

FULTON FINANCIAL CORP

Form 10-Q/A

November 19, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20459
FORM 10-Q/A**

(Mark One)

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

For the quarterly period ended **September 30, 2008**, 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)

PENNSYLVANIA

23-2195389

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

One Penn Square, P.O. Box 4887 Lancaster,
Pennsylvania

17604

(Address of principal executive offices)

(Zip Code)

(717) 291-2411

(Registrant's telephone number, including area 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a 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 174,981,000 shares outstanding as of October 31, 2008.

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EXPLANATORY NOTE

This Amended Quarterly Report on Form 10-Q/A is being filed for the purpose of correcting clerical errors on Exhibit 32.1 and Exhibit 32.2. In all other material respects this Amended Quarterly Report on Form 10-Q/A is unchanged from the Quarterly Report on Form 10-Q filed by Fulton Financial Corporation on November 10, 2008.

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FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2008
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EX-32.1

EX-32.2

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CONSOLIDATED BALANCE SHEETS****(in thousands, except per-share data)**

	September 30 2008 (unaudited)	December 31 2007
ASSETS		
Cash and due from banks	\$ 315,841	\$ 381,283
Interest-bearing deposits with other banks	11,819	11,330
Federal funds sold	38,370	9,823
Loans held for sale	71,090	103,984
Investment securities:		
Held to maturity (estimated fair value of \$9,926 in 2008 and \$10,399 in 2007)	9,823	10,285
Available for sale	2,796,712	3,143,267
Loans, net of unearned income	11,823,529	11,204,424
Less: Allowance for loan losses	(136,988)	(107,547)
<i>Net Loans</i>	11,686,541	11,096,877
Premises and equipment	199,464	193,296
Accrued interest receivable	62,018	73,435
Goodwill	624,410	624,072
Intangible assets	25,225	30,836
Other assets	294,832	244,610
<i>Total Assets</i>	\$ 16,136,145	\$ 15,923,098
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 1,690,499	\$ 1,722,211
Interest-bearing	8,226,056	8,383,234
<i>Total Deposits</i>	9,916,555	10,105,445
Short-term borrowings:		
Federal funds purchased	1,326,873	1,057,335
Other short-term borrowings	1,263,093	1,326,609
<i>Total Short-Term Borrowings</i>	2,589,966	2,383,944

Accrued interest payable	47,950	69,238
Other liabilities	157,875	147,418
Federal Home Loan Bank advances and long-term debt	1,819,889	1,642,133
<i>Total Liabilities</i>	14,532,235	14,348,178
SHAREHOLDERS EQUITY		
Common stock, \$2.50 par value, 600 million shares authorized, 192.3 million shares issued in 2008 and 191.8 million shares issued in 2007	480,810	479,559
Additional paid-in capital	1,253,851	1,254,369
Retained earnings	159,320	141,993
Accumulated other comprehensive loss	(21,262)	(21,773)
Treasury stock, 17.6 million shares in 2008 and 18.3 million shares in 2007, at cost	(268,809)	(279,228)
<i>Total Shareholders Equity</i>	1,603,910	1,574,920
<i>Total Liabilities and Shareholders Equity</i>	\$ 16,136,145	\$ 15,923,098

See Notes to Consolidated Financial Statements

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FULTON FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per-share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
INTEREST INCOME				
Loans, including fees	\$ 180,170	\$ 204,580	\$ 550,477	\$ 598,130
Investment securities:				
Taxable	26,025	24,583	84,114	71,201
Tax-exempt	4,513	4,388	13,540	13,069
Dividends	1,421	2,063	5,103	5,998
Loans held for sale	1,539	2,694	4,727	9,771
Other interest income	141	432	460	1,339
<i>Total Interest Income</i>	213,809	238,740	658,421	699,508
INTEREST EXPENSE				
Deposits	47,192	76,403	161,807	221,410
Short-term borrowings	12,877	17,786	44,093	51,734
Long-term debt	19,722	22,141	60,714	61,271
<i>Total Interest Expense</i>	79,791	116,330	266,614	334,415
<i>Net Interest Income</i>	134,018	122,410	391,807	365,093
Provision for loan losses	26,700	4,606	54,626	8,263
<i>Net Interest Income After Provision for Loan Losses</i>	107,318	117,804	337,181	356,830
OTHER INCOME				
Service charges on deposit accounts	16,177	11,293	45,463	33,145
Other service charges and fees	9,598	8,530	27,320	23,746
Investment management and trust services	8,045	9,291	25,193	29,374
Gains on sales of mortgage loans	2,266	2,532	7,247	12,113
Gain on sale of credit card portfolio			13,910	
Investment securities (losses) gains	(9,501)	(134)	(29,902)	2,277
Other	4,030	5,231	11,214	12,158
<i>Total Other Income</i>	30,615	36,743	100,445	112,813
OTHER EXPENSES				
Salaries and employee benefits	55,310	52,505	164,786	164,353
Net occupancy expense	10,237	9,813	30,999	29,963
Operating risk loss	3,480	16,345	19,108	26,462

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Data processing	3,242	3,131	9,604	9,550
Advertising	3,097	2,470	9,521	7,869
Equipment expense	3,061	3,438	9,907	10,589
Intangible amortization	1,730	1,995	5,386	6,176
Other	18,998	18,299	56,240	52,046
<i>Total Other Expenses</i>	99,155	107,996	305,551	307,008
<i>Income Before Income Taxes</i>	38,778	46,551	132,075	162,635
Income taxes	9,702	12,985	35,825	48,096
<i>Net Income</i>	\$ 29,076	\$ 33,566	\$ 96,250	\$ 114,539

PER-SHARE DATA:

Net income (basic)	\$ 0.17	\$ 0.19	\$ 0.55	\$ 0.66
Net income (diluted)	0.17	0.19	0.55	0.66
Cash dividends	0.150	0.150	0.450	0.448

See Notes to Consolidated Financial Statements

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FULTON FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(in thousands)

	Number of Shares Outstanding	Common Stock	Additional Paid-in Capital	Accumulated			Total
				Retained Earnings	Other Comprehensive Income (Loss)	Treasury Stock	
Balance at December 31, 2007	173,503	\$ 479,559	\$ 1,254,369	\$ 141,993	\$ (21,773)	\$ (279,228)	\$ 1,574,920
Comprehensive income:							
Net income				96,250			96,250
Other comprehensive income					511		511
<i>Total comprehensive income</i>							96,761
Stock issued, including related tax benefits	1,184	1,251	(2,189)			10,419	9,481
Stock-based compensation awards			1,671				1,671
Impact of pension plan measurement date change (net of \$23,000 tax effect)				43			43
Cumulative effect of EITF 06-4 adoption				(677)			(677)
Cash dividends \$0.450 per share				(78,289)			(78,289)
Balance at September 30, 2008	174,687	\$ 480,810	\$ 1,253,851	\$ 159,320	\$ (21,262)	\$ (268,809)	\$ 1,603,910
Balance at December 31, 2006	173,648	\$ 476,987	\$ 1,246,823	\$ 92,592	\$ (39,091)	\$ (261,001)	\$ 1,516,310

Comprehensive income:								
Net income				114,539				114,539
Other comprehensive income					10,046			10,046
<i>Total comprehensive income</i>								124,585
Stock issued, including related tax benefits	920	2,298	4,383					6,681
Stock-based compensation awards			2,069					2,069
Cumulative effect of FIN 48 adoption				220				220
Acquisition of treasury stock	(1,174)					(18,227)		(18,227)
Cash dividends \$0.448 per share				(77,518)				(77,518)
Balance at September 30, 2007	173,394	\$ 479,285	\$ 1,253,275	\$ 129,833	\$ (29,045)	\$ (279,228)		\$ 1,554,120

See Notes to Consolidated Financial Statements

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FULTON FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended	
	September 30	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 96,250	\$ 114,539
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	54,626	8,263
Depreciation and amortization of premises and equipment	14,776	14,801
Net amortization of investment security premiums	372	1,726
Gain on sale of credit card portfolio	(13,910)	
Investment securities losses (gains)	29,902	(2,277)
Net decrease in loans held for sale	17,396	92,314
Amortization of intangible assets	5,386	6,176
Stock-based compensation expense	1,671	2,069
Excess tax benefits from stock-based compensation expense	(20)	(111)
Decrease (increase) in accrued interest receivable	11,417	(2,102)
(Increase) decrease in other assets	(12,274)	8,940
(Decrease) increase in accrued interest payable	(21,288)	9,373
Decrease in other liabilities	(17,279)	(10,858)
Total adjustments	70,775	128,314
<i>Net cash provided by operating activities</i>	167,025	242,853
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available for sale	662,993	314,979
Proceeds from maturities of securities held to maturity	5,273	2,774
Proceeds from maturities of securities available for sale	546,407	366,308
Proceeds from sale of credit card portfolio	100,516	
Purchase of securities held to maturity	(4,813)	(1,986)
Purchase of securities available for sale	(903,817)	(739,377)
(Increase) decrease in short-term investments	(29,036)	8,515
Net increase in loans	(715,219)	(589,419)
Net purchases of premises and equipment	(20,944)	(13,492)
<i>Net cash used in investing activities</i>	(358,640)	(651,698)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net decrease in demand and savings deposits	(21,071)	(171,584)
Net (decrease) increase in time deposits	(167,819)	230,301
Additions to long-term debt	344,690	723,633
Repayments of long-term debt	(166,934)	(394,801)

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Increase in short-term borrowings	206,022	92,243
Dividends paid	(78,196)	(77,113)
Net proceeds from issuance of stock	9,461	6,570
Excess tax benefits from stock-based compensation expense	20	111
Acquisition of treasury stock		(18,227)
<i>Net cash provided by financing activities</i>	126,173	391,133
Net Decrease in Cash and Due From Banks	(65,442)	(17,712)
Cash and Due From Banks at Beginning of Year	381,283	355,018
Cash and Due From Banks at End of Year	\$ 315,841	\$ 337,306
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	\$ 287,902	\$ 325,042
Income taxes	67,264	52,355
<i>See Notes to Consolidated Financial Statements</i>		

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**FULTON FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
NOTE A –**