

FULTON FINANCIAL CORP
Form 10-Q
August 08, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20459

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011, or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 0-10587

FULTON FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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PENNSYLVANIA
(State or other jurisdiction of

incorporation or organization)

One Penn Square, P.O. Box 4887, Lancaster, Pennsylvania
(Address of principal executive offices)

(717) 291-2411

(Registrant's telephone number, including area code)

23-2195389
(I.R.S. Employer

Identification No.)

17604
(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock, \$2.50 Par Value 199,795,000 shares outstanding as of July 29, 2011.

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FULTON FINANCIAL CORPORATION

FORM 10-Q FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011

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Table of Contents**Item 1. Financial Statements****FULTON FINANCIAL CORPORATION****CONSOLIDATED BALANCE SHEETS**

(in thousands, except per-share data)

	June 30 2011 (unaudited)	December 31 2010
ASSETS		
Cash and due from banks	\$ 284,691	\$ 198,954
Interest-bearing deposits with other banks	124,967	33,297
Loans held for sale	47,133	83,940
Investment securities:		
Held to maturity (estimated fair value of \$7,038 in 2011 and \$7,818 in 2010)	6,990	7,751
Available for sale	2,656,054	2,853,733
Loans, net of unearned income	11,852,491	11,933,307
Less: Allowance for loan losses	(266,683)	(274,271)
<i>Net Loans</i>	11,585,808	11,659,036
Premises and equipment	207,177	208,016
Accrued interest receivable	51,387	53,841
Goodwill	535,798	535,518
Intangible assets	10,111	12,461
Other assets	457,004	628,707
<i>Total Assets</i>	\$ 15,967,120	\$ 16,275,254
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 2,445,008	\$ 2,194,988
Interest-bearing	9,817,887	10,193,593
<i>Total Deposits</i>	12,262,895	12,388,581
Short-term borrowings:		
Federal funds purchased	166,179	267,844
Other short-term borrowings	380,402	406,233
<i>Total Short-Term Borrowings</i>	546,581	674,077
Accrued interest payable	29,444	33,333
Other liabilities	149,354	179,424
Federal Home Loan Bank advances and long-term debt	1,025,537	1,119,450

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<i>Total Liabilities</i>	14,013,811	14,394,865
SHAREHOLDERS EQUITY		
Common stock, \$2.50 par value, 600 million shares authorized, 215.6 million shares issued in 2011 and 215.4 million shares issued in 2010	538,923	538,492
Additional paid-in capital	1,421,626	1,420,127
Retained earnings	210,671	158,453
Accumulated other comprehensive income:		
Unrealized gains on investment securities not other-than-temporarily impaired	37,227	22,354
Unrealized non-credit related losses on other-than-temporarily impaired debt securities	(747)	(2,355)
Unrecognized pension and postretirement plan costs	(4,438)	(4,414)
Unamortized effective portions of losses on forward-starting interest rate swaps	(3,022)	(3,090)
<i>Accumulated Other Comprehensive Income</i>	29,020	12,495
Treasury stock, 16.2 million shares in 2011 and 16.3 million shares in 2010, at cost	(246,931)	(249,178)
<i>Total Shareholders Equity</i>	1,953,309	1,880,389
 <i>Total Liabilities and Shareholders Equity</i>	 \$ 15,967,120	 \$ 16,275,254

See Notes to Consolidated Financial Statements

Table of Contents**FULTON FINANCIAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(in thousands, except per-share data)

	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
INTEREST INCOME				
Loans, including fees	\$ 149,751	\$ 157,628	\$ 299,247	\$ 315,162
Investment securities:				
Taxable	20,749	25,146	42,556	53,295
Tax-exempt	3,146	3,348	6,321	6,943
Dividends	696	660	1,379	1,389
Loans held for sale	492	667	992	1,223
Other interest income	101	231	134	256
<i>Total Interest Income</i>	174,935	187,680	350,629	378,268
INTEREST EXPENSE				
Deposits	21,775	31,819	45,061	65,557
Short-term borrowings	168	390	422	939
Long-term debt	12,347	16,313	24,938	34,105
<i>Total Interest Expense</i>	34,290	48,522	70,421	100,601
<i>Net Interest Income</i>	140,645	139,158	280,208	277,667
Provision for credit losses	36,000	40,000	74,000	80,000
<i>Net Interest Income After Provision for Credit Losses</i>	104,645	99,158	206,208	197,667
OTHER INCOME				
Service charges on deposit accounts	14,332	15,482	27,637	29,749
Other service charges and fees	12,709	11,469	24,191	21,634
Investment management and trust services	9,638	8,655	18,842	16,743
Mortgage banking income	6,049	3,899	11,512	8,048
Other	4,979	4,503	9,400	8,317
Total other-than-temporary impairment losses	(71)	(4,334)	(1,092)	(9,585)
Less: Portion of (gain) loss recognized in other comprehensive income (before taxes)	(322)	836	(592)	1,110
Net other-than-temporary impairment losses	(393)	(3,498)	(1,684)	(8,475)
Net gains on sale of investment securities	58	4,402	3,634	7,156
Net investment securities gains (losses)	(335)	904	1,950	(1,319)
<i>Total Other Income</i>	47,372	44,912	93,532	83,172
OTHER EXPENSES				
Salaries and employee benefits	56,070	54,654	110,378	106,999

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Net occupancy expense	10,874	10,519	22,240	22,169
Equipment expense	3,377	2,663	6,509	5,754
FDIC insurance expense	3,264	5,136		