

**PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

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

**HOME LOAN FINANCIAL CORPORATION REPORTS  
EARNINGS FOR THE QUARTER AND YEAR ENDED JUNE 30, 2006**

Coshocton, Ohio, July 27, 2006 – Home Loan Financial Corporation (OTCBB: HLFN), the parent company of The Home Loan Savings Bank, today announced a net income of \$410,000, or \$.28 basic and diluted earnings per share, for the quarter ended June 30, 2006 compared to net income of \$194,000, or \$.12 basic and diluted earnings per share for the quarter ended June 30, 2005, an increase of \$216,000, or 112.1%.

This increase in earnings for the quarter ended June 30, 2006 compared with June 30, 2005 was primarily attributable to increases in net interest income of \$9,000, noninterest income of \$7,000 and decreases in noninterest expense of \$7,000 and provision for loan loss of \$211,000, partially offset by an increase in income tax expense of \$17,000.

Net income for the year ended June 30, 2006 was \$755,000, or \$0.50 basic and diluted earnings per share, compared to \$1,290,000 for the year ended June 30, 2005, or \$.80 basic and \$.79 diluted earnings per share, a decrease of \$535,000, or 41.5%.

The decrease in earnings for the year ended June 30, 2006 compared with June 30, 2005 was primarily attributable to a decrease in net interest income of \$165,000 and increases in the provision for loan loss of \$733,000 and noninterest expense of \$43,000, partially offset by an increase in noninterest income of \$36,000 and a decrease of \$369,000 in income tax expense. The provision was based on a change in the methodology for calculating the allowance for loan and lease losses. This change was made to increase loan loss reserves to account for loan losses brought about by current general economic conditions in HLFN's market area.

The net interest margin for the three months ended June 30, 2006 was 3.85%. Return on average equity and return on average assets for the three months ended June 30, 2006 were 4.11% and 0.48%, respectively. The book value of HLFN's common stock was \$12.40 per share as of June 30, 2006 compared to \$13.51 per share as of June 30, 2005, a decrease of \$1.11, or 8.2%.

Total assets at June 30, 2006 were \$159.0 million compared to June 30, 2005 assets of \$162.1 million, a decrease of \$3.1 million, or 2.0%. Total deposits at June 30, 2006 were \$101.7 million compared to June 30, 2005 deposits of \$92.7 million, an increase of \$9.0 million, or 9.6%. Total equity at June 30, 2006 was \$18.6 million compared to \$23.0 million at June 30, 2005, a decrease of \$4.4 million. The decrease in

equity was attributable to the purchase of treasury stock associated with the reverse and forward stock split transactions that were completed on 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>June 30, 2006</u>	<u>June 30, 2005</u>
<b>ASSETS</b>		
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	127,538,641	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>538,883</u>	<u>803,827</u>
Total assets	<u>\$158,826,150</u>	<u>\$162,052,836</u>
 <b>LIABILITIES</b>		
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
 <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	14,863,741	14,745,661
Retained earnings	14,006,393	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>18,618,162</u>	<u>22,959,186</u>
Total liabilities and shareholders' equity	<u>\$158,826,150</u>	<u>\$162,052,836</u>

## CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Year Ended	
	June 30,		June 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
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>149,000</u>	<u>360,000</u>	<u>1,394,000</u>	<u>661,000</u>
Net interest income after provision for loan losses	1,267,967	1,047,974	4,247,164	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	530,656	296,734	1,076,781	1,981,617
Income tax expense	<u>120,200</u>	<u>103,200</u>	<u>321,740</u>	<u>691,200</u>
Net income	<u>\$ 410,456</u>	<u>\$ 193,534</u>	<u>\$ 755,041</u>	<u>\$ 1,290,417</u>
Basic earnings per share	<u>\$ .28</u>	<u>\$ .12</u>	<u>\$ .50</u>	<u>\$ .80</u>
Diluted earnings per share	<u>\$ .28</u>	<u>\$ .12</u>	<u>\$ .50</u>	<u>\$ .79</u>

## KEY OPERATING RATIOS

	At or For The		At or For The	
	Three Months Ended		Year Ended	
	June 30,		June 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net interest margin	3.85%	3.75%	3.77%	3.86%
Return on average assets	0.48%	0.48%	0.48%	0.80%
Return on average equity	4.11%	3.35%	6.38%	5.63%
Total equity to total assets	11.72%	14.17%	11.72%	14.17%
Common shares outstanding	1,501,303	1,699,913	1,501,303	1,699,913
Book value per share	\$12.40	\$13.51	\$12.40	\$13.51
Nonperforming assets to total assets	0.85%	1.58%	0.85%	1.58%