

PRESS RELEASE

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Contact: Preston Bair, Chief Financial Officer
Telephone: (740) 622-0444

**HOME LOAN FINANCIAL CORPORATION REPORTS
EARNINGS FOR THE QUARTER AND YEAR ENDED JUNE 30, 2004**

Coshocton, Ohio, July 28, 2004 – Home Loan Financial Corporation (Nasdaq:HLFC), the parent company of The Home Loan Savings Bank, today announced net income of \$431,000 or \$.27 basic and diluted earnings per share for the quarter ended June 30, 2004 compared to net income of \$541,000, or \$.35 basic and diluted earnings per share for the quarter ended June 30, 2003, a decrease of \$110,000, or 20.3%.

The decrease in earnings for the quarter ended June 30, 2004 compared with June 30, 2003, was primarily attributable to an increase in the provision for loan losses of \$226,000, partially offset by increases in net interest income of \$72,000 and noninterest income of \$25,000. The increase in net interest income was primarily due to an increase in average earning assets. The increase in noninterest income was primarily due to gains on sales of securities available for sale, partially offset by a decline in gains on the sale of loans. The increase in the provision for loan losses was due to a \$211,000 charge-off related to a commercial loan in bankruptcy.

Net income for the year ended June 30, 2004 was \$1,785,000, or \$1.13 basic and \$1.11 diluted earnings per share, compared to \$1,874,000 for the year ended June 30, 2003, or \$1.25 basic and \$1.21 diluted earnings per share, a decrease of \$89,000, or 4.7%.

The decrease in earnings for the year ended June 30, 2004 compared with June 30, 2003 was primarily attributable to increases in provision for loan losses of \$161,000 and noninterest expense of \$217,000, partially offset by increases in net interest income of \$255,000 and noninterest income of \$47,000.

The increase in net interest income was primarily due to an increase in average earning assets, partially offset by a decrease in the net interest margin. The increase in noninterest income was primarily attributable to increases in service charges and other fees and gains on the sale of securities available for sale partially offset by a decline in loan sale gains. The increase in noninterest expense was primarily due to increases in salaries and benefits incurred as a result of hiring additional staff, in ESOP expense and in other noninterest expense. The increase in the provision for loan losses was previously discussed.

The net interest margin for the three months ended June 30, 2004 was 4.15%. Return on average equity and return on average assets for the three months ended June 30, 2004 were 7.58% and 1.09%, respectively. The book value of HLFC's common stock was \$13.27 per share as of June 30, 2004 compared to \$13.14 per share as of June 30, 2003, an increase of \$.13, or 1.0%.

Total assets at June 30, 2004 were \$160.0 million compared to June 30, 2003 assets of \$147.8 million, an increase of \$12.2 million, or 8.3%. The increase in total assets was primarily due to increases in loans of \$9.8 million and the purchase of bank owned life insurance of \$3.0 million. The bank owned life insurance was purchased to help offset future employee benefit costs. Total liabilities increased \$11.6 million, or 9.2%, compared to June 30, 2003. The increase is primarily a result of an increase in Federal Home Loan Bank advances and total deposits. The increase in Federal Home Loan Bank advances was used to fund loan demand. Total deposits at June 30, 2004 were \$87.9 million compared to June 30, 2003 deposits of \$86.0 million, an increase of \$1.9 million, or 2.2%. Total equity at June 30, 2004 was \$22.3 million compared to \$21.7 million at June 30, 2003.

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

HOME LOAN FINANCIAL CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
ASSETS		
Cash and cash equivalents	\$ 3,275,185	\$ 4,012,397
Securities available for sale	7,105,703	7,536,746
Mortgage-backed securities available for sale	10,321,735	9,850,287
Federal Home Loan Bank stock	2,250,700	2,162,900
Loans, net	131,549,778	121,759,596
Premises and equipment, net	1,380,927	1,218,370
Accrued interest receivable	719,141	738,357
Bank owned life insurance	3,016,864	--
Other assets	<u>410,239</u>	<u>504,077</u>
Total assets	<u>\$160,030,272</u>	<u>\$147,782,730</u>
LIABILITIES		
Deposits	\$ 87,853,639	\$ 85,953,036
Federal Home Loan Bank advances	48,756,389	38,720,382
Accrued interest payable	503,994	580,142
Accrued expenses and other liabilities	<u>606,824</u>	<u>818,719</u>
Total liabilities	<u>137,720,846</u>	<u>126,072,279</u>
SHAREHOLDERS' EQUITY		
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	14,508,999	14,166,911
Retained earnings	14,722,513	14,514,056
Unearned employee stock ownership plan shares	(773,982)	(1,067,434)
Unearned recognition and retention plan shares	(189,779)	(256,212)
Treasury stock, at cost – 566,543 shares at June 30, 2004 and 596,305 shares at June 30, 2003	<u>(5,818,102)</u>	<u>(6,090,975)</u>
Accumulated other comprehensive income	<u>(140,223)</u>	<u>444,105</u>
Total shareholders' equity	<u>22,309,426</u>	<u>21,710,451</u>
Total liabilities and shareholders' equity	<u>\$160,030,272</u>	<u>\$147,782,730</u>

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended <u>June 30,</u>		Year Ended <u>June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Total interest income	\$2,428,407	\$2,451,250	\$9,642,882	\$9,728,805
Total interest expense	<u>871,916</u>	<u>967,126</u>	<u>3,632,598</u>	<u>3,973,340</u>
Net interest income	1,556,491	1,484,124	6,010,284	5,755,465
Provision for loan losses	<u>266,000</u>	<u>40,000</u>	<u>351,000</u>	<u>190,000</u>
Net interest income after provision for loan losses	1,290,491	1,444,124	5,659,284	5,565,465
Total noninterest income	329,674	304,303	877,747	831,193
Total noninterest expense	<u>920,037</u>	<u>921,224</u>	<u>3,776,782</u>	<u>3,559,401</u>
Income before income tax expense	700,128	827,203	2,760,249	2,837,257
Income tax expense	<u>268,921</u>	<u>286,300</u>	<u>974,821</u>	<u>963,600</u>
Net income	<u>\$ 431,207</u>	<u>\$ 540,903</u>	<u>\$1,785,428</u>	<u>\$1,873,657</u>
Basic earnings per share	<u>\$. 27</u>	<u>\$. 35</u>	<u>\$. 1.13</u>	<u>\$. 1.25</u>
Diluted earnings per share	<u>\$. 27</u>	<u>\$. 35</u>	<u>\$. 1.11</u>	<u>\$. 1.21</u>

KEY OPERATING RATIOS

	At or For The Three Months Ended <u>June 30,</u>		At or For The Year Ended <u>June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net interest margin*	4.15%	4.24%	4.12%	4.28%
Return on average assets	1.09%	1.47%	1.17%	1.33%
Return on average equity	7.58%	10.08%	7.97%	8.94%
Total equity to total assets	13.94%	14.69%	13.94%	14.69%
Common shares outstanding	1,681,707	1,651,945	1,681,707	1,651,945
Book value per share	\$13.27	\$13.14	\$13.27	\$13.14
Nonperforming assets to total assets	0.95%	0.49%	0.95%	0.49%

*Net interest margin has been calculated on a fully tax equivalent basis.

