

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **1996-12-30** | Period of Report: **1996-12-20**  
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### FILER

#### FINANCIAL TRUST CORP

CIK: **702508** | IRS No.: **232229155** | State of Incorporation: **PA** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-10756** | Film No.: **96687915**  
SIC: **6021** National commercial banks

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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 (Date of earliest event reported) December 20, 1996  
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FINANCIAL TRUST CORP  
(Exact name of registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation)	0-10756 (Commission File Number)	23-2229155 (I.R.S. Employer Identification Number)
1415 Ritner Highway, Carlisle, Pennsylvania (Address of principal executive offices)		17013 (Zip Code)
Registrant's telephone number, including area code		(717) 243-8003 -----

ITEM 1. CHANGES IN CONTROL OF REGISTRANT  
Not Applicable

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS  
Not Applicable

ITEM 3. BANKRUPTCY OR RECEIVERSHIP  
Not Applicable

ITEM 4. CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT  
Not Applicable

ITEM 5. OTHER EVENTS

Keystone Financial, Inc. has signed a definitive agreement to acquire Financial Trust Corp. Under the terms of the agreement, each share of Financial Trust Corp will be converted into 1.65 shares of Keystone, pursuant to a fixed exchange ratio.

ITEM 6. RESIGNATIONS OF REGISTRANT'S DIRECTORS

Not Applicable

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Not Applicable

(b) Not Applicable

(c) Exhibits - Press release dated December 20, 1996

ITEM 8. CHANGE IN FISCAL YEAR

Not Applicable

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

Financial Trust Corp

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(Registrant)

December 23, 1996

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(Date)

By /s/ Bradley S. Everly

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(Signature)

Bradley S. Everly  
Senior Vice President and  
Chief Financial Officer

Exhibit 1

PRESS RELEASE - For Immediate Release

December 20, 1996

For Further Information Contact:

Ray L. Wolfe  
(717) 241-7701

KEYSTONE FINANCIAL AGREES TO ACQUIRE  
FINANCIAL TRUST CORP

HARRISBURG, PA, December 20, 1996--Keystone Financial, Inc., (NM:NASDAQ:KSTN), the fifth largest bank holding company in Pennsylvania, today announced that it has signed a definitive agreement to acquire Financial Trust Corp, (NM:NASDAQ:FITC), Carlisle, PA.

Financial Trust, a bank holding company with four member banks and approximately \$1.2 billion in assets, operates 48 community offices in seven counties in Pennsylvania and Maryland. Financial Trust's banking subsidiaries include, Financial Trust Company, Carlisle, PA; Chambersburg Trust Company, Chambersburg, PA; First National Bank and Trust Company, Waynesboro, PA; and Washington County National Bank, Williamsport, MD. For the nine month period ended September 30, 1996, Financial Trust reported net income of \$15.1 million, or \$1.77 per share, which produced a return on average assets of 1.73% and a return on average equity of 14.20%.

Under terms of the agreement, each share of Financial Trust will be converted into 1.65 shares of Keystone, pursuant to a fixed exchange ratio. Based on the \$26.50 per share closing bid price of Keystone on December 19, 1996, the value per share of Financial Trust approximates \$43.73 and aggregates \$371 million.

"Financial Trust is an outstanding banking organization, with a proud history of excellence in customer service and financial performance. The market area of Financial Trust, which is strong and growing, is an excellent fit with Keystone's existing franchise," Carl L. Campbell, president and chief executive officer of Keystone said. "Our association with Financial Trust significantly strengthens our market position in Central Pennsylvania and Maryland, and affords us opportunities to achieve operating economies and enhanced revenue growth arising from a wider distribution of our products and services. The merger is expected to contribute to earnings per share growth in 1998," he concluded.

"Keystone is a super community banking organization committed to service to the customer and the community. This commitment has been an important ingredient in their success and should facilitate the smooth integration of our two institutions," Ray L. Wolfe, chairman and chief executive officer of Financial Trust commented. "Our complementary cultures and solid financial records, combined with the strength of Keystone's expanded product line, cause us to be excited about our future prospects," he concluded.

The agreement is subject to approval by regulatory agencies and shareholders of both Financial Trust and Keystone Financial. Completion of the merger is expected during the first half of 1997. At that time, Mr. Wolfe will serve as chairman of the board of Keystone, and he and two other Financial Trust

directors will join the Keystone Board of Directors. Concurrent with closing, Keystone expects to record a pre-tax charge of approximately \$10 million to cover merger-related expenses.

Keystone Financial has five member banks--American Trust Bank, N.A., Cumberland, MD; Frankford Bank, N.A., Horsham, PA; Mid-State Bank, Altoona, PA; Northern Central

Bank, Williamsport, PA; and Pennsylvania National Bank, Pottsville, PA -- which together operate 147 offices in Pennsylvania, Maryland and West Virginia. Keystone also operates several non-banking companies providing specialized services including Keystone Financial Mortgage Company, Lancaster, PA; Martindale Andres & Co., (asset management firm), West Conshohocken, PA; Keysone Dealer Finance Center, Williamsport, PA, and KeyCall Phone Banking Center, Cumberland, MD.

Upon completion of the acquisition of Financial Trust and the previously announced acquisition of First Financial Corporation of Western Maryland, a thrift holding company headquartered in Cumberland, MD with approximately \$345 million in assets, the assets of Keystone will increase 30% to approximately \$6.7 billion and Keystone will operate over 200 offices in Pennsylvania, Maryland and West Virginia.

#### Exhibit 1

#### Keystone Financial, Inc. Acquisition of Financial Trust

Announcement Date: December 20, 1996  
 Agreement Terms: Keystone will issue Common Stock to each shareholder of FITC, at a fixed exchange ratio of 1.65 shares of Keystone for each FITC share.

Accounting Method: Pooling of interests  
 Approximate Deal Value: \$43.73/share (1); \$371 million aggregate  
 Multiples: Price/Earnings (2) 18.5 x  
 Price/Book (3) 2.54 x  
 Price/Market 1.50 x

#### Financial Trust Financial History

<TABLE>

<CAPTION>

(\$ in 000's)

	Nine Months ended 9/30/96 -----	1995 -----	1994 -----
<S>	<C>	<C>	<C>
Assets	\$1,227,405	\$1,138,437	\$1,090,576

Loans	773,213	731,150	707,495
Allowance for Loan Losses	11,343	11,038	11,268
Deposits	975,905	931,720	898,859
Equity	146,424	141,072	125,869
Provision for Credit Losses	599	709	840
Net Income	15,102	18,135	16,429
ROAA	1.73%	1.64%	1.53%
ROAE	14.20%	13.81%	13.52%
Equity/Assets	11.93%	12.39%	11.54%
NIM	5.10%	5.06%	4.95%
Non-Interest Income/Revenues	13.9%	13.0%	12.8%
Non-Interest Expense/Revenues	52.1%	52.3%	53.9%
Non-Performing Assets (NPA)	\$1,592	\$3,195	\$3,456
NPA as % of Total Assets	0.13%	0.28%	0.32%
Allowance/Loans	1.47%	1.51%	1.60%
Shares Outstanding	8,495,595	8,541,987	8,542,331

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- (1) Keystone closing bid price as of December 19, 1996 was \$26.50.
  - (2) EPS for nine months ended September 30, 1996 was \$1.77 and was annualized.
  - (3) Book value at September 30, 1996 was \$17.24.