

July 31, 2017

Dear Shareholders:

For the second quarter of 2017, we reported diluted per share earnings of 26 cents, an increase of 4.0% linked quarter and 13.0% year-over-year. Our pre-provision net revenue¹ increased approximately \$1.0 million, or 1.8%, linked quarter and \$9.6 million, or 18.0%, year-over-year. Our return on average assets was 0.94%, and our return on average shareholders' equity (tangible)¹ was 11.06% for the quarter. Overall, we were pleased with the second quarter results. We had strong loan growth with stable credit conditions, continued net interest margin expansion, and growth across most non-interest income categories.

Meaningful loan growth continues to be a key driver of earnings growth. Loan growth accelerated towards quarter end, and as a result, period ending loan balances increased 2.6%, or \$383 million, linked quarter and 8.4%, or \$1.2 billion, year-over-year. This marked the largest increase in period ending loan balances since the closing of our last acquisition in the first quarter of 2006. We saw growth in most of our loan portfolios linked quarter and year-over-year; growth was driven primarily by our commercial and residential mortgage portfolios.

Our commercial pipeline at June 30, 2017 remained strong, increasing 6.1% 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 and consistent with prior quarters. Net charge-offs and delinquencies remain at historically low levels.

Our net interest income in the second quarter of 2017 continued to expand reflecting the increases in interest earning assets and short term rates. For the third 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, March 2017 and June 2017.

Non-interest income growth was strong both linked quarter and year-over-year, reflecting seasonal growth and higher volumes. Non-interest income increased approximately 11.8% and 10.6% linked quarter and year-over-year, respectively. Of note, our SBA, commercial loan interest rate swap and merchant businesses made notable contributions. On the consumer side, debit card income made a contribution as well.

Non-interest expenses increased linked quarter and year-over-year. As a result, the efficiency ratio¹ for the second quarter of 2017 increased to 65.3%, slightly outside our goal of 60.0% - 65.0%. This compares to 64.2% for the first 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 BSA/AML consent orders remains a top priority for us. Although we have no new information to report, we believe we are continuing to make progress toward that objective. 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 second 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.