

FULTON FINANCIAL CORP
Form 11-K
June 26, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 11-K

(Mark One)

✓ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year end December 31, 2017,

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
(NO FEE REQUIRED)

For the transition period from _____ to _____

Commission File No. 0-10587

Fulton Financial Corporation
401(k) Retirement Plan
(Full title of Plan)
FULTON FINANCIAL CORPORATION
One Penn Square
Lancaster, PA 17602
(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

FULTON FINANCIAL CORPORATION
401(k) RETIREMENT PLAN
Lancaster, Pennsylvania

FINANCIAL STATEMENTS
December 31, 2017 and 2016

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FULTON FINANCIAL CORPORATION
401(k) RETIREMENT PLAN

Report of Independent Registered Public Accounting Firm
Fulton Financial Corporation Retirement Plans Administrative Committee
Fulton Financial Corporation 401(k) Retirement Plan:
Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Fulton Financial Corporation 401(k) Retirement Plan (the Plan) as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the years then ended and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Accompanying Supplemental Information

The supplemental information in the accompanying schedule, Schedule H, line 4i - Schedule of Assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ KPMG LLP

We have served as the Plan's auditor since 2013.

Philadelphia, Pennsylvania
June 26, 2018

FULTON FINANCIAL CORPORATION
 401(k) RETIREMENT PLAN
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
 December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$43,858	\$62,257
Investments, at fair value	367,915,355	321,311,894
Receivables:		
Accrued income	275,870	323,445
Participant contributions	—	4,000
Employer contribution	—	500
Total receivables	275,870	327,945
Total assets	368,235,083	321,702,096
LIABILITIES		
Security transaction payable	37,224	29,703
Benefit claims payable	17,143	—
Total liabilities	54,367	29,703
Net assets available for benefits	\$368,180,716	\$321,672,393

See accompanying notes to financial statements.

FULTON FINANCIAL CORPORATION
 401(k) RETIREMENT PLAN
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 Years ended December 31, 2017 and 2016

	2017	2016
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments (Note 4)	\$34,937,711	\$23,170,105
Interest and dividends	15,608,168	9,247,010
Other income	247,068	216,611
Total investment income	50,792,947	32,633,726
Contributions:		
Employer contributions	7,845,289	7,196,965
Participant contributions	13,033,542	11,749,372
Participant rollovers	2,850,670	2,260,104
Total contributions	23,729,501	21,206,441
Total additions	74,522,448	53,840,167
Deductions from net assets attributed to:		
Benefits paid to participants	27,873,301	30,030,882
Administrative expenses	140,824	144,332
Total deductions	28,014,125	30,175,214
Net increase in net assets available for plan benefits	46,508,323	23,664,953
Net assets available for benefits:		
Beginning of year	321,672,393	298,007,440
End of year	\$368,180,716	\$321,672,393

See accompanying notes to financial statements.

FULTON FINANCIAL CORPORATION
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Fulton Financial Corporation 401(k) Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General: The Plan's eligibility requirements include substantially all employees of Fulton Financial Corporation (the "Company" or the "Employer") and its subsidiaries. Eligible employees who have completed 30 days of service and who have attained age 21 may make employee contributions to the Plan. To receive an employer matching contribution, an employee must complete a year of service and attain age 21. The Plan provides for retirement, death, and disability benefits. The Plan is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Contributions: The employer profit sharing contribution is discretionary and is allocated uniformly on the basis of compensation. To be eligible for an employer profit sharing contribution, an employee had 1) to be hired prior to July 1, 2007 and be eligible to participate in this Plan under the eligibility requirements in effect on that date, or 2) to be an active participant in the Fulton Financial Affiliates Defined Benefit Pension Plan as of December 31, 2007. For the years ending December 31, 2017 and 2016, no profit sharing contribution was made to eligible participants.

Eligible employees may elect to contribute 1% to 50% of eligible compensation not to exceed the maximum allowed by law. Any participant who has attained age 50 by the end of the Plan year may make catch-up contributions in accordance with Code Section 414(v).

The employer shall make a matching contribution equal to 100% of the first 5% of compensation deferred. Participants direct the investment of their participant and employer contributions into various investment options offered by the Plan.

Participant Accounts: Each participant's account is credited with the participant's contribution, an allocation of the Company contribution, and Plan earnings/(losses) and charged with his or her withdrawals. Allocations are based on participant earnings or account balances, as defined in the Plan. The benefit to which a participant is entitled is the vested benefit that can be provided from the participant's account.

Retirement, Death and Disability: A participant is entitled to 100% of his or her account balance upon retirement, death or disability.

Vesting: Participants are immediately vested in their voluntary, employer matching, and rollover contributions plus actual earnings thereon. Vesting in the profit sharing account is based on years of service. Participants become 100% vested after completion of five years of credited service.

Payment of Benefits: Upon termination of service, death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account. Benefit payments are distributed as either a lump sum or in installment payments over a period. The period over which benefits are paid is not to exceed either the life expectancy of the participant or the joint life expectancies of the participant and the participant's

beneficiary.

Forfeitures: Forfeitures represent the nonvested portion of the participant's account plus earnings thereon that are not fully distributable to participants who terminate employment. Forfeitures are used to reduce reasonable expenses incurred by the Plan or to reduce employer contributions to the Plan. Forfeitures totaling \$9,326 and \$17,508 were used to reduce Plan expenses during 2017 and 2016, respectively. The forfeitures available to be used as of December 31, 2017 and 2016 totaled \$25,340 and \$9,326, respectively.

Expenses: Fees incurred in the administration of the Plan are paid by the Plan or the Company. Fees paid by the Plan for investment management services are included as reduction of the return earned by each fund. Any rebates on investment fees received by the trustee on behalf of the Plan are deposited into the Plan and are reflected as fees rebated by the applicable fund.

Loans: Participant loans are not permitted.

FULTON FINANCIAL CORPORATION
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method: The Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP").

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures, and actual results may differ from these estimates.

Risk and Uncertainties: The Plan provides for various investment options including any combination of certain mutual funds, common stock of the Company, or collective trust funds. The underlying investment securities are exposed to various risks, such as interest rate, market, liquidity, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits and participants' individual account balances.

Investment Valuation and Income Recognition: The Plan's investments are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. The Plan records interest income on the accrual basis and dividends on the ex-dividend date. See Note 7, Fair Value Measurements, for discussion of fair value measurements.

Concentration of Credit Risk: At December 31, 2017 and 2016, approximately 7.4% and 9.2% of the Plan's assets were invested in Fulton Financial Corporation common stock, respectively.

Payment of Benefits: Benefits are recorded when paid.

NOTE 3 - RIGHTS UPON PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants would become 100% vested in their accounts.

NOTE 4 - INVESTMENTS

During 2017 and 2016, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

	2017	2016
Mutual Funds	\$34,750,516	\$12,899,157
Fulton Financial Corporation Common Stock	187,195	10,270,948
Net appreciation in fair value of investments	\$34,937,711	\$23,170,105

NOTE 5 - PARTIES-IN-INTEREST

Parties-in-interest are defined under Department of Labor Regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. Certain professional fees for the administration of the Plan were paid by the Company.

Fees paid by the Plan to Conrad Siegel for administrative services totaled \$375 and \$5,495 for 2017 and 2016, respectively. Fees paid to Fulton Financial Advisors related to benefits paid to participants and record keeping services totaled \$52,155 and \$86,639 for 2017 and 2016, respectively.

Fees paid to Groom Law Group related to legal fees totaled \$39,139 and \$6,191 for 2017 and 2016, respectively. Fees paid to KPMG for auditing services totaled \$36,400 and \$34,970 for 2017 and 2016, respectively.

At December 31, 2017 and 2016, the Plan had investments of \$27,327,375 and \$29,459,092, respectively, in Fulton Financial Corporation common stock. Approximately \$702,671 and \$656,408 of cash dividends were paid to the Plan by Fulton Financial Corporation during 2017 and 2016, respectively.

FULTON FINANCIAL CORPORATION
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 6 - TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated March 22, 2016, that the Plan and related trust are designed in accordance with applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

U.S. GAAP requires plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2016.

NOTE 7 - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair values of mutual fund investments and publicly traded common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Investments measured at fair value on a recurring basis are summarized below:

Fair Value Measurements
Using Quoted Prices in
Active Markets for Identical
Assets (Level 1)
December 31, December 31,
2017 2016

Investments:

Mutual Funds	\$340,587,980	\$291,852,802
Fulton Financial Corporation Common Stock	27,327,375	29,459,092
Total	\$367,915,355	\$321,311,894

There are no Level 2 or Level 3 investments as of December 31, 2017 and 2016.

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FULTON FINANCIAL CORPORATION
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 8 - SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through June 26, 2018, the date the financial statements were available to be issued and there have been no material events that would require recognition in the financial statements or disclosures to the financial statements.

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SUPPLEMENTARY INFORMATION

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FULTON FINANCIAL CORPORATION

401(k) RETIREMENT PLAN

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2017

Name of Plan Sponsor: Fulton Financial Corporation
 EIN: 23-2195389
 Plan number: 001

(a) Identity of Issue, Borrower, Lessor, or Similar Party	(b) Description of Investment Including Maturity Date, Rate of Interest Collateral, Par or Maturity Value	(c) Current Value ⁽¹⁾
Mutual Funds		
Fidelity Investments	Fidelity Adv Div Institutional Fund	\$3,422,735
FMI	FMI International Fd Investor CI	16,849,348
Janus	Janus Enterprise Fund 1050 Class T	25,476,140
Loomis Sayles	Loomis Sayles Small Cap Value Fund	18,133,495
MFS Investment Management	MFS Value Fund	28,517,921
T Rowe Price	T Rowe Price Growth Stock Fund	44,937,338
Vanguard	Vanguard Small Cap Growth Index	5,980,701
Vanguard	Vanguard 500 Index Fund	40,144,814
Vanguard	Vanguard M/C Value Index	8,709,244
Vanguard	Vanguard Mid Cap Index Fund	10,216,605
Vanguard	Vanguard Small Cap Value Index Fund	9,274,923
Vanguard	Vanguard Small-Cap Index Fund	2,298,600
Vanguard	Vanguard Star Fund	5,551,994
Vanguard	Vanguard Windsor II Fund-Adm	2,161,441
Federated Investors, Inc.	Federated Total Return Bond Fund	24,927,261
Goldman Sachs & Co.	Goldman Sachs Core Fixed Income Fund I	1,588,091
Vanguard	Vanguard Inflation Protected	986,124
Vanguard	Vanguard Short Term Bond Index Fund	5,681,895
Goldman Sachs & Co.	Goldman Sachs Financial Square Treasury Institutional Fund	42,453
Goldman Sachs & Co.	Goldman Sachs Financial Square Government Fund	18,486,860
T Rowe Price	T Rowe Price Retirement 2010 Fund	2,430,388
T Rowe Price	T Rowe Price Retirement 2020 Fund	19,027,415
T Rowe Price	T Rowe Price Retirement 2030 Fund	22,989,151
T Rowe Price	T Rowe Price Retirement 2040 Fund	15,085,561
T Rowe Price	T Rowe Price Retirement 2050 Fund	7,167,459
T Rowe Price	T Rowe Price Retirement 2060 Fund	500,023

Common Stock

Fulton Financial Corporation ⁽²⁾ Common Stock	27,327,375
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Total Investments	\$367,915,355
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(1) All investments are participant directed, therefore, historical cost information is not required

(2) Party-in-interest

FULTON FINANCIAL CORPORATION
401(k) RETIREMENT PLAN

Pursuant to the requirements of the Securities Exchange Act of 1934, the administrators of the Fulton Financial Corporation 401 (k) Retirement Plan have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

FULTON FINANCIAL
CORPORATION
401(k) RETIREMENT PLAN

Date: June 26, 2018 /s/ Elli Miller
Elli Miller
Vice President, Benefits Manager

FULTON FINANCIAL CORPORATION
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
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EXHIBIT INDEX

EXHIBIT DESCRIPTION

23.1 Consent of Independent Registered Public Accounting Firm

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