

Investor Presentation

Second Quarter 2024 Highlights



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

For the first six months of 2024, I am pleased that we continued to grow the Company despite the ongoing challenge of an inverted yield curve and the level of uncertainty that pervaded the first two quarters with respect to inflation, the direction of interest rates, national and local politics, and world affairs. The Company has seen growth across the board in total assets, loans, deposits, and assets under management by our Wealth Management team, all of which sets us up for a good second half of the year.

The results of the first six months present us with opportunities to improve our contracting net interest margin and an efficiency ratio that is higher than what we want to see. We are working to correct this with a focus on revenue generation, leveraging the tools and people we have put in place over the last year, and expense control.

Credit quality continues to be good with minimal new issues. The work in our extended market (Berks, Lancaster, and York counties) continues to bring in quality commercial relationships that support the growth in our more traditional markets. Construction on our new 1,700-square-foot community office in Dauphin County continues with an expected early fourth-quarter opening.

As we enter the third quarter, we are seeing significant changes in interest rates, the stock market, national politics, and world affairs. How these changes play out in the local markets we serve remains to be seen, but we are vigilant in looking for opportunities in the midst of change that will improve our balance sheet strength and earnings.

Often quoted, “may you live in interesting times,” we see not as a curse but as an opportunity, as we do live in interesting times that can provide opportunity to the Company and its shareholders.

Thank you for your continued support.

Sincerely,



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.

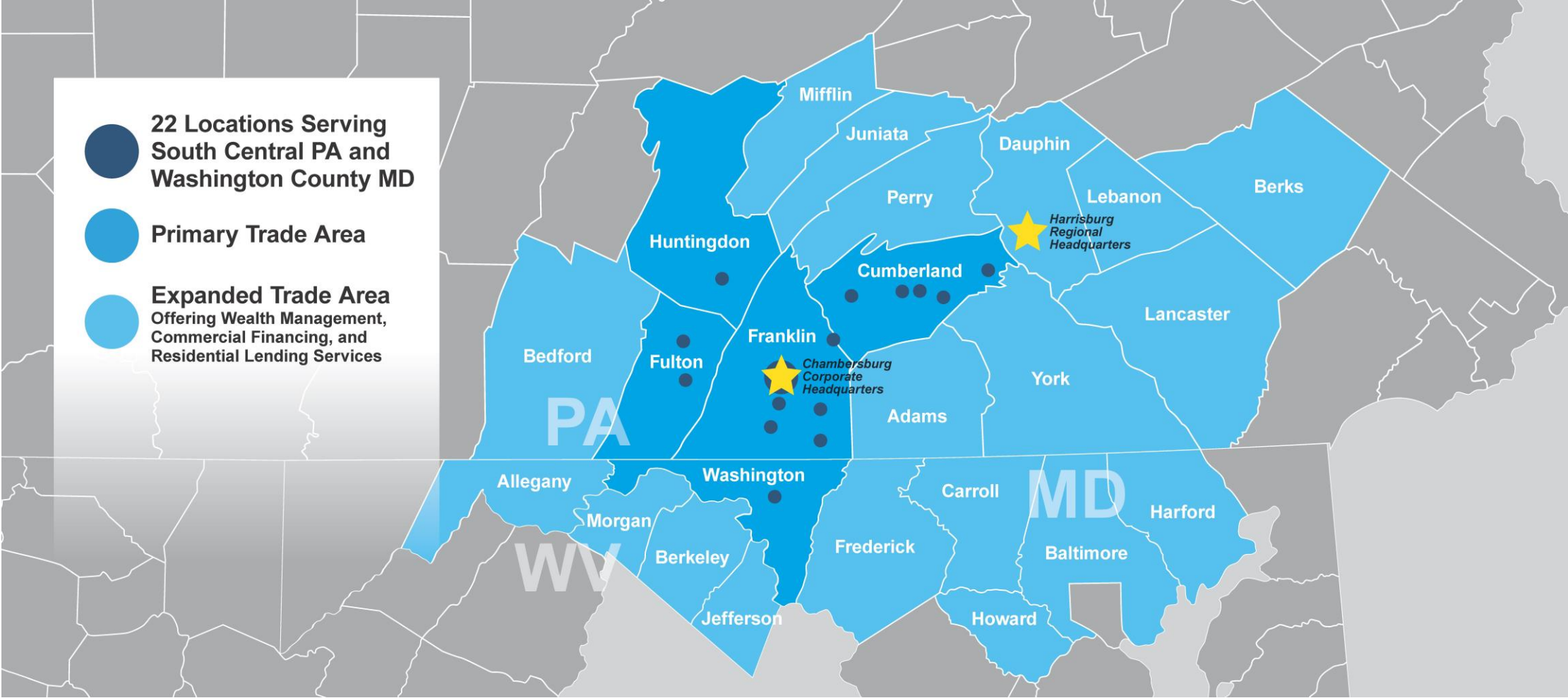
Core Values

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 \$2.04 billion as of June 30, 2024
- As of June 30, 2024, Franklin Financial reported \$1.28 billion in brokerage and trust 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	<i>President & Chief Executive Officer</i>	42	2016	<i>Fulton, Centra Bank, BlueRidge Bank, Susquehanna Bank, BB&T</i>
Mark R. Hollar	<i>Executive Vice President, Chief Financial Officer & Treasurer</i>	36	1994	<i>ValleyBank & Trust</i>
Charles B. Carroll, Jr.	<i>Executive Vice President, Chief Operating Officer</i>	30	2023	<i>S&T Bank, FirstMerit / Huntington National Bank, BBVA Compass</i>
Lorie Heckman	<i>Senior Vice President, Chief Risk Officer</i>	38	1986	
Steven D. Butz	<i>Senior Vice President, Chief Commercial Services Officer</i>	39	2013	<i>PNC, Waypoint, Sovereign, Graystone Tower, Susquehanna Bank</i>
Scott Ehrig, CFP, CIMA	<i>Senior Vice President, Chief Wealth Management Officer</i>	31	2020	<i>FMA Advisory, Wilmington Trust, M&T Investment Group, JP Morgan</i>

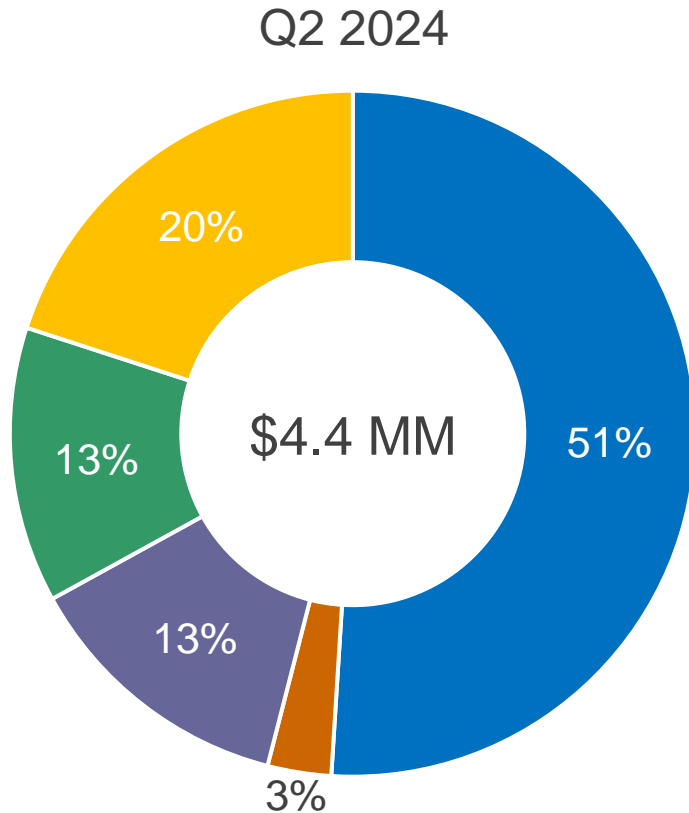
Experienced and Cohesive Executive Team

Executive	Title	Years of Banking Experience	Joined F&M Trust	Prior Experience
Louis J. Giustini	Senior Vice President, Chief Retail Services Officer	36	2022	Hagerstown Trust, Columbia Bank, Fulton Bank
Karen K. Carmack, DM	Senior Vice President, Chief Human Resources Officer	29	2000	ACNB
Matthew D. Weaver	Senior Vice President, Chief Marketing Officer	24	2014	Susquehanna Bank, Clifton LarsonAllen, IMRE
David Long	Senior Vice President, Chief Technology Officer	17	2022	Howard Bank

A Year of Growth

SELECTED HIGHLIGHTS	GROWTH PERCENTAGE	KEY STATISTICS
Total Assets	+11.1%	\$2.039 Billion as of 6/30/2024 \$1.836 Billion as of 12/31/2023
Net Loans	+4.9%	\$1.301 Billion as of 6/30/2024 \$1.241 Billion as of 12/31/2023
Assets Under Management	+3.3%	\$1.271 Billion as of 6/30/2024 \$1.230 Billion as of 12/31/2023

Non-Interest Income (000's)



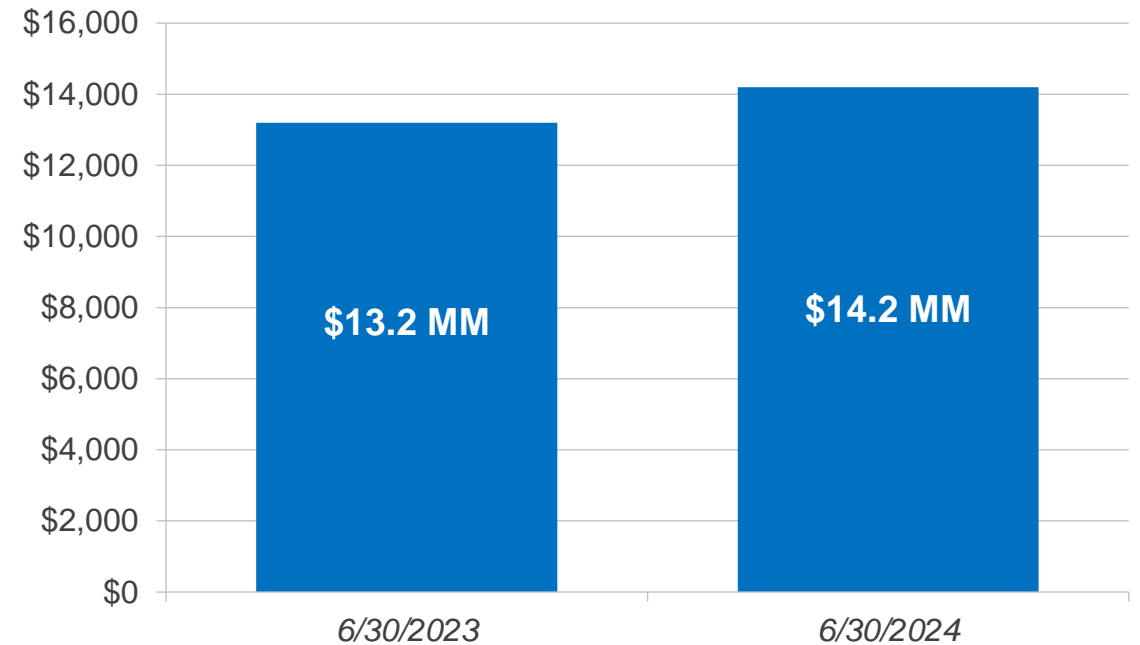
	Q2 2024	Q2 2023	Change
■ Wealth Management Fees	2,242	1,959	283
■ Gain on Sale of Loans	116	45	71
■ Deposit Service Fees	572	616	(44)
■ Debit Card Income	571	547	24
■ Other	883	887	(4)
Total¹	4,384	4,054	330

¹ Excludes net securities gains/losses

Net Interest Income Growth

- Net interest income for the quarter ended 6/30/24 was \$14.2 million compared to \$13.2 million for the same period in 2023
- Net interest margin was 2.99% for the quarter ended 6/30/24 compared to 3.30% for the same period in 2023

Net Interest Income (\$000's)



Outlook for 2024

- The Company is continuing to grow by leveraging our past investments in human capital as well as 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

Outlook for 2024

- 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
- Deposit balances should continue to grow through the third quarter 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 may fluctuate over time with changes in interest rates but will eventually decrease as investments move to maturity (average portfolio life is 4.7 years)

Outlook for 2024

- 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
- The company will see a new community office come online at the end of 2024 with the completion of a new branch in Dauphin County, Pennsylvania, that will serve a broad mix of residential, retail, and commercial customers who surround the new location

Summary

- The Company continues to be well capitalized and sufficiently liquid to successfully develop new Commercial relationships
- Asset quality is good, and the Company is well provisioned for 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 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.

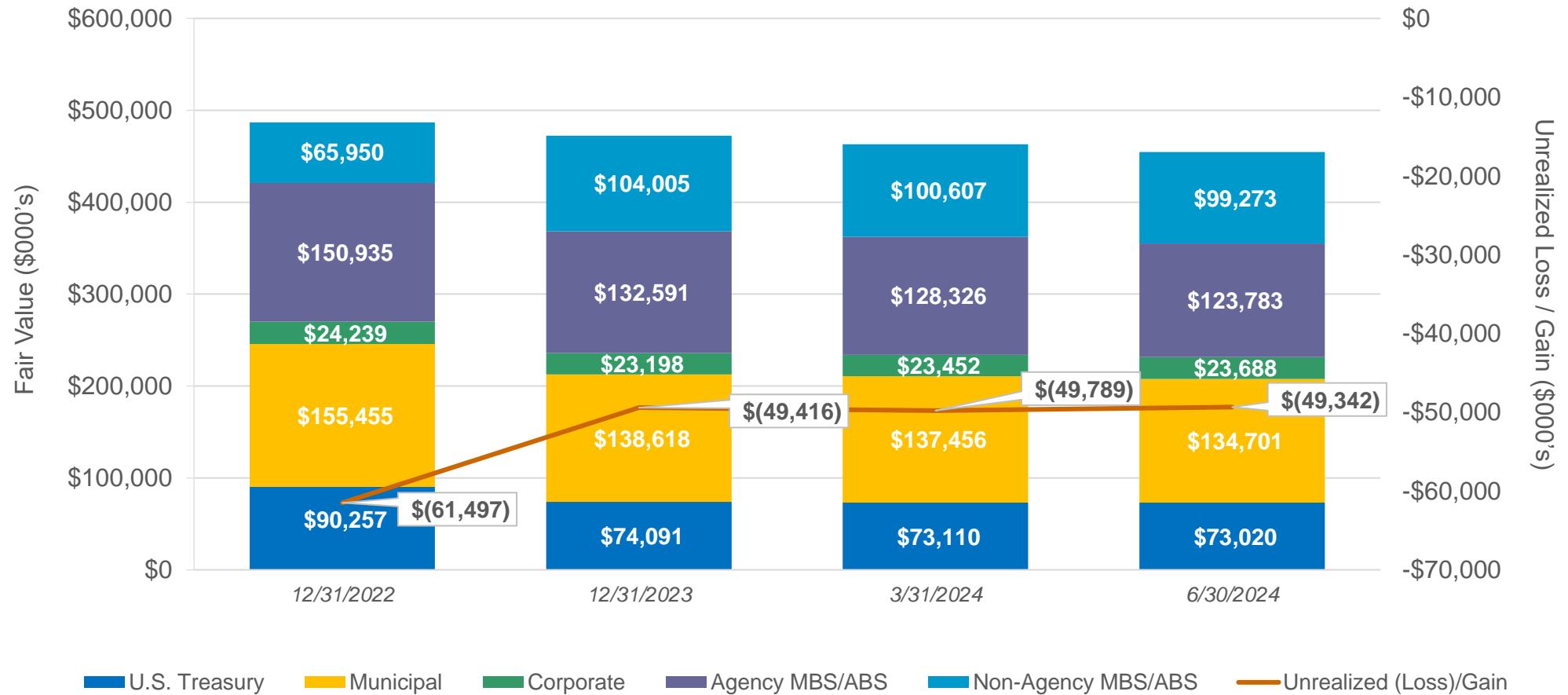
Financial Updates

Second Quarter Ended June 30, 2024

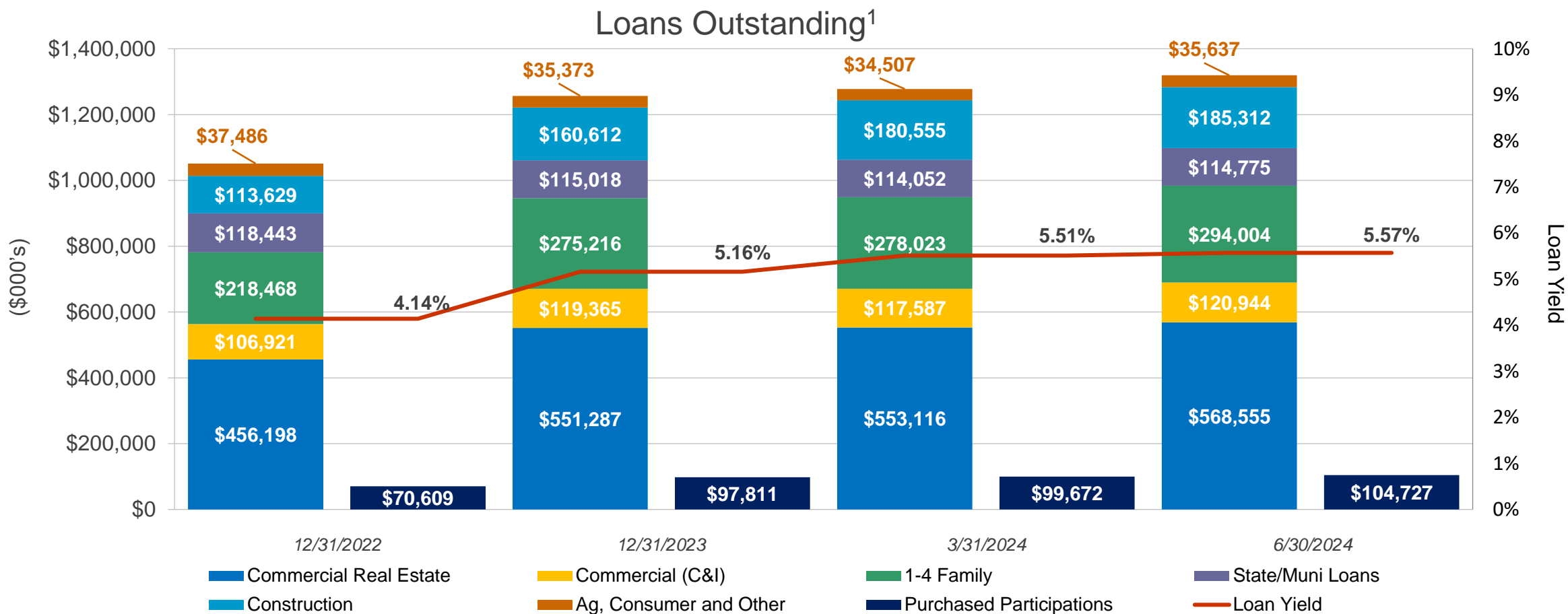
Balance Sheet Highlights

<i>Dollars in Thousands (000's)</i>	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Year Ended 12/31/2023	Year Ended 12/31/2022
Total Assets	\$2,039,126	\$2,011,614	\$1,836,039	\$1,699,579
Cash and Cash Equiv.	\$179,727	\$182,570	\$23,140	\$64,899
Investments AFS	\$454,465	\$462,951	\$472,503	\$486,836
Net Loans	\$1,301,302	\$1,261,062	\$1,240,933	\$1,036,866
Deposits	\$1,586,458	\$1,559,312	\$1,537,978	\$1,551,448
Shareholders' Equity	\$136,809	\$134,237	\$132,136	\$114,197

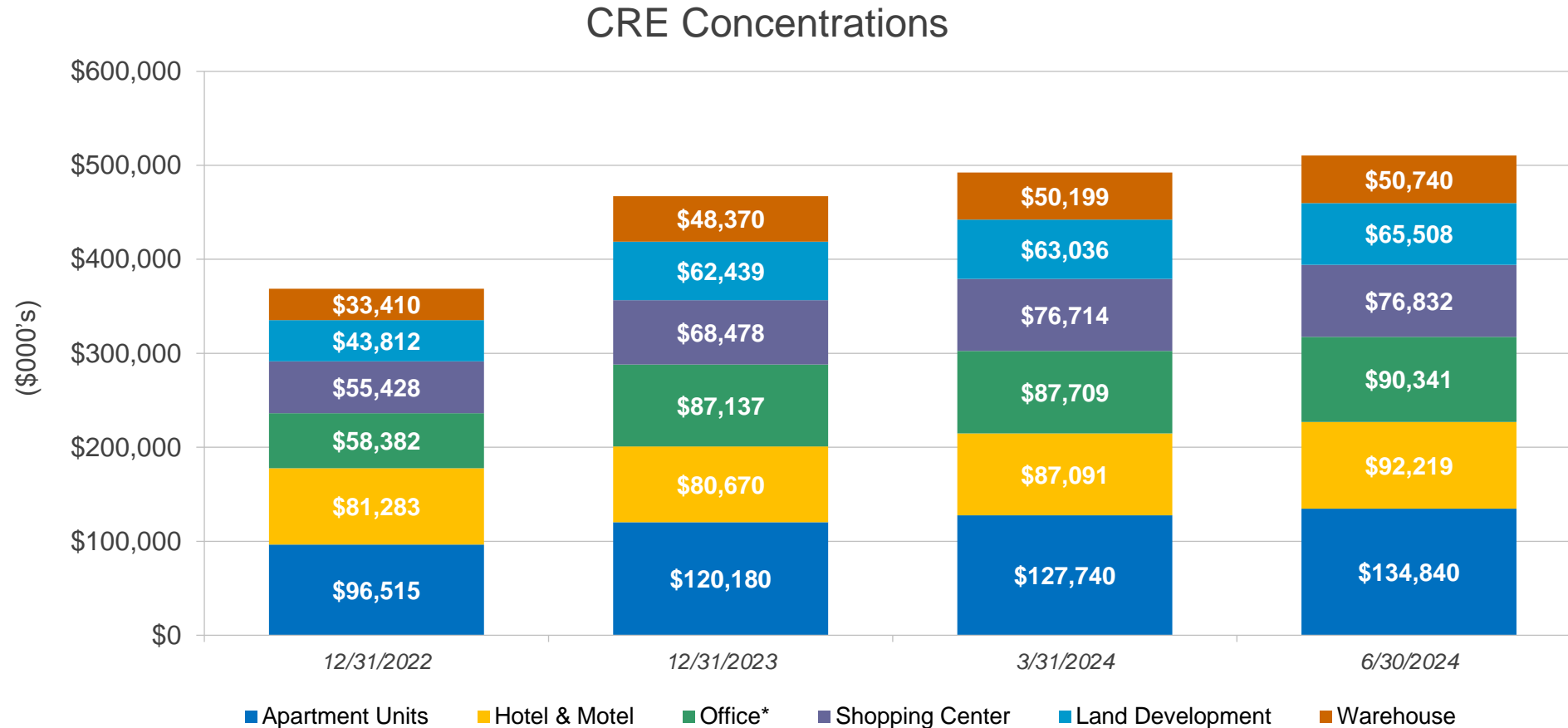
Investment AFS Portfolio



Diversified Loan Portfolio

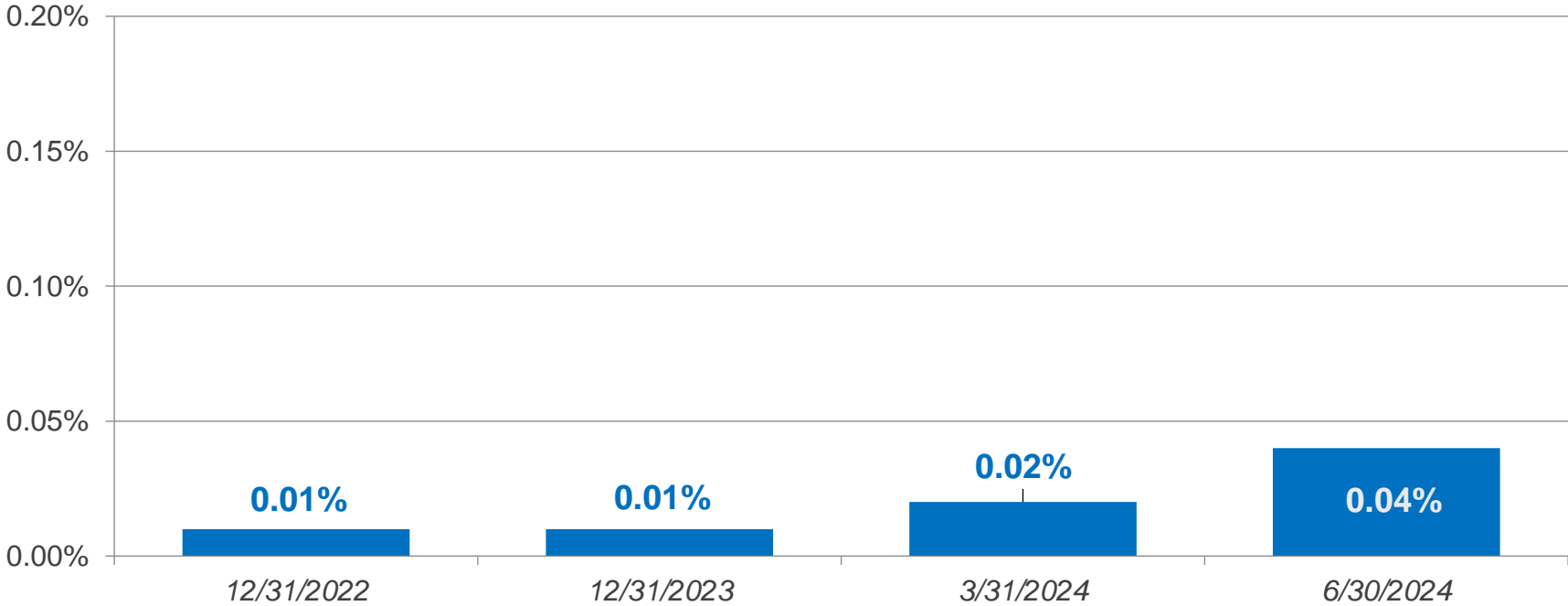


Largest Commercial Real Estate Concentrations

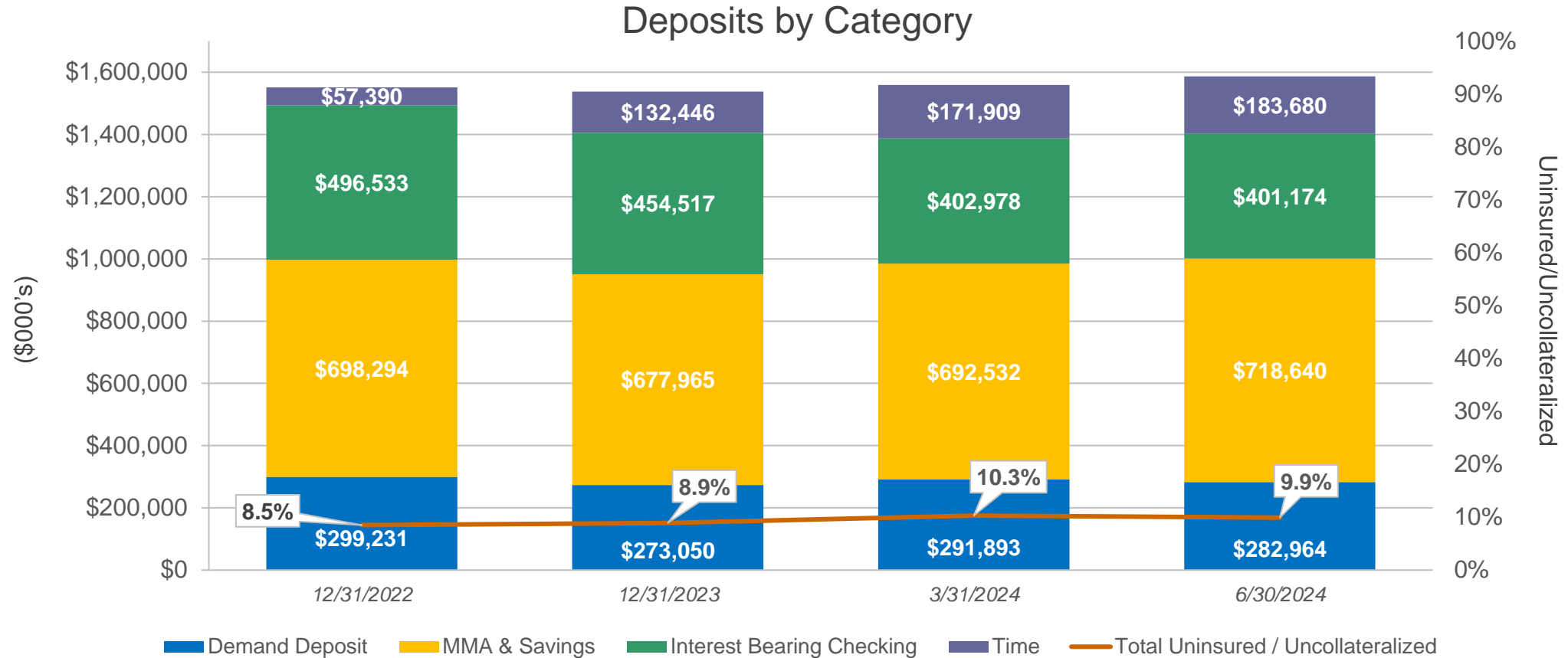


Strong Credit Quality

Nonperforming Assets¹ / Assets (%)

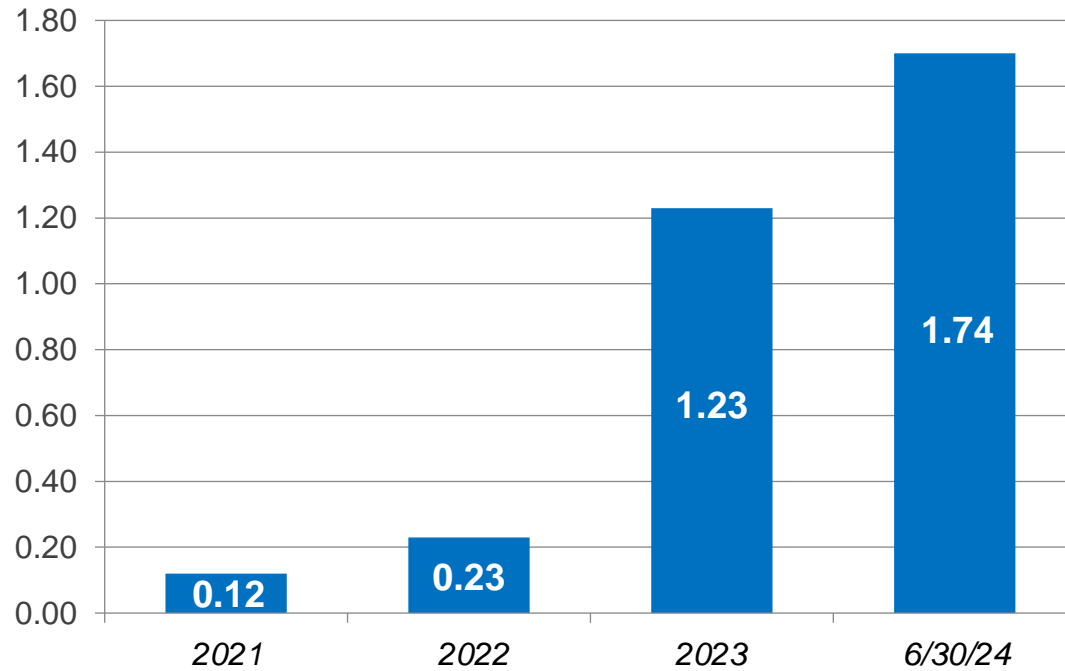


Deposits by Category

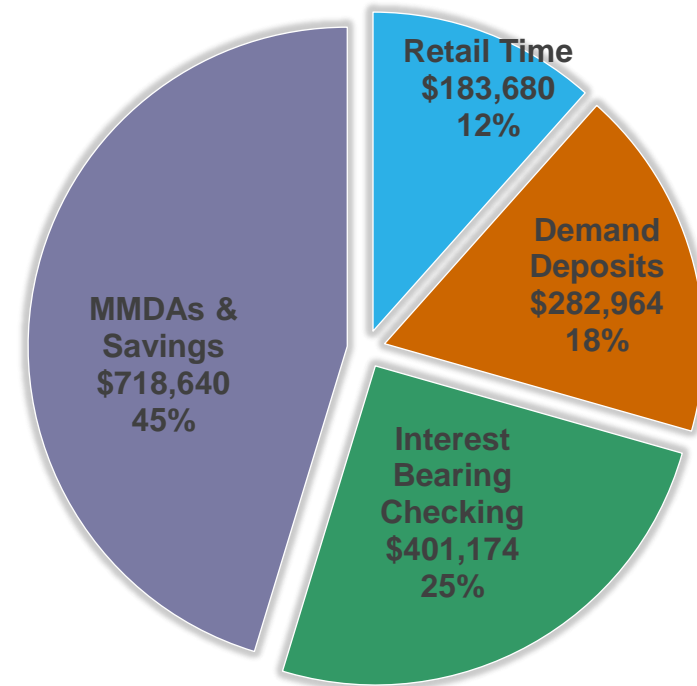


Deposit Mix

Cost of Deposits (%)



Franklin Financial Deposit Mix (\$000's) ¹

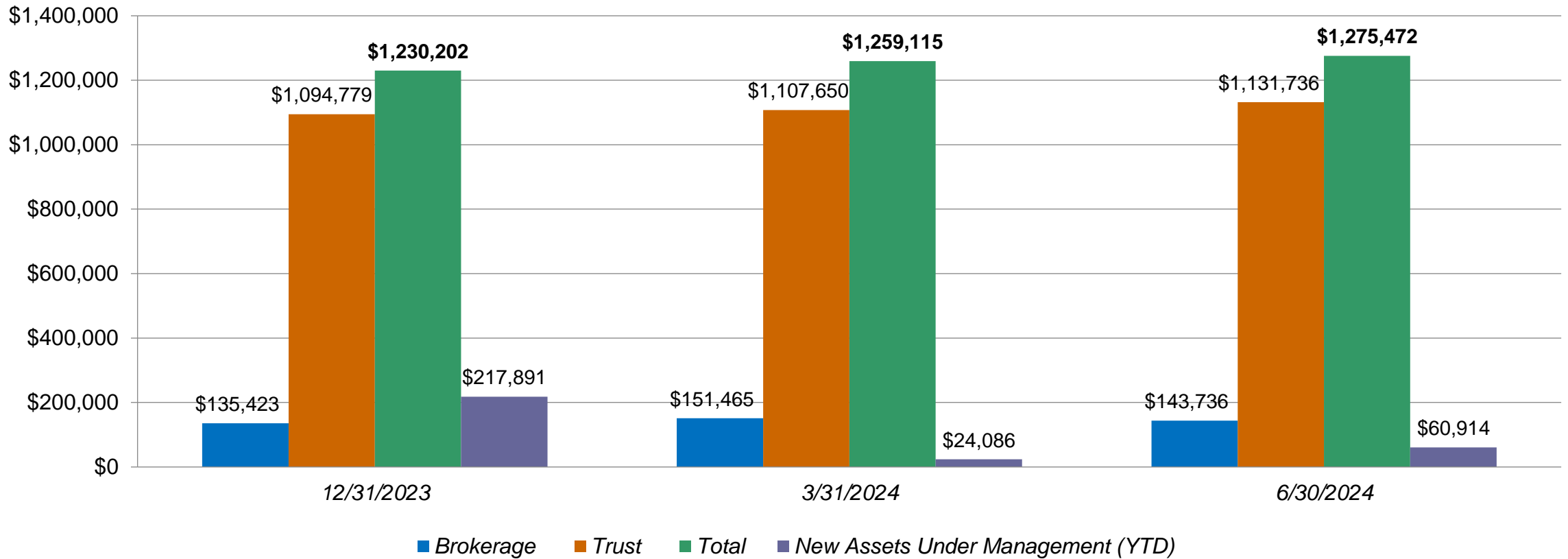


Liquidity Available at June 30, 2024

<i>Dollars in Thousands (000's)</i>			
Liquidity Source	Capacity	Outstanding	Available
Federal Home Loan Bank	\$538,487	\$ 240,000	\$298,487
Federal Reserve Bank Discount Window	\$54,048	\$ –	\$54,048
Correspondent Banks	\$76,000	\$ –	\$76,000
Total	\$668,535	\$240,000	\$428,535

Wealth Management

Total and New Assets Under Management (\$000's)



Income Statement Highlights

<i>Dollars in Thousands (000's)</i>	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 6/30/2023
Interest Income	\$24,732	\$23,809	\$18,511
Interest Expense	\$10,521	\$10,256	\$5,316
Provision for Credit Losses	\$546	\$452	\$532
Noninterest Income ¹	\$4,384	\$4,229	\$4,054
Noninterest Expense	\$14,336	\$13,304	\$12,648
Net Income	\$3,033	\$3,361	\$2,976

Key Performance Measures

<i>Percent (%)</i>	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 6/30/2023
Return on Avg. Assets	0.59	0.67	0.70
Return on Avg. Equity	9.12	10.21	9.82
Efficiency Ratio ¹	76.03	73.76	72.17
Net Interest Margin	2.99	2.88	3.30
Noninterest Inc ² / Operating Revenue	23.58	23.78	23.50

Balance Sheet Strength

<i>Percent (%)</i>	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 6/30/2023
Risk-Based Capital Ratio (Total)	14.66	14.53	16.84
Leverage Ratio (Tier 1)	8.38	8.32	9.39
Common Equity Ratio (Tier 1)	12.01	11.91	13.88
Tangible Common Equity Ratio	6.29	6.25	6.41
Tangible Common Equity Ratio excluding AOCI	8.31	8.31	6.41
Nonperforming Assets ¹ / Total Assets	0.04	0.02	0.01
Allowance for Credit Loss as a % of Loans	1.29	1.29	1.28
Allowance to Nonaccrual Loans	NM ²	NM ³	NM ⁴

Market Statistics

<i>Per Share Measure / Market Valuation</i>	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 6/30/2023
Diluted Earnings Per Share	\$0.66	\$0.77	\$0.68
Cash Dividend Yield	4.53%	4.89%	4.61%
Regular Cash Dividends Paid	\$0.32	\$0.32	\$0.32
Dividend Payout Ratio	46.39%	41.62%	47.08%
Market Value Per Share	\$28.38	\$26.20	\$27.74
Book Value	\$31.01	\$30.55	\$27.53
Tangible Book Value ¹	\$28.96	\$28.50	\$25.46
Market Cap (\$M)	\$124.77	\$115.12	\$120.67
Price / Book (%)	91.20%	85.76%	100.76%
Price / Tangible Book (%)	97.64%	91.94%	108.95%
Price / LTM EPS (X)	9.12	8.40	8.36

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

www.franklinfin.com

www.fmtrust.bank



Appendix

GAAP / Non-GAAP Reconciliation

Tangible Book Value (per share) (non-GAAP)	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 6/30/2023
Shareholders' equity	\$136,809	\$134,237	\$119,770
Less intangible assets	(9,016)	(9,016)	(9,016)
Shareholders' equity (non-GAAP)	127,793	125,221	110,754
Less AOCI	(40,881)	(41,234)	(47,961)
Tangible shareholders' equity excl. AOCI (non-GAAP)	168,674	166,455	158,715
Total assets	2,039,126	2,011,614	1,736,165
Less intangible assets	(9,016)	(9,016)	(9,016)
Total tangible assets (non-GAAP)	2,030,110	2,002,598	1,727,149
Tangible Common Equity Ratio (non-GAAP)	6.29%	6.25%	6.41%
Tangible Common Equity Ratio excl. AOCI (non-GAAP)	8.31%	8.31%	9.19%
Shares outstanding (in thousands)	4,412	4,394	4,350
Tangible book value (non-GAAP)	\$28.96	\$28.50	\$25.46

GAAP / Non-GAAP Reconciliation

Efficiency Ratio	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 6/30/2023
Noninterest expense	\$14,336	\$13,304	\$12,648
Net interest income	14,211	13,553	13,195
Plus tax equivalent adjustment to net interest income	261	254	276
Plus noninterest income, net of securities transactions ¹	4,384	4,229	4,054
Total revenue	18,856	18,036	17,525
Efficiency Ratio (non-GAAP)	76.03%	73.76%	72.17%