

FULTON FINANCIAL

CORPORATION

2017 THIRD QUARTER RESULTS

DATA AS OF SEPTEMBER 30, 2017
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 "2017 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, 2016 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017, 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: \$0.28 in 3Q17, 7.7% increase from 2Q17 and 16.7% increase from 3Q16

Pre-Provision Net Revenue⁽¹⁾: \$65.5 million, 4.1% increase from 2Q17 and 11.3% increase from 3Q16

Linked Quarter

Loan and Core⁽²⁾ Deposit Growth: 1.8% increase in average loans, and 5.2% increase in average core deposits

Net Interest Income & Margin: Net interest income increased 3.7%, reflecting the impact of loan growth and one additional day in the current quarter. Net interest margin decreased 2 basis points, due to increases in lower-yielding other interest-earning assets as loan growth lagged deposit growth, and a 4 basis point increase in cost of funds

Non-Interest Income⁽³⁾ & Non-Interest Expense: 7.0% decrease in non-interest income and relatively flat non-interest expense

Asset Quality: \$1.6 million decrease in provision for credit losses

Year-over-Year

Loan and Core⁽²⁾ Deposit Growth: 8.3% increase in average loans and 9.5% increase in average core deposits

Net Interest Income & Margin: 12.4% increase in net interest income, reflecting the impact of loan growth and a 13 basis point increase in net interest margin

Non-Interest Income⁽³⁾ & Non-Interest Expense: 1.6% decrease in non-interest income and, excluding amortization of tax credits investments in 3Q17, 7.3% increase in non-interest expense

Asset Quality: \$0.9 million increase in provision for credit losses

(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) Consists of non-interest bearing demand deposits, interest-bearing demand deposits, and savings and money market accounts.

(3) Excluding securities gains.

INCOME STATEMENT SUMMARY – QUARTERLY

	3Q17	Change from	
		2Q17	3Q16
<i>(dollars in thousands, except per-share data)</i>			
Net Interest Income	\$ 146,809	\$ 5,246	\$ 16,244
Provision for Credit Losses	5,075	(1,625)	934
Non-Interest Income	47,377	(3,558)	(770)
Securities Gains	4,597	3,161	4,595
Non-Interest Expense	132,157	(538)	12,309
Income before Income Taxes	61,551	7,012	6,826
Income Taxes	12,646	3,574	(611)
Net Income	\$ 48,905	\$ 3,438	\$ 7,437
Earnings Per Share (Diluted)	\$ 0.28	\$ 0.02	\$ 0.04
ROA ⁽¹⁾	0.98%	0.04%	0.09%
ROE ⁽²⁾	8.76%	0.40%	0.98%
ROE (tangible) ⁽³⁾	11.52%	0.46%	1.14%
Efficiency ratio ⁽³⁾	64.3%	(1.0%)	(0.9%)

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

(2) ROE is return on average shareholders' equity determined by dividing net income for the period indicated by average shareholders' equity, annualized.

(3) 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 \$48.9 million; a 7.6% increase from 2Q17 and a 17.9% increase from 3Q16. Earnings per share increased 7.7% from 2Q17 and 16.7% from 3Q16.**
- **Net Interest Income**
 - From 2Q17: Increase of 3.7%, reflecting the impact of loan growth and an additional day in the quarter, partially offset by a 2 basis point decrease in net interest margin (NIM)
 - From 3Q16: Increase of 12.4%, driven by loan growth and the impact of a 13 basis point increase in NIM, driven by three Federal Funds rate increases and long-term debt re-financings at lower rates
- **Loan Loss Provision**
\$5.1 million provision in 3Q17; decrease compared to 2Q17 due to slower loan growth
- **Non-Interest Income**
 - From 2Q17: Decrease of 7.0% driven primarily by commercial loan interest rate swap fees, mortgage servicing income and Small Business Administration (SBA) loan sale gains. In 2Q17, Mortgage banking income was increased by reversal of mortgage servicing rights (MSR) valuation allowance of \$1.3 million. Excluding this, non-interest income was down 4.5%
 - From 3Q16: Decrease of 1.6% driven primarily by commercial loan interest rate swap fees, partially offset by an increase in investment management and trust services income
- **Non-Interest Expenses**
 - From 2Q17: Decrease of 0.4% due to lower salaries and benefits, outside services and other real estate expenses, partially offset by increases in software and data processing expense and other expense categories
 - From 3Q16: Increase of 10.3% due to higher salaries expense, amortization of tax credit investments, FDIC insurance expense, state taxes, data processing and software expense and other outside services, slightly offset by a decrease in other real estate expenses. Excluding the tax credit amortization, non-interest expenses increased 7.3%
- **Income Taxes**
 - Higher effective tax rate compared to 2Q17 mainly due to higher pre-tax income and lower excess tax benefits on stock compensation

INCOME STATEMENT SUMMARY – YEAR TO DATE

	YTD September		
	2017	2016	Change
	<i>(dollars in thousands, except per-share data)</i>		
Net Interest Income	\$ 425,951	\$ 388,535	\$ 37,416
Provision for Credit Losses	16,575	8,182	8,393
Non-Interest Income	143,879	136,398	7,481
Securities Gains	7,139	1,025	6,114
Non-Interest Expense	387,127	361,898	25,229
Income before Income Taxes	173,267	\$ 155,878	17,389
Income Taxes	35,515	36,403	(888)
Net Income	\$ 137,752	\$ 119,475	\$ 18,277
Earnings Per Share (Diluted)	\$ 0.78	\$ 0.69	\$ 0.09
ROA ⁽¹⁾	0.95%	0.87%	0.08%
ROE ⁽²⁾	8.45%	7.64%	0.81%
ROE (tangible) ⁽³⁾	11.18%	10.24%	0.94%
Efficiency ratio ⁽³⁾	64.6%	67.0%	(2.4%)

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

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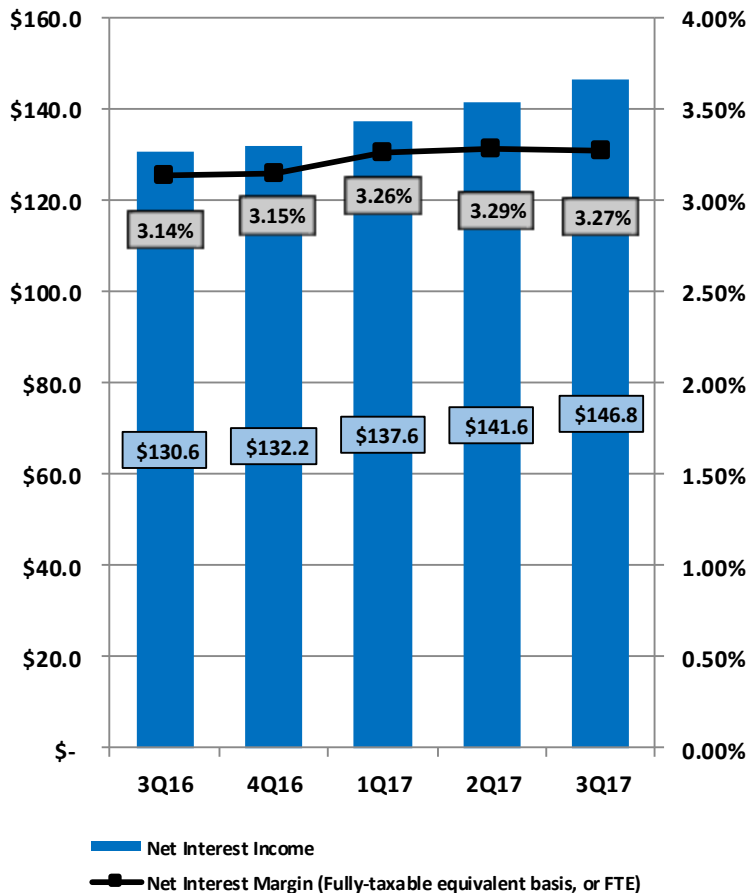
(3) Non-GAAP based financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.

- **Net Income of \$137.8 million; 15.3% increase from 2016. Earnings per share increased 13.0% from the prior year.**
- **Net Interest Income**
 - 9.6% increase, reflecting the impact of loan growth and an 8 basis point higher NIM
- **Loan Loss Provision**
 - \$16.6 million provision in 2017, attributed to loan growth and stable credit metrics
- **Non-Interest Income**
 - Increase of 5.5% driven primarily by mortgage banking income, commercial loan swap fees, investment management and trust fees and SBA loan sale gains
- **Non-Interest Expenses**
 - Increase of 7.0%, driven by amortization of tax credit investments, higher salaries expense, state taxes and other outside services. Excluding tax credit amortization, non-interest expense increased 4.9%
- **Income Taxes**
 - Lower effective tax rate primarily due to reclassification of amortization of tax credit investments from income taxes to non-interest expense

NET INTEREST INCOME AND MARGIN

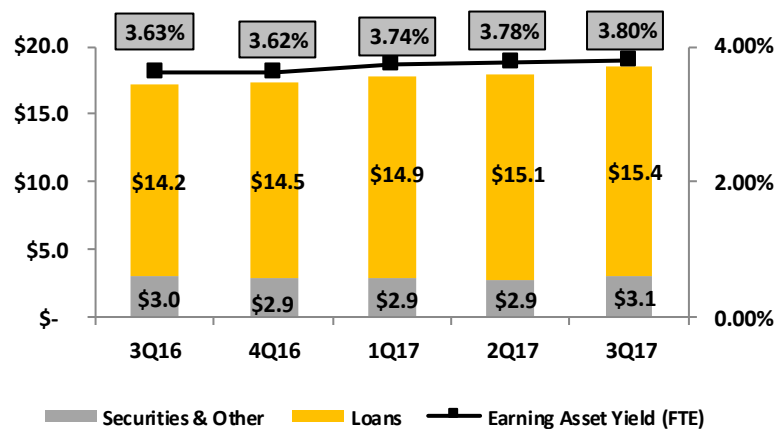
Net Interest Income & Net Interest Margin

(\$ IN MILLIONS)



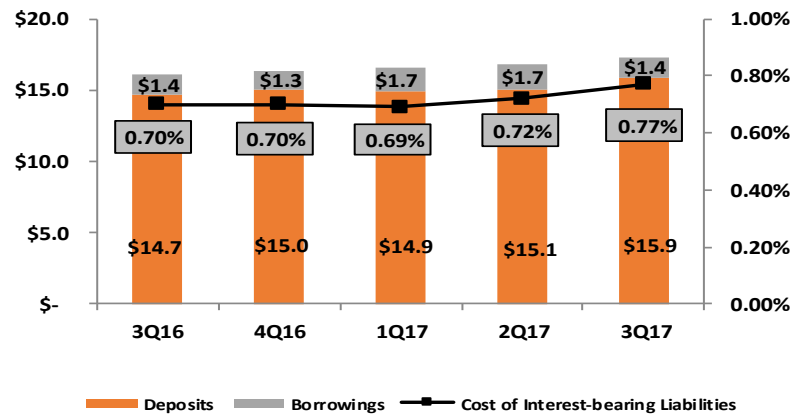
Average Interest-Earning Assets & Yields

(\$ IN BILLIONS)



Average Liabilities & Rates

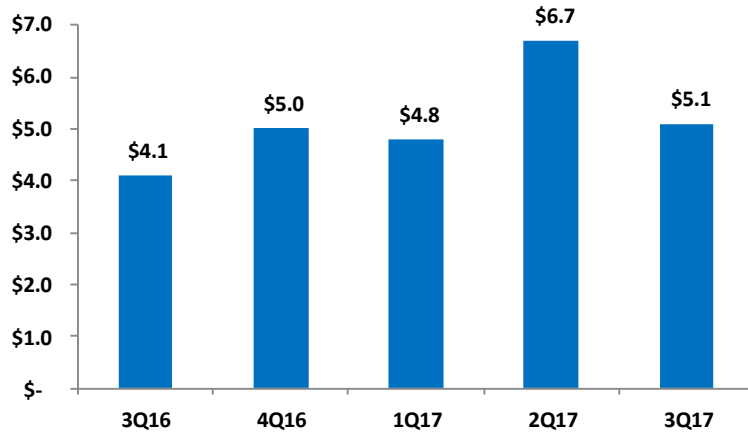
(\$ IN BILLIONS)



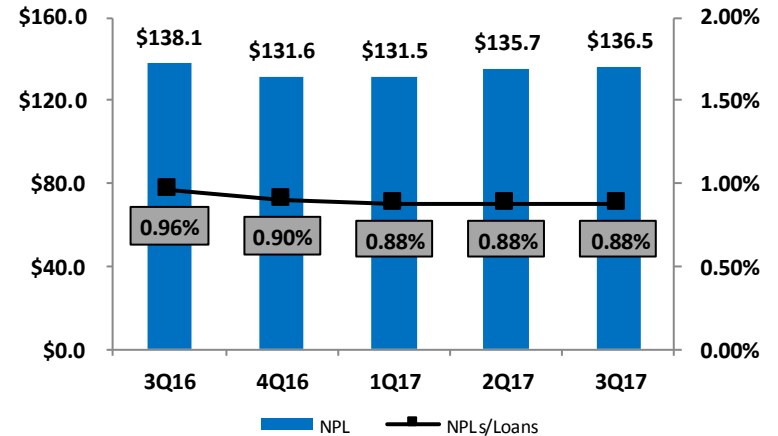
ASSET QUALITY

(\$ IN MILLIONS)

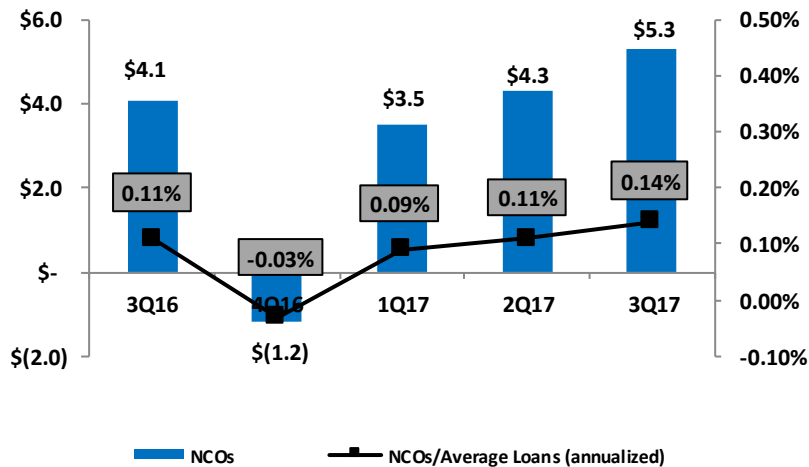
Provision for Credit Losses



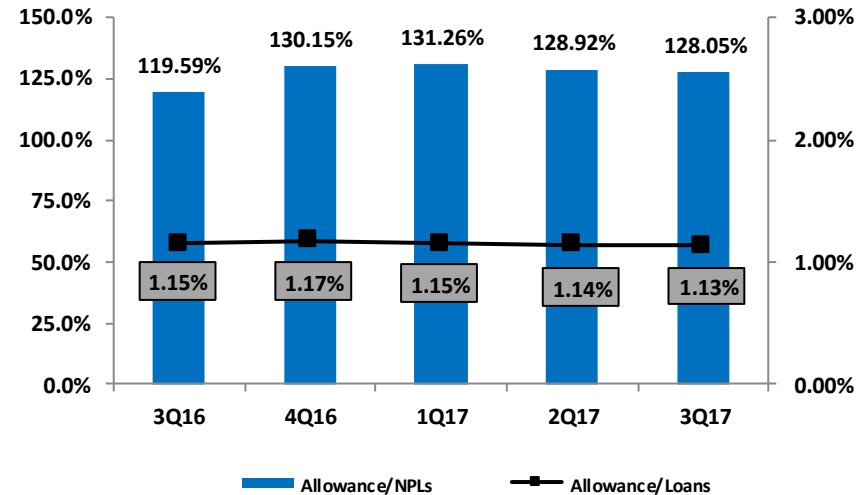
Non-Performing Loans (NPLs) & NPLs to Loans



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



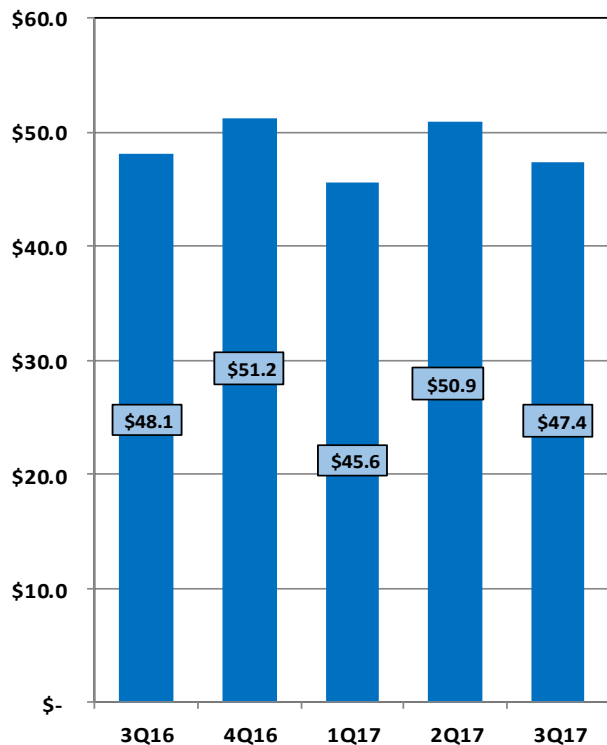
Allowance for Credit Losses (Allowance) to NPLs & Loans



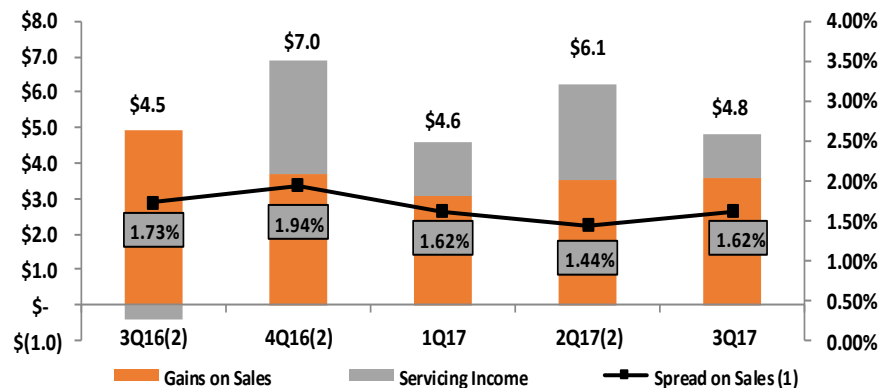
NON-INTEREST INCOME – QUARTER COMPARISON

(\$ IN MILLIONS)

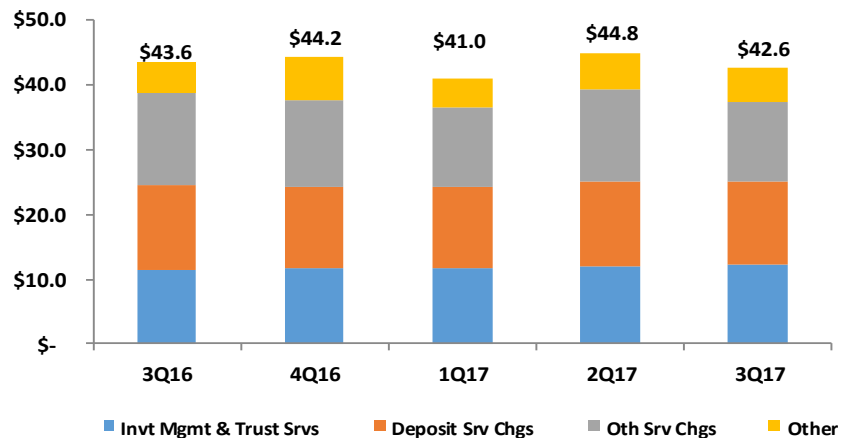
Non-Interest Income, Excluding Securities Gains



Mortgage Banking Income & Spreads



Other Non-Interest Income

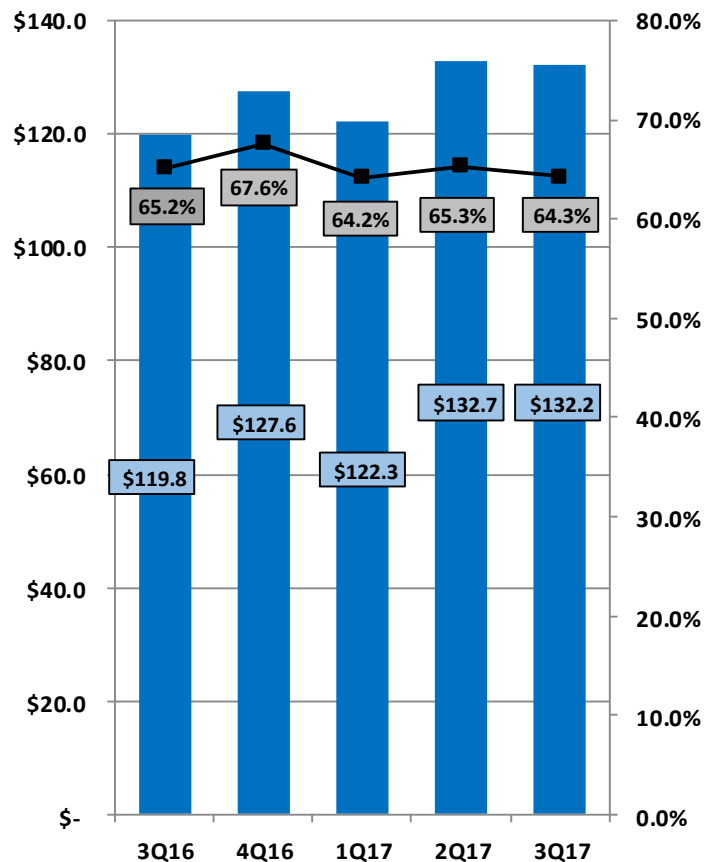


- (1) Represents Gains on Sales divided by total new commitments to originate residential mortgage loans for customers.
- (2) Servicing income includes \$1.3 million Mortgage Servicing Rights (MSR) impairment charge in 3Q16 and \$1.7 million and \$1.3 million recoveries in 4Q16 and 2Q17, respectively.

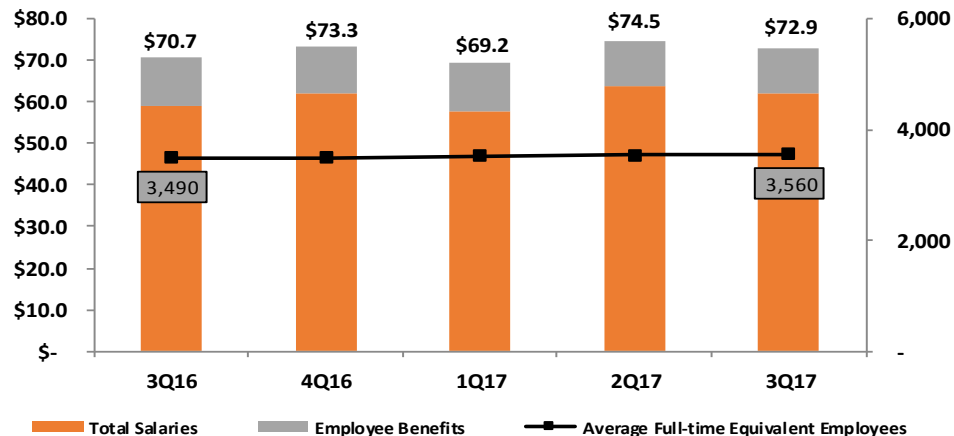
NON-INTEREST EXPENSES – QUARTER COMPARISON

(\$ IN MILLIONS)

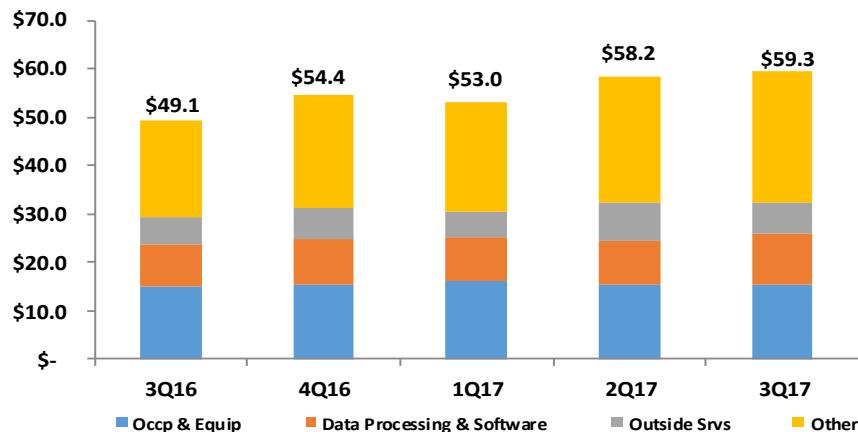
Non-Interest Expense & Efficiency Ratio (1)



Salaries and Employee Benefits & Staffing



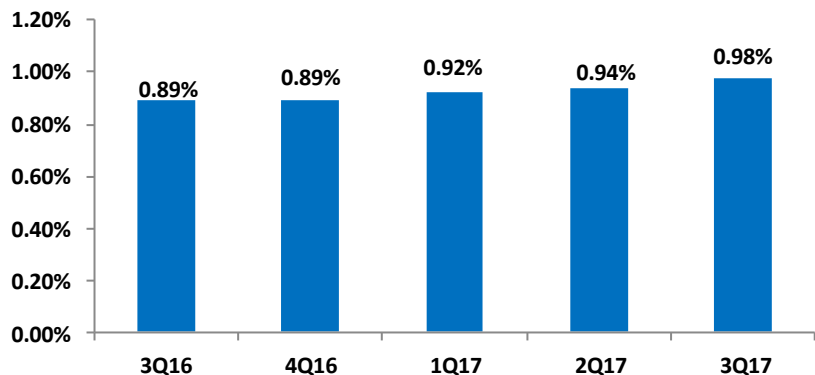
Other Non-Interest Expenses



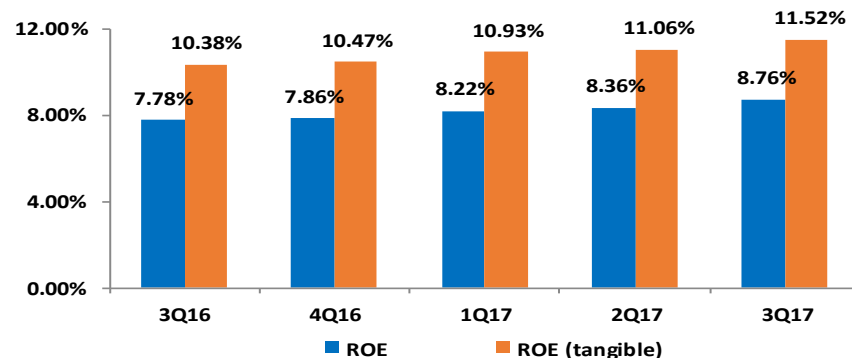
(1) Non-GAAP based financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.

PROFITABILITY & CAPITAL

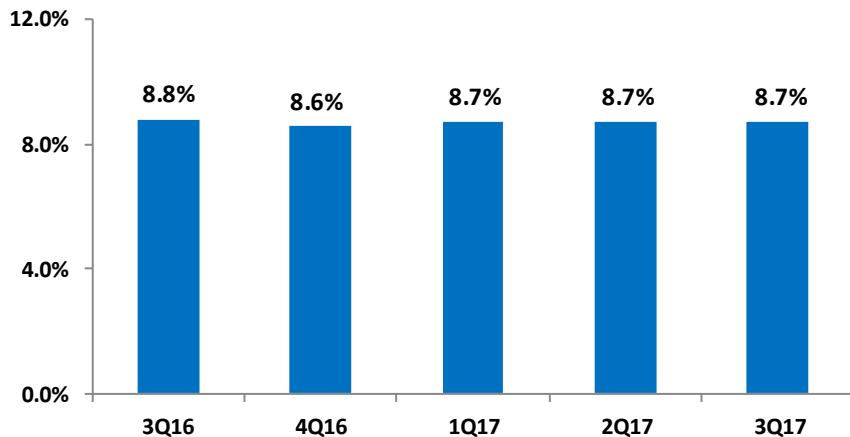
ROA⁽¹⁾



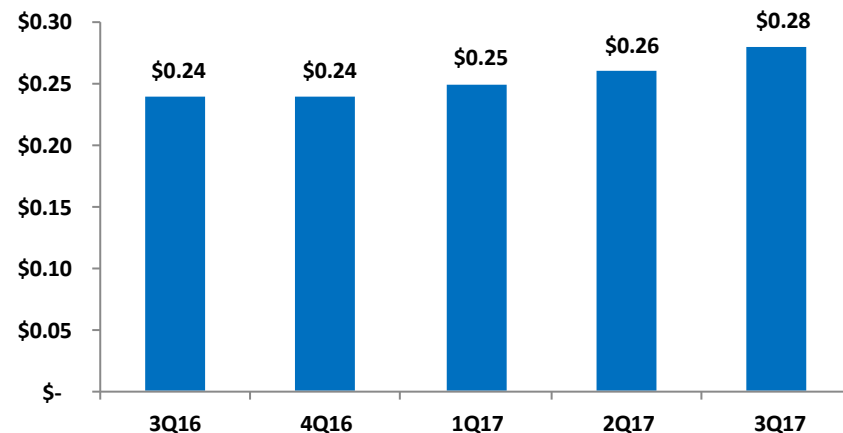
ROE and ROE (tangible)⁽²⁾



Tangible Common Equity Ratio⁽²⁾



Diluted Earnings Per Common Share



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(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.

The following outlook remains unchanged from prior quarter except in the case of Non-Interest Income and Net Interest Margin outlook:

- **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):** 4Q17 outlook lowered to mid-single digit growth rate (from mid- to high-single digit growth rate) reflecting the actual nine month 2017 experience
- **Non-Interest Expense:** 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:** 4Q17 outlook lowered to an increase of 2 to 6 basis points (from 3 to 9 basis points) reflecting trends in deposit pricing, the interest-earning asset mix and the uncertainty of an additional rate increase or the timing of it

NON-GAAP RECONCILIATION (CON'T)

	Sep 30 2016	Dec 31 2016	Mar 31 2017	Jun 30 2017	Sep 30 2017
<u>Tangible Common Equity to Tangible Assets (TCE Ratio)</u>	<i>(dollars in thousands)</i>				
Shareholders' equity	\$ 2,129,436	\$ 2,121,115	\$ 2,154,683	\$ 2,191,770	\$ 2,225,786
Less: Intangible assets	(531,556)	(531,556)	(531,556)	(531,556)	(531,556)
Tangible shareholders' equity (numerator)	<u>\$ 1,597,880</u>	<u>\$ 1,589,559</u>	<u>\$ 1,623,127</u>	<u>\$ 1,660,214</u>	<u>\$ 1,694,230</u>
Total assets	\$ 18,701,062	\$ 18,944,247	\$ 19,178,576	\$ 19,647,435	\$ 20,062,860
Less: Intangible assets	(531,556)	(531,556)	(531,556)	(531,556)	(531,556)
Total tangible assets (denominator)	<u>\$ 18,169,506</u>	<u>\$ 18,412,691</u>	<u>\$ 18,647,020</u>	<u>\$ 19,115,879</u>	<u>\$ 19,531,304</u>
Tangible Common Equity to Tangible Assets	<u>8.8%</u>	<u>8.6%</u>	<u>8.7%</u>	<u>8.7%</u>	<u>8.7%</u>

	Three Months Ended				
	Sep 30 2016	Dec 31 2016	Mar 31 2017	Jun 30 2017	Sep 30 2017
<u>Pre-Provision Net Revenue</u>	<i>(in thousands)</i>				
Net interest income	\$ 130,565	\$ 132,237	\$ 137,579	\$ 141,563	\$ 146,809
Non-interest income	48,149	52,755	46,673	52,371	51,974
Less: Investment securities gains	(2)	(1,525)	(1,106)	(1,436)	(4,597)
Total Revenue	<u>178,712</u>	<u>183,467</u>	<u>183,146</u>	<u>192,498</u>	<u>194,186</u>
Total Non-interest expense	\$ 119,848	\$ 127,621	\$ 122,275	\$ 132,695	\$ 132,157
Less: Amortization of tax credit investments	-	-	(998)	(3,151)	(3,503)
	<u>119,848</u>	<u>127,621</u>	<u>121,277</u>	<u>129,544</u>	<u>128,654</u>
Pre-Provision Net Revenue	<u>\$ 58,864</u>	<u>\$ 55,846</u>	<u>\$ 61,869</u>	<u>\$ 62,954</u>	<u>\$ 65,532</u>

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