

FULTON FINANCIAL

CORPORATION

2016 THIRD QUARTER RESULTS
NASDAQ: FULT

DATA AS OF SEPTEMBER 30, 2016
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, 2015 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, 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) and on the Securities and Exchange Commission's website (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.

THIRD QUARTER HIGHLIGHTS

Diluted Earnings Per Share: \$0.24 in 3Q16, 4.3% increase from 2Q16 and 20.0% increase from 3Q15

Pre-Provision Net Revenue⁽¹⁾: \$58.9 million, 10.4% increase from 2Q16 and 19.0% increase from 3Q15

Linked Quarter

Loan and Core Deposit Growth: 1.8% increase in average loans, while average core deposits increased 3.4%

Net Interest Income & Margin: Net interest income increased 1.3%, reflecting the impact of loan growth and an additional day in the quarter, partially offset by the impact of a 6 basis point decrease in net interest margin

Non-Interest Income⁽²⁾ & Non-Interest Expense: 4.5% increase in non-interest income and a 1.5% decrease in non-interest expense

Asset Quality: \$1.6 million increase in provision for credit losses attributed to continued loan growth

Year-over-Year

Loan and Core Deposit Growth: 6.3% increase in average loans and 8.9% increase in average core deposits

Net Interest Income & Margin: 3.9% increase in net interest income, reflecting the impact of loan growth, partially offset by the impact of a 4 basis point decrease in net interest margin

Non-Interest Income⁽²⁾ & Non-Interest Expense: 11.9% increase in non-interest income and, excluding the loss on redemption of trust preferred securities in 3Q15, 0.5% increase in non-interest expense

Asset Quality: \$3.1 million increase in provision for credit losses. Overall credit metrics stable to improving

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

(2) Excluding securities gains.

INCOME STATEMENT SUMMARY

	3Q16	Change from	
		2Q16	3Q15
	<i>(dollars in thousands, except per-share data)</i>		
Net Interest Income	\$ 130,565	\$ 1,649	\$ 4,871
Provision for Credit Losses	4,141	1,630	3,141
Non-Interest Income	48,147	2,086	5,103
Securities Gains	2	(74)	(1,728)
Non-Interest Expense	119,848	(1,789)	585
Loss on redemption of TruPS	-	-	(5,626)
Income before Income Taxes	54,725	3,820	10,146
Income Taxes	13,257	2,102	2,929
Net Income	\$ 41,468	\$ 1,718	\$ 7,217
Earnings Per Share (Diluted)	\$ 0.24	\$ 0.01	\$ 0.04
ROA ⁽¹⁾	0.89%	0.01%	0.11%
ROE (tangible) ⁽²⁾	10.38%	0.12%	1.27%
Efficiency ratio ⁽²⁾	65.2%	(2.4%)	(3.7%)

- **Net Income** of \$41.5 million; a 4.3% increase from 2Q16 and a 21.1% increase from 3Q15. Earnings per share increased 4.3% from 2Q16 and 20.0% from 3Q15.
- **Net Interest Income**
 - *From 2Q16:* Increase of 1.3%, reflecting the impact of loan growth and an additional day in the quarter, partially offset by the impact of a 6 basis point decrease in net interest margin (NIM)
 - *From 3Q15:* Increase of 3.9% primarily driven by loan growth and lower cost of funds
- **Loan Loss Provision**
\$4.1 million provision in 3Q16, primarily driven by loan growth
- **Non-Interest Income**
 - *From 2Q16:* Increase of 4.5% driven primarily by increases in commercial loan interest rate swap fees and mortgage banking income
 - *From 3Q15:* Increase of 11.9% due to increased commercial loan interest rate swap fees, mortgage banking income, and SBA loan sale gains
- **Non-Interest Expenses**
 - *From 2Q16:* Decrease of 1.5% due to decreases in FDIC insurance expense, data processing, professional fees and operating risk loss, partially offset by increases in salaries and employee benefits, other real estate owned and repossession expense and other outside services
 - *From 3Q15:* Relatively flat with increases in salaries and employee benefits and occupancy expense, offset by decreases in other outside services, FDIC insurance expense, and operating risk loss

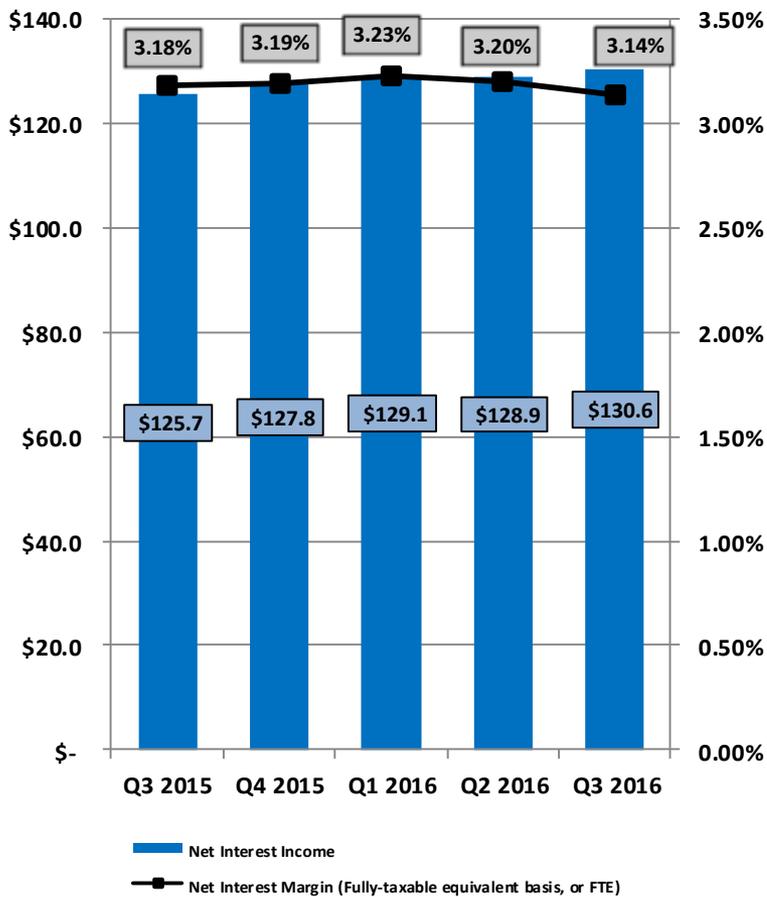
(1) ROA is return on average assets determined by dividing net income for the period indicated by average assets.

(2) 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 INTEREST INCOME AND MARGIN

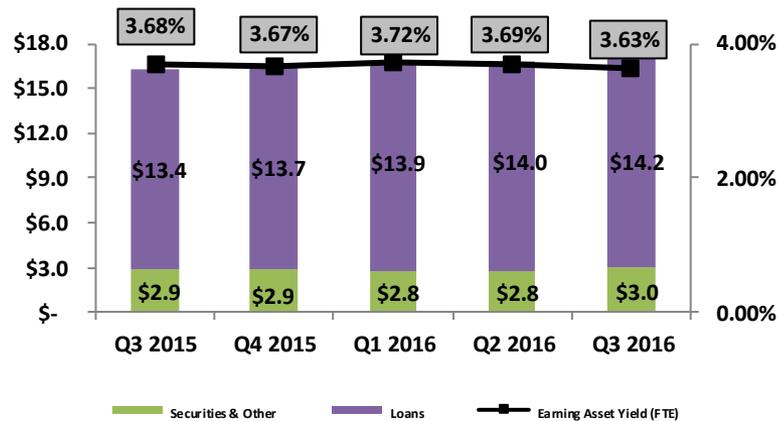
Net Interest Income & Net Interest Margin

(\$ IN MILLIONS)



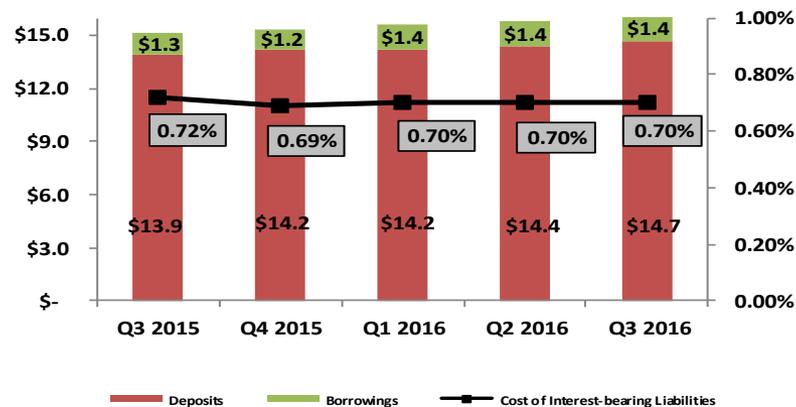
Average Interest-Earning Assets & Yields

(\$ IN BILLIONS)



Average Liabilities & Rates

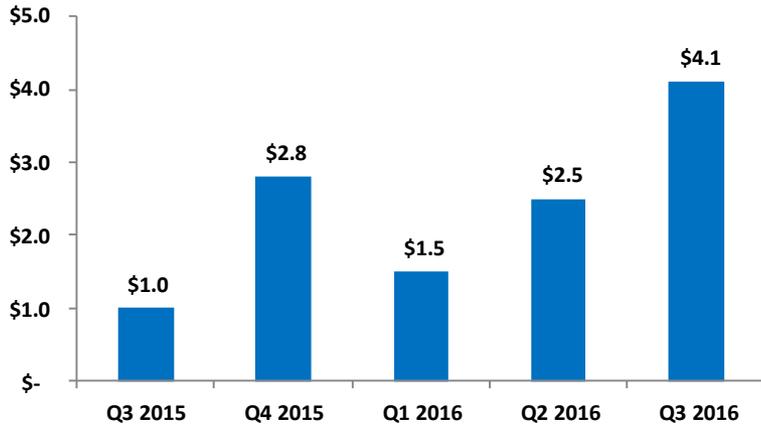
(\$ IN BILLIONS)



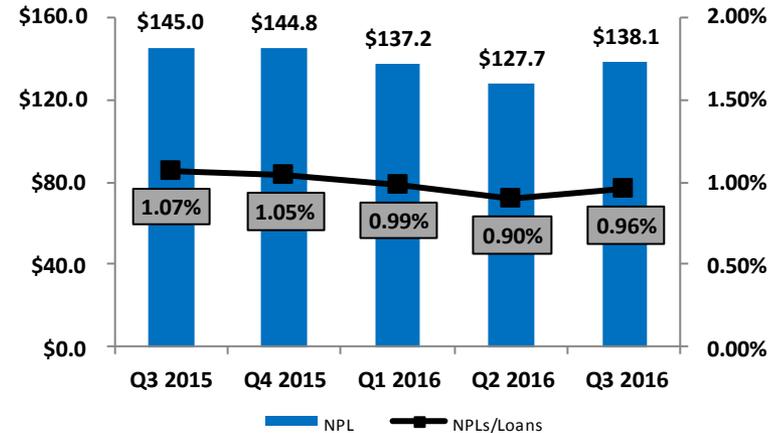
ASSET QUALITY

(\$ IN MILLIONS)

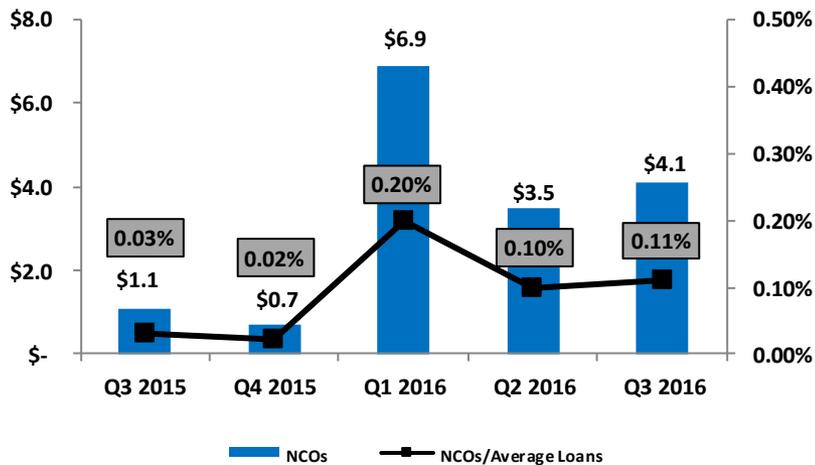
Provision for Credit Losses



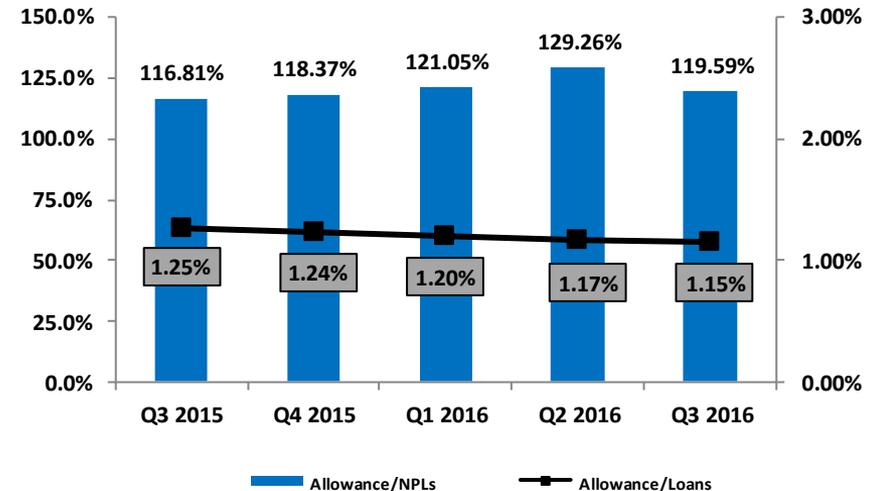
Non-Performing Loans (NPLs) & NPLs to Loans



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



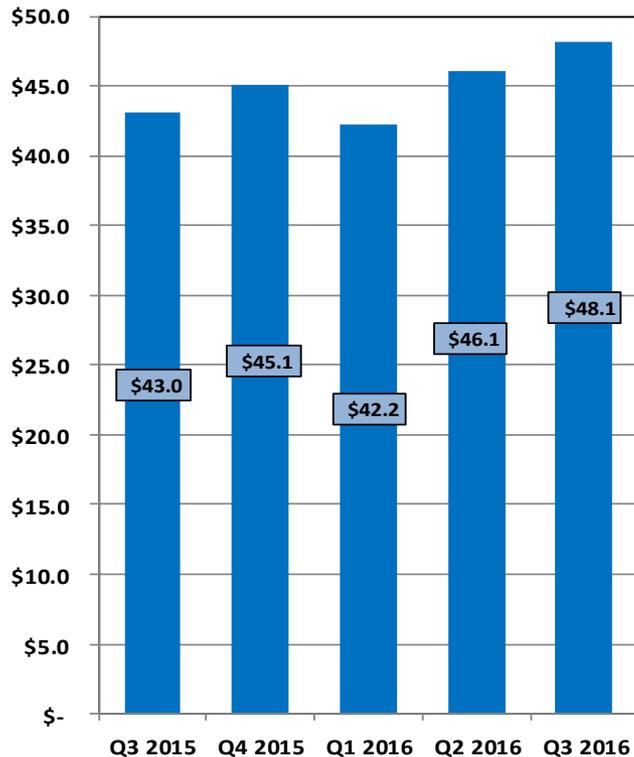
Allowance for Credit Losses (Allowance) to NPLs & Loans



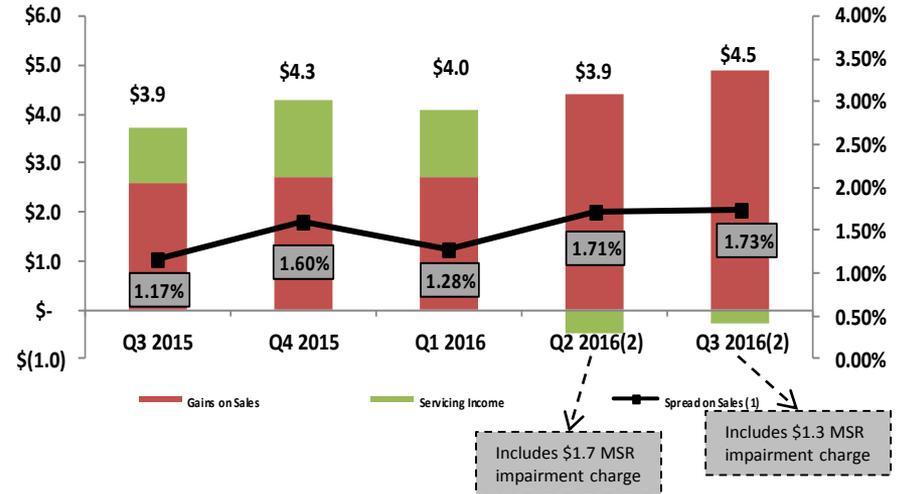
NON-INTEREST INCOME

(\$ IN MILLIONS)

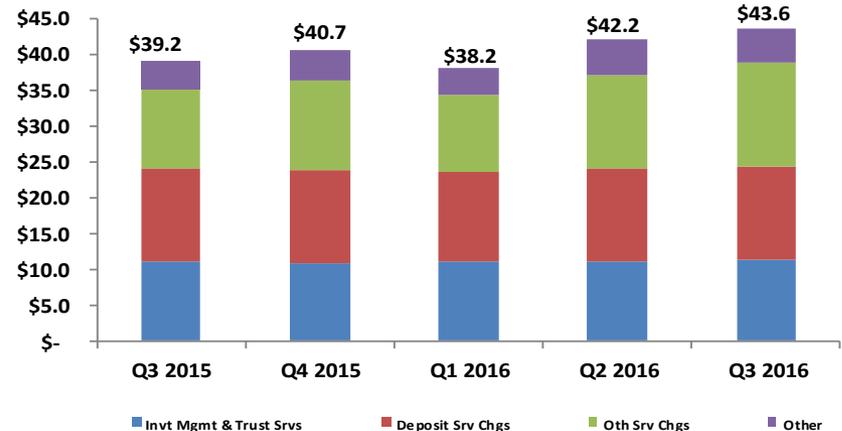
Non-Interest Income, Excluding Securities Gains



Mortgage Banking Income & Spreads



Other Non-Interest Income



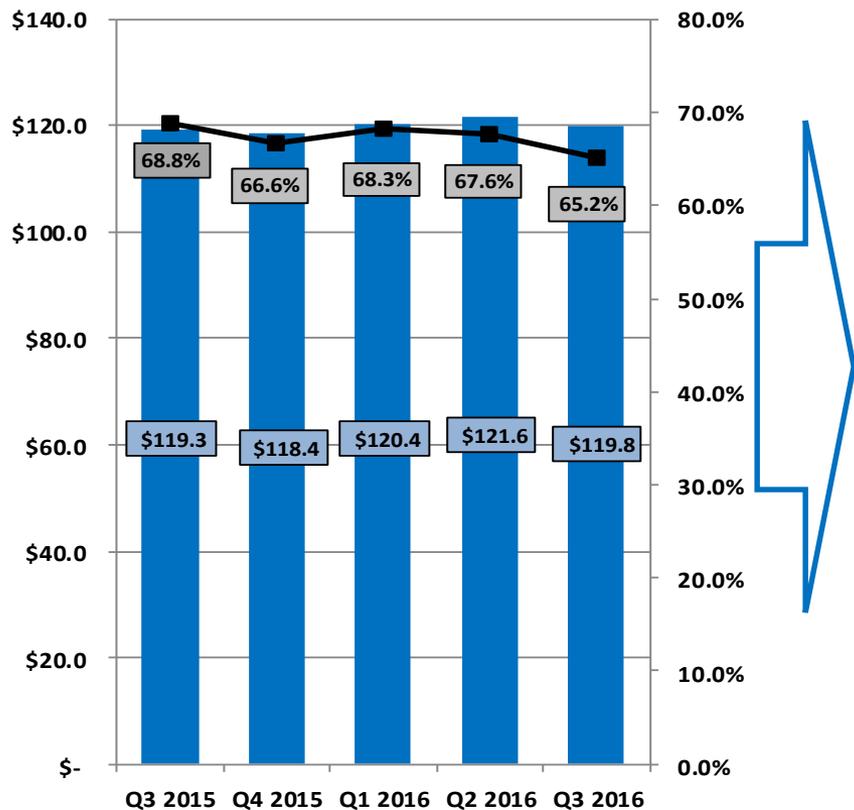
(1) Represents Gains on Sales divided by total new commitments to originate residential mortgage loans for customers.

(2) Servicing income includes \$1.7 and \$1.3 million Mortgage Servicing Right (MSR) impairment charges in Q2 2016 and Q3 2016, respectively.

NON-INTEREST EXPENSES

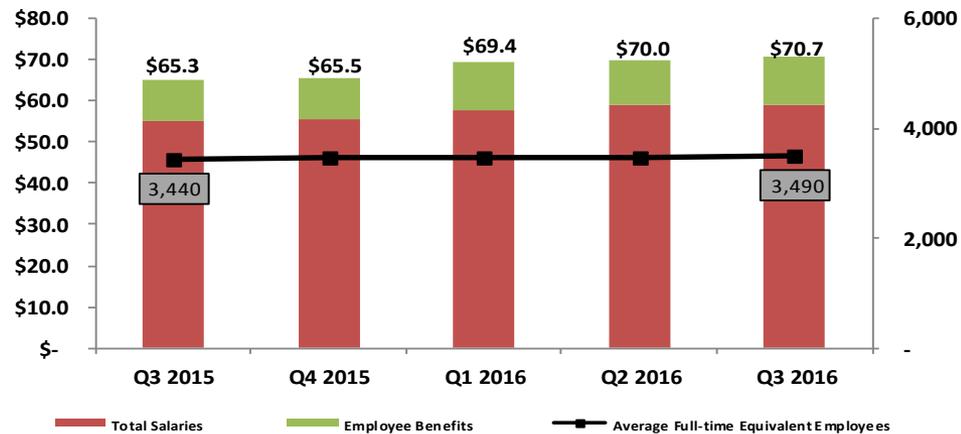
(\$ IN MILLIONS)

Non-Interest Expense & Efficiency Ratio (1)

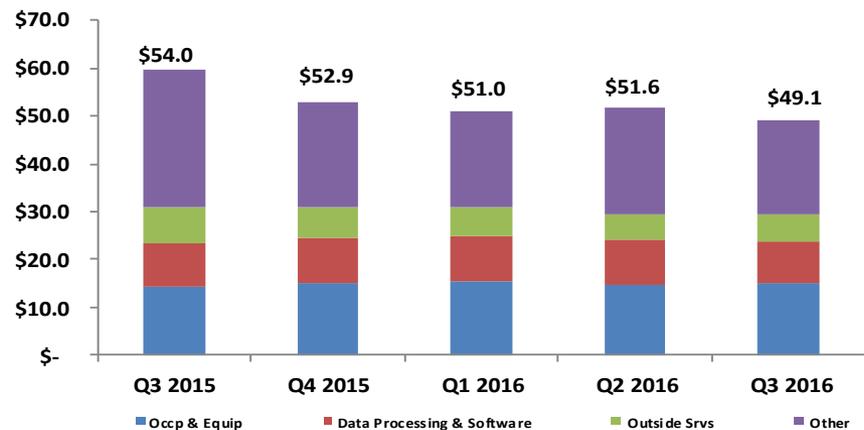


(1) Non-GAAP based financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.

Salaries and Employee Benefits & Staffing



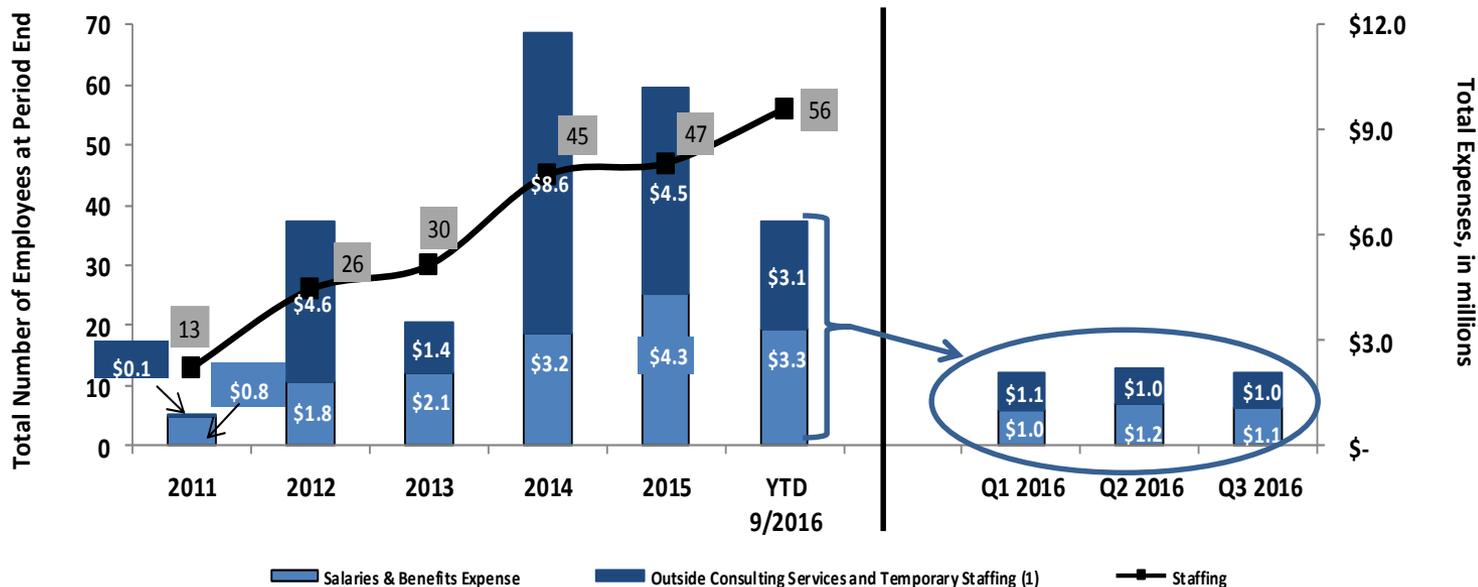
Other Non-Interest Expenses



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

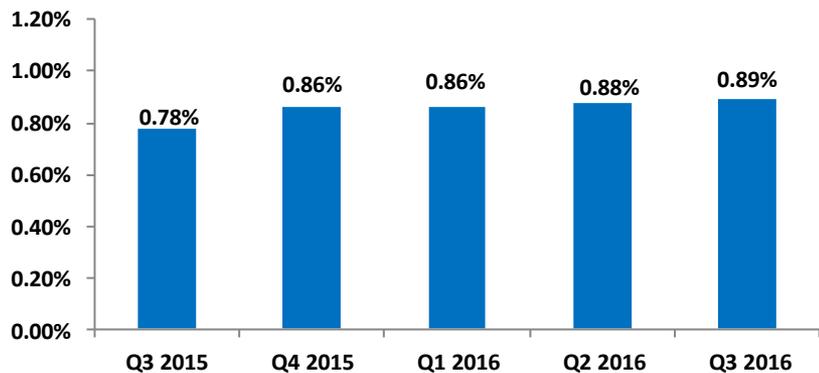
BSA/AML Compliance Program Expenses and Staffing



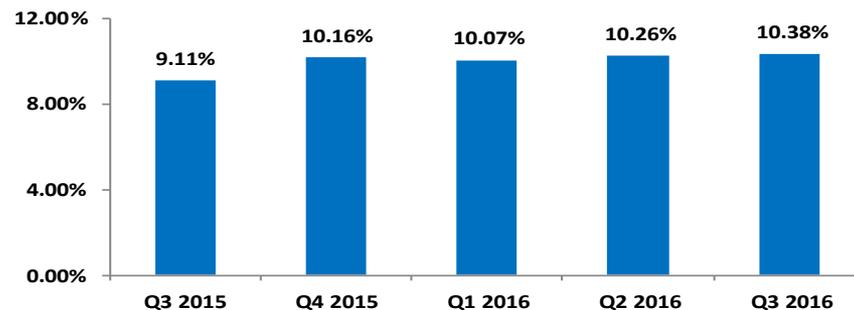
(1) Represents third-party consulting, legal and staffing services directly related to BSA/AML compliance program.

PROFITABILITY & CAPITAL

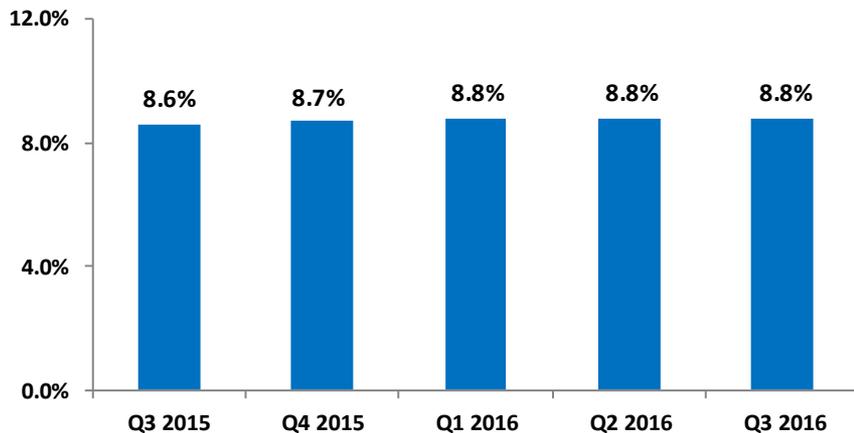
ROA⁽¹⁾



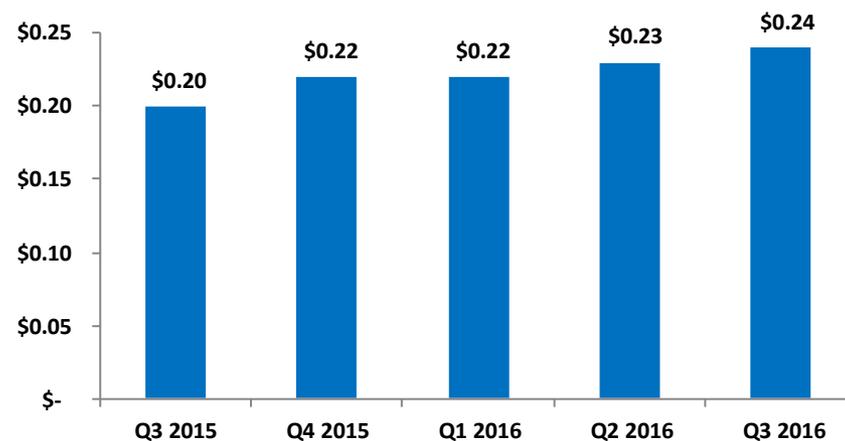
ROE (tangible)⁽²⁾



Tangible Common Equity Ratio⁽²⁾



Diluted Earnings Per Common Share



(1) ROA is return on average assets determined by dividing net income for the period indicated by average assets

(2) 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

The following outlook remains unchanged from prior quarter:

- **Loans & Deposits:** Annual average growth rate in the mid- to high-single digits
- **Asset Quality:** Provision driven primarily by loan growth
- **Non-Interest Income (Excluding Securities Gains):** 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
- **Net Interest Margin:** Absent any further rate increases, expect low-single digit quarterly compression

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				
	Sep 30 2015	Dec 31 2015	Mar 31 2016	Jun 30 2016	Sep 30 2016
	(dollars in thousands)				
Efficiency ratio					
Non-interest expense	\$ 124,889	\$ 118,439	\$ 120,413	\$ 121,637	\$ 119,848
Less: Intangible amortization	(5)	(6)	-	-	-
Less: Loss on redemption of TruPS	(5,626)	-	-	-	-
Numerator	<u>\$ 119,258</u>	<u>\$ 118,433</u>	<u>\$ 120,413</u>	<u>\$ 121,637</u>	<u>\$ 119,848</u>
Net interest income (fully taxable equivalent)	\$ 130,250	\$ 132,683	\$ 134,026	\$ 133,890	\$ 135,784
Plus: Total Non-interest income	44,774	45,839	43,137	46,137	48,149
Less: Investment securities gains	(1,730)	(776)	(947)	(76)	(2)
Denominator	<u>\$ 173,294</u>	<u>\$ 177,746</u>	<u>\$ 176,216</u>	<u>\$ 179,951</u>	<u>\$ 183,931</u>
Efficiency ratio	<u>68.8%</u>	<u>66.6%</u>	<u>68.3%</u>	<u>67.6%</u>	<u>65.2%</u>

	Three Months Ended				
	Sep 30 2015	Dec 31 2015	Mar 31 2016	Jun 30 2016	Sep 30 2016
	(dollars in thousands)				
Return on Average Shareholders' Equity (ROE) (Tangible)					
Net income	\$ 34,251	\$ 38,535	\$ 38,257	\$ 39,750	\$ 41,468
Plus: Intangible amortization, net of tax	3	4	-	-	-
Numerator	<u>\$ 34,254</u>	<u>\$ 38,539</u>	<u>\$ 38,257</u>	<u>\$ 39,750</u>	<u>\$ 41,468</u>
Average shareholders' equity	\$ 2,022,829	\$ 2,036,769	\$ 2,058,799	\$ 2,089,915	\$ 2,120,596
Less: Average goodwill and intangible assets	(531,564)	(531,556)	(531,556)	(531,556)	(531,556)
Average tangible shareholders' equity (denominator)	<u>\$ 1,491,265</u>	<u>\$ 1,505,213</u>	<u>\$ 1,527,243</u>	<u>\$ 1,558,359</u>	<u>\$ 1,589,040</u>
Return on average common shareholders' equity (tangible), annualized	<u>9.11%</u>	<u>10.16%</u>	<u>10.07%</u>	<u>10.26%</u>	<u>10.38%</u>

NON-GAAP RECONCILIATION (CON'T)

	Sep 30 2015	Dec 31 2015	Mar 31 2016	Jun 30 2016	Sep 30 2016
<u>Tangible Common Equity to Tangible Assets (TCE Ratio)</u>	<i>(dollars in thousands)</i>				
Shareholders' equity	\$ 2,025,904	\$ 2,041,894	\$ 2,073,309	\$ 2,106,997	\$ 2,129,436
Less: Intangible assets	(531,562)	(531,556)	(531,556)	(531,556)	(531,556)
Tangible shareholders' equity (numerator)	<u>\$ 1,494,342</u>	<u>\$ 1,510,338</u>	<u>\$ 1,541,753</u>	<u>\$ 1,575,441</u>	<u>\$ 1,597,880</u>
Total assets	\$ 17,838,059	\$ 17,914,718	\$ 18,122,254	\$ 18,480,035	\$ 18,701,062
Less: Intangible assets	(531,562)	(531,556)	(531,556)	(531,556)	(531,556)
Total tangible assets (denominator)	<u>\$ 17,306,497</u>	<u>\$ 17,383,162</u>	<u>\$ 17,590,698</u>	<u>\$ 17,948,479</u>	<u>\$ 18,169,506</u>
Tangible Common Equity to Tangible Assets	<u>8.6%</u>	<u>8.7%</u>	<u>8.8%</u>	<u>8.8%</u>	<u>8.8%</u>

	Three Months Ended				
	Sep 30 2015	Dec 31 2015	Mar 31 2016	Jun 30 2016	Sep 30 2016
<u>Pre-Provision Net Revenue</u>	<i>(in thousands)</i>				
Net interest income	\$ 125,694	\$ 127,799	\$ 129,054	\$ 128,916	\$ 130,565
Non-interest income	44,774	45,839	43,137	46,137	48,149
Less: Investment securities gains	(1,730)	(776)	(947)	(76)	(2)
Total Revenue	<u>168,738</u>	<u>172,862</u>	<u>171,244</u>	<u>174,977</u>	<u>178,712</u>
Non-interest expense	124,889	118,439	120,413	121,637	119,848
Less: Loss on redemption of TruPS	(5,626)	-	-	-	-
Total Non-interest expense, as adjusted	<u>119,263</u>	<u>118,439</u>	<u>120,413</u>	<u>121,637</u>	<u>119,848</u>
Pre-Provision Net Revenue	<u>\$ 49,475</u>	<u>\$ 54,423</u>	<u>\$ 50,831</u>	<u>\$ 53,340</u>	<u>\$ 58,864</u>

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