HARLEYSVILLE SAVINGS FINANCIAL CORP
Form 10-Q
May 14, 2002

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, 2002

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, 2,256,281 as of April 29, 2002

HARLEYSVILLE SAVINGS FINANCIAL CORPORATION
AND SUBSIDIARY

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Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statements of Financial Condition

	March 31, 2002

Assets	
Cash and amounts due from depository institutions	$ 1,321,675
Interest bearing deposits in other banks	15,073,224
Total cash and cash equivalents	16,394,899
Investment securities held to maturity (fair value - March 31, $60,251,000; September 30, $63,568,000)	60,099,732
Investment securities available-for-sale at fair value	2,159,997
Mortgage-backed securities held to maturity (fair value - March 31, $169,266,000; September 30, $171,236,000)	168,474,453
Mortgage-backed securities available-for-sale at fair value	10,954,668
Loans receivable (net of allowance for loan losses - March 31, $2,041,301; September 30, $2,038,383)	299,411,294
Accrued interest receivable	2,953,261
Federal Home Loan Bank stock - at cost	9,549,100
Office properties and equipment	5,090,898
Deferred income taxes	265,746
Prepaid expenses and other assets	8,090,636
TOTAL ASSETS	$ 583,444,684
Liabilities and Stockholders' Equity	
Liabilities:	
Deposits	$ 354,294,120
Advances from Federal Home Loan Bank	188,767,707
Accrued interest payable	887,552
Advances from borrowers for taxes and insurance	2,908,098
Accounts payable and accrued expenses	591,196
Total liabilities	547,448,673
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, Mar. 2002, 2,316,490; Sept. 2001, 2,306,455	23,165
Paid-in capital in excess of par	7,492,633
Treasury stock, at cost (2002, 60,209 shares; 2001, 65,659 shares)	(899,104)
Retained earnings - partially restricted	29,405,700
Accumulated other comprehensive loss	(26,383)
Total stockholders' equity	35,996,011
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 583,444,684

See notes to unaudited condensed consolidated financial statements.

Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statements of Income

	For the Three Months Ended March 31,		For the Six Ma
	2002	2001	2002
INTEREST INCOME:			
Interest on mortgage loans	$ 4,398,502	$ 4,060,612	$ 8,915,368
Interest on mortgage-backed securities	2,389,599	2,530,112	4,774,527
Interest on consumer and other loans	980,560	1,087,845	1,963,248
Interest and dividends on investments	877,377	1,411,942	1,931,043
Total interest income	8,646,038	9,090,511	17,584,186
Interest Expense:			
Interest on deposits	3,390,498	4,166,432	7,280,503
Interest on borrowings	2,595,594	2,491,209	5,151,405
Total interest expense	5,986,092	6,657,641	12,431,908
Net Interest Income	2,659,946	2,432,870	5,152,278
Provision for loan losses	--	--	--
Net Interest Income after Provision for Loan Losses	2,659,946	2,432,870	5,152,278
Other Income:			
(Loss) gain on sales of securities	(23,894)	133,737	(23,894)
Gain on sale of loans	728		728
Other income	259,370	231,173	527,783
Total other income	236,204	364,910	504,617
Other Expenses:			
Salaries and employee benefits	860,238	757,958	1,670,302
Occupancy and equipment	311,538	280,644	632,402
Deposit insurance premiums	15,795	15,028	31,423
Other	384,557	362,741	764,700
Total other expenses	1,572,128	1,416,371	3,098,827
Income before Income Taxes	1,324,022	1,381,409	2,558,068
Income tax expense	264,150	349,100	493,017
Net Income	$ 1,059,872	$ 1,032,309	$ 2,065,051
Basic Earnings Per Share	$ 0.47	$ 0.46	$ 0.92
Diluted Earnings Per Share	$ 0.46	$ 0.46	$ 0.90

Dividends Per Share	$ 0.13	$ 0.12	$ 0.26

See notes to unaudited condensed consolidated financial statements.

Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statement of Comprehensive Income

	Three Months En
	2002
Net Income	$ 1,059,872
Other Comprehensive Income	
Unrealized (loss) gain on securities net of tax (benefit) or expense	(9,043)
Total Comprehensive Income	$ 1,050,829

	Six Months En
	2002
Net Income	$ 2,065,051
Other Comprehensive Income	
Unrealized (loss) gain on securities net of tax (benefit) or expense	(11,076)
Total Comprehensive Income	$ 2,053,975

See notes to unaudited condensed consolidated financial statements.

Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statement of Stockholders' Equity

	Common Stock	Paid-in Capital in Excess of Par	Treasury Stock	Retained Earnings- Partially Restricte
Balance at October 1, 2001	$ 23,065	$ 7,358,681	$ (1,024,733)	$ 27,922,1
Net Income				2,065,0
Issuance of Common Stock:	100	133,952		
Dividends - $.13 per share				(581,5
Use of treasury stock			276,109	
Purchase of treasury stock			(150,480)	
Unrealized holding loss on available-for-sale securities, net of tax				
Balance at March 31, 2002	$ 23,165	$ 7,492,633	$ (899,104)	$ 29,405,7

See notes to unaudited condensed consolidated financial statements.

Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statements of Cash Flows

	Six Months Ended M 2002	
Operating Activities:		
Net Income	$ 2,065,051	$
Adjustments to reconcile net income to net cash provided by (used by) operating activities:		
Depreciation	251,777	
Amortization of deferred loan fees	(214,002)	
Gain on sale of loans	(728)	
Loss on sale of securities available for sale	23,894	
Proceeds from the sale of loans held for sale	102,918	
Gain on sale of mortgage backed securities available for sale	--	
Changes in assets and liabilities which provided (used) cash:		
Decrease in accounts payable and accrued expenses and income taxes payable	(369,629)	
Decrease in deferred income taxes	41,552	
Decrease in prepaid expenses and other assets	(75,349)	
Decrease (increase) in accrued interest receivable	449,684	

Increase in accrued interest payable	160,051
Net cash provided by operating activities	2,435,219
Investing Activities:	
Purchase of investment securities held to maturity	(25,549,315)
Proceeds from maturities of investment securities held to maturity	27,651,988
Proceeds from sale of mortgage-backed securities available for sale	--
Purchase of investment securities available for sale	(2,808,379)
Proceeds from sale of investment securities available for sale	3,918,469
Purchase of FHLB stock	(598,900)
Long-term loans originated or acquired	(66,185,670)
Purchase of mortgage-backed securities available for sale	(11,008,185)
Purchase of mortgage-backed securities held to maturity	(29,373,041)
Principal collected on long-term loans & mortgage-backed securities	85,870,604
Purchases of premises and equipment	(118,193)
Net cash used in investing activities	(18,200,622)
Financing Activities:	
Net increase in demand deposits, NOW accounts and savings accounts	15,375,478
Net (decrease) increase in certificates of deposit	(11,227,913)
Cash dividends	(581,533)
Net increase in FHLB advances	17,458,323
Use of treasury stock	276,109
Purchase of treasury stock	(150,480)
Net proceeds from issuance of stock	134,052
Net increase in advances from borrowers for taxes & insurance	1,928,134
Net cash provided by financing activities	23,212,170
INCREASE IN CASH AND CASH EQUIVALENTS	7,446,767
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,948,132
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 16,394,899
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the period for:	
Income taxes	$ 627,519
Interest expense	12,591,959

See notes to unaudited condensed consolidated financial statements.

Notes to Unaudited Condensed 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, 2002 are not necessarily indicative of the results which may be expected for the entire fiscal year or any other period.

2. INVESTMENT SECURITIES HELD TO MATURITY

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

	March 31, 200		
	Amortized Cost	Gross Unrealized Gain	Un
U.S. Government agencies			
Due after 1 years through 5 years	$ 14,060,547		$
Due after 5 years through 10 years	2,000,000	$ 99,000	
Due after 10 years through 15 years	18,541,015	74,069	
Tax Exempt Obligations			
Due after 10 years through 15 years	3,529,024	61,611	
Due after 15 years	21,969,146	463,612	
Total Investment Securities	$ 60,099,732	$ 698,292	$

	September 30,		
	Amortized Cost	Gross Unrealized Gain	Un
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 March 31, 2002, 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, 2002	Amortized Cost	Gross Unrealized Gain	Gross Unrealize Losses
ARM Mutual Funds	$ 2,159,997	$ --	$
Total Investment Securities	$ 2,159,997	$ --	$

September 30, 2001	Amortized Cost	Gross Unrealized Gain	Gross Unrealize Losses
ARM Mutual Funds	$ 3,317,173	$ --	$ (23,1
Total Investment Securities	$ 3,317,173	$ --	$ (23,1

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

March 31, 2002	Amortized Cost	Gross Unrealized Gain	Gross Unrealize Losses
Collateralized mortgage obligations	$61,369,897	$ 420,674	$ (109,5
FHLMC pass-through certificates	26,323,798	180,738	(205,5
FNMA pass-through certificates	24,808,563	154,046	(82,6
GNMA pass-through certificates	55,972,195	522,802	(88,9
Total Mortgage-backed Securities	$168,474,453	$ 1,278,260	$ (486,7

September 30, 2001

	Gross	Gross

	Amortized Cost	Unrealized Gain	Unrealize Losses
Collateralized mortgage obligations	$68,183,560	$ 887,139	$ (181,6
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	$ (181,6

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

	March 31, 2002		
	Amortized Cost	Gross Unrealized Gain	Gross Unrealize Losses
FNMA pass-through certificates	$ 10,994,642	$ 1,209	$ (41,1
Total Mortgage-backed Securities	$ 10,994,642	$ 1,209	$ (41,18

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6. LOANS RECEIVABLE
Loans receivable consist of the following:

	March 31, 2002	September 30, 2001
Residential Mortgages	$ 239,459,770	$ 233,290,694
Commercial Mortgages	581,814	785,923
Construction	8,266,440	14,649,063
Education	2,392,400	1,041,197
Savings Account	531,156	617,244
Home Equity	43,578,640	43,401,198
Automobile and other	649,959	628,752
Line of Credit	13,946,085	9,806,918
Total	309,406,264	304,220,989
Undisbursed portion of loans in process	(5,837,140)	(9,919,306)
Deferred loan fees	(2,116,529)	(2,052,274)
Allowance for loan losses	(2,041,301)	(2,036,188)
Loans receivable - net	$ 299,411,294	$ 290,213,221

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The total amount of loans being serviced for the benefit of others was approximately $3.9 million and $4.9 million at March 31, 2002 and September 30, 2001, respectively.

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

	Six Months Ended March 31, 2002	Six Months Ended March 31, 2001
Balance, beginning of period	$ 2,036,188	$ 2,038,131
Loan recoveries	5,113	252
Balance, end of period	$ 2,041,301	$ 2,038,383

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

	March 31, 2002	September 30, 2001
Land and buildings	$ 5,088,965	$ 5,081,110
Construction in progress	4,725	--
Furniture, fixtures and equipment	3,350,654	3,243,153
Automobiles	56,164	56,164
Total	8,500,508	8,380,427
Less accumulated depreciation	(3,409,610)	(3,155,945)
Net	$ 5,090,898	$ 5,224,482

8. DEPOSITS
Deposits are summarized as follows:

	March 31, 2002	September 30, 2001
NOW accounts	$ 14,180,759	$ 12,280,113
Checking accounts	8,034,034	6,859,090
Money Market Demand accounts	79,960,823	67,941,336
Passbook and Club accounts	2,815,484	2,535,083
Certificate accounts	249,303,020	260,530,933
Total deposits	$354,294,120	$350,146,555

The aggregate amount of certificate accounts in denominations of more than $100,000 at March 31, 2002 amounted to approximately $17.0 million.

9. COMMITMENTS
At March 31, 2002, the following commitments were outstanding:

Origination of fixed-rate mortgage loans	$ 4,697,600

Unused line of credit loans	17,852,270
Loans in process	5,837,140
Total	$28,387,010

10. DIVIDEND
On April 17, 2002, the Board of Directors declared a cash dividend of $.13 per share payable on May 22, 2002 to the stockholders' of record at the close of business on May 8, 2002.

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, 2002 and 2001.

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,	
	2002	2001	2002	2001
Basic	2,249,887	2,222,695	2,241,456	2,226,339
Diluted	2,292,752	2,251,235	2,281,545	2,252,742

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, 2002

Total assets at March 31, 2002 were $583.4 million, an increase of $25.1 million or 4.49% 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 $11.7 million, $9.2 million and $7.5 million, respectively. The remainder was due to an increase in Federal Home Loan Bank stock of approximately $599 thousand. These increases were partially offset by decreases in investment securities, accrued interest receivable, office property and equipment and prepaid expenses and other assets of $3.2 million, $450 thousand, $133 thousand and $75 thousand, respectively.

During the six month period ended March 31, 2002, total deposits increased by $4.2 million to $354.3 million. Advances from borrowers for taxes and insurance also increased by $1.9 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 $17.5 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 March 31, 2002 with the Three and Six Month Period Ended March 31, 2001.

Net Interest Income

The increase in the net interest income for the three and six month periods ended March 31, 2002 when compared to the same periods in 2001 can be attributed to the increase in the average balance of interest-earning assets to $561.2 and $554.6 million from $504.8 and $495.2 million, respectively. These increases were partially offset by a smaller increase in the average balance of interest-bearing liabilities to $533.4 and $527.9 million for the three and six month periods ended March 31, 2002, respectably, when compared to $479.5 and $471.1 million the same periods in 2001.

Total interest income was $8.7 million for the three-month period ended March 31, 2002 compared to $9.1 million for the comparable period in 2001. For the six month period ended March 31, 2002, total interest income was $17.6 million compared to $18.0 million for the comparable period in 2001. The decrease is the result of the decreased average yield for the interest-earning assets to 6.16% and 6.34% for the three and six-month period ended March 31, 2002, respectively, from 7.20% and 7.27% for the comparable periods in 2001.

Total interest expense decreased to $6.0 million for the three-month period ended March 31, 2002 from $6.7 million for the comparable period in 2001. For the six-month period ended March 31, 2002, total interest expense decreased to $12.4 million from $13.2 million for the comparable period in 2001. These decreases occurred as a result of a decrease in the average rate paid on interest-bearing liabilities from 5.55% and 5.60% for the three and six month periods ended March 31, 2001, respectively, to 4.49% and 4.71% for the comparable period ended March 31, 2002.

Other Income

Other income decreased to $236,000 for the three-month period ended March 31, 2002 from $365,000 for the comparable period in 2001. For the six-month period ended March 31, 2002, other income decreased to $505,000 from $589,000 for the comparable period in 2001. The three and six-month decrease is due to a non-recurring gain on the sale of securities in 2001 which was partially offset by 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, 2002, other expenses increased by $156,000 or 11.0% to $1.6 million when compared to the same period in 2001. For the six month period ended March 31, 2002, other expenses increased by $321,000 or 11.5%

compared to the comparable period in 2001. 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 2001. The annualized ratio of expenses to average assets for the three and six month periods ended March 31, 2002 was 1.09%.

Income Taxes

The Company made provisions for income taxes of $264,000 and $493,000 for the three and six-month periods ended March 31, 2002, respectively, compared to $349,000 and $669,000 for the comparable periods in 2001. These provisions are based on the levels of taxable income.

Critical Accounting Policies

In management's opinion, the most critical accounting policy impacting the Company's consolidated financial statements is the evaluation of the allowance for loan losses. Management carefully monitors the credit quality of the loan portfolio and makes estimates about the amount of credit losses that have been incurred at each financial statement date. Management evaluates the fair value of collateral supporting the impaired loans using independent appraisals and other measures of fair value. This process involved subjective judgments and assumptions and is subject to change based on factors that may be outside the control of the Company.

Liquidity and Capital Resources

The Company's net income for the quarter ended March 31, 2002 of $1,060,000 increased stockholder's equity to $36.0 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	$35,970	6.2%	$38,101	15.0%
Minimum required regulatory capital	23,338	4.0%	20,299	8.0%
Excess capital	$12,632	2.2%	$17,802	7.0%

The liquidity of the Company's operations, measured by the ratio of the cash and securities balances to total assets, equaled 44.2% at March 31, 2002 compared to 43.4% at September 30, 2001.

As of March 31, 2002, the Company had $28.4 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, 2003 is $169 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 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, 2002, 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	$ 37,018	$ 36,203	$ 27,594
Mortgage-backed securities	80,183	18,857	15,274
Consumer and other loans	31,798	15,980	9,075
Investment securities and other investments	53,908	7,075	--
Total interest-earning assets	202,907	78,115	51,943
Interest-bearing liabilities			
Passbook and Club accounts	--	--	--
NOW accounts	--	--	--
Money Market Deposit accounts	28,587	--	--
Certificate accounts	168,675	64,609	16,019
Borrowed money	23,661	39,867	29,752
Total interest-bearing liabilities	220,923	104,476	45,771
Repricing GAP during the period	$ (18,016)	$ (26,361)	$ 6,172
Cumulative GAP	$ (18,016)	$ (44,377)	$ (38,205)
Ratio of GAP during the period to total assets	(3.13%)	(4.58%)	1.07%
Ratio of cumulative GAP to total assets	(3.13%)	(7.71%)	(6.63%)

Part II OTHER INFORMATION

Item 1-5. Not applicable.

Item 6. Exhibits and Reports on Form 8-K

None

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, 2002	By:	/s/ Edward J. Molnar -- Edward J. Molnar President and Chief Executive Officer
Date:	May 8, 2002	By:	/s/ Brendan J. McGill -- Brendan J. McGill Senior Vice President Treasurer and Chief Financial Officer