

Investor Presentation

Fourth Quarter 2024 Highlights

F&M TRUST

Franklin Financial
Services Corporation

Forward Looking Statements

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 particularly with regard to the negative impact of severe, wide-ranging and continuing disruptions caused by the spread of the coronavirus COVID-19 pandemic and responses thereto, 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.

CEO Comments

We have just finished our second straight year of outstanding loan and deposit growth while at the same time maintaining a strong balance sheet. Coupled with strong non-interest income, led by our wealth management division, we have been able to continue to invest in ourselves by putting in new systems and infrastructure that support good decision making and future growth. We also have had the balance sheet and earnings strength to support a fourth quarter restructuring of the balance sheet, through the sale and reinvestment of low earning assets, that will support improved profitability into the future.

As I mentioned in my third quarter comments, early in the fourth quarter we opened a new community office in Dauphin County, PA, and it is off to a great start with seasoned leadership helping us make a positive impact immediately.

In my third quarter comments I also mentioned my coming retirement at the end of April 2025. I am pleased to announce that we have hired my successor, Craig Best, a seasoned bank executive who, most recently, spent 18 years as the CEO at Peoples Security Bank & Trust. I am confident that Craig's experience and knowledge will help our company continue to grow profitably to the benefit of our shareholders, customers, communities, and employees.

We continue to focus on building shareholder value through growth and improved profitability and that focus will not waiver as we transition into the new leadership of the company.

Thank you for your continued support.

Sincerely,



Why Invest in Franklin Financial?

- A premier, $2.2 billion, bank franchise located in South-Central Pennsylvania and northern tier of Maryland
- A company that is focused on building shareholder value by investing in technology and infrastructure to position itself for growth and profitability improvement
- A company that continues to grow core, low-rate deposits
- A company with diversified revenue streams including fee income from a $1.3 billion assets under management wealth management team
- A company with pristine credit quality
- A company with an above peer average dividend yield
- Attractive valuation entry point

Mission, Vision & Core Values

Mission Statement

Delivering the right financial solutions from people you know and trust.

Vision

We are committed to remaining independent by growing our bank to meet the increasing needs of our employees, customers, communities, and shareholders. We strive to be a financial services leader in the markets we serve.

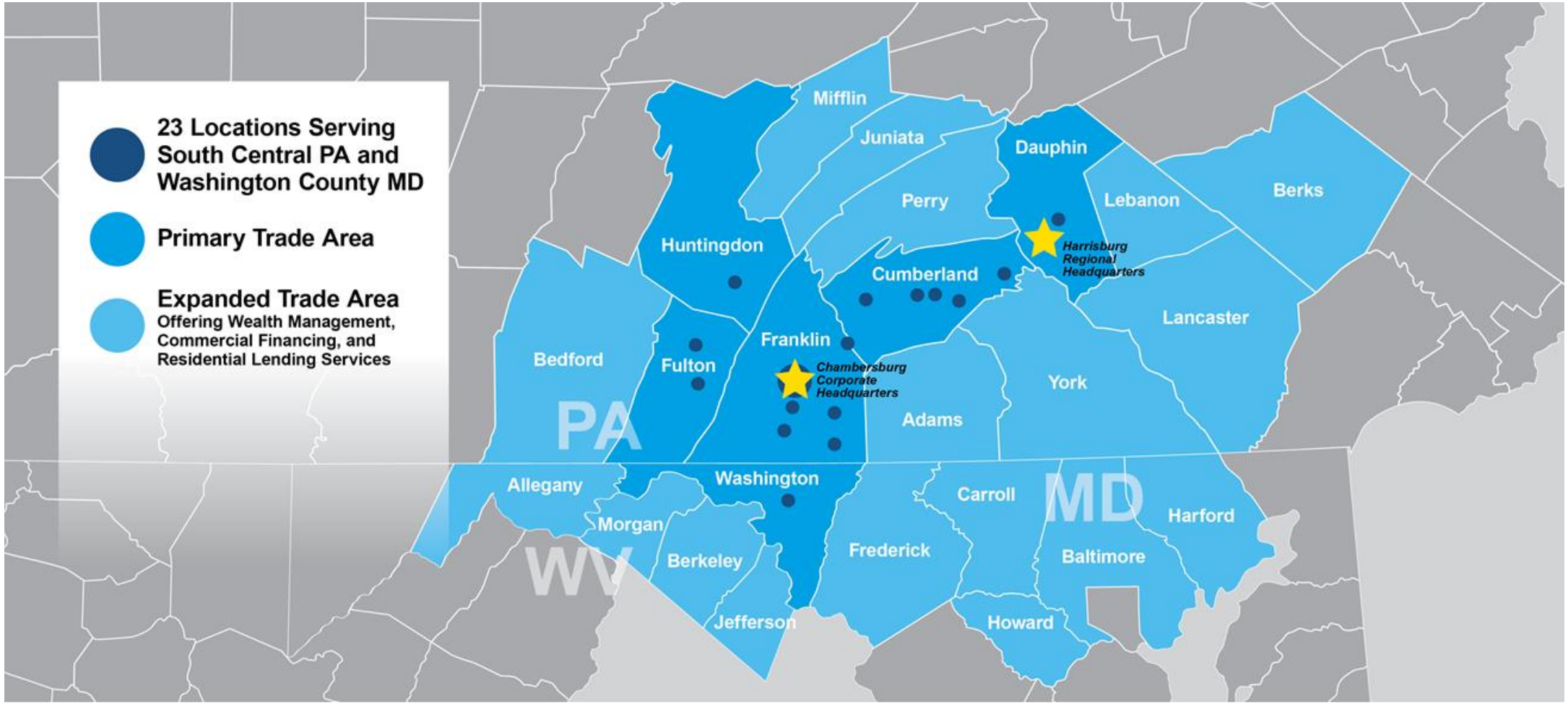
Core Values

The employees, officers and directors are committed to the core values of integrity, teamwork, excellence, accountability, and concern for our customers and the communities we serve.

Overview of Franklin Financial

- Franklin Financial, which was formed in 1983, is a holding company headquartered in Franklin County, PA
- Franklin Financial's wholly-owned subsidiary, F&M Trust, was founded in Chambersburg, PA in 1906
- Total assets of the Company were $2.2 billion as of December 31, 2024
- As of December 31, 2024, Franklin Financial reported $1.3 billion in trust and brokerage assets under management
- Franklin Financial stock is trading on the Nasdaq Stock Market (NASDAQ: FRAF)

Trade Area Expansion



Experienced and Cohesive Executive Team

Executive	Title	Years of Banking Experience	Joined F&M Trust	Prior Experience
Timothy G. Henry*	*Chief Executive Officer*	**43**	2016	*Fulton, Centra Bank, BlueRidge Bank, Susquehanna Bank, BB&T*
Craig W. Best	*President*	**42**	2025	*Peoples Security Bank & Trust, First Commonwealth Bank, Equitable Bank*
Mark R. Hollar	*Executive Vice President, Chief Financial Officer & Treasurer*	**37**	1994	*ValleyBank & Trust*
Charles B. Carroll, Jr.	*Executive Vice President, Chief Operating Officer*	**31**	2023	*S&T Bank, FirstMerit / Huntington National Bank, BBVA Compass*
Lorie Heckman, CERP, CRCM	*Executive Vice President, Chief Risk Officer*	**39**	1986	
Steven D. Butz	*Senior Vice President, Chief Commercial Services Officer*	**40**	2013	*PNC, Waypoint, Sovereign, Graystone Tower, Susquehanna Bank*
Scott Ehrig, CFP®, CIMA®	*Senior Vice President, Chief Wealth Management Officer*	**32**	2020	*FMA Advisory, Wilmington Trust, M&T Investment Group, JP Morgan*

*Retiring on April 29, 2025

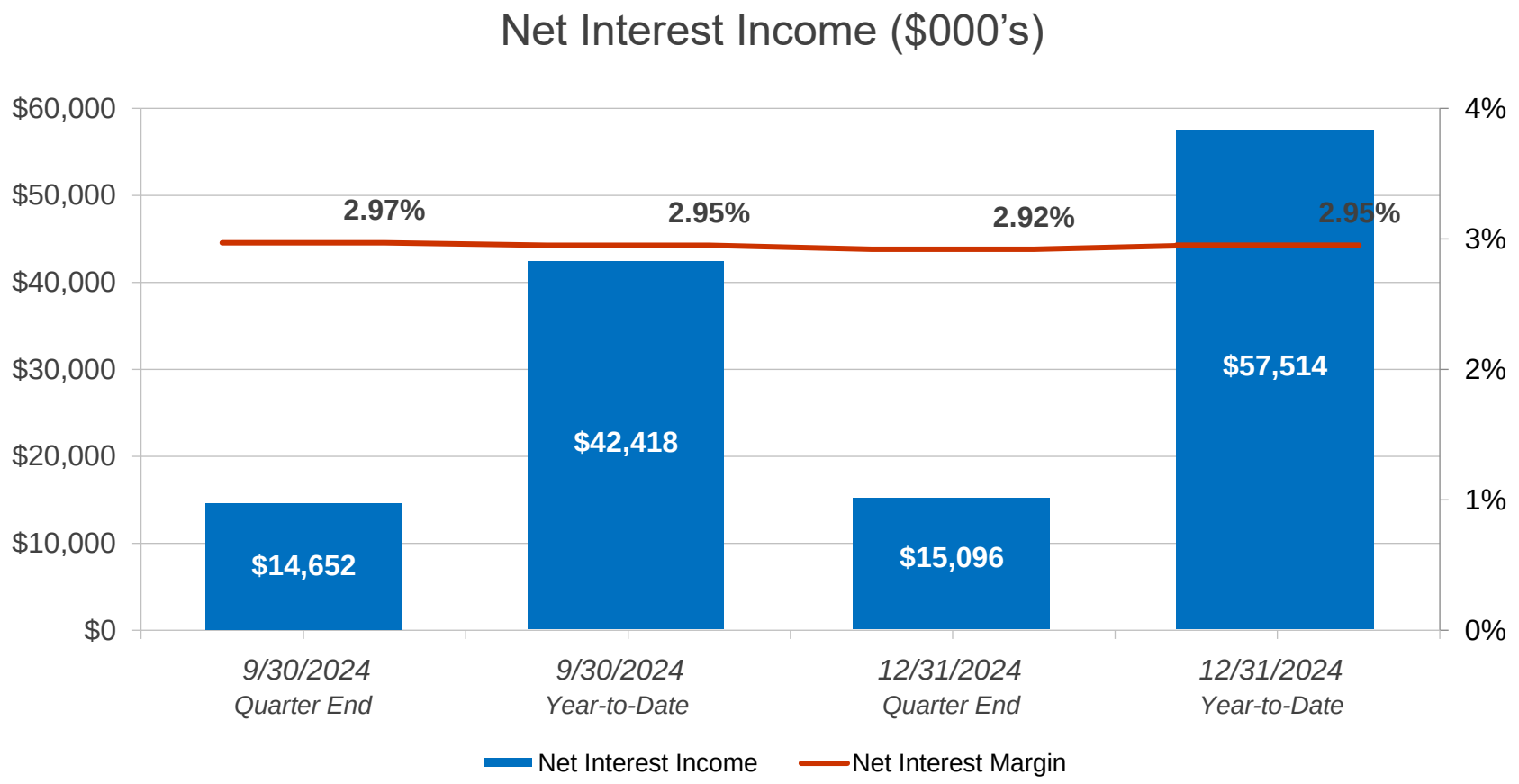
Experienced and Cohesive Executive Team

Executive	Title	Years of Banking Experience	Joined F&M Trust	Prior Experience
Louis J. Giustini	*Senior Vice President, Chief Retail Services Officer*	**37**	2022	*Hagerstown Trust, Columbia Bank, Fulton Bank*
Karen K. Carmack, DM	*Senior Vice President, Chief Human Resources Officer*	**30**	2000	*ACNB*
Matthew D. Weaver	*Senior Vice President, Chief Marketing Officer*	**25**	2014	*Susquehanna Bank, Clifton LarsonAllen, IMRE*
David M. Long	*Senior Vice President, Chief Technology Officer*	**18**	2022	*Howard Bank*

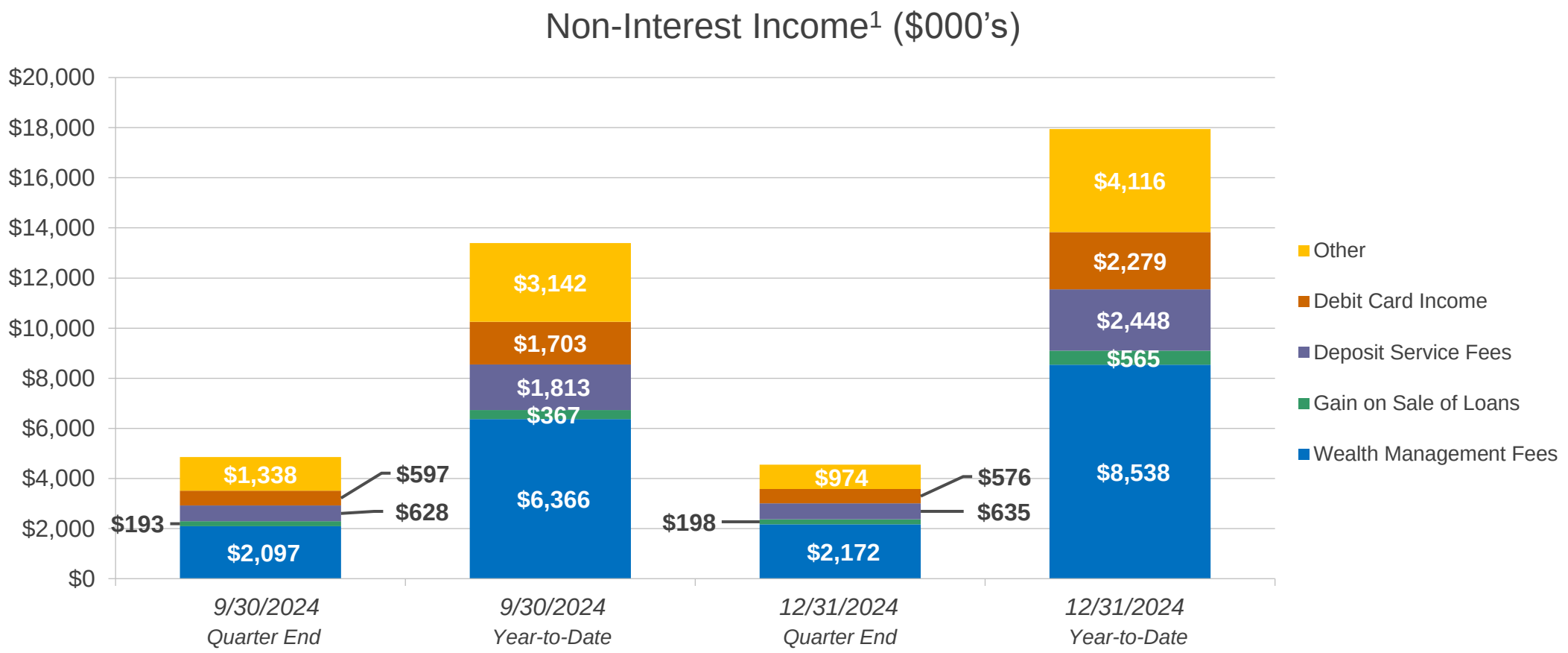
A Year of Growth

SELECTED HIGHLIGHTS	GROWTH PERCENTAGE	KEY STATISTICS
Total Assets	+19.7%	$2.198 Billion as of 12/31/2024 $1.836 Billion as of 12/31/2023
Net Loans	+11.2%	$1.380 Billion as of 12/31/2024 $1.241 Billion as of 12/31/2023
Total Deposits	+18.1%	$1.816 Billion as of 12/31/2024 $1.538 Billion as of 12/31/2023
Assets Under Management	+6.4%	$1.309 Billion as of 12/31/2024 $1.230 Billion as of 12/31/2023

Income Growth



Income Growth



[1]Excludes net securities gains/losses

Outlook

- The Company is continuing to grow by leveraging past investments in human capital and our physical, technological, and sales infrastructure including:
  - Integration of Salesforce into sales, operations, and marketing
  - Expanding our presence in the Pennsylvania and Maryland markets
  - Expanding the use of digitization in both customer interface and operational workflows to improve efficiencies and decrease costs across the company
- The focus on cross-selling between Commercial, Retail, and Wealth Management service lines of business, to the benefit of the bank's customers, continues with improvement due to the adoption and use of Salesforce throughout the bank and senior management's focus on the opportunities available to the company
- Commercial loan growth will continue due to the integration of new commercial relationship managers, improved underwriting processes, and growth into new regional markets for the bank

Outlook

- Deposit balances should continue to grow subject to the bank's efforts to control interest expense and manage liquidity needs
- Market pressure on deposit rates and competition for high-quality lending relationships may have an adverse effect on NIM
- The negative effect of the Accumulated Other Comprehensive Income on book capital will fluctuate over time with changes in interest rates but will eventually decrease as investments move to maturity
- Fee income from the Wealth Management division should continue to grow due to focus on the addition of new clients and gathering new assets from existing clients; overall growth should only be moderated by the general performance of both the bond and equity markets
- Along with driving revenue, we are focused on finding operating efficiencies, both internally and with our external third-party vendors

Summary

- The Company continues to be well capitalized and sufficiently liquid to successfully continue to grow
- Asset quality is good, and the Company is well provisioned for loan losses should they occur in future quarters due to economic factors
- The Company is actively working to bring more digitally based products and services to its customers
- The Company has shown the ability to grow core deposits in 2024 and that trend should continue into 2025
- The Company has positioned itself for growth through the addition of key people, tools for decision-making, and infrastructure. We have started to realize growth opportunities and will focus on leveraging the same people, tools, and infrastructure to improve efficiency and increase profitability.

Financial Updates

Fourth Quarter Ended December 31, 2024

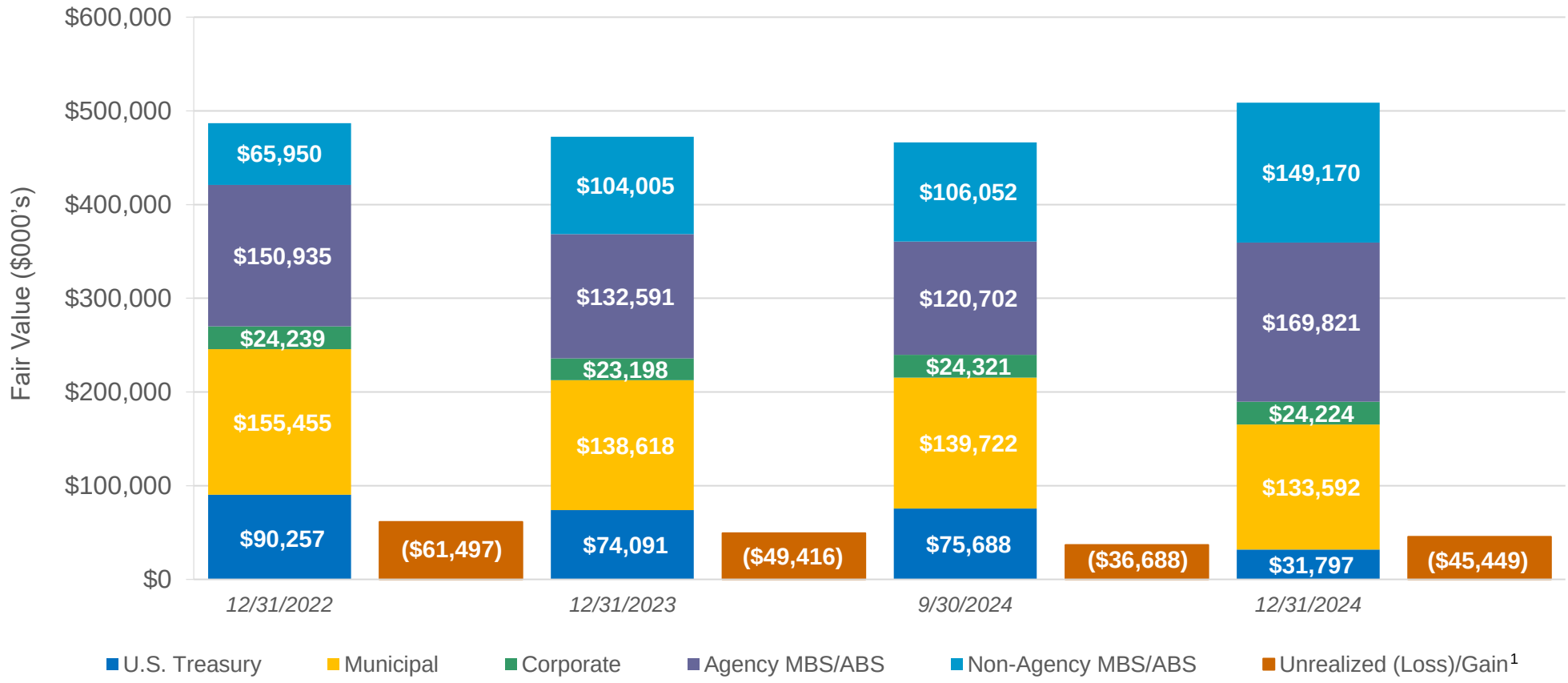
F&M TRUST

Franklin Financial Services Corporation

Balance Sheet Highlights

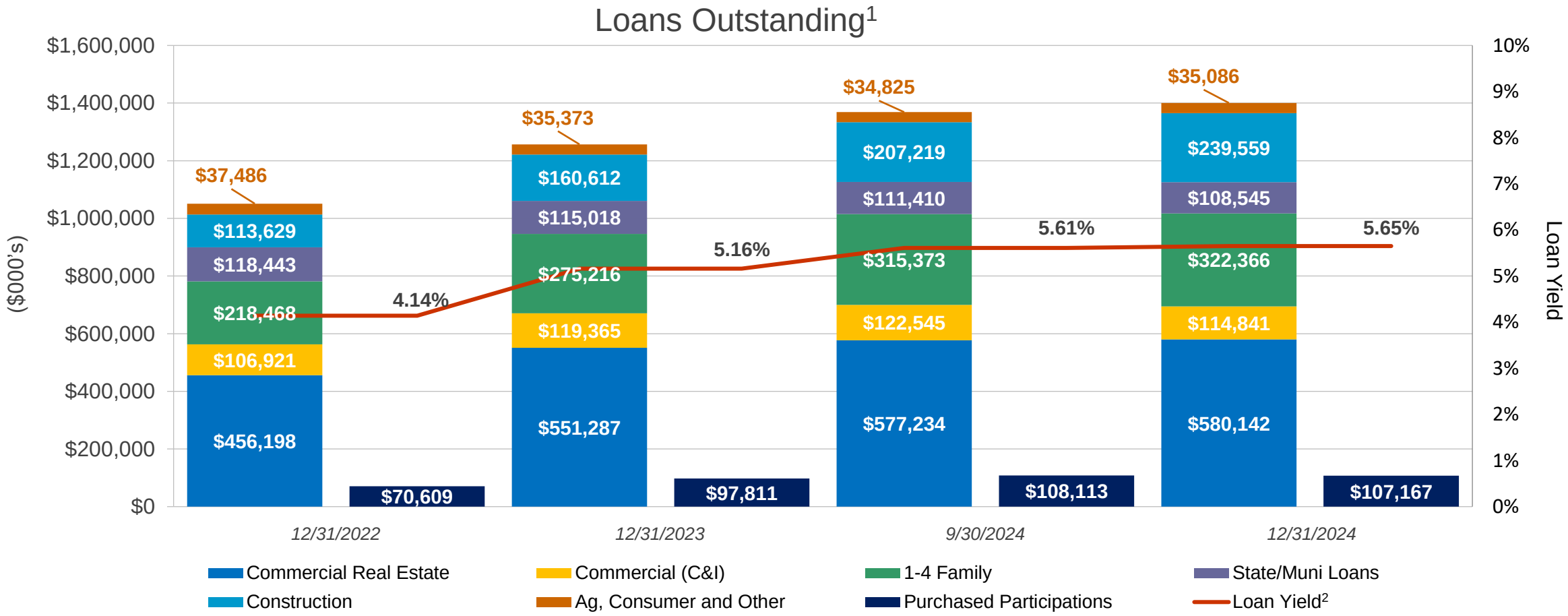
Dollars in Thousands (000's)	12/31/2024	9/30/2024	12/31/2023	12/31/2022
Total Assets	$2,197,841	$2,151,363	$1,836,039	$1,699,579
Cash and Cash Equiv.	$203,613	$236,317	$23,140	$64,899
Investments AFS	$508,770	$466,485	$472,503	$487,247
Net Loans	$1,380,424	$1,348,386	$1,240,933	$1,036,866
Deposits	$1,815,647	$1,723,491	$1,537,978	$1,551,448
Shareholders' Equity	$144,716	$149,928	$132,136	$114,197

Investment AFS Portfolio



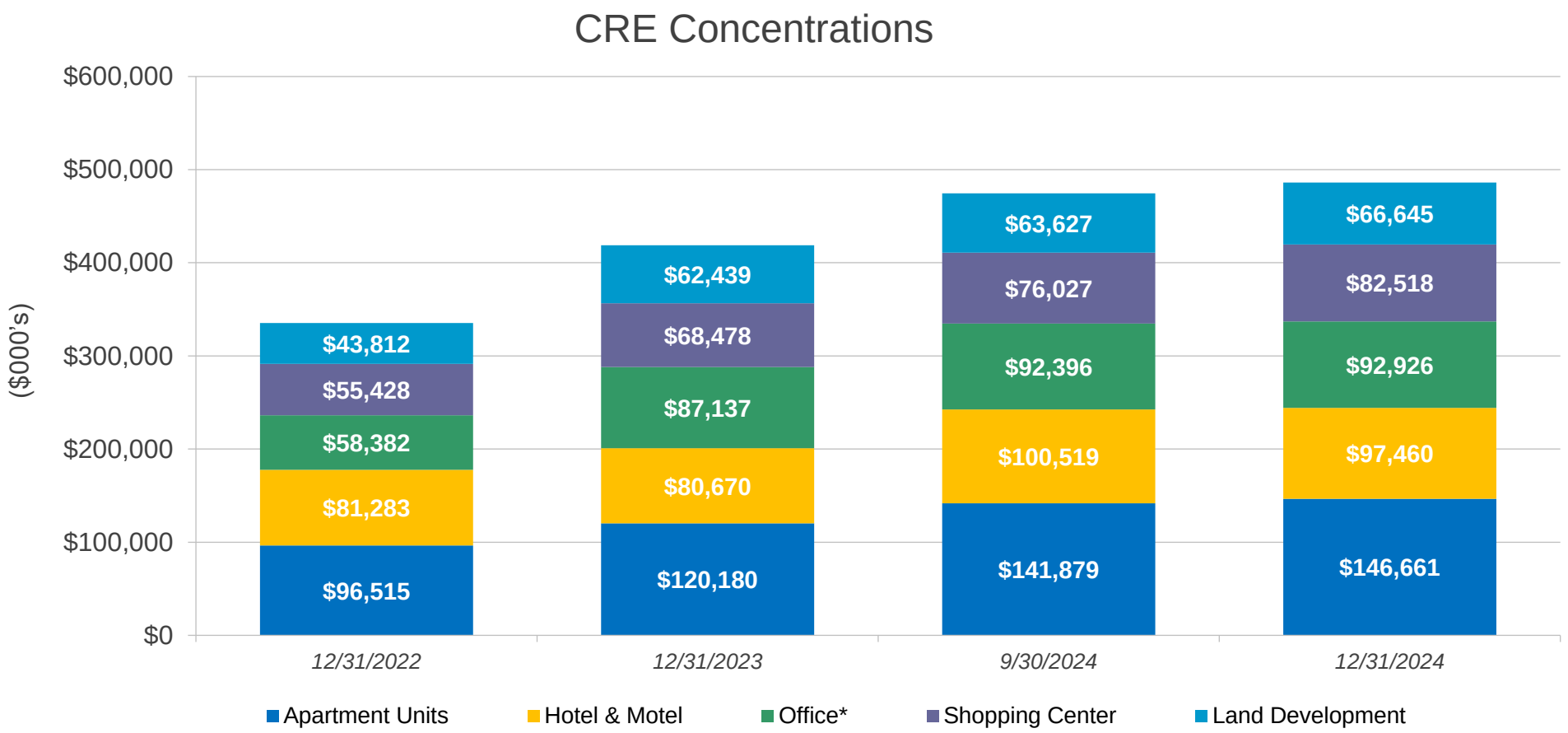
[1]Included in reported fair values

Diversified Loan Portfolio



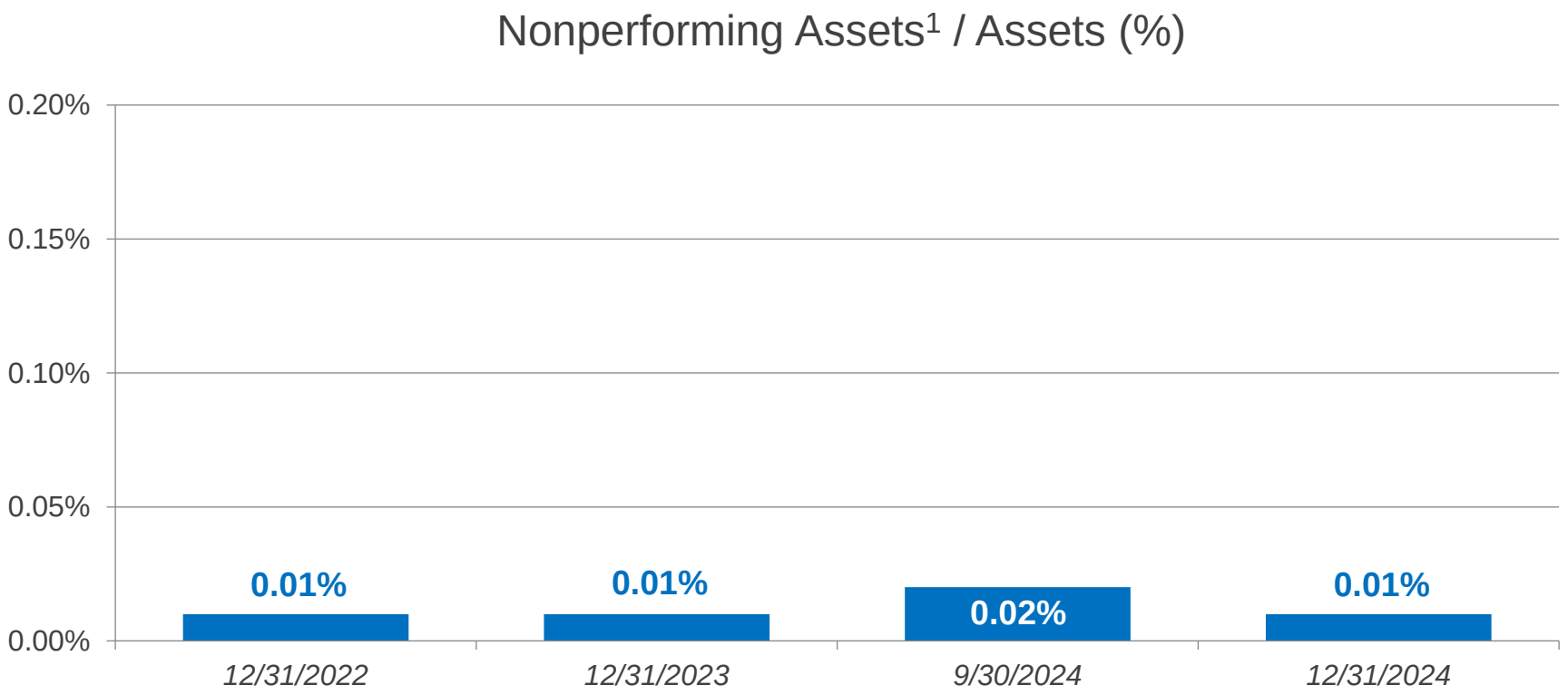
[1]Purchased participations are included as part of the loans outstanding; [2]Year-to-date

Largest Commercial Real Estate Concentrations



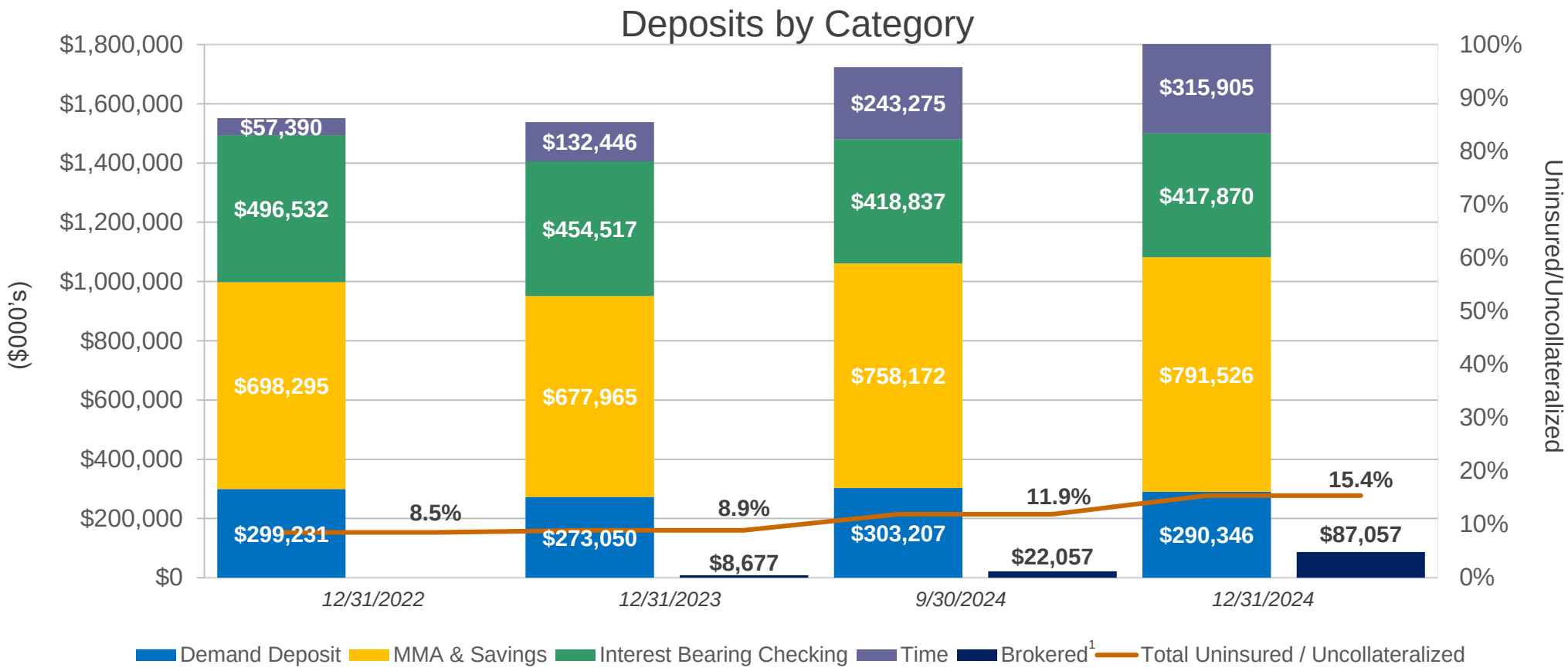
*Primarily in South Central Pennsylvania

Strong Credit Quality



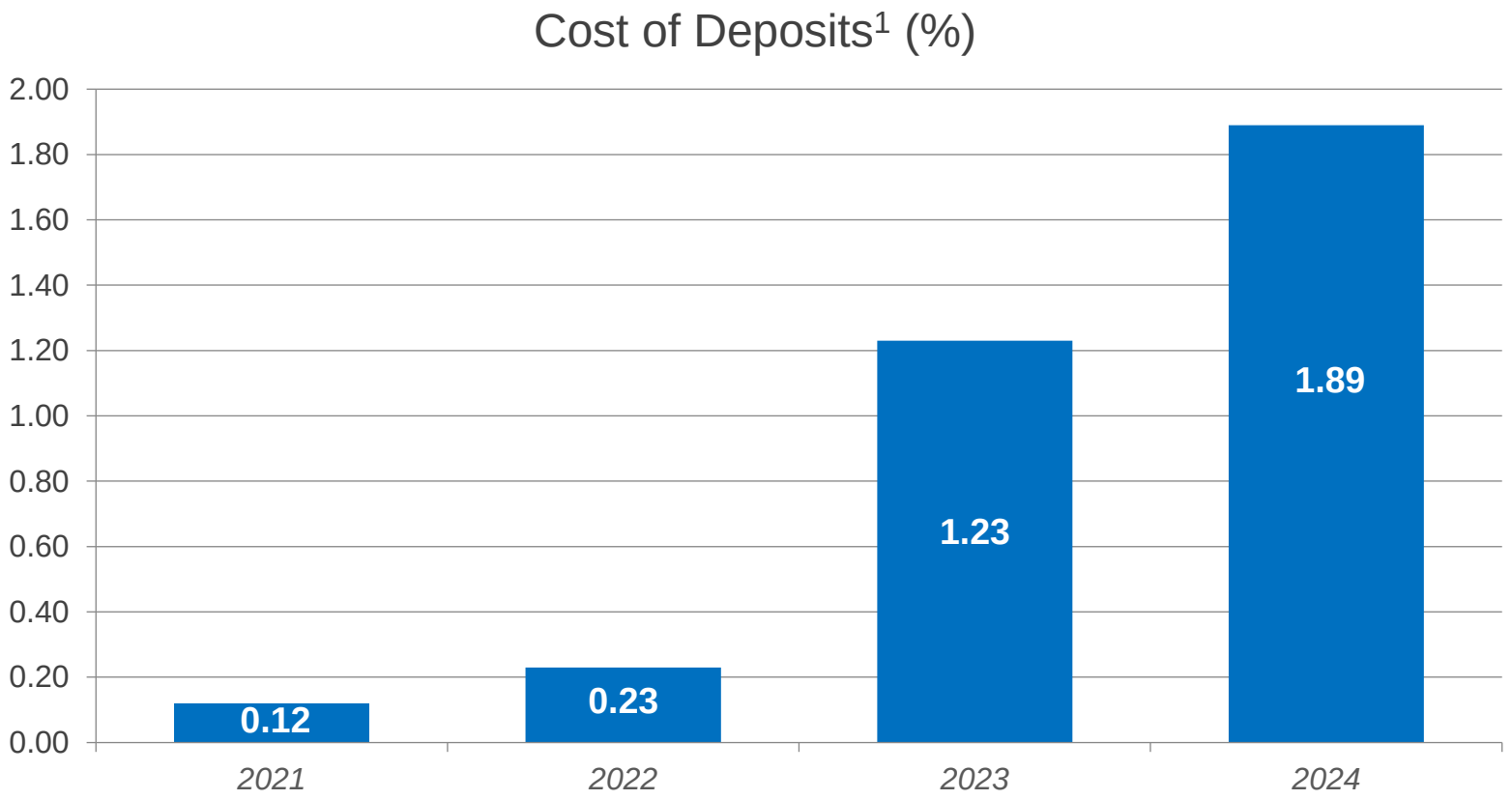
[1]Nonperforming assets = nonaccrual loans, loans 90 days past due and other real estate owned

Deposits by Category



[1]Brokered deposits are included as part of time deposits

Cost of Deposits

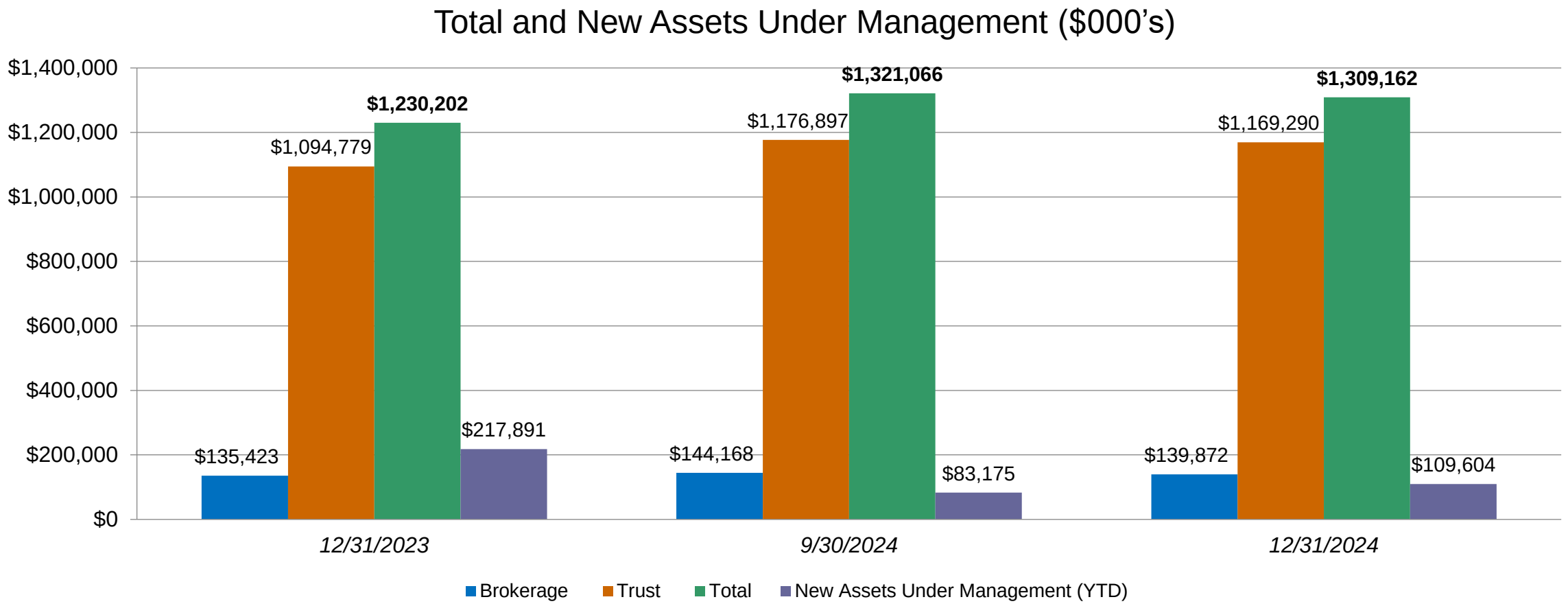


[1]Year-to-date

Liquidity Available at December 31, 2024

Dollars in Thousands (000's)			
Liquidity Source	**Capacity**	**Outstanding**	**Available**
Federal Home Loan Bank	$562,697	$ 200,000	$362,697
Federal Reserve Bank Discount Window	$64,575	$ –	$64,575
Correspondent Banks	$76,000	$ –	$76,000
Total	**$703,272**	**$200,000**	**$503,272**

Wealth Management



Income Statement Highlights

Dollars in Thousands (000's)	Quarter Ended 12/31/2024	Quarter Ended 9/30/2024	Quarter Ended 12/31/2023
Interest Income	$26,856	$26,053	$21,516
Interest Expense	$11,760	$11,401	$7,616
Provision for Credit Losses	$500	$485	$788
Noninterest Income[1]	$4,574	$4,550	$4,044
Noninterest Expense	$14,335	$13,917	$13,148
Net Income	$487	$4,218	$3,471
Net income excluding securities losses, net of tax benefit (non-GAAP)[2]	$3,858	$4,218	$3,471

[1]Excludes net securities gains/losses in all periods;
[2]See GAAP versus Non-GAAP reconciliation

Key Performance Measures

Percent (%)	Quarter Ended 12/31/2024	Quarter Ended 9/30/2024	Quarter Ended 12/31/2023
Return on Average Assets (ROAA)	0.09	0.80	0.75
ROAA excluding securities losses, net of tax benefit (non-GAAP)[1]	0.71	0.80	0.75
Return on Average Equity (ROAE)	1.32	11.86	11.81
ROAE excluding securities losses, net of tax benefit (non-GAAP)[1]	10.50	11.86	11.81
Efficiency Ratio[1]	72.05	71.55	72.22
Net Interest Margin	2.92	2.97	3.24
Non-Interest Income[2] / Operating Revenue	23.25	23.70	22.54

[1]See GAAP versus Non-GAAP reconciliation;
[2]Excludes securities gains in all periods

Balance Sheet Strength

Percent (%)	Quarter Ended 12/31/2024	Quarter Ended 9/30/2024	Quarter Ended 12/31/2023
Risk-Based Capital Ratio (Total)	13.85	14.73	14.45
Leverage Ratio (Tier 1)	7.92	8.44	9.01
Common Equity Ratio (Tier 1)	11.31	12.08	11.82
Tangible Common Equity Ratio	6.20	6.58	6.74
Tangible Common Equity Ratio excluding AOCI	7.82	8.02	8.98
Nonperforming Assets[1] / Total Assets	0.01	0.02	0.01
Allowance for Credit Loss as a % of Loans	1.26	1.28	1.28
Allowance to Nonaccrual Loans	NM[2]	NM[3]	NM[4]

[1]Nonperforming assets = nonaccrual loans, loans 90-days past due and other real estate owned; [2]Not meaningful = 6,636.47%; [3]Not meaningful = 5,684.09%; [4]Not meaningful = 10,919.73%

Market Statistics

Per Share Measure / Market Valuation	Quarter Ended 12/31/2024	Quarter Ended 9/30/2024	Quarter Ended 12/31/2023
Diluted Earnings Per Share	$0.11	$0.95	$0.79
Cash Dividend Yield	4.28%	4.25%	4.06%
Regular Cash Dividends Paid	$0.32	$0.32	$0.32
Dividend Payout Ratio	290.14%	33.45%	40.23%
Market Value Per Share	$29.90	$30.13	$31.55
Book Value	$32.69	$33.93	$30.23
Tangible Book Value[1]	$30.65	$31.89	$28.17
Market Cap ($M)	$132.37	$133.14	$137.91
Price / Book (%)	91.47%	88.80%	104.37%
Price / Tangible Book (%)	97.54%	94.49%	112.01%
Price / LTM EPS (X)	12.01	9.50	10.18

[1]See GAAP versus Non-GAAP reconciliation

Stock Symbol: **FRAF** (*Nasdaq*)

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Appendix

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Franklin Financial Services Corporation

GAAP / Non-GAAP Reconciliation

Tangible Book Value (per share) (non-GAAP)	Quarter Ended 12/31/2024	Quarter Ended 9/30/2024	Quarter Ended 12/31/2023
Shareholders' equity	$ 144,716	$ 149,928	$ 132,136
Less intangible assets	(9,016)	(9,016)	(9,016)
Shareholders' equity (non-GAAP)	135,700	140,912	123,120
Less AOCI	(35,508)	(30,885)	(40,940)
Tangible shareholders' equity excl. AOCI (non-GAAP)	171,208	171,797	164,060
Total assets	2,197,841	2,151,363	1,836,039
Less intangible assets	(9,016)	(9,016)	(9,016)
Total tangible assets (non-GAAP)	2,188,825	2,142,347	1,827.023
Tangible Common Equity Ratio (non-GAAP)	6.20%	6.58%	6.74%
Tangible Common Equity Ratio excl. AOCI (non-GAAP)	7.82%	8.02%	8.98%
Shares outstanding (in thousands)	4,427	4,419	4,371
Tangible book value (non-GAAP)	$30.65	$31.89	$28.17

GAAP / Non-GAAP Reconciliation

Net Income Excluding Securities Losses (non-GAAP)	Quarter Ended 12/31/2024	Quarter Ended 9/30/2024	Quarter Ended 12/31/2023
Securities losses as reported	$ (4,267)	$ –	$ –
Securities losses as reported, net of tax benefit (non-GAAP)	(3,371)	–	–
Noninterest income as reported	288	4,853	4,085
Plus securities losses	4,267	–	–
Noninterest income excluding securities losses, net of tax benefit (non-GAAP)	4,555	4,853	4,085
Net income as reported	487	4,218	3,471
Plus securities losses, net of tax benefit	3,371	–	–
Net income excluding securities losses, net of tax benefit (non-GAAP)	3,858	4,218	3,471
Return on Average Assets as reported (ROAA)	0.09%	0.80%	0.75%
ROAA excluding securities losses, net of tax benefit (non-GAAP)	0.71%	0.80%	0.75%
Return on Average Equity as reported (ROAE)	1.32%	11.86%	11.81%
ROAE excluding securities losses, net of tax benefit (non-GAAP)	10.50%	11.86%	11.81%

GAAP / Non-GAAP Reconciliation

Efficiency Ratio	Quarter Ended 12/31/2024	Quarter Ended 9/30/2024	Quarter Ended 12/31/2023
Noninterest expense	$ 14,335	$ 13,917	$ 13,148
Net interest income	15,096	14,652	13,900
Plus tax equivalent adjustment to net interest income	227	248	261
Plus noninterest income, net of securities transactions[1]	4,574	4,550	4,044
Total revenue	19,897	19,450	18,205
Efficiency Ratio (non-GAAP)	72.05%	71.55%	72.22%

[1]Excludes securities gains in all periods