

FRANKLIN FINANCIAL SERVICES CORP /PA/
Form 10-Q
November 07, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended September 30, 2007

OR

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-12126

FRANKLIN FINANCIAL SERVICES CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA
(State or other jurisdiction of
incorporation or organization)

25-1440803
(I.R.S. Employer
Identification No.)

20 SOUTH MAIN STREET (P.O. BOX 6010), CHAMBERSBURG, PA 17201-0819

(Address of principal executive offices)

717/264-6116

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer o

Accelerated filer x

Non-accelerated filer o

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes No

There were 3,844,241 outstanding shares of the Registrant's common stock as of October 31, 2007.

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Franklin Financial Services Corporation
Consolidated Balance Sheets
(Amounts in thousands, except per share data)

	September 30 2007 (unaudited)	December 31 2006
Assets		
Cash and due from banks	\$ 16,084	\$ 21,855
Interest bearing deposits in other banks and fed funds sold	251	293
Total cash and cash equivalents	16,335	22,148
Investment securities available for sale	178,779	189,345
Restricted stock	2,921	3,142
Loans held for sale	3,561	2,561
Loans	563,884	528,534
Allowance for loan losses	(7,324)	(6,850)
Net Loans	556,560	521,684
Premises and equipment, net	13,780	13,101
Bank owned life insurance	18,048	17,561
Goodwill	8,520	9,113
Other intangible assets	2,800	3,071
Equity method investments	4,016	4,028
Other assets	15,539	13,579
Total Assets	\$ 820,859	\$ 799,333
Liabilities		
Deposits:		
Demand (non-interest bearing)	\$ 87,425	\$ 87,688
Savings and interest checking	368,478	337,985
Time	160,784	169,622
Total Deposits	616,687	595,295
Securities sold under agreements to repurchase	80,269	78,410
Short term borrowings	7,950	6,700
Long term debt	32,367	38,449
Other liabilities	9,009	8,865
Total Liabilities	746,282	727,719
Shareholders equity		
Common stock \$1 par value per share, 15,000 shares authorized with 4,299 shares issued and 3,844 and 3,838 shares outstanding at September 30, 2007 and December 31, 2006 , respectively	4,299	4,299
Capital stock without par value, 5,000 shares authorized with no shares issued or outstanding		

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Additional paid in capital	32,569	32,251
Retained earnings	46,370	42,649
Accumulated other comprehensive income (loss)	(807)	236
Treasury stock, 455 shares and 461 shares at cost at September 30, 2007 and December 31, 2006, respectively	(7,854)	(7,821)
Total shareholders' equity	74,577	71,614
Total Liabilities and Shareholders' Equity	\$ 820,859	\$ 799,333

The accompanying notes are an integral part of these financial statements

Franklin Financial Services Corporation
Consolidated Statements of Income

(Amounts in thousands, except per share data)

(unaudited)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2007	2006	2007	2006
Interest Income				
Loans, including fees	\$ 10,194	\$ 9,165	\$ 29,698	\$ 22,911
Interest and dividends on investments:				
Taxable interest	1,714	1,459	4,943	3,944
Tax exempt interest	545	509	1,684	1,487
Dividend income	73	85		