FULTON FINANCIAL
CORPORATION

January 26, 2017

Dear Shareholders:

For 2016, we reported net income of $161.6 million, or diluted per share earnings of 93 cents, an increase of 8.1% year over year. Excluding securities gains, pre-provision net revenue[1] increased approximately $20.7 million, or 10.4%, year over year. Our return on average assets was 0.88% and our return on average common shareholders' equity (tangible)[1] was 10.30% for 2016. Our financial results in 2016 reflected continued progress in executing our growth strategies. Despite a challenging interest rate and operating environment, we were able to grow revenues at a greater pace than our expenses. As a result, we generated meaningful positive operating leverage, a goal that we set out at the beginning of 2016.

The loan portfolio increased 6.2% year over year, driven by growth in our residential and commercial mortgage portfolios. The residential and commercial mortgage portfolios increased 16.4% and 10.2%, respectively year over year. In 2016, we made a strategic decision to retain certain jumbo and CRA mortgages, driving growth in the residential portfolio. We were able to take advantage of the market opportunity to grow our commercial mortgage portfolio, while maintaining Fulton's consistent underwriting standards. Growth in the commercial mortgage portfolio was spread throughout our footprint, but primarily in our Pennsylvania market.

While our markets remain highly competitive, our commercial pipeline at December 31, 2016 increased 26.1% year over year, reflecting our focused calling and sales efforts, improved business activity, improved customer sentiment and market disruption.

Over the past year, we have added commercial relationship managers throughout our footprint, and we have made several key additions in our SBA, commercial leasing and agriculture specialty lending areas as well as in our mortgage banking company. We believe these additions along with improved business activity, improved customer sentiment, and a more favorable economic outlook will help drive growth in 2017 and beyond.

Core deposit growth continues to be a bright spot. Core deposits increased 8.8% year over year. The growth in core deposits was split equally between consumer and commercial.

Turning to credit, overall asset quality continued to improve. Delinquencies ended the year at approximately $187 million, while net charge-offs ended the year at approximately $13 million, both the lowest level since 2007.

We saw broad-based increases year over year in most of our non-interest income businesses and products. Excluding securities gains, non-interest income increased approximately 8.6% year over year. Mortgage banking income increased 6.6% year over year. We added loan originators across the footprint in 2016, and will continue to actively hire loan originators in 2017; so despite a projected rising rate environment and a projected decline in industry originations, we believe that we are positioned to capture greater market share in 2017. Also, we saw notable increases in other consumer product categories, such as debit and credit card income, and a slight increase in service charges on deposits. In the commercial area, our commercial loan interest rate swap, treasury services and SBA businesses all had a strong year.

Non-interest expenses, excluding the $5.6 million loss on the redemption of trust preferred securities recognized in the third quarter of 2015, increased 3.2% year over year. We saw a slight improvement in the efficiency ratio year over year. The efficiency ratio[1] for 2016 was 67.16%. We continually look for ways to make our organization more efficient to drive our efficiency ratio towards our goal of 60.0% - 65.0%.

Strategically, the deployment of capital for the enhancement of long-term shareholder value remains one of our highest priorities. In 2016, we increased our quarterly cash dividend by $0.01 to $0.10, paid a $0.02 special dividend in the 4th quarter and repurchased approximately $19 million of our common stock.

Finally, we continue to make progress on our Bank Secrecy Act/anti-money laundering remediation efforts, and emerging from the BSA/AML enforcement actions remains a priority for us. 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. We are focusing on organically growing the company, simplifying our corporate structure and enhancing our processes, while controlling costs.

To that end, we announced the creation of Fulton Forward™ in 2016, our initiative to further promote the building of vibrant communities through programs, products, and services, designed to foster affordable housing, drive economic development, and promote education and financial literacy in the neighborhoods served by our banking subsidiaries. In a related announcement, we announced the formation of an alliance between our parent company, Fulton Financial Corporation, our banking subsidiary, Fulton Bank, N.A., and Operation HOPE, Inc., a global financial dignity and economic empowerment nonprofit. The alliance will provide credit and money management counseling, as well as funding assistance to underserved individuals and communities in our market footprint in an effort to promote homeownership.

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

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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, 2015 and other periodic reports which we file 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.

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[1] Pre-provision net revenue, return on average common shareholders' equity (tangible) and efficiency ratio are non-GAAP financial measures. Please refer to the tables accompanying our earnings press release for the fourth quarter of 2016 (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.