HARLEYSVILLE SAVINGS FINANCIAL CORP
Form 10-Q
February 13, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20429

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 December 31, 2001

OR

[ ] 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 0-29709

HARLEYSVILLE SAVINGS FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Pennsylvania	23-3028464
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

271 Main Street, Harleysville, Pennsylvania 19438
(Address of principal executive offices)
(Zip Code)

(215) 256-8828
(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

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock, $.01 Par Value, 2,310,490 as of February 12, 2002

HARLEYSVILLE SAVINGS FINANCIAL CORPORATION
AND SUBSIDIARY

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Harleysville Savings Financial Corporation
Unaudited Consolidated Statements of Financial Condition

	December 31, 2001
Assets	
Cash and amounts due from depository institutions	$ 1,740,101
Interest bearing deposits in other banks	11,021,056

Total cash and cash equivalents	12,761,157
Investment securities held to maturity (fair value - December 31, $50,174,000; September 30, $63,568,000)	49,457,013
Investment securities available-for-sale at fair value	7,923,914
Mortgage-backed securities held to maturity (fair value - December 31, $179,883,000; September 30, $171,236,000)	178,465,415
Mortgage-backed securities available-for-sale at fair value	2,996,250
Loans receivable (net of allowance for loan losses - December 31, $2,036,000; September 30, $2,036,000)	296,417,411
Accrued interest receivable	2,772,925
Federal Home Loan Bank stock - at cost	9,171,400
Office properties and equipment	5,157,343
Deferred income taxes	261,088
Prepaid expenses and other assets	8,599,317
TOTAL ASSETS	$ 573,983,233
Liabilities and Stockholders' Equity	
Liabilities:	
Deposits	$ 352,224,615
Advances from Federal Home Loan Bank	182,732,650
Accrued interest payable	842,675
Advances from borrowers for taxes and insurance	2,562,845
Accounts payable and accrued expenses	700,533
Total liabilities	539,063,318
Commitments	
Stockholders' equity:	
Preferred Stock: $.01 par value; 7,500,000 shares authorized; none issued	
Common stock: $.01 par value; 15,000,000 shares authorized; issued and outstanding, Dec. 2001, 2,307,212; Sept. 2001, 2,306,455	23,072
Paid-in capital in excess of par	7,379,435
Treasury stock, at cost (Dec. 2001, 73,872 shares; Sept. 2001, 65,659)	(1,103,131)
Retained earnings - partially restricted	28,637,879
Accumulated other comprehensive loss	(17,340)
Total stockholders' equity	34,919,915
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 573,983,233

See notes to unaudited consolidated financial statements

Harleysville Savings Financial Corporation
Unaudited Consolidated Statements of Income

	For the Three Months Ended December 31, 2001	2000
INTEREST INCOME:		
Interest on mortgage loans	$4,516,866	$4,038,391
Interest on mortgage-backed securities	2,384,928	2,353,786
Interest on consumer and other loans	982,688	1,087,018
Interest and dividends on investments	1,053,666	1,419,582
Total interest income	8,938,148	8,898,777
Interest Expense:		
Interest on deposits	3,890,004	4,112,080
Interest on borrowings	2,555,812	2,428,705
Total interest expense	6,445,816	6,540,785
Net Interest Income	2,492,332	2,357,992
Provision for loan losses	--	--
Net Interest Income after Provision for Loan Losses	2,492,332	2,357,992
Other Income:		
Other income	268,413	224,108
Total other income	268,413	224,108
Other Expenses:		
Salaries and employee benefits	810,064	707,287
Occupancy and equipment	320,864	262,604
Deposit insurance premiums	15,628	15,772
Other	380,143	376,213
Total other expenses	1,526,699	1,361,876
Income before Income Taxes	1,234,046	1,220,224
Income tax expense	228,867	319,800
Net Income	$1,005,179	$ 900,424
Basic Earnings Per Share	$ 0.45	$ 0.40
Diluted Earnings Per Share	$ 0.44	$ 0.40
Dividends Per Share	$ 0.13	$ 0.12

See notes to unaudited consolidated financial statements.

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Harleysville Savings Financial Corporation
Unaudited Consolidated Statement of Stockholders' Equity

	Common Stock	Paid-in Capital in Excess of Par	Treasury Stock	Retained Earnings- Partially Restricted
Balance at October 1, 2001	$ 23,065	$ 7,358,681	$(1,024,733)	$27,922,18
Net Income				1,005,17
Issuance of Common Stock:	7	20,754		
Dividends - $.13 per share				(289,48
Treasury stock aquired			(78,398)	
Unrealized holding loss on available-for-sale securities, net of tax				
Balance at December 31, 2001	$ 23,072	$ 7,379,435	$(1,103,131)	$28,637,87

See notes to unaudited consolidated financial statements.

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Harleysville Savings Financial Corporation
Unaudited Consolidated Statements of Cash Flows

	Three Months Ended Decem 2001	
Operating Activities:		
Net Income	$ 1,005,179	$
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	123,901	
(Increase) decrease in deferred income taxes	(7,885)	
Amortization of deferred loan fees	(64,163)	
Changes in assets and liabilities which (used) provided cash:		
Decrease in accounts payable and accrued expenses and income taxes payable	(260,292)	
(Increase) decrease in prepaid expenses and other assets	(433,332)	
Decrease (increase) in accrued interest receivable	630,020	(
Increase in accrued interest payable	115,174	

Net cash provided by operating activities	1,108,602	1,
Investing Activities:		
Purchase of investment securities held to maturity	(13,154,845)	(2,
Proceeds from maturities of investment securities	25,900,237	
Purchase of investment securities available for sale	(4,629,933)	(
Purchase of FHLB stock	(221,200)	(
Long-term loans originated or acquired	(33,759,241)	(16,
Purchase of mortgage-backed securities held to maturity	(17,986,847)	(20,
Purchase of mortgage-backed securities available for sale	(2,996,250)	
Principal collected on long-term loans & mortgage-backed securities	34,872,177	18,
Purchases of premises and equipment	(56,762)	(
Net cash used in investing activities	(12,032,664)	(22,
Financing Activities:		
Net increase increase in demand deposits, NOW accounts and savings accounts	8,048,274	3,
Net decrease in certificates of deposit	(5,970,215)	(
Cash dividends	(289,482)	(
Net increase in FHLB advances	11,423,266	18,
Purchase of treasury stock	(78,398)	(
Net proceeds from issuance of stock	20,761	
Net increase in advances from borrowers for taxes & insurance	1,582,881	1,
Net cash provided by financing activities	14,737,087	22,
INCREASE IN CASH AND CASH EQUIVALENTS	3,813,025	2,
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,948,132	4,
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 12,761,157	$ 6,
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	$ 276,629	$
Interest expense	6,560,990	6,

See notes to unaudited consolidated financial statements.

Notes to Unaudited Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying unaudited financial statements have been prepared in accordance with the instructions for Form 10-Q and therefore do not include information or footnotes necessary for a complete presentation of financial condition, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. However, all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary for a fair presentation have been included. The results of operations for the three months ended December 31, 2001 are not necessarily indicative of the results which may be expected for the entire fiscal year.

Comprehensive Income - Comprehensive income for the three month periods ended December 31, 2001 and 2000, was approximately $1,003,000 and $864,000, respectively.

2. INVESTMENT SECURITIES HELD TO MATURITY
A comparison of cost and approximate fair value of investment securities, by maturities, is as follows:

December 31, 2001	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses
U.S. Government agencies			
Due after 2 years through 5 years	$ 8,997,255	$ 3,705	(16,960)
Due after 5 years through 10 years	3,000,000	145,000	--
Due after 10 years through 15 years	11,457,534	213,466	--
Tax Exempt Obligations			
Due after 15 years	26,002,224	578,875	(207,099)
Total Investment Securities	$49,457,013	$ 941,046	$ (224,059)

September 30, 2001	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses
U.S. Government agencies			
Due after 2 years through 5 years	$ 1,000,000		$ --
Due after 5 years through 10 years	12,985,052	$ 214,948	--
Due after 10 years through 15 years	24,446,500	304,500	--
Tax Exempt Obligations			
Due after 15 years	23,770,853	846,147	--
Total Investment Securities	$ 62,202,405	$ 1,365,595	$ --

The Company has the positive intent and the ability to hold these securities to maturity. At December 31, 2001, neither a disposal, nor conditions that could lead to a decision not to hold these securities to maturity were reasonably foreseen.

3. INVESTMENT SECURITIES AVAILABLE-FOR-SALE

A comparison of cost and approximate fair value of investment securities is as follows:

	December 31, 2001		
	Amortized Cost	Gross Unrealized Gain	Gros Unreal Loss
ARM Mutual Funds	$ 7,950,186	$ --	$ (26
Total Investment Securities	$ 7,950,186	$ --	$ (26

	September 30, 2001		
	Amortized Cost	Gross Unrealized Gain	Gros Unreal Loss
ARM Mutual Funds	$ 3,317,173	$ --	$ (23
Total Investment Securities	$ 3,317,173	$ --	$ (23

4. MORTGAGE-BACKED SECURITIES HELD TO MATURITY

A comparison of cost and approximate fair value of mortgage-backed securities is as follows:

	December 31, 2001		
	Amortized Cost	Gross Unrealized Gain	Gro Unrea Los
Collateralized mortgage obligations	$69,574,239	$ 635,130	$ (375
FHLMC pass-through certificates	28,449,190	264,170	(77
FNMA pass-through certificates	18,417,608	246,217	
GNMA pass-through certificates	62,024,378	737,454	(11

Total Mortgage-backed Securities	$178,465,415	$ 1,882,971	$ (465

	September 30, 2001		
	Amortized Cost	Gross Unrealized Gain	Gross Unrealize Losses
Collateralized mortgage obligations	$68,183,560	$ 887,139	$ (18
FHLMC pass-through certificates	14,315,089	544,911	
FNMA pass-through certificates	19,714,010	528,990	
GNMA pass-through certificates	65,514,066	1,729,934	
Total Mortgage-backed Securities	$167,726,725	$ 3,690,974	$ (18

5. MORTGAGE-BACKED SECURITIES AVAILABLE-FOR-SALE
A comparison of cost and approximate fair value of mortgage-backed securities is as follows:

	December 31, 2001		
	Amortized Cost	Gross Unrealized Gain	Gross Unrealize Losses
FNMA pass-through certificates	$ 2,996,250	$ --	$
Total Mortgage-backed Securities	$ 2,996,250	$ --	$

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6. LOANS RECEIVABLE
Loans receivable consist of the following:

	December 31, 2001	September 30, 2001
Residential Mortgages	$ 237,974,503	$ 233,290,694
Commercial Mortgages	585,511	785,923
Construction	10,967,383	14,649,063
Education	1,360,802	1,041,197
Savings Account	641,053	617,244
Home Equity	43,240,152	43,401,198

Automobile and other	657,586	628,752
Line of Credit	11,923,130	9,806,918
Total	307,350,120	304,220,989
Undisbursed portion of loans in process	(6,814,864)	(9,919,306)
Deferred loan fees	(2,081,557)	(2,052,274)
Allowance for loan losses	(2,036,288)	(2,036,188)
Loans receivable - net	$ 296,417,411	$ 290,213,221

The total amount of loans being serviced for the benefit of others was approximately $4.1 million and $4.9 million at December 31, 2001 and September 30, 2001, respectively.

The following schedule summarizes the changes in the allowance for loan losses:

	Three Months Ended December 31,	
	2001	2000
Balance, beginning of period	$ 2,036,188	$ 2,038,131
Provision for loan losses	--	--
Amounts recovered	100	--
Balance, end of period	$ 2,036,288	$ 2,038,131

7. OFFICE PROPERTIES AND EQUIPMENT

Office properties and equipment are summarized by major classification as follows:

	December 31, 2001	September 30, 2001
Land and buildings	$ 5,088,965	$ 5,081,110
Furniture, fixtures and equipment	3,292,060	3,243,153
Automobiles	56,164	56,164
Total	8,437,189	8,380,427
Less accumulated depreciation	(3,279,846)	(3,155,945)
Net	$ 5,157,343	$ 5,224,482

8. DEPOSITS

Deposits are summarized as follows:

	December 31, 2001	September 30, 2001
NOW accounts	$ 7,951,950	$ 12,280,113
Checking accounts	12,515,239	6,859,090

Money Market Demand accounts	74,504,379	67,941,336
Passbook and Club accounts	2,692,329	2,535,083
Certificate accounts	254,560,718	260,530,933
Total deposits	$ 352,224,615	$ 350,146,555

The aggregate amount of certificate accounts in denominations of more than $100,000 at December 31, 2001 amounted to approximately $15.8 million.

9. COMMITMENTS

At December 31, 2001, the following commitments were outstanding:

Origination of fixed-rate mortgage loans	$ 8,511,742
Origination of adjustable-rate mortgage loans	855,500
Unused line of credit loans	16,676,487
Loans in process	6,814,864
Total	$32,858,593

10. DIVIDEND

On January 23, 2002, the Board of Directors declared a cash dividend of $.13 per share payable on February 20, 2002 to the stockholders' of record at the close of business on February 6, 2002.

11. EARNINGS PER SHARE

The following average shares were used for the computation of earnings per share:

	For the Three Months Ended December 31,	
	2001	2000
Basic	2,233,025	2,229,776
Diluted	2,270,338	2,254,042

The difference between the number of shares used for computation of basic earnings per share and diluted earnings per share represents the dilutive effect of stock options.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to management. In addition, in those and other portions of this document, the words "anticipate," "believe," "estimate," "intend," "should" and similar expressions, or the negative thereof, as they relate to the Company or the Company's management, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future-looking events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company does not intend to update these forward-looking statements.

Changes in Financial Position for the Three Month Period Ended December 31, 2001
Total assets at December 31, 2001 were $574 million, an increase of $15.6 million or 2.8% for the three month period. This increase was primarily the result of an increase in mortgage-backed securities and loans receivable of approximately $13.7 and $6.2 million, respectively. The remainder was due to an increase in cash of approximately $3.8 million.

During the three month period ended December 31, 2001, total deposits increased by $2.1 million to $352.2 million. Advances from borrowers for taxes and insurance also increased by $1.6 million. This is a seasonal increase as the majority of taxes the Company escrows for are disbursed in the month of August. There was also an increase in advances from Federal Home Loan Bank of $11.4 million, which was used to fund the purchase of investment securities and fund loans.

Comparisons of Results of Operations for the Three Month Period Ended December 31, 2001 with the Three Month Period Ended December 31, 2000.

Net Interest Income
The increase in the net interest income for the three month period ended December 31, 2001 when compared to the same period in 2000 can be attributed to the increase in interest earning assets and the decrease in interest expense on deposits. The interest rate spread decreased from 1.67% for the three month period ended December 31, 2000 to 1.59% for the comparable period ended December 31, 2001.

Total interest income was $8.9 million for the three month period ended December 31, 2001 compared to $8.9 million for the comparable period in 2000. The increase in the average balance of interest-earning assets was offset by a decrease in the average yield for the interest-earning assets to 6.52% for the three month period ended December 31, 2001 from 7.33% for the comparable period in 2000.

Total interest expense decreased to $6.4 million for the three month period ended December 31, 2001 from $6.5 million for the comparable period in 2000. This decrease was the result of a decrease in the average cost on interest-bearing liabilities from 5.66% for the three month period ended December 31, 2000 to 4.93% for the comparable period ended December 31, 2001. This decrease is the result of a lower level of interest paid on deposits for the three month period ended December 31, 2001 when compared to the same period ended December 31, 2000. This was partially offset by an increase in the average interest-bearing liabilities from $462.4 million for the three month period ended December 31, 2000 to $522.6 million for the comparable period ended December 31, 2001.

Other Income
Other income increased to $268,000 for the three month period ended December 31, 2001 from $224,000 for the comparable period in 2000. The increase is due to an increase in the number of mortgage late charges and additional income from Bank Owned Life Insurance.

Other Expenses
During the quarter ended December 31, 2001, other expenses increased by $164,000 or 12.3% to $1.5 million. Management believes these are reasonable increases in the cost of operations after considering the effects of inflation, the impact of the 12% growth in the assets of the Company and the opening of a new branch when compared to the same period in 2000. The annualized ratio of expenses to average assets for the three month period ended December 31, 2001 and 2000 was 1.08%.

Income Taxes
The Company made provisions for income taxes of $229,000 for the three month period ended December 31, 2001 compared to $320,000 for the comparable period in 2000. The primary reason for the decrease in the percentage of tax expense in 2001 was the increase in tax-free income resulting from purchases of tax-exempt securities.

Liquidity and Capital Resources
The Company's net income for the quarter ended December 31, 2001 of $1,005,000 increased stockholders' equity to $35.0 million or 6.2% of total assets. This amount is well in excess of the Company's minimum regulatory capital requirements as illustrated below:

	(in thousands)			
	Leveraged		Risk-based	
Actual regulatory capital	$34,936	6.2%	$36,972	14.7%
Minimum required regulatory capital	22,664	4.0%	20,064	8.0%
Excess capital	$12,272	2.2%	$16,908	6.7%

The liquidity of the Company's operations, measured by the ratio of the cash and securities balances to total assets, equaled 43.8% at December 31, 2001 compared to 43.7% at September 30, 2001.

As of December 31, 2001, the Company had $32.9 million in commitments to fund loan originations, disburse loans in process and meet other obligations. Management anticipates that the majority of these commitments will be funded within the next six months by means of normal cash flows and net new deposits. In addition, the amount of certificate accounts, which are scheduled to mature during the 12 months ending December 31, 2002, is $176.7 million. Management expects that a substantial portion of these maturing deposits will remain as accounts in the Company.

Quantitative and Qualitative Disclosures About Market Risk

The Company has instituted programs designed to decrease the sensitivity of its earnings to material and prolonged increases or decreases in interest rates. The principal determinant of the exposure of Harleysville Savings' earnings to interest rate risk is the timing difference between the repricing or maturity of the Company's interest-earning assets and the repricing or maturity of its interest-bearing liabilities. If the maturities of such assets and liabilities were perfectly matched, and if the interest rates borne by its assets and liabilities were equally flexible and moved concurrently, neither of which is the case, the impact on net interest income of rapid increases or decreases in interest rates would be minimized. Harleysville Savings' asset and liability management policies seek to increase the interest rate sensitivity by shortening the repricing intervals and the maturities of the Company's interest-earning assets. Although management of the Company believes that the steps taken have reduced the Company's overall vulnerability to increases and decreases in interest rates, the Company remains vulnerable to material and prolonged increases and decreases in interest rates during periods in which its interest rate sensitive liabilities exceed its interest rate sensitive assets and interest rate sensitive assets exceed interest rate sensitive liabilities, respectively.

The authority and responsibility for interest rate management is vested in the Company's Board of Directors. The Chief Executive Officer implements the Board of Directors' policies during the day-to-day operations of the Company. Each month, the Chief Executive Officer presents the Board of Directors with a report which outlines the Company's asset and liability "gap" position in various time periods. The "gap" is the difference between interest-earning assets and interest-bearing liabilities which mature or reprice over a given time period. He also meets weekly with the Company's other senior officers to review and establish policies and strategies designed to regulate the Company's flow of funds and coordinate the sources, uses and pricing of such funds. The first priority in structuring and pricing the Company's assets and liabilities is to maintain an acceptable interest rate spread while reducing the effects of changes in interest rates and maintaining the quality of the Company's assets.

The following table summarizes the amount of interest-earning assets and interest-bearing liabilities outstanding as of December 31, 2001, which are expected to mature, prepay or reprice in each of the future time periods shown. Except as stated below, the amounts of assets or liabilities shown which mature or reprice during a particular period were determined in accordance with the contractual terms of the asset or liability. Adjustable and floating-rate assets are included in the period in which interest rates are next scheduled to adjust rather than in the period in which they are due, and fixed-rate loans and mortgage-backed securities are included in the periods in which they are anticipated to be repaid.

The passbook accounts, negotiable order of withdrawal ("NOW") accounts and money market deposit accounts, are included in the "Over 5 Years" categories based on management's beliefs that these funds are core deposits having significantly longer effective maturities based on the Company's retention of such deposits in changing interest rate environments.

Generally, during a period of rising interest rates, a positive gap would result in an increase in net interest income while a negative gap would adversely affect net interest income. Conversely, during a period of falling interest rates, a positive gap would result in a decrease in net interest income while a negative gap would positively affect net interest income. However, the following table does not necessarily indicate the impact of general interest rate movements on Harleysville Savings' net interest income because the repricing of certain categories of assets and liabilities is discretionary and is subject to competitive and other pressures. As a result, certain assets and liabilities indicated as repricing within a stated period may in fact reprice at different rate levels.

The following table does not necessarily indicate the impact of general interest rate movements on Harleysville Savings' net interest income because the repricing of certain categories of assets and liabilities is discretionary and is subject to competitive and other pressures. As a result, certain assets and liabilities indicated as repricing within a stated period may in fact reprice at different rate levels.

	1 Year or less	1 to 3 Years	3 to 5 Years
Interest-earning assets			
Mortgage loans	$ 40,802	$ 35,383	$ 27,301
Mortgage-backed securities	76,507	19,942	16,152
Consumer and other loans	28,919	15,843	8,981
Investment securities and other investments	48,741	3,000	--
Total interest-earning assets	194,969	74,168	52,434
Interest-bearing liabilities			
Passbook and Club accounts	--	--	--
NOW accounts	--	--	--
Money Market Deposit accounts	--	--	--
Choice Savings	11,644		
Certificate accounts	176,651	64,725	13,185
Borrowed money	25,042	41,354	29,784
Total interest-bearing liabilities	213,337	106,079	42,969
Repricing GAP during the period	$ (18,368)	$ (31,911)	$ 9,465
Cumulative GAP	$ (18,368)	$ (50,279)	$ (40,814)
Ratio of GAP during the period to total assets	-3.25%	-5.65%	1.68%

Ratio of cumulative GAP to total assets	-3.25%	-8.90%	-7.23%

Part II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The annual meeting of Stockholders was held on January 23, 2002

(c) There were 2,232,291 shares of Common Stock of the Company eligible to be voted at the Annual Meeting and 1,785,532 shares were represented at the meeting by the holders thereof, which constituted a quorum. The items voted upon at the Annual Meeting and the vote for each proposal were as follows:

1. Election of directors for a three-year term:

	FOR	WITHHELD
Paul W. Barndt	1,784,662	870
Philip A. Clemens	1,785,072	460
Edward J. Molnar	1,785,072	460

Name of each director whose term of office continued:

Sanford L. Alderfer
Mark R. Cummins
David J. Friesen
George W. Meschter
Ronald B. Geib

2. Proposal to ratify the appointment by the board of Deloitte & Touche, LLP as the Company's independent auditors for the year ending September 30, 2002

FOR	AGAINST	ABSTAIN
1,781,994	410	3,128

Each of the proposals were adopted by the stockholders of the Company.

Item 1,2,3 and 5. Not applicable.

Item 6. Exhibits and Reports on Form 8-K

None

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Signatures

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

HARLEYSVILLE SAVINGS FINANCIAL CORPORATION

Date: February 12, 2002 By: /s/ Edward J. Molnar

Edward J. Molnar
President and Chief Executive Officer

Date: February 12, 2002 By: /s/ Brendan J. McGill

Brendan J. McGill
Senior Vice President
Treasurer and Chief Financial Officer

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