

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 ENDED SEPTEMBER 30, 2004**

Coshocton, Ohio, October 20, 2004 – Home Loan Financial Corporation (Nasdaq: HLFC), the parent company of The Home Loan Savings Bank, today announced net income of \$411,000, or \$.26 basic and \$.25 diluted earnings per share, for the quarter ended September 30, 2004 compared to net income of \$495,000, or \$.32 basic and \$.31 diluted earnings per share, for the quarter ended September 30, 2003.

The \$84,000, or 17.05%, decrease in earnings for the quarter ended September 30, 2004 compared with September 30, 2003 was attributable to an increase in the provision for loan losses of \$106,000, partially offset by a decrease of income tax expense of \$35,000.

The increase in the provision for loan losses compared to September 30, 2003 was primarily due to the increase in nonperforming loans at September 30, 2004. Nonperforming loans included a large commercial loan and a large nonresidential real estate loan, both in the process of resolution. Any anticipated losses have been estimated and included in calculating the allowance for loan losses at September 30, 2004.

Return on average equity and return on average assets for the three months ended September 30, 2004 were 7.24% and 1.02%, respectively. The book value of HLFC's common stock was \$13.40 per share as of September 30, 2004 compared to \$13.13 per share as of September 30, 2003, an increase of \$0.27, or 2.1%.

Total assets at September 30, 2004 were \$160.4 million compared to June 30, 2004 assets of \$160.0 million, an increase of \$400,000, or 0.21%. The increase in total assets was primarily in loans, which increased \$904,000 and premises and equipment, which increased \$330,000, partially offset by a decrease of \$881,000 in cash and cash equivalents. Total deposits at September 30, 2004 were \$88.8 million compared to June 30, 2004 deposits of \$87.9 million, an increase of \$902,000, or 1.0%. Total equity at September 30, 2004 was \$22.6 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 Bank has an office and a branch in Coshocton, Ohio, a branch in West Lafayette, Ohio and a branch under construction in Mount Vernon, Ohio.

HOME LOAN FINANCIAL CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	<u>September 30, 2004</u>	<u>June 30, 2004</u>
ASSETS		
Cash and cash equivalents	\$ 2,393,876	\$ 3,275,185
Securities available for sale	7,331,873	7,105,703
Mortgage-backed securities available for sale	10,107,922	10,321,735
Federal Home Loan Bank stock	2,274,700	2,250,700
Loans, net	132,458,252	131,549,778
Premises and equipment	1,710,428	1,380,927
Accrued interest receivable	723,787	719,141
Bank owned life insurance	3,049,454	3,016,864
Other assets	<u>323,572</u>	<u>410,239</u>
Total assets	<u>\$160,373,864</u>	<u>\$160,030,272</u>
LIABILITIES		
Deposits	\$ 88,755,161	\$ 87,853,639
Federal Home Loan Bank advances	47,671,138	48,756,389
Accrued interest payable	468,876	503,994
Accrued expenses and other liabilities	<u>842,516</u>	<u>606,824</u>
Total liabilities	137,737,691	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	14,574,296	14,508,999
Retained earnings	14,576,675	14,722,513
Unearned employee stock ownership plan shares	(700,780)	(773,982)
Unearned recognition and retention plan shares	(183,344)	(189,779)
Treasury stock, at cost –559,343 shares at September 30, 2004 and 566,543 shares at June 30, 2004	(5,799,467)	(5,818,102)
Accumulated other comprehensive income	<u>168,793</u>	<u>(140,223)</u>
Total shareholders' equity	<u>22,636,173</u>	<u>22,309,426</u>
Total liabilities and shareholders' equity	<u>\$160,373,864</u>	<u>\$160,030,272</u>

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,	
	<u>2004</u>	<u>2003</u>
Total interest income	\$2,403,878	\$2,431,025
Total interest expense	<u>914,069</u>	<u>938,571</u>
Net interest income	1,489,809	1,492,454
Provision for loan losses	<u>121,000</u>	<u>15,000</u>
Net interest income after provision for loan losses	1,368,809	1,477,454
Total noninterest income	228,713	223,679
Total noninterest expense	<u>969,267</u>	<u>953,209</u>
Income before income tax expense	628,255	747,924
Income tax expense	<u>217,700</u>	<u>253,000</u>
Net income	<u>\$ 410,555</u>	<u>\$ 494,924</u>
Basic earnings per share	<u>\$.26</u>	<u>\$.32</u>
Diluted earnings per share	<u>\$.25</u>	<u>\$.31</u>

KEY OPERATING RATIOS

	At or for The Three Months Ended September 30,	
	<u>2004</u>	<u>2003</u>
Net interest margin	3.94%	4.16%
Return on average assets	1.02%	1.33%
Return on average equity	7.24%	9.00%
Total equity to total assets	14.11%	14.48%
Common shares outstanding	1,688,907	1,661,762
Book value per share	\$13.40	\$13.13
Nonperforming assets to total assets	2.04%	1.24%