

**FULTON FINANCIAL**  

---

**CORPORATION**

**2015 AND FOURTH QUARTER RESULTS**

DATA AS OF DECEMBER 31, 2015  
UNLESS OTHERWISE NOTED

# FORWARD-LOOKING STATEMENTS

This presentation may contain forward-looking statements with respect to Fulton Financial Corporation's financial condition, results of operations and business. Do not unduly rely on forward-looking statements. Forward-looking statements can be identified by the use of words such as "may," "should," "will," "could," "estimates," "predicts," "potential," "continue," "anticipates," "believes," "plans," "expects," "future," "intends" and similar expressions which are intended to identify forward-looking statements. Management's "2016 Outlook" contained herein is comprised of forward-looking statements.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties, some of which are beyond the Corporation's control and ability to predict, that could cause actual results to differ materially from those expressed in the forward-looking statements. The Corporation undertakes no obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

A discussion of certain risks and uncertainties affecting the Corporation, and some of the factors that could cause the Corporation's actual results to differ materially from those described in the forward-looking statements, can be found in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2014 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015 and September 30, 2015, which have been filed with the Securities and Exchange Commission and are available in the Investor Relations section of the Corporation's website ([www.fult.com](http://www.fult.com)) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)).

The Corporation uses certain non-GAAP financial measures in this presentation. These non-GAAP financial measures are reconciled to the most comparable GAAP measures at the end of this presentation.

# 2015 HIGHLIGHTS

## Diluted Earnings Per Share

- \$0.22 diluted earnings per share in 4Q15, \$0.85 YTD

## Loan and Core Deposit Growth

- 3.5% increase in average loans and 8.9% increase in average core deposits
- Ending loans increased 5.5% in 2015, with more than 75% of this growth occurring in the last six months of the year

## Net Interest Income & Margin

- Net interest income and net interest margin both decreased modestly during the year
- Q4 2015 saw an increase in each compared to Q3 2015

## Asset Quality Improvements

- Lower provision, lower net charge-offs and lower delinquency

## Non-Interest Income (Excluding Securities Gain)

- Increase of 4.5% in total, with increases across most categories

## Non-Interest Expenses (Excluding Loss on Redemption of TruPS)

- Increase of 3.3% reflecting continued build-out of Compliance, Risk Management & Technology

# INCOME STATEMENT SUMMARY – ANNUAL COMPARISON

	2015	2014	Change
	<i>(dollars in thousands, except per-share data)</i>		
<b>Net Interest Income</b>	<b>\$ 499,994</b>	<b>\$ 514,867</b>	<b>\$ (14,873)</b>
<b>Loan Loss Provision</b>	<b>2,250</b>	<b>12,500</b>	<b>(10,250)</b>
<b>Non-Interest Income</b>	<b>172,773</b>	<b>165,338</b>	<b>7,435</b>
<b>Securities Gains</b>	<b>9,066</b>	<b>2,041</b>	<b>7,025</b>
<b>Non-Interest Expense</b>	<b>474,534</b>	<b>459,246</b>	<b>15,288</b>
<b>Loss on redemption of TruPS</b>	<b>5,626</b>	<b>-</b>	<b>5,626</b>
<b>Income before Income Taxes</b>	<b>199,423</b>	<b>210,500</b>	<b>(11,077)</b>
<b>Income Taxes</b>	<b>49,921</b>	<b>52,606</b>	<b>(2,685)</b>
<b>Net Income</b>	<b>\$ 149,502</b>	<b>\$ 157,894</b>	<b>\$ (8,392)</b>
<b>Per Share (Diluted)</b>	<b>\$ 0.85</b>	<b>\$ 0.84</b>	<b>\$ 0.01</b>
<b>ROA</b>	<b>0.86%</b>	<b>0.93%</b>	<b>(0.07%)</b>
<b>ROE (tangible) (1)</b>	<b>10.01%</b>	<b>10.31%</b>	<b>(0.30%)</b>
<b>Efficiency ratio (1)</b>	<b>68.61%</b>	<b>65.65%</b>	<b>2.96%</b>

- **Net Income** of \$149.5 million, down 5.3% due primarily to lower net interest income and higher non-interest expense, partially offset by lower loan loss provision and higher non-interest income
- **Net Interest Income**  
Net interest income down 2.9% due to margin compression
- **Loan Loss Provision**  
\$2.3 million provision in 2015 reflects significant improvements in asset quality
- **Non-Interest Income**  
Increase of 4.5% driven primarily by commercial loan interest rate swap fees, merchant fees, and mortgage banking income
- **Non-Interest Expense**  
Increase of 3.3% largely driven by higher salaries and benefits, data processing and software.

*Note: ROA is return on average assets determined by dividing net income for the period indicated by average assets*

(1) Non-GAAP based financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.

# INCOME STATEMENT SUMMARY – QUARTERLY COMPARISON

	Q4 2015	Q3 2015	Change
	<i>(dollars in thousands, except per-share data)</i>		
<b>Net Interest Income</b>	\$ 127,799	\$ 125,694	\$ 2,105
<b>Provision for Credit Losses</b>	2,750	1,000	1,750
<b>Non-Interest Income</b>	45,063	43,044	2,019
<b>Securities Gains</b>	776	1,730	(954)
<b>Non-Interest Expense</b>	118,439	119,263	(824)
<b>Loss on redemption of TruPS</b>	-	5,626	(5,626)
<b>Income before Income Taxes</b>	52,449	44,579	7,870
<b>Income Taxes</b>	13,914	10,328	3,586
<b>Net Income</b>	\$ 38,535	\$ 34,251	\$ 4,284
<b>Per Share (Diluted)</b>	\$ 0.22	\$ 0.20	\$ 0.02
<b>ROA</b>	0.86%	0.78%	0.08%
<b>ROE (tangible) (1)</b>	10.16%	9.11%	1.05%
<b>Efficiency ratio (1)</b>	66.63%	68.82%	(2.19%)

*Note: ROA is return on average assets determined by dividing net income for the period indicated by average assets*

(1) Non-GAAP based financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.

➤ **Net Income of \$38.5 million; a 12.5% increase from 3Q15 and a 1.5% increase from 4Q14**

➤ **Net Interest Income**

- *From 3Q15:* Increase of 1.7% due to a 1.5% increase in average earning assets and a 1 bp improvement in net interest margin (NIM)
- *From 4Q14:* Remained unchanged due to 12 bps decline in NIM, being partially offset by 3.7% increase in average earning assets

➤ **Loan Loss Provision**

\$2.8 million provision in 4Q15 due primarily to growth in the loan portfolio

➤ **Non-Interest Income**

- *From 3Q15:* Increase of 4.7% driven by increases in commercial loan interest rate swap fees and debit card income
- *From 4Q14:* Increase of 9.2% due to increase in commercial loan interest rate swap fees, service charges on deposits and mortgage banking income

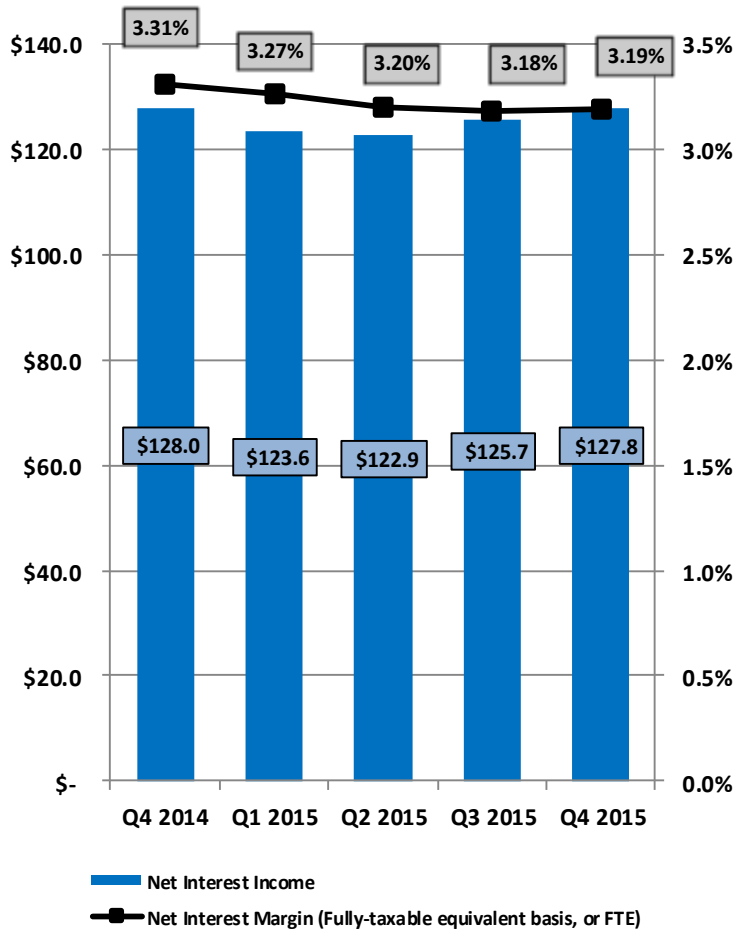
➤ **Non-Interest Expenses**

- \$5.6 million loss on redemption of trust preferred securities (TruPS) in Q315; excluding this loss:
- *From 3Q15:* Decrease of 0.7% due to lower other outside service fees
- *From 4Q14:* Increase of 0.6%

# NET INTEREST INCOME AND MARGIN – QUARTER COMPARISON

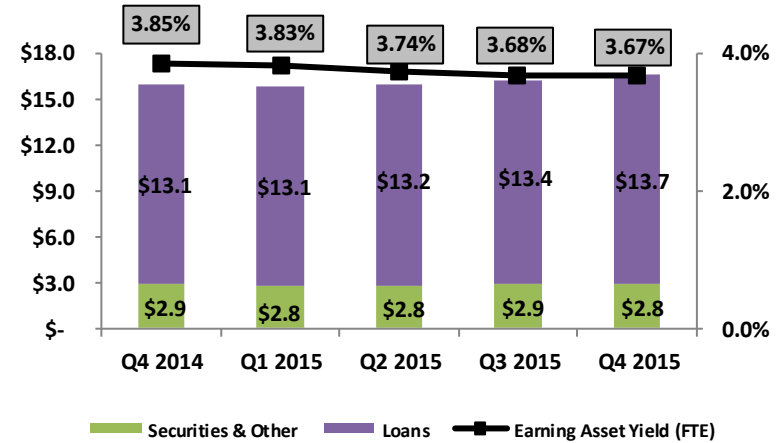
## Net Interest Income & Net Interest Margin

(\$ IN MILLIONS)



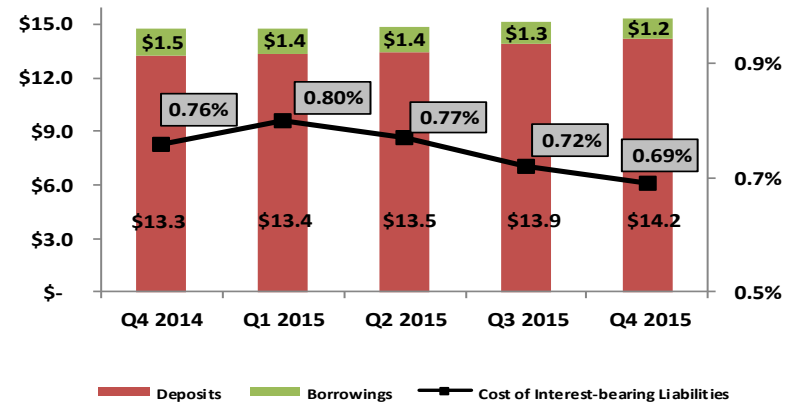
## Average Interest-Earning Assets & Yields

(\$ IN BILLIONS)



## Average Liabilities & Rates

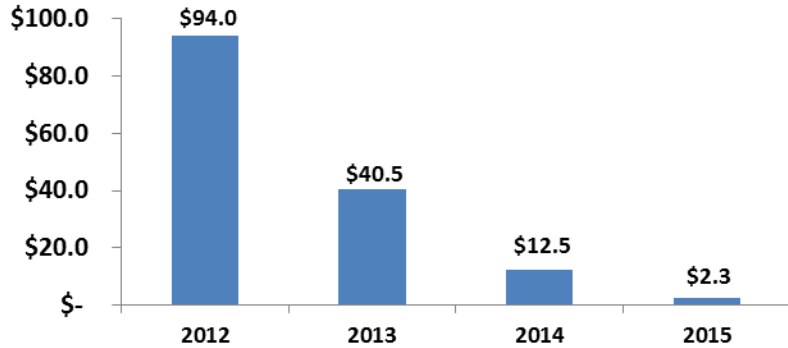
(\$ IN BILLIONS)



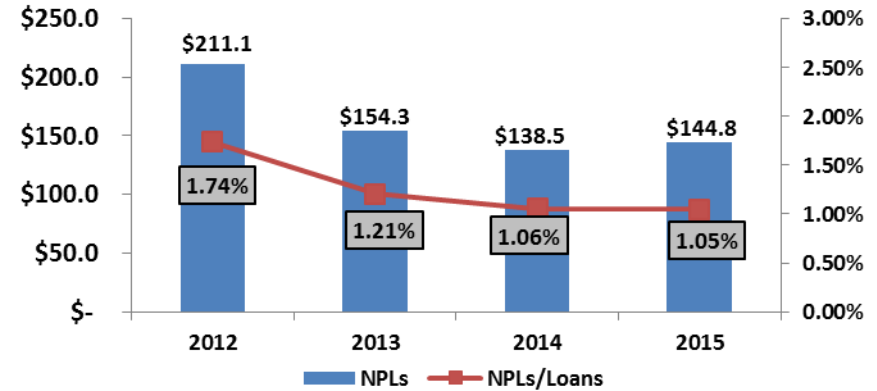
# ASSET QUALITY – ANNUAL COMPARISON

(\$ IN MILLIONS)

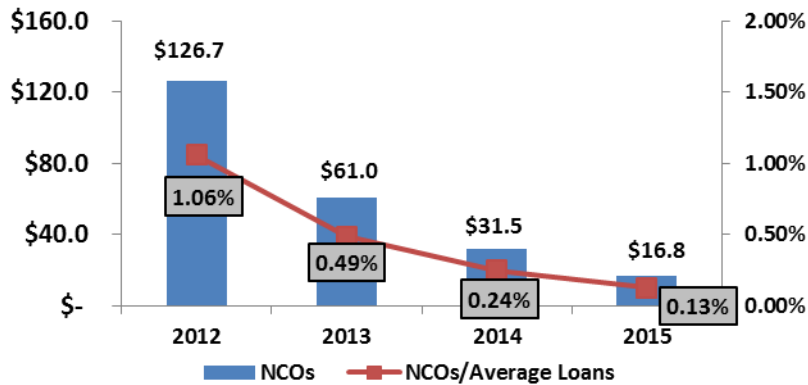
Provision for Credit Losses



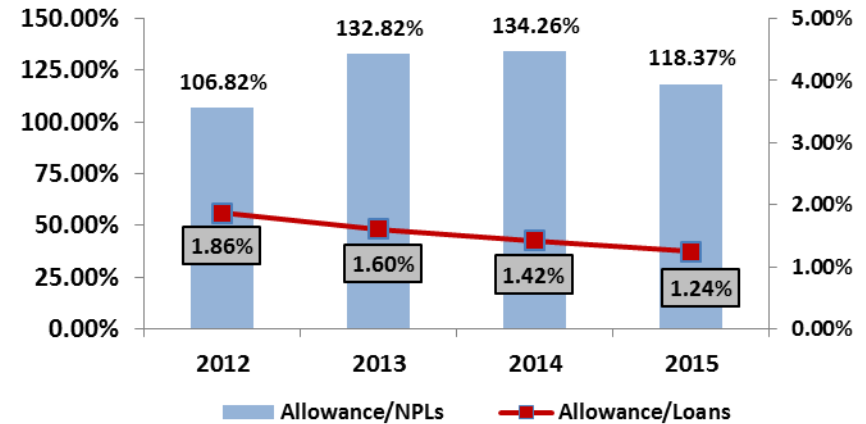
Non-Performing Loans (NPLs) & NPLs to Loans



Net Charge-offs (NCOs) and NCOs to Average Loans



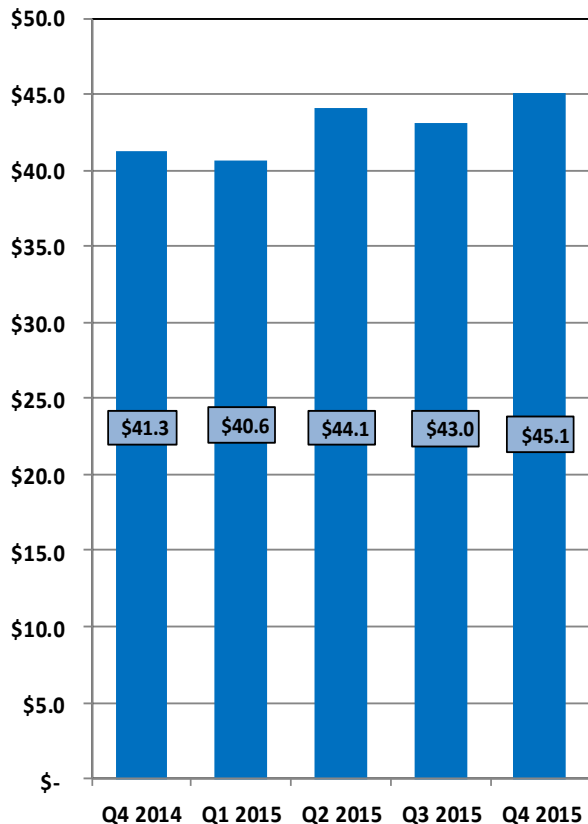
Allowance for Credit Losses (Allowance) to NPLs & Loans



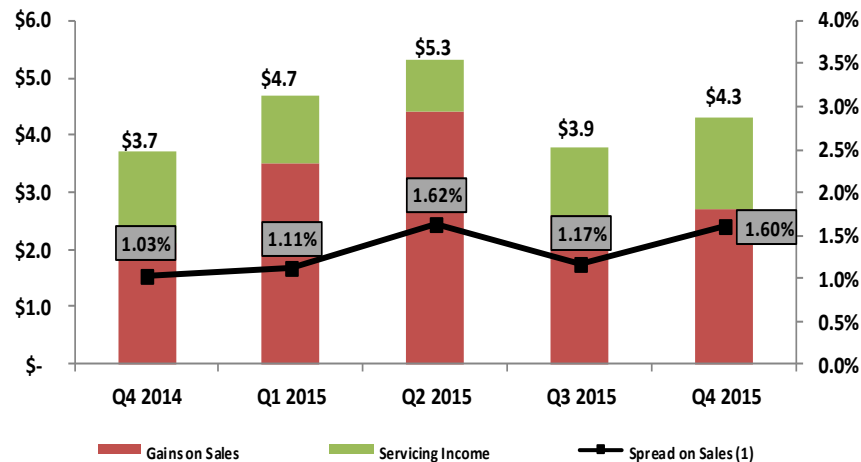
# NON-INTEREST INCOME – QUARTER COMPARISON

(\$ IN MILLIONS)

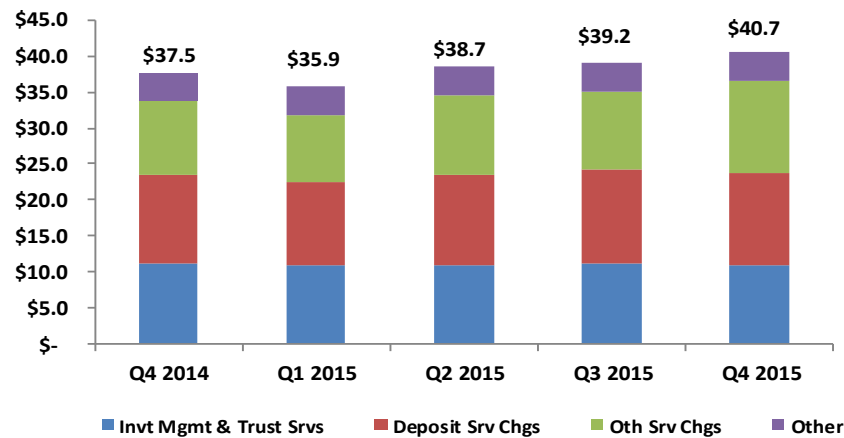
## Non-interest Income, Excluding Securities Gains



## Mortgage Banking Income & Spreads



## Other Non-interest Income



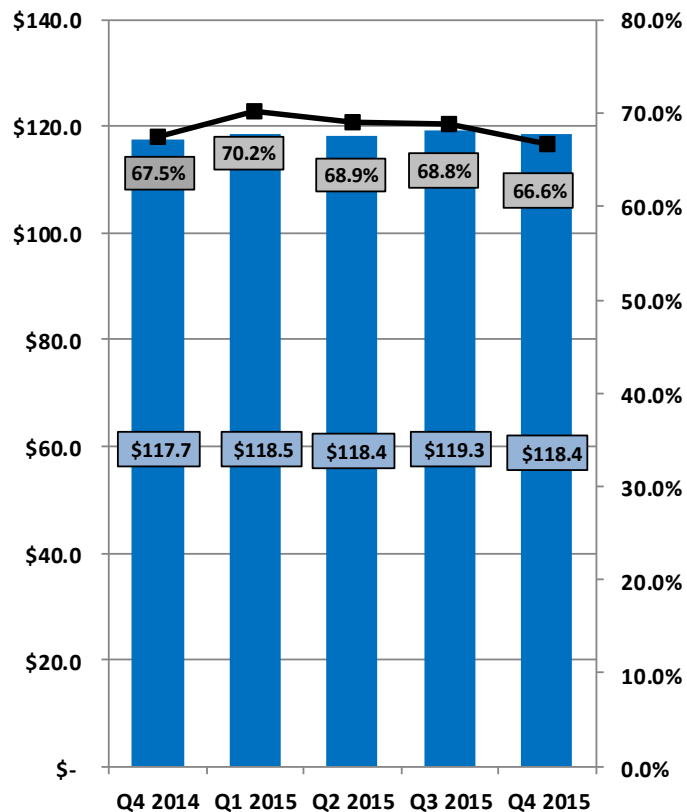
(1) Represents Gains on Sales divided by total commitments to originate residential mortgage loans for customers.



# NON-INTEREST EXPENSES – QUARTER COMPARISON

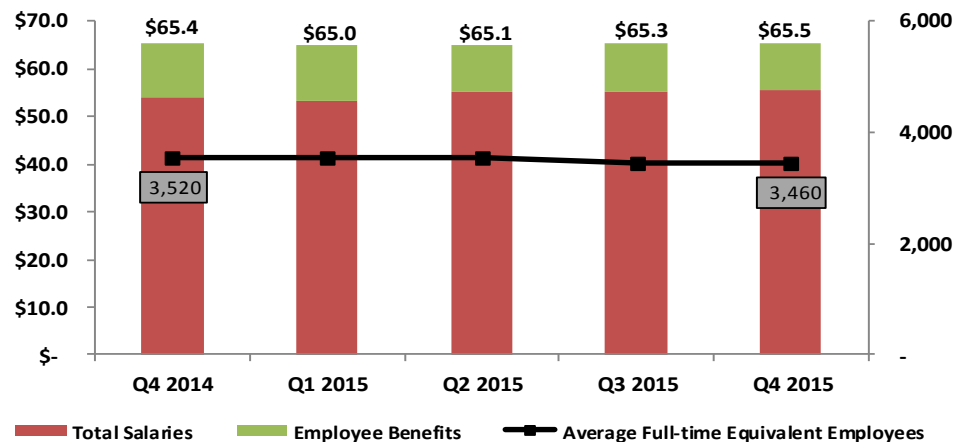
(\$ IN MILLIONS)

## Non-interest Expense & Efficiency Ratio (1)

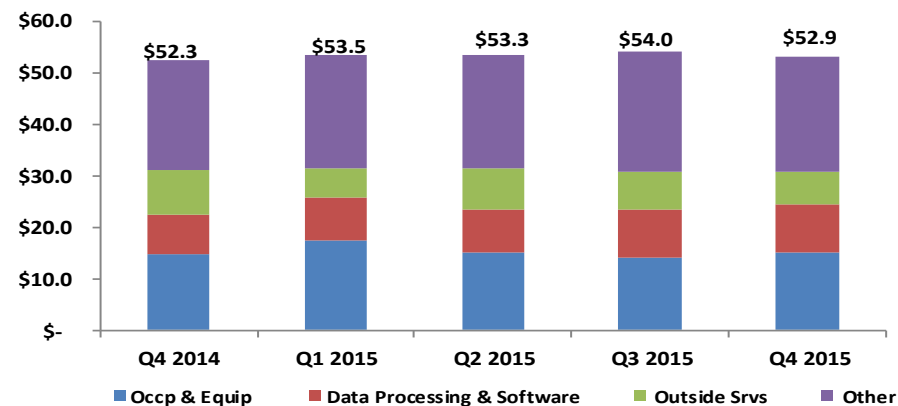


(1) Non-GAAP based financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.

## Salaries and Employee Benefits & Staffing



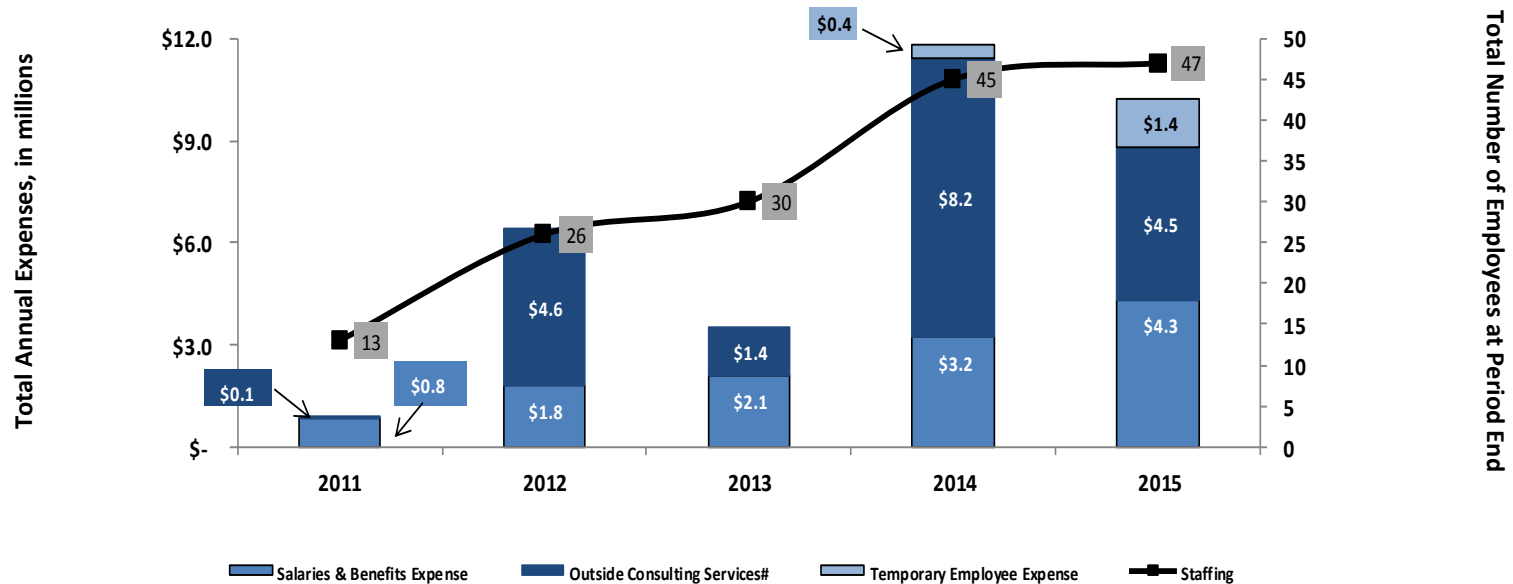
## Other Non-interest Expenses



# COMPLIANCE & RISK MANAGEMENT

- Strengthening Risk Management and Compliance infrastructures
- Address deficiencies within BSA/AML compliance
- BSA/AML enforcement actions at the Corporation and banking subsidiaries
- Significant investments in personnel, outside services and systems

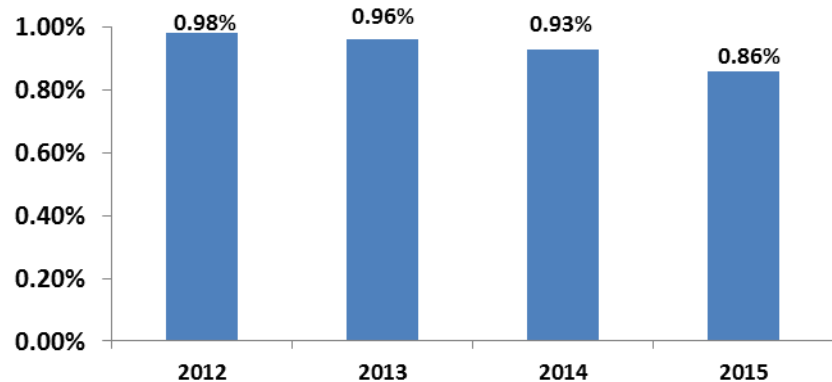
## BSA/AML Compliance Program Expenses and Staffing



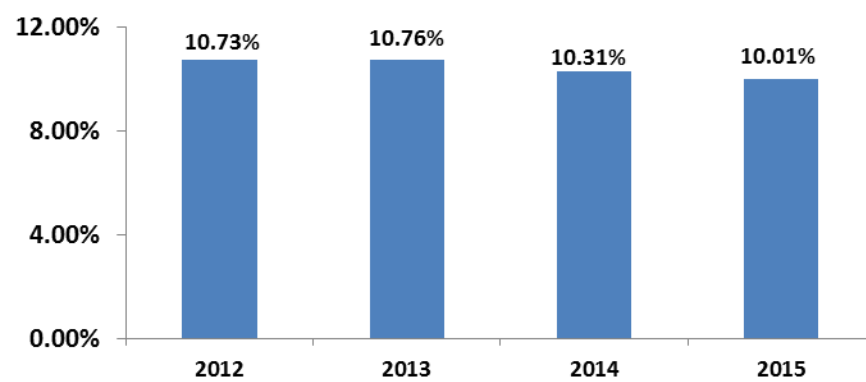
# Represents third-party consulting and legal services directly related to BSA/AML compliance program. 2015 and 2014 exclude \$0.7 million and \$0.6 million, respectively, of capitalized software costs.

# PROFITABILITY & CAPITAL – ANNUAL COMPARISON

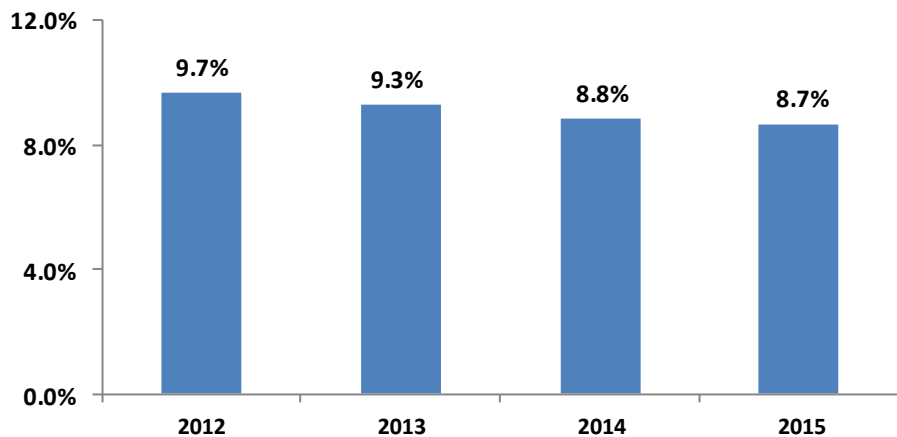
ROA



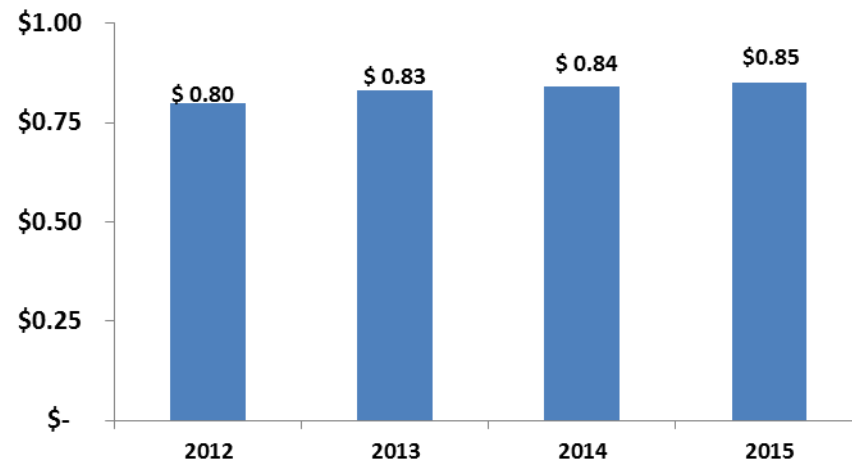
ROE (tangible) (1)



Tangible Common Equity Ratio (1)



Diluted Earnings Per Common Share



*Note: ROA is return on average assets determined by dividing net income for the period indicated by average assets*

*(1) Non-GAAP based financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.*

# 2016 OUTLOOK

- **Loans & Deposits:** Annual average growth rate in the mid- to high-single digits
- **Net Interest Margin:** Stable on an annual basis, with modest volatility (+/- 0 to 3 basis points) on a quarterly basis
- **Asset Quality:** Provision driven primarily by loan growth
- **Non-Interest Income (Excluding Securities Gain):** Mid- to high-single digit growth rate
- **Non-Interest Expense (Excluding Loss on Redemption of TruPS):** Low- to mid-single digit growth rate
- **Capital:** Focus on utilizing capital to support growth and provide appropriate returns to our shareholders

# NON-GAAP RECONCILIATION

**Note:** The Corporation has presented the following non-GAAP (Generally Accepted Accounting Principles) financial measures because it believes that these measures provide useful and comparative information to assess trends in the Corporation's results of operations and financial condition. Presentation of these non-GAAP financial measures is consistent with how the Corporation evaluates its performance internally and these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Corporation's industry. Investors should recognize that the Corporation's presentation of these non-GAAP financial measures might not be comparable to similarly-titled measures of other companies. These non-GAAP financial measures should not be considered a substitute for GAAP basis measures and the Corporation strongly encourages a review of its condensed consolidated financial statements in their entirety.

	Three Months Ended					Year Ended Dec 31,	
	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	2015	2014
	(dollars in thousands)						
<b>Efficiency ratio</b>							
Non-interest expense	\$ 118,439	\$ 124,889	\$ 118,354	\$ 118,478	\$ 117,720	\$ 480,160	\$ 459,246
Less: Intangible amortization	(6)	(5)	(106)	(130)	(315)	(247)	(1,259)
Less: Loss on redemption of trust preferred securities	-	(5,626)	-	-	-	(5,626)	-
Numerator	\$ 118,433	\$ 119,258	\$ 118,248	\$ 118,348	\$ 117,405	\$ 474,287	\$ 457,987
Net interest income (fully taxable equivalent)	\$ 132,684	\$ 130,250	\$ 127,444	\$ 128,085	\$ 132,614	\$ 518,464	\$ 532,322
Plus: Total Non-interest income	45,839	44,774	46,489	44,737	42,101	181,839	167,379
Less: Investment securities (gains) losses	(776)	(1,731)	(2,415)	(4,145)	(848)	(9,066)	(2,041)
Denominator	\$ 177,747	\$ 173,293	\$ 171,518	\$ 168,677	\$ 173,867	\$ 691,237	\$ 697,660
Efficiency ratio	66.63%	68.82%	68.94%	70.16%	67.53%	68.61%	65.65%
	(dollars in thousands)						
	Three Months Ended		Year Ended Dec 31,				
	Dec 31, 2015	Sep 30, 2015	2015	2014	2013	2012	
<b>Return on Average Shareholders' Equity (ROE) (Tangible)</b>							
Net income	\$ 38,535	\$ 34,251	\$ 149,502	\$ 157,894	\$ 161,840	\$ 159,845	
Plus: Intangible amortization, net of tax	4	3	161	818	1,585	1,970	
Numerator	\$ 38,539	\$ 34,254	\$ 149,663	\$ 158,712	\$ 163,425	\$ 161,815	
Average shareholders' equity	\$ 2,036,769	\$ 2,022,829	\$ 2,026,883	\$ 2,071,640	\$ 2,053,821	\$ 2,050,994	
Less: Average goodwill and intangible assets	(531,559)	(531,564)	(531,618)	(532,425)	(534,431)	(542,600)	
Average tangible shareholders' equity (denominator)	\$ 1,505,210	\$ 1,491,265	\$ 1,495,265	\$ 1,539,215	\$ 1,519,390	\$ 1,508,394	
Return on average common shareholders' equity (tangible), annualized	10.16%	9.11%	10.01%	10.31%	10.76%	10.73%	

# NON-GAAP RECONCILIATION (CON'T)

	<u>Dec 31,</u> <u>2015</u>	<u>Dec 31,</u> <u>2014</u>	<u>Dec 31,</u> <u>2013</u>	<u>Dec 31,</u> <u>2012</u>
	<i>(dollars in thousands)</i>			
<b><u>Tangible Common Equity to Tangible Assets (TCE Ratio)</u></b>				
Shareholders' equity	\$ 2,037,214	\$ 1,996,665	\$ 2,063,187	\$ 2,081,656
Less: Intangible assets	<u>(531,556)</u>	<u>(531,803)</u>	<u>(533,076)</u>	<u>(535,563)</u>
Tangible shareholders' equity (numerator)	<u>\$ 1,505,658</u>	<u>\$ 1,464,862</u>	<u>\$ 1,530,111</u>	<u>\$ 1,546,093</u>
Total assets	\$ 17,917,139	\$ 17,124,767	\$ 16,934,634	\$ 16,533,097
Less: Intangible assets	<u>(531,556)</u>	<u>(531,803)</u>	<u>(533,076)</u>	<u>(535,563)</u>
Total tangible assets (denominator)	<u>\$ 17,385,583</u>	<u>\$ 16,592,964</u>	<u>\$ 16,401,558</u>	<u>\$ 15,997,534</u>
Tangible Common Equity to Tangible Assets	<u><b>8.66%</b></u>	<u><b>8.83%</b></u>	<u><b>9.33%</b></u>	<u><b>9.66%</b></u>

# FULTON FINANCIAL

---

## CORPORATION



[www.fult.com](http://www.fult.com)