

FULTON FINANCIAL CORPORATION

May 3, 2017

Dear Shareholders:

For the first quarter of 2017, we reported net income of \$43.4 million, or diluted per share earnings of 25 cents. Excluding securities gains, pre-provision net revenue¹ increased approximately \$10.0 million, or 19.8%, year-over-year. Our return on average assets was 0.92%, our return on average shareholders' equity was 8.22%, and our return on average shareholders' equity (tangible)¹ was 10.93% for the quarter. Overall, we were pleased with the first quarter results, and we continue to move forward in executing all of the priorities outlined in the 2016 annual report letter to shareholders.

Our strong first quarter 2017 performance in comparison to the first quarter of 2016 reflects a 13.4 % increase in net income largely driven by loan growth over the last year with continuing stable to slightly improving credit conditions, an increase in our net interest margin, growing non-interest income and holding our non-interest expenses to modest increases. As a result, we generated meaningful positive operating leverage.

Loan demand is typically softer in the first quarter. However, improved customer sentiment and a more favorable economic outlook, coupled with the hiring of additional commercial relationship managers in 2016 and continuing in 2017, resulted in increased business activity and meaningful loan growth in the first quarter of 2017. Period ending loan balances increased \$264 million during the first quarter of 2017 compared to a \$32 million increase during the first quarter of 2016.

Our commercial pipeline at March 31, 2017 remained strong, increasing 12.4% year-over-year. The increase reflects our continued calling and sales efforts with an expanded number of commercial relationship managers, improved business activity, improved customer sentiment and market disruption. Moving forward, we will continue to look for opportunities to add commercial relationship talent throughout our footprint. We believe these additions along with the better economic outlook will help drive continued commercial loan growth in 2017 and beyond.

Turning to credit, overall asset quality remains stable to slightly improving. Net charge-offs and delinquencies remain at historically low levels.

Our net interest income in the first quarter of 2017 continued to expand reflecting the increases in interest earning assets over the last year. For the second consecutive quarter, we saw an improvement in the net interest margin, largely reflecting the impact of the increase in short-term rates in December 2016 and March 2017.

Non-interest income increased approximately 8.0% in comparison to the first quarter of 2016, and we saw improvements across most products and businesses. The biggest drivers of growth year-over-year were in our commercial loan interest rate swap product, mortgage banking and investment management and trust services. These increases reflect the growth in the originated or managed assets that pertain to these categories of income.

The efficiency ratio¹ improved in the first quarter of 2017 compared to the first quarter of 2016 as our revenue growth more than offset the modest increase in our non-interest expenses. The efficiency ratio for the first quarter of 2017 was 64.8%, within our goal of 60.0% - 65.0%. We continually look for ways to make our organization more efficient to drive the efficiency ratio lower.

On the capital front, we increased our quarterly common dividend by \$0.01 to \$0.11. 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.

In 2016, we announced the creation of Fulton Forward™, 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 affiliate banks. To that end, in the first quarter, we made a \$675,000 investment in a new class of non-cumulative, nonvoting perpetual preferred stock issued by United Bancshares, Inc. ("United"), the parent holding company for United Bank of Philadelphia. We are making this investment because of United's deep involvement in the advancement of minority neighborhoods and minority-owned businesses in Philadelphia, and to enhance United's ability to serve those communities.

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.

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 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 first 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.