Fulton Financial Corporation (FULT)

Updated January 23rd, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	$20.80	**5 Year CAGR Estimate:**	6.8%	**Market Cap:**	$3.7 B
Fair Value Price:	$17.50	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date[1]:**	03/27/25
% Fair Value:	119%	**5 Year Valuation Multiple Estimate:**	-3.4%	**Dividend Payment Date[1]:**	04/15/25
Dividend Yield:	3.5%	**5 Year Price Target**	$25	**Years Of Dividend Growth:**	15
Dividend Risk Score:	D	**Retirement Suitability Score:**	C	**Rating:**	Hold

Overview & Current Events

Fulton Financial Corporation (FULT) is a U.S.-based diversified financial services company with over $27 billion in assets and more than 200 branches across Pennsylvania, Maryland, Delaware, New Jersey, and Virginia. It offers a range of consumer and commercial banking products and services, such as checking and savings deposit products and loan products. Its services cover five distinct divisions: consumer banking, commercial banking, mortgage banking, wealth management, and others. Fulton Financial Corporation founded in 1882, is a $3.7 billion company and has about 3,400 employees.

On January 21st, 2025, Fulton Financial Corporation released its fourth quarter 2024 results for the period ending December 31st, 2024. For the fourth quarter, the company reported a net income available to common shareholders of $66.1 million, or $0.36 per diluted share, an increase of $5.4 million, or $0.03 per share, in comparison to the third quarter of 2024. The improvement in earnings per share was primarily due to a decrease in total cost of funds and lower non-interest expenses, partially offset by a decline in net interest income due to lower short-term interest rates. Despite the increase in EPS, operating net income available to common shareholders for Q4 2024 declined to $88.9 million (or $0.48 per diluted share), marking a drop of $2.4 million, or $0.02 per share, compared to the third quarter.

Net interest income for Q4 2024 was $253.7 million, down $4.4 million from Q3, reflecting a decline in loan yields and short-term interest rates. Net interest margin contracted to 3.41%, a decrease of 8 basis points from the prior quarter. Fulton recorded a provision for credit losses of $16.7 million, up $4.8 million from Q3, as the allowance for credit losses rose to 1.58% of total loans at year-end. Non-interest income increased to $65.9 million, up $6.2 million from $59.7 million in Q3, primarily due to higher mortgage banking income and a gain on sale spreads. Non-interest expense decreased to $216.6 million, a drop of $9.5 million from $226.1 million in Q3. This decline reflected lower salaries and benefits expense and acquisition-related costs, despite ongoing FultonFirst initiative expenses. Management expects low-to-mid single-digit growth in assets and loans for 2025, with operating expenses remaining flat at $755M–$775M, supported by efficiencies from the Republic integration and FultonFirst. The FultonFirst initiative is projected to deliver $50M+ in annual cost savings by 2026, with $14M in related expenses anticipated for 2025.

For the full year 2024, Fulton reported a net income available to common shareholders of $278.5 million, or $1.57 per diluted share, compared to $274.0 million, or $1.64 per share, in 2023. Operating net income available to common shareholders for FY2024 was $328.1 million, or $1.85 per diluted share, an increase of $43.1 million, or $0.14 per share, over FY2023.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.85	$0.93	$0.98	$1.18	$1.35	$1.08	$1.62	$1.67	$1.64	$1.57	***$1.75***	***$2.45***
DPS	$0.38	$0.41	$0.47	$0.48	$0.52	$0.52	$0.56	$0.60	$0.64	$0.68	***$0.72***	***$0.96***
Shares[2]	174	174	175	170	164	162	161	165	167	167	***177***	***180***

[1] Estimated date.
[2] In millions.
Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Fulton Financial Corporation (FULT)

Updated January 23rd, 2025, by Patrick Neuwirth

The bank has grown earnings by 7.1% per year over the past 10 years and 10.1% over the past five years. We expect earnings to increase by 7% per year for the next five years. The company has been able to increase its yearly dividend payout for 15 consecutive years. Over the last five years, the average annual dividend growth rate is 6.7%. In December 2024, the quarterly dividend increased by 5.9% from $0.17 to $0.18 per share. The company paid special dividends of $0.04 per share in 2019, $0.04 in 2020, $0.08 in 2021, and $0.06 in 2022.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.9	15.4	18.7	14.7	12.2	11.1	9.9	9.6	7.5	10.7	***11.9***	***10.0***
Avg. Yld.	1.9%	2.9%	2.6%	2.8%	3.1%	4.7%	3.5%	3.6%	5.2%	3.8%	***3.5%***	***3.9%***

During the past decade shares of Fulton Financial Corporation have traded with an average price-to-earnings ratio of about 12.5 times earnings and today, it stands at 11.9. We are using 10 times earnings as a fair value baseline, implying the potential for a valuation headwind. The company's dividend yield is currently 3.5% which is just above the average yield over the past decade of 3.4%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Payout	45%	44%	48%	41%	39%	48%	35%	36%	39%	43%	***41%***	***39%***

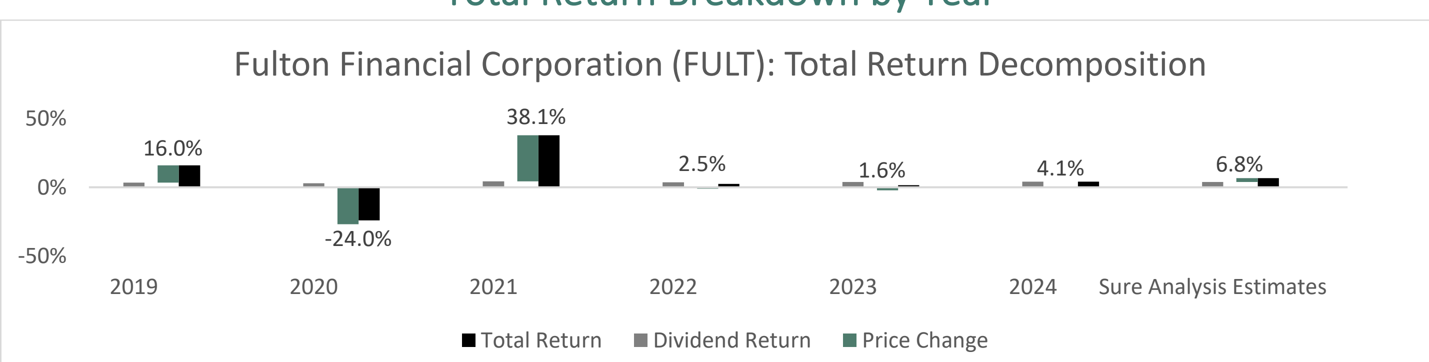
During the past five years, the company's dividend payout ratio has averaged around 41%. The bank's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at the same pace and keep the payout ratio around the same levels which is safe.

Fulton Financial Corporation is a well-established financial services company that has a strong presence in the Mid-Atlantic region of the United States. The bank's income and revenue model is primarily based on the interest income from loans and investment securities, as well as fees and commissions from various financial services. The company's diversified business model, coupled with its focus on providing exceptional customer service, has helped it achieve consistent growth and financial performance over the years. With a strong balance sheet, a solid track record of profitability, and a commitment to innovation, Fulton Financial Corporation is well-positioned to continue delivering value to its shareholders and customers in the years to come.

Final Thoughts & Recommendation

Fulton Financial Corporation is a U.S.-based diversified financial services company with an above-average dividend yield, combined with a sound dividend payout ratio. The bank's diversified business model and focus on efficiency, innovation, and customer service, mixed with its strong regional presence, should support its future earnings growth. We estimate total return potential of 6.8% per year for the next five years based on an 7% earnings-per-share growth, a 3.5% yield, and a valuation headwind. Shares earn a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Fulton Financial Corporation (FULT)

Updated January 23rd, 2025, by Patrick Neuwirth

Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	682	682	711	778	826	865	859	937	1,009	1,082
SG&A Exp.	270	280	300	309	323	328	338	345	376	405
D&A Exp.	26	28	27	28	28	30	29	29	32	33
Net Profit	158	150	162	172	208	226	178	275	287	284
Net Margin	23.1%	21.9%	22.7%	22.1%	25.2%	26.2%	20.7%	29.4%	28.4%	26.2%
Free Cash Flow	186	150	206	255	257	94	137	325	577	330
Income Tax	53	50	47	63	25	38	24	59	60	64

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	17,125	17,915	18,944	20,037	20,682	21,886	25,907	25,796	26,932	27,570
Cash & Equivalents	367	240	239	264	244	518	1,848	1,639	682	532
Inventories	42	43	46	53	59	61	73	57	92	---
Goodwill & Int.	574	573	569	569	570	575	565	573	595	561
Total Liabilities	15,128	15,873	16,823	17,807	18,435	19,544	23,290	23,084	24,352	24,810
Accounts Payable	18	11	10	9	11	9	10	7	10	35
Long-Term Debt	1,305	1,138	996	1,264	1,704	1,765	1,926	621	1,791	1,636
Total Equity	1,997	2,042	2,121	2,230	2,248	2,342	2,424	2,520	2,387	2,567
LTD/E Ratio	0.65	0.56	0.47	0.57	0.76	0.75	0.74	0.23	0.69	0.59

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	4	0.9%	0.9%	0.9%	1.0%	1.1%	0.7%	1.1%	1.1%	1.0%
Return on Equity	7.8%	7.4%	7.8%	7.9%	9.3%	9.9%	7.5%	11.1%	11.7%	10.7%
ROIC	4.7%	4.6%	5.1%	5.2%	5.6%	5.6%	4.1%	7.0%	7.4%	6.5%
Shares Out.	179	174	174	175	170	164	162	161	165	167
Revenue/Share	3.64	3.86	4.08	4.42	4.68	5.15	5.26	5.74	6.10	6.49
FCF/Share	0.99	0.85	1.18	1.45	1.46	0.56	0.84	1.99	3.49	1.98

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.