

# 2019 AND FOURTH QUARTER RESULTS

NASDAQ: FULT

FULTON FINANCIAL  
CORPORATION

Data as of December 31, 2019 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 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, 2018 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2019, June 30, 2019 and September 30, 2019, which have been filed with the Securities and Exchange Commission and are 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.

# 2019 HIGHLIGHTS

**Net income of \$233 million, or \$1.39 per share.**

## Key Accomplishments

- Termination of remaining BSA/AML regulatory orders
- Successful consolidation of affiliate banks into Fulton Bank, N.A.
- Continuation of organic growth into fast growing urban markets
- Record year of revenues and net income
- Average loan growth of 4%
- Average deposit growth of 6%
- Net income increased 12% and pre-provision net revenue<sup>(1)</sup> increased 4%

*(1) 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.*

## QUARTER HIGHLIGHTS: 4Q19 vs 3Q19

**Net income per diluted share:** \$0.33 in 4Q19, 11% decrease from 3Q19

**Loan Growth:** 2% increase in average balances driven by C&I, commercial and residential mortgages and construction.

**Deposit Growth:** 3% increase in average balances, largely driven by interest bearing demand deposits.

**Net Interest Income & Margin:** Net interest income decreased 1% from 3Q19, with the impact of a 9 basis point decrease in the net interest margin being partially offset by balance sheet growth.

**Non-Interest Income<sup>(1)</sup>:** Overall flat, with increases in wealth management fees, commercial banking income and other income, offset by decreases in mortgage and consumer banking income.

**Non-Interest Expense:** 5% decrease, as 3Q19 included a \$4 million prepayment penalty on certain FHLB advances and \$5 million of charter consolidation costs, partially offset by FDIC insurance assessment credits.

**Asset Quality:** Increases in provision for credit losses and non-accrual loans related to the C&I portfolio.

(1) Excluding investment securities gains which were \$0 and \$4 million in the three months ended December 31, 2019 and September 30, 2019, respectively.

## QUARTER HIGHLIGHTS: 4Q19 vs 4Q18

**Net income per diluted share:** \$0.33 in 4Q19, unchanged from 4Q18

**Loan Growth:** 5% increase in average balances with growth in all categories, except for home equity.

**Deposit Growth:** 6% increase in average balances with growth in all categories.

**Net Interest Income & Margin:** 2% decrease in net interest income, reflecting a 22 basis point decrease in net interest margin, partially offset by the impact of interest-earning asset growth.

**Non-Interest Income<sup>(1)</sup>:** 12% increase realized in all primary fee categories.

**Non-Interest Expense:** 1% decrease, with decreases in professional fees, FDIC insurance and amortization of tax credit investments, largely offset by increases in salaries and benefits, data processing and software and other expense.

**Asset Quality:** Increase in provision for credit losses and non-accrual loans related to the C&I portfolio.

(1) No investment securities gains were recorded for the three months ended December 31, 2019 or 2018.

# INCOME STATEMENT SUMMARY – YEAR TO DATE

	<u>Year Ended Dec 31,</u>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<i>(dollars in thousands, except per-share data)</i>		
<b>Net Interest Income</b>	<b>\$ 648,389</b>	\$ 630,456	\$ 17,933
<b>Provision for Credit Losses</b>	<b>24,825</b>	46,907	(22,082)
<b>Non-Interest Income</b>	<b>211,427</b>	195,488	15,939
<b>Securities Gains</b>	<b>4,733</b>	37	4,696
<b>Non-Interest Expense</b>	<b>568,636</b>	546,104	22,532
<b>Income before Income Taxes</b>	<b>271,088</b>	232,970	38,118
<b>Income Taxes</b>	<b>38,451</b>	24,577	13,874
<b>Net Income</b>	<b>\$ 232,637</b>	\$ 208,393	\$ 24,244
<b>Net income per share (diluted)</b>	<b>\$ 1.39</b>	\$ 1.18	\$ 0.21
<b>ROA <sup>(1)</sup></b>	<b>1.09%</b>	1.03%	0.06%
<b>ROE <sup>(2)</sup></b>	<b>10.09%</b>	9.24%	0.85%
<b>ROE (tangible) <sup>(3)</sup></b>	<b>13.19%</b>	12.09%	1.10%
<b>Efficiency ratio <sup>(3)</sup></b>	<b>63.8%</b>	63.8%	-

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

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

(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.

# INCOME STATEMENT SUMMARY – QUARTER TO DATE

	4Q19	Change from	
		3Q19	4Q18
	<i>(dollars in thousands, except per-share data)</i>		
<b>Net Interest Income</b>	<b>\$ 159,270</b>	\$ (1,990)	\$ (3,674)
<b>Provision for Credit Losses</b>	<b>12,530</b>	10,360	4,330
<b>Non-Interest Income</b>	<b>55,281</b>	(40)	5,758
<b>Securities Gains</b>	-	(4,492)	-
<b>Non-Interest Expense</b>	<b>139,874</b>	(6,896)	(811)
<b>Income before Income Taxes</b>	<b>62,147</b>	(9,986)	(1,435)
<b>Income Taxes</b>	<b>8,060</b>	(1,965)	2,561
<b>Net Income</b>	<b>\$ 54,087</b>	\$ (8,021)	\$ (3,996)
<b>Net income per share (diluted)</b>	<b>\$ 0.33</b>	\$ (0.04)	\$ -
<b>ROA <sup>(1)</sup></b>	<b>0.98%</b>	(0.17%)	(0.14%)
<b>ROE <sup>(2)</sup></b>	<b>9.16%</b>	(1.48%)	(0.94%)
<b>ROE (tangible) <sup>(3)</sup></b>	<b>11.89%</b>	(2.14%)	(1.28%)
<b>Efficiency ratio <sup>(3)</sup></b>	<b>63.5%</b>	(0.1%)	1.3%

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

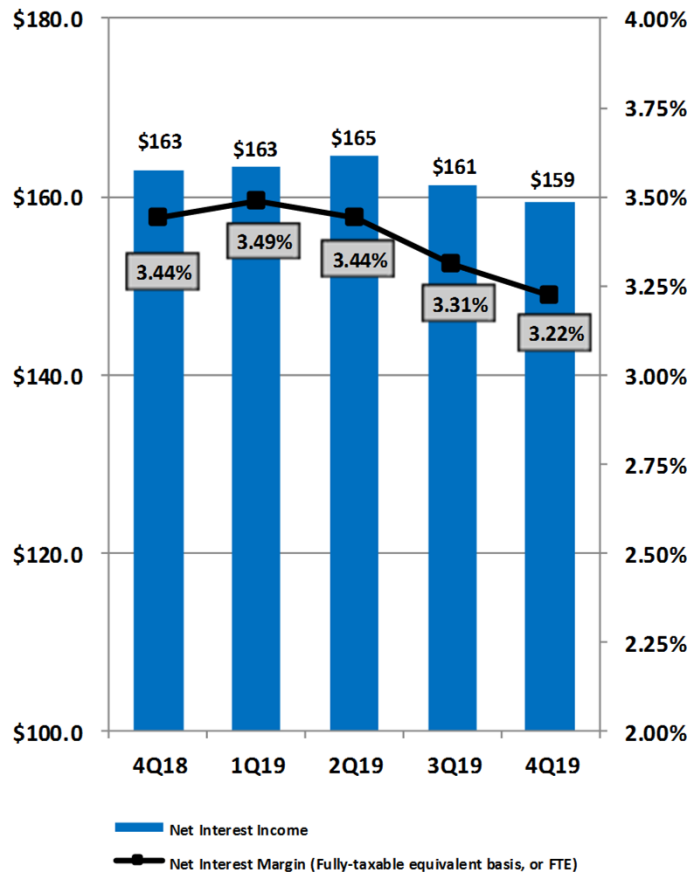
(2) ROE is return on average shareholders' equity determined by dividing net income for the period indicated by average shareholders' equity, annualized.

(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

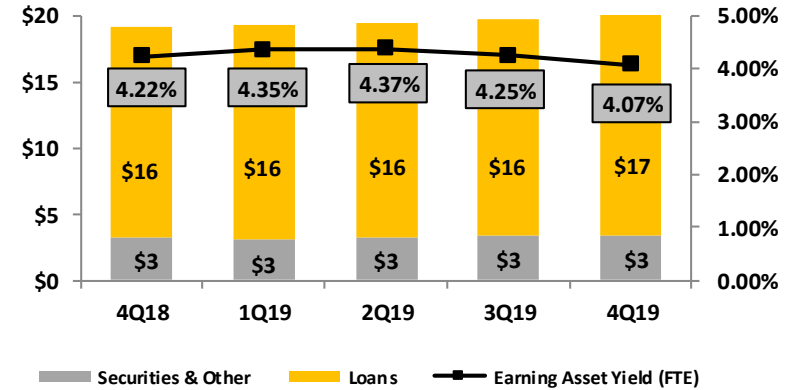
## Net Interest Income & Net Interest Margin

(\$ IN MILLIONS)



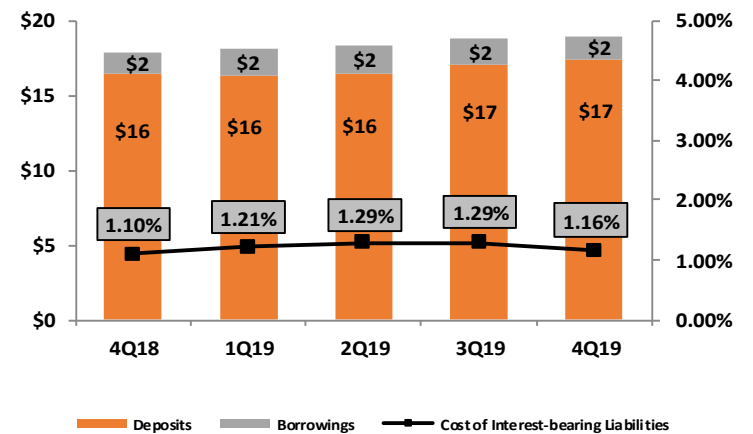
## Average Interest-Earning Assets & Yields

(\$ IN BILLIONS)



## Average Liabilities & Rates

(\$ IN BILLIONS)

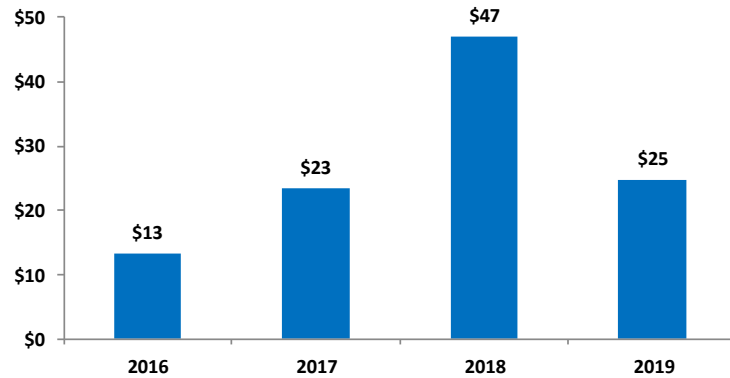




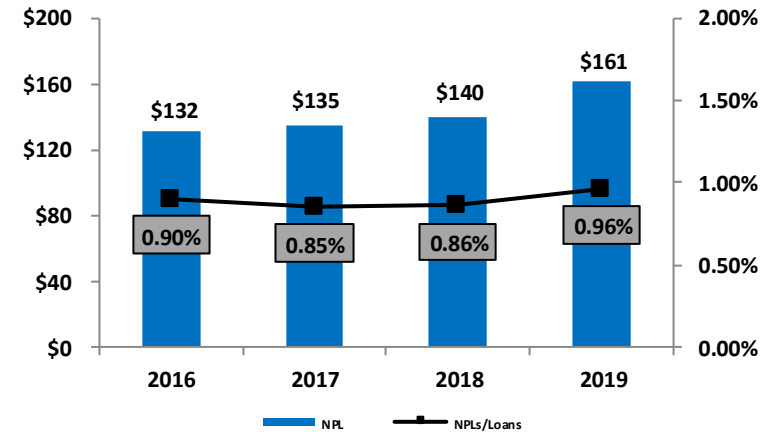
# ASSET QUALITY – ANNUAL COMPARISON

(\$ IN MILLIONS)

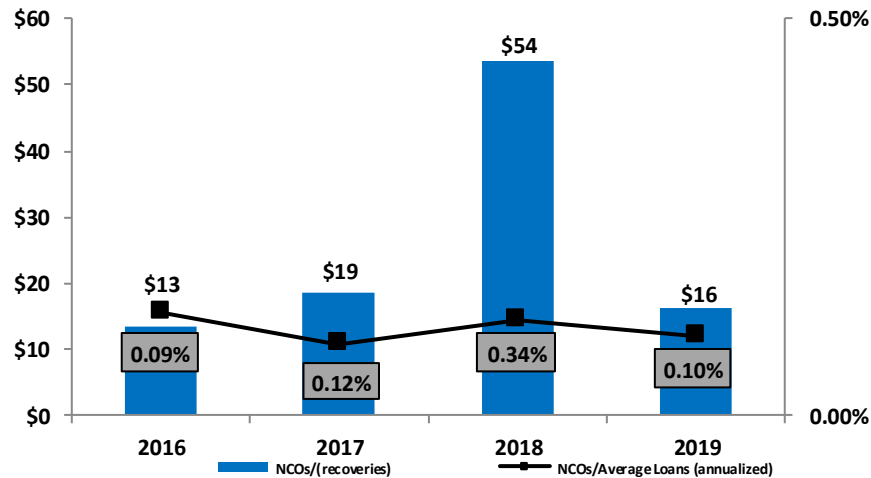
### Provision for Credit Losses



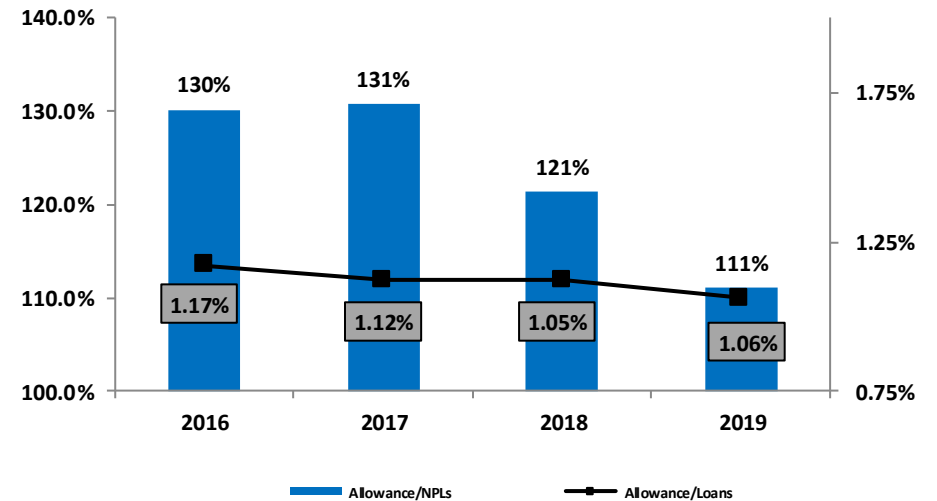
### Non-Performing Loans (NPLs) & NPLs to Loans



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



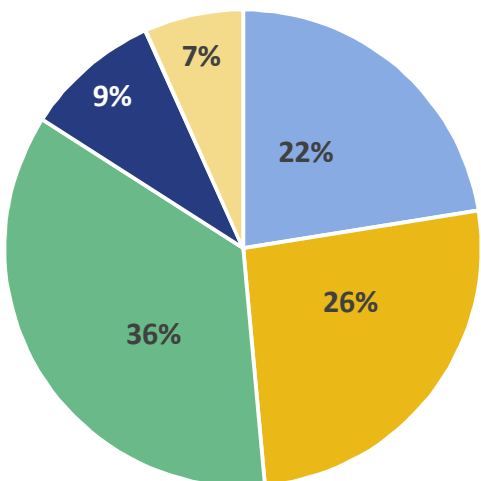
### Allowance for Credit Losses (Allowance) to NPLs & Loans



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

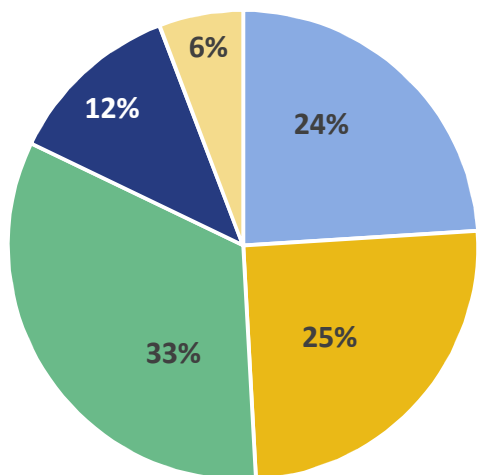
## Three months ended December 31, 2019

(percent of total non-interest income)



## Three months ended September 30, 2019

(percent of total non-interest income)



	<u>4Q19</u>	<u>3Q19</u>	<u>Change</u>
	<i>(in thousands)</i>		
■ Wealth management	\$ 14,419	\$ 13,867	\$ 552
■ Mortgage banking	5,076	6,658	(1,582)
■ Consumer banking	12,426	13,333	(907)
■ Commercial banking	19,628	18,284	1,344
■ Other	3,732	3,179	553
	<u>\$ 55,281</u>	<u>\$ 55,321</u>	(40)

### Non-interest income<sup>(1)</sup> essentially unchanged from 3Q19

#### Increases in:

- Brokerage and trust income
- Commercial loan interest rate swaps fees
- Additional investments in bank-owned life insurance

#### Decreases in:

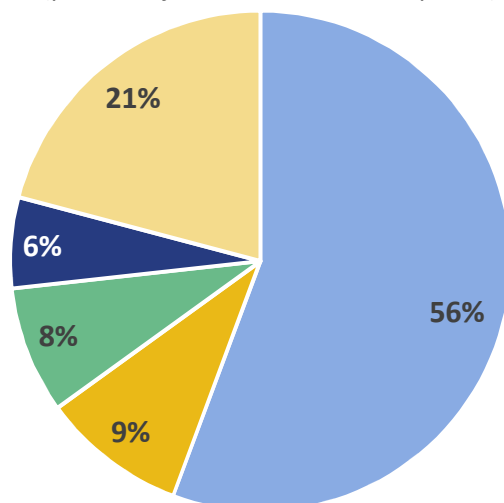
- Seasonally lower mortgage loan volumes
- Consumer card income
- Merchant and card income

(1) Excluding investment securities gains

# NON-INTEREST EXPENSES

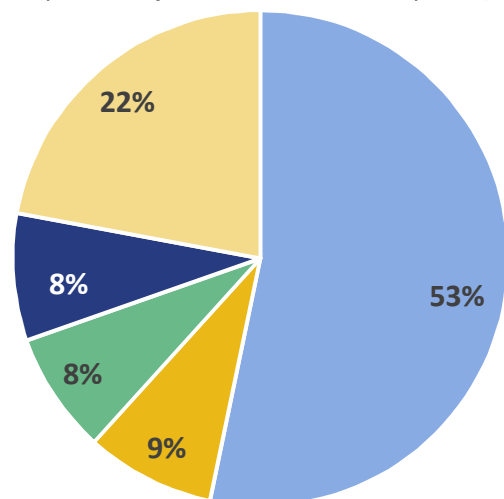
Three months ended December 31, 2019

(percent of total non-interest expense)



Three months ended September 30, 2019

(percent of total non-interest expense)



	<u>4Q19</u>	<u>3Q19</u>	<u>Change</u>
	<i>(in thousands)</i>		
Salaries and benefits	\$ 77,875	\$ 78,211	\$ (336)
Occupancy	13,080	12,368	712
Data Processing and software	11,468	11,590	(122)
Other outside services	8,215	12,163	(3,948)
Other	29,236	32,438	(3,202)
	<u>\$ 139,874</u>	<u>\$ 146,770</u>	<u>(6,896)</u>

**Non-interest expense decreased \$7 million, or 5%:**

Driven by decreases in:

Subsidiary bank consolidation costs in 3Q19 of \$5 million, primarily:

- \$3 million in other outside services
- \$1 million in other expense

Balance sheet restructuring costs in 3Q19

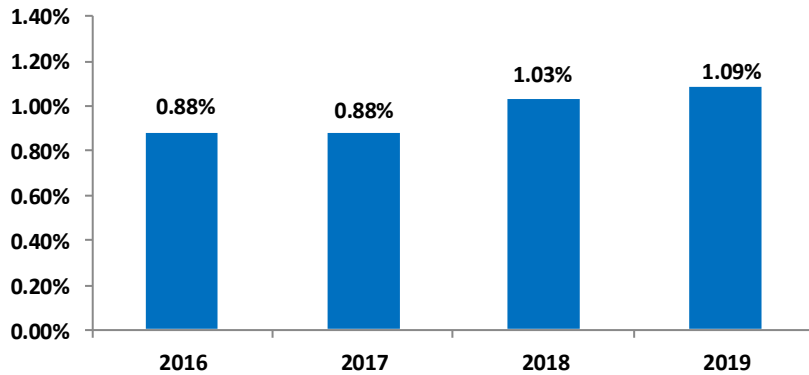
- \$4 million in penalties related to the prepayment of certain FHLB advances

Partially offset by increases in:

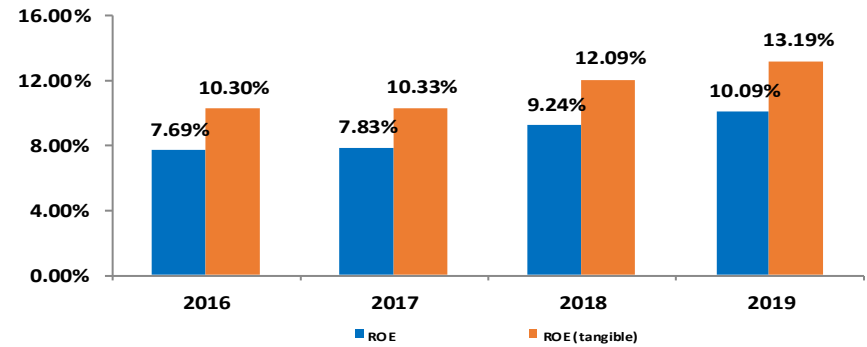
- FDIC insurance, as assessments credits decreased by \$2 million
- Additional rent and depreciation expense for newer properties

# PROFITABILITY & CAPITAL

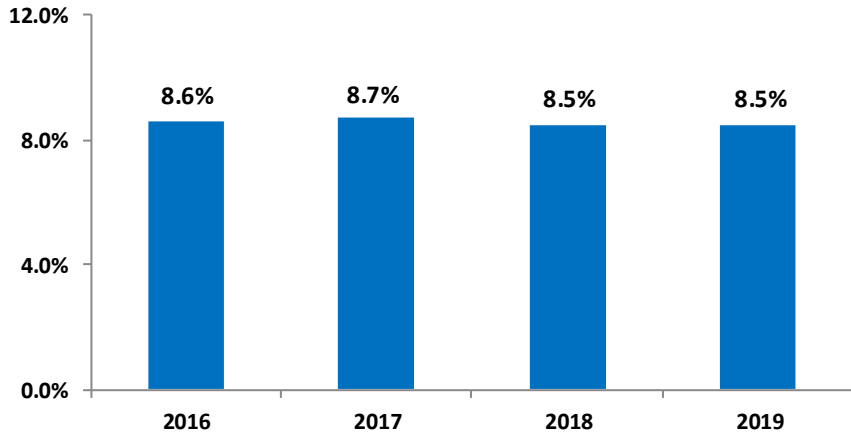
ROA<sup>(1)</sup>



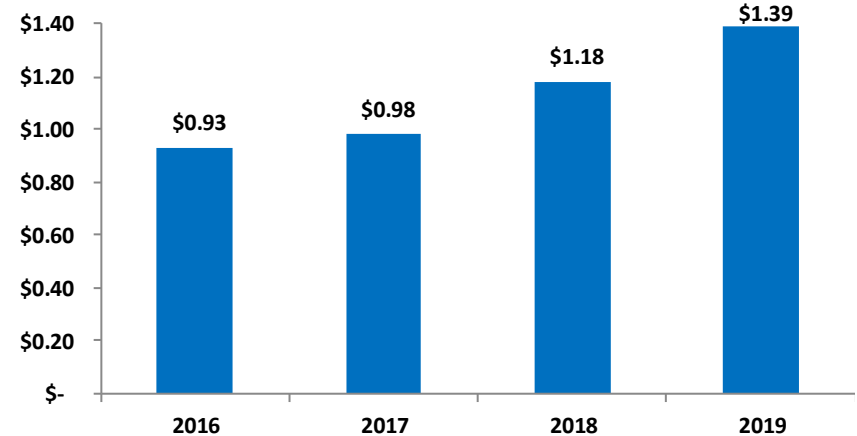
ROE and ROE (tangible)<sup>(2)</sup>



Tangible Common Equity to Tangible Assets (TCE Ratio) <sup>(2)</sup>



Net Income Per Diluted Share



**In 2019, approximately 6.8 million shares were repurchased at a cost of \$111.3 million.**

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

(2) Non-GAAP based 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.

# 2020 OUTLOOK

- **Loans & Deposits:** Average annual loan and deposit growth rates in the low to mid single-digits
- **Net Interest Income:** Low single digit growth rate
- **Net Interest Margin:** 3.20% to 3.25% for the full year 2020; assumes a stable yield curve and one 25 bp rate cut in 2Q 2020
- **Non-Interest Income:** Mid single-digit growth rate
- **Non-Interest Expense:** Excluding charter consolidation costs in 2019, low single-digit growth rate
- **Asset Quality:** \$25 million to \$40 million provision for credit losses for full year 2020. CECL impact – 20% to 30% increase in allowance for credit losses.
- **Effective Tax Rate:** Anticipated to range between 14% and 16%

# 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					Year Ended Dec 31,	
	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	2019	2018
	(dollars in thousands)						
<b>Efficiency ratio</b>							
Non-interest expense	\$ 139,874	\$ 146,770	\$ 144,168	\$ 137,824	\$ 140,685	\$ 568,636	\$ 546,104
Less: intangible amortization	(142)	(1,071)	(107)	(107)	-	(1,427)	-
Less: Amortization of tax credit investments	(1,505)	(1,533)	(1,492)	(1,491)	(6,538)	(6,021)	(11,449)
Less: Loss on redemption of FHLB advances	-	(4,326)	-	-	-	(4,326)	-
Numerator	<u>\$ 138,227</u>	<u>\$ 139,840</u>	<u>\$ 142,569</u>	<u>\$ 136,226</u>	<u>\$ 134,147</u>	<u>\$ 556,862</u>	<u>\$ 534,655</u>
Net interest income (fully taxable equivalent)	\$ 162,479	\$ 164,517	\$ 167,794	\$ 166,564	\$ 166,124	\$ 661,356	\$ 642,577
Plus: Total Non-interest income	55,281	59,813	54,315	46,751	49,523	216,160	195,525
Less: Investment securities (gains) losses	-	(4,492)	(176)	(65)	-	(4,733)	(37)
Denominator	<u>\$ 217,760</u>	<u>\$ 219,838</u>	<u>\$ 221,933</u>	<u>\$ 213,250</u>	<u>\$ 215,647</u>	<u>\$ 872,783</u>	<u>\$ 838,065</u>
Efficiency ratio	63.5%	63.6%	64.2%	63.9%	62.2%	63.8%	63.8%
	(dollars in thousands)						
	Three Months Ended			Year Ended Dec 31,			
	Dec 31, 2019	Sep 30, 2019	Dec 31, 2018	2019	2018	2017	2016
<b>Return on Average Shareholders' Equity (ROE) (Tangible)</b>							
Net income	\$ 54,087	\$ 62,108	\$ 58,083	\$ 232,637	\$ 208,393	\$ 171,753	\$ 161,625
Plus: Intangible amortization, net of tax	112	846	-	1,127	-	-	-
Numerator	<u>\$ 54,199</u>	<u>\$ 62,954</u>	<u>\$ 58,083</u>	<u>\$ 233,764</u>	<u>\$ 208,393</u>	<u>\$ 171,753</u>	<u>\$ 161,625</u>
Average shareholders' equity	\$ 2,342,571	\$ 2,315,585	\$ 2,281,669	\$ 2,306,366	\$ 2,255,764	\$ 2,193,863	\$ 2,100,634
Less: Average goodwill and intangible assets	(534,190)	(535,184)	(531,556)	(534,120)	(531,556)	(531,556)	(531,556)
Average tangible shareholders' equity (denominator)	<u>\$ 1,808,381</u>	<u>\$ 1,780,401</u>	<u>\$ 1,750,113</u>	<u>\$ 1,772,246</u>	<u>\$ 1,724,208</u>	<u>\$ 1,662,307</u>	<u>\$ 1,569,078</u>
Return on average common shareholders' equity (tangible), annualized	11.89%	14.03%	13.17%	13.19%	12.09%	10.33%	10.30%

# NON-GAAP RECONCILIATION

	Year Ended Dec 31,			
	2019	2018	2017	2016
	<i>(dollars in thousands)</i>			
<b><u>Tangible Common Equity to Tangible Assets (TCE Ratio)</u></b>				
Shareholders' equity	\$ 2,348,474	\$ 2,247,573	\$ 2,229,857	\$ 2,121,115
Less: Intangible assets	(535,303)	(531,556)	(531,556)	(531,556)
Tangible shareholders' equity (numerator)	<u>\$ 1,813,171</u>	<u>\$ 1,716,017</u>	<u>\$ 1,698,301</u>	<u>\$ 1,589,559</u>
Total assets	\$ 21,897,062	\$ 20,682,152	\$ 20,036,905	\$ 18,944,247
Less: Intangible assets	(535,303)	(531,556)	(531,556)	(531,556)
Total tangible assets (denominator)	<u>\$ 21,361,759</u>	<u>\$ 20,150,596</u>	<u>\$ 19,505,349</u>	<u>\$ 18,412,691</u>
Tangible Common Equity to Tangible Assets	<u>8.49%</u>	<u>8.52%</u>	<u>8.71%</u>	<u>8.63%</u>

	Three Months Ended		Year Ended Dec 31,			
	Dec 31, 2019	Sep 30, 2019	2019	2018	2017	2016
	<i>(dollars in thousands)</i>					
<b><u>Pre-Provision Net Revenue</u></b>						
Net interest income	\$ 159,270	\$ 161,260	\$ 648,389	\$ 630,456	\$ 575,364	\$ 520,772
Non-interest income	55,281	59,813	216,160	195,525	207,974	190,178
Less: Investment securities gains	-	(4,492)	(4,733)	(37)	(9,071)	(2,550)
Total Revenue	<u>214,551</u>	<u>216,581</u>	<u>859,816</u>	<u>825,944</u>	<u>774,267</u>	<u>708,400</u>
Non-interest expense	139,874	146,770	568,636	546,104	525,579	489,519
Less: Prepayment penalty on FHLB advances	-	(4,326)	(4,326)	-	-	-
Less: Amortization of tax credit investments	(1,505)	(1,533)	(6,021)	(11,449)	(11,028)	-
Less: Intangible amortization	(142)	(1,071)	(1,427)	-	-	-
Total Non-interest expense, as adjusted	<u>138,227</u>	<u>139,840</u>	<u>556,862</u>	<u>534,655</u>	<u>514,551</u>	<u>489,519</u>
<b>Pre-Provision Net Revenue</b>	<u>\$ 76,324</u>	<u>\$ 76,741</u>	<u>\$ 302,954</u>	<u>\$ 291,289</u>	<u>\$ 259,716</u>	<u>\$ 218,881</u>