

# FRANKLIN FINANCIAL SERVICES CORP / PA

## FORM 8-K

(Current report filing)

Filed 04/23/24 for the Period Ending 04/23/24

Address    20 S MAIN ST  
                  P O BOX 6010  
                  CHAMBERSBURG, PA, 17201-0819

Telephone    7172646116

                  CIK 0000723646

Symbol        FRAF

SIC Code      6022 - State Commercial Banks

Industry      Banks

Sector        Financials

Fiscal Year    12/31

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report: April 23, 2024

**FRANKLIN FINANCIAL SERVICES CORPORATION**  
(Exact name of registrant as specified in its new charter)

**Pennsylvania**  
(State or other jurisdiction  
of incorporation)

**001-38884**  
(Commission  
File Number)

**25-1440803**  
(IRS Employer  
Identification No.)

**1500 Nitterhouse Drive, Chambersburg, PA**  
(Address of principal executive office)

**17201**  
(Zip Code)

Registrant's telephone number, including area code

**(717) 264-6116**

**N/A**  
(Former name or former address, if changes since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a -12 under the Exchange Act (17 CFR 240.14a -12)
- Pre-commencement communications pursuant to Rule 14d - 2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e - 4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of class  
Common stock

Symbol  
FRAF

Name of exchange on which registered  
Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Item 7.01 Regulations FD Disclosure**

Franklin Financial Services Corporation (the “Corporation”) held its annual meeting of shareholders on April 23, 2024. The shareholder presentation is attached hereto as Exhibits 99.1 and is incorporated herein by reference.

The information in this Form 8-K provided under Item 7.01, including all exhibits attached hereto, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liability of such section, nor shall it be deemed incorporated by reference in any filing of the Corporation under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing.

## **Item 9.01 Financial Statements and Exhibits**

(c) Exhibits. The following exhibits are filed herewith:

<u>Number</u>	<u>Description</u>
<u>99.1</u> 104	<a href="#"><u>Investor Presentation, dated April 23, 2024 of Franklin Financial Services</u></a> The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FRANKLIN FINANCIAL SERVICES CORPORATION

By: /s/ Timothy G. Henry

Timothy G. Henry  
President and Chief Executive Officer

Dated: April 23, 2024



# Annual Meeting

April 23, 2024



# Call to Order

G. Warren Elliott



# Invocation

Pam Johns



# Minutes of Last Meeting

G. Warren Elliott



## Forward Looking Statements

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*In order to help you to better understand the business of the Company – where we have been and where we want to go – my remarks today (and those of other Company officers who will speak or respond to questions) will include forward looking statements relating to anticipated financial performance, future operating results, business prospects, new products, and similar matters. These statements represent our best judgment, based upon present circumstances and the information now available to us, of what we think may occur in the future – and, of course, it is possible that actual results may differ materially from those we envision today.*

*For a more complete discussion on the subject of forward looking statements, including a list of some of the risk factors that might adversely affect operating results, I refer you to the section entitled “Forward Looking Statements” which appears in our annual report on Form 10-K as filed with the Securities and Exchange Commission (SEC).*



# Introduction

G. Warren Elliott



## Board of Directors

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G. Warren Elliott  
*Chairman of the Board*



Timothy (Tim) G. Henry  
*President & CEO*



## Board of Directors

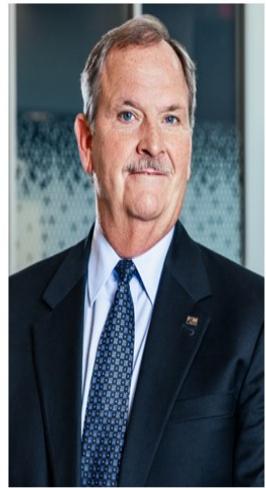
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Martin R. Brown



Kevin W. Craig

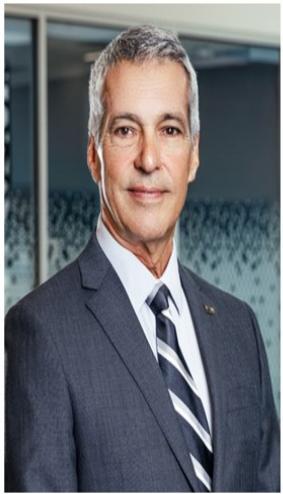


Gregory A. Duffey



## Board of Directors

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Daniel J. Fisher



Allan E. Jennings, Jr.



Stanley J. Kerlin



Franklin Financial  
Services Corporation

## Board of Directors

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Donald H. Mowery



Kimberly M. Rzomp



Gregory I. Snook



Franklin Financial  
Services Corporation

## **Nick Bybel**

Partner, Bybel Rutledge LLP

## **Zoe Clayton**

Assistant Corporate Secretary – Judge of Elections

## **Ian Kandray**

CPA, Crowe LLP



Franklin Financial  
Services Corporation

# Chairman's Remarks

G. Warren Elliott



Franklin Financial  
Services Corporation



**G. Warren Elliott**  
*Chairman of the Board*



# Election of Directors

G. Warren Elliott



Franklin Financial  
Services Corporation

**Kevin W. Craig**

**Daniel J. Fisher**

**Donald H. Mowery**



# Say-On-Pay Vote

G. Warren Elliott



# Ratification of Auditors

G. Warren Elliott



# Polls Open

G. Warren Elliott

**F&M**  
TRUST

 Franklin Financial  
Services Corporation

# Financial Overview

Mark R. Hollar, Chief Financial Officer



## Balance Sheet Highlights

Dollars in Thousands (\$000's)	2023	2022	Change in \$	Change in %
Total Assets	\$1,836,039	\$1,699,579	\$136,460	8.0%
Investments	\$472,930	\$487,247	(\$14,317)	-2.9%
Net Loans <sup>1</sup>	\$1,240,933	\$1,036,866	\$204,067	19.7%
Deposits	\$1,537,978	\$1,551,448	(\$13,470)	-0.9%
Shareholders' Equity	\$132,136	\$114,197	\$17,939	15.7%



Source: Franklin Financial Services Corporation Annual Report on Form 10-K filed with the SEC. <sup>1</sup>Includes Paycheck Protection Program (PPP) loans of \$57 as of 12-31-23.

## Financial Highlights

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Dollars in Thousands (\$000's)	2023	2022	Change in \$	Change in %
Net Interest Income	\$53,637	\$51,586	\$2,051	4.0%
Provision for Credit Losses	\$2,724	\$650	\$2,074	319.1%
Noninterest Income	\$14,851	\$15,250	(\$399)	-2.6%
Noninterest Expense	\$50,011	\$48,691	\$1,320	2.7%
<b>Net Income</b>	<b>\$13,598</b>	<b>\$14,938</b>	<b>(\$1,340)</b>	<b>-9.0%</b>



Franklin Financial  
Services Corporation

Source: Franklin Financial Services Corporation Annual Report on Form 10-K filed with the SEC.

# Performance Measures

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	2023	2022
Return on Avg. Assets	0.78%	0.83%
Return on Avg. Equity	11.39%	11.64%
Return on Avg. Tangible Equity <sup>1</sup>	12.32%	12.52%
Efficiency Ratio <sup>1</sup>	70.75%	71.21%
Net Interest Margin	3.31%	3.11%



Source: Franklin Financial Services Corporation Annual Report on Form 10-K filed with the SEC. <sup>1</sup>See GAAP versus Non-GAAP reconciliation.

## Safety & Soundness

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	2023	2022
Risk-Based Capital Ratio (Total)	14.45%	17.21%
Leverage Ratio (Tier 1)	9.01%	8.95%
Nonperforming Assets/ Total Assets	0.01%	0.01%
Allowance for Credit Loss / Loans	1.28%	1.35%
Net Recoveries (Charged-Off) Loans / Average Loans	-0.02%	-0.15%



Source: Franklin Financial Services Corporation Annual Report on Form 10-K filed with the SEC.

# Shareholder Value

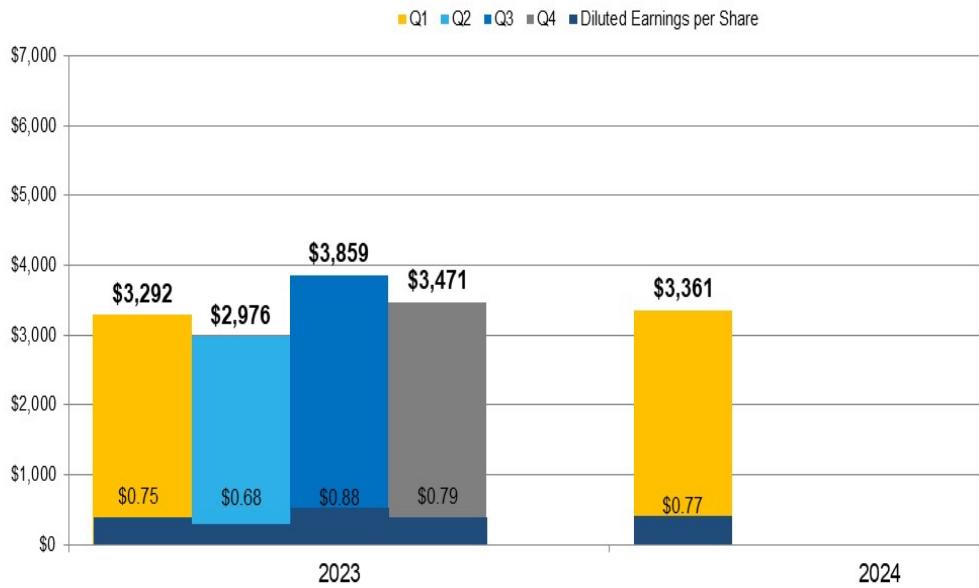
<i>Per Share Measure / Market Valuation</i>	2023	2022
Diluted Earnings Per Share	\$3.10	\$3.36
Cash Dividend Yield <sup>1</sup>	4.06%	3.55%
Regular Cash Dividends Paid	\$1.28	\$1.28
Market Value Per Share	\$31.55	\$36.10
Book Value Per Share	\$30.23	\$26.01
Tangible Book Value Per Share <sup>2</sup>	\$28.17	\$23.96
Market Cap (\$M)	\$137,905	\$158,493
Price / Book (%)	104.37%	138.79%
Price / Tangible Book (%)	112.01%	150.67%
Price / LTM EPS (X)	10.18	10.74
Tangible Common Equity Ratio <sup>2</sup>	6.74%	6.22%



Source: Franklin Financial Services Corporation Annual Report on Form 10-K filed with the SEC. <sup>1</sup>Based on annualized fourth-quarter dividend and year-end market value. <sup>2</sup>See GAAP versus Non-GAAP reconciliation.

# Quarterly Earnings Performance

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Dollars in thousands (\$000's), except per share.

# President & CEO's Remarks

Timothy (Tim) G. Henry





**Timothy (Tim) G. Henry**  
*President & CEO*



# Questions

Timothy (Tim) G. Henry



# Polls Closed

G. Warren Elliott



# Report by Judge of Election

Zoe R. Clayton



# Announcement

G. Warren Elliott



# Thank You

G. Warren Elliott





# Meeting Adjourned



# GAAP / Non-GAAP Reconciliation

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Return on Tangible Equity	2023	2022
Net Income	\$ 13,598	\$ 14,938
Average Shareholders' Equity	119,408	128,283
Less Average Intangible Assets	(9,016)	(9,016)
Tangible Average Shareholders' Equity (non-GAAP)	110,392	119,267
Return on Average Tangible Equity (non-GAAP)	12.32%	12.52%
Efficiency Ratio	2023	2022
Noninterest Expense	\$ 50,011	\$ 48,691
Net Interest Income	53,637	51,586
Plus Tax Equivalent Adjustment to Net Interest Income	1,094	1,381
Plus Noninterest Income, Net of Securities Transactions	15,954	15,410
Total Revenue	70,685	68,377
Efficiency Ratio (non-GAAP)	70.75%	71.21%



# GAAP / Non-GAAP Reconciliation

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Tangible Book Value (per share) (non-GAAP)	2023	2022
Shareholders' Equity	\$ 132,136	\$ 114,197
Less Intangible Assets	(9,016)	(9,016)
Tangible Shareholders' Equity (non-GAAP)	123,120	105,181
Shares Outstanding (in thousands)	4,371	4,390
Tangible Book Value (non-GAAP)	28.17	23.96
Tangible Common Equity Ratio (non-GAAP)	2023	2022
Total Assets	1,836,039	1,699,579
Less Intangible Assets	(9,016)	(9,016)
Total Assets (non-GAAP)	1,827,023	1,690,563
Tangible Common Equity Ratio	6.74%	6.22%

