

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, 2005**

Coshocton, Ohio, July 27, 2005 – Home Loan Financial Corporation (Nasdaq:HLFC), the parent company of The Home Loan Savings Bank, today announced net income of \$194,000, or \$.12 basic and diluted earnings per share for the quarter ended June 30, 2005 compared to net income of \$431,000, or \$.27 basic and diluted earnings per share for the quarter ended June 30, 2004, a decrease of \$237,000, or 55.1%.

The decrease in earnings for the quarter ended June 30, 2005 compared with June 30, 2004, was primarily attributable to decreases in net interest income of \$148,000 and noninterest income of \$71,000 and increases in the provision for loan loss of \$94,000 and noninterest expense of \$90,000, partially offset by a decrease in income tax expense of \$166,000. The decrease in net interest income was due to a decrease in the net interest margin partially offset by an increase in average earning assets. The decrease in noninterest income was primarily due to a nonrecurring gain on sales of securities available for sale of \$115,000 in 2004, partially offset in 2005 by an increase in gains on the sale of loans of \$32,000 and an increase of \$15,000 in the value of bank owned life insurance.

The increase in the provision for loan loss was primarily due to a decline in the value of rental real estate which resulted in the Company establishing specific reserves on certain nonperforming loans combined with an increase in the level of nonperforming loans due to general economic conditions in HLFC's market area. The increase in noninterest expense was primarily due to increases in salaries and benefits and other costs associated with the Mount Vernon branch, which opened in January 2005.

Net income for the year ended June 30, 2005 was \$1,290,000, or \$0.80 basic and \$0.79 diluted earnings per share, compared to \$1,785,000 for the year ended June 30, 2004, or \$1.13 basic and \$1.11 diluted earnings per share, a decrease of \$495,000, or 27.7%.

The decrease in earnings for the year ended June 30, 2005 compared with June 30, 2004 was primarily attributable to a decrease in net interest income of \$204,000 and increases in the provision for loan loss of \$310,000 and noninterest expense of \$261,000, partially offset by a decrease of \$284,000 in income tax expense.

The decrease in net interest income was primarily due to a decrease in net interest margin, partially offset by an increase in average earning assets. The increase in noninterest expense was primarily due to increases in salaries and benefits and other costs associated with the Mount Vernon branch, which opened in January 2005. The increase in the provision for loan losses was previously discussed.

The net interest margin for the three months ended June 30, 2005 was 3.75%. Return on average equity and return on average assets for the three months ended June 30, 2005 were 3.35% and 0.48%, respectively. The book value of HLFC's common stock was \$13.51 per share as of June 30, 2005 compared to \$13.27 per share as of June 30, 2004, an increase of \$.24, or 1.8%.

Total assets at June 30, 2005 were \$162.1 million compared to June 30, 2004 assets of \$160.0 million, an increase of \$2.1 million, or 1.3%. The increase in total assets was primarily due to increases in cash and cash equivalents of \$2.0 million and premises and equipment of \$848,000, partially offset by a decrease in mortgage-backed securities of \$1.6 million. Total liabilities increased \$1.4 million, or 1.0%, compared to June 30, 2004. The increase is primarily a result of a \$4.8 million increase in total deposits which was partially offset by a \$3.6 million decrease in FHLB advances. Total equity at June 30, 2005 was \$23.0 million compared to \$22.3 million at June 30, 2004.

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 Mt. Vernon, Ohio.

HOME LOAN FINANCIAL CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

| | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,242,892 | \$ 3,275,185 |
| Interest bearing time deposits | 500,762 | -- |
| Securities available for sale | 7,256,203 | 7,105,703 |
| Mortgage-backed securities available for sale | 8,691,644 | 10,321,735 |
| Federal Home Loan Bank stock | 2,352,700 | 2,250,700 |
| Loans, net | 131,013,785 | 131,549,778 |
| Premises and equipment, net | 2,228,933 | 1,380,927 |
| Accrued interest receivable | 815,055 | 719,141 |
| Bank owned life insurance | 3,147,036 | 3,016,864 |
| Other assets | <u>803,826</u> | <u>410,239</u> |
| Total assets | <u>\$162,052,836</u> | <u>\$160,030,272</u> |
| LIABILITIES | | |
| Deposits | \$ 92,732,451 | \$ 87,853,639 |
| Federal Home Loan Bank advances | 45,144,836 | 48,756,389 |
| Accrued interest payable | 564,501 | 503,994 |
| Accrued expenses and other liabilities | <u>651,862</u> | <u>606,824</u> |
| Total liabilities | 139,093,650 | 137,720,846 |
| 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 | 14,745,661 | 14,508,999 |
| Retained earnings | 14,463,377 | 14,722,513 |
| Unearned employee stock ownership plan shares | (492,319) | (773,982) |
| Unearned recognition and retention plan shares | (165,809) | (189,779) |
| Treasury stock, at cost – 548,337 shares at June 30, 2005 and 566,543 shares at June 30, 2004 | (5,668,771) | (5,818,102) |
| Accumulated other comprehensive income | <u>77,047</u> | <u>(140,223)</u> |
| Total shareholders' equity | <u>22,959,186</u> | <u>22,309,426</u> |
| Total liabilities and shareholders' equity | <u>\$ 162,052,836</u> | <u>\$ 160,030,272</u> |

CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended | | Year Ended | |
|---|--------------------|-------------------|--------------------|--------------------|
| | June 30, | | June 30, | |
| | 2005 | 2004 | 2005 | 2004 |
| Total interest income | \$2,404,085 | \$2,428,407 | \$9,563,245 | \$9,642,882 |
| Total interest expense | <u>996,111</u> | <u>871,916</u> | <u>3,756,925</u> | <u>3,632,598</u> |
| Net interest income | 1,407,974 | 1,556,491 | 5,806,320 | 6,010,284 |
| Provision for loan losses | <u>360,000</u> | <u>266,000</u> | <u>661,000</u> | <u>351,000</u> |
| Net interest income after provision for loan losses | 1,047,974 | 1,290,491 | 5,145,320 | 5,659,284 |
| Total noninterest income | 258,616 | 329,674 | 873,850 | 877,747 |
| Total noninterest expense | <u>1,009,856</u> | <u>920,037</u> | <u>4,037,553</u> | <u>3,776,782</u> |
| Income before income tax expense | 296,734 | 700,128 | 1,981,617 | 2,760,249 |
| Income tax expense | <u>103,200</u> | <u>268,921</u> | <u>691,200</u> | <u>974,821</u> |
| Net income | <u>\$ 193,534</u> | <u>\$ 431,207</u> | <u>\$1,290,417</u> | <u>\$1,785,428</u> |
| Basic earnings per share | <u>\$.12</u> | <u>\$.27</u> | <u>\$.80</u> | <u>\$ 1.13</u> |
| Diluted earnings per share | <u>\$.12</u> | <u>\$.27</u> | <u>\$.79</u> | <u>\$ 1.11</u> |

KEY OPERATING RATIOS

| | At or For The | | At or For The | |
|--------------------------------------|--------------------|-----------|---------------|-----------|
| | Three Months Ended | | Year Ended | |
| | June 30, | | June 30, | |
| | 2005 | 2004 | 2005 | 2004 |
| Net interest margin* | 3.75% | 4.15% | 3.86% | 4.11% |
| Return on average assets | 0.48% | 1.09% | 0.80% | 1.17% |
| Return on average equity | 3.35% | 7.58% | 5.63% | 7.97% |
| Total equity to total assets | 14.17% | 13.94% | 14.17% | 13.94% |
| Common shares outstanding | 1,699,913 | 1,681,707 | 1,699,913 | 1,681,707 |
| Book value per share | \$13.51 | \$13.27 | \$13.51 | \$13.27 |
| Nonperforming assets to total assets | 1.36% | 0.95% | 1.36% | 0.95% |

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