

FULTON FINANCIAL

CORPORATION

2016 FIRST QUARTER RESULTS
NASDAQ: FULT

DATA AS OF MARCH 31, 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, which has been filed with the Securities and Exchange Commission and is 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.

FIRST QUARTER HIGHLIGHTS

Diluted Earnings Per Share: \$0.22 in 1Q16, unchanged from 4Q15 and 1Q15

Pre-Provision Net Revenue: \$50.8 million, 6.6% decrease from 4Q15 and 11.2% increase from 1Q15

Linked Quarter

Loan and Core Deposit Growth: 1.4% increase in average loans, while average core deposits remained flat

Net Interest Income & Margin: 1.0% increase in net interest income and a 4 basis point increase in net interest margin

Non-Interest Income⁽¹⁾ & Non-Interest Expense: 6.4% decrease in non-interest income and a 1.7% increase in non-interest expense

Asset Quality: \$1.2 million decrease in provision for credit losses with improvement in non-performing loans. Annualized net charge-off rate increased from 2 basis points to 20 basis points.

Year-over-Year

Loan and Core Deposit Growth: 5.8% increase in average loans and 9.9% increase in average core deposits

Net Interest Income & Margin: 4.4% increase in net interest income and a 4 basis point decrease in net interest margin

Non-Interest Income⁽¹⁾ & Non-Interest Expense: 3.9% increase in non-interest income and a 1.6% increase in non-interest expense

Asset Quality: \$5.2 million increase in provision for credit losses due to negative provision in 1Q15 which resulted from lower allocation needs on impaired loans in 2015. Overall credit metrics stable to improving.

(1) Excluding securities gains.

INCOME STATEMENT SUMMARY

	1Q16	Change from	
		4Q15	1Q15
	<i>(dollars in thousands, except per-share data)</i>		
Net Interest Income	\$ 129,054	\$ 1,255	\$ 5,473
Provision for Credit Losses	1,530	(1,220)	5,230
Non-interest Income	42,190	(2,873)	1,598
Securities Gains	947	171	(3,198)
Non-interest Expense	120,413	1,974	1,935
Income before Income Taxes	50,248	(2,201)	(3,292)
Income Taxes	11,991	(1,923)	(1,513)
Net Income	\$ 38,257	\$ (278)	\$ (1,779)

Earnings Per Share (Diluted)	\$ 0.22	\$ -	\$ -
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ROA ⁽¹⁾	0.86%	-	(0.09%)
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ROE (tangible) ⁽²⁾	10.07%	(0.09%)	(0.89%)
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Efficiency ratio ⁽²⁾	68.3%	1.7%	-1.8%
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➤ **Net Income of \$38.3 million; a 0.7% decrease from 4Q15 and a 4.4% decrease from 1Q15. Earnings per share unchanged due to net impact of share repurchases.**

➤ **Net Interest Income**

- *From 4Q15:* Increase of 1.0% due to a 1.0% increase in average earning assets and a 4 bp improvement in net interest margin (NIM), offset by one less day
- *From 1Q15:* Increase of 4.4% due to a 5.2% increase in average earning assets and extra day, partially offset by a 4 bp decline in NIM

➤ **Loan Loss Provision**

\$1.5 million provision in 1Q16; Asset quality metrics stable to slightly improved

➤ **Non-Interest Income**

- *From 4Q15 :* Decrease of 6.4% driven by decreases in commercial loan interest rate swap fees and seasonal decreases in debit card income and overdraft fees
- *From 1Q15 :* Increase of 3.9% due to increased merchant fees, commercial loan interest rate swap fees, and other service charges, partially offset by decrease in mortgage sales gains

➤ **Non-Interest Expenses**

- *From 4Q15:* Increase of 1.7% due to higher salaries and benefits costs, partially offset by net decreases in multiple expense categories
- *From 1Q15:* Increase of 1.6% due to higher salaries and benefits, marketing, software and data processing, partially offset by decreases in net occupancy expense and state taxes

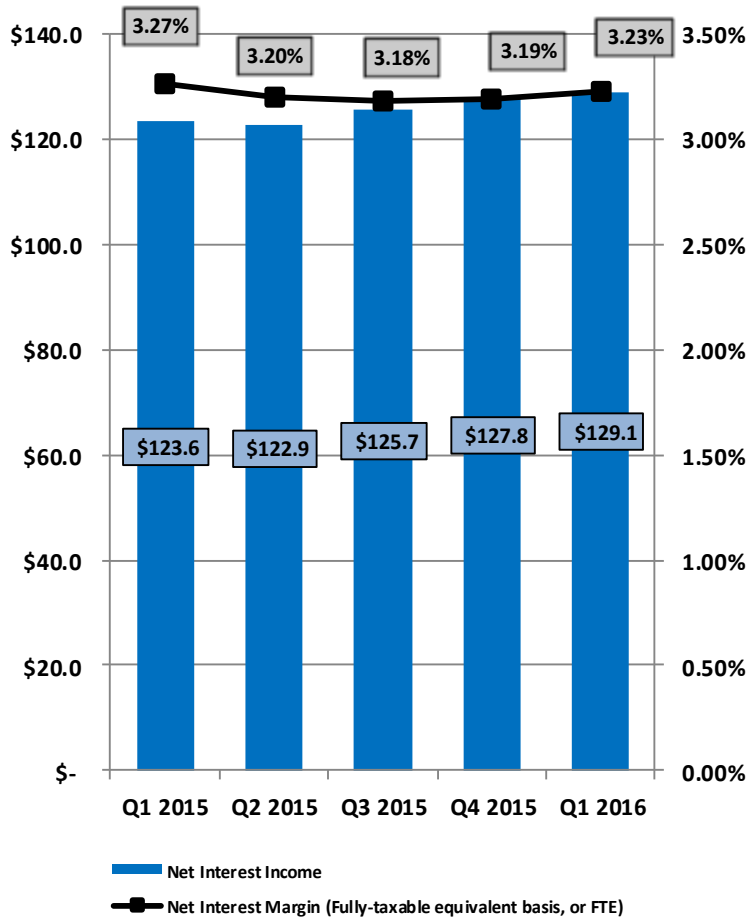
(1) ROA is return on average assets determined by dividing net income for the period indicated by average assets

(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

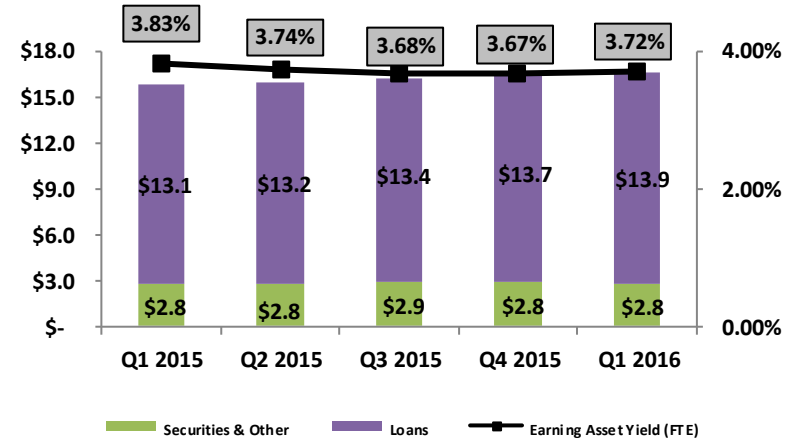
Net Interest Income & Net Interest Margin

(\$ IN MILLIONS)



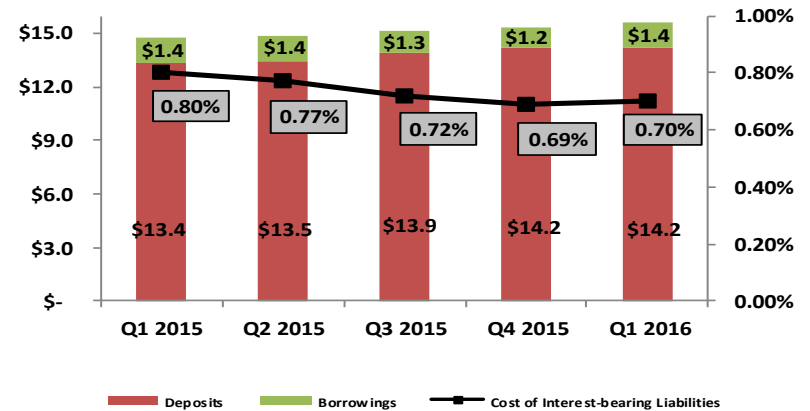
Average Interest-Earning Assets & Yields

(\$ IN BILLIONS)



Average Liabilities & Rates

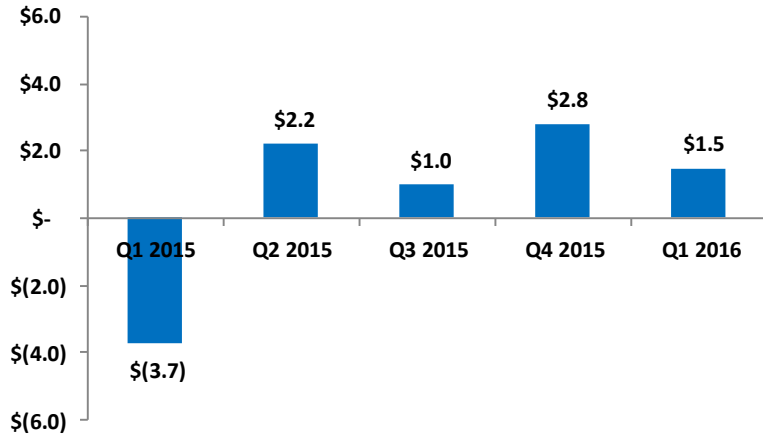
(\$ IN BILLIONS)



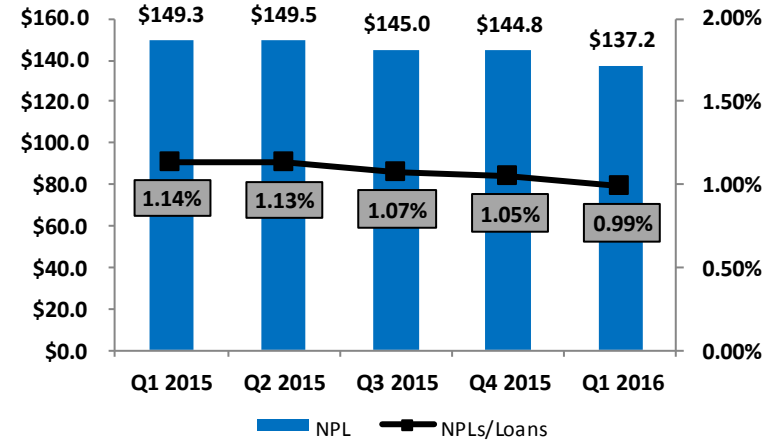
ASSET QUALITY

(\$ IN MILLIONS)

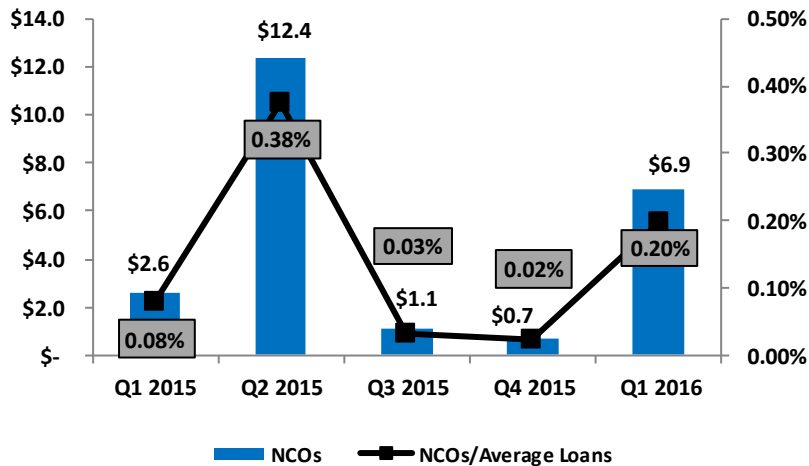
Provision for Credit Losses



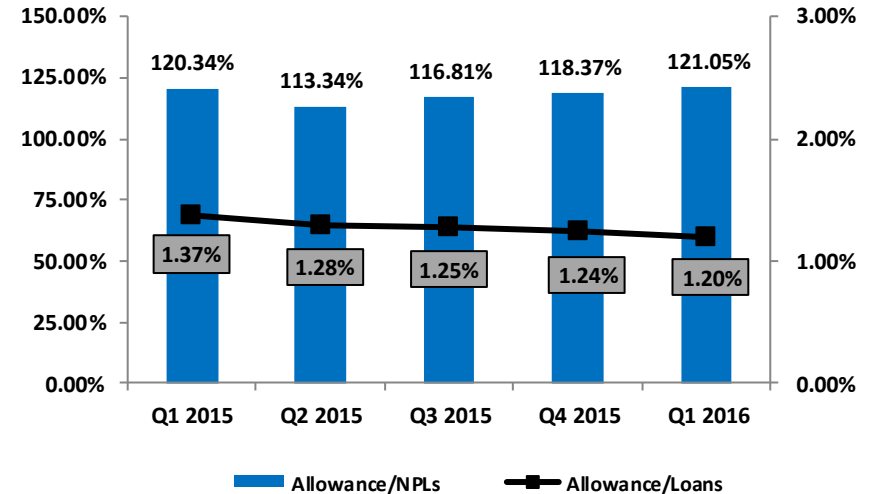
Non-Performing Loans (NPLs) & NPLs to Loans



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



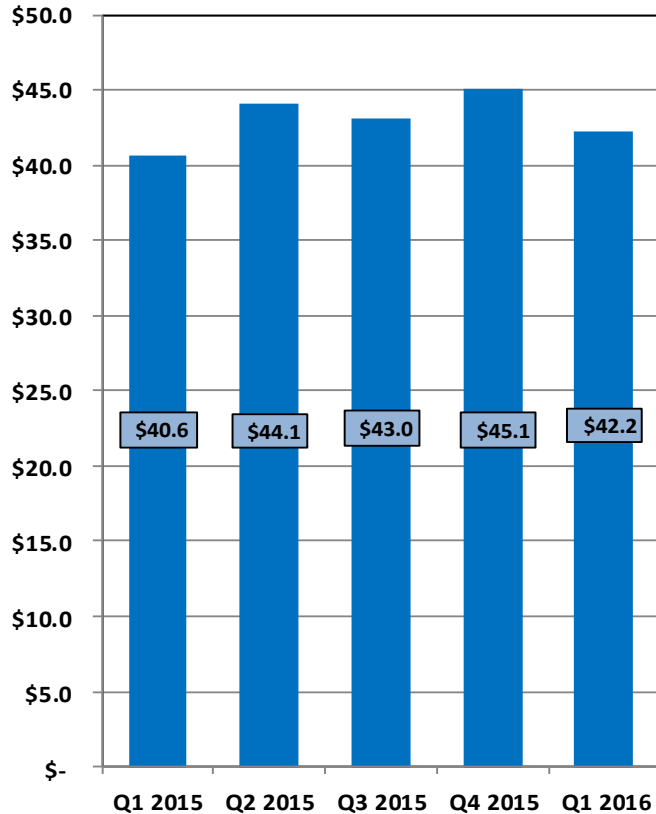
Allowance for Credit Losses (Allowance) to NPLs & Loans



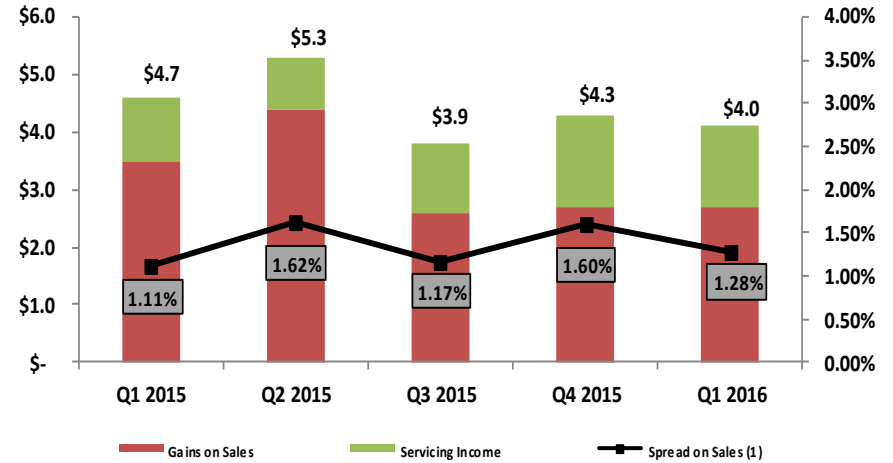
NON-INTEREST INCOME

(\$ IN MILLIONS)

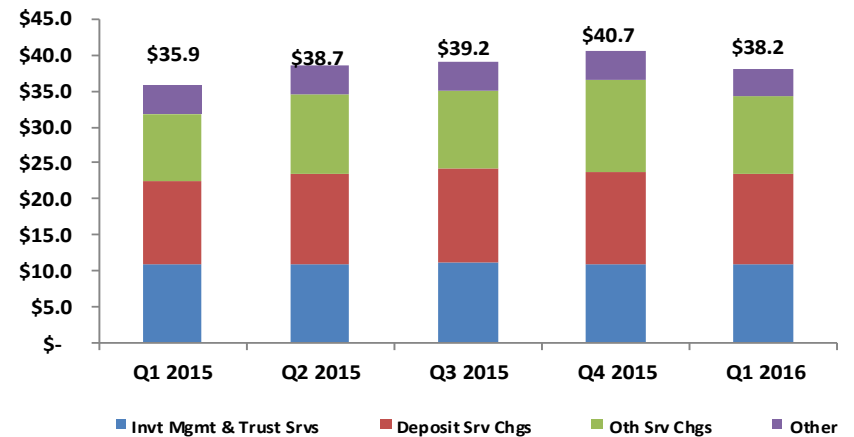
Non-interest Income, Excluding Securities Gains



Mortgage Banking Income & Spreads



Other Non-interest Income

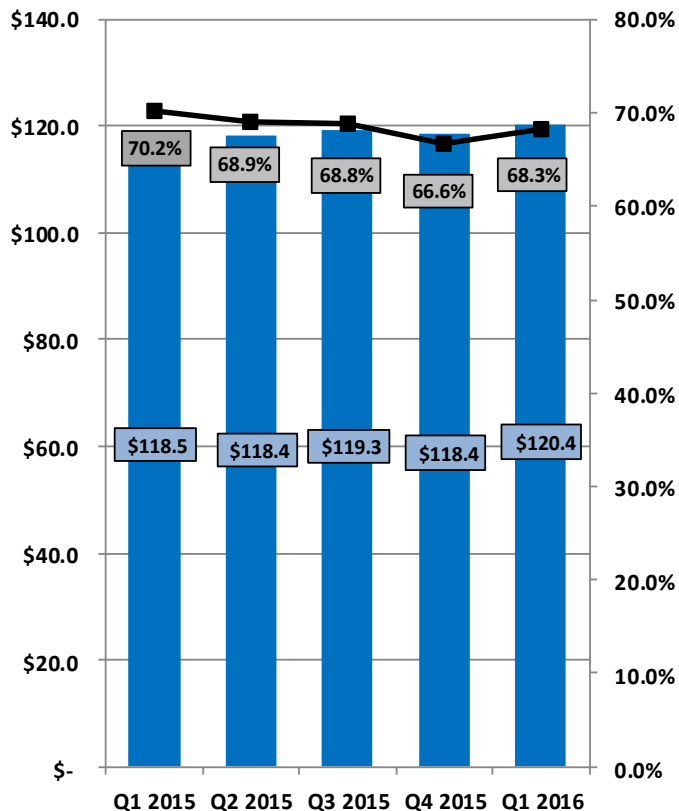


(1) Represents Gains on Sales divided by total new commitments to originate residential mortgage loans for customers.

NON-INTEREST EXPENSES

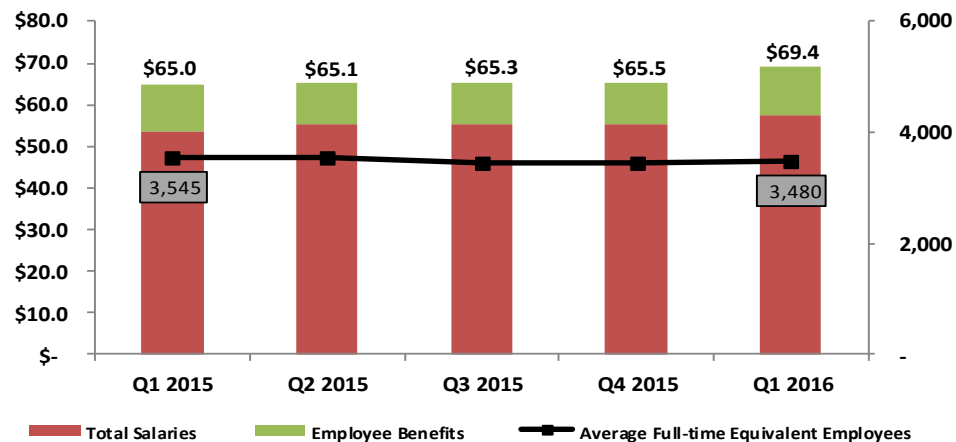
(\$ IN MILLIONS)

Non-interest Expense & Efficiency Ratio (1)

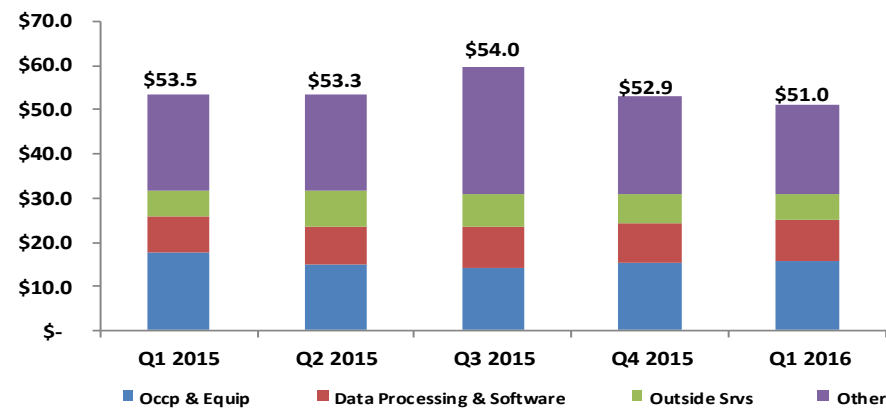


(1) Non-GAAP based financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.

Salaries and Employee Benefits & Staffing



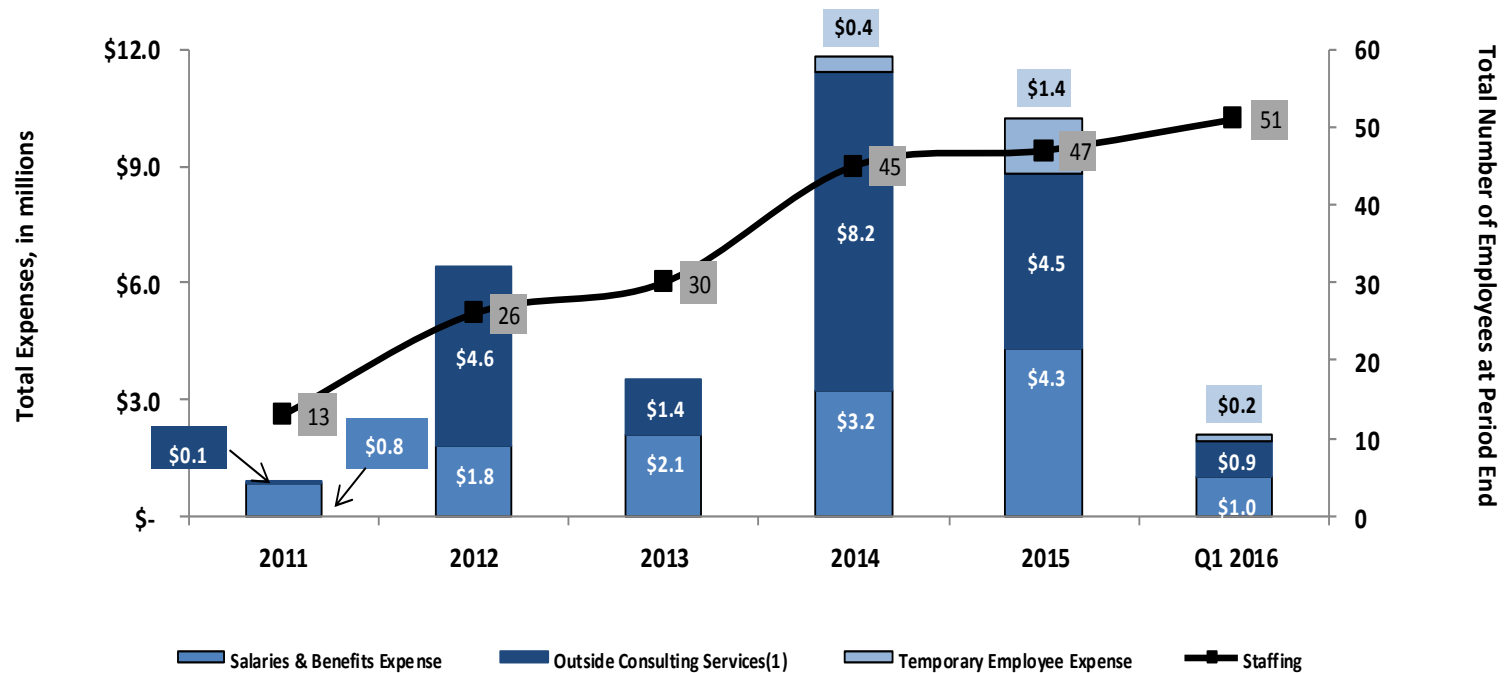
Other Non-interest Expenses



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

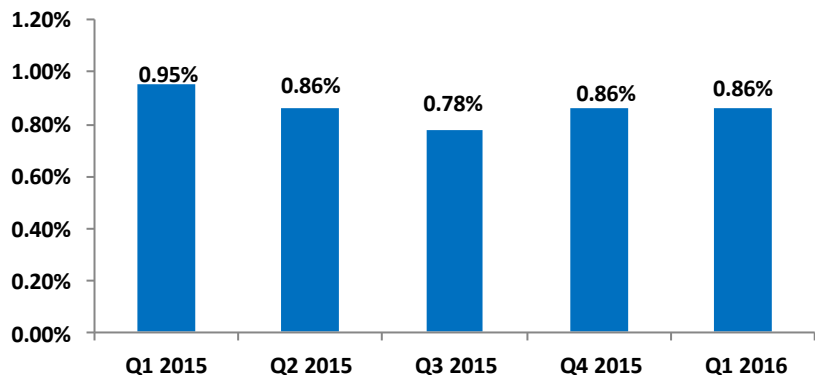
BSA/AML Compliance Program Expenses and Staffing



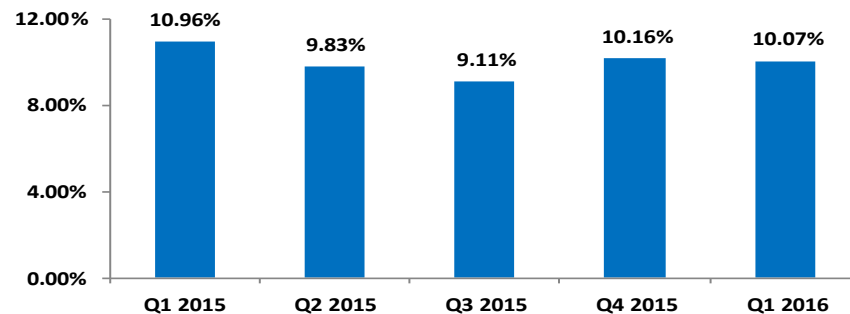
(1) Represents third-party consulting and legal services directly related to BSA/AML compliance program.

PROFITABILITY & CAPITAL

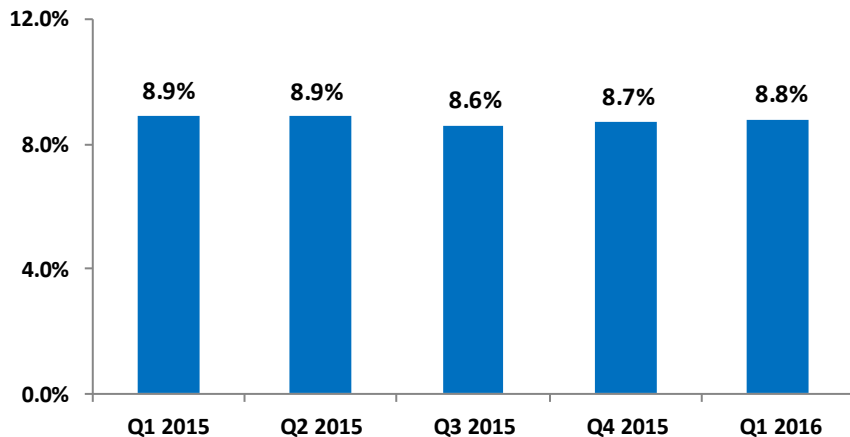
ROA⁽¹⁾



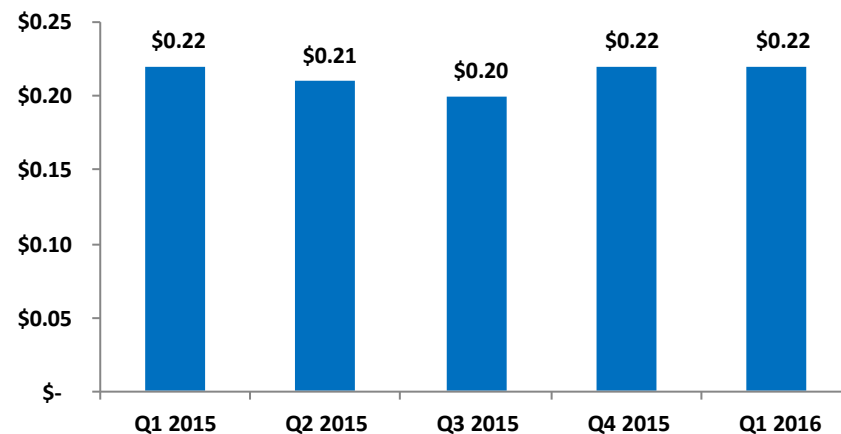
ROE (tangible)⁽²⁾



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

- **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

Outlook remains unchanged from prior quarter

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				
	Mar 31 2015	Jun 30 2015	Sep 30 2015	Dec 31 2015	Mar 31 2016
	(dollars in thousands)				
Efficiency ratio					
Non-interest expense	\$ 118,478	\$ 118,354	\$ 124,889	\$ 118,439	\$ 120,413
Less: Intangible amortization	(130)	(106)	(5)	(6)	-
Less: Loss on redemption of TruPS	-	-	(5,626)	-	-
Numerator	<u>\$ 118,348</u>	<u>\$ 118,248</u>	<u>\$ 119,258</u>	<u>\$ 118,433</u>	<u>\$ 120,413</u>
Net interest income (fully taxable equivalent)	\$ 128,085	\$ 127,444	\$ 130,252	\$ 132,683	\$ 134,026
Plus: Total Non-interest income	44,737	46,489	44,774	45,839	43,137
Less: Investment securities (gains) losses	(4,145)	(2,415)	(1,730)	(776)	(947)
Denominator	<u>\$ 168,677</u>	<u>\$ 171,518</u>	<u>\$ 173,296</u>	<u>\$ 177,746</u>	<u>\$ 176,216</u>
Efficiency ratio	<u>70.2%</u>	<u>68.9%</u>	<u>68.8%</u>	<u>66.6%</u>	<u>68.3%</u>

	Three Months Ended				
	Mar 31 2015	Jun 30 2015	Sep 30 2015	Dec 31 2015	Mar 31 2016
	(dollars in thousands)				
Return on Average Shareholders' Equity (ROE) (Tangible)					
Net income	\$ 40,036	\$ 36,680	\$ 34,251	\$ 38,535	\$ 38,257
Plus: Intangible amortization, net of tax	85	69	3	4	-
Numerator	<u>\$ 40,121</u>	<u>\$ 36,749</u>	<u>\$ 34,254</u>	<u>\$ 38,539</u>	<u>\$ 38,257</u>
Average shareholders' equity	\$ 2,015,963	\$ 2,031,788	\$ 2,022,829	\$ 2,036,769	\$ 2,058,799
Less: Average goodwill and intangible assets	(531,732)	(531,618)	(531,564)	(531,556)	(531,556)
Average tangible shareholders' equity (denominator)	<u>\$ 1,484,231</u>	<u>\$ 1,500,170</u>	<u>\$ 1,491,265</u>	<u>\$ 1,505,213</u>	<u>\$ 1,527,243</u>
Return on average common shareholders' equity (tangible), annualized	<u>10.96%</u>	<u>9.83%</u>	<u>9.11%</u>	<u>10.16%</u>	<u>10.07%</u>

NON-GAAP RECONCILIATION (CON'T)

	Mar 31 2015	Jun 30 2015	Sep 30 2015	Dec 31 2015	Mar 31 2016
<u>Tangible Common Equity to Tangible Assets (TCE Ratio)</u>	<i>(dollars in thousands)</i>				
Shareholders' equity	\$ 2,031,513	\$ 2,024,817	\$ 2,025,904	\$ 2,041,894	\$ 2,073,309
Less: Intangible assets	(531,672)	(531,567)	(531,562)	(531,556)	(531,556)
Tangible shareholders' equity (numerator)	<u>\$ 1,499,841</u>	<u>\$ 1,493,250</u>	<u>\$ 1,494,342</u>	<u>\$ 1,510,338</u>	<u>\$ 1,541,753</u>
Total assets	\$ 17,363,341	\$ 17,365,462	\$ 17,837,769	\$ 17,914,718	\$ 18,122,388
Less: Intangible assets	(531,672)	(531,567)	(531,562)	(531,556)	(531,556)
Total tangible assets (denominator)	<u>\$ 16,831,669</u>	<u>\$ 16,833,895</u>	<u>\$ 17,306,207</u>	<u>\$ 17,383,162</u>	<u>\$ 17,590,832</u>
Tangible Common Equity to Tangible Assets	<u>8.9%</u>	<u>8.9%</u>	<u>8.6%</u>	<u>8.7%</u>	<u>8.8%</u>

	Three Months Ended				
	Mar 31 2015	Jun 30 2015	Sep 30 2015	Dec 31 2015	Mar 31 2016
<u>Pre-Provision Net Revenue</u>	<i>(in thousands)</i>				
Net interest income	\$ 123,581	\$ 122,920	\$ 125,694	\$ 127,799	\$ 129,054
Non-interest income	44,737	46,489	44,774	45,839	43,137
Less: Investment securities gains	(4,145)	(2,415)	(1,730)	(776)	(947)
Total Revenue	<u>164,173</u>	<u>166,994</u>	<u>168,738</u>	<u>172,862</u>	<u>171,244</u>
Non-interest expense	118,478	118,354	124,889	118,439	120,413
Less: Loss on redemption of TruPS	-	-	(5,626)	-	-
Total Non-interest expense, as adjusted	<u>118,478</u>	<u>118,354</u>	<u>119,263</u>	<u>118,439</u>	<u>120,413</u>
Pre-Provision Net Revenue	<u>\$ 45,695</u>	<u>\$ 48,640</u>	<u>\$ 49,475</u>	<u>\$ 54,423</u>	<u>\$ 50,831</u>

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