

FULTON FINANCIAL CORPORATION

November 2, 2017

Dear Shareholders:

For the third quarter of 2017, we reported diluted per-share earnings of 28 cents, an increase of 7.7% linked quarter and 16.7% year-over-year. Our pre-provision net revenue¹ increased approximately \$2.6 million, or 4.1%, linked quarter and \$6.7 million, or 11.3%, year-over-year. Our return on average assets was 0.98%, our return on average shareholders' equity was 8.76%, and our return on average shareholders' equity (tangible)¹ was 11.52% for the quarter.

Overall, we were pleased with our financial performance for the third quarter. During the quarter, we grew total revenue to a record level while reducing our overall non-interest expenses. The diluted per share earnings of 28 cents equals our all-time high that we set in the third quarter of 2006.

Average loans increased 1.8%, or \$265 million, linked quarter and 8.3%, or \$1.2 billion, year-over-year. We saw growth in most of our loan portfolios linked quarter and year-over-year, with growth driven primarily by our commercial mortgage and residential mortgage portfolios.

After approaching a record level in the first quarter of 2017, our period end commercial pipeline decreased for the second consecutive quarter. Our commercial pipeline decreased 11.7% linked quarter and 5.0% year-over-year, driven, in part, by what we believe is a more cautious business spending environment and stronger competition within our footprint. Despite the decline, our pipeline remains at a level that we believe will allow us to sustain mid-to-high single digit average yearly loan growth in 2017.

Credit conditions remain consistent with prior quarters, despite an uptick in delinquencies. We believe this uptick is not suggestive of broader portfolio or macroeconomic trends.

Non-interest income, excluding securities gains, decreased \$3.6 million, or 7%, linked quarter, driven primarily by a decline in our commercial loan interest rate swap fees. This business tends to track with commercial originations, which were down linked quarter. Also, SBA loan sale fees were down linked quarter. Given our current pipelines, we believe fees in these two businesses will improve in the fourth quarter.

Turning to expenses, in the third quarter, we saw a linked quarter decline in our non-interest expenses. Non-interest expenses decreased \$538,000, or 0.4%, linked quarter. The efficiency ratio¹ was 64.3%, inside our stated goal of 60.0% - 65.0%. This compares to 65.3% for the second quarter of 2017. We continually look for ways to make our organization more efficient to drive the efficiency ratio lower while not sacrificing the customer experience.

On the capital front, we paid a quarterly common dividend of \$0.11 per share. We did not repurchase any common stock during the quarter. We have approximately \$31 million left in our current share repurchase program, which is authorized through December 31, 2017.

Turning to regulatory matters, emerging from the Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") Consent Orders remains a top priority for us. To that end, we recently announced that the Office of the Comptroller of the Currency has terminated the Consent Orders for three of our bank subsidiaries, Fulton Bank, N.A., FNB Bank, N.A. and Swineford National Bank. We continue to work diligently to achieve a similar resolution with respect to the BSA/AML Consent Orders issued to our other bank subsidiaries. In the meantime, we continue to prepare for the consolidation of our affiliate banks into a single bank, and move the organization forward in other ways by focusing on growth, efficiency and profitability to drive shareholder value.

In closing, I want to again extend my gratitude for your continued confidence in Fulton Financial Corporation. Be assured that every member of our dedicated team is working hard to enhance the value of your investment.

Very truly yours,



E. Philip Wenger
Chairman, President and CEO

[Click here](#) to view news from our company, including our most recent earnings press release and accompanying financial tables. This letter may contain forward-looking statements with respect to our financial condition, results of operations or business. 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. Do not unduly rely on forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties, some of which are beyond our control and ability to predict, that could cause actual results to differ materially from those expressed in the forward-looking statements.

A discussion of certain risks and uncertainties affecting us, and some of the factors that could cause our 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 our Annual Report on Form 10-K for the year ended December 31, 2016 and other periodic reports which we file from time to time with the Securities and Exchange Commission and are available in the Investor Relations section of our website www.fult.com and on the Securities and Exchange Commission's website www.sec.gov. We undertake 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.

¹ Pre-provision net revenue, return on average shareholders' equity (tangible) and efficiency ratio are non-GAAP financial measures. Please refer to the tables accompanying our earnings press release for the third quarter of 2017 (available by clicking the link above, or by visiting www.fult.com and selecting the Investor Relations tab) for a reconciliation of these measures to the most comparable GAAP measures.