

FULTON FINANCIAL CORP

Form 10-Q

May 09, 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 March 31, 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 199,263,000 shares outstanding as of April 29, 2011.

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FULTON FINANCIAL CORPORATION

FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 2011

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

(in thousands, except per-share data)

	March 31 2011 (unaudited)	December 31 2010
ASSETS		
Cash and due from banks	\$ 265,353	\$ 198,954
Interest-bearing deposits with other banks	83,293	33,297
Loans held for sale	30,903	83,940
Investment securities:		
Held to maturity (estimated fair value of \$7,347 in 2011 and \$7,818 in 2010)	7,293	7,751
Available for sale	2,690,141	2,853,733
Loans, net of unearned income	11,873,208	11,933,307
Less: Allowance for loan losses	(270,272)	(274,271)
<i>Net Loans</i>	11,602,936	11,659,036
Premises and equipment	208,370	208,016
Accrued interest receivable	52,878	53,841
Goodwill	535,651	535,518
Intangible assets	11,283	12,461
Other assets	473,095	628,707
<i>Total Assets</i>	\$ 15,961,196	\$ 16,275,254
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 2,310,290	\$ 2,194,988
Interest-bearing	10,098,320	10,193,593
<i>Total Deposits</i>	12,408,610	12,388,581
Short-term borrowings:		
Federal funds purchased	8,285	267,844
Other short-term borrowings	406,113	406,233
<i>Total Short-Term Borrowings</i>	414,398	674,077
Accrued interest payable	34,392	33,333
Other liabilities	157,785	179,424
Federal Home Loan Bank advances and long-term debt	1,035,689	1,119,450

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<i>Total Liabilities</i>	14,050,874	14,394,865
SHAREHOLDERS EQUITY		
Common stock, \$2.50 par value, 600 million shares authorized, 215.5 million shares issued in 2011 and 215.4 million shares issued in 2010	538,669	538,492
Additional paid-in capital	1,420,666	1,420,127
Retained earnings	184,254	158,453
Accumulated other comprehensive income:		
Unrealized gains on investment securities not other-than-temporarily impaired	23,791	22,354
Unrealized non-credit related losses on other-than-temporarily impaired debt securities	(1,460)	(2,355)
Unrecognized pension and postretirement plan costs	(4,426)	(4,414)
Unamortized effective portions of losses on forward-starting interest rate swaps	(3,056)	(3,090)
<i>Accumulated Other Comprehensive Income</i>	14,849	12,495
Treasury stock, 16.3 million shares in 2011 and 2010, at cost	(248,116)	(249,178)
<i>Total Shareholders Equity</i>	1,910,322	1,880,389
<i>Total Liabilities and Shareholders Equity</i>	\$ 15,961,196	\$ 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 March 31	
	2011	2010
INTEREST INCOME		
Loans, including fees	\$ 149,496	\$ 157,534
Investment securities:		
Taxable	21,807	28,149
Tax-exempt	3,175	3,595
Dividends	683	729
Loans held for sale	500	556
Other interest income	33	25
<i>Total Interest Income</i>	175,694	190,588
INTEREST EXPENSE		
Deposits	23,286	33,738
Short-term borrowings	254	549
Long-term debt	12,591	17,792
<i>Total Interest Expense</i>	36,131	52,079
<i>Net Interest Income</i>	139,563	138,509
Provision for credit losses	38,000	40,000
<i>Net Interest Income After Provision for Credit Losses</i>	101,563	98,509
OTHER INCOME		
Service charges on deposit accounts	13,305	14,267
Other service charges and fees	11,482	10,165
Investment management and trust services	9,204	8,088
Mortgage banking income	5,463	4,149
Other	4,421	3,814
Total other-than-temporary impairment losses	(1,021)	(5,251)
Less: Portion of (gain) loss recognized in other comprehensive income (before taxes)	(270)	274
<i>Net other-than-temporary impairment losses</i>	(1,291)	(4,977)
<i>Net gains on sale of investment securities</i>	3,576	2,754
<i>Net investment securities gains (losses)</i>	2,285	(2,223)
<i>Total Other Income</i>	46,160	38,260
OTHER EXPENSES		
Salaries and employee benefits	54,308	52,345
Net occupancy expense	11,366	11,650
FDIC insurance expense	4,754	4,954
Data processing	3,372	3,417
Equipment expense	3,132	3,091

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Professional fees	2,849	2,546
Marketing	2,836	1,830
Other real estate owned and repossession expense	1,970	2,681
Intangible amortization	1,178	1,314
Other	15,798	16,194
<i>Total Other Expenses</i>	101,563	100,022
<i>Income Before Income Taxes</i>	46,160	36,747
Income taxes	12,375	9,267
<i>Net Income</i>	33,785	27,480
Preferred stock dividends and discount accretion	0	(5,065)
<i>Net Income Available to Common Shareholders</i>	\$ 33,785	\$ 22,415
PER COMMON SHARE:		
Net income (basic)	\$ 0.17	\$ 0.13
Net income (diluted)	0.17	0.13
Cash dividends	0.04	0.03
<i>See Notes to Consolidated Financial Statements</i>		

Table of Contents**FULTON FINANCIAL CORPORATION****CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (UNAUDITED)****THREE MONTHS ENDED MARCH 31, 2011 AND 2010**

	Common Stock			Additional	Retained	Accumulated	Treasury	Total
	Preferred	Shares	Amount	Paid-in	Earnings	Comprehensive	Stock	
	Stock	Outstanding		Capital	(in thousands)	Income		
Balance at December 31, 2010	\$ 0	199,050	\$ 538,492	\$ 1,420,127	\$ 158,453	\$ 12,495	\$ (249,178)	\$ 1,880,389
Comprehensive income:								