Fulton Financial Corporation (FULT)

Updated May 14th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	$18.40	**5 Year CAGR Estimate:**	10.5%	**Market Cap:**	$3.3 B
Fair Value Price:	$18.50	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date[1]:**	06/30/25
% Fair Value:	100%	**5 Year Valuation Multiple Estimate:**	0.1%	**Dividend Payment Date[1]:**	07/14/25
Dividend Yield:	3.9%	**5 Year Price Target**	$26	**Years Of Dividend Growth:**	15
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Fulton Financial Corporation (FULT) is a U.S.-based diversified financial services company with over $30 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 3,300 employees.

On April 15th, 2025, Fulton Financial Corporation released its first quarter 2025 results for the period ending March 31st, 2025. For the first quarter, the company reported a net income available to common shareholders of $90.4 million, or $0.49 per diluted share, an increase of $24.4 million, or $0.13 per share, in comparison to the fourth quarter of 2024. The improvement in earnings per share was primarily due to lower operating expenses and a slight expansion in net interest margin, partially offset by declining loan balances and lower loan yields. In addition to the GAAP results, operating net income available to common shareholders for Q1 2025 increased to $95.5 million (or $0.52 per diluted share), marking a rise of $6.6 million, or $0.04 per share, compared to the fourth quarter.

Net interest income for the quarter was $251.2 million, down $2.5 million from in the previous quarter, reflecting a continued decline in loan yields, though partially mitigated by lower deposit costs. Net interest margin increased to 3.43%, a rise of 2 basis points from the prior quarter. Fulton recorded a provision for credit losses of $13.9 million, down $2.8 million, as the allowance for credit losses increased slightly to 1.59% of total loans. Non-interest income increased modestly to $67.2 million, up $1.3 million from $65.9 million in Q4, driven by an adjustment in equity method investments, though partially offset by seasonal declines in mortgage and consumer banking income. Non-interest expense declined sharply to $189.5 million, a drop of $27.2 million from $216.6 million. This decrease reflected lower acquisition-related costs and minimal FultonFirst-related expenses, along with reductions in professional fees and personnel costs.

Management reaffirmed its expectations for low-single-digit growth[2] in loans for 2025, with operating expenses projected to remain flat at $755M–$775M, supported by ongoing efficiencies from the Republic integration and the FultonFirst initiative. The FultonFirst initiative is projected to deliver $50M+ in annual cost savings by 2026, with $14M in related expenses anticipated for 2025.

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	***$1.85***	***$2.59***
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[3]	174	174	175	170	164	162	161	165	167	167	***180***	***182***

[1] Estimated date.
[2] IR presentation, May 2025.
[3] In millions.

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The bank has grown earnings by 7.1% per year over the past 10 years and 11.4% 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	***9.9***	***10.0***
Avg. Yld.	1.9%	2.9%	2.6%	2.8%	3.1%	4.7%	3.5%	3.6%	5.2%	3.8%	***3.9%***	***3.7%***

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 9.9. We are using 10 times earnings as a fair value baseline, implying the potential for a very small valuation tailwind. The company's dividend yield is currently 3.9% which is 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	2025	2030
Payout	45%	44%	48%	41%	39%	48%	35%	36%	39%	43%	***39%***	***37%***

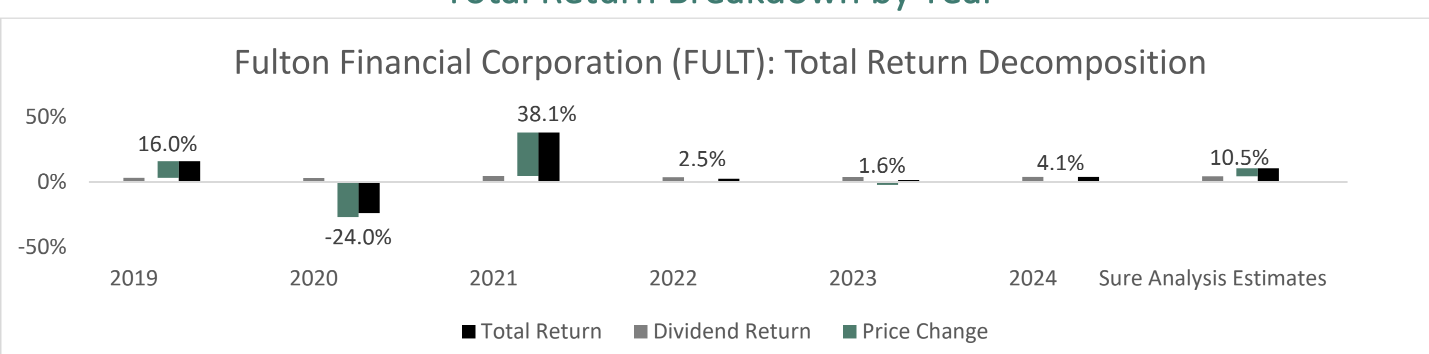
During the past five years, the company's dividend payout ratio has averaged around 41%. The bank's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at the same pace and keep the payout ratio around the same levels which 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 10.5% per year for the next five years based on an 7% earnings-per-share growth, a 3.9% yield, and a valuation headwind. Shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	682	711	778	826	865	859	937	1,009	1,082	1,179
SG&A Exp.	280	300	309	323	328	338	345	376	405	465
D&A Exp.	28	27	28	28	30	29	29	32	33	57
Net Profit	150	162	172	208	226	178	275	287	284	289
Net Margin	21.9%	22.7%	22.1%	25.2%	26.2%	20.7%	29.4%	28.4%	26.2%	24.5%
Free Cash Flow	150	206	255	257	94	137	325	577	330	374
Income Tax	50	47	63	25	38	24	59	60	64	56

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	17,915	18,944	20,037	20,682	21,886	25,907	25,796	26,932	27,570	32,070
Cash & Equivalents	240	239	264	244	518	1,848	1,639	682	532	1,060
Inventories	43	46	53	59	61	73	57	92	---	117
Goodwill & Int.	573	569	569	570	575	565	573	595	561	635
Total Liabilities	15,873	16,823	17,807	18,435	19,544	23,290	23,084	24,352	24,810	28,870
Accounts Payable	11	10	9	11	9	10	7	10	35	32
Long-Term Debt	1,138	996	1,264	1,704	1,765	1,926	621	1,791	1,636	1,218
Total Equity	2,042	2,121	2,230	2,248	2,342	2,424	2,520	2,387	2,567	3,004
LTD/E Ratio	0.56	0.47	0.57	0.76	0.75	0.74	0.23	0.69	0.59	0.38

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.9%	0.9%	0.9%	1.0%	1.1%	0.7%	1.1%	1.1%	1.0%	1.0%
Return on Equity	7.4%	7.8%	7.9%	9.3%	9.9%	7.5%	11.1%	11.7%	10.7%	9.7%
ROIC	4.6%	5.1%	5.2%	5.6%	5.6%	4.1%	7.0%	7.4%	6.5%	6.6%
Shares Out.	174	174	175	170	164	162	161	165	167	177.2
Revenue/Share	3.86	4.08	4.42	4.68	5.15	5.26	5.74	6.10	6.49	6.65
FCF/Share	0.85	1.18	1.45	1.46	0.56	0.84	1.99	3.49	1.98	2.11

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