been submitted as a result of the solicitation of interest by KBW. At that meeting, KBW presented to the board an overview of the various indications of interest from each of the eight interested parties. This overview analyzed the various parties and their indications of interest in three general areas: pricing, past financial performance of each interested party and non-financial issues such as structure, employee issues, management

and board representation. After further discussion, our board resolved to advance to a due diligence stage with two of the interested parties and to ask each to deliver revised indications of interest after the benefit of their due diligence review. FNB was one of these two selected institutions.

On January 25, 2008, FNB submitted a bid to KBW. On January 30, 2008, FNB submitted a revised bid. On January 31, 2008, our board met to discuss our options. At that meeting, KBW presented a detailed review of the FNB bid. After detailed discussion of the offer, our board directed our management and its advisors to negotiate the terms of a transaction with FNB and to present the terms of a transaction to our board.

From February 1, 2008 until February 14, 2008, numerous telephonic and in-person conferences were held between FNB and us and our respective advisors and representatives regarding a proposed transaction. The parties exchanged drafts of a merger agreement and related agreements, and the parties had numerous discussions regarding the transaction. During this time, FNB continued its due diligence review of us and we conducted a due diligence review of FNB.

On February 14, 2008, our board met to review the results of the negotiations and our due diligence review. At this meeting, our board, KBW and outside legal counsel reviewed the merger agreement and discussed in detail the mechanics of the agreement and the underlying transaction. After deliberating, our board unanimously approved the merger agreement and related matters and our board authorized our officers to execute the documents. After the closing of the stock market on February 14, 2008, the parties executed the merger agreement and related documents.

Our Reasons for the Merger

Our board of directors has unanimously approved the merger agreement and unanimously recommends that our shareholders vote *FOR* approval and adoption of the merger agreement.

Our board of directors has determined that the merger is fair to, and in the best interests of, us and our shareholders. In approving the merger agreement, our board of directors consulted with KBW with respect to certain financial aspects of the merger and the fairness of the merger consideration to be received by our shareholders from a financial point of view and with counsel as to our legal duties and the terms of the merger agreement and ancillary documents. In arriving at its determination, our board also considered the following material factors:

Our board of directors familiarity with and review of information concerning our business, results of operations, financial condition, historical operating results, competitive position and future prospects;

The current and prospective environment in which we operate, including national, regional and local economic conditions, the competitive environment for banks and other financial institutions generally, the increased regulatory burdens on financial institutions and the trend toward consolidation in the banking and financial services industries;

The results that might be obtained by us if we continued to operate independently and the likely benefits to our shareholders of such a course, compared with the value of the merger consideration offered by FNB;

In comparison to FNB s history of paying cash dividends on its common stock, our board of directors considered whether we, as an independent enterprise, could produce the earnings necessary to result in a value comparable to the value to be received in the merger;

The financial terms of the proposed merger. Our shareholders would receive shares of FNB common stock in exchange for shares of our common stock they had held according to the exchange ratio, subject to adjustment

for antidilution;

The financial presentation of KBW and the opinion of KBW that, as of February 14, 2008, the merger consideration was fair, from a financial point of view, to our shareholders (see Opinion of Our Financial Advisor in Connection with the Merger, beginning on page 48);

The financial attributes of our and FNB s common stock, dividend yield, liquidity and corporate fundamentals;

FNB trades on the NYSE under the symbol FNB. Our board of directors found the enhanced liquidity associated with FNB s common stock, compared with the more limited trading market of our common stock, to be a favorable factor in its analysis;

Our favorable opinion of the experience and expertise of the FNB management team;

The expected qualification of the merger as a reorganization under Section 368 of the Code;

Our board of directors and our management performed an extensive review of FNB. As a part of our due diligence review, we reviewed FNB s business, operations, financial conditions, earnings and prospects. These factors were found to be favorable. Our board of directors emphasized FNB s most recent operating history and performance;

The effects of the merger on our depositors and customers and the communities served by us, which was deemed to be favorable given that they would be served by an organization with greater resources than we have; and

The future business prospects of FNB.

This discussion of the factors considered by our board of directors is not exhaustive, but includes all material factors considered by our board of directors. In approving the merger agreement, our board of directors did not quantify or assign any specific or relative weight to the various factors considered. Rather, our board of directors based its recommendation on the totality of information presented to it. Individual directors may have weighted factors differently. All of the material factors concerning the proposed merger considered by our board of directors supported our board of directors decision to recommend the merger to our shareholders. Our board of directors is not aware of any factor that failed to support its determination. From the viewpoint of our board of directors, the merger represents an attractive opportunity to maximize shareholder value, provide liquidity to our shareholders and to join with a company that has sound business prospects.

Opinion of Our Financial Advisor in Connection with the Merger

On November 2, 2007, we executed an engagement agreement with KBW. KBW s engagement encompassed assisting us as our financial advisor in connection with a possible business combination with select other institutions. We selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with us and our business. As part of its investment banking business, KBW is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On February 14, 2008, our board of directors held a meeting to evaluate the our proposed merger with and into FNB. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered a written opinion to our board of directors that, as of such date, and based upon and subject to the factors and assumptions set forth therein, the consideration to be paid in the merger is fair, from a financial point of view, to our stockholders. At this meeting, KBW informed our board that during the past two years KBW acted as financial advisor to FNB in connection with its acquisition of Legacy Bank and acted as a placement agent for FNB in connection with FNB s issuance of trust preferred securities in May 2006. Our board approved the merger agreement at this meeting.

The full text of KBW s written opinion, dated February 14, 2008, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is included as Appendix B to this proxy statement/prospectus. The description of the KBW opinion set forth herein is qualified in its entirety by reference to the full text of such opinion. We urge you to read KBW s opinion in its entirety.

KBW s opinion is directed to our board and addresses only the fairness, from a financial point of view, of the consideration offered to our shareholders. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to our stockholders as to how they should vote at our special meeting on the merger or any related matter.

In connection with its opinion, KBW reviewed, analyzed and relied upon material bearing upon the merger and the financial and operating condition of FNB and us and the merger, including among other things, the following:

- the merger agreement,
- our annual report to stockholders for the three years ended December 31, 2006 and the annual report to stockholders and annual report on Form 10-K for the three years ended December 31, 2006 of FNB,
- certain interim reports to our stockholders, certain interim reports to stockholders and quarterly reports on Form 10-Q of FNB and certain communications from FNB and us to our respective stockholders, and
- other financial information concerning the businesses and operations of FNB that we furnished to KBW for purposes of KBW s analysis.

KBW also held discussions with members of senior management of FNB and us regarding the past and current business operations, regulatory relationships, financial condition, and future prospects of the respective companies and such other matters that KBW deemed relevant to its inquiry. In addition, KBW compared certain financial and stock market information for FNB and us with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the banking industry and performed such other studies and analyses as KBW considered appropriate.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or publicly available, and did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. KBW relied upon the management of FNB and us as to the reasonableness and achievability of the financial and operating forecasts and projections, and assumptions and bases therefor, provided to KBW and KBW assumed that such forecasts and projections reflect the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. KBW is not an expert in the independent valuation of the adequacy of allowances for loan losses and, without independent verification, assumed that the aggregate allowances for loan and lease losses for FNB and us are adequate to cover those losses. KBW did not make or obtain any evaluations or appraisals of any assets or liabilities of FNB or us, nor did they examine or review any individual credit files.

The projections furnished to KBW and used by it in certain of its analyses were prepared by our senior management team. We do not publicly disclose internal management projections of the type provided to KBW in connection with its review of the merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. In its analysis, KBW used certain publicly available financial information and earnings estimates of FNB and made no attempt to independently verify its accuracy. Any estimates or projections contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. In addition, estimates or projections of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial

uncertainty.

At the direction of our board of directors, KBW was not asked to, and it did not, offer any opinion as to the terms, other than the merger consideration to the extent expressly specified in KBW s opinion, of the

merger agreement or the form of the merger. KBW expressed no opinion as to what the value of FNB common stock would be when issued pursuant to the merger or the prices at which FNB common stock or our common stock would trade at any time. In addition, KBW s opinion did not address the relative merits of the merger as compared to any alternative business strategies that might exist for us, nor does it address the effect of any other business combination in which we might engage.

For purposes of rendering its opinion, KBW assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, that may be imposed, will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

KBW s opinion is not an expression of an opinion as to the prices at which shares of our common stock or FNB common stock will trade since the announcement of the proposed merger or the actual value of the FNB common shares when issued pursuant to the merger, or the prices at which the FNB common shares will trade following the completion of the merger.

In performing its analyses, KBW considered such financial and other factors it deemed appropriate, including, among other things, the historical and current financial position and results of operations of FNB and us, the assets and liabilities of FNB and us, and the nature and terms of certain other merger transactions involving banks and bank holding companies. KBW also took into account their assessment of general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, FNB and us and none of FNB, KBW or us or any other person assumes responsibility if future results are materially different from those projected.

The merger consideration was determined through negotiation between FNB and us and the decision to enter into the merger was solely that of our board of directors. In addition, the KBW opinion was among several factors taken into consideration by our board in making its determination to approve the merger agreement and the merger.

Summary of Analysis by KBW

The following is a summary of the material financial analyses presented by KBW to our board, in connection with rendering the fairness opinion described above. The following summary is not a complete description of the financial analyses performed by KBW in rendering its opinion or the presentation made by KBW to our board, nor does the order of analysis described represent relative importance or weight given to any particular analysis by KBW and is qualified in its entirety by reference to the written opinion of KBW included as Appendix B to this proxy statement/prospectus. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those

methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. Selecting portions of the analysis or of the summary set forth herein, without considering the analysis as a whole, could create an incomplete view of the processes underlying KBW s opinion. In arriving at its opinion, KBW considered the results of its entire analysis and KBW did not attribute any particular weight to any analysis or factor that it considered. Rather

KBW made its determination as to fairness to our stockholders of the merger consideration on the basis of its experience and professional judgment after considering the results of its entire analysis. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

Summary of Proposal. Pursuant to the terms of the merger agreement, each outstanding share of our common stock will be converted into either (i) five shares of FNB common stock or (ii) an amount in cash equal to $75.00, subject to a proration of 55% stock and 45% cash, if either stock or cash is oversubscribed. Based on FNB s closing stock price on February 12, 2008 of $15.26, the merger consideration represented a value of $75.72 per share to us.

Selected Peer Group Analysis. Using publicly available information, KBW compared the financial performance, financial condition and market performance of FNB and us to the following depository institutions that KBW considered comparable to FNB and us.

Companies included in our peer group were:

Union National Financial Corporation
Norwood Financial Corp.
Somerset Trust Holding Company
Kish Bancorp, Inc.
1st Summit Bancorp of Johnstown, Inc.
Dimeco, Inc.
Juniata Valley Financial Corp.
Peoples Financial Services Corp.
Honat Bancorp, Inc.
Allegheny Valley Bancorp, Inc.
CB Financial Services, Inc.
Commercial National Financial Corporation
Northumberland Bancorp
Hamlin Bank and Trust Company
CBT Financial Corporation
Emclaire Financial Corp.
First Community Financial Corporation
Mauch Chunk Trust Financial Corp.
Mars National Bank
New Century Bank
Mifflinburg Bank & Trust Company
Jonestown Bank and Trust
MNB Corporation
CCFNB Bancorp, Inc.

Companies included in FNB s peer group were:

Susquehanna Bancshares, Inc.
FirstMerit Corporation
National Penn Bancshares, Inc.
United Bankshares, Inc.
Park National Corporation
First Commonwealth Financial Corporation
WesBanco, Inc.
NBT Bancorp, Inc.
Community Bank System, Inc.
S&T Bancorp, Inc.
Harleysville National Corporation
First Financial Bancorp.
City Holding Company

To perform this analysis, KBW used financial information as of or for the three- or twelve-month period ended December 31, 2007, or as of or for the most recent period available. Market price information was as of February 12, 2008, and 2008 earnings estimates were taken from First Call, a nationally recognized earnings estimate consolidator. Certain financial data prepared by KBW, and as referenced in the tables presented below may not correspond to the

data presented in FNB s and our historical financial statements, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW s analysis showed the following concerning FNB s and our financial performance:

Financial Performance Measures:	FNB	FNB Peer Group Median	IRGB	IRGB Peer Group Median
Net Interest Margin	3.72%	3.69%	3.60%	3.62%
Latest Twelve Months Efficiency Ratio	58%	61%	55%	66%
Latest Twelve Months Core Return on Average Equity(1)	12.8%	11.1%	9.7%	10.2%
Latest Twelve Months Core Return on Average Assets(1)	1.14%	0.96%	1.18%	0.97%

(1) Core income is defined as net income before extraordinary items, less the after-tax portion of investment securities gains or losses and nonrecurring items.

KBW s analysis showed the following concerning FNB s and our financial condition:

Financial Condition Measures:	FNB	FNB Peer Group Median	IRGB	IRGB Peer Group Median
Tangible Equity/Tangible Assets	5.74%	6.48%	12.44%	9.15%
Loans/Deposits	96%	95%	69%	82%
Loan Loss Reserves/Loans	1.21%	1.15%	1.07%	1.01%
Non Performing Assets/Loans + OREO	1.17%	0.67%	0.77%	0.69%
Latest Twelve Months Net Charge-offs/Average Loans	0.37%	0.28%	0.21%	0.07%

KBW s analysis showed the following concerning FNB s and our market performance:

Market Performance Measures:	FNB	FNB Peer Group Median	IRGB	IRGB Peer Group Median
Price to Earnings Multiple, based on 2008 GAAP estimated earnings	13.5x	13.7x	NA	NA
Price to Last Twelve Months earnings	13.3x	13.9x	16.4x	15.7x
Price to Book Value Multiple	142%	159%	156%	137%
Price to Tangible Book Value Multiple	309%	240%	159%	147%

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Comparable Transaction Analysis. KBW reviewed publicly available information related to selected comparably sized acquisitions of bank holding companies announced after January 1, 2005, headquartered in Pennsylvania with aggregate transaction values between $25 million and $500 million. The transactions included in the group were:

Acquiror	Acquiree
S&T Bancorp, Inc.	IBT Bancorp, Inc.
F.N.B. Corporation	Omega Financial Corporation
Harleysville National Corporation	East Penn Financial Corporation
First Keystone Corporation	Pocono Community Bank
Northwest Bancorp, Inc. (MHC)	Penn Laurel Financial Corp
Citizens & Northern Corporation	Citizens Bancorp, Inc.
Conestoga Bancorp, Inc.	PSB Bancorp, Inc.
Centra Financial Holdings, Inc.	Smithfield State Bank of Smithfield, PA
F.N.B. Corporation	Legacy Bank
Orrstown Financial Services, Inc.	First National Bank of Newport
Tower Bancorp Incorporated	FNB Financial Corporation
Willow Grove Bancorp, Inc.	Chester Valley Bancorp Inc.

Transaction multiples for the merger were derived from an offer price of $75.72 (based upon FNB s closing share price on February 12, 2008) per share for us. For each precedent transaction, KBW derived and compared, among other things, the implied ratio of price per common share paid for the acquired company to:

- the earnings per share of the acquired company for the latest 12 months of results publicly available prior to the announcement of the acquisition;
- book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;
- tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;
- tangible equity premium to core deposits based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition; and
- market premium based on the latest closing price 1-day prior to the announcement of the acquisition.

The results of the analysis are set forth in the following table:

Transaction Price to:	FNB/IRGB Merger	Comparable Transactions Median
Last Twelve Months Earnings per Share	23.4x	22.4x
Book Value	222%	194%
Tangible Book Value	227%	235%
Core Deposit Premium	21.8%	19.0%

Market Premium(1)	42.9%	39.0%

(1) Based on our closing price of $53.00 on February 12, 2008.

No company or transaction used as a comparison in the above analysis is identical to FNB, us or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis to estimate a range for the implied equity value per share of our common stock based on a continued independence scenario. In

this analysis, KBW assumed discount rates ranging from 11.0% to 14.0% and our earnings per share growth rates ranging from 0.0% to 5.0% to derive (i) the present value of the estimated free cash flows that we could generate over a five year period and (ii) the present value of our terminal value at the end of year five. Terminal values for us were calculated based on a range of 14.0x to 16.0x estimated year six earnings per share. In performing this analysis, KBW used our management s earnings estimate for the first year. Based on management s estimates, KBW assumed 2.0% earnings per share growth thereafter. In determining cash flows available to stockholders, KBW used forecasted dividend payments, not in excess of earnings, which assumed the maintenance of a minimum tangible equity to tangible assets ratio of 7.0%.

Based on these assumptions, KBW derived an implied equity value per share of our common stock ranging from $37.21 to $51.92.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The analysis did not purport to be indicative of the actual values or expected values of our common stock.

Forecasted Pro Forma Financial Analysis. KBW analyzed the estimated financial impact of the merger on FNB s 2008 estimated earnings per share. For FNB, KBW used the First Call consensus estimate of earnings per share for 2008. For us, KBW used management estimates of earnings per share for 2008. In addition, KBW assumed that the merger will result in cost savings equal to our management s estimates. Based on its analysis, KBW determined that the merger would be approximately break-even to FNB s estimated GAAP earnings per share in 2008.

Furthermore, the analysis indicated that FNB s Leverage Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio would all remain well capitalized by regulatory standards. For all of the above analysis, the actual results achieved by FNB following the merger may vary from the projected results, and the variations may be material.

Other Analyses. KBW reviewed the relative financial and market performance of FNB and us to a variety of relevant industry peer groups and indices. KBW also reviewed earnings estimates, balance sheet composition, historical stock performance and other financial data for FNB.

KBW prepared this analysis for purposes of providing its opinion to our board as described above. KBW did not express any opinion about the fairness of the amount or nature of the compensation to any of our officers, directors or employees, or any class of such persons, relative to the compensation to our other stockholders.

Our board retained KBW as an independent contractor to act as financial adviser to it regarding the merger. As part of its investment banking business, KBW is continually engaged in the valuation of the securities of banks and bank holding companies in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, and sell securities to, FNB and us and as a market maker KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of FNB or us for KBW s own account and for the accounts of its customers. To the extent KBW had any such positions as of the date of its opinion it was disclosed to our board.

KBW and we have entered into an agreement relating to the services to be provided by KBW in connection with the merger. We have agreed to pay KBW at the time of closing of the merger a cash fee equal to 1.00% of the market value of the aggregate consideration offered in exchange for our outstanding shares of common stock and options in

the transaction, which fee is estimated to be approximately $881,000. Pursuant to the KBW engagement agreement, we have also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW and related parties against certain liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

Structure of the Merger and the Merger Consideration

Structure. Subject to the terms and conditions of the merger agreement, and in accordance with Pennsylvania and Florida law, at the completion of the merger we will merge with and into FNB. FNB will be the surviving corporation and will continue its corporate existence under the laws of the State of Florida. Immediately thereafter, IRGB Bank will merge with and into FNB Bank. Each share of our common stock issued and outstanding at the effective time of the merger will be converted into cash or shares of FNB common stock.

When the merger is completed, our separate corporate existence will terminate. To the extent you become a shareholder of FNB, your rights as a shareholder will be governed by Florida law, FNB s articles of incorporation will be the articles of incorporation of the combined company, and FNB s bylaws will be the bylaws of the combined company. See Comparison of Shareholder Rights beginning on page 84.

The board of directors of FNB Bank will continue as the board of directors of the combined bank, except that at the completion of the bank merger, FNB Bank will appoint to the board of directors of FNB Bank one current member of IRGB Bank s board of directors, as mutually agreed upon by FNB and us. FNB will appoint to FNB Bank s Pittsburgh Region advisory board of directors three current members of IRGB Bank s board of directors, as mutually agreed upon by FNB and us.

Based on information as of the record date, upon completion of the merger, current holders of FNB common stock will own approximately 96.5% of, and holders of our common stock will own approximately 3.5% of, the outstanding FNB common stock.

Merger Consideration. The merger agreement provides that at the effective time of the merger each share of our common stock issued and outstanding immediately prior to the effective time, other than shares held by FNB and shares as to which dissenters rights are perfected, will be converted into the right to receive either:

- five shares of FNB common stock; or
- $75.00 in cash.

Our stock options will be converted into FNB stock options to purchase that number of shares of FNB common stock as equals the number of shares covered by our option times the option ratio, with the exercise price of each converted option equaling the exercise price of our stock option divided by the option ratio. The option ratio is the quotient obtained by dividing the closing price of FNB common stock on the NYSE on the day prior to the effective time of the merger by the closing price of our common stock on the OTC Bulletin Board on the day prior to the effective time of the merger.

You may elect whether you want to receive all FNB common stock, all cash or a combination of cash and FNB common stock in exchange for your shares of our common stock. However, your election is subject to possible proration because the allocation procedures in the merger agreement provide that FNB will not issue as merger consideration more than 3,070,856 shares of its common stock plus an additional amount of shares of FNB common stock as is five times the number of shares of our common stock we issue after February 14, 2008 to the extent permitted by the merger agreement, although FNB has the option of increasing the amount of FNB common stock it issues in the merger. The actual allocation of cash and FNB common stock will be dependent on the elections made by our shareholders and may result in your receipt of a combination of FNB common stock and cash regardless of your choice. In addition, you may enroll the shares of FNB common stock issuable to you upon the completion of the

merger in FNB s dividend reinvestment and stock purchase plan. See Election Procedure beginning on page 56.

Since the market value of FNB common stock may fluctuate due to a variety of factors and the exchange ratio of five shares of FNB common stock for each share of IRGB common stock is fixed, no assurance can be given that the value of five shares of FNB common stock received in the merger will be substantially equivalent to $75.00 in cash. In addition, no assurance can be given that the value of five shares of FNB common stock received by you at the effective time of the merger will be substantially equivalent to the value of five shares of FNB common stock at the time of the vote to approve the merger proposal or at the time you

elect the form of merger consideration you want to receive. As the market value of FNB common stock fluctuates, the value of five shares of FNB common stock that you will receive will correspondingly fluctuate and may be greater or less than $75.00 in cash.

If, between the date of the merger agreement and the effective time of the merger, shares of FNB common stock are changed into a different number or class of shares by reason of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in FNB s capitalization other than a business combination transaction with another bank holding company or financial services company, then proportionate adjustments will be made to the per share merger consideration.

Treasury Shares. Upon consummation of the merger, any shares of our common stock held by us or any of our subsidiaries or by FNB or any of its subsidiaries, other than in a fiduciary capacity or as a result of debts previously contracted in good faith, will be cancelled and retired and no merger consideration will be provided with respect to those shares.

Election Procedure

Subject to the allocation process described in the next section, you will have the right to elect to receive in exchange for your shares of our common stock:

all cash;

all shares of FNB common stock; or

a combination of cash and shares of FNB common stock.

In our discussion, we refer to each of these three possible elections as the all cash election, the all stock election and the combination election, respectively.

All Cash Election. If you choose the all cash election, you will receive $75.00 in cash for each share of our common stock you hold, subject to the allocation mechanism described below. In our description below, we refer to the shares held by an IRGB shareholder who has made an all cash election as cash election shares.

All Stock Election. If you choose the all stock election, you will receive five shares of FNB common stock for each share of our common stock you hold, subject to the allocation mechanism described below. In our description below, we refer to the shares held by an IRGB shareholder who has made an all stock election as stock election shares.

Combination Election. If you choose the combination election, you will receive (i) five shares of FNB common stock for each share of our common stock you hold for which you elected to receive FNB common stock and (ii) $75.00 in cash for each remaining share of our common stock you hold, subject to the allocation mechanism described below. If you choose the combination election, you will be able to specify the number of shares of our common stock you want converted into shares of FNB common stock. All shares of our common stock for which you do not elect to receive FNB common stock will be converted into cash, subject to the allocation mechanism described below.

Undesignated Shares. Any shares of our common stock, other than shares for which dissenters rights have been properly perfected under the PBCL and treasury shares, with respect to which Registrar & Transfer Company, or R&T, which will serve as exchange agent, does not receive an effective, properly completed election form prior to the election deadline will be deemed undesignated shares. If you hold shares of our common stock that are deemed to be undesignated shares, you will receive $75.00 in cash for each share of our common stock you hold unless there is an

oversubscription of the cash consideration, in which case you may receive five shares of FNB common stock for some or all of your shares of our common stock. See Allocation of FNB Common Stock and Cash below.

For example, assuming you hold 100 shares of our common stock, if you made:

- an all stock election, you will receive 500 shares of FNB common stock;
- an all cash election, you will receive $7,500 in cash; or
- a combination election, you will receive:
  - assuming an election of 75% cash and 25% stock, approximately $5,625 in cash and 125 shares of FNB common stock;
  - assuming an election of 50% cash and 50% stock, approximately $3,750 in cash and 250 shares of FNB common stock; or
  - assuming an election of 75% stock and 25% cash, approximately $1,875 in cash and 375 shares of FNB common stock.

The actual allocation of cash and stock will be subject in each case to the allocation procedures described under the heading Allocation of FNB Common Stock and Cash below.

Under the terms of the merger agreement, FNB will reserve 3,070,856 shares of its common stock plus an additional amount to cover the exchange of shares of our common stock issued after the signing of the merger agreement for exchange for our common stock, unless FNB, in its discretion, determines to increase the number of shares of its common stock issued in the merger in the case of a stock oversubscription. Accordingly, we cannot assure you that you will receive the form of the merger consideration that you elect with respect to all of your shares of our common stock. If the elections of our shareholders result in an oversubscription for the available pool of FNB common stock or cash, R&T will follow the procedures for allocating FNB common stock and cash to be received by our shareholders as set forth in the merger agreement and described under Allocation of FNB Common Stock and Cash below.

Election Form. The merger agreement provides that no less than 40 days prior to the anticipated date of completion of the merger, or on a different date mutually agreed upon by FNB and us, an election form and other appropriate and customary transmittal materials will be mailed by, or on behalf of, FNB to you. Each election form will allow you to elect to receive:

- five shares of FNB common stock for each share of our common stock you hold;
- $75.00 in cash for each share of our common stock you hold; or
- five shares of FNB common stock for each share of our common stock you hold for which you elect to receive FNB common stock and $75.00 in cash for each remaining share of our common stock you hold.

The form of election will be mailed to you if you are a holder of record as of the close of business on the fifth business day prior to the mailing date of such notice. In our discussion, we refer to this date at the election form record date. FNB will also make election forms available to persons who become record holders of our common stock subsequent to the election form record date and prior to the election deadline.

If you wish to elect the type of merger consideration you will receive in the merger, you should carefully review and follow the instructions set forth in the election form. We will deem shares of our common stock as to which you have not made a valid election prior to the election deadline, which is 5:00 p.m., eastern daylight time, on the 30th day

following the mailing date, undesignated shares.

An election will have been properly made and effective only if R&T has actually received a properly completed election form that has not been revoked by the election deadline. R&T will treat an election form as properly completed only if an election is indicated for each share of our common stock covered by such election form and accompanied by one of more certificates representing all shares of our common stock covered by the election form, or customary affidavits and indemnification regarding the loss or destruction of such certificates or the guaranteed delivery of such certificates, together with duly executed transmittal materials included in or required by the election form.

You may revoke your election form prior to the election deadline, provided that R&T actually receives a written notice from you revoking your election form and specifying the shares of our common stock covered by such revoked election form prior to the election deadline. In the event an election form is revoked prior to the election deadline, the shares of our common stock represented by such revoked election form will automatically become undesignated shares unless and until you properly make a new election with respect to such shares of our common stock on or before the election deadline. In the event of a revocation of an election, FNB will cause the certificates representing such shares of our common stock to be promptly returned without charge to the person submitting the revoked election form upon request to that effect from the holder who submitted such election form.

R&T will have reasonable discretion to determine whether any election or revocation has been properly or timely made and to disregard immaterial defects in the election forms, and any decisions made in good faith by FNB and us in determining such matters will be binding and conclusive. FNB will use commercially reasonable efforts to cause R&T to provide our shareholders with notice of any defects in election forms.

Allocation of FNB Common Stock and Cash

Under the terms of the merger agreement, FNB will reserve 3,070,856 shares of its common stock plus an additional amount to cover the exchange of shares of our common stock issued after the signing of the merger agreement for exchange for our common stock. Accordingly, we cannot assure you that you will receive the form of merger consideration that you elect with respect to all shares of our common stock that you hold. If the elections of all of our shareholders result in an oversubscription of the available pool of cash or FNB common stock, R&T will allocate between the cash and shares of FNB common stock to be received by you in the manner described below.

If the aggregate number of shares of FNB common stock that would be issued in the merger is approximately equal to 3,070,856 shares of FNB common stock, subject to adjustment pursuant to the merger agreement, then:

if you made an all cash election, you will receive $75.00 in cash for each share of our common stock you hold;

if you made an all stock election, you will receive five shares of FNB common stock for each share of our common stock you hold;

if you made a combination election, you will receive five shares of FNB common stock per share of our common stock you hold for which you elected to receive FNB common stock and $75.00 in cash for each remaining share of our common stock you hold; and

if you hold undesignated shares, you will be deemed to have made an all cash election and will receive $75.00 in cash for each share of our common stock you hold, subject to the allocation provisions in the merger agreement.

Oversubscription of the Stock Consideration. If the aggregate number of shares of FNB common stock that would be issued in the merger exceeds, and is not approximately equal to, 3,070,856 shares of FNB common stock, subject to adjustment pursuant to the merger agreement, FNB may, in its sole discretion, issue such number of its shares of common stock even though more than 3,070,856 shares of its common stock would be issued. However, FNB also has the right not to issue more than 3,070,856 shares of its common stock. If FNB chooses not to issue more than 3,070,856 shares of its common stock then:

if you made an all cash election, you will receive $75.00 in cash for each share of our common stock you hold;

if you hold undesignated shares, you will be deemed to have made an all cash election and you will receive $75.00 in cash for each share of our common stock you hold;

if you made a stock election or a combination election, you will receive the following consideration for the shares of our common stock you hold for which you elected to receive FNB common stock:

a number of shares of FNB common stock equal to the product of: (i) five multiplied by (ii) the sum of the number of shares of our common stock as to which you made an all stock election or a combination election to the extent you elected to receive FNB common stock multiplied by (iii) the stock proration factor; and

cash in an amount equal to the following: (i) $75.00 multiplied by (ii) the sum of the number of shares of our common stock with respect to which you made an all stock election or a combination election to the extent you elected to receive FNB common stock multiplied by (iii) one minus the stock proration factor; and

if you made a combination election, you will receive $75.00 in cash for each of the remaining shares of our common stock you hold.

The stock proration factor will be calculated by dividing (i) 3,070,856 by (ii) the product of five and the number of shares of our common stock with respect to which all stock elections were made and the number of shares of our common stock for which FNB common stock was elected in connection with combination elections.

Oversubscription of the Cash Consideration. If the aggregate number of shares of FNB common stock that would be issued in the merger is less than, and is not approximately equal to, 3,070,856 shares of FNB common stock, subject to adjustment pursuant to the merger agreement, then:

if you made an all stock election, you will receive five shares of FNB common stock for each share of our common stock you hold;

if you made a combination election, you will receive five shares of FNB common stock for each share of our common stock you hold for which you elected to receive FNB common stock;

R&T will then select by pro rata allocation according to the number of shares of our common stock held by the holders of the undesignated shares, other than shares for which dissenters rights have properly been perfected under the PBCL, a sufficient number of shares such that aggregate number of shares of FNB common stock that would be issued in the merger as nearly as possible equals 3,070,856 shares of FNB common stock, subject to adjustment pursuant to the merger agreement;

if the sum of the undesignated shares plus the shares of our common stock as to which all stock elections were made plus the number of shares of our common stock for which FNB common stock was elected in connection with combination elections by our other shareholders multiplied by five is less than, and not approximately equal to, 3,070,856 shares of FNB common stock, then (i) each shareholder who made a combination election will receive the following consideration for each share of our common stock as to which such shareholder elected to receive cash and (ii) each shareholder who made an all cash election will receive the following consideration for each share of our common stock such shareholder held:

cash in an amount equal to the following: (i) $75.00 multiplied by (ii) the number of shares of our common stock with respect to which you made an all cash election or a combination election to the extent you elected to receive cash multiplied by (iii) one minus the cash proration factor; and

the number of shares of FNB common stock equal to the product of: (i) five multiplied by (ii) the number of shares of our common stock with respect to which you made an all cash election or a combination election to

the extent you elected to receive cash multiplied by (iii) the cash proration factor; and

The cash proration factor will be calculated by dividing (i) the amount that is the difference between (x) that number obtained by dividing 3,070,856 by five, or 614,171 shares, and (y) the sum of the number of shares of our common stock with respect to which all stock elections were made, the number of shares of our common stock for which FNB common stock was elected in connection with combination elections and the

number of undesignated shares selected in accordance with the foregoing provisions by (ii) the sum of the number of shares of our common stock with respect to which all cash elections were made and the number of shares of our common stock for which cash was elected in connection with combination elections.

No later than five business days prior to the effective time of the merger, FNB will inform us of the allocation and will cause R&T to compute the allocation described above. The pro rata allocation process R&T will use will consist of such procedures as FNB and we mutually determine.

Because the U.S. federal income tax consequences of receiving cash, FNB common stock or both cash and FNB common stock will differ, you are urged to read carefully the information set forth under the section Material U.S. Federal Income Tax Consequences of the Merger and to consult your tax advisors for a full understanding of the tax consequences of the merger to you. In addition, because the value of one share of FNB common stock can fluctuate during the election period, the economic value per share received by our shareholders who receive FNB common stock may, as of the date of receipt by them, be more or less than the $75.00 in cash received by our shareholders who received cash consideration.

Some examples of the approximate effects of the proration of the cash consideration and the stock consideration in the merger to a holder of 100 shares of IRGB common stock are set forth below. The actual elections by IRGB shareholders may differ significantly. The examples are for illustrative purposes only.

If our shareholders elect to receive more than 3,070,856 shares of FNB common stock, then:

(a) A holder of 100 shares who makes an all cash election will receive $7,500 in cash;

(b) A holder of 100 shares who fails to make an election will be deemed to have made an all cash election and will receive $7,500 in cash;

(c) A holder of 100 shares who makes a combination election to receive cash with respect to 50 shares and FNB common stock with respect to the remaining 50 shares will receive:

- $3,750 in cash with respect to the 50 shares for which the holder made a cash election; and
- that number of shares of FNB common stock as equal 50 times the stock proration factor and $75.00 per share in cash with respect to that portion of the 50 shares for which such holder did not receive FNB common stock;

(d) A holder of 100 shares who makes an all stock election will receive that number of shares of FNB common stock as equals 100 times the stock proration factor and $75.00 per share in cash for that portion of the 100 shares for which such holder did not receive FNB common stock.

If our shareholders elect to receive 2,000,000 shares of FNB common stock, i.e. less than the share amount of 3,070,856 shares of FNB common stock, and if holders of 100,000 shares of our common stock fail to make an election, then:

(a) A holder of 100 shares who makes an all stock election will receive 500 shares of FNB common stock;

(b) A holder of 100 shares who fails to make an election will be deemed to have made an all stock election and will receive 500 shares of FNB common stock;

(c) A holder of 100 shares who makes a combination election to receive FNB common stock with respect to 50 shares and cash with respect to the remaining 50 shares will receive:

250 shares of FNB common stock with respect to the 50 shares for which the holder made a stock election; and

that amount of cash as equals $3,750 times one minus the cash proration factor and that five shares of FNB s common stock for each of the 50 shares for which such holder did not receive cash times the cash proration factor.

(d) A holder of 100 shares who makes an all cash election will receive that amount of cash as equals $7,500 times one minus the cash proration factor and five shares of FNB common stock for each of the 100 shares for which such holder did not receive cash times the cash proration factor.

Dissenting Shares. If you perfect dissenters rights under the PBCL, you are therefore entitled to be paid the appraised fair value of your shares as provided in the PBCL, and you will not be entitled to receive the merger consideration unless and until you have withdrawn or otherwise lost your dissenters rights.

Procedures for the Exchange of Shares of Our Common Stock

Exchange Fund. Within four business days following the effective time of the merger, FNB will deposit with the exchange agent certificates representing the shares of FNB common stock to be exchanged for shares of our common stock and cash to be exchanged for shares of our common stock.

Exchange Procedures. After the effective time of the merger, each holder of an IRGB stock certificate, other than certificates representing shares for which dissenters rights have been properly perfected under the PBCL and treasury shares, who has surrendered such certificate or customary affidavits and indemnification regarding the loss or destruction of such certificate, together with duly executed transmittal materials to R&T, will be entitled to receive a certificate representing FNB common stock and/or cash in accordance with the election and allocation procedures described above. See Election Procedures beginning on page 56 and Allocation of FNB Common Stock and Cash beginning on page 58.

If your IRGB stock certificate has been lost, stolen or destroyed, you may receive shares of FNB common stock if you make an affidavit of that fact. FNB may require that you post a bond in a reasonable amount as an indemnity against any claim that may be made against FNB with respect to the lost, stolen or destroyed IRGB stock certificate.

Until you exchange your IRGB stock certificates, you will not receive any dividends or distributions in respect of any shares of FNB common stock you are entitled to receive in connection with the merger. Once you exchange your IRGB stock certificates for FNB stock certificates as well as any dividends with respect to our common stock declared before the effective date of the merger but unpaid, you will receive, without interest, any dividends or distributions with a record date after the effective time of the merger and payable with respect to your shares of FNB common stock.

After completion of the merger, no transfers of our common stock issued and outstanding immediately prior to the completion of the merger will be allowed, except as required to settle trades executed prior to the completion of the merger. If certificates representing shares of our common stock are presented for transfer after the completion of the merger, the certificates will be cancelled and exchanged for the merger consideration into which the shares represented by such certificates have been converted.

R&T will issue a FNB stock certificate, or a check representing cash, in a name other than the name in which a surrendered IRGB stock certificate is registered only if the surrendered IRGB stock certificate is properly endorsed and otherwise in proper form for transfer and the person requesting such exchange either affixes any requisite stock transfer tax stamps to the surrendered certificate, provides funds for their purchase or establishes to the satisfaction of R&T that such transfer taxes are not payable.

Our stock certificates may be exchanged for cash and FNB stock certificates with R&T for up to 12 months after the completion of the merger. At the end of that period, R&T will return any FNB stock certificates and cash to FNB. Any holders of our stock certificates who have not exchanged their certificates will then be entitled to look only to FNB to

seek payment of their claim for cash and/or FNB common stock to be received as merger consideration.

FNB or R&T may be entitled to deduct and withhold from any amounts payable to any holder of shares of our common stock such backup withholding as is required under the Code, or any state, local or foreign tax law or regulation. Any amounts that are withheld will be treated as having been paid to such holder of our common stock.

Neither we nor FNB will be liable to any former holder of our common stock for any shares of FNB common stock or cash that are paid to a public official pursuant to any applicable abandoned property, escheat or similar laws.

Resales of FNB Common Stock

The FNB common stock issued in connection with the merger will be freely transferable, except that any shares issued to any shareholder who may be deemed to be an affiliate of FNB will be subject to restrictions on the resale of such FNB common stock under Rule 144 adopted by the SEC.

Persons who are affiliates of FNB after the effective time of the merger may publicly resell the shares of FNB common stock received by them in the merger subject to certain limitations as to, among other things, the amount of FNB common stock sold by them in any three-month period and the manner of sale and subject to certain filing requirements specified in Rule 144 and in a manner consistent with FNB s insider trading policy. At the present time, we anticipate that the one of our directors who will become a director of FNB Bank will be the only affiliate of ours deemed an affiliate of FNB after the merger.

The ability of affiliates of FNB to resell shares of FNB common stock received in the merger under Rule 144 as summarized above generally will be subject to FNB having timely filed the periodic reports required under the Exchange Act for specified periods prior to the time of sale. Affiliates of FNB would also be permitted to resell FNB common stock received in the merger pursuant to an effective registration statement under the Securities Act or another available exemption from the registration requirements of the Securities Act. Neither the registration statement of which this proxy statement/prospectus is a part nor this proxy statement/prospectus cover any resales of FNB common stock received by persons who may be deemed to be an affiliate of FNB in the merger. FNB may place restrictive legends on the FNB common stock certificates issued to persons who are deemed affiliates of FNB under the Securities Act.

Interests of FNB s Directors and Executive Officers in the Merger

None of FNB s executive officers or directors has any direct or indirect interest in the merger, except insofar as ownership of our common stock might be deemed such an interest.

Interests of Our Directors and Executive Officers in the Merger

In considering the recommendation of our board of directors that you vote in favor of the approval of the merger proposal, you should be aware that some of our executive officers and directors have interests in the merger that are different from, or in addition to, your interests as our shareholders. Our board of directors was aware of these interests and took them into account in its decision to approve the merger agreement.

These interests relate to or arise from, among other things:

- the continued indemnification of our current directors and executive officers under the merger agreement and providing these individuals with directors and officers insurance;

- the potential change of control payments pursuant to employment or change of control agreements with IRGB Bank;

- one member of our board of directors, who has not as yet been identified, will be appointed as a member of FNB Bank s board of directors and will receive certain fees for such services; and

three members of our board of directors, who have not as yet been identified, will be offered the opportunity to serve as members of FNB s Pittsburgh Region advisory board of directors and will receive certain fees for such services.

Indemnification and Directors and Officers Insurance. FNB has agreed in the merger agreement that for six years following the effective time of the merger, FNB will indemnify and hold harmless each of our present and former directors, officers and employees and those of our subsidiaries against any costs or expenses including reasonable attorneys fees, judgments, fines, losses, claims, damages or liabilities incurred

in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or prior to the effective time of the merger including the transactions contemplated by the merger agreement, whether asserted or claimed prior to, at or after the effective time of the merger, to the fullest extent that the person would have been indemnified pursuant to (i) our articles of incorporation and by-laws and (ii) any agreement, arrangement or understanding disclosed by us to FNB, in each case as in effect on the date of the merger agreement.

FNB has also agreed in the merger agreement that for a period of six years after the effective time of the merger, it will cause the persons serving as our directors and officers immediately prior to the effective time of the merger to be covered by the directors and officers liability insurance policy we currently maintain. FNB is permitted to provide a substitute insurance policy of at least the same coverage and amounts that contains terms and conditions that are not materially less advantageous than the insurance policy we presently maintain. In no case, however, will FNB be required to expend in any one year an amount in excess of 150% of the annual premium currently paid by us for such insurance. If FNB is unable to maintain or obtain such insurance for that amount, then FNB will use its commercially reasonable best efforts to obtain the most advantageous coverage as is available for that amount.

Change of Control Agreements. We have employment or change of control agreements with Michael J. Hagan, Karen Joyce, Joseph Plichta and Amy Bitz that entitle each of them to certain compensation and benefits in the event that they are terminated within three years following the merger between FNB Bank and IRGB Bank unless they are terminated for cause, as defined in the change of control agreements. Mr. Hagan, Ms. Joyce, Mr. Plichta and Ms. Bitz may be entitled to receive approximately $476,817, $538,743, $94,601 and $94,601, respectively, in compensation and benefits pursuant to these agreements on the effective date of the merger. Of these payments, approximately $168,379 of the payment to Ms. Joyce will not be deductible for U.S. federal income tax purposes by either FNB or us.

FNB Bank Board of Directors. FNB has agreed to add one current member of our board of directors, who has not yet been identified, to the existing board of directors of FNB Bank. FNB agrees to cause its board of directors to recommend and FNB shall vote all of the shares of voting stock held by FNB for the annual reelection of such director, who has not yet been identified, through FNB s 2010 annual meeting of shareholders.

Conversion of Our Stock Options. All stock options to purchase shares of our common stock held by our directors and executive officers will be converted automatically into fully-vested stock options to purchase shares of FNB common stock at the time of the completion of the merger.

Other than as set forth above, none of our directors or executive officers has any direct or indirect material interest in the merger, except insofar as ownership of our common stock might be deemed such an interest.

Regulatory Approvals Required for the Merger and the IRGB Bank Merger

Completion of the merger and the merger of FNB Bank and IRGB Bank are each subject to several federal and state bank regulatory agency filings and approvals. The merger cannot be completed unless FNB and FNB Bank receive prior approvals, waivers or exemptions from the OCC and the Federal Reserve Board and we, FNB Bank and IRGB Bank have made certain filings with the Department.

Neither FNB nor we can predict whether or when the required regulatory approvals, waivers or exemptions will be obtained. As of the date of this proxy statement/prospectus, all applications and requests for waivers or exemptions have been filed with the Department, the OCC and the Federal Reserve Board.

Federal Reserve Board. Because FNB is a financial holding company and we are a bank holding company registered under the BHCA, the merger is subject to prior approval from the Federal Reserve Board under the BHCA. FNB anticipates submitting on July 1, 2008 a request for a waiver, as provided in Federal

Reserve Regulation Y, from review of the merger by the Federal Reserve Board. The waiver is available for transactions that involve:

principally a merger of banks subject to the review and approval of another federal bank supervisory agency;

no company engaged in activities subject to approval under Section 4 of the BHCA;

compliance with capital requirements both before and after the transaction; and

certain other conditions specified in Regulation Y. In the event the Federal Reserve Board does not grant the requested waiver, the merger will be subject to an application and review and approval by the Federal Reserve Board.

The Federal Reserve Board is prohibited from approving any transaction under the applicable statutes that

would result in a monopoly;

would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States; or

may have the effect in any section of the United States of substantially lessening competition, tending to create a monopoly or resulting in a restraint of trade, unless the Federal Reserve Board finds that the anti-competitive effects of the transactions are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served.

In addition, in reviewing a transaction under applicable statutes, the Federal Reserve Board will consider the financial and managerial resources of the companies and any subsidiary banks and the convenience and needs of the communities to be served as well as the record of the companies in combating money laundering. Among other things, the Federal Reserve Board will evaluate the capital adequacy of the combined company after completion of the merger. In connection with its review, the Federal Reserve Board will provide an opportunity for public comment on the application for the merger, and is authorized to hold a public meeting or other proceeding if it determines that would be appropriate.

OCC. The merger of IRGB Bank with and into FNB Bank is subject to the prior approval of the OCC under the Bank Merger Act. On June 9, 2008, FNB and FNB Bank filed their application for approval of the bank merger with the OCC. In reviewing applications under the Bank Merger Act, the OCC must consider, among other factors, the financial and managerial resources and future prospects of the existing and proposed institutions, the convenience and needs of the communities to be served and the effectiveness of both institutions in combating money laundering. In addition, the OCC may not approve a merger:

that will result in a monopoly or be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States;

if its effect in any section of the country may be substantially to lessen competition or tend to create a monopoly; or

if it would in any other manner be a restraint of trade,

unless the OCC finds that the anticompetitive effects of the merger are clearly outweighed by the public interest and the probable effect of the merger on meeting the convenience and needs of the communities to be served.

Under the CRA, the OCC, in the case of FNB Bank, and the Federal Reserve Bank of Cleveland, in the case of IRGB Bank, must also take into account the record of performance of each of the merging banks in meeting the credit needs of the entire community, including low and moderate income neighborhoods served by each institution. As part of the merger review process, the federal supervisory agencies frequently receive comments and protests from community groups and others. Each of IRGB Bank and FNB Bank received Satisfactory performance ratings in their most recent CRA evaluations.

The OCC is also authorized to, but generally does not, hold a public hearing or meeting in connection with an application under the Bank Merger Act. A decision by the OCC that such a hearing or meeting would be appropriate regarding any application could prolong the period during which the application is subject to review.

Mergers approved by the OCC under the Bank Merger Act, with certain exceptions, may not be consummated until 30 days after such approval, during which time the U.S. Department of Justice may challenge such merger on antitrust grounds and may require the divestiture of certain assets and liabilities. With the approval of the OCC and the Department of Justice, the waiting period may be, and customarily is, reduced to no less than 15 days. There can be no assurance that the Department of Justice will not challenge the merger or, if such a challenge is made, as to the result of such challenge.

Pennsylvania Department of Banking. The prior written approval of the Department is not required for the proposed merger of IRGB Bank, which is a Pennsylvania state-chartered banking institution, with and into FNB Bank, which is a national association, because the resulting institution will be a national association. IRGB Bank is required to provide certain notice and documents to the Department regarding the proposed mergers. Pursuant to the Pennsylvania Banking Code, IRGB Bank must:

- notify the Department of the proposed merger;
- provide such evidence of the adoption of plan of merger as the Department may request;
- notify the Department of any abandonment or disapproval of the plan of merger; and
- file with the Department and with the Pennsylvania Department of State a certificate of the approval of the merger by the OCC.

Other Regulatory Approvals. Neither we nor FNB is aware of any other regulatory approvals that would be required for completion of the merger except as described above. Should any other approvals be required, we and FNB presently contemplate that such approvals would be sought. There can be no assurance, however, that any other approvals, if required, will be obtained.

There can be no assurance that the regulatory authorities described above will approve the merger or the bank merger, and if such mergers are approved, there can be no assurance as to the date such approvals will be received. The mergers cannot proceed in the absence of the receipt of all requisite regulatory approvals. See The Merger Agreement Conditions to Completion of the Merger and The Merger Agreement Amendment, Waiver and Termination of the Merger Agreement.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which do not include review of the merger from the standpoint of the adequacy of the merger consideration to be received by our shareholders. Further, regulatory approvals do not constitute an endorsement or recommendation of the merger.

Public Trading Markets

FNB common stock is listed on the NYSE under the symbol FNB. Our common stock is traded on the OTC Bulletin Board under the symbol IRGB. Upon completion of the merger, our common stock will no longer be quoted on the OTC Bulletin Board and will be deregistered under the Exchange Act. The FNB common stock issuable pursuant to the merger agreement will be listed on the NYSE.

The shares of FNB common stock to be issued in connection with the merger will be freely transferable under the Securities Act, except for shares issued to any of our shareholders that may be deemed to be an affiliate of FNB at or after the effective time of the merger, as discussed in Resales of FNB Common Stock beginning on page 62.

As reported on the NYSE, the closing price per share of FNB common stock on February 14, 2008 was $14.92. As reported by Nasdaq, the closing price per share of our common stock on the OTC Bulletin Board on February 14, 2008 was $53.00. Based on the FNB closing price per share on the NYSE and the exchange ratio, the pro forma equivalent per share value of our common stock was $74.60 as of that date. On June 18,

2008, the last practicable day before the mailing of this proxy statement/prospectus, the closing price per share of FNB common stock on the NYSE was $ 12.82, and the closing price per share of our common stock on the OTC Bulletin Board was $ 68.50 resulting in a pro forma equivalent per share value of our common stock of $ 64.10 as of that date.

Dividends

FNB paid cash dividends on its common stock totaling $0.95 per share for 2007. Based on the share exchange ratio and FNB s current annual dividend rate of $0.96 per share, holders of our common stock would experience an anticipated dividend at an annual rate of $4.80 per IRGB share based on the five-for-one exchange ratio, an increase of $3.60 per IRGB share per year.

FNB shareholders are entitled to receive cash dividends when and if declared by the FNB board of directors out of funds legally available for dividends. The FNB board of directors quarterly considers the payment of dividends, taking into account FNB s financial condition and level of net income, FNB s future prospects, economic conditions, industry practices and other factors, including applicable banking laws and regulations.

The primary source of FNB s funds for cash dividends to its shareholders is dividends received from its subsidiaries, including FNB Bank. FNB Bank is subject to various regulatory policies and requirements relating to the payment of dividends to FNB, including requirements to maintain capital above regulatory minimums. The appropriate federal regulatory authority is authorized to determine under certain circumstances relating to the financial condition of a bank or bank holding company that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In addition, the ability of FNB and the ability of FNB Bank to pay dividends may be affected by the various minimum capital requirements and the capital and non-capital standards established under FDICIA.

Dissenters Rights of Dissenting Shareholders

Dissenters rights are statutory rights that enable shareholders to dissent from an extraordinary corporate transaction, such as our merger with FNB, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the extraordinary corporate transaction.

A holder of shares of our common stock is entitled to exercise the rights under Subchapter D of the PBCL, which we refer to as Subchapter D in this proxy statement/prospectus, to object to the merger and to make a written demand that we pay in cash the fair value of the shares held by the shareholder as determined in accordance with Subchapter D. The following summary is a materially complete summary of the provisions of Subchapter D, but does not purport to be a complete statement of the provisions of Subchapter D and is qualified in its entirety by reference to the provisions of Subchapter D which are included as Appendix C to this proxy statement/prospectus.

The fair value of our shares of common stock is defined by Subchapter D as the fair value of the shares immediately before the effective time of the merger, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the merger. You should recognize that the fair value of your shares could be more, the same or less than the per share merger consideration of five shares of FNB common stock or $75.00 in cash for our common stock that you would receive under the terms of the merger agreement if you do not exercise your dissenters rights with respect to your IRGB shares. Opinions of investment banking firms as to the fairness from a financial point of view of the consideration to be received by you in the merger, such as the opinion delivered by KBW, are not necessarily determinative of fair value under Subchapter D.

Except as otherwise provided below, only a record holder of shares of our common stock is entitled to assert dissenters rights with respect to the IRGB shares registered in said holder s name. A record holder, such as a broker or a depository nominee, who holds our shares as a nominee for others, may exercise dissenters rights with respect to all, but not less than all, of the IRGB shares held for one or more beneficial owners, while not exercising such rights for other beneficial owners. The demand for payment described below must

show the name and address of the person or persons on whose behalf the dissenters rights are being exercised. A beneficial owner who is not a record holder who wishes to exercise dissenters rights may do so only if the shareholder submits a written consent of the record holder with such shareholder s demand for payment. Accordingly, if you are a beneficial owner of shares, we advise you to consult promptly with your record holder as to the timely exercise of dissenters rights. A beneficial owner may not assert dissenters rights with respect to some, but less than all, shares of the same class or series owned by such shareholder, whether or not the shares so owned by such shareholder are registered in such shareholder s name.

To exercise dissenters rights and obtain payment of the fair value of your shares, you must satisfy all of the following conditions:

You must notify us in writing before the date of our special meeting of your intention to demand that you be paid the fair value of your IRGB shares if the merger is completed. Neither a no vote by proxy on the merger proposal nor a no vote by ballot at our special meeting will constitute the required notice;

You must make no change in the beneficial ownership of your IRGB shares from the date you file a notice of intention to demand payment continuously through the effective time of the merger; and

You must refrain from voting your shares in favor of the merger. Neither an abstention from voting with respect to, nor a failure to vote in person or by proxy against approval of, the merger proposal will constitute a waiver of your dissenters rights. However, a signed proxy that is returned without any instruction as to how the proxy should be voted will be voted in favor of the merger proposal and will be deemed a waiver of your dissenters rights.

A notice of intention to demand payment must clearly state that you intend to demand to be paid the fair value of your shares if the merger is effectuated and must be filed with us. If you exercise dissenters rights, you will retain all of your other rights as a shareholder until the merger is completed.

If the merger is approved at our special meeting, we will mail to each shareholder who complied with the procedures listed above a notice stating where and when a demand for payment of the fair value of your shares must be sent, and where and when your IRGB stock certificates must be deposited to obtain payment of fair value. Our notice will be accompanied by a demand-for-payment form, and will include a request that you certify the date on which you, or any person exercising dissenters rights on your behalf, acquired beneficial ownership of your shares. You will have 30 days from the date on which we mail our notice to you to send in your demand-for-payment form and to deposit your stock certificates. If you fail to send in your demand-for-payment form or your stock certificates on a timely basis, you will lose your dissenters rights under Subchapter D, but you will retain all other rights as an IRGB shareholder until the merger is completed.

If the merger has not been completed within 60 days after the deadline set for demanding payment and the deposit of IRGB stock certificates, we will return any IRGB stock certificates that have been deposited. Once any deposited stock certificates are returned, we may thereafter send a new notice to demand payment, which will have the same effect as the original notice.

Promptly after completion of the merger, or upon our timely receipt of a demand-for-payment form if the merger has already been completed, we will either remit to you, if you have submitted a demand-for-payment form and deposited your stock certificates, the amount we estimate to be the fair value of your shares, or give written notice to you that we will not make a remittance. The remittance or notice will be accompanied by the following documents:

our closing balance sheet and statement of income for our fiscal year ending not more than 16 months before the date of our remittance or our notice, together with our latest available interim financial statements;

a statement of our estimate of the fair value of your shares; and

a notice of your right to demand payment or supplemental payment, as the case may be, accompanied by a copy of Subchapter D.

If we do not remit the amount of our estimate of the fair value of your shares, we will return all stock certificates you deposited. We may make a notation on your stock certificates that you made a demand for payment. If you transfer stock certificates on which such a notation has been made, the transferee of your shares will not acquire, by virtue of the transfer, any rights in such shares other than those rights you originally had before you made a demand for payment.

If we give notice of our estimate of the fair value of your shares without remitting payment, or if we remit payment for the fair value of your shares and you believe that the amount stated or remitted is less then the fair value of your shares, you may elect to send us your estimate of the fair value of your shares, which will be deemed a demand for payment of the amount of the deficiency. If you do not file your own estimate within 30 days after our mailing of our remittance or notice, you will be entitled to no more than the amount stated in our notice or the amount we remitted to you.

If any demand for payment has not been settled by the date that is 60 days after the latest to occur of:

- completion of the merger;
- timely receipt of any demand for payment; or
- timely receipt of any estimate of shareholders of the fair value of their IRGB shares,

we may file an application for relief in court requesting that the court determine the fair value of the shares. While we do not anticipate filing an application for the court to determine the fair value of the shares, if we were to elect to file such an application, the court s determination of the fair market value of the shares may be higher or lower than the merger consideration.

Any IRGB shareholder who exercises dissenters rights, wherever residing, whose demand for payment has not been settled, will be made a party to any such court proceedings and a copy of the application for relief will be served on each such IRGB shareholder. If such shareholder is a nonresident of Pennsylvania, the application will be served in the manner provided or prescribed by or under applicable provisions of Pennsylvania law relating to bases of jurisdiction and interstate and international procedure. The jurisdiction of the Pennsylvania court will be plenary and exclusive. The court may appoint an appraiser to receive evidence and to recommend a decision on the issue of fair value. The appraiser will have the power and authority that is specified in the order of appointment or in any amendment of the order. Each shareholder who is made a party will be entitled to recover the amount by which the fair value of each shareholder s shares is found to exceed the amount, if any, previously remitted, plus interest from the effective date of the merger until the date of payment. Interest will be at a rate that is fair and equitable under all of the circumstances, taking into account all relevant factors.

If we do not file an application for relief, any shareholder who made a demand for payment and who has not already settled such shareholder s claim against us may file an application for relief in our name at any time within 30 days after the expiration of the 60-day period referred to above. If a shareholder does not file an application within said 30-day period, such shareholder will be paid our estimate of the fair value of such shareholder s shares and no more, and may bring an action to recover any amount not previously remitted.

In general, the costs and expenses of any valuation proceeding, including the reasonable compensation and expenses of any appraiser appointed by the court, will be determined by the court and assessed against us. However, any part of the cost and expenses may be apportioned and assessed as the court deems appropriate against all or some of the shareholders who are parties to the proceeding and whose actions in demanding supplemental payment the court finds

to be dilatory, obdurate, arbitrary, vexatious or in bad faith. If the court finds that the services of counsel for any shareholder were of substantial benefit to other shareholders similarly situated and should not be assessed against us, it may award to those counsel reasonable fees to be paid out of the amount awarded to the shareholders who were benefited.

From and after the effective time of the merger, shareholders who exercise their dissenters rights will not be entitled payment of any dividends or other distributions we declare on our common stock.

We advise any shareholder considering the exercise of dissenters rights under Subchapter D to consult with legal counsel. Any shareholder who fails to follow with particularity all of the steps required to preserve and perfect dissenters rights under the PBCL loses the right to seek appraisal under Subchapter D, in which event, upon the surrender of certificates representing shares of our common stock by such IRGB shareholder, such shareholder will receive the per share merger consideration set forth in the merger agreement without interest, subject to the allocation provisions in the merger agreement.

THE MERGER AGREEMENT

The following section describes certain aspects of the merger, including the material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is included as Appendix A to this proxy statement/prospectus and is incorporated by reference in this proxy statement/prospectus. We urge you to read the merger agreement carefully and in its entirety.

Terms of the Merger

The merger agreement provides for our merger with and into FNB. FNB will be the surviving corporation in the merger and will continue its corporate existence as a Florida corporation, and our separate corporate existence will cease. Each share of our common stock issued and outstanding immediately prior to the completion of the merger, except for shares of our common stock held by FNB, shares as to which dissenters rights are perfected and shares held by us as treasury shares, will be cancelled and converted into the right to receive, at your election, subject to the allocation provisions in the merger agreement, either five shares of FNB common stock or $75.00 in cash.

You may elect whether you want to receive all FNB common stock, all cash or a combination of cash and FNB common stock. However, your election is subject to possible proration because the merger agreement provides that FNB is not obligated to issue more than 3,070,856 shares of its common stock in the merger plus that amount of shares of FNB common stock as equals five times any shares of our common stock that we issue after February 14, 2008 to the extent permitted by the merger agreement. The actual allocation of cash and FNB common stock will depend on the elections made by all of our shareholders, and may result in your receipt of a combination of cash and FNB common stock regardless of your election. See Proposal No. 1 Proposal to Approve and Adopt the Merger Agreement Election Procedure beginning on page 56 and Proposal No. 1 Proposal to Approve and Adopt the Merger Agreement Allocation of FNB Common Stock and Cash beginning on page 58.

Immediately after the completion of the merger, IRGB Bank will merge into FNB Bank, which will continue as a national bank.

Treatment of Our Stock Options

The merger agreement provides that, at the effective time of the merger, each unvested and vested outstanding and unexercised stock option to acquire shares of our common stock will cease to represent the right to acquire or receive shares of our common stock and will be converted into, and become a right to acquire, the number of shares of FNB common stock equal to the number of shares of our common stock covered by the option times the option ratio, with the exercise price of each converted stock option equaling the pre-merger exercise price of our stock option divided by the option ratio.

FNB has agreed to assume our obligations with respect to our stock options that are converted into FNB stock options in accordance with the terms of the plans under which our stock options have been granted. FNB has agreed to reserve additional shares of FNB common stock to satisfy its obligations under the converted stock options. As soon as practicable following completion of the merger, FNB will file a registration statement with the SEC on an appropriate

form to register the FNB common stock subject to the converted stock options, will apply to list the additional FNB common stock subject to the converted stock options on the NYSE and will take such other action as is required to complete such registration and listing.

Closing and Effective Time of the Merger

The merger will be completed only if all of the following conditions are satisfied:

- our shareholders approve and adopt the merger agreement and the merger by the necessary vote;
- FNB and we obtain all required governmental and regulatory consents and approvals; and
- all other conditions to the merger set forth in this proxy statement/prospectus and the merger agreement are either satisfied or waived.

The merger will become effective when articles of merger are filed with the Secretary of State of the State of Florida and with the Secretary of the Commonwealth of Pennsylvania. In the merger agreement, FNB and we have agreed to cause the completion of the merger to occur no later than the fifth business day following the satisfaction or waiver of the last of the conditions specified in the merger agreement or on another mutually agreed date. We currently anticipate that the effective time of the merger will occur in August 2008, but neither FNB nor we can guarantee when or if the merger will be completed. FNB s articles of incorporation and FNB s bylaws as in effect immediately prior to the effective time will be FNB s articles of incorporation and FNB s bylaws upon completion of the merger.

Representations, Warranties, Covenants and Agreements

The merger agreement contains generally reciprocal customary representations and warranties of FNB and us relating to our respective businesses. No representation or warranty will be deemed untrue or incorrect as a consequence of the existence or absence of any fact, event or circumstance unless that fact, event or circumstance has had or is reasonably likely to have a material adverse effect on the party making the representation or warranty, disregarding any materiality or material adverse effect qualifications in any representations or warranties. The representations and warranties in the merger agreement will not survive the effective time of the merger.

In the merger agreement, FNB and we have made representations and warranties to each other regarding, among other things:

- corporate matters, including due organization, qualification and authority of both FNB and us and each of our respective subsidiaries;
- capitalization;
- authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, such party s organizational documents or other obligations as a result of the merger;
- required governmental filings and consents for approval of the merger and the absence of any defaults;
- the timely filing of reports with governmental entities, and the absence of investigations by or disputes with regulatory agencies;
- financial statements;
- broker s fees payable in connection with the merger;

the absence of certain material changes or events;

legal proceedings;

tax matters;

employee benefit plans;

compliance with applicable laws;

material contracts and the absence of defaults thereunder;

the absence of agreements with regulatory agencies;

- undisclosed liabilities;
- environmental liabilities;
- reorganization;
- loans and nonperforming and classified assets;
- fiduciary accounts; and
- allowances for loan losses.

In addition, we have made representations and warranties regarding:

- the receipt of an opinion from our financial advisor;
- real property;
- insurance;
- the inapplicability of state anti-takeover laws;
- intellectual property; and
- investment securities.

In addition, FNB made representations and warranties regarding its filings with the SEC.

FNB and we have agreed to certain customary covenants that place restrictions on FNB and us and our respective subsidiaries until the effective time of the merger. In general, FNB and we have agreed to:

- conduct FNB s and our respective businesses and that of our respective subsidiaries in the ordinary course in all material respects; and
- use our reasonable best efforts to maintain and preserve intact our respective business organizations, employees and advantageous business relationships.

We have further agreed in the merger agreement that until the completion of the merger, except with FNB s prior written consent, or as otherwise permitted by the merger agreement, we will not, among other things, undertake the following actions:

- declare, set aside or pay any dividends or make any other distributions on any shares of our capital stock, other than regular quarterly dividends not in excess of $0.30 per share, or split, combine, reclassify, redeem, purchase or otherwise acquire any shares of our common stock or any rights, warrants or options to acquire such shares;
- grant any stock options, restricted stock units or other equity-based awards with respect to shares of our common stock under any of our stock plans or grant any individual, corporation or other entity any right to

acquire shares of our common stock or issue any additional shares of our common stock or other securities, other than the issuance of our common stock upon the exercise of our outstanding stock options;

amend our articles of incorporation or bylaws;

acquire or agree to acquire by merging or consolidating with, or by purchasing any assets or equity securities of, any business or other person or entity or otherwise acquire or agree to acquire any assets, except inventory or other similar assets in the ordinary course of business consistent with past practice or open, acquire, sell or close any of our branches;

sell, lease, license, mortgage or otherwise encumber any of our properties or assets other than securitizations and other transactions in the ordinary course of business consistent with past practice;

except for borrowings having a maturity of not more than 30 days under existing credit facilities, or renewals or extensions thereof that do not increase the aggregate available borrowing amount and that

do not provide for termination fees or penalties or prohibit pre-payment or provide for pre-payment penalties or contain less advantageous financial terms than existing credit facilities that are incurred in the ordinary course of business consistent with past practice or for borrowings under outstanding credit facilities, incur any indebtedness for borrowed money, issue any debt securities or assume, guarantee, endorse or otherwise become responsible for the obligation of any person, or, other than in the ordinary course of business consistent with past practice, make any investment in any person other than our subsidiaries;

change in any material respect our accounting methods, principles or practices in effect as of the date of the merger agreement, except as required by changes in generally accepted accounting principles or regulatory accounting principles;

change in any material respect our underwriting, operating, investment, risk management or other similar policies except as required by applicable law or regulatory policies;

make, change or revoke any material tax election, file any material amended tax return, enter into any closing agreement with respect to a material amount of taxes, settle any material tax claim or surrender any right to a refund of a material amount of taxes;

other than in the ordinary course of business consistent with past practice, terminate or waive any material provision of any material contract or enter into or renew any agreement containing restrictions on our business;

incur any capital expenditure in excess of $20,000 individually or $50,000 in the aggregate;

except as required by agreements in effect on the date of the merger agreement, alter in any material respect any material interest in any business entity in which we had any ownership interest on the date of the merger agreement, other than by foreclosure or debt restructuring in the ordinary course of business;

agree or consent to any material agreement or material modifications of an existing agreement with any regulatory authority or governmental entity;

pay, discharge or settle any action, proceeding, order or investigation to which we are a party other than a monetary settlement that involves the payment of not more than $25,000 individually or $50,000 in the aggregate and that does not create a precedent for other pending or potential claims or litigation proceedings;

issue any broadly distributed communication of a general nature to our employees or customers without the prior approval of FNB, except for communications in the ordinary course of business that do not relate to the merger or the transactions contemplated by the merger agreement;

take any action or knowingly fail to take any action that would reasonably be expected to prevent the merger from qualifying as a reorganization for U.S. federal income tax purposes;

take any action that would materially impede or delay the ability of FNB and us to obtain any regulatory approvals required for the transactions contemplated by the merger agreement;

take any action that is interested or is reasonably likely to result in:

any of our representations or warranties in the merger agreement being or becoming untrue in any material respect;

any of the conditions precedent to FNB s obligations under the merger agreement not being satisfied; or

a violation of any provision of the merger agreement;

make, renew or otherwise modify any loan, loan commitment or other extension of credit to any person or entity if the loan is classified substandard, doubtful or loss on our books or, if the loan is classified special mention and is in an amount in excess of $150,000 without FNB s approval, or make, renew or

modify any of the following loans if FNB shall object to such loan within three business days after receiving notice thereof from IRGB Bank:

an unsecured loan to any person if immediately after making such loan the person would be indebted to IRGB Bank in an aggregate amount in excess of $200,000 on an unsecured or undersecured basis;

a secured loan to any person if immediately after making such loan the person would be indebted to IRGB Bank in an aggregate amount in excess of $1,500,000 except for a loan secured by a first mortgage on single-family owner-occupied real estate;

a loan secured by an owner-occupied 1-4 single-family residence with a principal balance in excess of $500,000; or

any loan that does not conform with IRGB Bank s credit policy manual;

enter into, amend or renew any employment, consulting, severance or similar agreements with any of our directors, officers or employees or grant any wage or salary increase or increase any employee benefit, including discretionary or other incentive or bonus payments, except in accordance with the terms of our benefit plans, or accelerate the vesting of any unvested stock options, except for:

normal increases in the ordinary course of business consistent with past practice that, in the aggregate, do not exceed 3.5%, or, in the case of any one individual, 5%;

changes required by applicable law;

payments we disclosed to FNB in a disclosure schedule to the merger agreement;

retention bonuses to such persons and in such amounts as FNB and we mutually agree, provided, however, that FNB shall provide a retention bonus in the aggregate amount of $150,000, which will be allocated to our employees and employees of IRGB Bank at the discretion of our executive vice president, after consultation with FNB; and

severance payments pursuant to severance agreements or employment agreements we disclosed to FNB in a disclosure schedule to the merger agreement;

hire or promote any employee, except to satisfy existing contractual obligations, to fill vacancies on the date of the merger agreement as disclosed by us to FNB in a schedule to the merger agreement or to fill vacancies arising after the date of the merger agreement at a comparable level of compensation with employees whose employment is terminable at will, provided that the total annual compensation for any one such employee shall not exceed $40,000; or

agree to take, make any commitment to take or adopt any resolutions of our board of directors in support of any of the foregoing prohibited actions.

FNB agreed that until completion of the merger, except with our prior written consent or as otherwise permitted by the merger agreement, FNB will not, among other things, undertake the following actions:

amend or repeal the FNB certificate of incorporation or FNB bylaws other than amendments that are not adverse to us or our shareholders or that would not impede FNB s ability to complete the transactions

contemplated by the merger agreement;

take any action, or knowingly fail to take any action, that would reasonably be expected to prevent the merger from qualifying as a reorganization for U.S. federal income tax purposes;

take any action that is intended, or is reasonably likely, to result in:

any of FNB s representations or warranties in the merger agreement being or becoming untrue in any material respect;

any of the conditions precedent to our obligations under the merger agreement not being satisfied; or

a violation of the merger agreement;

make any material investment by purchase of stock or assets, among other things, that would be reasonably expected to prevent or materially impede or delay the consummation of the transactions contemplated by the merger agreement;

take any action that would materially impede or delay the ability of FNB or us in obtaining any necessary governmental or regulatory approvals required for the transactions contemplated by the merger agreement; or

agree to take or make any commitment to take or adopt any resolutions of FNB s board of directors in support of any of the foregoing prohibited actions.

The merger agreement also contains mutual covenants relating to the use of FNB s and our commercially reasonable efforts to complete the merger, the preparation of this proxy statement/prospectus, the holding of our special meeting of shareholders, access to information of the other party and public announcements with respect to the transactions contemplated by the merger agreement.

Declaration and Payment of Dividends

We have agreed that, until the merger is completed, we will not pay or make any dividends or distributions on our common stock other than regular quarterly cash dividends not in excess of $0.30 per share of our common stock. FNB and we also have agreed to coordinate the declaration of dividends so that the holders of our common stock will not receive two dividends, or fail to receive one dividend, for any quarter with respect to our common stock and any FNB common stock our shareholders receive in the merger.

Agreement Not to Solicit Other Offers

We have agreed that we and our officers, directors, employees, agents and representatives will not, directly or indirectly:

initiate, solicit, encourage or take any action to facilitate any inquiries or proposals for any Acquisition Proposal, as defined below; or

enter into or participate in any discussions or negotiations with, furnish any information to or cooperate with, any person or entity seeking to make, or who has made, an Acquisition Proposal; or

approve, recommend or enter into any letter of intent, agreement or other commitment regarding any Acquisition Proposal.

However, prior to the effective time of the merger, we may consider and participate in discussions and negotiations with respect to a Superior Proposal, as defined below, if:

we have first entered into a confidentiality agreement with the party proposing the Superior Proposal with confidentiality terms no less favorable to us than those contained in our confidentiality agreement with FNB; and

our board of directors concludes in good faith, after consultation with its outside legal counsel, that failure to take these actions could reasonably be expected to cause our board of directors to violate its fiduciary duties under applicable law.

We have also agreed, at least 72 hours prior to providing any information to any person or entering into any discussions or negotiations with any person, to notify FNB in writing of the name of such person and the material terms and conditions of any such Superior Proposal. The merger agreement permits our board of directors to withdraw or qualify its recommendation of the merger with FNB if our board of directors concludes in good faith, after consultation with our outside legal counsel and our financial advisors, that failure to take such actions could reasonably be expected to breach its fiduciary duties under applicable law.

We have agreed:

- to notify FNB promptly, and in any event within 24 hours, after we receive any Acquisition Proposal, or any information related thereto, which notification shall describe the Acquisition Proposal and the third party making it; and

- to cease any discussions or negotiations existing on the date of the merger agreement with any persons with respect to any Acquisition Proposal.

As used in the merger agreement, an Acquisition Proposal means any inquiry, proposal, offer, regulatory filing or disclosure of an intention relating to any:

- direct or indirect acquisition of a substantial (i.e., 20% or more) portion of the net revenues, net income or net assets of us and our subsidiaries taken as a whole;

- direct or indirect acquisition of 10% or more of our common stock after February 14, 2008 by a person who on February 14, 2008 did not own 10% or more of our common stock;

- direct or indirect acquisition of 5% or more of our common stock after February 14, 2008 by a person who owned 10% or more of our common stock on February 14, 2008;

- tender offer or exchange offer that if consummated would result in any person beneficially owning 10% or more of our common stock; or

- merger, consolidation, business combination, recapitalization, liquidation or dissolution involving us, other than our proposed merger with FNB.

As used in the merger agreement, Superior Proposal means any bona fide, unsolicited written Acquisition Proposal made by a third party to acquire more than 50% of the voting power of our then outstanding shares of common stock or all or substantially all of our consolidated assets for consideration consisting of cash and/or securities, that our board of directors, in good faith, concludes, after consultation with our financial advisors and our outside legal counsel, taking into account, among other things, all legal, financial, regulatory and other aspects of the proposal and the person making the proposal, including any break-up fees, expense reimbursement provisions and conditions to consummation:

- is on terms that in the good faith judgment of our board of directors are more favorable to us than the terms of the proposed merger with FNB;

- has financing, to the extent required, that is fully committed or reasonably determined by our board of directors to be available to the party making the offer; and

- is reasonably capable of being completed.

Conditions to Completion of the Merger

The respective obligations of FNB and us to complete the merger are subject to the fulfillment or waiver of certain conditions, including:

the approval and adoption of the merger agreement and the approval of the merger by the requisite vote of the holders of our outstanding shares of common stock as well as the approval of the listing on the NYSE of the FNB common stock to be issued in the merger, subject to official notice of issuance;

the receipt and effectiveness of all governmental and other approvals, registrations and consents and the expiration of all related waiting periods required to complete the merger and, in the case of FNB, none of the regulatory approvals shall have resulted in a materially burdensome regulatory condition;

the absence of any law, statute, regulation, judgment, decree, injunction or other order in effect by any court or other governmental entity that prevents, prohibits or makes illegal completion of the transactions contemplated by the merger agreement;

the registration statement with respect to the FNB common stock to be issued in the merger shall have become effective under the Securities Act and no stop order or proceedings for that purpose will have been initiated or threatened by the SEC;

the truth and correctness of the representations and warranties of FNB and us in the merger agreement and the performance by each of FNB and us in all material respects of our respective obligations under the merger agreement and the receipt by each of FNB and us of certificates from the other to that effect; and

the receipt by each of FNB and us of a legal opinion from our respective outside counsel that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code.

In addition, FNB s obligation to complete the merger is subject to our furnishing Phase I environmental studies to FNB, if so requested by FNB and at the expense of FNB, with respect to all real property owned by IRGB Bank, the findings of which studies shall be commercially acceptable to FNB which will not unreasonably withhold such acceptance.

Neither FNB nor we can provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party. As of the date of this proxy statement/prospectus, neither FNB nor we have any reason to believe that any of these conditions will not be satisfied.

Amendment, Waiver and Termination of the Merger Agreement

Subject to applicable law, FNB and we may amend the merger agreement by written agreement authorized by our respective boards of directors. However, after approval of the merger proposal by our shareholders, there may not be, without further approval of our shareholders, any amendment of the merger agreement that requires such further approval under applicable law. Either party to the merger agreement, subject to applicable law, may extend the time for the performance of any obligations or acts of the other party or waive any inaccuracies in the representations and warranties of the other party or compliance by the other party with any of the other agreements or conditions contained in the merger agreement. The merger agreement may be terminated at any time prior to closing by mutual consent and by either party in the following circumstances:

if any of the required regulatory approvals for the merger are denied and the denial is final and nonappealable unless the denial is due to the terminating party s breach of its covenants in the merger agreement;

if the merger has not been completed by November 30, 2008, unless the failure to complete the merger by that date is due to the terminating party s actions;

provided the terminating party is not then in material breach, if there is a breach of the merger agreement by the other party that would cause the failure of the closing conditions described above, unless the breach is capable of being, and is, cured within 30 days of notice of the breach; or

if our shareholders do not approve and adopt the merger agreement and approve the merger by the requisite vote, provided that we are not in material breach of our covenants to hold our special meeting and our board of directors is not in breach of its covenant to recommend such approval.

FNB may terminate the merger agreement at any time prior to our special meeting in the following circumstances:

if we have breached in any material respect our obligations with respect to Acquisition Proposals and Superior Proposals as described on pages 74 through 75;

if we have failed to have our board of directors recommend that our shareholders approve and adopt the merger agreement and approve the merger, or if our board of directors has withdrawn or modified its recommendation in a manner adverse to FNB;

if our board of directors shall have recommended the approval of an Acquisition Proposal; or

if we have breached in any material respect our obligation to hold our special meeting.

The merger agreement also provided us with certain rights to terminate the merger agreement until the date of mailing of this proxy statement/prospectus in connection with a Superior Proposal. We did not exercise those rights.

Expenses and Fees

In general, each of FNB and we will be responsible for all expenses each of us incurs in connection with the negotiation and completion of the transactions contemplated by the merger agreement. However, the costs and expenses of printing and mailing this proxy statement/prospectus, and all filing and other fees paid to the SEC in connection with the merger, will be shared equally by FNB and us.

Effect of Termination; Break-up Fee; Expenses

If the merger agreement is terminated, it will become void, and there will be no liability on the part of FNB or us, except that:

- termination will not relieve a breaching party from liability for its willful breach giving rise to the termination; and
- the confidentiality agreement between the parties will survive termination.

The merger agreement obligates us to pay FNB a break-up fee of $3,750,000 in the following four circumstances:

- if FNB terminates the merger agreement prior to our special meeting because we have breached our obligation not to initiate, solicit or encourage any third parties to make an Acquisition Proposal or otherwise breached our obligations with respect to Acquisition Proposals or Superior Proposals in a manner adverse to FNB, our board of directors fails to make or withdraws its recommendation of the merger proposal or we fail to hold our special meeting;
- if we terminate the merger agreement and accept an Acquisition Proposal that is a Superior Proposal prior to the mailing of this proxy statement/prospectus and, after giving FNB an opportunity to adjust the terms of the merger agreement such that the Acquisition Proposal no longer remains a Superior Proposal, the Acquisition Proposal remains a Superior Proposal;
- the termination of the merger agreement following the commencement of a tender offer or exchange offer for 25% or more of our common stock and we have not sent to our shareholders, within 10 days after the commencement of such offer, a statement that our board of directors recommends the rejection of such tender offer or exchange offer; or
- if FNB or we terminate the merger agreement because:
  - our shareholders did not approve the merger proposal and an Acquisition Proposal has been made by a third party after February 14, 2008 and prior to the termination of the agreement;
  - such Acquisition Proposal has not been withdrawn prior to such termination; and
  - within 18 months following such termination, we enter into an agreement to merge with or be acquired by that third party or that third party acquires substantially all of our assets or that third party acquires more than 50% of our common stock.

FNB and we have also agreed that if either FNB or we breach our respective representations, warranties, covenants or agreements in the merger agreement, which breach could reasonably be expected to result in a material adverse effect and which breach cannot be or is not cured, the breaching party, assuming the other party is not also in material breach of its obligations under the merger agreement, will pay the out-of-pocket expenses, including fees and expenses of legal counsel, financial advisors and accountants, of the non-breaching party, up to a maximum of $500,000. In addition, if the merger is not approved by our shareholders, we will also be responsible for FNB s out-of-pocket expenses up to a maximum of $500,000. However, if we

are also liable for the payment of the break-up fee, we will not be liable for the payment of FNB s out-of-pocket expenses.

Employee Benefit Plans

The merger agreement provides that, as soon as administratively practicable after completion of the merger, FNB shall take all reasonable action to provide our employees with benefits and compensation plans of general applicability, other than FNB s defined benefit pension plan, to the same extent as similarly situated FNB employees. Our employees whose employment is terminated for other than cause at any time following completion of the merger will be entitled to receive severance benefits, to the extent not duplicative of other severance benefits, in accordance with the applicable severance policy of FNB.

FNB will generally provide our employees with service credit for their service with us for purposes of eligibility and to participate in the vesting of benefits under the employee benefit and compensation plans of FNB in which such employees are eligible to participate following the merger.

FNB has agreed to waive:

any pre-existing condition limitation to the extent such conditions are covered under the applicable medical, healthcare and dental plans of FNB; and

any waiting period limitation or evidence of insurability requirement under FNB s welfare benefit plans in which our employees are eligible to participate following the merger to the extent that the applicable employee had satisfied any similar limitation or requirement under the corresponding IRGB plan in which such employee participated prior to the merger.

The merger agreement provides that immediately prior to the effective time of the merger, we shall freeze or terminate such of our benefit plans, including our 401(k) Plan, as is requested by FNB.

ACCOUNTING TREATMENT

The merger will be accounted for as a purchase, as that term is used under GAAP, for accounting and financial reporting purposes. Under purchase accounting, our assets, including identifiable intangible assets, and liabilities, including executory contracts and other commitments, as of the effective time of the merger will be recorded at their respective fair values and added to the balance sheet of FNB. Any excess of the purchase price over the fair values will be recorded as goodwill. Financial statements of FNB issued after the merger will reflect these fair values and our results of operations from the date of acquisition. See Selected Consolidated Unaudited Pro Forma Financial Information beginning on page 14.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following discussion summarizes the material U.S. federal income tax consequences of the merger that are generally applicable to holders of our shares. This discussion is based on the Code, judicial decisions and administrative regulations and interpretations in effect as of the date of this proxy statement/prospectus, all of which are subject to change, possibly with retroactive effect. Accordingly, the U.S. federal income tax consequences of the merger to the holders of our shares could differ from those described below.

The discussion assumes that you hold your shares as a capital asset. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to holders of our shares in light of their particular circumstances,

nor does it address the U.S. federal income tax consequences to holders that are subject to special rules under U.S. federal income tax law, including:

- dealers in securities or foreign currencies;
- tax-exempt organizations;
- foreign persons;

- financial institutions or insurance companies;
- holders who have a functional currency other than the U.S. dollar;
- holders who own their shares indirectly through partnerships, trusts, or other entities that may be subject to special treatment;
- holders all or part of whose FNB stock received in the merger will be subject to forfeiture provisions;
- holders who acquired their shares in connection with stock options or stock purchase plans or other compensatory transactions; and
- holders who hold their shares as a hedge or as part of a straddle, constructive sale, conversion transaction, or other risk management transaction.

In addition, this discussion does not address the U.S. federal income tax consequences of any transaction other than those affecting our shareholders resulting from the merger. In addition, this discussion does not address any tax consequences of the merger under foreign, state or local law or U.S. federal estate and gift tax laws. No ruling has been or will be obtained from the Internal Revenue Service regarding any matter relating to the merger and no assurance can be given that the Internal Revenue Service will not assert, or that a court will not sustain, a position contrary to any aspect of this discussion. We urge holders to consult their own tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local and foreign tax laws in light of their own situations.

Duane Morris LLP and Jones Day have delivered opinions, effective as of May 12, 2008, to FNB and us, respectively, to the effect that, on the basis of facts, representations and assumptions set forth in such opinions, the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In addition, completion of the merger is contingent upon the receipt by (i) FNB of an opinion of its counsel, Duane Morris LLP, dated as of the closing date, to the effect that, on the basis of facts, representations and assumptions set forth in such opinion, the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and (ii) IRGB of an opinion of its counsel, Jones Day, dated as of the closing date, to the effect that, on the basis of facts, representations and assumptions set forth in such opinion, the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code.

The opinions of Duane Morris LLP, counsel to FNB, and Jones Day, counsel to us, which are required as a condition to closing the merger, are and will be based on U.S. federal income tax law in effect as of the date of these opinions. An opinion of counsel is not binding on the Internal Revenue Service or any court. In rendering their respective opinions, Duane Morris LLP and Jones Day will rely on certain assumptions, including assumptions regarding the absence of changes in existing facts and the completion of the merger strictly in accordance with the merger agreement and this proxy statement/prospectus. The opinions will also rely upon certain representations and covenants made by the management of FNB and us and will assume that these representations are true, correct and complete without regard to any knowledge limitation, and that FNB and we, as the case may be, will comply with these covenants. If any of these assumptions or representations is inaccurate in any way, or any of the covenants are not complied with, the opinions could be adversely affected. The obligation of each of Duane Morris LLP and Jones Day to deliver such tax opinions is conditioned upon, among other things, the merger satisfying the continuity of proprietary interest requirement. That requirement generally will be satisfied if at least 40% of the value of the merger consideration is represented solely by FNB stock. See *Continuity of Proprietary Interest Requirement* below.

Assuming that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, the material U.S. federal income tax consequences of the merger to holders of IRGB shares are as follows.

Exchange of our shares solely for FNB common stock. A holder of our shares who exchanges such holder s shares solely for FNB common stock in the merger will not recognize gain or loss. Such holder will have an aggregate tax basis in the FNB common stock received in the merger equal to the holder s aggregate adjusted tax basis in our shares surrendered in the merger, and the holding period for the FNB common stock will include the holding period for our shares.

Exchange of our shares for FNB common stock and cash. In general, each holder who receives FNB common stock in the merger will generally recognize gain, but not loss, equal to the lesser of:

the amount of gain realized (that is, the excess, if any, of the sum of the cash (excluding any cash received in lieu of fractional FNB common stock) and the fair market value of the FNB common stock received over such holder s tax basis in our shares surrendered in the merger); and

the amount of cash (excluding any cash received in lieu of fractional FNB common stock) received in the merger.

For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the merger, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. Generally, any recognized gain will be long-term capital gain if a holder s holding period with respect to our shares surrendered is more than one year at the effective time of the merger. If, however, the cash received has the effect of the distribution of a dividend, the gain will be treated as a dividend to the extent of such holder s ratable share of accumulated earnings and profits of us and, possibly, FNB as calculated for U.S. federal income tax purposes. See *Possible Treatment of Cash as a Dividend* below.

In general, the aggregate tax basis in the shares of FNB common stock that an IRGB shareholder receives in the merger will equal such holder s aggregate tax basis in the IRGB shares surrendered, increased by the amount of taxable gain, if any, that such holder recognized in the merger, including any portion of the gain that is treated as a dividend as described below, but excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below, and decreased by the amount of (i) any cash received, excluding any cash received in lieu of fractional FNB common stock, in the merger and (ii) basis allocated to the fractional shares, if any, such holder was deemed to receive and subsequently sell. An IRGB shareholder s holding period for the shares of FNB common stock that are received in the merger, including fractional shares deemed received and sold as described below, generally will include such holder s holding period for IRGB shares surrendered in the merger. In computing the gain to be recognized on the exchange of IRGB shares for FNB stock and cash, if any, as well as computing the aggregate tax basis in FNB common stock received in the merger, the amount of cash considered to be received in the merger does not include cash received in lieu of fractional shares. In addition, the amount of FNB common stock received in the merger includes any fractional share of FNB common stock deemed to be received prior to the exchange of such share for cash. See Cash Received in Lieu of a Fractional Share below.

In general, the determination of whether the gain recognized by a holder of our shares in the merger will be treated as capital gain or dividend income will depend on whether and to what extent the exchange reduces the holder s proportionate ownership interest in FNB, taking into account certain constructive ownership rules. For purposes of this determination, a holder will be treated as if the holder first exchanged all of the holder s shares of IRGB shares solely for FNB common stock and then FNB immediately redeemed (which is referred to as the deemed redemption) a portion of that FNB common stock in exchange for the cash that the holder actually received. The gain recognized in the merger will be treated as capital gain if the deemed redemption is substantially disproportionate or not essentially equivalent to a dividend with respect to the holder.

The deemed redemption, generally, will be substantially disproportionate with respect to a holder if the percentage of the outstanding stock of FNB that is deemed owned by the holder immediately after the deemed redemption is less than 80% of the percentage of the outstanding stock of FNB that the holder is deemed to have owned immediately before the deemed redemption. Whether the deemed redemption is not essentially equivalent to a dividend with respect to a holder will depend upon the holder s particular circumstances. At a minimum, however, in order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the holder s deemed percentage stock ownership of FNB. The Internal Revenue Service has concluded

that a relatively minor reduction in the percentage stock ownership of a minority stockholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is a meaningful reduction.

As these rules are complex, each holder that may be subject to these rules should consult his, her or its tax advisor.

Cash Received in Lieu of a Fractional Share. A holder that receives cash in lieu of a fractional share of FNB common stock will generally be treated as having received such fractional share and then having sold such fractional share for such cash.

Exchange of our shares solely for cash. In general, a holder of our shares who exchanges such holder s shares of our stock solely for cash in the merger generally will recognize gain or loss in an amount equal to the difference between the amount of cash received and the holder s adjusted tax basis in our shares surrendered. The amount and character of gain or loss will be computed separately for each identifiable block of our shares held by the holder. The gain or loss recognized will be long-term capital gain or loss if the holder s holding period for our shares surrendered exceeds one year. There are limitations on the extent to which holders may deduct capital losses from ordinary income.

If a holder of our shares who receives only cash in exchange for all of our shares held by such holder is treated as owning FNB common stock after the merger as a result of the application of the constructive ownership rules, all or a portion of the cash received by the holder may be taxed as a dividend. Such holders should consult their tax advisors to determine the amount and character of the income recognized in connection with the merger.

Dissenting Stockholders. Holders of our shares are entitled to dissenters rights under Pennsylvania law in connection with the merger. If a U.S. holder receives cash pursuant to the exercise of dissenters rights, that U.S. holder generally will recognize gain or loss measured by the difference between the cash received and the adjusted tax basis of such holder s shares. This gain should be long-term capital gain or loss if the U.S. holder held our shares as a capital asset for more than one year. If a holder of our shares who receives cash pursuant to the exercise of dissenters rights is treated as owning FNB common stock after the merger, as the result of the application of the constructive ownership rules, all or a portion of the cash received by the holder may be taxed as a dividend. Any holder of our shares that plans to exercise dissenters rights in connection with the merger is urged to consult a tax advisor to determine the related tax consequences.

Continuity of Proprietary Interest Requirement. One of the requirements that must be satisfied in order for the merger to qualify as a reorganization under Section 368(a) of the Code is the continuity of proprietary interest requirement. This requirement will be satisfied if our shareholders exchange a substantial portion of the value of their proprietary interest in us for proprietary interests in FNB. In the opinion of Duane Morris LLP and of Jones Day, the continuity of interest requirement will be satisfied if the value of the FNB common stock received in connection with the merger by our shareholders is equal to at least 40% of the fair market value of the total consideration paid or deemed paid to such shareholders for their IRGB shares in connection with such merger including cash paid to our shareholders who perfect their dissenters rights. In determining such fair market value, the FNB stock and other consideration received in connection with the merger is valued on the closing date of the merger.

Various factors affect whether the value of the FNB common stock received by our shareholders in the merger is equal to at least 40% of the combined value of the total consideration paid for all of our shares, including:

the amount, if any, to be paid to our shareholders who perfect dissenters rights;

whether prior to or in connection with the merger IRGB or FNB or parties related to either redeems or acquires IRGB shares or makes distributions; and

whether there will be any repurchases by FNB or parties related to FNB of the FNB common stock to be issued in the merger.

Both FNB and we have represented that none of us, FNB or any corporation related to FNB or us has redeemed or purchased, or has any plan or intention to redeem or purchase, any of our shares in connection with the merger and

neither FNB nor any corporation related to FNB has any plan or intention to repurchase any of the FNB common stock to be issued in the merger.

Accordingly, it may not be possible, prior to the closing date, to conclude with any certainty, the minimum trading price of the FNB common stock at which the value of the FNB common stock to be received in the merger will be equal to at least 40% of the value of the total consideration paid for all IRGB shares.

If the merger is not treated as a reorganization within the meaning of Section 368(a) of the Code, then each U.S. holder would recognize gain or loss equal to the difference between the sum of the fair market value of the FNB common stock and the amount of cash received in the merger, including cash received in lieu of fractional shares of FNB common stock, and such holder s tax basis in IRGB shares surrendered in exchange therefor. Further, if the merger is not treated as a reorganization within the meaning of Section 368(a) of the Code, we would be subject to tax on the deemed sale of our assets to FNB with gain or loss for this purpose measured by the difference between our tax basis in our assets and the fair market value of the consideration deemed to be received therefor. This gain or loss would be reported on our final corporate tax return, subject to the effect of any tax carryovers and the effect of our other income or loss for that period, and FNB would become liable for any such tax liability by virtue of the merger.

Backup Withholding. Non-corporate holders of our shares may be subject to information reporting and backup withholding at a rate of 28% on any cash payments received. Generally, backup withholding will not apply, however, if a holder of our shares:

- furnishes a correct taxpayer identification number and certifies that such holder is not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal received; or

- is otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against a holder s U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

Reporting Requirements. A significant holder of our shares for U.S. federal income tax purposes who receives shares of FNB common stock as a result of the merger will be required to retain records pertaining to the merger and to file with such holder s U.S. federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger. Such statement must include the holder s tax basis in and fair market value of our shares surrendered in the merger.

THIS SUMMARY IS NOT A SUBSTITUTE FOR AN INDIVIDUAL ANALYSIS OF THE TAX CONSEQUENCES OF THE MERGER TO YOU. WE URGE YOU TO CONSULT A TAX ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE MERGER TO YOU.

DESCRIPTION OF FNB CAPITAL STOCK

FNB Common Stock

General. FNB is authorized to issue 500,000,000 shares of common stock, par value $0.01 per share, of which 85,976,227 shares were outstanding as of March 31, 2008, after giving effect to the April 1, 2008 merger of Omega. FNB common stock is traded on the NYSE under the symbol FNB. The transfer agent and registrar for FNB common stock is R&T.

As of March 31, 2008, after giving effect to the April 1, 2008 merger of Omega, approximately 11.1 million shares of FNB common stock were reserved for issuance under employee stock plans and convertible notes. In addition, FNB has reserved approximately 3.3 million shares of common stock for issuance in connection with the merger and our stock options that are being assumed by FNB. After taking into account these issued and reserved shares, FNB will have approximately 400.0 million shares of authorized but unissued common stock available for issuance for other corporate purposes.

Voting and Other Rights. The holders of FNB common stock are entitled to one vote per share, and in general a majority of the votes cast with respect to a matter is sufficient to authorize action upon routine matters. Directors are elected by a plurality of votes cast, and each shareholder entitled to vote in an election of directors is entitled to vote each share of stock for as many persons as there are directors to be elected. In elections of directors, shareholders do not have the right to cumulate their votes. See Comparison of Shareholder Rights.

In the event of a liquidation, holders of FNB common stock are entitled to receive pro rata any assets legally available for distribution to shareholders with respect to shares held by them, subject to any prior rights of the holders of any FNB preferred stock then outstanding.

FNB common stock does not carry any preemptive rights, redemption privileges, sinking fund privileges or conversion rights. All outstanding shares of FNB common stock are, and the shares of FNB common stock to be issued to you in the merger will be, validly issued, fully paid and nonassessable.

Distributions. The holders of FNB common stock are entitled to receive such dividends or distributions as the FNB board of directors may declare out of funds legally available for such payments. The payment of distributions by FNB is subject to the restrictions of Florida law applicable to the declaration of distributions by a business corporation. A corporation generally may not authorize and make distributions if, after giving effect thereto, it would be unable to meet its debts as they become due in the usual course of business or if the corporation s total assets would be less than the sum of its total liabilities plus the amount that would be needed, if it were to be dissolved at the time of distribution, to satisfy claims upon dissolution of shareholders who have preferential rights superior to the rights of the holders of its common stock. In addition, the payment of distributions to shareholders is subject to any prior rights of any then outstanding FNB preferred stock. Stock dividends, if any are declared, may be paid from authorized but unissued shares.

The ability of FNB to pay distributions is affected by the ability of its subsidiaries to pay dividends. The ability of FNB s subsidiaries, as well as of FNB, to pay dividends in the future is influenced by bank regulatory requirements and capital guidelines.

FNB Preferred Stock

General. FNB is authorized to issue 20,000,000 shares of preferred stock, par value $0.01 per share, of which no shares were outstanding as of March 31, 2008. The FNB board of directors has the authority to issue FNB preferred stock in one or more series and to fix the dividend rights, dividend rates, liquidation preferences, conversion rights, voting rights, rights and terms of redemption, including sinking fund provisions and the number of shares constituting any such series, without any further action by the shareholders of FNB unless such action is required by applicable rules or regulations or by the terms of any other outstanding series of FNB preferred stock. Any shares of FNB preferred stock that may be issued may rank prior to shares of FNB common stock as to payment of dividends and upon liquidation.

COMPARISON OF SHAREHOLDER RIGHTS

After the merger, you will become shareholders of FNB and your rights will be governed by FNB s articles of incorporation, FNB s bylaws and the Florida Business Corporations Act, as amended, or the FBCA. The following summary discusses differences between FNB s articles of incorporation and bylaws and our articles of incorporation and bylaws and the differences between the PBCL and the FBCA. For information as to how to get the full text of each party s respective articles of incorporation or bylaws, see Where You Can Find More Information beginning on page 98.

The following summary is not intended to be a complete statement of the differences affecting the rights of our shareholders who become FNB shareholders, but rather summarizes the more significant differences affecting the rights of such shareholders and certain important similarities. The summary is qualified in its entirety by reference to the articles of incorporation and bylaws of FNB, our articles of incorporation and bylaws and applicable laws and regulations.

Removal of Directors; Filling Vacancies on the Board of Directors

IRGB	FNB
Pennsylvania law provides that our board of directors may remove a director from office if he (i) is adjudicated an incompetent by a court or is convicted of a felony; (ii) if within 60 days after notice of election, the director does not accept office either in writing or by attending a meeting of our board of directors. Our entire board of directors or any individual director may be removed from office without assigning any cause by the vote of our shareholders entitled to cast at least a majority of the vote which all shareholders would be entitled to cast at an annual election of directors. Upon application of any shareholder or director, a court may remove from office any director in case of fraudulent or dishonest acts, or gross abuse of authority or discretion, or for any other proper cause, and may bar from office any director so removed for a period prescribed by the court. Vacancies on our board of directors, including vacancies resulting from an increase in the number of directors, may be filled by a majority vote of the remaining members of our board of directors, though less than a quorum, or by a sole remaining director, to serve until his successor is elected by the shareholders.	Under Florida law, unless the articles of incorporation of a corporation provide otherwise, directors may be removed by the corporation s shareholders with or without cause; provided that, if a director is elected by a voting group, only the shareholders of that voting group may participate in the vote to remove him or her. Article 6 of FNB s articles of incorporation, however, provides that, subject to the rights of holders of any preferred stock, any director or the entire board of directors may be removed without cause by the affirmative vote of the holders of at least 75% of the then outstanding shares of FNB common stock. Florida law and FNB s bylaws provide that vacancies on the FNB board of directors, including vacancies resulting from an increase in the number of directors or resulting from a removal from office, may be filled by a majority vote of the remaining directors, though less than a quorum.

Quorum of Shareholders

IRGB	FNB

Pennsylvania law provides that the holders of a majority of votes entitled to be cast on a matter to be considered, represented in person or by proxy, constitute a quorum of that voting group for action on the matter. Pennsylvania law further provides that, if a meeting called for the election of directors is adjourned, the shareholders who attend the resumption of the adjourned meeting, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors.

FNB s bylaws and Florida law provide that the holders of a majority of votes entitled to be cast on a matter to be considered, represented in person or by proxy, constitute a quorum of that voting group for action on the matter. FNB s bylaws further provide that whenever the holders of any class or series of shares are entitled to vote separately on a specified item of business, the holders of a majority of the votes of that class or series entitled to be cast, represented in person or by proxy, shall constitute a quorum of such class or series.

Adjournment and Notice of Shareholder Meetings

IRGB	FNB
Pennsylvania law provides that any regular or special meeting of shareholders may be adjourned for such periods as may be directed by the shareholders present in person or by proxy at the meeting who are entitled to vote at that meeting. Nevertheless, adjournments of any meeting at which directors are to be elected may be adjourned only from day to day, or for such longer periods not exceeding 15 days each.	FNB s bylaws and Florida law provide that, if a quorum is not present or represented at a shareholders meeting, the shareholders present and entitled to vote at the meeting may adjourn such meeting from time to time.

Call of Special Meetings of Shareholders

IRGB	FNB
Our by-laws provide that special meetings of our shareholders may be called at any time by the President, Board of Directors or shareholders entitled to cast two-fifths of the votes at the meeting, by delivering a written request to our Secretary.	FNB s bylaws provide that special meetings of shareholders may be called only by the chairman of the board, the president or the secretary of FNB pursuant to a resolution or written direction of at least 75% of the members of the FNB board of directors or by the holders of not less than 10% of the outstanding shares of FNB.

Shareholder Consent in Lieu of Meeting

IRGB	FNB
Pennsylvania law provides that any action that may be taken at a meeting of the shareholders may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the shareholders who would be entitled to vote at a meeting for such purpose and shall be filed with our Secretary.	Florida law permits any action that may be taken at a meeting of the shareholders of FNB to be taken without a meeting, if, prior or subsequent to the action, one or more written consents signed by a majority the shareholders who would be entitled to vote at a meeting for such purpose are delivered to FNB.

Dissenters Rights

IRGB	FNB
Under Pennsylvania law, dissenters rights are generally afforded to shareholders in the event of corporate actions involving certain mergers, share exchanges, transfers of all or substantially all of the assets of the corporation, as well as certain other fundamental transactions in which the	Under Florida law, dissenters rights are available in connection with corporate actions involving certain mergers, share exchanges, sales or other dispositions of all or substantially all of the property of the corporation other than in the ordinary course of business, the

corporation is not the acquiring corporation.

Under Pennsylvania law, dissenters rights generally are denied to holders of shares that are listed on a national securities exchange, quoted on the Nasdaq National Market or held beneficially or of record by more than 2,000 shareholders when a plan of merger converts the shares into shares of the acquiring, surviving, new or other corporation, whether or not the shares of the acquiring, surviving, new or other corporation are listed on the exchange or privately held.

approval of certain control-share acquisitions and amendments of the articles of incorporation that would materially and adversely affect the rights or preferences of shares held by the dissenting shareholders.

Under Florida law, dissenters rights generally are denied to holders of shares listed on a national securities exchange or the OTC Bulletin Board or when the corporation s shares are held of record by at least 2,000 persons and such outstanding shares have a market value of at least $10 million, not counting the value of certain insider shares.

Derivative Actions

IRGB	FNB
Under Pennsylvania law, derivative actions may be brought by a shareholder, even if the shareholder was not a shareholder at the time of the alleged wrongdoing, if a court determines that there is a strong prima facie case in favor of the claim and a serious injustice will result without such action.	Under Florida law, a derivative action may be brought only by a person who was a shareholder of FNB at the time of the alleged wrongdoing unless the person became a shareholder through transfer by operation of law from one who was a shareholder at the time of the alleged wrongdoing.

Dividends and Distributions

IRGB	FNB
Subject to any restrictions in a corporation s articles of incorporation or by-laws, Pennsylvania law generally provides that a corporation may make distributions to its shareholders unless after giving effect thereto (i) the corporation would not be able to pay its debts as they become due in the usual course of business, or (ii) the corporation s total assets would be less than the sum of its total liabilities plus the amount that would be needed upon the dissolution of the corporation to satisfy the preferential rights of shareholders having superior preferential rights to those shareholders receiving the distribution. Neither our articles of incorporation nor our by-laws contain any restrictions on the payment of dividends or the making of distributions to shareholders.	Subject to any restrictions in a corporation s articles of incorporation, Florida law generally provides that a corporation may make distributions to its shareholders unless after giving effect thereto: the corporation would not be able to pay its debts as they become due in the usual course of business; or the corporation s total assets would be less than the sum of its total liabilities plus the amount that would be needed upon the dissolution of the corporation to satisfy the preferential rights of shareholders having superior preferential rights to those shareholders receiving the distribution. FNB s articles of incorporation do not contain any restrictions on the payment of dividends or the making of distributions to shareholders.

Classes of Stock With Preferential Rights

IRGB	FNB
We only have one authorized class of stock, common stock, which has no preferential rights.	The articles of incorporation of FNB authorize it to issue multiple classes and series of stock that may have rights preferential to the FNB common stock to be received by our shareholders as a result of the merger. No such stock is currently outstanding. Such preferential rights include rights to preferential dividend rates compared to such rates for FNB common stock, rights to prevent dividends from being paid on the common stock until dividends

have been paid on the preferred stock, rights to preferential payments upon any liquidation of FNB, independent class voting rights with respect to certain fundamental transactions and rights to convert shares of FNB preferred stock into FNB common stock at a conversion ratio that protects such preferred shareholders against a decline in the price of FNB common stock by further diluting the common stock.

Director Qualifications, Number and Term

IRGB	FNB
Our by-laws provide that our board of directors shall consist not less than five nor more than 12 members divided into three classes, as equal in number as possible, with each director serving a staggered three-year term. Under Pennsylvania law, a director must be at least 18 years of age, but a director need not be a resident of Pennsylvania or a shareholder.	FNB s bylaws provide that the board of directors of FNB shall consist of such number of directors as may be determined by the board of directors of FNB, which number shall be not less than five nor more than 25. FNB s bylaws further provide that FNB s board of directors shall be divided into three classes as equal in number as possible, with each director having a staggered three-year term. Under Florida law and FNB s bylaws, a director need not be a resident of Florida or a shareholder of FNB to qualify to serve as a director. FNB s bylaws further provide that the directors must be at least 21 years of age.

Nomination of Directors

IRGB	FNB
Our by-laws do not provide for any procedures regarding the nomination of directors.	FNB s bylaws provide that directors may be nominated for election to FNB s board of directors by either a resolution of the board of directors or by a shareholder of FNB. FNB s bylaws provide that a shareholder may make nominations for director by providing FNB with written notice of the shareholder s intention to nominate a director, which written notice generally must be received not less than 14 days prior to the meeting of shareholders called for the election of directors. The notice of a shareholder s intention to nominate a director must include the information required by FNB s bylaws.

Cumulative Voting

IRGB	FNB
In an election of directors under cumulative voting, each share of stock normally having one vote for each director to be elected is entitled to a number of votes equal to the number of directors to be elected times the number of shares held with the right to distribute that number of votes among one or more candidates. Under Pennsylvania law, cumulative voting in the election of directors is available unless otherwise provided for in the articles of incorporation of the corporation. Our articles of	Under Florida law, cumulative voting in the election of directors is not available unless provided for in the articles of incorporation of the corporation. FNB has not provided for cumulative voting in its articles of incorporation.

incorporation are silent on this issue.

Indemnification of Officers and Directors

IRGB

Pennsylvania law permits a corporation to indemnify its directors and officers against expenses, judgments, fines and amounts paid in settlement incurred by them in connection with any pending, threatened or completed action or proceeding, and permits such indemnification against expenses incurred in connection with any pending, threatened or completed derivative action, if the director or officer has acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful. Pennsylvania law further provides that expenses incurred in defending any action or proceeding may be paid by the corporation in advance of the final disposition upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined that the director or officer is not entitled to be indemnified by the corporation.

Under Pennsylvania law, the statutory provisions for indemnification and advancement of expenses are non-exclusive with respect to any other rights, such as contractual rights or rights granted pursuant to a by-law or by vote of shareholders or disinterested directors, to which a person seeking indemnification or advancement of expenses may be entitled. Such rights may, for example, provide for indemnification against judgments, fines and amounts paid in settlement incurred by the indemnified person in connection with derivative actions. Pennsylvania law and our articles of incorporation permit such derivative action indemnification in any case except where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. Pennsylvania law and our articles of incorporation permit us to purchase and maintain insurance on behalf of our directors and officers against any liability asserted against the director or officer and incurred in such capacity, whether or not we would have the power to indemnify a director or officer against such liability.

FNB

Florida law permits a corporation to indemnify a director or officer who was or is a party to any threatened, pending or completed action, suit or other type of proceeding, other than an action by or in the right of the corporation, by reason of the fact that he is or was a director or officer or is currently serving at the request of the corporation as a director or officer of another entity against expenses, including attorneys fees, judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by the director or officer in connection with such action, suit or proceeding. These indemnification rights apply if the director or officer acted in good faith and in a manner in which the director or officer reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to a criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. In addition, under Florida law, FNB may indemnify and hold harmless an officer or director who is a party to an action by or in the right of the corporation against expenses, including attorneys fees, and certain amounts paid in settlement, actually and reasonably incurred in connection with the defense or settlement of such proceeding, including any appeal thereof. Such indemnification shall be authorized if the director or officer has acted in good faith and in a manner in which the director or officer reasonably believed to be in or not opposed to the best interests of the corporation, except indemnification is not authorized where there is an adjudication of liability, unless a court determines, in view of all the circumstances, that such person is fairly and reasonably entitled to indemnity for such expenses.

Florida law further provides that indemnification against the costs and expenses of defending any action is required to be made to any officer or director who is successful in defending a derivative action. Except with regard to the costs and expenses of successfully defending a derivative action as may be ordered by a court, indemnification is only required to be made to a director or officer if a determination is made that indemnification is proper under the circumstances. Such determination shall be made in accordance with the

provisions of Florida law.

Florida law further provides that expenses incurred in defending any action or proceeding may be paid by the corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined that the director or officer is not entitled to be indemnified by the corporation.

IRGB	FNB
	Under Florida law, the provisions for indemnification and advancement of expenses are not exclusive. A Florida corporation may make any other or further indemnification or advancement of expenses to any of its officers or directors, both as to action in their official capacity and as to action in another capacity while holding such office. Under Florida law, indemnification or advancement of expenses, however, shall generally not be made to or on behalf of any officer or director if a judgment or other final adjudication establishes that the director s or officer s actions or omissions were material to the cause of action so adjudicated and constitute: a violation of the criminal law; a transaction from which the officer or director derived an improper personal benefit; an unlawful distribution; or willful misconduct or a conscious disregard for the best interests of the corporation. Florida law and FNB s articles of incorporation permit FNB to purchase and maintain insurance on behalf of any director or officer of FNB against any liability asserted against the director or officer and incurred in such capacity, whether or not FNB would have the power to indemnify the director or officer against such liability. FNB s articles of incorporation further provide that its directors, officers and any other person designated by the board of directors of FNB are entitled to be indemnified to the fullest extent permitted by law.

Director Liability

IRGB	FNB
Pennsylvania law and our articles of incorporation include a provision limiting the personal liability of directors for monetary damages for actions taken as a director, other than as would constitute criminal conduct or with respect to liability for nonpayment of taxes, and except to the extent that the director has breached or failed to perform his duties to the corporation and the breach or failure to perform constitutes self-dealing, willful misconduct or	Under Florida law, a director is not liable for monetary damages for any statement, vote, decision or failure to act regarding corporate management or policy, unless the director breached or failed to perform his or her duties as a director and the director s breach of, or failure to perform, those duties constitutes a violation of criminal law, self-dealing, an unlawful distribution, willful misconduct or recklessness. FNB s bylaws

recklessness.	contain a provision limiting the liability of its directors to the fullest extent permitted by law.

Amendment of Articles of Incorporation and Bylaws

IRGB	FNB
Pennsylvania law requires the affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon to amend a corporation s articles of incorporation, provided that shareholder approval is not required for certain non-material amendments. Under Pennsylvania law, the power to adopt, amend or repeal by-laws may generally be vested, pursuant to the by-laws, in the directors, with certain statutory exceptions and subject to the power of the shareholders to change such action. Pennsylvania law further provides that, unless the articles of incorporation provide otherwise, the board of directors does not have the authority to adopt or change a bylaw on any subject that is committed expressly to the shareholders by statute, other than on the subject shareholder quorum rules if the corporation is a registered corporation such as us. Our by-laws provide that our by-laws may be amended, altered and repealed, and new by-laws may be adopted, by the shareholders or the board of directors at a regular or special meeting.	In order to amend the articles of incorporation of a Florida corporation, Florida law generally requires that, unless the articles of incorporation provide for a greater vote, the votes cast in favor of such an amendment must exceed the votes cast against such an amendment at a meeting at which a quorum is present; provided, however, that a majority of the outstanding votes entitled to be cast on the amendment is required with respect to amendments that would create dissenters rights under Florida law. Further, under Florida law, shareholder approval is not required for certain non-material amendments. Under Florida law, a corporation s bylaws may be amended or repealed by the board of directors or shareholders; provided, however, that the board of directors may not amend or repeal the corporation s bylaws if the articles of incorporation reserve such power to the shareholders, or the shareholders, in amending or repealing the bylaws, expressly provide that the board of directors may not amend or repeal the bylaws or a particular bylaw provision. FNB s bylaws provide that they may be altered or amended and new bylaws adopted by the affirmative vote of at least 75% of the members of FNB s board of directors or by the affirmative vote of the holders of at least 75% of the outstanding shares entitled to vote thereon.

Vote Required for Extraordinary Corporation Transactions

IRGB

Under Pennsylvania law, a merger, consolidation, share exchange, dissolution or sale of substantially all of a corporation s assets other than in the ordinary course of business must be approved by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon. Except as otherwise provided by the by-laws of a corporation, the shareholders of a corporation do not have to approve a board of directors-approved plan of merger if, among other situations, immediately prior to the transaction, another corporation that is a party to the transaction directly or indirectly owns 80% or more of the outstanding shares of each class of the constituent corporation, or if

the surviving or new corporation is a business corporation incorporated in Pennsylvania with articles of incorporation that are identical to the articles of incorporation of the merged corporation, except for changes permitted by a board of directors without shareholder approval under Pennsylvania law;

each share of the merged corporation outstanding immediately prior to the effective date of the merger is to continue to be outstanding or will be converted into an identical share of the surviving or new corporation after the effective date of the merger; and

the shareholders of the merged corporation are to hold, in the aggregate, shares of the surviving or new corporation to be outstanding immediately after effectiveness of the plan of merger at least a majority of the votes entitled to be cast generally for the election of directors.

FNB

Under Florida law, generally, a merger, consolidation, share exchange, dissolution or sale of all or substantially all of a corporation s assets other than in the ordinary course of business must be approved by the board of directors and by the affirmative vote of the holders of a majority of the shares entitled to vote thereon unless the corporation s articles of incorporation require a higher vote. Florida law further provides that, unless required by its articles of incorporation, shareholder approval of a plan of merger is not required if:

the articles of incorporation of the surviving corporation will not differ, except for certain minor amendments approved by the board of directors as provided by Florida law, from its articles before the merger; and

each shareholder of the surviving corporation whose shares were outstanding immediately prior to the effective date of the merger will hold the same number of shares, with identical designations, preferences, limitations and relative rights, immediately after the merger.

FNB s articles of incorporation require the affirmative vote of the holders of at least 75% of the outstanding shares of FNB common stock entitled to vote to approve a merger, consolidation or sale, lease, exchange or other disposition, in a single transaction or series of related transactions, of all or substantially all or a substantial part of the properties or assets of FNB, unless the board of directors of FNB has approved and recommended the transaction prior to the consummation thereof.

Interested Shareholder Transactions

IRGB	FNB
We are not a registered company and thus Pennsylvania s interested shareholder law (Section 2538 of Subchapter D and Subchapter F of Chapter 25 of the PBCL) does not apply to us.	Florida law contains a number of provisions that require supermajority approval for certain transactions with affiliates. Under Florida law, if any person who together with such person s affiliates and associates beneficially owns 10% or more of any voting stock of the corporation, or an Interested Person, is a party to any merger, consolidation, disposition of all or a substantial part of the assets of the corporation or a subsidiary of the corporation, or exchange of securities requiring shareholder approval, or a Business Combination, such transaction requires approval by the affirmative vote of the holders of two-thirds of the voting shares other than the shares beneficially owned by the Interested Person; provided, that such approval is not required if: the Interested Person transaction has been approved by a majority of the disinterested directors; the corporation has not had more than 300 shareholders of record at any time during the three years preceding the date of the transaction s announcement; the Interested Person has been the beneficial owner of at least 80% of the corporation s outstanding voting shares for at least five years preceding the date of the transaction s announcement; the Interested Person is the beneficial owner of at least 90% of the outstanding voting shares of the corporation, exclusive of shares acquired directly from the corporation in a transaction not approved by a majority of the disinterested directors; the corporation is an investment company registered under the Investment Company Act of 1940; or the consideration to be received by holders of the stock of the corporation meets certain minimum levels determined by a formula under Section 607.0901(4)(f) of the Florida Business Corporations Act.

Fiduciary Duty

IRGB	FNB
Under Pennsylvania law, a director shall perform his duties as a director in good faith, in a manner he reasonably believes to be in the best interests of the corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances, and shall be entitled in performing his duties to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by: one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented; counsel, public accountants or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such person; or a committee of the board upon which he does not serve, as to matters within its designated authority, which committee the director reasonably believes to merit confidence. Pennsylvania law further provides that a director may, in considering the best interests of a corporation, consider (1) the effects of any action on shareholders, employees, suppliers, customers and creditors of the corporation, and upon communities in which offices or other facilities of the corporation are located, (2) the short-term and long-term interests of the corporation, including the possibility that the best interests of the corporation may be served by the continued independence of the corporation, (3) the resources, intent and conduct of any person seeking to acquire control of the corporation and (4) all other pertinent factors.	Under Florida law, a director is required to discharge his or her duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner reasonably believed to be in the best interests of the corporation. In discharging his or her duties, a director is entitled to rely on: information, opinions, reports, or statements, including financial statements and other financial data, if presented or prepared by officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented; legal counsel, public accountants or other persons as to matters the director reasonably believes are within the person s professional or expert competence; or a committee of the Board of which the director is not a member if the director reasonably believes the committee merits confidence. FNB s articles of incorporation provide that the board of directors of FNB, in evaluating a proposal for an extraordinary corporate transaction, shall consider all relevant factors, including, without limitation, the long-term prospects and interests of the corporation and its shareholders, the social, economic, legal or other effects of any action on the employees, suppliers and customers of the corporation and its subsidiaries, the communities and societies in which FNB and its subsidiaries operate, and the economy of the state and the nation. FNB s articles of incorporation further provide that, if the board of directors of FNB determines that such a proposal should be rejected, it may take any lawful action to accomplish its purpose.

Provisions with Possible Anti-Takeover Effects

IRGB	FNB
Pennsylvania law permits an amendment to the corporation s articles of incorporation or other corporate action, if approved by shareholders, to provide mandatory special treatment for specified groups of nonconsenting shareholders of the same class. Pennsylvania law also provides that directors may, in discharging their duties, consider the interests of a number of different constituencies, including shareholders, employees, suppliers, customers, creditors and the communities in which the corporation is located. Directors are not required to consider the interests of shareholders to a greater degree than other constituencies interests. Pennsylvania law expressly provides that directors do not violate their fiduciary duties solely by relying on poison pills or the anti-takeover provisions of Pennsylvania law. We are not a registered corporation and thus the anti-takeover provisions of Chapter 25 of the PBCL do not apply to us.	FNB is subject to statutory anti-takeover provisions under Florida law. The FBCA restricts the voting rights of certain shares of a corporation s stock when those shares are acquired by a party who, by such acquisition, would control at least 20% of all voting rights of the corporation s issued and outstanding stock. The statute provides that the acquired shares, or the control shares, will, upon such acquisition, cease to have any voting rights. The acquiring party may, however, petition the corporation to have voting rights re-assigned to the control shares by way of an acquiring person s statement submitted to the corporation in compliance with the requirements of the statute. Upon receipt of such request, the corporation must submit such request for shareholder approval. Voting rights may be reassigned to the control shares by a resolution of a majority of the corporation s shareholders for each class and series of stock, with the control shares not voting. In addition, there are various provisions in FNB s articles of incorporation and bylaws that may serve as anti-takeover protections that include: the ability of FNB s board of directors to fill vacancies resulting from an increase in the number of directors; the supermajority voting requirements for certain corporate transactions; the broad range of factors that FNB s board of directors may consider in evaluating an unsolicited offer including a tender offer proposal; and provisions in FNB s articles of incorporation which authorize FNB s board of directors, without further shareholder action, to issue from time to time, up to 20,000,000 shares of FNB preferred stock. The board of directors of FNB is empowered to divide any and all of the shares of FNB preferred stock into series and to fix and determine the relative rights and preferences of the shares of any series so established.

COMPARATIVE MARKET PRICES AND DIVIDENDS

The following table sets forth for the periods indicated:

the high and low trading prices of shares of FNB common stock as reported on the NYSE;

the high and low trading prices of shares of our common stock as reported on the OTC Bulletin Board; and

quarterly cash dividends paid per share by FNB and IRGB.

	FNB Common Stock			IRGB Common Stock		
	High	Low	Dividend	High	Low	Dividend
2006:						
First quarter	$ 17.70	$ 15.74	$ 0.235	$ 62.00	$ 52.05	$ 0.26
Second quarter	17.24	15.19	0.235	56.50	53.00	0.28
Third quarter	17.00	15.15	0.235	64.00	52.50	0.28
Fourth quarter	18.85	16.31	0.235	62.00	56.00	0.31
2007:						
First quarter	18.79	16.21	0.235	59.00	51.00	0.28
Second quarter	17.91	16.41	0.235	52.50	49.50	0.30
Third quarter	18.24	14.05	0.24	55.50	49.00	0.30
Fourth quarter	17.92	13.85	0.24	55.50	48.00	0.33
2008:						
First quarter	16.50	12.52	0.24	75.95	47.00	0.30
Second quarter (through June 18)	16.99	12.48	0.24	76.99	68.00	0.30

You are advised to obtain current market quotations for FNB common stock. The market price of FNB common stock will fluctuate between the date of this proxy statement/prospectus and the completion of the merger. No assurance can be given concerning the market price of FNB common stock.

BENEFICIAL OWNERSHIP OF OUR COMMON STOCK

The following table sets forth information pertaining to the beneficial ownership of the outstanding shares of our common stock as of March 31, 2008 by: (1) persons known by us to own more than five percent of the outstanding shares of our common stock, (2) each director and (3) our directors and executive officers as a group. The information contained herein has been obtained from our records and from information furnished to us by each individual named below. We know of no person who owns, beneficially or of record, either individually or with associates, more than five percent of our common stock, except as set forth below.

Name of Individual or Identify of Group	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Shares(3)
5% or Greater Holders:		
Richard P. Anton	102,949	9.22%
FRG Management L.P.	71,834	6.43%
Directors and Executive Officers:		
Richard L. Anderson	1,000	
Joanne Marie Andiorio, Dr. P.H.	0	
Amy Bitz	1,309	
Thomas M. Colella	7,800	
William M. Densmore	11,325	
Paul F. Fagan	66	
Daniel A. Goetz	20,100	1.80%
Michael J. Hagan	6,949	
Karen Joyce	8,963	
Gregory M. Melvin	2,975	
Joseph J. Plichta	1,900	
Edward V. Randall, Jr.	1,000	
Duane W. Swager	7,175	
All officers and directors as a group (13 persons)	70,562	6.2%

(1) Information furnished by our directors and officers.

(2) The securities beneficially owned by an individual are determined in accordance with the definition of beneficial ownership set forth in the General Rules and Regulations of the SEC and may include securities owned by or for the individual s spouse and minor children and any other relative who has the same home, as well as securities to which the individual has or shares voting or investment power. Beneficial ownership may be disclaimed as to certain of the securities. Except as otherwise indicated, the address for each of the following persons is our principal corporate address.

(3) Less than 1% unless otherwise indicated.

PROPOSAL NO. 2

ADJOURNMENT PROPOSAL

The Adjournment Proposal

In the event sufficient votes are not present at our special meeting to constitute a quorum or approve the merger proposal, the merger proposal cannot be approved unless our special meeting is adjourned in order to permit further solicitation of proxies. In order to allow shares present in person or by proxy at our special meeting to vote for the adjournment of our special meeting, if necessary, we are submitting an adjournment of our special meeting to you as a separate matter for consideration. Properly submitted proxies will be voted in favor of the adjournment proposal, unless otherwise indicated on the proxy. If our adjournment proposal is approved, no notice of the time and place of our adjourned meeting is required to be given to you other than an announcement of the time and place that is given at our special meeting.

Recommendation of Our Board of Directors

Our board of directors recommends that our shareholders vote ***FOR*** the approval of the merger proposal and the adjournment proposal.

LEGAL MATTERS

The validity of the FNB common stock being registered in connection with the merger has been passed upon for FNB by Duane Morris LLP, Philadelphia, Pennsylvania. Duane Morris LLP and Jones Day, Pittsburgh, Pennsylvania, will deliver their opinions to FNB and us, respectively, as to certain U.S. federal income tax consequences of the merger. See Material U.S. Federal Income Tax Consequences of the Merger beginning on page 78.

EXPERTS

The consolidated financial statements of FNB and subsidiaries appearing in FNB s Annual Report (Form 10-K) for the year ended December 31, 2007 and the effectiveness of FNB s internal control over financial reporting as of December 31, 2007 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of FNB for the three -month periods ended March 31, 2008 and March 31, 2007, incorporated by reference in this proxy statement/prospectus, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated May 7, 2008, included in FNB s Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 and incorporated by reference herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited interim financial information because that report is not a report or a part of the registration statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Securities Act.

Our consolidated financial statements for the years ended December 31, 2007 and 2006 and December 2006 and 2005 are set forth elsewhere in this proxy statement/prospectus. Such consolidated financial statements have been audited by S.R. Snodgrass A.C., independent registered public accounting firm, as set forth in their report thereon, included elsewhere in this proxy statement/prospectus. Such consolidated financial statements are included herein in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

OTHER MATTERS

As of the date of this proxy statement/prospectus, neither FNB nor we know of any matter that will be presented for consideration at our special meeting other than the approval of the merger proposal and the adjournment proposal. However, if any other matters properly come before our special meeting or any adjournment or postponement thereof and be voted upon, the enclosed proxies shall be deemed to confer discretionary authority on the individuals named as proxies therein to vote the shares represented by such proxies as to any such matters.

No person is authorized to give any information or make any representation other than those contained or incorporated by reference in this proxy statement/prospectus, and, if given or made, such information or representation should not be relied upon as having been authorized by FNB or us.

This proxy statement/prospectus does not constitute an offer to exchange or sell, or a solicitation of an offer to exchange or purchase, the FNB common stock offered by this proxy statement/prospectus, nor does it constitute the solicitation of a proxy in any jurisdiction in which such offer or solicitation is not authorized or to or from any person to whom it is unlawful to make such offer or solicitation.

The information contained in this proxy statement/prospectus speaks as of the date hereof unless otherwise specifically indicated. The delivery of this proxy statement/prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of FNB or us since the date of this proxy statement/prospectus or that the information in this proxy statement/prospectus or in the documents incorporated by reference in this proxy statement/prospectus is correct at any time subsequent to that date.

This proxy statement/prospectus does not cover any resales of the FNB common stock offered hereby to be received by our shareholders deemed to be an affiliate of FNB upon the consummation of the merger. No person is authorized to make use of this proxy statement/prospectus in connection with any such resales.

WHERE YOU CAN FIND MORE INFORMATION

FNB files reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any reports, statements or other information filed by FNB at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the public reference room. FNB s SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at www.sec.gov.

FNB filed a registration statement on Form S-4 to register with the SEC under the Securities Act the issuance of FNB common stock to our shareholders pursuant to the merger agreement. This proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of FNB and our proxy statement for our special meeting. As allowed by SEC rules, this proxy statement/prospectus does not contain all the information contained in the registration statement.

The SEC allows the incorporation by reference of information into this proxy statement/prospectus, which means that FNB can disclose important information to you by referring you to another document filed separately with the SEC by FNB. The information incorporated by reference is deemed to be part of this proxy statement/prospectus, except for any information that is superseded by information in this proxy statement/prospectus. This proxy statement/prospectus incorporates by reference the documents set forth below that FNB has previously filed with the SEC. These documents contain important information about FNB.

The following documents previously filed with the SEC by FNB (SEC File No. 001-31940) are incorporated by reference into this proxy statement/prospectus:

FNB s Annual Report on Form 10-K for the year ended December 31, 2007;

FNB s Quarterly Report on Form 10-Q for the quarter ended March 31, 2008;

FNB s Current Reports on Form 8-K filed January 23, 2008, February 5, 2008, April 7, 2008 and June 18, 2008; and

The description of FNB common stock contained in the FNB registration statement filed pursuant to Section 12 of the Exchange Act, and any amendment or report filed for the purpose of updating such description.

FNB further incorporates by reference any additional documents that it files with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this proxy statement/prospectus and the date of our special meeting. These documents include periodic reports such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

If you would like to receive a copy of any of the documents incorporated herein by reference, please contact FNB at the address or telephone number listed under the heading Reference to Additional Information in the forepart of this proxy statement/prospectus.

OUR ANNUAL MEETING

We intend to hold a 2008 annual meeting of our shareholders only if the merger agreement is terminated.

IRON AND GLASS BANCORP, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
Iron and Glass Bancorp, Inc.

We have audited the accompanying consolidated balance sheet of Iron and Glass Bancorp, Inc. and subsidiary as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders equity, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Iron and Glass Bancorp, Inc. and subsidiary as of December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Wexford, PA
April 24, 2008

IRON AND GLASS BANCORP, INC.

CONSOLIDATED BALANCE SHEET

	December 31, 2007	December 31, 2006
ASSETS		
Cash and due from banks	$ 6,559,383	$ 5,435,804
Interest-bearing deposits with other banks	80,767	101,002
Federal funds sold	4,522,573	7,893,460
Total cash and cash equivalents	11,162,723	13,430,266
Loans held for sale	755,000	363,900
Investment securities available for sale	37,436,015	36,703,282
Investment securities held to maturity (fair value of $80,599,308 and $76,073,069)	81,341,310	77,473,723
Loans (net of unearned income of $479,843 and $635,190)	165,253,784	166,878,330
Less allowance for loan losses	1,850,183	1,765,486
Net loans	163,403,601	165,112,844
Premises and equipment	1,216,804	1,391,767
Bank-owned life insurance	3,025,403	2,925,403
Goodwill	647,143	647,143
Other real estate owned	613,122	313,122
Accrued interest and other assets	2,393,936	3,257,945
TOTAL ASSETS	$ 301,995,057	$ 301,619,395
LIABILITIES		
Deposits:		
Non-interest-bearing demand	$ 37,247,004	$ 36,045,774
Interest-bearing demand	22,598,210	23,709,531
Money market	28,624,457	31,140,422
Savings	28,545,580	30,375,309
Time	134,257,057	131,832,078
Total deposits	251,272,308	253,103,114
U.S. treasury demand note	737,300	718,490
Other borrowed funds	8,000,000	8,000,000
Accrued interest and other liabilities	2,506,449	3,408,388
TOTAL LIABILITIES	262,516,057	265,229,992
STOCKHOLDERS EQUITY		
Preferred stock, no par value; 1,000,000 shares authorized, none issued		
	600,000	600,000

Common stock, no par value; 5,000,000 shares authorized, 1,200,000 shares issued		
Surplus	3,159,757	2,902,714
Retained earnings	37,850,137	35,680,830
Accumulated other comprehensive income (loss)	547,326	(425,468)
	42,157,220	38,758,076
Treasury stock (83,325 and 82,491 shares)	(2,678,220)	(2,368,673)
TOTAL STOCKHOLDERS EQUITY	39,479,000	36,389,403
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 301,995,057	$ 301,619,395

See accompanying notes to the consolidated financial statements.

IRON AND GLASS BANCORP, INC.

CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31, 2007	2006
INTEREST INCOME		
Interest and fees on loans	$ 11,085,941	$ 11,222,037
Interest-bearing deposits with other banks	5,563	3,082
Federal funds sold	223,591	174,927
Investment securities:		
Taxable interest	5,536,424	5,350,795
Tax-exempt interest	946,565	881,456
Total interest income	17,798,084	17,632,297
INTEREST EXPENSE		
Deposits	7,028,821	6,301,855
U.S. treasury demand note	22,697	16,526
Short-term borrowings	122,661	36,059
Other borrowed funds	491,333	489,600
Total interest expense	7,665,512	6,844,040
NET INTEREST INCOME	10,132,572	10,788,257
Provision for loan losses	25,000	325,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,107,572	10,463,257
NONINTEREST INCOME		
Service charges on deposit accounts	1,103,801	1,095,880
Investment securities gains, net		136,126
Bank-owned life insurance earnings	100,000	92,400
Gain on sale of loans	160,746	132,049
Other income	210,252	233,046
Total noninterest income	1,574,799	1,689,501
NONINTEREST EXPENSE		
Salaries and employee benefits	3,408,641	3,558,573
Occupancy expense	598,168	583,564
Equipment expense	369,249	382,998
Data processing expense	184,791	169,147
Pennsylvania shares tax	326,953	295,012
Other expense	1,940,650	2,012,892
Total noninterest expense	6,828,452	7,002,186

Income before income taxes		4,853,919		5,150,572
Income taxes		1,335,564		1,391,901
NET INCOME	$	3,518,355	$	3,758,671
EARNINGS PER SHARE				
Basic	$	3.15	$	3.37
Diluted		3.11		3.31

See accompanying notes to the consolidated financial statements.

IRON & GLASS BANCORP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

	Common Stock	**Surplus**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock**	**Total Stockholders Equity**	**Comprehensiv Income**
alance, December 31, 005	$ 600,000	$ 2,704,740	$ 33,154,595	$ (578,506)	$ (2,346,146)	$ 33,534,683	
et income			3,758,671			3,758,671	$ 3,758,671
ther comprehensive ncome:							
nrealized gain on vailable-for-sale ecurities, net of eclassification djustment, net of taxes f $56,351				109,388		109,388	109,388
omprehensive income							$ 3,868,059
ividends declared $1.13 per share)			(1,260,043)			(1,260,043)	
umulative effect of hange in accounting or pension obligations, et of taxes of $22,488				43,650		43,650	
tock-based ompensation expense		101,522				101,522	
reasury stock epurchased 4,766 shares epurchased)					(291,259)	(291,259)	
tock options exercised 9,905 shares exercised)		96,452	27,607		268,732	392,791	
alance, December 31, 006	600,000	2,902,714	35,680,830	(425,468)	(2,368,673)	36,389,403	
et income			3,518,355			3,518,355	$ 3,518,355
ther comprehensive ncome:							
hange in unrecognized ension cost, net of axes of $245,451				476,463		476,463	476,463
				496,331		496,331	496,331

Jnrealized gain on vailable-for-sale ecurities, net of taxes f $255,686							
Comprehensive income							$ 4,491,149
Dividends declared $1.21 per share)			(1,351,798)			(1,351,798)	
Stock-based ompensation expense		138,279				138,279	
Treasury stock epurchased 4,682 shares epurchased)					(198,006)	(198,006)	
Stock options exercised 3,848 shares exercised)		118,764	2,750		(111,541)	9,973	
Balance, December 31, 007	$ 600,000	$ 3,159,757	$ 37,850,137	$ 547,326	$ (2,678,220)	$ 39,479,000	

	2007	2006
Reconciliation of nrealized gain on vailable-for-sale ecurities:		
Jnrealized gain on vailable-for-sale ecurities	$ 496,331	$ 199,231
Realized gain included n net income, net of axes of $46,283 for 006		(89,843)
Total	$ 496,331	$ 109,388

See accompanying notes to the consolidated financial statements.

IRON AND GLASS BANCORP, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31, 2007	2006
OPERATING ACTIVITIES		
Net income	$ 3,518,355	$ 3,758,671
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and accretion, net	(3,143,481)	(2,794,741)
Provision for loan losses	25,000	325,000
Investment securities gains, net		(136,126)
Loans originated for sale	(12,502,300)	(9,952,580)
Proceeds from sale of loans	11,950,454	10,062,729
Gain on sale of loans	160,746	(132,049)
Earnings on bank-owned life insurance	(100,000)	(92,400)
Deferred income taxes	(17,655)	(32,639)
Decrease (increase) in accrued interest receivable	42,067	(85,270)
(Decrease) increase in accrued interest payable	(12,895)	1,002,023
Other, net	245,021	108,370
Net cash provided by operating activities	165,312	2,030,988
INVESTING ACTIVITIES		
Investment securities available for sale:		
Proceeds from maturities and principal repayments	22,062	75,169
Proceeds from sales		2,754,716
Investment securities held to maturity:		
Proceeds from maturities and principal repayments	620,505	1,125,808
Purchases	(1,104,143)	(4,443,709)
Net decrease (increase) in loans	1,464,724	(1,828,242)
Net purchases of premises and equipment	(94,676)	(102,715)
Redemption of regulatory stock	1,645,800	1,811,000
Purchase of regulatory stock	(1,635,300)	(898,500)
Proceeds from the sale of other real estate owned		775,052
Net cash provided by (used for) investing activities	918,972	(731,421)
FINANCING ACTIVITIES		
Net increase (decrease) in deposits	(1,830,806)	13,652,022
Net increase in U.S. treasury demand note	18,810	102,872
Increase (decrease) in short-term borrowings		(9,243,900)
Cash dividends paid	(1,351,798)	(1,260,043)
Stock options exercised	9,973	392,791
Treasury stock purchases	(198,006)	(291,259)

Net cash provided by (used for) financing activities		(3,351,827)		3,352,483
Increase (decrease) in cash and cash equivalents		(2,267,543)		4,652,050
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		13,430,266		8,778,216
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	11,162,723	$	13,430,266
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid during the year for:				
Interest on deposits and other borrowed funds	$	7,678,407	$	5,824,017
Income taxes		1,222,000		1,371,000

See accompanying notes to the consolidated financial statements.

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting and reporting policies applied in the presentation of the accompanying consolidated financial statements follows:

Nature of Operations and Basis of Presentation

Iron and Glass Bancorp, Inc. (the Corporation) is a Pennsylvania corporation organized to become the holding company of Iron and Glass Bank (the Bank). The Bank is a state-chartered bank and a member of the Federal Reserve Bank of Cleveland. The Corporation s principal sources of revenue emanate from its portfolio of commercial, commercial mortgage, residential real estate, and consumer loans as well as interest earnings on investment securities and a variety of deposit services to its customers through eight locations. The Corporation and the Bank are supervised by the Board of Governors of the Federal Reserve System, while the Bank is further subject to regulation and supervision by the Pennsylvania Department of Banking.

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, the Bank. All intercompany transactions have been eliminated in consolidation. The investment in subsidiary on the Corporation s financial statements is carried at the Corporation s equity in the underlying net assets.

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and revenues and expenses for the period. Actual results could differ significantly from those estimates.

Investment Securities

Investment securities are classified at the time of purchase, based on management s intention and ability, as securities held to maturity or securities available for sale. Debt securities acquired with the intent and ability to hold to maturity are stated at cost adjusted for amortization of premium and accretion of discount, which are computed using the interest method and recognized as adjustments of interest income. Certain other debt and equity securities have been classified as available for sale to serve principally as a source of liquidity. Unrealized holding gains and losses for available-for-sale securities are reported as a separate component of stockholders equity, net of tax, until realized. Realized securities gains and losses are computed using the specific identification method. Interest and dividends on investment securities are recognized as income when earned.

Common stock of the Federal Home Loan Bank of Pittsburgh (FHLB) and Federal Reserve Bank represents ownership in institutions that are wholly owned by other financial institutions. These securities are accounted for at cost and are classified with other assets.

Loans Held for Sale

Loans held for sale primarily consist of residential mortgages and are carried at the lower of cost or aggregate market value. Gains and losses on sales of loans are recognized at settlement dates and are determined by the difference between sale proceeds and the carrying value of the loans. Such loans sold are not serviced by the Bank.

Loans

Loans are reported at their principal amount, net of unearned income and the allowance for loan losses. Interest on loans is recognized as income when earned on the accrual method. Accrual of interest is discontinued when, in the opinion of management, collection is doubtful. Payments received on nonaccrual

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

loans are recorded as income or applied against principal according to management s judgment as to the collectibility of principal.

Loan origination fees and costs are being deferred, and the net amount is amortized as an adjustment of the related loan s yield. The Corporation is amortizing these amounts over the contractual life of the loan.

Allowance for Loan Losses

The allowance for loan losses represents the amount which management estimates is adequate to provide for probable losses inherent in its loan portfolio. The allowance method is used in providing for loan losses. Accordingly, all loan losses are charged to the allowance, and all recoveries are credited to it. The allowance for loan losses is established through a provision for loan losses charged to operations. The provision for loan losses is based on management s periodic evaluation of individual loans, economic factors, past loan loss experience, changes in the composition and volume of the portfolio, and other relevant factors. The estimates used in determining the adequacy of the allowance for loan losses, including the amounts and timing of future cash flows expected on impaired loans, are particularly susceptible to changes in the near term.

Impaired loans are commercial and commercial real estate loans for which it is probable the Corporation will not be able to collect all amounts due according to the contractual terms of the loan agreement. The Corporation individually evaluates such loans for impairment and does not aggregate loans by major risk classifications. The definition of impaired loans is not the same as the definition of nonaccrual loans, although the two categories overlap. The Corporation may choose to place a loan on nonaccrual status due to payment delinquency or uncertain collectibility, while not classifying the loan as impaired if the loan is not a commercial or commercial real estate loan. Factors considered by management in determining impairment include payment status and collateral value. The amount of impairment for these types of impaired loans is determined by the difference between the present value of the expected cash flows related to the loan, using the original interest rate, and its recorded value, or as a practical expedient in the case of collateralized loans, the difference between the fair value of the collateral and the recorded amount of the loans. When foreclosure is probable, impairment is measured based on the fair value of the collateral.

Mortgage loans on one-to-four family properties and all consumer loans are large groups of smaller-balance homogeneous loans and are measured for impairment collectively. Loans that experience insignificant payment delays, which are defined as 90 days or less, generally are not classified as impaired. Management determines the significance of payment delays on a case-by-case basis taking into consideration all circumstances surrounding the loan and the borrower including the length of the delay, the borrower s prior payment record, and the amount of shortfall in relation to the principal and interest owed.

Real Estate Owned

Real estate owned acquired in settlement of foreclosed loans is carried at the lower of cost or fair value minus estimated cost to sell. Direct costs incurred in the foreclosure process and subsequent holding costs incurred on such properties are recorded as expenses of current operations.

Bank-Owned Life Insurance (BOLI)

The Corporation owns insurance on the lives of a certain group of key employees. The policies were purchased to help offset the increase in the costs of various fringe benefit plans including healthcare. The cash surrender value of these policies is included as an asset on the consolidated statements of financial condition, and any increases in the cash surrender value are recorded as noninterest income on the consolidated statements of income. In the event of the death of an insured individual under these policies, the Corporation would receive a death benefit, which would be recorded as noninterest income.

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is principally computed on the straight-line method over the estimated useful lives of the related assets, which range from 2 to 3 years for furniture, fixtures, and equipment and 20 to 31.5 years for building premises. Leasehold improvements are amortized over the shorter of their estimated useful lives or their respective lease terms, which range from five to ten years. Expenditures for maintenance and repairs are charged against income as incurred. Costs of major additions and improvements are capitalized.

Intangible Assets

Intangible assets include core deposit intangibles. The core deposit intangibles are being amortized over a ten-year life. The recoverability of the carrying value of intangible assets is evaluated on an ongoing basis, and permanent declines in value, if any, are charged to expense.

Goodwill

The Corporation accounts for goodwill in accordance with Statement of Financial Accounting Standards (FAS) No. 142, *Goodwill and Other Intangible Assets*. This statement, among other things, requires a two-step process for testing the impairment of goodwill on at least an annual basis. This approach could cause more volatility in the Corporation s reported net income because impairment losses, if any, could occur irregularly and in varying amounts. The Corporation performs an annual impairment analysis of goodwill. Based on the fair value of the reporting unit, estimated using the expected present value of future cash flows, no impairment of goodwill was recognized in 2007 and 2006.

Retirement Plan

As of December 31, 2006, the Corporation elected to freeze the defined benefit pension plan effective March 15, 2007. Participants are 100 percent vested in the plan after five years of eligible service.

Stock Options

During the years ended December 31, 2007 and 2006, the Corporation recorded $138,279 and $101,522, respectively, in compensation expense and related tax benefits of $47,015 and $34,517, respectively, related to the share-based compensation awards.

FAS 123R requires that the cash flows from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for stock-based awards (excess tax benefits) be classified as financing cash flows. Prior to the adoption of FAS 123R, such excess tax benefits were presented as operating cash flows. Such excess tax benefits amounted to $118,764 and $96,452 for the years ended December 31, 2007 and 2006, respectively, and are included in financing cash flows.

The weighted-average fair value of each stock option granted for 2006 was $12.17. The total intrinsic value of options vested during the years ended December 31, 2007 and 2006, was $138,279 and $101,522, respectively.

As of December 31, 2007, there was approximately $76,661 of unrecognized compensation cost related to unvested share-based compensation awards granted. That cost is expected to be recognized over the next year.

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair value of each stock option granted was estimated using the following weighted-average assumptions:

Grant Year	Expected Dividend Yield	Risk-Free Interest Rate	Expected Volatility	Remaining Expected Life (in years)
2005	1.88%	4.17%	15.69%	7.10
2006	2.00%	4.49%	11.95%	8.10
2006	2.00%	4.57%	11.95%	8.10

Income Taxes

The Corporation and the Bank file a consolidated federal income tax return. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Earnings Per Share

The Corporation provides dual presentation of basic and diluted earnings per share. Basic earnings per share are calculated utilizing net income as reported in the numerator and weighted average shares outstanding in the denominator. The computation of diluted earnings per share differs in that the dilutive effects of any stock options are adjusted in the denominator.

Comprehensive Income

The Corporation is required to present comprehensive income and its components in a full set of general-purpose financial statements for all periods presented. Other comprehensive income is composed of net unrealized holding gains and losses on its available-for-sale securities portfolio and unrecognized pension costs. The Corporation has elected to report the effects of other comprehensive income as part of the Consolidated Statement of Changes in Stockholders Equity.

Cash Equivalents

The Corporation has defined cash and cash equivalents as those amounts included in the Consolidated Balance Sheet captions Cash and due from banks, Interest-bearing deposits with other banks, and Federal funds sold with original maturities 90 days or less.

Reclassification of Comparative Amounts

Certain items previously reported have been reclassified to conform to the current year s reporting format. Such reclassification did not affect net income or stockholders equity.

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. EARNINGS PER SHARE

There were no convertible securities that would affect the numerator in calculating basic and diluted earnings per share; therefore, net income as presented on the Consolidated Statement of Income will be used as the numerator. The following table sets forth a reconciliation of the denominator of the basic and diluted earnings per share computation at December 31.

	2007	2006
Weighted-average common shares outstanding	1,200,000	1,200,000
Average treasury stock shares	(83,608)	(85,250)
Weighted-average common shares and common stock equivalents used to calculate basic earnings per share	1,116,392	1,114,750
Additional common stock equivalents (stock options) used to calculate diluted earnings per share	14,260	20,246
Weighted-average common shares and common stock equivalents used to calculate diluted earnings per share	1,130,652	1,134,996

Option to purchase 12,300 and 300 shares at an exercise price of $58 and $53.50 were outstanding as of December 31, 2007, but were not included in the computation of diluted earnings per share because to do so would have been antidilutive.

3. INVESTMENT SECURITIES

The amortized cost and fair values of investment securities available for sale and held to maturity are as follows:

	2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. government agency securities	$ 37,274,654	$ 46,541	$ (7,931)	$ 37,313,264
Mortgage-backed securities	120,130	2,692	(71)	122,751
Total	$ 37,394,784	$ 49,233	$ (8,002)	$ 37,436,015
Held to maturity				
U.S. government agency securities	$ 57,402,407	$ 65,135	$ (966,980)	$ 56,500,562

Obligations of states and political subdivisions	23,830,691	238,093	(79,872)	23,988,912
Mortgage-backed securities	108,212	1,622		109,834
Total	$ 81,341,310	$ 304,850	$ (1,046,852)	$ 80,599,308

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. government agency securities	$ 37,271,704	$	$ (713,062)	$ 36,558,642
Mortgage-backed securities	142,364	2,478	(202)	144,640
Total	$ 37,414,068	$ 2,478	$ (713,264)	$ 36,703,282
Held to maturity				
U.S. government agency securities	$ 54,147,716	$ 8,072	$ (1,544,651)	$ 52,611,137
Obligations of states and political subdivisions	23,197,220	237,055	(103,070)	23,331,205
Mortgage-backed securities	128,787	1,940		130,727
Total	$ 77,473,723	$ 247,067	$ (1,647,721)	$ 76,073,069

The following table shows the Corporation s gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position, at December 31, 2007 and 2006.

	2007					
	Less Than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government agency securities	$ 25,843,944	$ (353,860)	$ 19,297,672	$ (621,051)	$ 45,141,616	$ (974,911)
Obligations of states and political subdivisions	2,996,441	(12,629)	5,412,794	(67,243)	8,409,235	(79,872)
Mortgage-backed securities	13,018	(71)			13,018	(71)
Total	$ 28,853,403	$ (366,560)	$ 24,710,466	$ (688,294)	$ 53,563,869	$ (1,054,854)

	2006					
	Less Than Twelve Months		Twelve Months or Greater		Total	
		Gross		Gross		Gross

	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government agency securities	$ 22,935,357	$ (483,496)	$ 65,489,182	$ (1,774,217)	$ 88,424,539	$ (2,257,713)
Obligations of states and political subdivisions	1,372,574	(31,963)	7,294,124	(71,107)	8,666,698	(103,070)
Mortgage-backed securities			16,604	(202)	16,604	(202)
Total	$ 24,307,931	$ (515,459)	$ 72,799,910	$ (1,845,526)	$ 97,107,841	$ (2,360,985)

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The policy of the Corporation is to recognize an other-than-temporary impairment of equity securities where the fair value has been significantly below cost for three consecutive quarters. For fixed maturity investments with unrealized losses due to interest rates where the Corporation has the positive intent and ability to hold the investment for a period of time sufficient to allow a market recovery, declines in value below cost are not assumed to be other-than-temporary. There are 47 positions that are temporarily impaired at December 31, 2007. The Corporation reviews its position quarterly and has asserted that at December 31, 2007 and 2006, the declines outlined in the above table represent temporary declines and the Corporation does have the intent and ability either to hold those securities to maturity or to allow a market recovery.

The Corporation has concluded that any impairment of its investment securities portfolio is not other-than-temporary but is the result of interest rate changes that are not expected to result in the noncollection of principal and interest during the period.

The amortized cost and fair values of debt securities at December 31, 2007, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$	$	$ 524,892	$ 526,928
Due after one year through five years			3,127,493	3,152,184
Due after five years through ten years	3,391,662	3,399,946	8,573,042	8,619,685
Due after ten years	34,003,122	34,036,069	69,115,883	68,300,511
Total	$ 37,394,784	$ 37,436,015	$ 81,341,310	$ 80,599,308

Proceeds from the sales of investment securities available for sale, and gross realized gains were $2,754,716 and $136,126, during 2006, respectively. There were no sales of investment securities available for sale during 2007.

Investment securities with an amortized cost of $26,724,317 and $25,623,043 and fair values of $26,563,031 and $24,973,021 at December 31, 2007 and 2006, respectively, were pledged to secure public deposits and other purposes as required by law.

4. LOANS

Major classifications of loans are summarized as follows:

	2007	2006

Real estate:		
1 4 family	$ 17,554,872	$ 20,032,585
Commercial	104,178,122	93,589,033
Commercial	35,095,600	43,891,987
Consumer	2,240,755	2,561,544
Lease financing	4,578,464	5,211,303
Tax-exempt	2,101,323	2,227,068
	165,749,136	167,513,520
Less unearned income	495,352	635,190
	165,253,784	166,878,330
Less allowance for loan losses	1,850,183	1,765,486
Net loans	$ 163,403,601	$ 165,112,844

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Corporation grants commercial and industrial loans, commercial and residential mortgages, and consumer loans to customers located within the greater Pittsburgh area. Within the Corporation s diversified loan portfolio are loans outstanding to individuals and businesses functioning as real estate lessors and operators. These loans amounted to $48,135,362, or 29.46 percent, and $50,712,449, or 30.71 percent, of total loans at December 31, 2007 and 2006, respectively. Such loans are subject to, at origination, credit risk assessment by management following the Corporation s lending policy. In general, at December 31, 2007 and 2006, a substantial portion of the Corporation s loan portfolio performance is dependent upon the economic stability of its immediate trade area.

Information with respect to impaired loans and the related allowance for loan losses is set forth below:

	2007	2006
Impaired loans:		
With a related allowance for loan losses	$ 584,567	$ 273,426
Without a related allowance for loan losses		
Total	$ 584,567	$ 273,426
Allowance for loan losses	$ 303,000	$ 41,014
Average recorded investment in impaired loans	582,762	470,527
Interest income recognized	12,160	3,321
Impaired loans charged off		233,417

In the normal course of business, loans are extended to directors, executive officers, and their associates. A summary of loan activity for those executive officers, directors, and their associates with aggregate loan balances in excess of $60,000 for the year ended December 31, 2007, is as follows:

2006	Additions	Amounts Collected	2007
$ 380,000	$ 1,103,814	$ 910,952	$ 572,862

5. ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses are as follows:

	2007	2006
Balance, January 1	$ 1,765,486	$ 1,784,896
Add:		
Provision charged to operations	25,000	325,000

Recoveries	175,761	41,050
Less loans charged off	116,064	385,460
Balance, December 31	$ 1,850,183	$ 1,765,486

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. PREMISES AND EQUIPMENT

Major classifications of premises and equipment are summarized as follows:

	2007	2006
Land and land improvements	$ 290,164	$ 290,164
Buildings and building improvements	2,531,359	2,484,354
Furniture, fixtures, and equipment	4,135,444	4,093,397
	6,956,967	6,867,915
Less accumulated depreciation	5,740,163	5,476,148
Total	$ 1,216,804	$ 1,391,767

Depreciation charged to operations was $269,639 in 2007 and $267,684 in 2006.

7. GOODWILL

As of December 31, 2007 and 2006, goodwill had a gross carrying amount of $681,203 and an accumulated amortization amount of $34,060, resulting in a net carrying amount of $647,143.

The gross carrying amount of goodwill was tested for impairment in the fourth quarter, after the annual forecasting process. Due to an increase in overall earning asset growth, operating profits and cash flows were greater than expected. Based on fair value of the reporting unit, estimated using present value of future cash flows, no goodwill impairment loss was recognized in the current year.

8. INTANGIBLE ASSETS

A summary of intangible assets is as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Balance at December 31, 2005	437,913	(272,532)	165,381
Amortization Expense		(54,088)	(54,088)
Balance at December 31, 2006	$ 437,913	$ (326,620)	$ 111,293
Amortization Expense		(54,088)	(54,088)

Balance at December 31, 2007	$ 437,913	$ (380,708)	$ 57,205

The estimated amortization of amortizing intangible assets is expected to be $51,997, $3,905 and $1,303 for the years ending December 31, 2008, 2009, and 2010, respectively.

9. DEPOSITS

Time deposits at December 31, 2007, mature as follows: $98,990,660 for 2008; $14,870,558 for 2009; $6,129,610 for 2010; $4,709,295 for 2011; $4,407,710 for 2012; and $5,149,224 beyond 2012.

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Time deposits include certificates of deposit in denominations of $100,000 or more. Such deposits aggregated $40,787,459 and $45,342,083 at December 31, 2007 and 2006, respectively. At December 31, 2007, the scheduled maturities of these certificates of deposit are as follows:

Three months or less	$ 12,980,425
Over three months to six months	3,616,608
Over six months to twelve months	16,360,878
Over one year	7,829,548
Total	$ 40,787,459

10. SHORT-TERM BORROWINGS

Short-term borrowings consist of borrowings from the FHLB of Pittsburgh. Average amounts outstanding during the year represent daily average balances, and average interest rates represent interest expense divided by the related average balance. There were no outstanding balances as of December 31, 2007 and 2006.

The related information for short-term borrowings are summarized as follows:

	2007	2006
Maximum amount outstanding at any month-end	7,786,500	5,463,000
Average balance outstanding during the year	2,306,167	767,870
Weighted-average interest rate paid during the year	5.32%	4.70%

11. OTHER BORROWED FUNDS

Other borrowed funds consist of the following at December 31:

	2007	2006
Variable rate advances from the FHLB of Pittsburgh	$ 8,000,000	$ 8,000,000

Interest on the variable rate advances is payable monthly at a rate that may be reset at the FHLB s discretion on a quarterly basis based on the three-month LIBOR rate plus 0.14 percent. Principal of $8,000,000 is due on March 22, 2010. The rate on this advance is 6.04 percent at December 31, 2007.

The Bank has a blanket credit arrangement with the FHLB with an available borrowing limit of approximately $141 million at December 31, 2007. This credit arrangement is subject to annual renewal, incurs no service charges, and is secured by the Bank s FHLB stock, deposits with the FHLB, mortgage-backed securities, and certain first

mortgage loans.

12. INCOME TAXES

The provision for income taxes consists of:

	2007	2006
Current	$ 1,353,219	$ 1,424,540
Deferred	(17,655)	(32,639)
Total	$ 1,335,564	$ 1,391,901

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following temporary differences gave rise to the net deferred tax assets (liabilities) at December 31:

	2007	2006
Deferred tax assets:		
Allowance for loan losses	$ 384,587	$ 376,502
Deferred origination fees, net	20,478	19,758
Accrued pension cost	321,269	330,010
Interest on nonaccrual loans	16,231	18,199
Net unrealized loss on securities		241,667
Stock options	73,779	29,579
Other	1,377	1,470
Total deferred tax assets	817,721	1,017,185
Deferred tax liabilities:		
Investment securities discount accretion	(118,265)	(87,057)
Premises and equipment	(33,566)	(26,589)
Net unrealized gain on securities	(14,018)	
Intangible assets	(12,069)	(25,706)
Total deferred tax liabilities	(177,918)	(139,352)
Net deferred tax assets	$ 639,803	$ 877,833

No valuation allowance was established at December 31, 2007 and 2006, in view of the Corporation s ability to carryback taxes paid in previous years and certain tax strategies.

The reconciliation between the federal statutory rate and the Corporation s effective consolidated income tax rate is as follows:

	2007		2006	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Provision at statutory rate	$ 1,650,333	34.0%	$ 1,751,194	34.0%
Effect of tax-free income	(348,914)	(7.2)	(346,300)	(6.7)
Other	34,145	0.7	(12,993)	(0.3)
Actual tax expense and effective rate	$ 1,335,564	27.5%	$ 1,391,901	27.0%

The Corporation adopted the provisions of FIN No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement 109*, effective January 1, 2007. FIN No. 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more-likely-than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. FIN No. 48 also provides guidance on the accounting for and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

disclosure of unrecognized tax benefits, interest, and penalties. The adoption of FIN No. 48 did not have a significant impact on the Corporation s financial statements.

13. EMPLOYEE BENEFITS

The Corporation sponsors a trusteed, noncontributory defined benefit pension plan covering substantially all employees and officers. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Corporation and compensation rates near retirement. The Corporation s funding policy was to make annual contributions, if needed, based upon the funding formula developed by the plan s actuary. As of December 31, 2006, the Corporation elected to freeze the defined benefit pension plan effective March 15, 2007.

The Corporation adopted the recognition provisions of Statement of Financial Accounting Standard (FAS) 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* and initially applied them to the funded status of its defined benefit pension plan as of December 31, 2006. The initial recognition of the funded status of its defined benefit pension plan resulted in an increase in shareholders equity of $43,650, which was net of taxes of $22,488.

Obligations and Funded Status

The following table sets forth the status at December 31:

	2007	2006
Change in Benefit Obligation		
Benefit obligation, beginning of year	$ 3,055,082	$ 2,887,735
Service cost	196,724	199,567
Interest cost	181,953	171,877
Actuarial adjustment	(301,626)	(110,982)
Benefits paid	(138,951)	(93,115)
Effects of curtailment	(720,346)	
Benefit obligation, end of year	2,272,836	3,055,082
Change in Plan Assets		
Fair value of plan assets, beginning of year	2,149,288	1,907,672
Actual gain on plan assets	86,005	195,223
Employer contribution	19,636	139,508
Benefits paid	(138,951)	(93,115)
Fair value of plan assets, end of year	2,115,978	2,149,288
Funded status	$ 156,858	$ (905,794)

	2007	2006
Amounts recognized in accumulated other comprehensive income consist of:		
Net gain	$ (780,324)	$ (50,680)
Transaction adjustment	(7,727)	(15,458)
Total	$ (788,051)	$ (66,138)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The accumulated benefit obligation for the defined benefit pension plan was $2,272,836 and $2,984,010 at December 31, 2007 and 2006, respectively. Information for pension plans with an accumulated benefit obligation in excess of plan assets at December 31 is as follows:

	2007	2006
Projected benefit obligation	$ 2,272,836	$ 3,055,082
Accumulated benefit obligation	2,272,836	2,984,010
Fair value of plan assets	2,115,978	2,149,288

	2007	2006
Net periodic benefit cost recognized for year		
Service cost	$ 196,724	$ 199,567
Interest cost	181,953	171,877
Expected return on plan assets	181,609	(160,187)
Net amortization	(7,731)	(7,731)
Net periodic benefit cost	$ 552,555	$ 203,526

Assumptions

Weighted-average assumptions used to determine benefit obligations at December 31:

	2007	2006
Discount rate	6.00%	6.00%
Rate of compensation increase	3.25%	3.25%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:

	2007	2006
Discount rate	6.00%	6.00%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	3.25%	3.25%

The expected long-term rate of return on plan assets gives consideration to returns currently being earned on plan assets, as well as future rates expected to be earned.

Plan Assets

The Bank s pension plan weighted-average asset allocations at December 31, 2007 and 2006, by asset category, are as follows:

Asset Category		
Equities	63%	65%
Debt securities	36	34
Other	1	1
Total	100%	100%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The investment objective for the defined benefit pension plan is to maximize total return with tolerance for average to slightly above average risk. Asset allocation strongly favors mutual funds, since these types of investments are generally less risky in nature than equity securities.

Cash Flows

Year Ended	Pension Benefits
2008	48,020
2009	49,807
2010	48,689
2011	69,241
2012	100,898
2013 through 2017	578,485

Contributions

The Bank expects to contribute $48,003 to its pension plan in 2008.

14. STOCK OPTION PLAN

The Corporation maintains a Stock Option Plan (SOP) that provides for granting shares to eligible directors, officers, and employees. The stock options typically have expiration terms of ten years subject to certain extensions and early terminations. The per share exercise price of an option granted cannot be less than the fair value of a share of common stock on the date the option is granted. The options granted in 2006 are vested 50 percent after one year and 50 percent after two years.

The following table presents share data related to the SOP:

	2007	Weighted-Average Exercise Price	2006	Weighted-Average Exercise Price
Outstanding, January 1	74,545	$ 29.70	74,200	$ 26.61
Granted		$	12,750	$ 42.50
Exercised	(12,741)	$ 32.30	(12,130)	$ 25.45
Forfeited		$	(275)	$ 31.89
Outstanding, December 31	61,804	$ 37.37	74,545	$ 29.70

Exercisable, December 31	55,504	$ 35.04	56,395	$ 25.37

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes characteristics of stock options outstanding and exercisable at December 31, 2007:

	Outstanding			**Exercisable**	
Exercise Price	**Shares**	**Average Life**	**Average Exercise Price**	**Shares**	**Average Exercise Price**
$30.00	1,594	0.6	$ 30.00	1,594	$ 30.00
$22.50	3,900	1.3	$ 22.50	3,900	$ 22.50
$22.00	5,350	1.3	$ 22.50	5,350	$ 22.50
$19.62	7,400	3.1	$ 19.62	7,400	$ 19.62
$20.50	100	3.2	$ 20.50	100	$ 20.50
$27.20	7,265	4.1	$ 27.20	7,265	$ 27.20
$35.68	8,315	5.1	$ 35.68	8,315	$ 35.68
$42.50	7,355	6.1	$ 42.50	7,355	$ 42.50
$47.00	7,925	7.1	$ 47.00	7,925	$ 47.00
$58.00	12,300	8.1	$ 58.00	6,150	$ 58.00
$53.50	300	8.1	$ 53.50	150	$ 53.50
Total	61,804			55,504	

15. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

In the normal course of business, there are various outstanding commitments and certain contingent liabilities that are not reflected in the accompanying consolidated financial statements. These commitments and contingent liabilities represent financial instruments with off-balance sheet risk. The contractual or notional amounts of those instruments reflect the extent of involvement in particular types of financial instruments, which consisted of the following:

	2007	**2006**
Commitments to extend credit	$ 33,140,786	$ 14,767,408
Standby letters of credit	2,649,691	235,074
Total	$ 35,790,477	$ 15,002,482

The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The same credit policies are used in making commitments and conditional obligations as for on-balance sheet instruments. The amount of collateral obtained, if deemed necessary by the Corporation upon

extension of credit, is based on management s credit evaluation of the counterparty. The terms are typically for a one-year period with an annual renewal option subject to prior approval by management.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the loan agreement. These commitments consist primarily of available commercial and personal lines of credit. Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These instruments are issued primarily to support bid- or performance-related contracts. The coverage period for these instruments is typically a one-year period with an annual renewal option subject to prior approval by management. Fees earned from the issuance of these letters

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

are recognized over the coverage period. For secured letters of credit, the collateral is typically real estate or customer business assets.

The exposure to loss under these commitments is limited by subjecting them to credit approval and monitoring procedures. Substantially all commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of the loan funding. Management assesses the credit risk associated with certain commitments to extend credit in determining the level of the allowance for loan losses. Since many of the commitments are expected to expire without being drawn upon, the total contractual amounts do not necessarily represent future funding requirements.

Leases

The Corporation utilized certain Bank premises under long-term operating leases expiring at various dates through the year 2009 and thereafter. These leases contain renewal options and generally provide that the Corporation will pay for insurance, taxes, and maintenance.

At December 31, 2007, the Corporation was committed under noncancellable lease agreements for minimum rental payments to lessors as follows:

2008	$ 175,908
2009	177,108
2010	154,753
2011	110,676
2012	79,439
2013 thereafter	126,500
Total	$ 824,384

Total rentals charged to operations amounted to $174,120 and $162,840 in 2007 and 2006, respectively.

16. REGULATORY RESTRICTIONS

The Company s wholly owned subsidiary, the Bank, is subject to the Pennsylvania Banking Code, which restricts the availability of surplus for dividend purposes. At December 31, 2007, surplus funds of $3,159,757 were not available for dividends.

Federal law prevents the Corporation from borrowing from the Bank unless the loans are secured by specific obligations. Further, such secured loans are limited in amount to 10 percent of the Bank s capital. There are no outstanding intercompany loans as of December 31, 2007 and 2006.

Included in cash and due from banks are required federal reserves of $2,070,000 and $2,479,000 at December 31, 2007 and 2006, for facilitating the implementation of monetary policy by the Federal Reserve System. The required

reserves are computed by applying prescribed ratios to the classes of average deposit balances. These reserves are held in the form of cash on hand and a balance maintained with the Federal Reserve Bank.

17. REGULATORY CAPITAL REQUIREMENTS

Federal regulations require the Corporation and the Bank to maintain minimum amounts of capital. Specifically, each is required to maintain minimum amounts and ratios of Total and Tier I capital to risk-weighted assets and of Tier I capital to average total assets.

In addition to the capital requirements, the Federal Deposit Insurance Corporation Improvement Act (FDICIA) established five capital categories ranging from well capitalized to critically undercapitalized.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Should any institution fail to meet the requirements to be considered adequately capitalized, it would become subject to a series of increasingly restrictive regulatory actions.

As of December 31, 2007 and 2006, the FDIC categorized the Corporation and the Bank as well capitalized under the regulatory framework for prompt corrective action. To be classified as a well capitalized financial institution, Total risk-based, Tier I risk-based, and Tier I Leverage capital ratios must be at least 10 percent, 6 percent, and 5 percent, respectively.

The following table reflects the Corporation s capital ratios (which are substantially the same as the Bank s) at December 31:

	2007		2006	
	Amount	**Ratio**	**Amount**	**Ratio**
Total Capital				
(to Risk-Weighted Assets)				
Actual	$ 40,077,857	18.74%	$ 37,821,921	17.58%
For Capital Adequacy Purposes	17,113,541	8.00	17,210,449	8.00
To Be Well Capitalized	21,391,927	10.00	21,513,061	10.00
Tier I Capital				
(to Risk-Weighted Assets)				
Actual	$ 38,227,674	17.87%	$ 36,056,435	16.76%
For Capital Adequacy Purposes	8,556,771	4.00	8,605,224	4.00
To Be Well Capitalized	12,835,156	6.00	12,907,834	6.00
Tier I Capital				
(to Average Assets)				
Actual	$ 38,227,674	12.79%	$ 36,056,435	11.89%
For Capital Adequacy Purposes	11,952,600	4.00	12,130,440	4.00
To Be Well Capitalized	14,940,750	5.00	15,163,050	5.00

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values and estimated fair values at December 31, 2007 and 2006, of the Corporation s financial instruments are as follows:

	2007		2006	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets				
Cash and cash equivalents	$ 11,162,723	$ 11,162,723	$ 13,430,266	$ 13,430,266
Loans held for sale	755,000	755,000	363,900	363,900

Investment securities:				
Available for sale	37,436,015	37,436,015	36,703,282	36,703,282
Held to maturity	81,341,310	80,599,308	77,473,723	76,073,069
Net loans	158,825,137	154,283,018	162,302,330	153,484,000
Bank-owned life insurance contracts	3,025,403	3,025,403	2,925,403	2,925,403
Regulatory stock	573,300	573,300	583,800	583,800
Accrued interest receivable	1,333,105	1,333,105	1,375,172	1,375,172
Financial liabilities				
Deposits	$ 251,272,308	$ 252,524,513	$ 253,103,114	$ 251,637,079
U.S. treasury demand note	737,300	737,300	718,490	718,490
Other borrowed funds	8,000,000	8,000,025	8,000,000	8,190,000
Accrued interest payable	2,309,656	2,309,656	2,322,551	2,322,551

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Financial instruments are defined as cash, evidence of an ownership interest in an entity, or a contract which creates an obligation or right to receive or deliver cash or another financial instrument from/to a second entity on potentially favorable or unfavorable terms.

Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. If a quoted market price is available for a financial instrument, the estimated fair value would be calculated based upon the market price per trading unit of the instrument.

If no readily available market exists, the fair value estimates for financial instruments are based upon management s judgment regarding current economic conditions, interest rate risk, expected cash flows, future estimated losses, and other factors as determined through various option pricing formulas or simulation modeling. Since many of these assumptions result from judgments made by management based upon estimates which are inherently uncertain, the resulting estimated fair values may not be indicative of the amount realizable in the sale of a particular financial instrument. In addition, changes in the assumptions on which the estimated fair values are based may have a significant impact on the resulting estimated fair values.

Since certain assets such as deferred tax assets and premises and equipment are not considered financial instruments, the estimated fair value of financial instruments would not represent the full value of the Corporation.

The Corporation employed simulation modeling in determining the estimated fair value of financial instruments for which quoted market prices were not available based upon the following assumptions:

Cash and Cash Equivalents, Accrued Interest Receivable, Regulatory Stock, U.S. Treasury Demand Note, and Accrued Interest Payable

The fair value of these instruments approximates the current book value.

Investment Securities

The fair value of investment securities available for sale and held to maturity is equal to the available quoted market price. If no quoted market price is available, fair value is estimated using the quoted market price for similar securities.

Loans and Loans Held for Sale

For variable rate loans repricing within six months or less, fair values are based on carrying values.

The fair value of certain mortgage loans is based on quoted market prices of similar loans sold in conjunction with secured transactions, adjusted for any differences in loan characteristics, with servicing retained. Fixed rate commercial loans, other installment loans, and certain real estate mortgage loans were valued using discounted cash flows. The discount rates used to determine the present value of these loans were based on interest rates currently being charged by the Corporation on comparable loans as to credit risk and term.

Bank-Owned Life Insurance

The fair value of bank-owned life insurance contracts is equal to the cash surrender value of the contracts.

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deposits

The fair values of demand deposits are equal to the carrying value of such deposits. Demand deposits include non-interest-bearing and interest-bearing demand deposits, savings accounts, and money market demand accounts. The fair value of variable rate term deposits those repricing within six months or less approximated the carrying value of these deposits. Discounted cash flows have been used to value fixed rate term deposits and variable rate term deposits having an interest rate floor that has been reached. The discount rate used is based on interest rates currently being offered by the Corporation on comparable deposits as to amount and term.

Other Borrowed Funds

The fair value of fixed rate borrowings is estimated using discounted cash flows, based on current incremental borrowing rates for similar types of borrowing arrangements. The carrying amount on variable rate borrowings approximates its fair value.

Commitments to Extend Credit and Standby Letters of Credit

These financial instruments are generally not subject to sale, and estimated fair values are not readily available. The carrying value, represented by the net deferred fee arising from the unrecognized commitment or letter of credit, and the fair value, determined by discounting the remaining contractual fee over the term of the commitment using fees currently charged to enter into similar arrangements with similar credit risk, are not considered material for disclosure. The contractual amounts of unfunded commitments and letters of credit are presented in Note 15.

19. PARENT COMPANY

Following are condensed financial statements for the Corporation:

CONDENSED BALANCE SHEET

	December 31, 2007	December 31, 2006
ASSETS		
Cash	$ 83,414	$ 12,945
Investment in subsidiary	39,251,014	36,202,099
Other assets	144,572	174,359
TOTAL ASSETS	$ 39,479,000	$ 36,389,403
LIABILITIES	$	$
STOCKHOLDERS EQUITY	39,479,000	36,389,403
LIABILITIES AND STOCKHOLDERS EQUITY	$ 39,479,000	$ 36,389,403

IRON AND GLASS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED STATEMENT OF INCOME

	Year Ended December 31, 2007	2006
INCOME		
Dividends from subsidiary bank	$ 1,351,798	$ 1,135,043
Other income	5,328	
EXPENSES		
Other	96,239	195,519
Income before equity in undistributed net income of subsidiary	1,260,887	939,524
Equity in undistributed net income of subsidiary	2,257,468	2,819,147
NET INCOME	$ 3,518,355	$ 3,758,671

	Year Ended December 31, 2007	2006
OPERATING ACTIVITIES		
Net income	$ 3,518,355	$ 3,758,671
Undistributed net income of subsidiary	(2,033,794)	(2,819,147)
Other	125,739	209,639
Net cash provided by operating activities	1,610,300	1,149,163
INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Cash dividends	(1,351,798)	(1,260,043)
Stock options exercised	9,973	370,264
Purchase of treasury stock	(198,006)	(291,259)
Net cash used for financing activities	(1,539,831)	(1,181,038)
Increase (decrease) in cash	70,469	(31,875)
CASH AT BEGINNING OF YEAR	12,945	44,820
CASH AT END OF YEAR	$ 83,414	$ 12,945