

FRANKLIN FINANCIAL SERVICES CORP /PA/  
Form 8-K  
January 26, 2012

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): **January 25, 2012**

FRANKLIN FINANCIAL SERVICES CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania                      0-12126              25-1440803  
(State or other jurisdiction (Commission (IRS Employer  
of incorporation)                      File Number) Indent. No.)

20 South Main Street, Chambersburg, PA 17201  
(Address of principal executive office)              (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))

**Item 2.02 Results of Operations and Financial Condition.**

The news release of Franklin Financial Services Corporation, dated January 25, 2012 and attached as Exhibit 99.1, announces its earnings for the three and twelve months ended December 31, 2011 and is incorporated by reference herein.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are filed herewith:

Number	Description
99 .1	Press Release, dated January 25, 2012 of Franklin Financial Services Corporation

**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/ William E. Snell, Jr.  
William E. Snell, Jr., President

and Chief Executive Officer  
Dated: January 25, 2012



Exhibit 99.1

January 25, 2012

### **Franklin Financial reports YTD earnings decline**

(Chambersburg) Franklin Financial Services Corporation, the bank holding company of F&M Trust, reported earnings of \$6,569,000 for 2011 compared to 2010 earnings of \$7,612,000, a decrease of 13.7%. Net income for the quarter ended December 31, 2011 was \$1,903,000, representing a 13.5% increase when compared to 2010 fourth quarter earnings of \$1,676,000.

On a per share basis, diluted earnings were \$0.47 and \$1.66 for the quarter and twelve months in 2011 compared to \$0.43 and \$1.96 for the same periods in 2010.

“The prolonged period of high unemployment, increased loan delinquency, and low interest rate environment associated with the current recession made for a challenging environment in the financial industry during 2011,” commented William E. Snell, Jr., president and CEO. “Although at a slower pace than in pre-recessionary times, the growth of our balance sheet showed improvement from a 7% increase in average commercial lending outstandings despite the toll that the economy has had on both individuals and businesses in South Central Pennsylvania. The trend for the American household reflects lower loan outstandings, borrowing more cautiously, and saving more. We’ve experienced slower than normal consumer loan activity, while high unemployment and declining real estate values have contributed to put pressure on asset quality.”

Total assets were \$990.2 million at December 31, 2011, a 4.0% increase from assets at December 31, 2010. Average deposits and repurchase agreement grew by 6.5% to \$838.3 million, and average net loans grew 1.5% to \$755.4 million. At year-end, total deposits and repurchase agreements grew by 7.1% to \$841.0 million, while net loans were up 2.3% to \$756.7 million. In addition, the market value of trust assets under management declined by 1.8% to \$481.5 million at December 31, 2011, mostly related to lower market valuations.

Franklin Financial is an independent, locally owned and operated bank holding company headquartered in Chambersburg. Its wholly-owned subsidiary, F&M Trust, has twenty-five community banking offices throughout Cumberland, Franklin, Fulton and Huntingdon counties located in Boiling Springs, Camp Hill, Carlisle, Chambersburg, Greencastle, Hustontown, McConnellsburg, Mont Alto, Marion, Newville, Orbisonia, Shippensburg, St. Thomas, Warfordsburg and Waynesboro. Franklin Financial stock is listed on the over-the-counter market under

the symbol FRAF.