

Your Way

QUARTERLY WINTER 2024



Franklin Financial
Services Corporation

F&M
TRUST

WHY ARE COMMUNITY BANKS SO IMPORTANT?

Independent community banks play a significant role in how individuals and businesses succeed today.

► **SEE PAGE 6**

2 **TIM TALK**

Notes from the President

3 **INVESTOR NEWS**

4th Quarter Review

4 **ANNUAL MEETING**

Important 2024 Details

5 **BANK NEWS**

Wealth Management Team

6 **OUR SPIRIT**

Why Community Banking?

7 **LEADING THE WAY**

Key Team Members

8 **HELPFUL WAYS**

Broad Street Market



Timothy G. Henry
President & CEO

TIMTALK

SHAREHOLDER UPDATE

Banking on Strong Communities and New Opportunities

Franklin Financial reported consolidated earnings of \$3.5 million for the fourth quarter ended December 31, 2023, and net income of \$13.6 million for 2023.

In a year of rapid interest rate challenges, failed banks, and other market disruptions, we were able to move the company forward by staying focused on building for the future. We restructured investments on the balance sheet, controlled expenses, grew outstanding loan balances, mitigated deposit challenges, and continued to build better efficiencies and decision-making.

In the fourth quarter, we renamed the bank's investment and trust services department to *Wealth Management*. This change recognizes the ongoing evolution, extraordinary growth, and development of the group, and more accurately reflects the breadth of services and solutions our wealth

managers provide to our customers. Additional information can be found on page 5.

Giving back to our communities continues to be a focus for the company. The bank donated \$5,000 to the Broad Street Market Corporation to fund a temporary structure that will house vendors while one of the downtown Harrisburg market's buildings, which was destroyed by fire in July, is being reconstructed. Additional information can be found on page 8.

We begin 2024 with much excitement about the year ahead and about the future of F&M Trust. Thank you for your continued support and trust.

Sincerely yours,

Timothy G. Henry

President & CEO

Franklin Financial Services Corporation
and F&M Trust

4TH QUARTER FINANCIAL HIGHLIGHTS

Dollars in thousands except per-share data / Unaudited

Selected Financial Data	Dec 31, 2023	Dec 31, 2022
Total Assets	\$ 1,836,039	\$ 1,699,579
Loans, Net	\$ 1,240,933	\$ 1,036,866
Deposits	\$ 1,537,978	\$ 1,551,448
Book Value per Common Share	\$ 30.23	\$ 26.01
Return on Average Assets ¹	0.75%	0.84%
Return on Average Equity ¹	11.81%	13.58%

MARKET VALUE Per Share

Source: Nasdaq.com



\$34.64²

**FOURTH
QUARTER
HIGH**

**FOURTH
QUARTER
LOW**

\$28.35²

COMPLETE EARNING DETAILS AVAILABLE AT FRANKLINFIN.COM

Certain statements appearing herein which are not historical in nature are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements refer to a future period or periods, reflecting management's current views as to likely future developments, and use words "may," "will," "expect," "believe," "estimate," "anticipate," or similar terms. Because forward-looking statements involve certain risks, uncertainties and other factors over which Franklin Financial Services Corporation has no direct control, actual results could differ materially from those contemplated in such statements. These factors include (but are not limited to) the following: general economic conditions, changes in interest rates, changes in the Corporation's cost of funds, changes in

government monetary policy, changes in government regulation and taxation of financial institutions, changes in the rate of inflation, changes in technology, the intensification of competition within the Corporation's market area, and other similar factors.

We caution readers not to place undue reliance on these forward-looking statements. They only reflect management's analysis as of this date. The Corporation does not revise or update these forward-looking statements to reflect events or changed circumstances. Please carefully review the risk factors described in other documents the Corporation files from time to time with the SEC, including the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and any Current Reports on Form 8-K.

1-Quarterly results annualized. 2-At close.

ALL MEETINGS SHOULD BE THIS COMFORTABLE & CONVENIENT

The 2024 Annual Meeting of Shareholders of Franklin Financial Services Corporation will be **held virtually** on Tuesday, April 23, 2024, at 9 a.m. EST.

Shareholders will receive a communication in mid-March that will contain their control number and instructions on how to join and navigate the online meeting. There will be a "Guest" log-in option for those who are unable to log in as a "Shareholder."

Shareholders will be able to vote online, by phone, or by mail prior to the meeting, if they prefer.

Questions or concerns should be directed to Corporate Secretary Amanda Ducey at 717-261-3553 or Assistant Corporate Secretary Zoe Clayton at 717-261-3551.

We look forward to this time with you and thank you for being a valued shareholder of Franklin Financial Services Corporation.



INVESTMENT & TRUST SERVICES DEPARTMENT BECOMES **F&M TRUST WEALTH MANAGEMENT**

To more accurately reflect the breadth of services and solutions it provides, F&M Trust's investment and trust services department has been renamed *F&M Trust Wealth Management*. The change recognizes the ongoing evolution, extraordinary growth, and development of the group.

A commitment to continual improvement has allowed the Wealth Management team to grow Assets Under Management from \$873 million to nearly \$1.2 billion in the last three years.

"The group has taken up the challenge to elevate the quality of advice we provide to clients," Chief Wealth Management Officer **Scott Ehrig** said. "The department has seen a tremendous amount of growth as we continue to build relationships and solve complex problems for our clients."

The Wealth Management team helps clients develop good habits, make sound financial decisions, and grow and preserve their wealth. This is achieved by focusing on tailored advice, responsive service, and excellent investment performance.



Scott Ehrig
Chief Wealth Management Officer



Warren Hurt
Chief Investment Officer



Matt Berger
Regional Wealth Manager



Erin Sunday
Regional Wealth Manager

F&M Trust also provides a full range of expert trustee services, from financial powers of attorney to guardianships and special needs trusts.

"We help clients' money grow in the early and middle stages of life, then protect it in the later stages so they have something to pass on," Ehrig said. "Our job is to help them to stay on target and to avoid mistakes."

WHY BEING A COMMUNITY BANK MATTERS

Community is defined as a feeling of fellowship with others, resulting from shared attitudes, interests, and goals.

As your community bank, F&M Trust understands the importance of our connectedness. It's why we are committed to remaining independent and why we continue to grow the bank to meet your increasing needs.

F&M Trust knows that local banks succeed when the communities they serve are thriving and flourishing. As a trusted partner of individuals and businesses in our neighborhoods, we play a vital role in the local economy. Simply put, F&M Trust collects deposits locally and reinvests those dollars in our communities as much-needed credit to businesses that create local jobs, home mortgages that support families, or other projects that enhance daily life.

We live in the communities that we serve. We raise our children, shop, and play in the same neighborhoods as our customers, and what happens here is important to us – not just as bankers,

but as community members. Because of these valued relationships, F&M Trust is committed to supporting our communities. Employees volunteer with dozens of charitable organizations, serve on boards of directors for nonprofits, and give their time and talents to various fundraising events. F&M Trust also takes a portion of its profits and returns them to our communities by making significant financial donations to groups that serve and improve the lives of our neighbors.

Over the years, F&M Trust has been a part of our customers' milestone events, from buying a first home, to starting or expanding a business, to saving for a child's college education, to planning and investing for retirement. As an important partner, we have been there in good times and bad to help our communities thrive. We've been here for 117 years, and we're just getting started.

Winter Coats for Kids



Habitat for Humanity



Women in Need



Leading The Way

A great bank starts with great people. Meet a few key members of our F&M Trust team:



Sam Clement

Salesforce Developer

Sam is responsible for designing, developing, and maintaining custom solutions within the Salesforce customer relationship management application, which is critical to the bank's sales and service functions. Sam is based at F&M Trust's corporate headquarters in Chambersburg.



Ellen Diehl

Treasury Relationship Manager

Ellen is responsible for delivering the bank's treasury management products and services to prospective and existing commercial and small-business clients in Cumberland County and the Capital Region. Ellen is based at F&M Trust's Mechanicsburg Community Office.



Ben Musser

Technology Services Manager

Ben is responsible for supporting the organization's technology needs through evaluation and implementation of new systems, system maintenance and repair, software upgrades, and network administration. Ben is based at F&M Trust's corporate headquarters in Chambersburg.



Molly O'Keefe

Treasury Relationship Manager

Molly is responsible for delivering the bank's treasury management products and services to prospective and existing commercial and small-business clients in the Capital Region. Molly is based at F&M Trust's regional headquarters in Harrisburg.



Helpful Ways **BROAD STREET MARKET DONATION**

F&M Trust donated \$5,000 to the Broad Street Market Corporation to fund a temporary structure that will house vendors while one of the market's buildings is being reconstructed.

An electrical fire in July 2023 destroyed the market's brick building, a central part of the market that housed vendors and small businesses that provide fresh produce and artisanal products to Harrisburg residents. The market, at the intersection of Broad and 3rd streets downtown, was founded in 1860 and is the oldest continuously operated market house in the United States.

"F&M Trust knows how important the Broad Street Market is to the Harrisburg community. It supports local commerce, fosters a sense of community pride, and offers a space where diverse cultures converge," F&M Trust President and CEO **Tim Henry** said. "It also is a popular shopping destination for disabled members of the community."

Fire insurance on the brick building provided \$1.7 million toward restoration costs, but an additional \$800,000 is required to complete the project. The reconstruction plan includes structural rebuilding, safety upgrades, and the addition of space for community events.

"F&M Trust's generous donation to the Broad Street Market represents a substantial contribution that holds the power to make a meaningful impact on this community-centric marketplace," said **Tanis Monroy**, Executive Director of the Broad Street Market Alliance. "This donation not only provides immediate assistance but also serves as an investment in the long-term success of the market."