

PRESS RELEASE

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**HOME LOAN FINANCIAL CORPORATION REPORTS
REVISED EARNINGS FOR THE QUARTER AND YEAR ENDED JUNE 30, 2006
RELATED TO AN ADDITIONAL LOAN LOSS PROVISION**

Coshocton, Ohio, September 8, 2006 – Home Loan Financial Corporation (OTCBB: HLFN), the parent company of The Home Loan Savings Bank, today announced a revision to its earnings for the quarter and year ended June 30, 2006 based on an additional provision for loan losses of \$400,000 after-tax, or \$0.27 per basic and diluted earnings per share.

The revised net income of \$10,000, or \$0.01 basic and diluted earnings per share, for the quarter ended June 30, 2006 compared to previously reported net income of \$410,000, or \$0.28 basic and diluted earnings per share and net income of \$194,000, or \$0.12 basic and diluted earnings per share for the quarter ended June 30, 2005.

This additional provision for loan losses was due to an overall assessment of the adequacy of the allowance for loan losses based on an enhanced loan review and grading system. This assessment was not complete at the time earnings were originally released on July 27, 2006 and, as a result of the assessment, an additional allowance of \$600,000 was considered necessary to provide an adequate loan loss reserve as of June 30, 2006. The tax effect of this additional provision was a reduction in income taxes of \$200,000, resulting in a \$400,000 after-tax decrease in earnings for the quarter and year ended June 30, 2006.

Revised net income for the year ended June 30, 2006 was \$355,000, or \$0.24 basic and diluted earnings per share, compared to previously reported net income of \$755,000, or \$0.50 basic and diluted earnings per share and \$1,290,000 for the year ended June 30, 2005, or \$.80 basic and \$.79 diluted earnings per share.

The revised book value of HLFN's common stock was \$12.13 per share as of June 30, 2006 compared to \$12.40 per share as originally reported and \$13.51 per share as of June 30, 2005.

This revision will be reflected in the financial statements to the 2006 Annual Report, which the Corporation intends to mail to the shareholders on or about September 8, 2006.

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>June 30, 2006</u>	<u>June 30, 2005</u>
ASSETS		
Cash and cash equivalents	\$ 6,399,627	\$ 5,242,892
Interest-bearing time deposits	1,282,598	500,761
Securities available for sale	7,090,247	7,256,203
Mortgage-backed securities available for sale	6,767,109	8,691,644
Federal Home Loan Bank stock	2,485,400	2,352,700
Loans, net	126,938,641	131,013,785
Premises and equipment	2,481,247	2,228,933
Accrued interest receivable	966,083	815,055
Bank owned life insurance	3,276,315	3,147,036
Other assets	<u>738,883</u>	<u>803,827</u>
Total assets	<u>\$158,426,150</u>	<u>\$162,052,836</u>
 LIABILITIES		
Deposits	\$ 101,661,916	\$ 92,732,451
Federal Home Loan Bank advances	37,081,902	45,144,836
Accrued interest payable	778,681	564,501
Accrued expenses and other liabilities	<u>685,489</u>	<u>651,862</u>
Total liabilities	140,207,988	139,093,650
 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	14,863,741	14,745,661
Retained earnings	13,606,393	14,463,377
Unearned employee stock ownership plan shares	(234,938)	(492,319)
Unearned recognition and retention plan shares	(145,110)	(165,809)
Treasury stock, at cost –746,947 shares at June 30, 2006 and 548,337 shares at June 30, 2005	(9,669,722)	(5,668,771)
Accumulated other comprehensive income	<u>(202,202)</u>	<u>77,047</u>
Total shareholders' equity	<u>18,218,162</u>	<u>22,959,186</u>
Total liabilities and shareholders' equity	<u>\$158,426,150</u>	<u>\$162,052,836</u>

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Year Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Total interest income	\$2,577,695	\$2,404,085	\$10,098,062	\$9,563,245
Total interest expense	<u>1,160,728</u>	<u>996,111</u>	<u>4,456,898</u>	<u>3,756,925</u>
Net interest income	1,416,967	1,407,974	5,641,164	5,806,320
Provision for loan losses	<u>749,000</u>	<u>360,000</u>	<u>1,994,000</u>	<u>661,000</u>
Net interest income after provision for loan losses	667,967	1,047,974	3,647,164	5,145,320
Total noninterest income	265,893	258,616	910,282	873,850
Total noninterest expense	<u>1,003,204</u>	<u>1,009,856</u>	<u>4,080,665</u>	<u>4,037,553</u>
Income before income tax expense	(69,344)	296,734	476,781	1,981,617
Income tax expense	<u>(79,800)</u>	<u>103,200</u>	<u>121,740</u>	<u>691,200</u>
Net income	<u>\$ 10,456</u>	<u>\$ 193,534</u>	<u>\$ 355,041</u>	<u>\$ 1,290,417</u>
Basic earnings per share	<u>\$.01</u>	<u>\$.12</u>	<u>\$.24</u>	<u>\$.80</u>
Diluted earnings per share	<u>\$.01</u>	<u>\$.12</u>	<u>\$.24</u>	<u>\$.79</u>

KEY OPERATING RATIOS

	At or For The		At or For The	
	Three Months Ended		Year Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Net interest margin	3.84%	3.75%	3.75%	3.86%
Return on average assets	0.03%	0.48%	0.22%	0.80%
Return on average equity	0.22%	3.35%	1.76%	5.63%
Total equity to total assets	11.50%	14.17%	11.50%	14.17%
Common shares outstanding	1,501,303	1,699,913	1,501,303	1,699,913
Book value per share	\$12.13	\$13.51	\$12.13	\$13.51
Nonperforming assets to total assets	0.91%	1.58%	0.91%	1.58%