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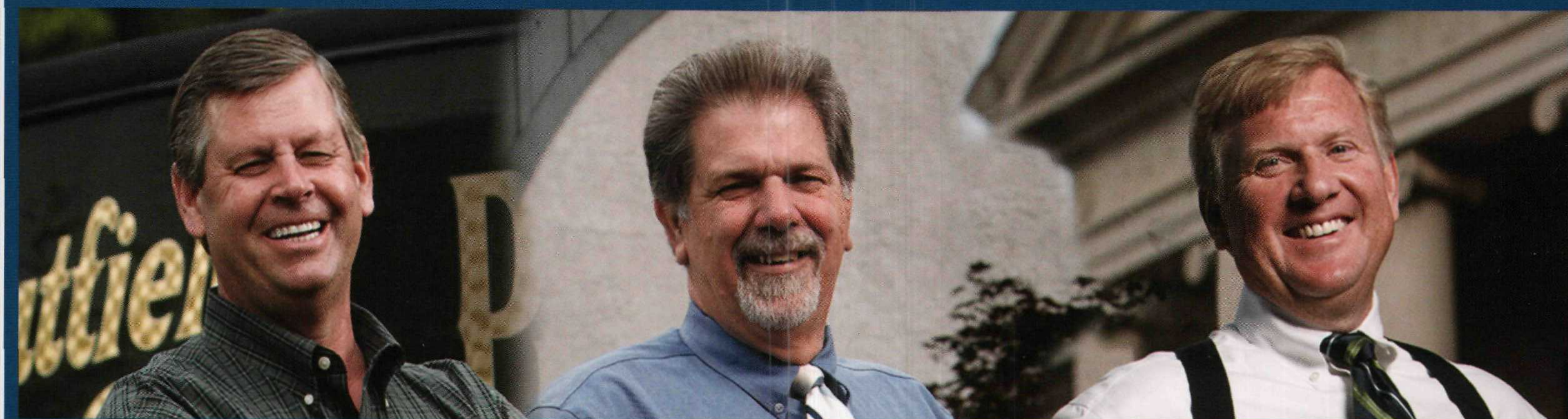
Creating Value In Our Communities Since 1915



Harleysville Savings

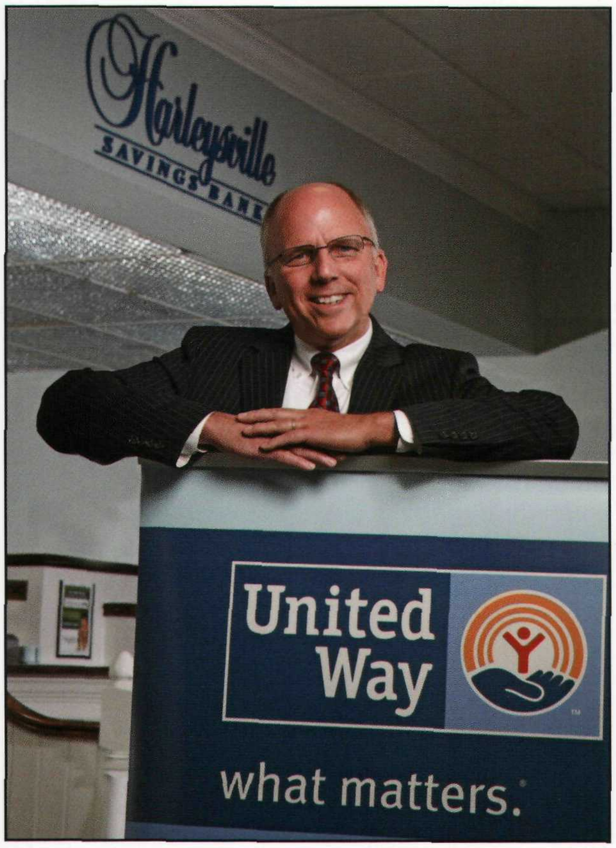
FINANCIAL CORPORATION

Annual Report 2011

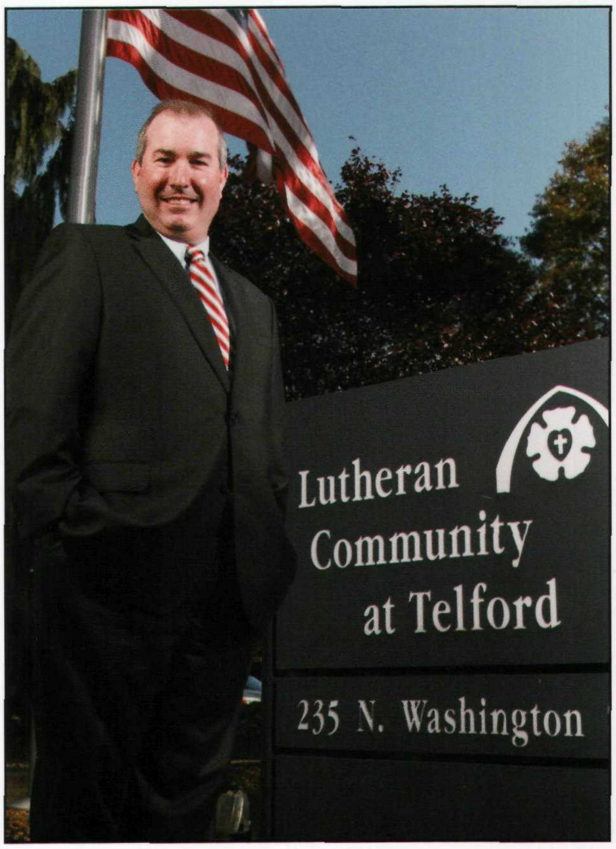
BOARD OF DIRECTORS

On the Cover: **Ronald B. Geib**, *President and CEO;* **Edward J. Molnar**, *Chairman of the Board;* **James L. Rittenhouse**, *Shareholder in the firm of Detweiler, Hershey & Associates;* **Charlotte A. Hunsberger**, *Partner in the law firm of Bricker, Landis, Hunsberger & Gingrich;* **George W. Meschter**, *President of Meschter Insurance Group;* **Thomas D. Clemens**, *Senior Vice President of the Clemens Food Group;* **Sanford L. Alderfer**, *President of Sanford Alderfer Companies;* and **Mark R. Cummins**, *Chief Investment Officer and Treasurer of Harleysville Insurance Companies.*

EXECUTIVE OFFICERS



Ronald B. Geib
President & CEO



Brendan J. McGill
Executive Vice President and Chief Operating & Financial Officer

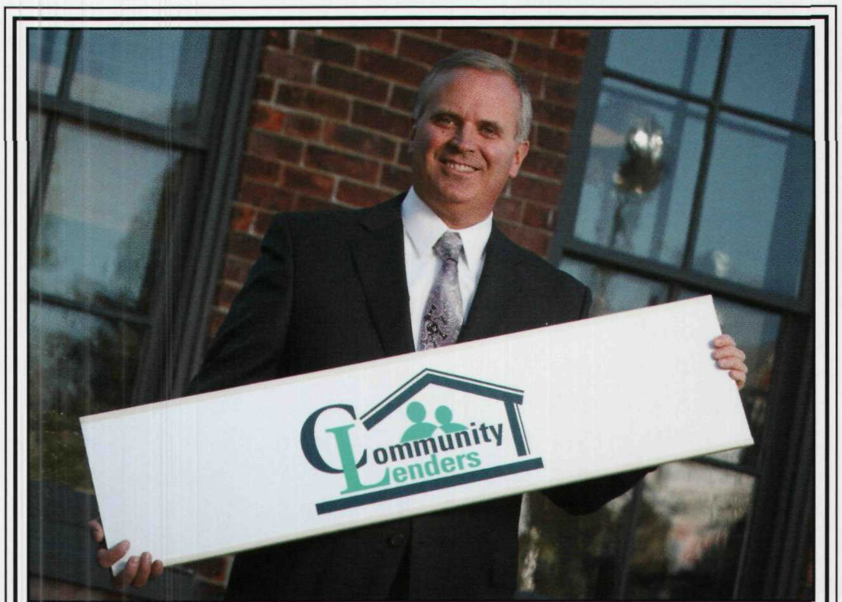
"As community bankers, we understand the value of personal investment in our communities. Our management team is committed to supporting our local non-profits with monetary donations as well as their time and sharing of their business expertise."
– Ron Geib, President and CEO

EXECUTIVE OFFICERS

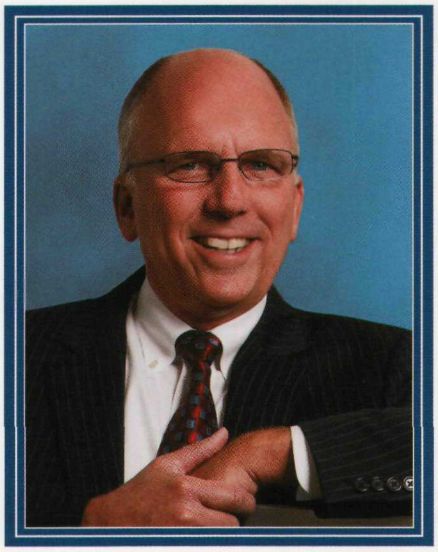
Adrian D. Gordon
Senior Vice President, Chief Information Officer & Corporate Secretary

Sheri L. Strouse
Senior Vice President and Chief Retail Officer

Stephen J. Kopenhaver
Senior Vice President and Chief Lending Officer



PRESIDENT AND CEO'S MESSAGE TO STOCKHOLDERS



The "tone from the top" has become a management buzz-phrase in recent years. Its truest meaning is that the company's mission, vision and values are *lived out* by the people leading the company, demonstrating in their personal and business lives that they passionately believe in these ideals. It is not just words, it is "walking the talk" through their actual behavior observed by customers, team members, stockholders, and the community they serve.

I am proud that our Board of Directors, some of whom are owners of second and third generation local businesses, understand their leadership role. They have embraced owning a strong ethical code of conduct, possess strength of character, understand their community and are visionaries with a long-term perspective. Believing that integrity and honesty matters and by paying more than lip service to our core values have been underlying factors that continue to allow the Company to be profitable. Although business practices change over time, they are not willing to change *how* we do business. They are also willing to share the profits of the company with those who create the value – its team members.

Although our world, country and region continue to experience weak economies, we are fortunate to be doing business in a region that has not experienced an extreme negative impact. I am pleased that our business model has produced the outstanding financial results of this past year and the balance sheet has been strengthened to allow us to deliver consistent, ongoing returns for our shareholders. In addition to another record year of earnings, we have experienced loan growth while maintaining a high level of credit quality, increased the level of loan loss reserves, improved our capital level and efficiency ratio, increased the number of our transaction accounts and experienced an improvement in the interest rate spread.

Our positive financial results are only part of the story - our commitment to providing a consistently superior banking experience for our customers is the basis of our success. People and businesses in our community have also demonstrated that they want to deal with a successful bank where they are respected and well-served. This past year our theme was "Every Interaction Counts" to remind us that our business is all about building relationships. Through our efforts, we were honored with the Most Creative Award from the **Pennsylvania Association of Community Bankers,** during Community Banking Week, for our Trusty savings program. Our customers were again treated to our annual Customer Appreciation day which was well received, and to deepen relationships in the Harleysville area, we recently opened a satellite office in the Peter Becker Community. Our focus on customer service didn't go unnoticed – in their October, 2011 survey of area banks, the **Delaware Valley Consumer's *CHECKBOOK*** rated Harleysville Savings Bank #1 in overall customer service in the communities that we serve.

I am proud to lead a team that is committed to our mission, vision and values, all of which include the focus of caring for our customers. This is the true spirit of a community banker - ordinary hardworking and professional people who believe in their company's mission and strive every day to deliver a positive customer experience. We continue to be intentional about leadership growth and continue to promote an environment where competence and hard work pay off. It is refreshing to constantly hear from our customers how much they enjoy their interaction with the members of our team.

Our stockholders continue to benefit from the value of our consistent performance with another year of record earnings despite the continued soft economy. It is our desire to continue our pace of organic, measured growth and we are pleased that we are able to maintain the payment of a cash dividend to our shareholders. This past year, Harleysville Savings Bank was recognized among the top 100 Community Banks in the nation by the ***US Banker***, was listed on the 2010 **KBW Bank Honor Roll** and most recently was included in a list of Top Ten Dividend-Paying Companies by the ***Dividend Channel***.

In addition to relationship-based banking and providing superior customer service, community bankers take pride in reinvesting in the communities they serve. Harleysville Savings Bank continues to support our local non-profits and community events. This year, our commitment to the community earned us the North Penn United Way's Corporate Community Service Award for displaying extraordinary service to the community, the Award of Excellence for our employee campaign that exceeded 10% over last year's giving, a Team Award for employee participation over 70%, and a Community Hero Award for per capita giving.

Our business model remains simple – we accept depositor's money and lend it back to local businesses and people in our community with the expectation of getting the money paid back. Although many community banks operate in basically the same way, no two banks are the same. Our products and services may be similar but the difference is *our people*. As we look ahead to the coming year, I believe our Company will continue to be a strong performer and build for the future despite an uncertain economic landscape. On behalf of our Directors and our entire team, I thank you for your continued confidence, trust and investment in our Company.

Ronald B. Geib
President and CEO

MANAGEMENT TEAM

Michelle A. Beck, Vice President and Security Officer
Marian Bickerstaff, Vice President and Director of Marketing
Daniel P. Brasch, Assistant Vice President and Hatfield Branch Manager
Bethany Holsendorff, Assistant Vice President and Upper Providence Branch Manager
Dawn L. Hufnagle, Assistant Vice President and Sumneytown Branch Manager
Rodney A. Kipp, Vice President and Technology Operations Manager
Lynn Levy, Assistant Vice President and Lansdale Branch Manager
Kim A. Licata, Vice President and Loan Customer Service Manager
Dominick Merlo, Assistant Vice President and Souderton Branch Manager
M. Shane Michalak, Vice President, Treasurer and Controller
Denise L. Monaghan, Vice President and Loan Administration Manager
Craig M. Munson, Vice President and Senior Credit Officer
Christine L. O'Neill, Assistant Vice President and Harleysville Branch Manager
Joseph V. Pawlowski, Assistant Vice President and West Norriton Branch Manager
Dean L. Shollenberger, Vice President and Commercial Loan Officer
Patricia Swan, Vice President and Human Resource Manager
John Weierman, Vice President and Commercial Loan Officer
Jean Wieder, Vice President and Business Services Specialist

FINANCIAL RATIOS & SUMMARY OF KEY INFORMATION

Selected Balance Sheet Data:	As of September 30,				
(Dollars in thousands, except per share data)	**2011**	2010	2009	2008	2007
Total Assets	**$835,713**	$857,140	$830,007	$825,675	$773,544
Cash and investment securities	**122,306**	166,063	121,364	89,483	118,920
Mortgage-backed securities	**150,547**	131,628	163,215	214,690	193,660
Total Investments	**272,853**	297,691	284,579	304,173	312,580
Consumer loans receivable	**424,424**	431,966	440,367	433,743	405,064
Commercial loans receivable	**97,373**	80,631	60,118	45,103	15,922
Allowance for loan losses	**(3,311)**	(2,504)	(2,094)	(1,988)	(1,933)
Total Loans Receivable Net	**518,486**	510,093	498,391	476,858	419,053
FHLB stock	**13,110**	16,096	16,096	16,574	14,140
Checking accounts	**90,146**	70,912	58,463	53,166	51,202
Savings accounts	**138,805**	139,818	80,373	54,647	54,690
Certificate of deposit accounts	**295,450**	317,370	327,765	317,700	318,143
Total Deposits	**524,401**	528,100	466,601	425,513	424,035
Advances	**250,194**	272,047	309,046	347,846	298,609
Total stockholders' equity	**57,082**	53,351	50,139	47,209	47,041
Book value per share	**15.19**	14.47	13.82	13.23	12.65

Selected Operations Data:	Year Ended September 30,				
	2011	2010	2009	2008	2007
Interest income	**$37,573**	$40,018	$41,343	$43,076	$40,289
Interest expense	**19,034**	21,747	24,886	29,016	28,806
Net interest income	**18,539**	18,271	16,457	14,060	11,483
Provision for loan losses	**1,150**	600	400	85	-
Net interest income after provision for loan losses	**17,389**	17,671	16,057	13,975	11,483
Realized gain (loss) on securities, including impairment	**-**	-	(454)	(179)	160
Other income	**2,986**	1,987	1,925	1,909	1,730
Other expense	**13,125**	12,702	11,527	10,094	9,216
Income before taxes	**7,250**	6,956	6,001	5,611	4,157
Income tax expense	**1,855**	1,948	1,285	1,232	911
Net income	**$ 5,395**	$ 5,008	$ 4,716	$ 4,379	$ 3,246
Earnings per share - basic	**$ 1.45**	$ 1.37	$ 1.31	$ 1.20	$ 0.85
Earnings per share - diluted	**1.44**	1.36	1.31	1.20	0.83
Dividends per share	**0.76**	0.76	0.73	0.69	0.68

Selected Other Data:	Year Ended September 30,				
	2011	2010	2009	2008	2007
Return on average assets (1)	**0.63%**	0.59%	0.57%	0.54%	0.42%
Return on average equity (1)	**9.79%**	9.73%	9.70%	9.42%	6.71%
Dividend payout ratio	**52.38%**	55.41%	55.60%	57.26%	80.02%
Average equity to average assets (1)	**6.46%**	6.07%	5.90%	5.76%	6.13%
Interest rate spread (1)	**2.07%**	2.04%	1.84%	1.57%	1.39%
Net yield on interest-earning assets (1)	**2.23%**	2.21%	2.04%	1.79%	1.58%
Ratio of non-performing assets to total assets at end of period	**0.40%**	0.30%	0.32%	0.15%	0.00%
Ratio of interest-earning assets to interest-bearing liabilities at end of period	**107.30%**	106.47%	106.45%	105.93%	104.75%
Full service banking offices at end of period	**7**	7	6	6	6

(1) All ratios are based on average monthly balances during the indicated periods.

CORPORATE INFORMATION

ANNUAL MEETING
Indian Valley Country Club
Telford, PA 18969
Wednesday, January 25, 2012
9:30 AM

STOCK LISTING
Harleysville Savings Financial Corporation common stock is traded under the symbol HARL.

TRANSFER AGENT
Direct questions regarding dividend checks, address and name changes or lost certificates to Registrar and Transfer Company, 10 Commerce Drive, Cranford, NJ 07016;
Website: www.rtco.com email:invrel@rtco.com

DIVIDEND REINVESTMENT PLAN
The Company has a Dividend Reinvestment and Stock Purchase Plan. Interested stockholders can obtain more information regarding the plan by contacting Registrar and Transfer Company, 10 Commerce Drive, Cranford, NJ 07016 and by telephone at 800.525.7686 extension 2542.

DIVIDEND DIRECT DEPOSIT
Shareholders not participating in the Dividend Reinvestment Plan may opt to have their dividends deposited directly into their checking or savings account by contacting Registrar and Transfer Company.

Member FDIC

AUDITORS
ParenteBeard, LLP
One Windsor Plaza
7535 Windsor Drive, Suite 300
Allentown, PA 18915
610.336.8180

SPECIAL COUNSEL
Elias, Matz,Tiernan & Herrick LLP.
734 15th Street, N.W., Washington, DC 20005
202.347.0300

GENERAL COUNSEL
James J. Garrity
Wisler Pearlstine, LLP
Blue Bell Executive Campus
460 Norristown Road, Suite 110
Blue Bell, PA 19422 610.825.8400

INVESTOR INFORMATION
Investors, analysts and others seeking financial information may contact Chief Financial Officer, Harleysville Savings Financial Corporation, 271 Main Street, Harleysville, PA 19438 215.256.8828

Upon request, the Company's Annual Report or form 10-K for the year ended September 30, 2011, and the accompanying exhibits required to be filed with the Securities and Exchange Commission under the Securities Act of 1934 will be furnished without charge to any stockholder. They are also available on the financial section of our website. Visit harleysvillesavings.com.

Harleysville Savings Financial Corporation

Harleysville Savings Bank

271 Main Street, Harleysville, PA 19438
1.800.243.8700
harleysvillesavings.com

Locations

271 Main Street, Harleysville
1550 Cowpath Road, Hatfield
640 East Main Street, Lansdale
741 N. County Line Road, Souderton
3090 Main Street, Sumneytown
1889 East Ridge Pike, Upper Providence
2301 West Main Street, West Norriton

MISSION STATEMENT

To create value for our customers, team members, stockholders and community by consistently providing an exceptional community banking experience.