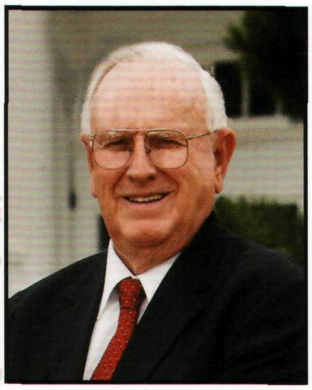
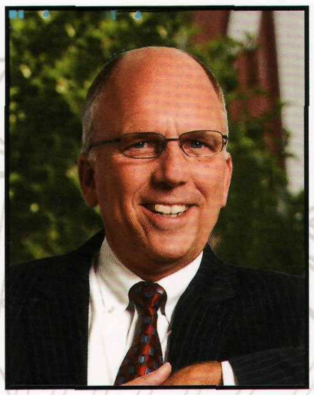
2012 Annual Report

Your Trusted Financial Partner
Since 1915

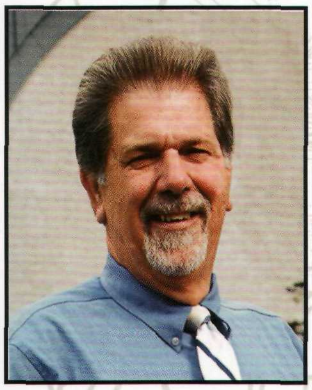
BOARD OF DIRECTORS



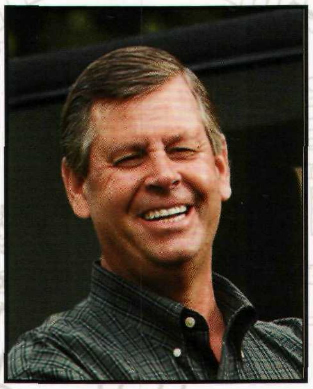
Edward J. Molnar
Chairman of the Board



Ronald B. Geib
President and CEO



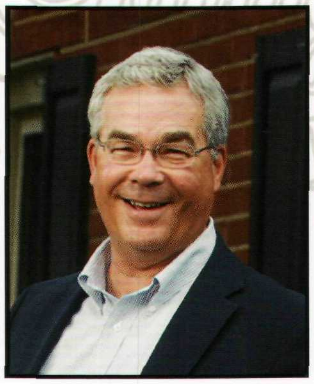
Sanford L. Alderfer
President
Sanford Alderfer Companies



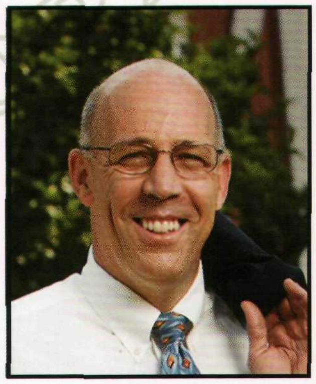
Thomas D. Clemens
Senior Vice President
Clemens Family Food Group

Mark R. Cummins
Chief Investment Officer
Harleysville Insurance Companies

Charlotte A. Hunsberger
Partner
Bricker, Landis, Hunsberger & Gingrich



George W. Meschter
President
Meschter Insurance Group



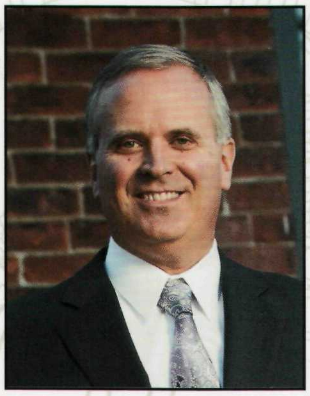
James L. Rittenhouse
Shareholder
Detweiler, Hershey & Associates

EXECUTIVE OFFICERS

Ronald B. Geib
President and Chief Executive Officer

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

Adrian D. Gordon
Senior Vice President
Chief Information Officer



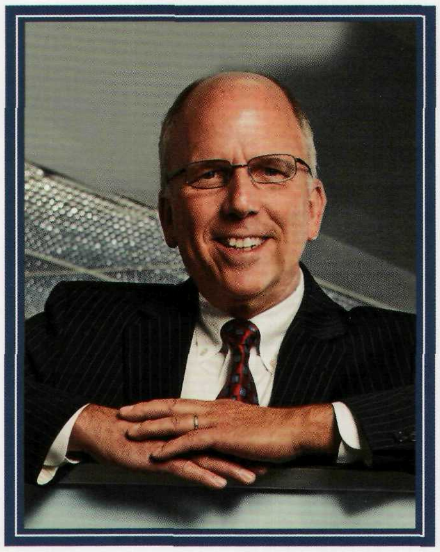
Stephen J. Kopenhaver
Senior Vice President
Chief Lending Officer

Sheri L. Strouse
Senior Vice President
Chief Retail Officer

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, Controller & Accounting Manager
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 H. Weierman, Vice President and Commercial Loan Officer
Jean Wieder, Vice President and Business Services Specialist

PRESIDENT AND CEO'S MESSAGE TO STOCKHOLDERS



On August 31, 2012, Harleysville Savings Financial Corporation celebrated its 25th Anniversary as a publically traded company. Shareholders who purchased stock at our IPO in 1987 have realized a total return, including cash dividends, of 12% over the 25-year period. Also noteworthy, of the 41 Pennsylvania stock thrift organizations in operation as of December 31, 1988, Harleysville Savings Financial Corporation is the only independent public company remaining in existence.

As we also celebrate our 97th year as a community bank, we have successfully operated in many varied economic scenarios: historically high interest rate environments, historically low interest rate environments, inflation, deflation, stagflation, bank failures, government bailouts of banks too big to fail and onerous regulatory environments.

Again this year, we ended our fiscal year with solid financial results in spite of continued economic uncertainty, increased regulatory burden, low demand for loans and pressure on interest margins. Our credit quality continues to be high and the liabilities on our balance sheet continue to experience a shift from certificate of deposits to a significant increase in core transaction accounts. Harleysville Savings was once again listed on the KBW 2011 Bank Honor roll of publicly traded banking companies with at least $500 million in assets and an above average 3-year return on equity.

As I reflect on these facts, I am reminded of Jim Collins' book titled "Great by Choice" where he questions why some companies thrive in uncertainty and others do not. His answer is provided by an analogy to John Brown's 20-Mile March where he crosses the USA by deliberately walking 20 miles each day, an attainable but challenging long term goal. When the going was easy, he applied self-imposed constraints to limit himself to a measured, consistent distance and not overtax his energy. When things got tough such as extreme weather conditions, steep mountains and dry deserts, he continued to push through to his goal of walking 20 miles each day.

Likewise, Harleysville Savings has been successful as its Directors and management team apply these measures of combining ambition to achieve with the self control to hold back in out-of control environments. We have focused on what we can control and have tailored our goals to our niche business model through self-imposed discipline rather than applying herd mentality and we use tangible, measurable evidence to make decisions. We concentrate on maintaining margins of safety with a keen awareness of numerous risks that we face. These strong risk management practices allow us to deliver consistent and sustainable long-term growth and enabled us to once again increase our cash dividend.

However, numbers don't tell the complete story. Community banks are the place where numbers and people come together. Many people in our communities want to do business with an independent, local bank where their needs are understood and they are treated like the neighbors, family and friends that they are. Our strong increase in core transactional accounts deepens banking relationships and emphasizes our customer's loyalty as they select Harleysville Savings to be their primary banking partner. This past year we also celebrated the 1st anniversary of our satellite office in the Peter Becker Community.

Our high-performing and engaged team members continue to embrace our core values – quality customer service, trust, fairness, teamwork, honesty and integrity. The Company has invested many hours of training so they are prepared to deliver high-quality, customer-focused solutions with every customer interaction. Our theme for 2012 was "Accountability Counts" and team members were encouraged to take personal responsibility for attitudes, words and actions.

Our team members are also encouraged to participate in their community through volunteerism and community involvement. Year after year, our team contributes over 7,000 hours to the local charities where they live and work. This year, Vice President Kim Licata was honored with the "Volunteer of the Year" award from the North Penn United Way for her volunteer efforts. The team and the Company also continue to provide financial support to the North Penn United Way and its agencies as well as many other non-profit organizations in the communities we serve as we believe that community banking involves a commitment to the community and service to others. For our efforts, we received awards from the Pennsylvania Association of Community Bankers for "Making a Difference on Main Street" and a Community Service award for our exceptional commitment to serving our community.

As we enter another fiscal year, it is clear that the more uncertain, fast-changing and unforgiving the environment is, the greater the need for specific, methodical and consistent goals and performance. By staying true to our mission of bringing value to our stakeholders by providing a consistent exceptional banking experience, we have a long term strategy for success. On behalf of everyone at Harleysville Savings Bank, I want to thank you for the confidence and trust you continue to have in our Company. It is a privilege for us to help you to achieve your financial goals.

Ronald B. Geib
President and CEO

FINANCIAL RATIOS & SUMMARY OF KEY INFORMATION

Selected Balance Sheet Data:	As of September 30,				
(Dollars in thousands, except per share data)	**2012**	**2011**	**2010**	**2009**	**2008**
Total Assets	**$802,626**	$835,713	$857,140	$830,007	$825,675
Cash and investment securities	**99,582**	122,306	166,063	121,364	89,483
Mortgage-backed securities	**162,710**	150,547	131,628	163,215	214,690
Total Investments	**262,292**	272,853	297,691	284,579	304,173
Consumer loans receivable	**394,634**	424,424	431,966	440,367	433,743
Commercial loans receivable	**103,765**	97,373	80,631	60,118	45,103
Allowance for loan losses	**(4,032)**	(3,311)	(2,504)	(2,094)	(1,988)
Total Loans Receivable Net	**494,367**	518,486	510,093	498,391	476,858
Total Loans held for sale	**3,515**	-	-	-	-
FHLB stock	**10,165**	13,110	16,096	16,096	16,574
Checking accounts	**101,033**	90,146	70,912	58,463	53,166
Savings accounts	**162,719**	138,805	139,818	80,373	54,647
Certificate of deposit accounts	**279,171**	295,450	317,370	327,765	317,700
Total Deposits	**542,923**	524,401	528,100	466,601	425,513
Advances	**192,483**	250,194	272,047	309,046	347,846
Total stockholders' equity	**59,736**	57,082	53,351	50,139	47,209
Book value per share	**15.85**	15.19	14.47	13.82	13.23

Selected Operations Data:	Year Ended September 30,				
	2012	**2011**	**2010**	**2009**	**2008**
Interest income	**$34,533**	$37,573	$40,018	$41,343	$43,076
Interest expense	**15,095**	19,034	21,747	24,886	29,016
Net interest income	**19,438**	18,539	18,271	16,457	14,060
Provision for loan losses	**930**	1,150	600	400	85
Net interest income after provision for loan losses	**18,508**	17,389	17,671	16,057	13,975
Realized gain (loss) on securities, including impairment	**34**	-	-	(454)	(179)
Gain on sales of loans	**34**	-	-	-	-
Other income	**2,102**	2,986	1,987	1,925	1,909
Other expense	**13,488**	13,125	12,702	11,527	10,094
Income before taxes	**7,190**	7,250	6,956	6,001	5,611
Income tax expense	**2,137**	1,855	1,948	1,285	1,232
Net income	**$ 5,053**	$ 5,395	$ 5,008	$ 4,716	$ 4,379
Earnings per share - basic	**$ 1.35**	$ 1.45	$ 1.37	$ 1.31	$ 1.20
Earnings per share - diluted	**1.33**	1.44	1.36	1.31	1.20
Dividends per share	**0.78**	0.76	0.76	0.73	0.69

Selected Other Data:	Year Ended September 30,				
	2012	**2011**	**2010**	**2009**	**2008**
Return on average assets (1)	**0.61%**	0.63%	0.59%	0.57%	0.54%
Return on average equity (1)	**8.69%**	9.79%	9.73%	9.70%	9.42%
Dividend payout ratio	**58.65%**	52.38%	55.41%	55.60%	57.26%
Average equity to average assets (1)	**7.06%**	6.46%	6.07%	5.90%	5.76%
Interest rate spread (1)	**2.26%**	2.07%	2.04%	1.84%	1.57%
Net yield on interest-earning assets (1)	**2.42%**	2.23%	2.21%	2.04%	1.79%
Ratio of non-performing assets to total assets at end of period	**1.85%**	0.40%	0.30%	0.32%	0.15%
Ratio of interest-earning assets to interest-bearing liabilities at end of period	**109.08**	107.30%	106.47%	106.45%	105.93%
Full service banking offices at end of period	**7**	7	7	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
Wednesday, January 23, 2013
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, 2012, 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.