

Corporate Headquarters – Chambersburg, PA

Franklin Financial Services Corporation

F&M TRUST

Investor Presentation

Second Quarter 2025 Highlights

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

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.

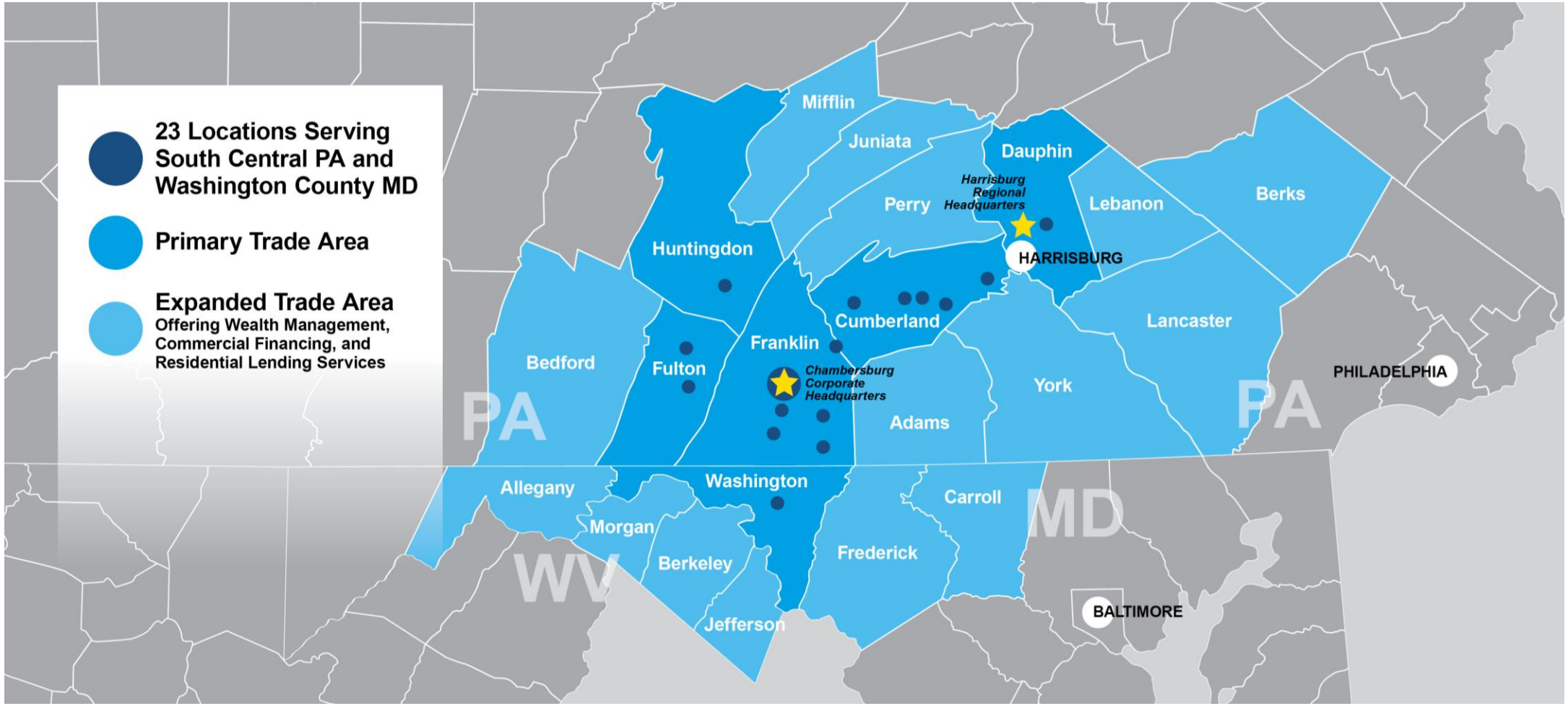
We caution readers not to place undue reliance on these forward-looking statements. They only reflect management's analysis as of this date. The Corporation does not revise or update these forward-looking statements to reflect events or changed circumstances. Please carefully review the risk factors 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.

GAAP versus non-GAAP Presentations – The Corporation supplements its traditional GAAP measurements with certain non-GAAP measurements to evaluate its performance and to eliminate the effect of intangible assets. By eliminating intangible assets, the Corporation believes it presents a measurement that is comparable to companies that have no intangible assets or to companies that have eliminated intangible assets in similar calculations. However, not all companies may use the same calculation method for each measurement. The Efficiency Ratio measures the cost to generate one dollar of revenue. The non-GAAP measurements are not intended to be used as a substitute for the related GAAP measurements and should not be read in isolation or relied upon as a substitute for GAAP measures. The following table shows the calculation of the non-GAAP measurements.

Overview of Franklin Financial

- Franklin Financial, which was formed in 1983, is a bank holding company headquartered in Franklin County, PA
- A $2.3 billion financial services corporation located in South-Central Pennsylvania and northern tier of Maryland
- Franklin Financial's wholly-owned subsidiary, F&M Trust, was founded in Chambersburg, PA in 1906
- As of June 30, 2025, Franklin Financial reported $1.4 billion in trust and brokerage assets under management
- Franklin Financial stock is trading on the Nasdaq Stock Market (NASDAQ: FRAF)

Trade Area Expansion



Why Invest in Franklin Financial?

- An exceptionally strong deposit franchise
- A company with diversified revenue streams including fee income from a $1.4 billion assets under management wealth management team
- A company with solid credit quality
- A company that continues to deliver good earnings
- A company with a strong dividend
- A company that is focused on building shareholder value by growing and protecting tangible book value[1]

[1]See GAAP versus Non-GAAP reconciliation

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.

Experienced and Cohesive Executive Team

Executive	Title	Years of Banking Experience	Joined F&M Trust	Prior Experience
Craig W. Best	*President and Chief Executive Officer*	**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	*F&M Trust, Vice President of Compliance and Security*
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*
Louis J. Giustini	*Senior Vice President, Chief Retail Services Officer*	**37**	2022	*Hagerstown Trust, Columbia Bank, Fulton Bank*

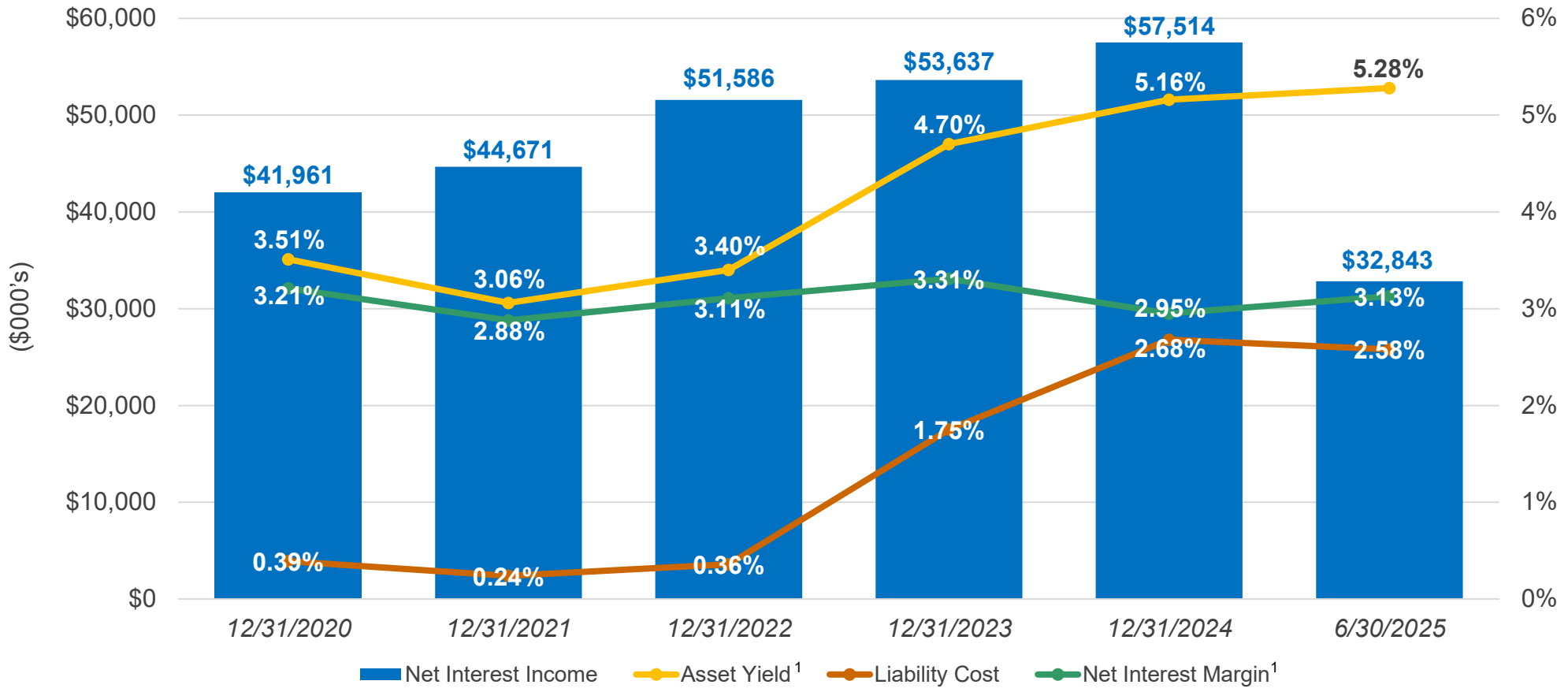
Experienced and Cohesive Executive Team

Executive	Title	Years of Banking Experience	Joined F&M Trust	Prior Experience
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*

Managed Growth

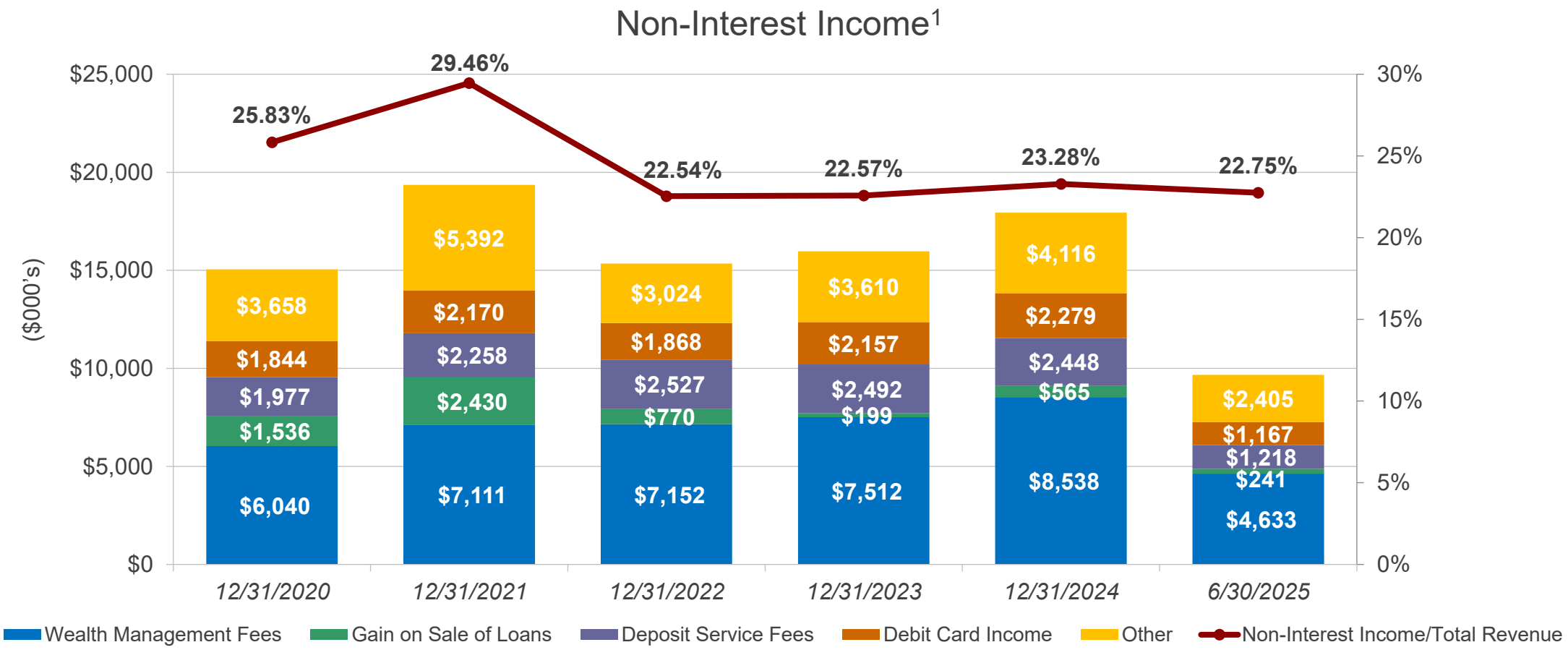
SELECTED HIGHLIGHTS	YTD GROWTH PERCENTAGE	KEY STATISTICS
Total Assets	+4.0%	$2.287 Billion as of 6/30/2025 $2.198 Billion as of 12/31/2024
Net Loans	+8.7%	$1.500 Billion as of 6/30/2025 $1.380 Billion as of 12/31/2024
Total Deposits	+4.3%	$1.893 Billion as of 6/30/2025 $1.816 Billion as of 12/31/2024
Assets Under Management	+3.9%	$1.360 Billion as of 6/30/2025 $1.309 Billion as of 12/31/2024

Net Interest Income



[1]Fully tax equivalent; 12/31/2020 through 12/31/2024 data is as of year end; 6/30/2025 is year-to-date

Diversified Income



[1]Excludes net securities gains/losses; 12/31/2020 through 12/31/2024 data is as of year end; 6/30/2025 is year-to-date

Financial Updates

Second Quarter Ended June 30, 2025

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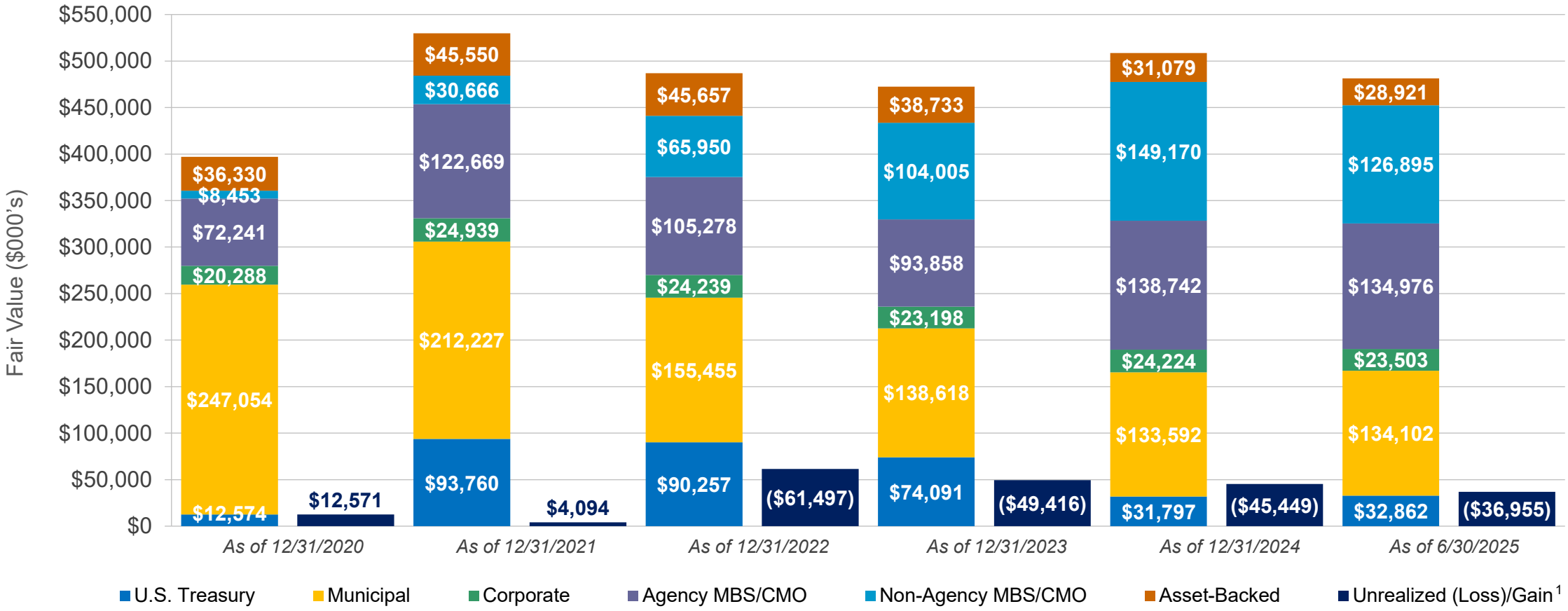
Franklin Financial Services Corporation

Balance Sheet Highlights

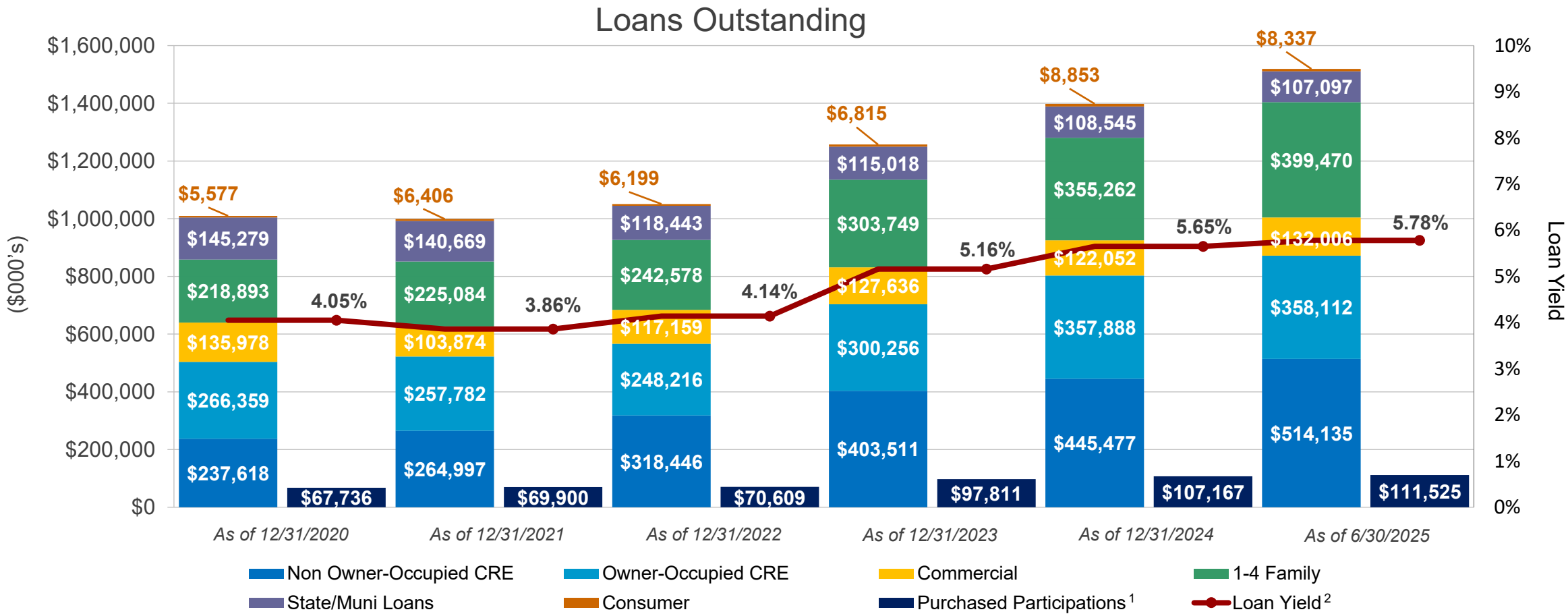
Dollars in Thousands (000's)	As of 6/30/2025	As of 12/31/2024	As of 12/31/2023	As of 12/31/2022	As of 12/31/2021	As of 12/31/2020
Total Assets	$2,286,745	$2,197,841	$1,836,039	$1,699,579	$1,773,806	$1,535,038
Cash and Cash Equivalents	$207,790	$203,613	$23,140	$64,899	$175,149	$57,146
Debt Securities AFS (Fair Value)	$481,259	$508,604	$472,503	$486,836	$529,811	$396,940
Net Loans	$1,500,035	$1,380,424	$1,240,933	$1,036,866	$983,746	$992,915
Deposits	$1,893,471	$1,815,647	$1,537,978	$1,551,448	$1,584,359	$1,354,573
Shareholders' Equity	$157,364	$144,716	$132,136	$114,197	$157,065	$145,176

Investment AFS Portfolio



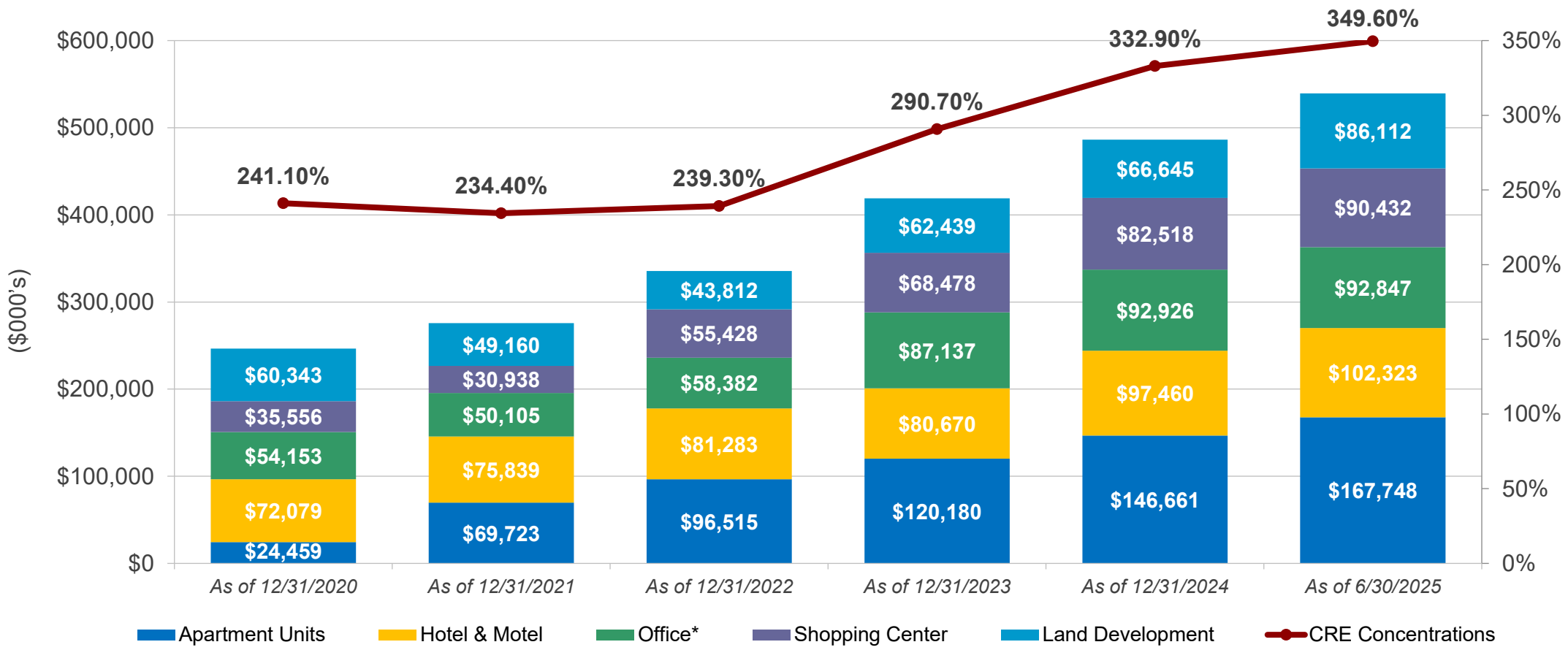
[1]Included in reported fair values

Diversified Loan Portfolio



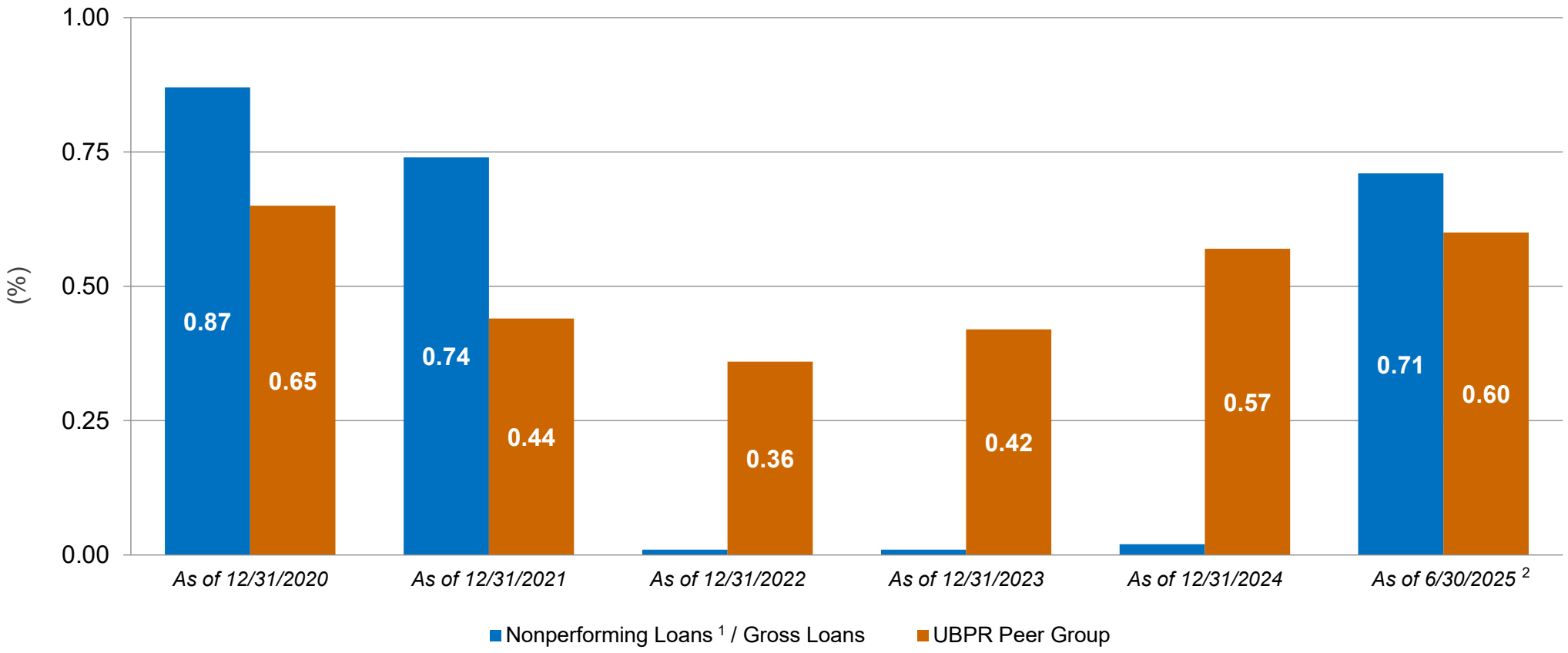
[1]Purchased participations are included as part of the loans outstanding; [2]12/31/2020 through 12/31/2024 data is as of year end; 6/30/2025 is year-to-date

Largest Commercial Real Estate Concentrations



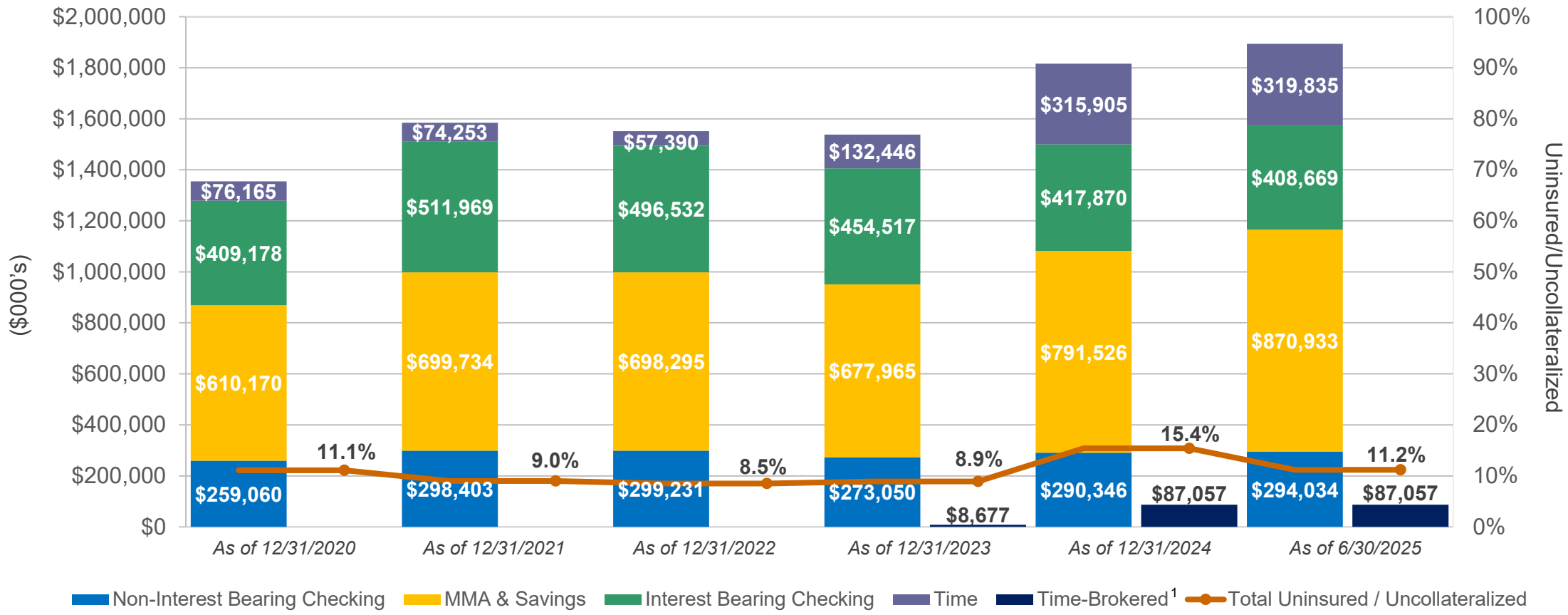
*Primarily in South Central Pennsylvania

Credit Quality



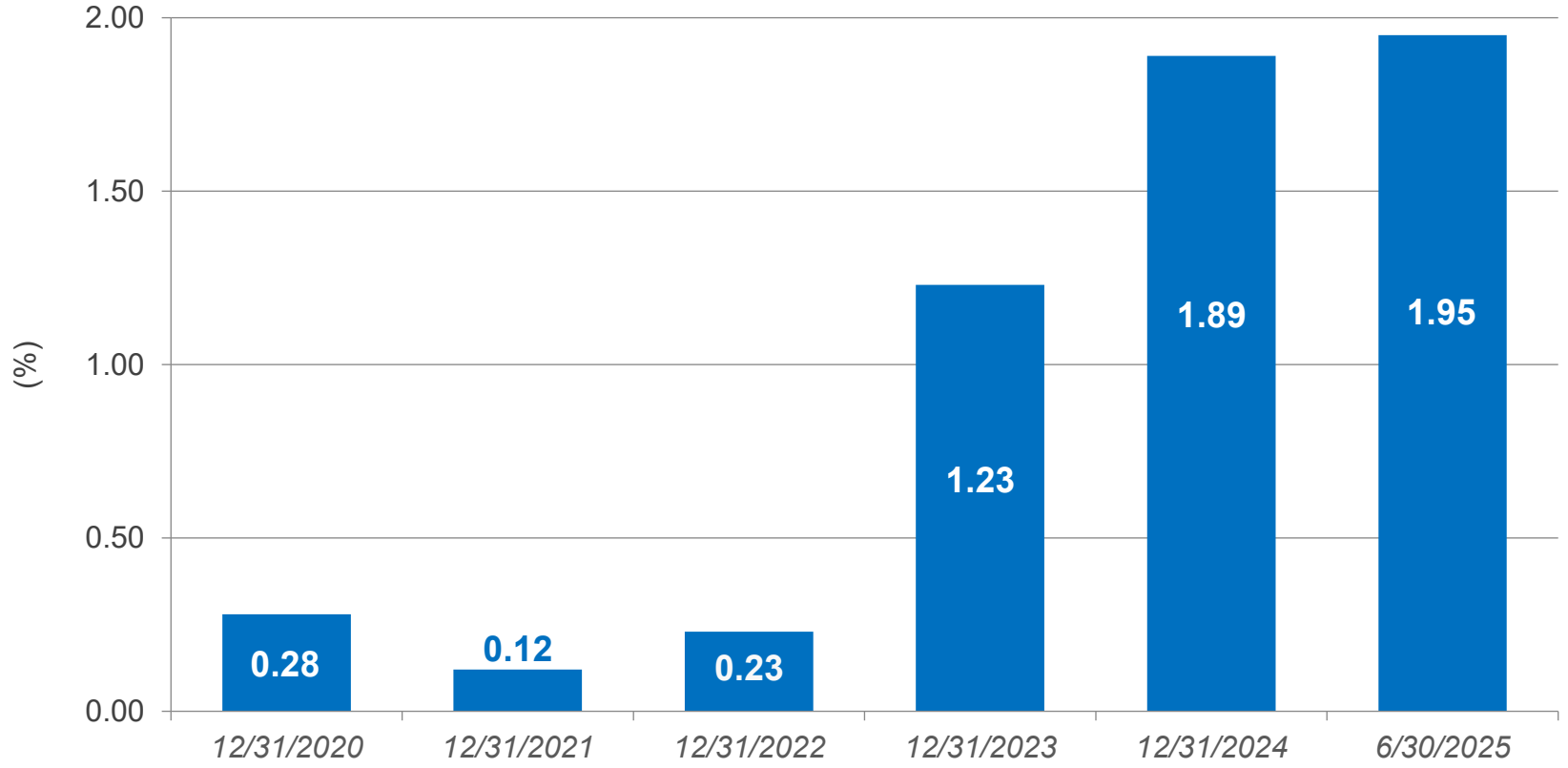
[1]Nonperforming loans = nonaccrual loans, loans 90 days past due; [2]Peer group data as of 3/31/2025 for banks $1 to $3 billion in assets

Deposits by Category



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

Cost of Deposits

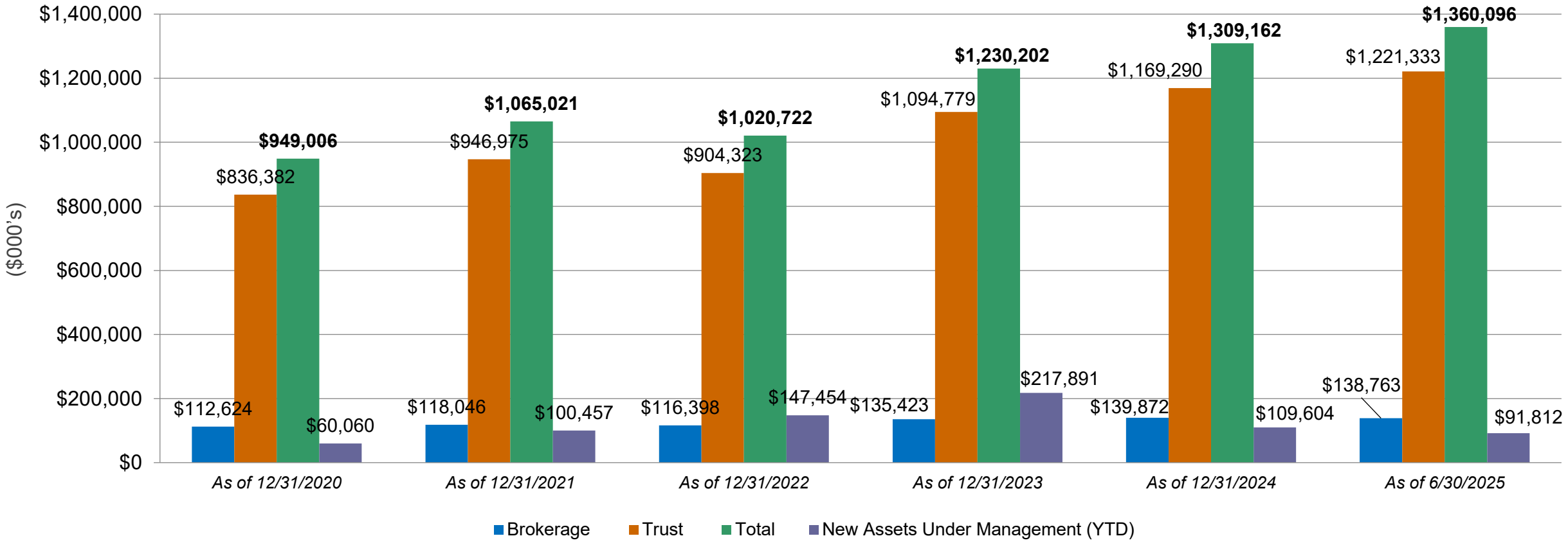


Average cost year-to-date for all periods

Liquidity Available at June 30, 2025

Dollars in Thousands (000's)			
Liquidity Source	**Capacity**	**Outstanding**	**Available**
Federal Home Loan Bank	$749,537	$200,000	$549,537
Federal Reserve Bank Discount Window	$63,559	$ –	$63,559
Correspondent Banks	$76,000	$ –	$76,000
Total	**$889,096**	**$200,000**	**$689,096**
Excess Cash	$180,364		
On-Balance Sheet Liquidity + Borrowing Capacity / Total Deposits	47.90%		
On-Balance Sheet Liquidity + Borrowing Capacity / Uninsured & Uncollateralized Deposits	426.30%		

Wealth Management



Income Statement Highlights

Dollars in Thousands (000's)	Six Months Ended 6/30/2025	Year End 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021	Year End 12/31/2020
Interest Income	$55,658	$101,451	$76,762	$56,449	$47,573	$45,939
Interest Expense	$22,815	$43,937	$23,125	$4,863	$2,902	$3,978
Provision for Credit Losses	$1,414	$1,983	$2,724	$650	$(2,100)	$4,625
Noninterest Income[1]	$9,664	$17,946	$15,970	$15,341	$19,361	$15,055
Noninterest Expense	$28,965	$55,895	$50,011	$48,691	$43,245	$39,362
Net Income	$9,829	$11,099	$13,598	$14,938	$19,616	$12,800

[1]Excludes net securities gains/losses in all periods

Key Performance Measures

Percent (%)	Six Months Ended 6/30/2025	Year End 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021	Year End 12/31/2020
Return on Average Assets (ROAA)	0.89	0.54	0.78	0.83	1.17	0.91
Return on Average Equity (ROAE)	13.27	8.05	11.39	11.64	13.20	9.56
Efficiency Ratio[1]	67.35	73.36	70.75	71.21	66.12	67.32
Net Interest Margin	3.13	2.95	3.31	3.11	2.88	3.21
Non-Interest Income[2] / Operating Revenue	22.75	23.28	22.57	22.54	29.46	25.83

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

Balance Sheet Strength

Percent (%)	As of 6/30/2025	As of 12/31/2024	As of 12/31/2023	As of 12/31/2022	As of 12/31/2021	As of 12/31/2020
Risk-Based Capital Ratio (Total)	13.33	13.85	14.45	17.21	18.41	17.69
Leverage Ratio (Tier 1)	7.78	7.92	9.01	8.95	8.52	8.69
Common Equity Ratio (Tier 1)	10.91	11.31	11.82	14.22	15.20	14.32
Tangible Common Equity Ratio	6.51	6.20	6.74	6.16	8.30	8.82
Tangible Common Equity Ratio excluding AOCI	7.86	7.82	8.98	9.16	8.33	8.61
Nonperforming Assets[1] / Total Assets	0.14	0.01	0.01	0.01	0.42	0.57
Allowance for Credit Losses as a % of Loans	1.26	1.26	1.28	1.35	1.51	1.66
Allowance for Credit Losses to Nonaccrual Loans	176.60	NM[2]	NM[3]	NM[4]	NM[5]	192.89

[1]Nonperforming assets = nonaccrual loans, loans 90-days past due and other real estate owned; [2]Not meaningful = 6,636.47%; [3]Not meaningful = 10,919.73%; [4]Not meaningful = 11,812.50%; [5]Not meaningful = 204.04%

Market Statistics

Per Share Measure / Market Valuation	Six Months Ended 6/30/2025	Year End 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021	Year End 12/31/2020
Diluted Earnings Per Share	$2.20	$2.51	$3.10	$3.36	$4.42	$2.93
Cash Dividend Yield	3.81%	4.28%	4.06%	3.55%	3.87%	4.44%
Regular Cash Dividends Paid Per Share	$0.65	$1.28	$1.28	$1.28	$1.25	$1.20
Dividend Payout Ratio	29.39%	50.72%	41.15%	37.88%	28.16%	40.83%
Market Value Per Share	$34.63	$29.90	$31.55	$36.10	$33.10	$27.03
Book Value Per Share	$35.22	$32.69	$30.23	$26.01	$35.36	$33.07
Tangible Book Value Per Share[1]	$33.20	$30.65	$28.17	$23.96	$33.34	$31.02
Market Cap ($M)	$154.70	$132.37	$137.91	$158.48	$147.00	$118.63
Price / Book Value (%)	98.31%	91.47%	104.37%	138.79%	93.61%	81.74%
Price / Tangible Book Value (%)	104.28%	97.54%	112.01%	150.67%	99.29%	87.13%
Price / Earnings Multiple	6.56	11.91	10.18	10.74	7.49	9.23

[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) ***Dollars in Thousands (000's), Except Per Share***	**As of 6/30/2025**	**As of 12/31/2024**	**As of 12/31/2023**	**As of 12/31/2022**	**As of 12/31/2021**	**As of 12/31/2020**
Shareholders' Equity	$ 157,364	$ 144,716	$ 132,136	$ 114,197	$ 157,065	$ 145,176
Less Intangible Assets	9,016	9,016	9,016	9,016	9,016	9,016
Tangible Shareholders' Equity (Non-GAAP)	148,348	135,700	123,120	105,181	148,049	136,160
Less AOCI	(30,784)	(35,508)	(40,940)	(51,287)	(547)	3,190
Tangible Shareholders' Equity Excluding AOCI (Non-GAAP)	179,132	171,208	164,060	156,468	148,596	132,970
Total Assets	2,286,745	2,197,841	1,836,039	1,699,579	1,773,806	1,535,038
Less Intangible Assets	9,016	9,016	9,016	9,016	9,016	9,016
Total Tangible Assets (Non-GAAP)	$ 2,277,729	$ 2,188,825	$ 1,827,023	$ 1,690,563	$ 1,764,790	$ 1,526,022
Tangible Common Equity Ratio (Non-GAAP)	6.51%	6.20%	6.74%	6.22%	8.39%	8.92%
Tangible Common Equity Ratio Excluding AOCI (Non-GAAP)	7.86%	7.82%	8.98%	9.26%	8.42%	8.71%
Shares Outstanding (In Thousands)	4,468	4,427	4,371	4,390	4,441	4,389
Tangible Book Value Per Share (Non-GAAP)	$ 33.20	$ 30.65	$ 28.17	$ 23.96	$ 33.34	$ 31.02

GAAP / Non-GAAP Reconciliation

Net Income Excluding Securities Losses / Gains (non-GAAP) *Dollars in Thousands (000's)*	Six Months Ended 6/30/2025	Year End 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021	Year End 12/31/2020
Securities (Losses) / Gains as Reported	$ -	$ (4,267)	$ (1,119)	$ (91)	$ 127	$ 29
Securities (Losses) / Gains as Reported, Net of Tax Benefit (Non-GAAP)	-	(3,371)	(884)	(72)	100	23
Noninterest Income as Reported	9,664	13,679	14,851	15,250	19,488	15,084
Plus Securities (Losses) / Gains	-	4,267	1,119	91	(127)	(29)
Noninterest Income Excluding Securities (Losses) / Gains, Net of Tax Benefit (Non-GAAP)	9,664	17,946	15,970	15,341	19,361	15,055
Net Income as Reported	9,829	11,099	13,598	14,938	19,616	12,800
Plus Securities (Losses) / Gains, Net of Tax Benefit	-	3,371	884	72	(100)	(23)
Net Income Excluding Securities (Losses) / Gains, Net of Tax Benefit (Non-GAAP)	$ 9,829	$ 14,470	$ 14,482	$ 15,010	$ 19,516	$ 12,777
Return on Average Assets as Reported (ROAA)	0.89%	0.54%	0.78%	0.83%	1.17%	0.91%
ROAA Excluding Securities (Losses) / Gains, Net of Tax Benefit (Non-GAAP)	0.89%	0.70%	0.83%	0.84%	1.17%	0.90%
Return on Average Equity as Reported (ROAE)	13.27%	8.05%	11.39%	11.64%	13.20%	9.56%
ROAE Excluding Securities (Losses) / Gains, Net of Tax Benefit (Non-GAAP)	13.27%	10.50%	12.13%	11.70%	13.13%	9.54%

GAAP / Non-GAAP Reconciliation

Efficiency Ratio *Dollars in Thousands (000's)*	Six Months Ended 6/30/2025	Year End 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021	Year End 12/31/2020
Noninterest Expense	$ 28,965	$ 55,895	$ 50,011	$ 48,691	$ 43,245	$ 39,362
Net Interest Income	32,843	57,514	53,637	51,586	44,671	41,961
Plus Tax Equivalent Adjustment to Net Interest Income	490	938	1,094	1,381	1,466	1,407
Plus Noninterest Income, Net of Securities Transactions[1]	9,671	17,737	15,954	15,410	19,271	15,104
Total Revenue	$ 43,004	$ 76,189	$ 70,685	$ 68,377	$ 65,408	$ 58,472
Efficiency Ratio (Non-GAAP)	67.35%	73.36%	70.75%	71.21%	66.12%	67.32%

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[1]Excludes net gains / (losses) on sales of debt securities