HARLEYSVILLE SAVINGS FINANCIAL CORP
Form 10-Q
May 14, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20429

FORM 10-Q

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

For the quarterly period ended March 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 ________

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)

(Registrant's telephone number, including area code) (215) 256-8828

(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, 2,294,951 as of May 1, 2001

HARLEYSVILLE SAVINGS FINANCIAL CORPORATION
AND SUBSIDIARY

Index

Harleysville Savings Financial Corporation
Consolidated Statements of Financial Condition

	March 31, 2001 (unaudited)
Assets	
Cash and amounts due from depository institutions	$ 1,030,180
Interest bearing deposits in other banks	12,830,254
Total cash and cash equivalents	13,860,434
Investment securities held to maturity (fair value - March 31, $64,713,000; September 30, $69,463,000)	63,663,860
Investment securities available-for-sale at fair value	7,797,785
Mortgage-backed securities held to maturity (fair value - March 31, $142,995,000; September 30, $114,182,000)	141,890,232
Mortgage-backed securities available-for-sale at fair value	--

Loans receivable (net of allowance for loan losses - March 31, $2,038,383; September 30, $2,038,131)	271,029,153
Accrued interest receivable	3,280,710
Federal Home Loan Bank stock - at cost	8,950,200
Office properties and equipment	4,685,709
Deferred income taxes	261,024
Prepaid expenses and other assets	8,234,805
TOTAL ASSETS	$ 523,653,912
Liabilities and Stockholders' Equity	
Liabilities:	
Deposits	$ 325,312,426
Advances from Federal Home Loan Bank	160,703,969
Accrued interest payable	1,083,209
Advances from borrowers for taxes and insurance	3,187,111
Accounts payable and accrued expenses	634,821
Total liabilities	490,921,536
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, March 31, 2001, 2,294,201; September 30, 2000, 2,285,051	22,942
Paid-in capital in excess of par	7,260,074
Treasury stock, at cost March 31, 2001, 69,598 shares; September 30, 2000, 49,900 shares	(1,008,100)
Retained earnings - partially restricted	26,474,675
Accumulated other comprehensive loss	(17,215)
Total stockholders' equity	32,732,376
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 523,653,912

See notes to unaudited consolidated financial statements.

Harleysville Savings Financial Corporation
Consolidated Statements of Income

	For the Three Months Ended March 31,		For the S
	2001	2000	2001
	(unaudited)		(
INTEREST INCOME:			
Interest on mortgage loans	$ 4,060,612	$ 3,665,955	$ 8,099,004

Interest on mortgage-backed securities	2,530,112	2,101,994	4,883,899
Interest on consumer and other loans	1,087,845	1,108,944	2,174,863
Interest and dividends on investments	1,411,942	1,271,086	2,831,524
Total interest income	9,090,511	8,147,979	17,989,290
Interest Expense:			
Interest on deposits	4,166,432	3,627,276	8,278,512
Interest on borrowings	2,491,209	1,900,420	4,919,914
Total interest expense	6,657,641	5,527,696	13,198,426
Net Interest Income	2,432,870	2,620,283	4,790,864
Provision for loan losses	--	--	--
Net Interest Income after Provision for Loan Losses	2,432,870	2,620,283	4,790,864
Other Income:			
Gain on sales of securities	133,737	--	133,737
Other income	231,173	121,335	455,281
Total other income	364,910	121,335	589,018
Other Expenses:			
Salaries and employee benefits	757,958	684,311	1,465,244
Occupancy and equipment	280,644	246,537	543,248
Deposit insurance premiums	15,028	16,014	30,800
Other	362,741	367,957	738,956
Total other expenses	1,416,371	1,314,819	2,778,248
Income before Income Taxes	1,381,409	1,426,799	2,601,634
Income tax expense	349,100	439,400	668,900
Net Income	$ 1,032,309	$ 987,399	$ 1,932,734
Basic Earnings Per Share	$ 0.46	$ 0.44	$ 0.86
Diluted Earnings Per Share	$ 0.46	$ 0.43	$ 0.86
Dividends Per Share	$ 0.12	$ 0.11	$ 0.24

See notes to unaudited consolidated financial statements.

Harleysville Savings Financial Corporation

Statements of Stockholders' Equity

	Common Stock	Paid-in Capital in Excess of Par	Treasury Stock	Retained Earnings Partiall Restrict
Balance at October 1, 2000	$ 22,851	$ 7,119,387	$ (714,163)	$25,076,
Net Income (unaudited)				1,932,
Issuance of Common Stock: (unaudited)	91	140,687		
Dividends - $.12 per share (unaudited)				(534,
Treasury stock purchased (unaudited)			(293,937)	
Unrealized holding gain on available-for-sale securities net of tax (unaudited)				
Balance at March 31, 2001 (unaudited)	$ 22,942	$ 7,260,074	$(1,008,100)	$26,474,

See notes to unaudited consolidated financial statements.

3

Harleysville Savings Financial Corporation
Consolidated Statements of Cash Flows

	Six Months Ended 2001	
	(unaudite	
Operating Activities:		
Net Income	$ 1,932,734	$
Adjustments to reconcile net income to net cash provided by (used by) operating activities:		
Depreciation	232,834	
Decrease (increase) in deferred income taxes	52,789	
Amortization of deferred loan fees	(77,776)	
Gain on sale of mortgage backed securities available for sale	133,737	
Changes in assets and liabilities which provided (used) cash:		
Decrease in accounts payable and accrued expenses and income taxes payable	(6,327)	
Decrease in prepaid expenses and other assets	(238,850)	
(Increase) decrease in accrued interest receivable	(33,996)	
Increase in accrued interest payable	258,537	
Net cash provided by operating activities	2,253,682	

Investing Activities:	
Purchase of investment securities held to maturity	(8,383,745)
Proceeds from maturities of investment securities held to maturity	16,000,726
Proceeds from sale of mortgage-backed securities available for sale	7,331,055
Purchase of investment securities available for sale	(4,469,715)
Purchase of FHLB stock	(1,585,000)
Long-term loans originated or acquired	(35,113,654)
Purchase of mortgage-backed securities held to maturity	(34,195,264)
Principal collected on long-term loans & mortgage-backed securities	35,584,477
Purchases of premises and equipment	(468,622)
Net cash used in investing activities	(25,299,742)
Financing Activities:	
Net increase (decrease) in demand deposits, NOW accounts and savings accounts	6,788,392
Net increase in certificates of deposit	8,688,224
Cash dividends	(534,371)
Net increase in FHLB advances	15,569,686
Purchase of treasury stock	(293,937)
Net proceeds from issuance of stock	140,778
Net increase in advances from borrowers for taxes & insurance	2,467,520
Net cash provided by financing activities	32,826,292
INCREASE IN CASH AND CASH EQUIVALENTS	9,780,232
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,080,202
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 13,860,434
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the period for:	
Income taxes	$ 523,353
Interest expense	12,939,889

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 generally accepted accounting principles. 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 and six months ended March 31, 2001 are not necessarily indicative of the results which may be expected for the entire fiscal year or any other period.

Comprehensive Income -Comprehensive income for the three month periods ended March 31, 2001 and 2000, was approximately $1.1 million and $883,000, respectively. For the six month periods ended March 31, 2001 and 2000, comprehensive income was approximately $2.0 million and $1.7 million, respectively.

2. INVESTMENT SECURITIES HELD TO MATURITY

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

	March 31, 2001		
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses
U.S. Government agencies			
Due after 2 years through 5 years	$ 6,500,000	$ 9,000	
Due after 5 years through 10 years	21,982,567	154,640	$ (20,20
Due after 10 years through 15 years	11,433,579	94,239	(38,81
Tax Exempt Obligations			
Due after 5 years through 10 years	658,978	8,022	
Due after 10 years through 15 years	19,407,372	681,628	
Due after 15 years	3,681,364	160,636	
Total Investment Securities	$ 63,663,860	$ 1,108,165	$ (59,02

	September 30, 2000		
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses
U.S. Government agencies			
Due after 3 years through 5 years	$ 16,500,000		$ (386,0
Due after 5 years through 10 years	21,980,911	$ 38,090	(971,0
Due after 10 years through 15 years	17,418,624	43,263	(703,8
Tax Exempt Obligations			
Due after 15 years	15,381,306	232,610	(70,9
Total Investment Securities	$ 71,280,841	$ 313,963	$ (2,131,8

U.S. Government Agencies include structured note securities with periodic interest rate adjustments and are called periodically by the issuing agency. These structured notes were comprised of step-up bonds with par values of

$999,000 at March 31, 2001 and September 30, 2000.

The Bank has the positive intent and the ability to hold these securities to maturity. At March 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:

	March 31, 2001			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Approximate Fair Value
ARM Mutual Funds	$7,823,869	$ --	$ (26,084)	$7,797,785
Total Investment Securities	$7,823,869	$ --	$ (26,084)	$7,797,785

	September 30, 2000			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Approximate Fair Value
ARM Mutual Funds	$3,354,154	$ --	$ (44,418)	$3,309,736
Total Investment Securities	$3,354,154	$ --	$ (44,418)	$3,309,736

4. MORTGAGE-BACKED SECURITIES HELD TO MATURITY
A comparison of cost and approximate fair value of mortgage-backed securities is as follows:

	March 31, 2001		
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses
Collateralized mortgage obligations	$ 46,508,490	$ 421,807	$ (244,297)
FHLMC pass-through certificates	11,770,169	--	261,831
FNMA pass-through certificates	23,346,292	133,343	(27,635)
GNMA pass-through certificates	60,265,281	573,447	(13,728)

Total Mortgage-backed Securities	$141,890,232	$ 1,128,597	$ (23,829)

	September 30, 2000		
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses
Collateralized mortgage obligations	$ 52,482,502	$ 138,918	$ (996,420)
FHLMC pass-through certificates	9,935,756	26,355	(110,111)
FNMA pass-through certificates	21,402,545	33,968	(565,513)
GNMA pass-through certificates	32,482,927	1,654	(650,581)
Total Mortgage-backed Securities	$116,303,730	$ 200,895	$ (2,322,625)

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

	September 30, 2000		
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses
FHLMC pass-through certificates	$ 2,835,053	$ --	$ (93,580)
GNMA pass-through certificates	4,721,589	--	(22,609)
Total Mortgage-backed Securities	$ 7,556,642	$ --	$ (116,189)

6

6. LOANS RECEIVABLE
Loans receivable consist of the following:

	March 31, 2001	September 30, 2000
Residential Mortgages	$ 214,664,471	$ 207,928,146
Commercial Mortgages	796,331	807,156
Construction	8,345,881	6,579,523
Education	3,229,196	1,414,011
Savings Account	580,660	618,884

Home Equity	44,330,376	44,727,366
Automobile and other	462,429	639,693
Line of Credit	8,907,286	7,888,612
Total	281,316,630	270,603,391
Undisbursed portion of loans in process	(6,222,954)	(3,844,612)
Deferred loan fees	(2,026,140)	(1,946,270)
Allowance for loan losses	(2,038,383)	(2,038,131)
Loans receivable - net	$ 271,029,153	$ 262,774,378

The total amount of loans being serviced for the benefit of others was approximately $6 million and $6.6 million at March 31, 2001 and September 30, 2000, respectively.

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

	Six Months Ended March 31,	
	2001	2000
Balance, beginning of period	$ 2,038,131	$ 2,040,000
Provision for loan losses	--	--
Amounts charged off	--	(1,932)
Loan recoveries	252	--
Balance, end of period	$ 2,038,383	$ 2,038,068

7. OFFICE PROPERTIES AND EQUIPMENT
Office properties and equipment are summarized by major classification as follows:

	March 31, 2001	September 30, 2000
Land and buildings	$ 4,040,126	$ 4,176,671
Construction in progress	540,387	
Furniture, fixtures and equipment	2,962,841	2,898,061
Automobiles	56,164	56,164
Total	7,599,518	7,130,896
Less accumulated depreciation	(2,913,809)	(2,680,975)
Net	$ 4,685,709	$ 4,449,921

8. DEPOSITS
Deposits are summarized as follows:

	March 31, 2001	September 30, 2000
NOW accounts	$ 12,109,323	$ 10,748,610
Checking accounts	6,646,521	5,780,503
Money Market Demand accounts	54,583,711	49,928,562
Passbook and Club accounts	2,302,389	2,395,877
Certificate accounts	249,670,482	240,982,258
Total deposits	$325,312,426	$309,835,810

The aggregate amount of certificate accounts in denominations of more than $100,000 at March 31, 2001 amounted to approximately $15.2 million.

9. COMMITMENTS

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

Origination of fixed-rate mortgage loans	$ 7,352,279
Origination of adjustable-rate mortgage loans	791,250
Unused line of credit loans	12,152,932
Loans in process	6,222,954
Total	$26,519,415

10. DIVIDEND

On April 18, 2001, the Board of Directors declared a cash dividend of $.12 per share payable on May 23, 2001 to the stockholders' of record at the close of business on May 9, 2001.

11. EARNINGS PER SHARE

The calculations of earnings per share were based on the number of common stock and common stock equivalents outstanding for the six months ended March 31, 2001 and 2000.

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

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2001	2000	2001	2000
Basic	2,222,695	2,268,324	2,226,339	2,238,379
Diluted	2,251,235	2,290,210	2,252,742	2,300,738

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 Six Month Period Ended March 31, 2001

Total assets at March 31, 2001 were $523.7 million, an increase of $35.1 million or 7.18% for the six month period. This increase was primarily the result of an increase in mortgage-backed securities, loans receivable and cash and cash equivalents of approximately $25.6 million, $8.3 million and $9.8million respectively. The remainder was due to an increase in investment securities available for sale and Federal Home Loan Bank stock of approximately $4.5 million and $1.6 million, respectively. These increases were offset by decreases in investment securities and mortgage-backed securities available for sale of $7.6 and $7.4 million, respectively.

During the six month period ended March 31, 2001, total deposits increased by $15.5 million to $325.3 million. Advances from borrowers for taxes and insurance also increased by $2.5 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 $15.6 million, which was used to fund the purchase of investment securities and fund loans.

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

Net Interest Income

The decrease in the net interest income for the three and six month periods ended March 31, 2001 when compared to the same periods in 2000 can be attributed to the decrease in the interest rate spread. The interest rate spread decreased from 1.95% for the three-month period ended March 31, 2000 to 1.65% for the comparable period ended March 31, 2001. For the six-month period ended March 31, 2000, the interest rate spread decreased from 1.95% to 1.66% for the comparable period ended March 31, 2001.

Total interest income was $9.1 million for the three-month period ended March 31, 2001 compared to $8.1 million for the comparable period in 2000. For the six month period ended March 31, 2001, total interest income was $18.0 million compared to $16.2 million for the comparable period in 2000. The increase is the result of the increased average balance of interest-earning assets and increased average yield for the interest-earning assets to 7.20% and 7.27% for the three and six-month period ended March 31, 2001, respectively from 7.09% and 7.08% for the comparable periods in 2000.

Total interest expense increased to $6.7 million for the three-month period ended March 31, 2001 from $5.5 million for the comparable period in 2000. For the six-month period ended March 31, 2001, total interest expense increased to $13.2 million from $11.0 million for the comparable period in 2000. These increases occurred as a result of an increase in the average interest-bearing liabilities from $430.6 million and $429.3 million for the three and six month periods ended March 31, 2000, respectively, to $479.5 million and $471.1 million for the comparable period ended March 31, 2001.

9

Other Income

Other income increased to $365,000 for the three-month period ended March 31, 2001 from $121,000 for the comparable period in 2000. For the six-month period ended March 31, 2001, other income increased to $589,000 from $224,000 for the comparable period in 2000. The three and six-month increase is due to an increase in the fee generating services offered by the Company and additional income from Bank Owned Life Insurance.

Other Expenses

During the quarter ended March 31, 2001, other expenses increased by $101,000 or 7.7% to $1.4 million when compared to the same period in 2000. For the six month period ended March 31, 2001, other expenses increased by $167,000 or 6.4% compared to the comparable period in 2000. Management believes these are normal increases in the cost of operations after considering the effects of inflation and the impact of the growth in the assets of the Company when compared to the same periods in 2000. The annualized ratio of expenses to average assets for the three and six month periods ended March 31, 2001 was 1.09%.

Income Taxes

The Company made provisions for income taxes of $349,000 and $669,000 for the three and six-month periods ended March 31, 2001, respectively, compared to $439,000 and $870,000 for the comparable periods in 2000. These provisions are based on the levels of taxable income.

Liquidity and Capital Resources

The Company's net income for the quarter ended March 31, 2001 of $1,032,000 increased stockholder's equity to $32.7 million or 6.3% 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	$32,733	6.3%	$34,771	15.0%
Minimum required regulatory capital	20,916	4.0%	18,513	8.0%
Excess capital	$11,817	2.3%	$16,258	7.0%

The liquidity of the Company's operations, measured by the ratio of the cash and securities balances to total assets, equaled 43.4% at March 31, 2001 compared to 41.4% at September 30, 2000.

As of March 31, 2001, the Company had $26.5 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 March 31, 2002 is $150 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 in interest rates. The principal determinant of the exposure of the Company's 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. The Company's 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 in interest rates, the Company remains vulnerable to material and prolonged increases in interest rates during periods in which its interest rate sensitive liabilities exceed its interest rate sensitive assets.

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 March 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 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	$ 45,175	$ 35,690	$ 26,436
Mortgage-backed securities	46,320	23,114	13,549
Consumer and other loans	27,663	16,185	9,204
Investment securities and other investments	61,504	7,433	--
Total interest-earning assets	180,662	82,422	49,189
Interest-bearing liabilities			
Passbook and Club accounts	--	--	--
NOW accounts	--	--	--
Money Market Deposit accounts	7,262	--	--
Certificate accounts	150,045	92,065	7,561
Borrowed money	49,471	54,311	19,905
Total interest-bearing liabilities	206,778	146,376	27,466
Repricing GAP during the period	$ (26,116)	$ (63,954)	$ 21,723
Cumulative GAP	$ (26,116)	$ (90,070)	$ (68,347)
Ratio of GAP during the period to total assets	-5.06%	-12.38%	4.21%
Ratio of cumulative GAP to total assets	-5.06%	-17.44%	-13.23%

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 24, 2001.

(c) There were 2,231,662 shares of Common Stock of the Company eligible to be voted at the Annual Meeting and 1,845,405 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
Sanford L. Alderfer	1,831,456	13,949
Mark R. Cummins	1,843,471	1,934
Ronald B. Geib	1,843,471	1,934

Name of each director whose term of office continued:

George W. Meschter
David J. Friesen
Paul W. Barndt
Phillip A. Clemens
Edward J. Molnar

2. Proposal to ratify the appointment by the board of Deloitte & Touche, LLP as the Bank's independent auditors for the year ending September 30, 2001

FOR	AGAINST	ABSTAIN
1,843,299	-	2,106

3. Proposal to adopt Harleysville Savings Financial Corporation 2000 Stock Option Plan.

FOR	AGAINST	ABSTAIN
1,780,596	43,264	21,545

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

Item 1-5. Not applicable.

Item 6. Exhibits and Reports on Form 8-K

None

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: May 8, 2001	By:	/s/ Edward J. Molnar --------------------------------------- Edward J. Molnar President and Chief Executive Officer
Date: May 8, 2001	By:	/s/ Brendan J. McGill --------------------------------------- Brendan J. McGill Senior Vice President Treasurer and Chief Financial Officer