

# 2020 SECOND QUARTER RESULTS

NASDAQ: FULT

FULTON FINANCIAL  
CORPORATION

Data as of June 30, 2020 unless otherwise noted

# FORWARD-LOOKING STATEMENTS

This presentation may contain forward-looking statements with respect to the Corporation's financial condition, results of operations and business. Do not unduly rely on forward-looking statements. 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," "projects," the negative of these terms and other comparable terminology. These forward-looking statements may include projections of, or guidance on, the Corporation's future financial performance, expected levels of future expenses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in the Corporation's business or financial results. Management's Q3 2020 Outlook contained herein is comprised of forward-looking statements.

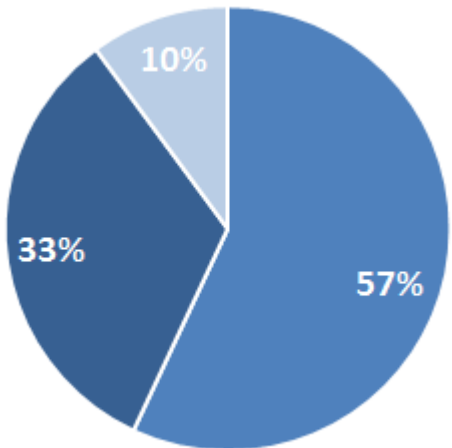
Forward-looking statements are neither historical facts, nor assurance of future performance. Instead, they are based on current beliefs, expectations and assumptions regarding the future of the Corporation's business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Corporation's control, and actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not unduly rely on any of these forward-looking statements. Any forward-looking statement is based only on information currently available and speaks only as of the date when made. The Corporation undertakes 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.

A discussion of certain risks and uncertainties affecting the Corporation, and some of the factors that could cause the Corporation's 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 the Corporation's Annual Report on Form 10-K for the year ended December 31, 2019, Quarterly Report on Form 10-Q for the quarter end March 31, 2020 and other current and periodic reports, which have been, or will be, filed with the Securities and Exchange Commission and are or will be available in the Investor Relations section of the Corporation's website ([www.fult.com](http://www.fult.com)) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)).

The Corporation uses certain non-GAAP financial measures in this presentation. These non-GAAP financial measures are reconciled to the most comparable GAAP measures at the end of this presentation.

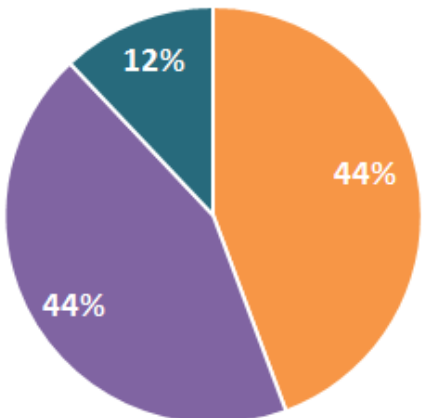
# COVID-19 IMPACT: COMMERCIAL & CONSUMER

## Commercial Portfolio



|                             | <u>Commitments</u> | <u>Balances(1)</u><br>(dollars in millions) | <u>Forbearance % (2)</u> |
|-----------------------------|--------------------|---|--------------------------|
| C&I Portfolio               | \$ 10,941          | \$ 6,933                                    | 16.8%                    |
| CRE Portfolio               | 6,328              | 5,258                                       | 19.0%                    |
| PPP                         | 1,937              | 1,937                                       | 0.0%                     |
| <b>Commercial Portfolio</b> | <b>\$ 19,206</b>   | <b>\$ 14,127</b>                            | <b>15.3%</b>             |

## Consumer Portfolio

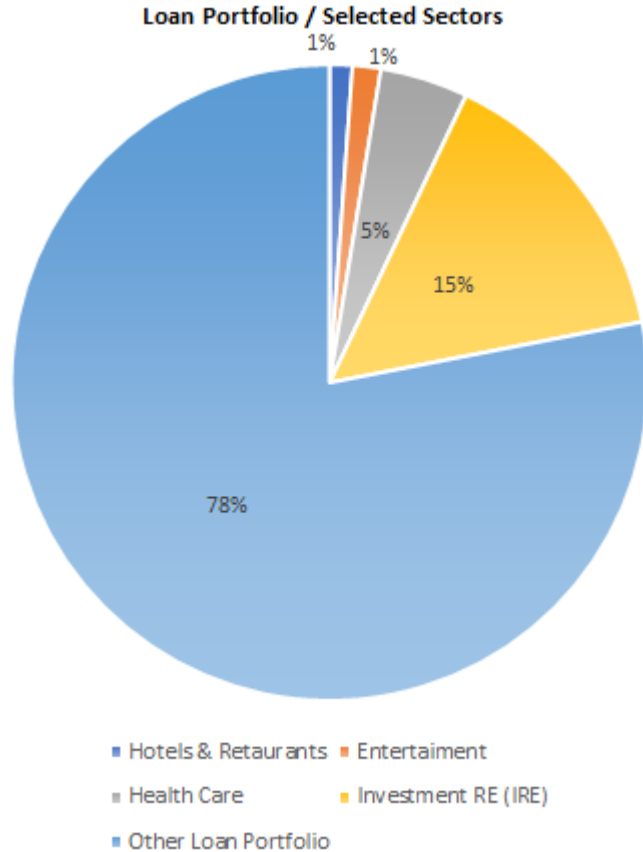


|                           | <u>Commitments</u> | <u>Balances(1)</u><br>(dollars in millions) | <u>Forbearance % (2)</u> |
|---------------------------|--------------------|---|--------------------------|
| Residential Mtg           | \$ 2,798           | \$ 2,862                                    | 7.5%                     |
| HELOC                     | 2,755              | 1,251                                       | 0.2%                     |
| Other Consumer            | 759                | 465   | 0.0%                     |
| <b>Consumer Portfolio</b> | <b>\$ 6,313</b>    | <b>\$ 4,578</b>                             | <b>4.8%</b>              |

1. Ending balances are as of June 30, 2020 and based on regulatory classifications.  
 2. Percentages of total ending loan balances by each category as of July 16, 2020.

# LOAN PORTFOLIO COMPOSITION

## (Selected Sectors)



### Loan Portfolio / Selected Sectors

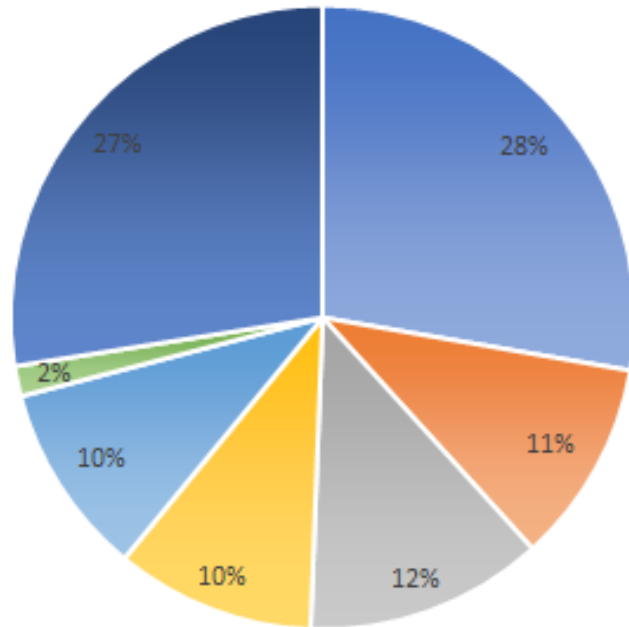
(dollars in thousands)

| <u>June 30, 2020</u>  | <u>Balance</u>       | <u>Asset Quality</u> |                 | <u>C/C %<br/>of Sector (2)</u> |
|-----------------------|----------------------|----------------------|-----------------|--------------------------------|
|                       |                      | <u>NPL % (1)</u>     | <u>Avg Loan</u> |                                |
| Hotels & Restaurants  | \$ 213,911           | 1.2%                 | \$ 453          | 8.1%                           |
| Entertainment         | 268,630              | 2.0%                 | 1,124           | 6.1%                           |
| Health Care           | 838,698              | 0.2%                 | 870             | 5.8%                           |
| Investment RE (IRE)   | 2,783,367            | 0.6%                 | 1,653           | 2.9%                           |
| Other Loan Portfolios | <u>14,600,116</u>    | -                    | -               | -                              |
|                       | <b>\$ 18,704,722</b> |                      |                 |                                |

1. Sector non-performing loans to total sector loans.
2. Sector criticized and classified loans to total sector loans. Criticized and classified loans consist of loans that have been assigned a risk rating of less than "pass" under the Corporation's internal risk rating process. Under the Corporation's internal risk rating process, loans assigned a "pass" rating do not currently pose undue credit risk and can range from the highest to average quality, depending on the degree of potential risk. Criticized and classified loans consist of loans that have been assigned an internal risk rating of "special mention," "substandard" and lower. Criticized and classified loans present heightened credit risk, may be inadequately protected by current sound worth and paying capacity of the borrower, and may have a well-defined weakness or weaknesses that jeopardize the normal repayment of the debt.

# DETAILED REVIEW: INVESTOR REAL ESTATE

Selected Investment Real Estate (IRE)



- Office Building
- Office Warehouse
- Retail Space
- Shopping Center
- Hotel/Motel
- Restaurants
- Other IRE

Selected Investment Real Estate (IRE)

(dollars in thousands)

| June 30, 2020    | Balance             | Asset Quality |                 | C/C %<br>of Segment (2) |
|------------------|---------------------|---------------|-----------------|-------------------------|
|                  |                     | NPL % (1)     | Avg Loan        |                         |
| Office Building  | \$ 771,427          | 0.4%          | \$ 1,703        | 1.3%                    |
| Office Warehouse | 293,820             | 0.6%          | 1,272           | 2.7%                    |
| Retail Space     | 343,739             | 0.1%          | 1,146           | 3.2%                    |
| Shopping Center  | 287,892             | 3.4%          | 3,469           | 3.4%                    |
| Hotel/Motel      | 277,308             | 0.0%          | 5,788           | 0.0%                    |
| Restaurants      | 43,395              | 0.4%          | 536             | 3.5%                    |
| Other IRE        | 765,286             | 1.7%          | 1,254           | 1.2%                    |
|                  | <u>\$ 2,782,867</u> | <u>0.6%</u>   | <u>\$ 1,653</u> | <u>2.9%</u>             |

1. IRE segment non-performing loans to total IRE segment loans.
2. Segment criticized and classified loans to total segment loans. Criticized and classified loans consist of loans that have been assigned a risk rating of less than "pass" under the Corporation's internal risk rating process. Under the Corporation's internal risk rating process, loans assigned a "pass" rating do not currently pose undue credit risk and can range from the highest to average quality, depending on the degree of potential risk. Criticized and classified loans consist of loans that have been assigned an internal risk rating of "special mention," "substandard" and lower. Criticized and classified loans present heightened credit risk, may be inadequately protected by current sound worth and paying capacity of the borrower, and may have a well-defined weakness or weaknesses that jeopardize the normal repayment of the debt.

# INCOME STATEMENT SUMMARY

Change From

|                                | <u>2Q20</u>  | <u>1Q20</u> | <u>2Q19</u> |
|--------------------------------|--|-------------|-------------|
|                                | <i>(dollars in thousands, except per-share data)</i> |             |             |
| Net Interest Income            | \$ 152,754   | \$ (7,992)  | \$ (11,790) |
| Provision for Credit Losses    | 19,570   | (24,460)    | 14,545      |
| Non-Interest Income            | 52,917   | (1,681)     | (1,223)     |
| Securities Gains               | 3,005  | 2,959       | 2,829       |
| Non-Interest Expense           | 143,006  | 454         | (1,162)     |
| Income before Income Taxes     | 46,101   | 17,293      | (23,566)    |
| Income Taxes                   | 6,542  | 3,781       | (3,345)     |
| Net Income                     | \$ 39,559  | \$ 13,512   | \$ (20,221) |
| Net income per share (diluted) | \$ 0.24  | \$ 0.08     | \$ (0.11)   |
| ROA (1)                        | 0.66 %   | 0.19 %      | (0.48)%     |
| ROE (2)                        | 6.89 %   | 2.41 %      | (3.53)%     |
| ROE (tangible) (3)             | 8.99 %   | 3.15 %      | (4.61)%     |
| Efficiency ratio (3)           | 66.4 %   | 1.9 %       | 2.1 %       |

1. ROA is return on average assets determined by dividing net income for the period indicated by average assets, annualized.

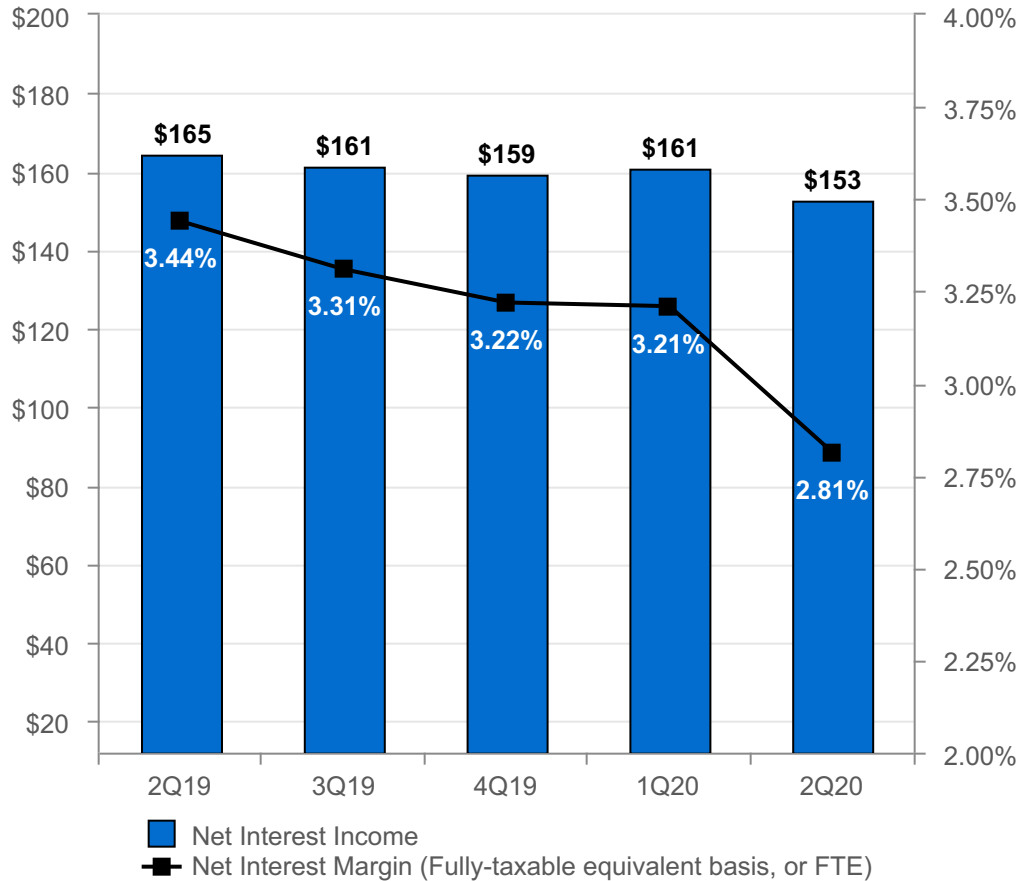
2. ROE is return on average shareholders' equity determined by dividing net income for the period indicated by average shareholders' equity, annualized.

3. Non-GAAP financial measure. Please refer to the calculation and management's reasons for using this measure on the slide titled "Non-GAAP Reconciliation" at the end of this presentation.

# NET INTEREST INCOME AND MARGIN

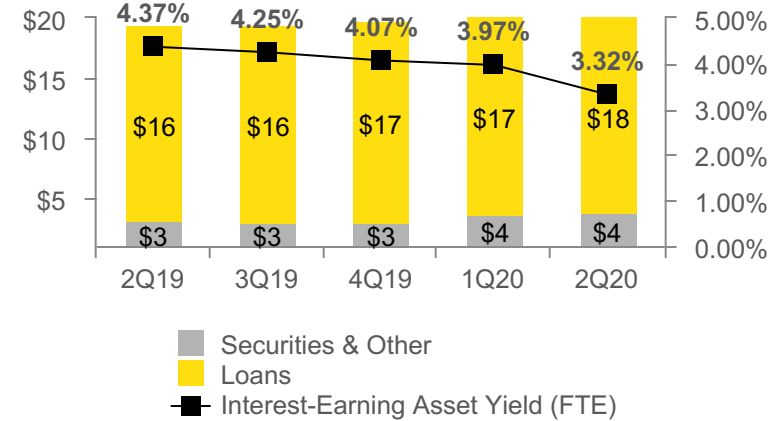
## Net Interest Income & Net Interest Margin

(\$ IN MILLIONS)



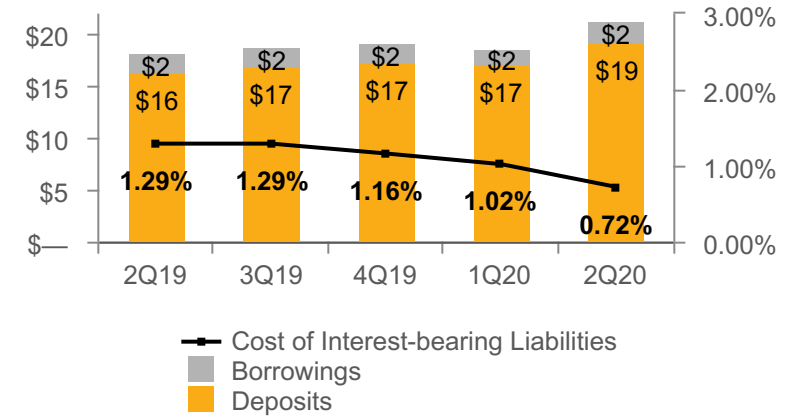
## Average Interest-Earning Assets & Yields

(\$ IN BILLIONS)



## Average Liabilities & Rates

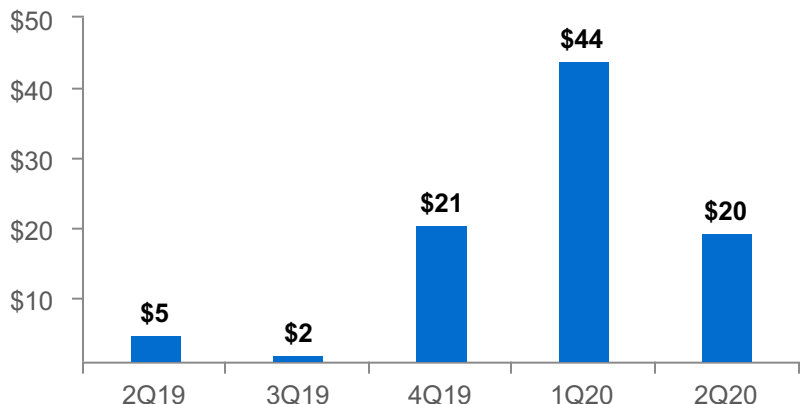
(\$ IN BILLIONS)



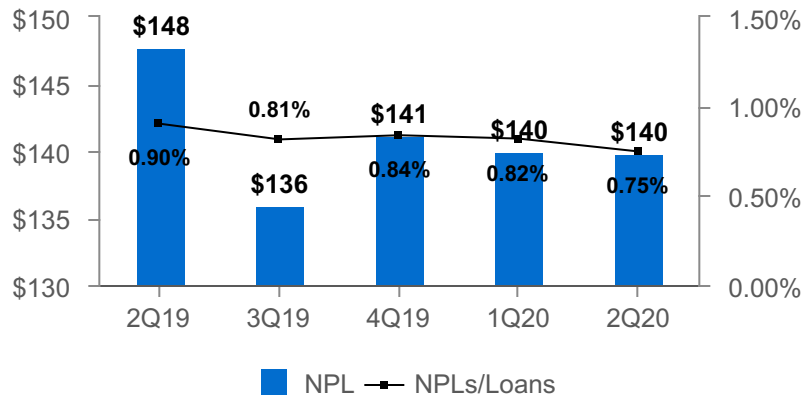
# ASSET QUALITY

(\$ IN MILLIONS)

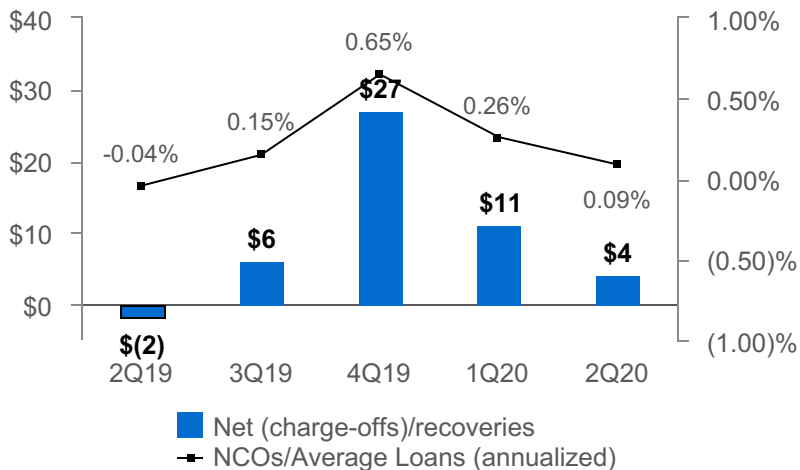
## Provision for Credit Losses



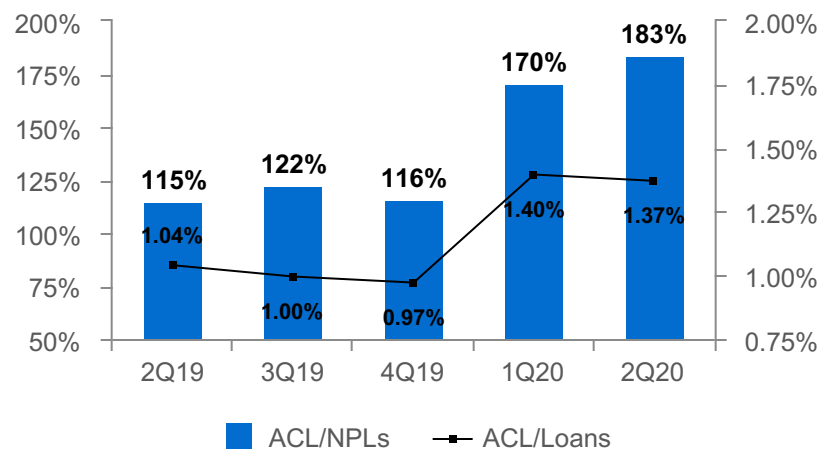
## Non-Performing Loans (NPLs) & NPLs to Loans



## Net Charge-offs (NCOs) and NCOs to Average Loans



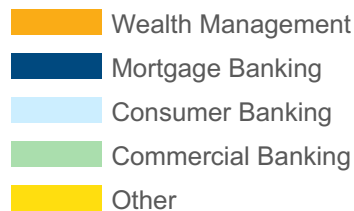
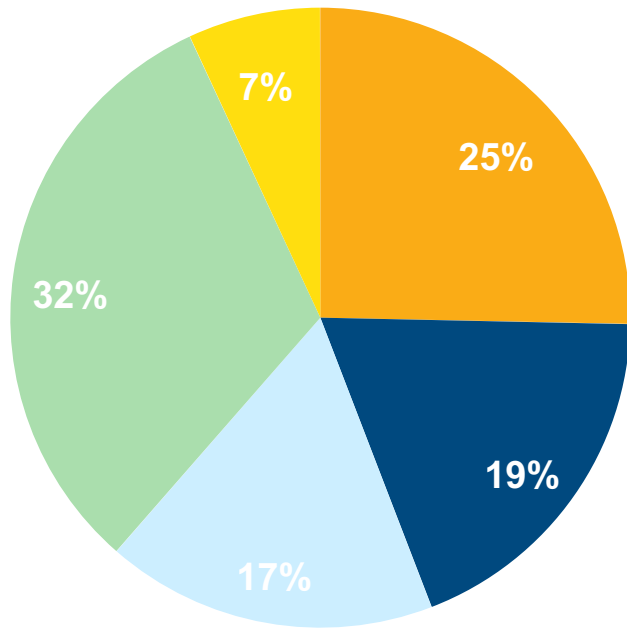
## ACL(1) to NPLs & Loans





# NON-INTEREST INCOME<sup>(1)</sup>

Three months ended June 30, 2020  
(percent of total non-interest income)



|                      | <u>2Q20</u>                   | <u>1Q20</u>      | <u>Change</u>     |
|----------------------|-------------------------------|------------------|-------------------|
|                      | <i>(dollars in thousands)</i> |                  |                   |
| ■ Wealth Management  | \$ 13,407                     | \$ 15,055        | \$ (1,648)        |
| ■ Mortgage Banking   | 9,964                         | 6,234            | 3,730             |
| ■ Consumer Banking   | 9,138                         | 11,239           | (2,101)           |
| ■ Commercial Banking | 16,748                        | 18,419           | (1,671)           |
| ■ Other              | 3,660                         | 3,651            | 9                 |
| Total                | <u>\$ 52,917</u>              | <u>\$ 54,598</u> | <u>\$ (1,681)</u> |

## Non-interest income<sup>(1)</sup> decreased 3% from 1Q20

### Decreases in:

- Brokerage income
- Overdraft fees
- Other service charges on deposits for commercial customers

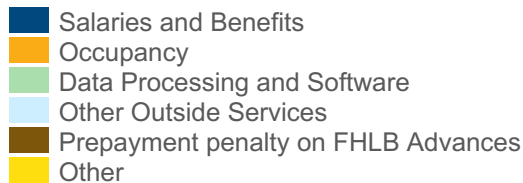
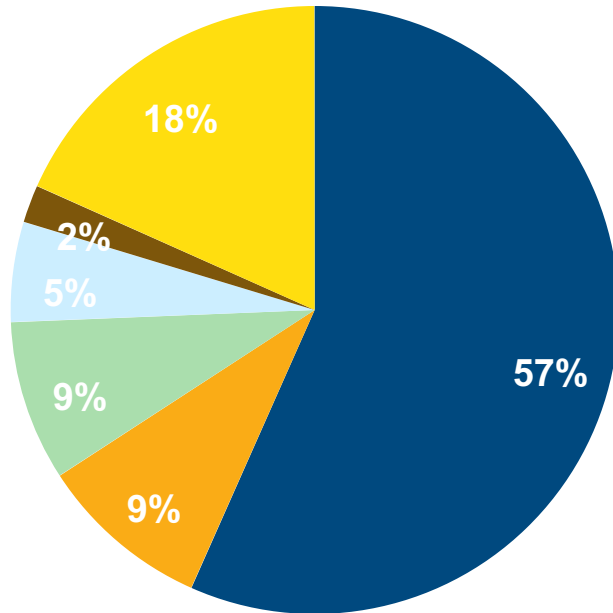
### Increases in:

- Net result of \$10.3 million increase in gains on mortgage loan sales (higher refinance activity), partially offset by \$6.6 million valuation allowance on MSRs.

(1) Excluding investment securities gains

# NON-INTEREST EXPENSE

Three months ended June 30, 2020  
(percent of total non-interest expense)



|                                       | <u>2Q20</u>                   | <u>1Q20</u>       | <u>Change</u> |
|---------------------------------------|-------------------------------|-------------------|---------------|
|                                       | <i>(dollars in thousands)</i> |                   |               |
| ■ Salaries and Benefits               | \$ 81,012                     | \$ 80,228         | \$ 784        |
| ■ Occupancy                           | 13,144                        | 13,486            | (342)         |
| ■ Data Processing and Software        | 12,193                        | 11,645            | 548           |
| ■ Other Outside Services              | 7,600                         | 7,881             | (281)         |
| ■ Prepayment Penalty on FHLB Advances | 2,878                         | —                 | 2,878         |
| ■ Other                               | 26,179                        | 29,312            | (3,133)       |
| <b>Total</b>                          | <u>\$ 143,006</u>             | <u>\$ 142,552</u> | <u>\$ 454</u> |

## Non-interest expense increased slightly from 1Q20

### Increases in:

- Additional bonus and overtime expenses
- Prepayment Penalty on FHLB Advances recorded in 2Q20

### Decreases in:

- Professional fees and FDIC insurance expense

# LIQUIDITY POSITION

## COMMENTARY

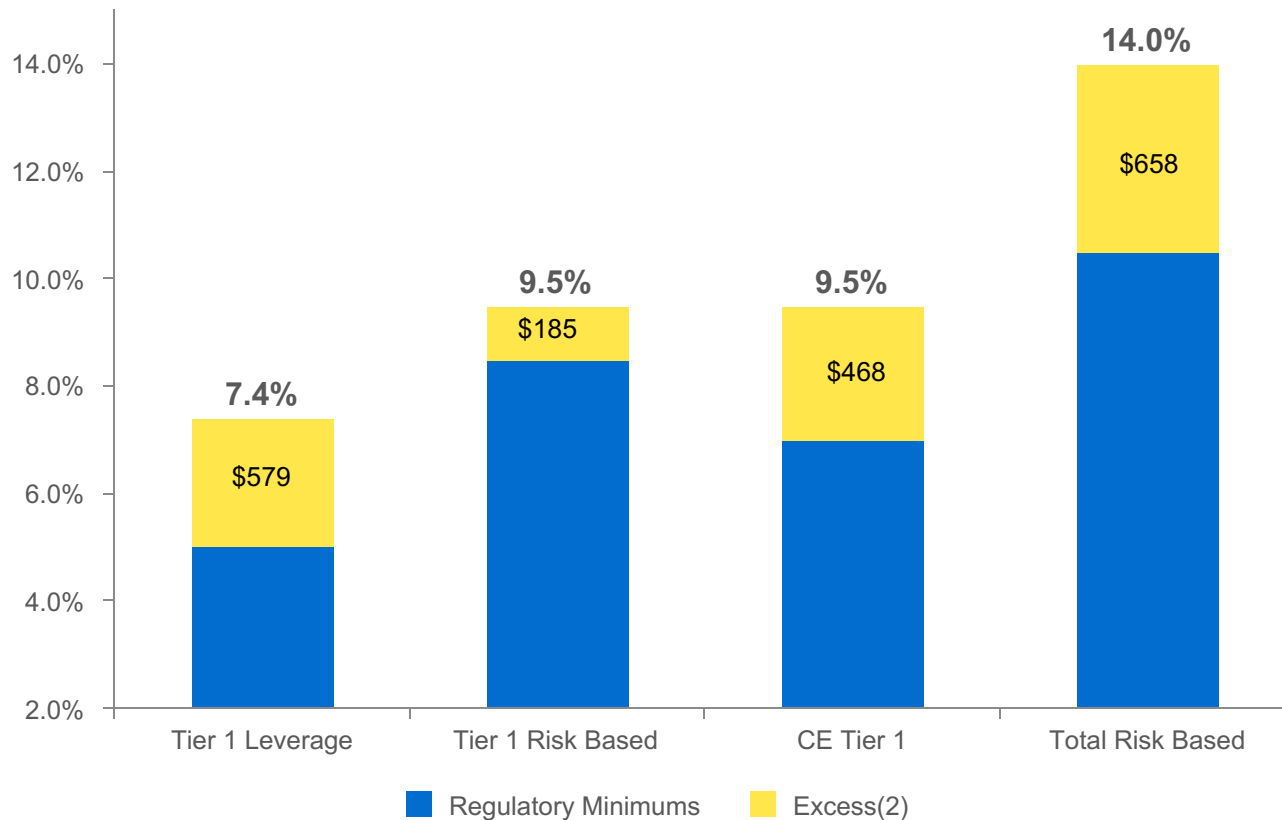
- Liquidity remains strong and diverse.
- Continue efforts to increase capacity with the FHLB and Federal Reserve.
- Sitting on excess cash reserves since mid-March.
- Federal Reserve facility for funding of PPP (PPPLF), is available if needed.
- Additional liquidity is available through Federal Funds lines and brokered deposits.

## AVAILABLE LIQUIDITY

| As of June 30, 2020 <i>(in thousands)</i> |                  |
|---|------------------|
| Cash On-Hand                              | 461,926          |
| Federal Reserve Capacity                  | 383,371          |
| Outstanding Loans                         | -                |
| Total Available @ Federal Reserve         | 383,371          |
| FHLB Capacity                             | 6,677,000        |
| Advances                                  | (539,024)        |
| Letters of Credit                         | (1,893,441)      |
| Total Available @ FHLB                    | 4,244,536        |
| Unencumbered Securities <sup>(1)</sup>    | 2,380,704        |
| <b>Total Committed</b>                    | <b>7,008,610</b> |

<sup>(1)</sup> 5% haircut applied to unencumbered securities

# CAPITAL POSITION REMAINS STRONG



**Suspended share repurchases in Mid-March.**

**Dividend remains at \$0.13 quarterly.**

# Q3 2020 OUTLOOK

*All previous guidance for 2020 has been withdrawn due to the impact from COVID-19. At this time, select guidance for the third quarter of 2020 will be provided on the following areas in comparison to second quarter of 2020 actual results, except effective tax rate is the expected range of the effective tax rate for the third quarter of 2020:*

- **Loans:** Overall loan growth expected to be +/- 1 - 2%.
- **Deposits:** Overall deposit growth expected to be 1 - 2%, with seasonal municipal deposit inflows offset by modest runoff as PPP funds.
- **Net Interest Income:** In the range of \$150 - \$153 million
- **Non-Interest Income:** Consistent with second quarter 2020, in the range of \$50 - \$53 million.
- **Non-Interest Expense:** Consistent with second quarter 2020, in the range of \$139 - \$142 million.
- **Effective Tax Rate:** Between 11.5% - 12.5%

# NON-GAAP RECONCILIATION

**Note:** The Corporation has presented the following non-GAAP (Generally Accepted Accounting Principles) financial measures because it believes that these measures provide useful and comparative information to assess trends in the Corporation's results of operations and financial condition. Presentation of these non-GAAP financial measures is consistent with how the Corporation evaluates its performance internally and these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Corporation's industry. Investors should recognize that the Corporation's presentation of these non-GAAP financial measures might not be comparable to similarly-titled measures of other companies. These non-GAAP financial measures should not be considered a substitute for GAAP basis measures and the Corporation strongly encourages a review of its condensed consolidated financial statements in their entirety.

|   | Three months ended  |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | Jun 30<br>2020      | Mar 31<br>2020      | Dec 31<br>2019      | Sep 30<br>2019      | Jun 30<br>2019      |
| <b><u>Return on average shareholders' equity (tangible)</u></b> |                     |                     |                     |                     |                     |
| Net income  | \$ 39,559           | \$ 26,047           | \$ 47,789           | \$ 62,108           | \$ 59,780           |
| Plus: Intangible amortization, net of tax                       | 104                 | 104                 | 112                 | 846                 | 85                  |
| (Numerator)   | <u>\$ 39,663</u>    | <u>\$ 26,151</u>    | <u>\$ 47,901</u>    | <u>\$ 62,954</u>    | <u>\$ 59,865</u>    |
| Average shareholders' equity                                    | \$ 2,309,133        | \$ 2,337,016        | \$ 2,341,397        | \$ 2,315,585        | \$ 2,301,258        |
| Less: Average goodwill and intangible assets                    | (535,103)           | (535,235)           | (534,190)           | (535,184)           | (535,301)           |
| Average tangible shareholders' equity (denominator)             | <u>\$ 1,774,030</u> | <u>\$ 1,801,781</u> | <u>\$ 1,807,207</u> | <u>\$ 1,780,401</u> | <u>\$ 1,765,957</u> |
| Return on average shareholders' equity (tangible), annualized   | <u>8.99 %</u>       | <u>5.84 %</u>       | <u>10.52 %</u>      | <u>14.03 %</u>      | <u>13.60 %</u>      |

# NON-GAAP RECONCILIATION

|  | Three months ended |                |                |                |                |
|--|--------------------|----------------|----------------|----------------|----------------|
|  | Jun 30<br>2020     | Mar 31<br>2020 | Dec 31<br>2019 | Sep 30<br>2019 | Jun 30<br>2019 |
| <b><u>Asset Quality, excluding PPP</u></b>   |                    |                |                |                |                |
| Non-performing loans (numerator)             | \$ 139,804         | \$ 139,938     | \$ 141,155     | \$ 135,976     | \$ 147,716     |
| Loans, net of unearned income                | \$ 18,704,722      | \$ 17,077,403  | \$ 16,837,526  | \$ 16,686,866  | \$ 16,368,458  |
| Less: PPP loans                              | (1,937,034)        | —              | —              | —              | —              |
| Total adjusted loans (denominator)           | \$ 16,767,688      | \$ 16,767,688  | \$ 16,767,688  | \$ 16,767,688  | \$ 16,767,688  |
| Non-performing loans to adjusted total loans | <u>0.83 %</u>      | <u>0.83 %</u>  | <u>0.84 %</u>  | <u>0.81 %</u>  | <u>0.88 %</u>  |
| <br>   |                    |                |                |                |                |
| ACL - loans (numerator)                      | \$ 256,537         | \$ 238,508     | \$ 163,622     | \$ 166,135     | \$ 170,233     |
| Loans, net of unearned income                | \$ 18,704,722      | \$ 17,077,403  | \$ 16,837,526  | \$ 16,686,866  | \$ 16,368,458  |
| Less: PPP loans                              | (1,937,034)        | —              | —              | —              | —              |
| Total adjusted loans (denominator)           | \$ 16,767,688      | \$ 17,077,403  | \$ 16,837,526  | \$ 16,686,866  | \$ 16,368,458  |
| ACL - loans to adjusted total loans          | <u>1.53 %</u>      | <u>1.40 %</u>  | <u>0.97 %</u>  | <u>1.00 %</u>  | <u>1.04 %</u>  |

# NON-GAAP RECONCILIATION

|  | Three months ended |                   |                   |
|--|--------------------|-------------------|-------------------|
|  | Jun 30             | Mar 31            | Jun 30            |
|  | 2020               | 2020              | 2019              |
| <b><u>Efficiency ratio</u></b>                 |                    |                   |                   |
| Non-interest expense                           | \$ 143,006         | \$ 142,552        | \$ 144,168        |
| Less: Prepayment penalty of FHLB advances      | (2,878)            | —                 | —                 |
| Less: Amortization of tax credit investments   | (1,450)            | (1,450)           | (1,492)           |
| Less: Intangible amortization                  | (132)              | (132)             | (107)             |
| Non-interest expense (numerator)               | <u>138,546</u>     | <u>140,970</u>    | <u>142,569</u>    |
|  |                    |                   |                   |
| Net interest income (fully taxable equivalent) | \$ 155,854         | \$ 163,970        | \$ 167,794        |
| Plus: Total Non-interest income                | 55,922             | 54,644            | 54,316            |
| Less: Investment securities gains, net         | (3,005)            | (46)              | (176)             |
| Net interest income (denominator)              | <u>\$ 208,771</u>  | <u>\$ 218,568</u> | <u>\$ 221,934</u> |
|  |                    |                   |                   |
| Efficiency ratio                               | <u>66.4 %</u>      | <u>64.5 %</u>     | <u>64.2 %</u>     |