FRANKLIN FINANCIAL SERVICES CORP /PA/ Form 10-Q May 08, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

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

25-1440803

(State or other jurisdiction of incorporation or organization)

(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 x No o

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

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

There were 3,844,462 outstanding shares of the Registrant s common stock as of March 31, 2007.

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EXHIBITS

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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)

Fed funds sold 7,800 Interest bearing deposits in other banks 2,240 293 Total cash and cash equivalents 23,634 22,148 Investment securities available for sale 174,435 189,345 Restricted stock 2,845 3,142 Loans held for sale 3,752 2,561 Loans 537,553 528,534 Allowance for loan losses (6,927) (6,850) Net Loans 530,626 521,684 Premises and equipment, net 13,339 13,101 Bank owned life insurance 17,721 17,561 Goodwill 9,113 9,113 Other intangible assets 2,981 3,071 Equity method investment 3,971 4,028 Other assets 14,290 13,579 Total assets 796,707 7 Liabilities	nber 31
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Total liabilities and shareholders' equity

\$ 796,707

\$

799,333

 $\label{thm:companying} \textit{The accompanying notes are an integral part of these financial statements}.$

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Franklin Financial Services Corporation

Consolidated Statements of Income

(Amounts in thousands, except per share data)

(unaudited)

	For the Three Months Ended March 31 2007 2006			
Interest Income				
Loans, including fees	\$	9,546	\$	6,609
Interest and dividends on investments:				
Taxable interest	1,59	8	1,19	8
Tax exempt interest	560		464	
Dividend income	85		68	
Federal funds sold	51		52	

Deposits and obligations of other banks