

**PRESS RELEASE**

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**HOME LOAN FINANCIAL CORPORATION REPORTS  
EARNINGS FOR THE QUARTER ENDED DECEMBER 31, 2005**

Coshocton, Ohio, January 18, 2006 – Home Loan Financial Corporation (OTCBB: HLFN), the parent company of The Home Loan Savings Bank, today announced net income of \$205,000, or \$.14 basic and diluted earnings per share, for the quarter ended December 31, 2005.

The provision for loan losses was increased to help absorb future loan losses anticipated due to general economic conditions in the area and the recent change in the bankruptcy law which precipitated an acceleration of bankruptcy filings affecting the consumer loan portfolio.

Total assets at December 31, 2005 were \$161.2 million compared to June 30, 2005 assets of \$162.1 million, a decrease of \$900,000, or 0.6%. Total deposits at December 31, 2005 were \$99.4 million compared to June 30, 2005 deposits of \$92.7 million, an increase of \$6.7 million, or 7.2%. Total equity at December 31, 2005 was \$19.2 million compared to \$23.0 million at June 30, 2005, a decrease of \$3.8 million. The decrease in equity was attributable to the purchase of treasury stock associated with the reverse and forward stock splits transaction approved by the shareholders effective August 26, 2005.

Home Loan Financial Corporation and The Home Loan Savings Bank are headquartered at 401 Main Street, Coshocton, Ohio 43812. The Home Loan Savings Bank has two offices located in Coshocton, Ohio, a branch in West Lafayette, Ohio and a branch in Mount Vernon, Ohio.

**HOME LOAN FINANCIAL CORPORATION**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	<u>December 31, 2005</u>	<u>June 30, 2005</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,391,210	\$ 5,242,892
Interest-bearing time deposits	509,128	500,761
Securities available for sale	7,158,300	7,256,203
Mortgage-backed securities available for sale	7,499,299	8,691,644
Federal Home Loan Bank stock	2,416,100	2,352,700
Loans, net	133,663,109	131,013,785
Premises and equipment	2,173,061	2,228,933
Accrued interest receivable	885,024	815,055
Bank owned life insurance	3,212,107	3,147,036
Other assets	<u>245,549</u>	<u>803,827</u>
Total assets	<u>\$161,152,887</u>	<u>\$162,052,836</u>
 <b>LIABILITIES</b>		
Deposits	\$ 99,389,319	\$ 92,732,451
Federal Home Loan Bank advances	41,046,308	45,144,836
Accrued interest payable	684,060	564,501
Accrued expenses and other liabilities	<u>842,227</u>	<u>651,862</u>
Total liabilities	141,961,915	139,093,650
 <b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, no par value, 500,000 shares authorized, none outstanding	--	--
Common stock, no par value, 9,500,000 shares authorized, 2,248,250 shares issued	--	--
Additional paid-in capital	14,828,214	14,745,661
Retained earnings	14,369,579	14,463,377
Unearned employee stock ownership plan shares	(365,474)	(492,319)
Unearned recognition and retention plan shares	(154,870)	(165,809)
Treasury stock, at cost –728,935 shares at December 31, 2005 and 548,337 shares at June 30, 2005	(9,389,944)	(5,668,771)
Accumulated other comprehensive income	<u>(96,534)</u>	<u>77,047</u>
Total shareholders' equity	<u>19,190,972</u>	<u>22,959,186</u>
Total liabilities and shareholders' equity	<u>\$161,152,887</u>	<u>\$162,052,836</u>

## CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2005	2004	2005	2004
Total interest income	\$2,539,987	\$2,411,891	\$5,004,285	\$4,815,769
Total interest expense	<u>1,114,853</u>	<u>920,572</u>	<u>2,170,292</u>	<u>1,834,641</u>
Net interest income	1,425,134	1,491,319	2,833,993	2,981,128
Provision for loan losses	<u>310,000</u>	<u>90,000</u>	<u>395,000</u>	<u>211,000</u>
Net interest income after provision for loan losses	1,115,134	1,401,319	2,438,993	2,770,128
Total noninterest income	223,071	203,254	450,637	431,967
Total noninterest expense	<u>1,021,623</u>	<u>964,488</u>	<u>2,077,808</u>	<u>1,933,755</u>
Income before income tax expense	316,582	640,085	811,822	1,268,340
Income tax expense	<u>112,000</u>	<u>224,400</u>	<u>287,700</u>	<u>442,100</u>
Net income	<u>\$ 204,582</u>	<u>\$ 415,685</u>	<u>\$ 524,122</u>	<u>\$ 826,240</u>
Basic earnings per share	<u>\$ .14</u>	<u>\$ .26</u>	<u>\$ .34</u>	<u>\$ .51</u>
Diluted earnings per share	<u>\$ .14</u>	<u>\$ .26</u>	<u>\$ .34</u>	<u>\$ .51</u>

## KEY OPERATING RATIOS

	At or For The		At or For The	
	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2005	2004	2005	2004
Net interest margin	3.74%	3.95%	3.74%	3.95%
Return on average assets	0.50%	1.03%	0.64%	1.03%
Return on average equity	4.16%	7.26%	4.93%	7.25%
Total equity to total assets	11.91%	14.24%	11.91%	14.24%
Common shares outstanding	1,519,315	1,688,907	1,519,315	1,688,907
Book value per share	\$12.63	\$13.51	\$12.63	\$13.51
Nonperforming assets to total assets	1.15%	1.32%	1.15%	1.32%