



2015 ANNUAL REPORT

# Strength & Momentum



Franklin Financial  
Services Corporation

F&M  
TRUST

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William E. Snell, Jr. | CEO

# Dear Fellow Shareholder:

Franklin Financial reported earnings of \$10,204,000 in 2015, representing a 21.4% increase over our 2014 earnings of \$8,402,000. Earnings for 2015 were enhanced by two nonrecurring events that increased pre-tax noninterest income by \$899,000 and a \$250,000 reduction of a deferred tax valuation allowance related to capital losses, due to a gain on conversion and sale of equity securities. Net Income for 2015 adjusted for the nonrecurring events and valuation allowance reduction was approximately \$9,361,000, which represents an increase of 11.4% over 2014. Diluted earnings per share increased 20% from \$2.00 per share in 2014 to \$2.40 per share in 2015.

# insight.

As a shareholder, you received cash dividends of \$0.74 per share in 2015, an increase of 8.8% over our \$0.68 per share dividend in 2014. Our current dividend represents a 3.23% yield based upon the closing price of **Franklin Financial** stock at December 31, 2015. The market value of a share of Franklin Financial stock increased 6.8% from a closing price of \$22.00 at year-end 2014 to \$23.50 at December 31, 2015.

Our Tax Equivalent Net Interest Income increased 2.0% from \$33,592,000 in 2014 to \$34,267,000 in 2015. In contrast to many financial institutions, our Tax Equivalent Net Interest Margin increased from 3.56% in 2014 to 3.59% in 2015. Although Income on Average Interest Earning Assets remained flat, both our Average Interest Bearing Liabilities and the cost of these liabilities declined in 2015.

Non-Interest Income excluding Securities Gains increased by 9.8%, driven by a 10.1% increase in Investment and Trust Services Fee Income as well as a 10.7% increase in Deposit Service Charges and Fees.

Non-Interest Expense declined by \$437,000 from 2014 to 2015. The most significant factor impacting expense control was our decision to consolidate three Community Offices in January, 2015, which generated savings of approximately \$500,000 in Salary and Benefits Expense as well as Occupancy Expense.

Our Provision for Loan Losses increased by \$521,000 in 2015, as we experienced strong loan growth in the second half of the year. At year-end, our Allowance for Loan Losses as a percentage of Total Loans was 1.29% compared to 1.25% at December 31, 2014.

Asset quality continued to improve in 2015. Net Charge-Offs decreased from \$1,355,000 in 2014 to \$310,000 in 2015, marking the fourth consecutive year of improvement. Our Net Charge-Off Ratio improved from 0.19% in 2014 to 0.04% in 2015.

Non-Accruing Loans totaled \$5,370,000 at year-end 2015, representing a 56.3% decrease from the \$12,291,000 total at year-end 2014. Four loans account for 82.0% of our Non-Accruing Loans total as of December 31, 2015. Our Nonperforming Loans to Total Gross Loans ratio declined from 1.74% in 2014 to 0.73% while our Nonperforming Assets to Total Assets Ratio also declined from 1.63% in 2014 to 1.18% at year-end 2015. Two properties account for 86.0% of our Other Real Estate Owned (OREO) total as of year-end, the largest component of Nonperforming Assets.

**Franklin Financial's** Total Assets increased from \$1,001,448,000 at year end 2014 to \$1,035,295,000 at December 31, 2015. Net Loans Outstanding increased by 7.6% on a year-over-year basis while average loans outstanding increased by 2.0%.

Commercial Loan demand began to pick up in the second quarter of 2015. Although average outstandings in this portfolio increased by 2.2% during 2015, we achieved a 9.0% growth from year-end 2014 to December 31, 2015. Average Consumer Loans Outstanding increased by 6.0% to \$71,884,000 while Average Residential Mortgage Loans Outstanding decreased by 2.5% to \$80,679,000.

Total Deposits as measured at December 31, 2015 increased 4.2% while Average Deposits increased by 2.0%. Average Core Deposits (i.e. checking, savings, and interest-bearing checking) increased by \$34,406,000 or 8.7%.

The market value of Assets Under Management by our Investment and Trust Services Department declined by 3.2% to \$586,664,000, reflecting lower market valuations at December 31, 2015. Assets under Management as reported does not include approximately \$122,010,022 in assets held at third party brokers at year-end. Investment & Trust Services Fee Income, including revenue generated through our brokerage offerings, increased 10.1% to \$5,036,358 in 2015 reflecting the addition of new client relationships.

Our financial condition remains strong as evidenced by a Total Risk Based Capital Ratio of 16.34% and a Leverage Capital Ratio of 10.59%. These ratios remain above the level that Federal regulators require for an institution to be considered "well capitalized." **Franklin Financial's** Tangible Common Equity Ratio also improved to 9.97% at year-end 2015.

In last year's Shareholder Letter, I commented that Federal Banking regulators had approved the final rules from the Basel Committee on Banking Supervision for the regulation of capital requirements for U.S. Banks. This regulation is commonly referred to as "Basel III" and certain components of the new capital requirements became effective in January, 2015 with others being phased in through January 1, 2019. We continue to be well capitalized under the new capital ratios now in effect.

In March of 2015, Lorie Heckman was promoted to Senior Vice President and Risk Management Officer. Lorie has been with **F&M Trust** for more than 28 years and held a number of leadership positions including Credit Recovery Manager, Security Officer, and Compliance Officer. She brings a wealth

of risk management knowledge and experience to this position and has been a tremendous addition to our executive management team.

We made several enhancements to our electronic delivery systems during 2015. We have added a feature to our mobile banking system that enables our customer to display an image of any check that has cleared by simply selecting the transaction. We also introduced People Pay, a quick and easy way to allow customers to securely make a payment or send an electronic gift card to anyone with an e-mail address or mobile number.

On the technology side, we continued to focus on fraud monitoring and prevention. During the first quarter of 2015, we implemented new systems that monitor debit card, online banking, bill pay, wire transfers and ACH (Automated Clearing House) transactions. These systems look for anomalies in a customer's transaction behavior and report those that appear out of the norm.

Following an extensive and deliberate search, Tim Henry was selected as the new President of **Franklin Financial** and **F&M Trust** effective as of February 1, 2016. Tim's extensive background and broad experience in banking, which is highlighted later in this year's Annual Report, combined with his strong leadership qualities and high integrity make him a perfect fit culturally for our company and our markets. We are working closely together to ensure a smooth transition.

As transactions conducted at the teller line continue to migrate to other delivery channels such as bill pay, online banking and mobile banking, the way we serve our customers is changing. This transition can be seen by visiting our newly renovated Waynesboro Office where we have focused on increasing the effectiveness of our customer interaction. The traditional teller line, that created a barrier between our staff and the customer, has been replaced by teller pods that create a more interactive environment. We also added a learning center where a number of our products, such as online banking, can be demonstrated. Our Waynesboro staff has received additional training in order to knowledgeably answer these technology questions thereby enhancing the customer's comfort level. Customer response has been overwhelmingly positive.

As a result of the success that we have experienced with our Waynesboro "branch of the future" we plan on transitioning other offices over a number of years. Next on our list is the Boiling Springs Office which should be completed by year-end.

A comprehensive study of our community office network which was completed in late 2013 led to the consolidation of one office in 2014 and three offices in January 2015. We also identified another group of community offices which have not achieved a desired level of profitability. We have developed specific marketing plans with measurable financial objectives for each of these offices which are monitored quarterly.

New technologies that create efficiencies continue to be evaluated. One such example is the use of signature pads when opening accounts. We also will continue to "harden" our internal networks to minimize security risks.

We will also continue to enhance our digital delivery channels during 2016. Support for Apple Pay is scheduled for the second quarter with Samsung Pay following soon after. A new tablet app similar to the iPad app will be made available that supports Android devices.

We began diligently working on the implementation of the new "chip enabled" or EMV debit cards, which will add an additional layer of security to each "card present" transaction in the second half of 2015. We began issuing these cards in the late first quarter of this year.

Although the outlook for interest rates and the economy remains uncertain, we have experienced significantly increased opportunities across all of our business lines as a result of the market disruptions related to the acquisition of Susquehanna Bancshares by BB&T as well as the acquisition of Integrity Bancshares, Inc. by S&T Bancorp and, most recently, the acquisition of Metro Bancorp by FNB Corporation. We closed 2015 with very strong performance and enter 2016 with significant momentum.

Before concluding my remarks, I would like to note the recent passing of Bob Zullinger who served as President and CEO for 15 years and subsequently as Chairman of the Board of **Franklin Financial** and **F&M Trust** for an additional six years. Bob exemplified community banking. He recognized the importance of the social and cultural vitality of the community not just the economic health. He set a high standard for volunteerism and support of community organizations that remains to this day a part of our heritage.

As I approach retirement in June, this will be my final Annual Report letter to you, our shareholders. I believe that your company is financially strong, run by an experienced and dedicated Management Group and Board of Directors, and operates in a marketplace that affords us significant growth opportunities. I am very optimistic that **Franklin Financial** will continue to earn the right to remain an independent community bank. As always, your continued support as **Franklin Financial** shareholders is very much appreciated.

Sincerely,



William E. Snell, Jr.  
CEO

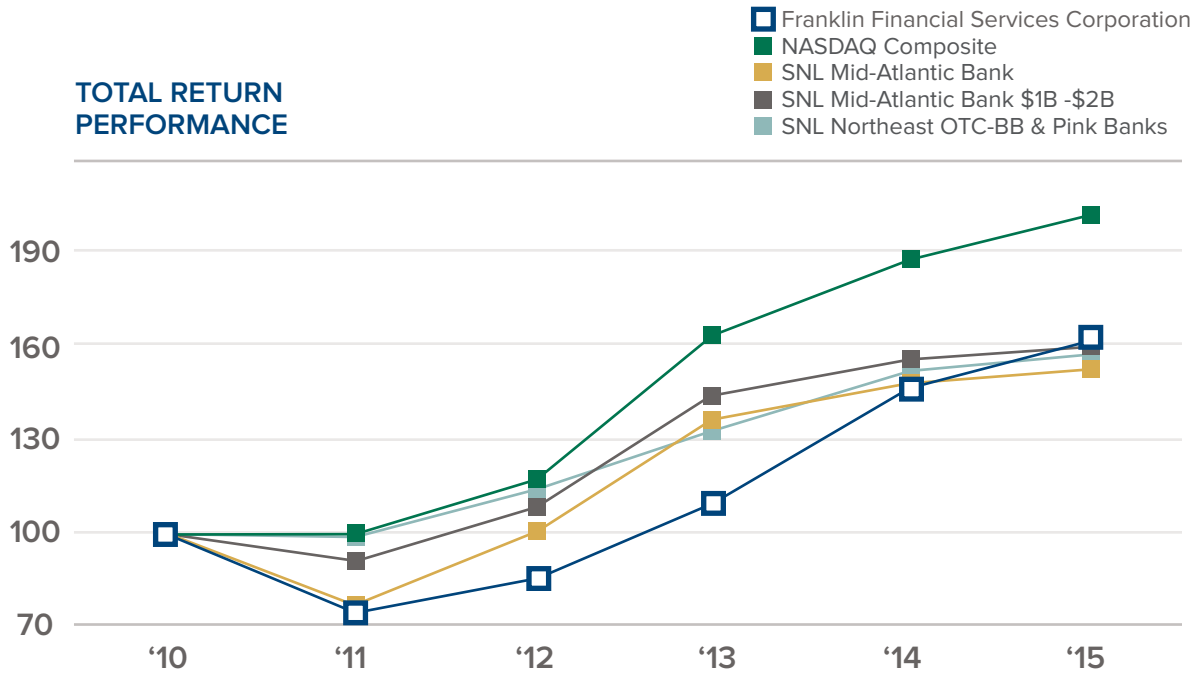
# Consolidated Financial Highlights

(dollars in thousands, except per share)

	2015	2014
<b>PERFORMANCE MEASUREMENTS</b>		
Net income	\$10,204	\$8,402
Return on average assets	1.00%	0.83%
Return on average equity	9.52%	8.44%
Net interest margin	3.59%	3.56%
Current dividend yield	3.23%	3.09%
Dividend payout ratio	30.76%	33.88%
<b>SHAREHOLDERS' VALUE (PER COMMON SHARE)</b>		
Diluted earnings per share	\$2.40	\$2.00
Basic earnings per share	\$2.40	\$2.01
Regular cash dividends paid	\$0.74	\$0.68
Book value	\$26.05	\$24.54
Market value	\$23.50	\$22.00
Market value/book value ratio	90.25%	89.65%
Price/earnings multiple	9.79	11.00
<b>BALANCE SHEET HIGHLIGHTS</b>		
Total assets	\$1,035,295	\$1,001,448
Investment securities	159,473	171,751
Loans, net	771,930	717,420
Deposits	918,512	881,181
Shareholders equity	111,376	103,521
<b>SAFETY AND SOUNDNESS</b>		
Risk-based capital ratio (Total)	16.34%	15.49%
Leverage ratio (Tier 1)	10.59%	9.69%
Common equity ratio (Tier 1)	15.08%	-
Nonperforming loans/gross loans	0.73%	1.74%
Nonperforming asset/total assets	1.18%	1.63%
Allowance for loan loss/loans	1.29%	1.25%
Net charge-offs/average loans	0.04%	0.19%
Trust assets under management (fair value)	\$586,664	\$605,796

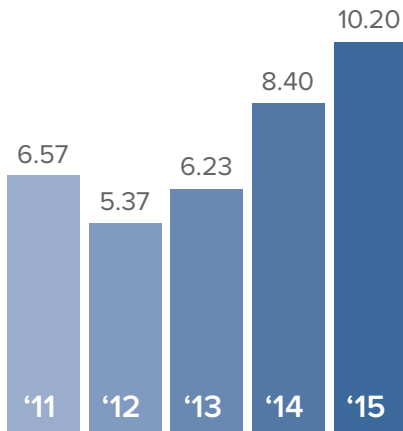
# Performance Graphics

## TOTAL RETURN PERFORMANCE



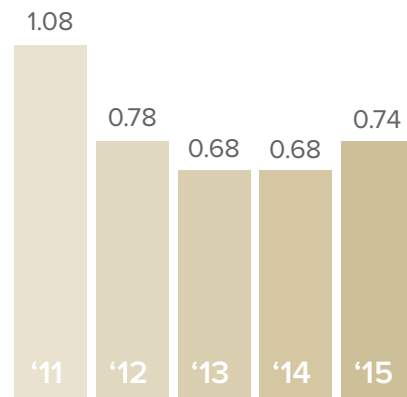
## NET INCOME

(as dollars in millions)



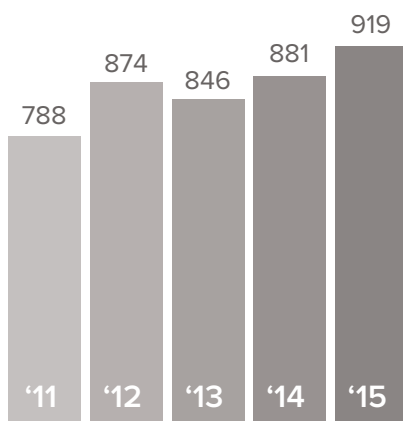
## REGULAR CASH DIVIDENDS PAID

(as dollars per share)



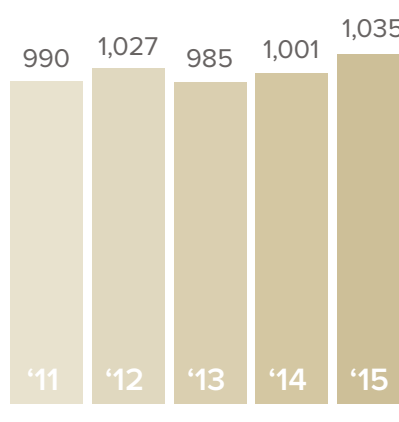
## TOTAL DEPOSITS

(as dollars in millions)



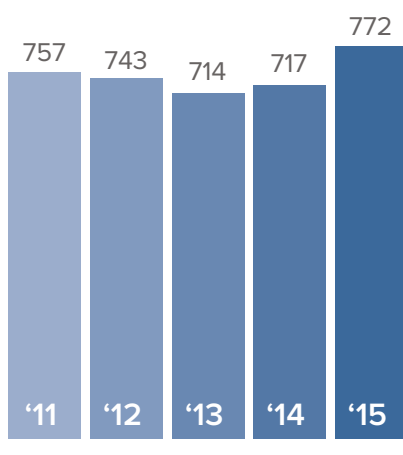
## TOTAL ASSETS

(as dollars in millions)



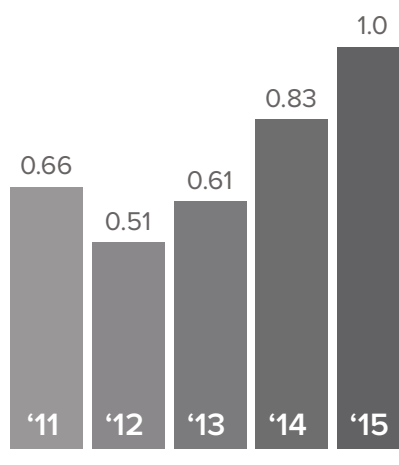
## NET LOANS

(as dollars in millions)



## RETURN ON AVERAGE

ASSETS (as percentage values)





# Board of Directors

Franklin Financial Service Corporation Board of Directors, front row (left to right): Allan E. Jennings Jr., Martha B. Walker, G. Warren Elliott, William E. Snell Jr., Patricia D. Lacy; back row (left to right): Donald H. Mowery, Richard E. Jordan III, Martin R. Brown, Daniel J. Fisher, Stanley J. Kerlin, Gregory A. Duffey, Donald A. Fry



**G. Warren Elliott**

President, Cardinal Crossings, Inc.,  
Former Franklin County Commissioner

**William E. Snell Jr.**

Chief Executive Officer

**Martin R. Brown**

President, M. R. Brown Funeral Home,  
Inc.

**Gregory A. Duffey**

Partner, Craig, Friedly, Potter & Moore  
Insurance Agency

**Daniel J. Fisher**

President and Chief Executive Officer,  
D. L. Martin Company

**Donald A. Fry**

President, Cumberland Valley Rental  
and Towne Cleaners, ANDOCO, Inc.

**Allan E. Jennings Jr.**

President, Jennings Chevrolet, Buick,  
GMC, Inc.

**Richard E. Jordan III**

Vice President, Smith Land &  
Improvement Corporation

**Stanley J. Kerlin, Esq.**

Law Office of Stanley J. Kerlin, LLC

**Patricia D. Lacy**

President and Director, Beistle Company

**Donald H. Mowery**

President, R. S. Mowery & Sons, Inc.

**Martha B. Walker, Esq.**

Partner, Walker, Connor & Spang, LLC

**FFSC OFFICERS**

**G. Warren Elliott**

Chairman of the Board

**William E. Snell Jr.**

Chief Executive Officer

**Mark R. Hollar**

Treasurer and Chief Financial Officer

**Amanda M. Ducey**

Corporate Secretary

**Joyce A. Riley**

Assistant Corporate Secretary

# New Directors

In 2015 Patricia D. (Tricia) Lacy and Gregory A. Duffey were appointed to the Board of Directors of Franklin Financial Services Corporation and F&M Trust.

## GREGORY A. DUFFEY

Gregory A. Duffey is a partner with the Craig, Friedly, Potter & Moore (CFP&M) Insurance Agency, an independent agency based in Waynesboro. Duffey entered the insurance industry after attending Shippensburg University, and later became licensed in property and casualty insurance. He was sole owner of the Craig-Friedly Insurance Agency, which merged with the K.G. Potter Agency in 2000 to form CFP&M. Duffey has received several honors for his business accomplishments and community service, including the Waynesboro Chamber Business Person of the Year. He is heavily involved with the community and has served on a number of local boards such as the United Way of Franklin County, Waynesboro Area YMCA, Waynesboro Country Club and Franklin County Area Development Corporation. Most recently, he was Lead Gifts Co-Chairman for the Waynesboro Area Business, Education and Community (WABEC) Foundation capital campaign.



## PATRICIA D. (TRICIA) LACY

Patricia D. (Tricia) Lacy currently serves as President and Director of the Beistle Company, headquartered in Shippensburg, which was founded in 1900 as a family-owned business. Since becoming President in 2002, Lacy successfully led the company to become a world-renowned manufacturer of decorations and party goods. Her previous roles include General Counsel and Director of Human Resources for Beistle, and she also served as Staff Judge Advocate for the United States Air Force. Lacy earned a bachelor's degree from Temple University and received her Juris Doctoris from the Dickinson School of Law. She resides in Mechanicsburg and is an active member of the community, having served in various leadership capacities with local organizations including the Lutheran Social Services Home Care Board and PA Early Learning Investment Commission.

# Remembering a Distinguished Leader Robert G. Zullinger

1932-2016

Robert (Bob) Zullinger served as President and CEO of **Franklin Financial Services Corporation** and **F&M Trust** from 1981 to 1995. He also served as a member of the Board of Directors from 1981 to 2002 and was appointed Chairman of the Board in 2000 serving until 2002. He was known by many as a leader and community advocate, and some would say he was the face of Chambersburg for more than two decades.

Zullinger's distinguished banking career spanned more than 50 years. He joined **F&M Trust** as a teller in the summer of 1950 following a brief time with the Chambersburg Cardinals, a semi-pro baseball team. He worked in a number of areas including the bookkeeping, lending and trust departments throughout his career. Zullinger became President and CEO of the Bank in 1981, a position he held until his retirement in 1996. He later retired from the Board of Directors in 2002.

Zullinger led a number of community councils and banking councils. He was President of the Franklin-Fulton Banker's Association, Greater Chambersburg Chamber of Commerce and Chamber Center, Inc. Zullinger served on the Board of Directors of the Chambersburg Area Development Corporation, Franklin County Foundation and Letterkenny Industrial Development Authority (LIDA). He also was Chairman of the Chambersburg United Way Campaign and the Chamber's Blue Ribbon Committee.

"He was successful because he worked hard, and was quick to share that success with others," said G. Warren Elliott, Chairman of the Board. "A great, great man who will be missed by the many people whose lives are better because he lived."

Zullinger was a graduate of the Rutgers University Graduate School of Banking and the Pennsylvania School of Banking at Bucknell University. He also attended and instructed at the American Institute of Banking.



# Commitment, Dedication & Service to the Community



service

Employees of Franklin Financial Services Corporation and F&M Trust are dedicated to the community by serving numerous non-profits, and participating in community events each year.

In 2015, employees volunteered more than 800 hours for 42 local organizations and events, including Relay for Life, the Fulton County Medical Center Auction and Greencastle SideWalk Days.

2015 also marked the seventh consecutive year that F&M Trust served as the corporate partner for Safe Harbour in Cumberland County. The annual commitment provides not only financial support to the organization; F&M Trust's Cumberland County community offices also host a "Linens and Things Campaign" to collect supplies.

## Other generous pledges and donations for the community, include:

**\$50,000** to the Bosler Memorial Library Capital Campaign.

**\$75,000** to the Coyle Free Library Capital Campaign.

**\$6,000** to establish the F&M Trust Literacy Center in Franklin County.

**\$25,000** to the Fulton County Library Children's Library Campaign.

**\$1,500** to the Renfrew Institute for Cultural and Environmental Studies.

**\$45,000** to the Waynesboro Area Business, Education Community Foundation's Capital Campaign.

community

J.M. Boswell Pipes  
Chambersburg, PA

# They're my bank. They always have good people there.

J.M. Boswell began his career as a master pipe maker in 1975. He opened his store in downtown Chambersburg, PA in 1980, and after several expansions, moved to the current location on Lincoln Way East in 1997. Featured in Forbes magazine in 2011, J.M. has many titles – master pipe maker, tobacco blender of more than 30 signature blends, and master repairer of every type of pipe. He imports only the finest briar wood for his pipes - of which he makes over 3,000 a year – and they are shipped to countries J.M. says he has, “never even heard of.”

A true family business, every family member has a role within **J.M. Boswell Pipes**. J.M.'s wife Gail takes all of the photos – for their web site, and social media. She also maintains their museum and store. Dan Boswell, J.M.'s son, started working alongside his father at the age of 15. Daughter Rachel manages the online sale of the pre-owned “estate pipes” collection, while Dan's wife Julie takes the phone orders, and runs the shipping department.

For over 30 years, J.M. Boswell has turned to **F&M Trust** for financial solutions that meet the needs of an evolving family business. J.M. says, “They're my bank. They always have good people there.” J.M.'s hard work, commitment, and skill have all contributed to his more than four decades of success in the pipe making business. When asked if there are any other secrets to his success, J.M. says, “You've got to have a good bank to be successful in business.”

From left to right: William E. Snell, Jr., J.M. Boswell and Brian Reidell.





From left to right: Mary Cordell and Garon Gembe.

## Graphics Universal Greencastle, PA

# I appreciate F&M's independence, and their desire to stay a community bank.

For over 50 years, **Graphics Universal** has been serving the printing needs of businesses and non-profits in South Central, PA and beyond. Pay a visit to their 30,000 sq. foot state-of-the-art facility in Greencastle, PA and you will see everything from traditional offset printing of items like brochures and other collateral, to custom labels and packaging for the food service industry.

Garon Gembe, President, has been a part of Graphics Universal since his parents bought into the business in 1970, and he has been working there full-time since 1988. Managing over 200 print jobs per week, Garon says that Graphics Universal's growth has been tied directly to the success of his customers in the region.

Due to that growth, Garon needed to purchase a flexo label printing press in 2013. Having a relationship with **F&M Trust** since 1998, it was natural that Commercial Services Relationship Manager, Mary Cordell, was by his side helping him get the financing he needed. As Garon recalls the experience, he remarks at how smooth the process was, "F&M and Mary made it very easy to do business."

An advocate of local banking, Garon says, "I appreciate F&M's independence, and their desire to stay a community bank."





From left to right: Trish Hanks, Steve Butz, Jim Resh, Barb Resh, Jami Wagner and Jackie Moore.



## J&B Bridals and Tuxedos

Chambersburg, PA

# We have no desire to look anywhere else. F&M Trust is like family.

Customers travel from all over the region to find that perfect dress at **J&B Bridals and Tuxedos**. With thousands of gowns to choose from, it is the personal service owners Barb and Jim Resh ensure each customer receives that keep people coming back. Voted “Couples Choice” from Wedding Wire, many of Jim and Barb’s bridal customers purchased their formal attire for high school proms and dances at J&B Bridals and Tuxedos.

Celebrating 38 years of serving the community, the J&B Bridal team prides themselves on taking care of every customer from head to toe. And the Reshes say it’s their daughters, Jami Wagner and Jackie Moore, who are integral in developing long-lasting relationships with their customers.

J&B Bridal and Tuxedos has enjoyed a long relationship with **F&M Trust**, “30 plus years,” Jim says. “What impresses me with F&M Trust is they always treat us with respect.” He notes that they first worked with the late Bob Zullinger, **F&M Trust’s** former President and CEO. He recalls, “Bob was like a surrogate father to me.”

The Reshes and their daughters plan to continue building relationships in the community, and according to Jim, they plan to stay with **F&M Trust** for their financial needs, “We have no desire to look anywhere else. **F&M Trust** is like family.”

Thomas L. Geisel Funeral Home  
& Cremation Center  
Chambersburg, PA

# It's nice to work with a hometown bank.

As a family serving families for four generations, the Geisels have been providing the finest personal end-of-life care to South Central, Pa. families since 1919.

Thomas L. Geisel, II, knows that families can experience stress and emotional discomfort when planning the funeral of a loved one, and he and the staff at **Thomas L. Geisel Funeral Home & Cremation Center** are committed to taking on the responsibility of not just the physical care of their loved one, but also the emotional care of their family. He says, "We simply build our approach on the golden rule and care for them as if they were our own family."

Committed to remaining an independent funeral home, Thomas (Tommy) and his father Thomas L. (Tom) Geisel, knew that having a great bank handling their financial needs was important to maintaining the level of personal service each family deserves. So, they turned to Investment & Trust Services Relationship Manager, Jim Probst and **F&M Trust**. "I like being able to pick up the phone and call Jim about anything, whether I'm looking for an answer to a question of my own, or one that will help a family I'm working with," says Tommy Geisel. His father, Tom, elaborates on the personal service they receive from **F&M Trust**, "It's nice to work with a hometown bank. Much like with our business, customers build trust where they know the people."

The Geisels want to continue caring for area families like they were caring for their own, and they say Jim and **F&M Trust** are able to "help on many different levels," when it comes to efficiently managing a family business.

From left to right: Jim Probst, Tom Geisel and Tommy Geisel.





Ridgeview Forest Products, LLC  
Shippensburg, PA

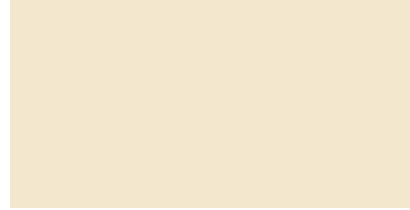
# We like the fact that they are a local bank.

In 1998, Tim Shirk began a business building birdhouses, and in that first year he built 70,000 of them. Over the following years, the focus of Shirk's business, along with partners, Nevin Wisler and Seth Wadel, changed and grew into what is today Ridgeview Forest Products, LLC. The company now primarily manufactures stair parts in a facility just outside Shippensburg.

With a primarily Amish and Mennonite workforce, the company processes 6 million board feet of hardwood lumber each year and can churn out 3,000 stair treads each day. Other stair parts like risers, railings and newel posts are also manufactured, and then shipped to stair makers, big box stores and distribution centers. The facility is very efficient. As an example, wood byproduct is recycled and burned to heat the complex. Such an efficient business needs a local bank to fulfill their financial needs, and Tim, Nevin and Seth say they like the personal attention and face-to-face communication they get from F&M Trust. "We like the fact that they are a local bank," says Seth. Tim continues, "We feel like F&M Trust has a much higher likelihood of staying a local bank too."

Ridgeview Forest Products, LLC plans to continue manufacturing high-quality stair parts and they are happy to have a banking partner focused on providing long-term solutions for them.

From left to right: Chris Fitting, Seth Wadel, Tim Shirk and Nevin Wisler.





From left to right: Jonas Byer and Eric Yoder.

**Y.B. Welding, Inc**  
Chambersburg, PA

# When you start your own business, you find local is important.

With a shared dream of business ownership, colleagues Eric Yoder and Jonas Byers launched **Y.B. Welding, Inc.** in Jonas's backyard shed in 2004. With a focus on specialty trailers and portable welding projects, the once part-time endeavor rapidly grew into a full-time business.

By 2014 Y.B. Welding, Inc. had outgrown their commercial space and needed to find a new solution to house their growing business. They contacted their **F&M Trust** commercial lender, Mary Cordell, who helped the pair finance the construction of a new building for their operations in Chambersburg. "Mary explains everything to us very well," says Jonas.

Y.B. Welding, Inc. services all industries including, manufacturing, excavating, farming and landscaping and Eric and Jonas can construct almost anything, from a decorative trellis to a custom-built truck bed. With a growing business, they like the fact that **F&M Trust** is right around the corner. "We like the local bank," says Eric. "When you start your own business, you find out local is important."

Eric and Jonas are focused on growing Y.B. Welding, Inc. at a comfortable rate over the next few years, and they are happy they have **F&M Trust** by their side.



# Meet Our New President Timothy G. (Tim) Henry



In 2015, the Board of Directors of **Franklin Financial Services Corporation**, the bank holding company of **F&M Trust**, announced that Timothy G. (Tim) Henry would become the Bank's President, in February 2016.

Tim has spent over 33 years in the banking industry and shares the Board of Directors' vision to remain a high-performing independent community bank.

Tim has extensive experience in commercial lending, loan workout, retail management, private banking, trust and investment services, operations, risk management and compliance. He started his banking career with Farm Credit (Baltimore District) in 1982 and Commonwealth National Bank in 1984 as an Ag Lender. After Mellon acquired Commonwealth in 1986, Henry joined the commercial team at Maryland National Bank. He was part of a four-person LPO based in Harrisburg that developed business with middle market companies in the region.

Tim spent the majority of his career, over 16 years, with Fulton Financial. He started in 1991 as a Division Manager where he supervised 13 retail locations that focused on client outreach efforts in Lancaster County, PA, through commercial and consumer lending, deposit gathering, wealth, trust and investment solutions. Tim subsequently became the Private Banking Manager for Fulton Financial Trust Company focusing solely on business development and client management. He transferred in 1997 to Fulton's affiliate in Hagerstown, MD, Hagerstown Trust Company, as their Senior Lender.

In 2007, Tim joined Centra Bank, a startup in the Washington County, MD, market as CEO. He was instrumental in growing the bank over a four-year period before United Bank in West Virginia ultimately acquired it. Following the acquisition, he joined another de novo, BlueRidge Bank, based in Frederick, MD, in 2011 where he was responsible for developing their presence in Washington County, MD. Most recently, Tim has served as Senior Vice President and Commercial Executive in Washington County, MD, for Susquehanna Bank, now BB&T since 2013.

Tim has been active in a leadership role with a number of industry and community organizations including the Boys & Girls Club of Washington County, Greater Hagerstown Committee, Hagerstown-Washington County Chamber of Commerce, Washington County Economic Development Commission and the PenMar Development Corporation. He fully intends to serve the community with similar organizations in the markets that we serve.



# Senior Management

## PICTURED FROM LEFT TO RIGHT

**Lise M. Shehan, Esq., CFIRS**  
Senior Vice President,  
Investment & Trust Services Manager

**Ronald L. Cekovich**  
Senior Vice President,  
Technology Services Manager

**Karen K. Carmack, SPHR**  
Senior Vice President,  
Human Resources Manager,  
Affirmative Action and HIPAA Privacy Officer

**Steven D. Butz**  
Senior Vice President,  
Commercial Services Market Manager

**William E. Snell, Jr.**  
Chief Executive Officer

**Lorie M. Heckman, CRCM**  
Senior Vice President,  
Risk Management Officer,  
BSA/OFAC Officer

**Mark R. Hollar**  
Senior Vice President,  
Chief Financial Officer and Treasurer

**Matthew D. Weaver**  
Senior Vice President,  
Marketing and Corporate Communications  
Manager

**Patricia A. Hanks**  
Senior Vice President,  
Retail Services Market Manager



# Waynesboro Community Office

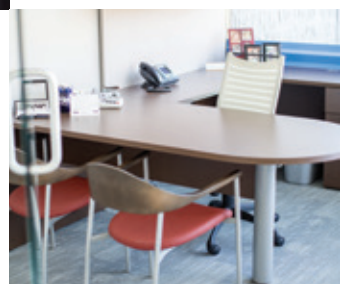
Franklin Financial Services Corporation and F&M Trust made a significant investment in the Waynesboro, PA community in 2015, when the bank moved toward a more innovative transformation to improve the customer experience.

Inside the Waynesboro Community Office, a new open floor plan provides a more conducive sales environment and a warm and inviting experience for customers. The largest physical transformation is the removal of the teller counter, and the introduction of teller pods. The new teller pods – an oval counter that is divided in half for two employees to service customers – offers a more comfortable setting to complete transactions, and discuss a customer’s financial needs.

Another addition to the Waynesboro Community Office is the product learning center. The center provides customers an opportunity to see demonstrations of new products, and become more comfortable using new F&M Trust technology. The exterior of the office features several aesthetic updates including, a leveled parking lot, new windows and exterior paint, updated landscaping, and a relocated handicap accessible entrance to better serve customers.

With a continued emphasis on personal service, the Waynesboro Community Office has developed a new approach when dealing with customers. Employees are now referred to as Financial Services Representatives and Officers, and focused on handling day-to-day banking activities, expanding relationships with customers using consultative sales techniques, and educating customers on bank services and technology.

With a focus on the future, the transformation of the Waynesboro office serves as the launching point for future F&M Trust Community Office improvements.



# Officers

## COMMERCIAL SERVICES

**Steven D. Butz**  
Senior Vice President  
Commercial Services Market Manager

**Mary S. Cordell**  
Vice President  
Commercial Services  
Relationship Manager

**William R. Feist, IV**  
Vice President  
Commercial Services  
Relationship Manager

**Matthew D. Harshbarger**  
Vice President  
Commercial Services  
Relationship Manager

**Michael S. Metz**  
Vice President  
Commercial Services  
Relationship Manager

**Philip A. Pantano**  
Vice President  
Commercial Services  
Relationship Manager

**Katherine M. Powley**  
Vice President  
Commercial Services  
Relationship Manager

**Brian C. Reidell**  
Vice President  
Commercial Services  
Cash Management and Merchant Services  
Specialist

**David P. Zimmerman**  
Vice President  
Commercial Services  
Relationship Manager

**Kathleen M. Bloss**  
Assistant Vice President  
Senior Credit Analyst

**Eric J. Fleming**  
Credit Department Manager

**Jeremy D. Culler**  
Small Business Credit Analyst

**Julie A. Powell**  
Senior Credit Analyst

**Maria S. Seabra**  
Senior Credit Analyst

**Jennifer D. Kaiser**  
Commercial Services Support Specialist

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## EXECUTIVE

**William E. Snell, Jr.**  
Chief Executive Officer

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

**Amanda M. Ducey**  
Corporate Secretary

**Joyce A. Riley**  
Assistant Corporate Secretary

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## FACILITIES

**Tex E. Miller, Jr.**  
Facilities Manager

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## FINANCE

**Mark R. Hollar**  
Senior Vice President and  
Chief Financial Officer  
and Treasurer

**Kim A. Brant**  
Asset-Liability Analyst

**Amy B. Herrold**  
Controller

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## HUMAN RESOURCES

**Karen K. Carmack, SPHR**  
Senior Vice President  
Human Resources Manager  
Affirmative Action  
and HIPAA Privacy Officer

**Levi L. Crouse**  
Human Resources Officer

**Michelle A. Williams**  
Training Officer

**Christina L. Yoder**  
Talent Development Manager

## INVESTMENT & TRUST SERVICES

**Lise M. Shehan, Esq., CFIRS**  
Senior Vice President  
Investment & Trust Services Manager

**Warren M. Hurt**  
Vice President  
Chief Investment Officer

**David Y. Luo**  
Investment Portfolio Manager

**Ronald R. Froeschle**  
Vice President  
Employee Benefits Officer

**Matthew W. Berger**  
Investment & Trust Services  
Franklin and Fulton/Huntingdon County  
Market Manager

**Carole L. Crist**  
Vice President  
Investment & Trust Services  
Relationship Manager

**James P. Probst**  
Vice President  
Investment & Trust Services  
Relationship Manager

**Diana L. Sponseller**  
Vice President  
Investment & Trust Services  
Relationship Manager

**Dennis L. Wilson**  
Vice President  
Investment & Trust Services  
Relationship Manager

**Avis M. Graham**  
Assistant Vice President  
Investment & Trust Services  
Compliance Officer

**Bruce A. Smith**  
Investment & Trust Services  
Cumberland County  
Market Manager

**David C. Gority**  
Vice President  
Investment & Trust Services  
Relationship Manager

**Andrew M. Otto**  
Assistant Vice President  
Investment & Trust Services  
Relationship Manager

**Heather C. Hershey**  
Estate Administration Officer

**Robin L. Murray**  
Trust Operations Manager

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## MARKETING

**Matthew D. Weaver**  
Senior Vice President  
Marketing and Corporate  
Communications Manager

**Melissa D. Miller**  
Marketing Officer

**Jill M. Reddecliff**  
Marketing Analyst

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## RETAIL SERVICES

**Patricia A. Hanks**  
Senior Vice President  
Retail Services Market Manager  
and Chambersburg Market Manager

**L. Kay Estep**  
Assistant Vice President  
GO Club Coordinator

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## CONSUMER LENDING

**Jared M. Leonard**  
Assistant Vice President  
Consumer and Residential Mortgage  
Lending Manager

**Cathy S. Goodhart**  
Residential Mortgage Lending Officer

**Timothy A. Rarick**  
Consumer Lending Officer

**David R. Winters**  
Consumer Lending Officer

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## CHAMBERSBURG MARKET

**Patricia A. Hanks**  
Senior Vice President  
Retail Services Marketing Manager  
And Chambersburg Market Manager

**Patricia M. Murray**  
Assistant Vice President  
Small Business Relationship Manager

**Lincoln Way East**  
**Lisa A. Hogue**  
Financial Services Officer  
Manager

**Memorial Square**  
**Meghan Heebner**  
Financial Services Officer  
Assistant Manager

**Norland Avenue**  
**Shaun M. Young**  
Assistant Vice President  
Manager

**Penn Hall/Menno Village**  
**Barbara A. Seylar**  
Financial Services Officer  
Manager

**Philadelphia Avenue**  
**Eric L. Alleman**  
Financial Services Officer  
Manager

**Orchard Park**  
**Dana L. Kaiser-Brechbeil**  
Financial Services Officer  
Manager

**West Side**  
**Tina M. Bricker**  
Financial Services Officer  
Manager

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## CUMBERLAND COUNTY MARKET

**Robert D. Weed**  
Vice President  
Cumberland County Market Manager

**Christopher J. Fitting**  
Small Business Relationship Manager

**Dallas J. Zulli**  
Small Business Relationship Manager

**Boiling Springs**  
**Jason S. Hutton**  
Financial Services Officer  
Manager

**Carlisle Crossing & Carlisle Plaza**  
**Cody D. Zeiler**  
Financial Services Officer  
Manager

**Camp Hill**  
**Jason A. McFalls**  
Financial Services Officer  
Manager

**Mechanicsburg**  
**Cydnie Kelly**  
Financial Services Officer  
Manager

**Shippensburg & Newville**  
**Ellen L. Ile**  
Financial Services Officer  
Manager

**Ritner Highway**  
**I. Edward Bidelspach**  
Assistant Vice President  
Manager

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## SOUTHERN FRANKLIN COUNTY MARKET

**Renee L. Preso**  
Vice President  
Southern Franklin County marketing  
Manager

**Lynn A. Waite**  
Assistant Vice President  
Small Business Relationship Manager

**Vicky L. Carson**  
Assistant Financial Services Officer

**Greencastle**  
**Kimberly M. Smith**  
Financial Services Officer  
Manager

**Mont Alto**  
**Sarah S. Stansfield**  
Financial Services Officer  
Manager

**Waynesboro**  
**Chastity L. Wantz**  
Financial Services Officer

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## FULTON/HUNTINGDON COUNTY MARKET

**Joyce E. Ritchey**  
Vice President  
Fulton County Market Manager

**Donald L. Trego**  
Assistant Vice President  
Small Business Relationship Manager

**McConnellsburg**  
**Mary E. Wright**  
Financial Services Officer  
Manager

**Hustontown & Orbisonia**  
**Bertha A. Peffer**  
Financial Services Officer  
Manager

## RISK MANAGEMENT

**Lorie M. Heckman, CRCM**  
Senior Vice President  
Risk Management Officer

**William A. Pryor**  
Vice President  
Chief Credit Officer

**Steven R. Gormont**  
Consumer Credit Recovery Officer

**Robert K. Day**  
Commercial Credit Recovery Officer

**Eric M. Follin**  
Documentation Review Officer

**Matthew R. Shank**  
Assistant Documentation Review Officer

**Janet E. Stamper**  
Consumer Documentation Review  
Officer

**Olaf R. Hasse**  
Vice President  
Loan Portfolio Risk Management Officer

**Sheryl R. Snider**  
Assistant Compliance Officer

**D. Wayne Smith**  
BSA/OFAC Analyst

**Rainbow D. Hopkins**  
Security Officer

## TECHNOLOGY SERVICES

**Ronald L. Cekovich**  
Senior Vice President  
Technology Services Manager

**Joe C. Lieb**  
Assistant Technology Services Manager

**Pamela A. Johns**  
Assistant Vice President  
Loan Servicing Manager

**Patricia R. Ganoe**  
Deposit/Data Operations Manager

**Matthew C. Clark**  
Assistant Vice President  
Technology Services Officer

**Joshua S. Davis**  
Assistant Technology Services Officer



# Locations

## CHAMBERSBURG AREA

### Lincoln Way East Office

1712 Lincoln Way East, Chambersburg  
Phone: (717) 264-9414

### Memorial Square Office

20 South Main Street, Chambersburg  
Phone: (717) 264-6116

### Menno Village Office

2075 Scotland Avenue, Chambersburg  
Phone: (717) 261-3697

### Norland Avenue Office

870 Norland Avenue, Chambersburg  
Phone: (717) 262-2085

### Orchard Park Office

841 Wayne Avenue, Chambersburg  
Phone: (717) 263-1801

### Penn Hall Office

1425 Philadelphia Avenue, Chambersburg  
Phone: (717) 261-3660

### Philadelphia Avenue Office

2405 Philadelphia Avenue, Chambersburg  
Phone: (717) 264-5122

### West Side Office

1100 Lincoln Way West, Chambersburg  
Phone: (717) 263-9168

## SOUTHERN FRANKLIN COUNTY

### Greencastle Office

518 North Antrim Way, Greencastle  
Phone: (717) 597-2384

### Marion Office

5293 Main Street, Marion  
Phone: (717) 375-2210

### Mont Alto Office

8 Park Street, Mont Alto  
Phone: (717) 749-3161

### Waynesboro Office

200 East Main Street, Waynesboro  
Phone: (717) 762-2188

## CUMBERLAND COUNTY

### Boiling Springs Office

3 East First Street, Boiling Springs  
Phone: (717) 241-4131

### Camp Hill Office

3907 Market Street, Camp Hill  
Phone: (717) 731-9604

### Carlisle Crossing Office

214A Westminster Drive, Carlisle  
Phone: (717) 243-2215

### Carlisle Plaza Drive-Up

700 East High Street, Carlisle  
Phone: (717) 243-0416

### Mechanicsburg Office

6375 Carlisle Pike, Mechanicsburg  
Phone: (717) 697-0444

### Newville Office

51 South High Street, Newville  
Phone: (717) 776-2240

### Ritner Highway Office

1901 Ritner Highway, Carlisle  
Phone: (717) 960-1400

### Shippensburg Office

13 Shippensburg Shopping Center,  
Shippensburg  
Phone: (717) 530-2100

## FULTON & HUNTINGDON COUNTIES

### Hustontown Office

7781 Waterfall Road, Hustontown  
Phone: (717) 987-3193

### McConnellsburg Office

100 Lincoln Way East, McConnellsburg  
Phone: (717) 485-3144

### Orbisonia Office

18810 Sandy Ridge Station, Orbisonia  
Phone: (814) 447-3104

## ADDITIONAL ATM LOCATIONS

### Ayr Town Center ATM

368 S. 2nd Street, McConnellsburg

### Chambersburg Borough Office

100 S. 2nd Street, Chambersburg

### Fayetteville Post Office

4025 Lincoln Way East, Fayetteville

### Menno Haven Campus - Northfield

Northgate Commons and Apartments  
1500 Northfield Drive, Chambersburg

### Penn National Golf Clubhouse

3720 Clubhouse Drive, Fayetteville

### Penns Village ATM

182 Buchanan Trail, McConnellsburg

### Quincy Village - Colestock Center

6596 Orphanage Road, Quincy

### Riverview Business Center ATM

11734 Lenape Drive, Mount Union

### Shippensburg West End

9966 Molly Pitcher Hwy, Shippensburg

### Waynesboro Marketplace

11123 Buchanan Trail East, Waynesboro

### Zullinger

4884 Buchanan Trail East, Zullinger

2015 ANNUAL REPORT

# Strength & Momentum



**Franklin Financial**  
Services Corporation



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