



2026 ANNUAL REPORT

HOME LOAN FINANCIAL CORPORATION
ANNUAL REPORT
June 30, 2026

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Home Loan Financial Corporation
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Telephone (740) 622-0444
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Dear Fellow Shareholder:

We are pleased to share Home Loan Financial Corporation's (HLFN) fiscal 2026 consolidated financial results with you.

We achieved another new record earnings total for the year ending June 30, 2026.

Net income for the year ending June 30, 2026, was \$8,764,000 or \$6.22 basic and diluted earnings per share, compared to \$7,217,000 for the year ending June 30, 2025, or \$5.13 basic and diluted earnings per share, an increase of \$1,546,000 or 21.4%.

This increase in earnings for the year ended June 30, 2026, compared with June 30, 2025, was primarily attributable to an increase in net interest income of \$2,424,000 and an increase in noninterest income of \$407,000 partially offset by an increase in the provision for loan losses of \$309,000, an increase in noninterest expense of \$478,000, and increase in federal income tax expense of \$498,000.

Total assets on June 30, 2026, were \$386.7 million compared to June 30, 2025, with assets of \$361.2 million, an increase of \$25.5 million or 7.1%. Total deposits on June 30, 2026, were \$315.6 million compared to June 30, 2025, deposits of \$283.1 million, an increase of \$32.5 million or 11.5%. Total equity on June 30, 2026, was \$49.6 million compared to \$43.7 million on June 30, 2025, an increase of \$5.9 million or 13.5%.

The investors that were part of HLFN's initial conversion from a mutual to a stock company have seen their investment on March 25, 1998, grow from \$5.89 per share (adjusted for the return of capital distribution in fiscal 1999) to \$43.43 per share as of June 30, 2026. In addition, those shareholders have received \$31.62 in dividends per share since the conversion. Based upon HLFN's ending stock price on June 30, 2026, of \$43.43, the current annual dividend of \$2.10 produced a yield of 4.84%.

On behalf of the HLFN management team, employees and our Board of Directors, we want to thank you for investing in HLFN. We encourage you to do your personal and business banking with The Home Loan Savings Bank, as our accounts build our company and enhance your investment.

Sincerely,

A handwritten signature in cursive script that reads "Robert C. Hamilton".

Robert C. Hamilton

Chairman of the Board and CEO



DIXON, DAVIS, BAGENT & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

1205 WEAVER DRIVE GRANVILLE, OHIO 43023 Ç740-321-1000 ÇFAX 740-321-1100

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Home Loan Financial Corporation
Coshocton, Ohio

Opinion

We have audited the accompanying consolidated financial statements of Home Loan Financial Corporation, which comprise the consolidated balance sheets as of June 30, 2026 and 2025, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Home Loan Financial Corporation as of June 30, 2026 and 2025, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Home Loan Financial Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Home Loan Financial Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

ACCOUNTANTS, AUDITORS, & CONSULTANTS TO FINANCIAL INSTITUTIONS
MEMBERS: THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS Ç OHIO SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Ç Exercise professional judgment and maintain professional skepticism throughout the audit.
- Ç Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Ç Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Home Loan Financial Corporation's internal control. Accordingly, no such opinion is expressed.
- Ç Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Ç Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Home Loan Financial Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Dixon, Davis, Bagent & Co.

Dixon, Davis, Bagent & Company

Granville, Ohio
August 28, 2026

HOME LOAN FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash and due from financial institutions	\$4,128,824	\$3,659,307
Interest-bearing deposits in other financial institutions	<u>582,512</u>	<u>159,612</u>
Total cash and cash equivalents	4,711,336	3,818,919
Interest bearing time deposits	5,845,000	5,846,000
Securities available for sale	12,218,740	12,153,186
Federal Home Loan Bank stock	1,588,700	1,935,900
Loans held for sale	720,784	440,318
Loans, net of allowance of \$4,351,155 and \$3,971,346 in 2026 and 2025	347,794,670	323,567,894
Premises and equipment, net	3,117,878	3,141,561
Accrued interest receivable	1,576,298	1,871,591
Bank owned life insurance	7,201,832	6,983,732
Other Real Estate Owned	-	-
Other assets	<u>1,880,360</u>	<u>1,410,751</u>
 Total assets	 <u>\$ 386,655,598</u>	 <u>\$ 361,169,852</u>
 LIABILITIES		
Deposits	\$ 315,620,944	\$ 283,092,060
Federal Home Loan Bank advances	16,499,119	30,004,353
Accrued interest payable	2,219,699	2,105,443
Accrued expenses and other liabilities	<u>2,692,269</u>	<u>2,240,317</u>
Total liabilities	337,032,031	317,442,173
 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	15,222,779	15,131,828
Retained earnings	45,179,510	39,386,312
Treasury stock, at cost, 838,775, and 841,618 shares in 2026 and in 2025	(10,741,690)	(10,767,371)
Accumulated other comprehensive income (loss)	<u>(37,032)</u>	<u>(23,090)</u>
Total shareholders' equity	<u>49,623,567</u>	<u>43,727,679</u>
 Total liabilities and shareholders' equity	 <u>\$ 386,655,598</u>	 <u>\$ 361,169,852</u>

See accompanying notes to consolidated financial statements.

HOME LOAN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Interest income		
Loans, including fees	\$ 25,387,996	\$ 23,064,380
Taxable securities	418,043	333,061
Dividends on Federal Home Loan Bank stock and other	<u>424,931</u>	<u>460,095</u>
Total interest income	26,230,970	23,857,536
Interest expense		
Deposits	6,571,355	6,051,374
Federal Home Loan Bank advances	<u>901,470</u>	<u>1,472,191</u>
Total interest expense	<u>7,472,825</u>	<u>7,523,565</u>
Net interest income	18,758,146	16,333,971
Provision for credit losses	<u>1,024,000</u>	<u>715,000</u>
Net interest income after provision for credit losses	17,734,146	15,618,971
Noninterest income		
Service charges and other fees	891,202	843,136
Net gains on sales of loans	130,206	37,989
Earnings from Coshocton County Title Agency	70,860	31,622
Bank owned life insurance	218,100	210,800
Other	<u>363,638</u>	<u>143,022</u>
Total noninterest income	1,674,006	1,266,569
Noninterest expense		
Salaries and employee benefits	5,321,632	5,056,381
Occupancy and equipment	544,854	508,307
State franchise taxes	326,512	289,756
Computer processing	666,424	631,368
Professional services	364,376	349,634
Director fees	134,310	138,940
Federal deposit insurance	171,979	171,342
Other	<u>859,443</u>	<u>765,786</u>
Total noninterest expense	<u>8,389,530</u>	<u>7,911,514</u>
Income before income taxes	11,018,622	8,974,026
Income tax expense	<u>2,255,032</u>	<u>1,756,901</u>
Net income	<u>\$ 8,763,590</u>	<u>\$ 7,217,125</u>
Basic and diluted earnings per common share	<u>\$ 6.22</u>	<u>\$ 5.13</u>

See accompanying notes to consolidated financial statements.

HOME LOAN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Net income	\$ 8,763,590	\$ 7,217,125
Other comprehensive income (loss)		
Unrealized holding gains (loss) on securities available for sale	(17,648)	246,408
Tax effect	<u>3,706</u>	<u>(51,746)</u>
Total other comprehensive income (loss)	<u>(13,942)</u>	<u>194,662</u>
Comprehensive income	<u>\$ 8,749,648</u>	<u>\$ 7,411,787</u>

See accompanying notes to consolidated financial statements.

HOME LOAN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years ended June 30, 2026 and 2025

	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance on July 1, 2025	\$ 15,131,828	\$ 39,386,312	\$ (10,767,371)	\$ (23,090)	\$ 43,727,680
Net income	-	8,763,590	-	-	8,763,590
Cash dividend - \$2.10 per share	-	(2,970,392)	-	-	(2,970,392)
Grant of 3,000 Restrictive Stock shares	(68,481)	-	68,481	-	-
Forfeit of 2,000 stock shares	-	-	(42,800)	-	(42,800)
Compensation expense related to restricted stock awards	159,432	-	-	-	159,432
Change in fair value of securities Available for sale net of tax effect	-	-	-	(13,942)	(13,942)
Balance on June 30, 2026	<u>\$ 15,222,779</u>	<u>\$ 45,179,510</u>	<u>\$ (10,741,690)</u>	<u>\$ (37,032)</u>	<u>\$ 49,623,567</u>

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HOME LOAN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
Years ended June 30, 2025 and 2024

	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance on July 1, 2024	\$ 15,068,028	\$ 34,893,120	\$ (10,807,318)	\$ (217,752)	\$ 38,836,078
Net income	-	7,217,125	-	-	7,217,125
Cash dividend - \$1.925 per share	-	(2,723,933)	-	-	(2,723,933)
Grant of 5,000 Restrictive Stock shares	(51,361)	-	51,361	-	-
Forfeit of 1,000 stock shares	-	-	(11,414)	-	(11,414)
Compensation expense related to restricted stock awards	115,161	-	-	-	115,161
Change in fair value of securities Available for sale net of tax effect	-	-	-	194,662	194,662
Balance on June 30, 2025	<u>\$ 15,131,828</u>	<u>\$ 39,386,312</u>	<u>\$ (10,767,371)</u>	<u>\$ (23,090)</u>	<u>\$ 43,727,679</u>

See accompanying notes to consolidated financial statements.

HOME LOAN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities		
Net income	\$ 8,763,590	\$ 7,217,125
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	216,283	213,638
Securities amortization, net	203,957	203,957
Provision for credit losses	1,024,000	715,000
Originations of loans held for sale	-	-
Proceeds from sales of loans held for sale	(280,466)	(245,568)
Net gains on sale of loans	-	-
Net (gain) loss on disposition or write down of other real estate owned	-	-
(Gain) loss on sale of Premises & Equipment	10,722	-
Increase in cash surrender value of bank owned life insurance	(218,100)	(143,231)
Compensation expense related to restricted stock awards	116,632	103,747
Deferred taxes	-	-
Net change in:		
Accrued interest receivable and other assets	(174,316)	(181,941)
Accrued expenses and other liabilities	566,208	396,700
Deferred loan fees	20,909	1,166
Net cash from operating activities	10,249,419	8,280,593
Cash flows from investing activities		
Securities available for sale:		
Proceeds from maturities	3,750,000	5,750,000
Purchases	(4,033,453)	(6,801,746)
Interest bearing time deposits:		
Purchases	(4,595,000)	(4,498,000)
Proceeds from maturities	4,596,000	3,483,000
Net change in loans	(25,271,685)	(29,959,768)
Net purchases of premises and equipment	(203,322)	(37,921)
Proceeds from disposals of premises and equipment	-	-
Proceeds from sale of other real estate owned	-	-
Proceeds from FHLB stock redemption	1,054,700	723,900
Purchase of FHLB stock	(707,500)	(174,100)
Purchase of Bank Owned Life Insurance	-	-
Net cash used in investing activities	(25,410,260)	(31,514,635)
Cash flows from financing activities		
Net change in deposits	32,528,884	38,175,666
Net change in short-term FHLB advances	(14,650,000)	(12,500,000)
Proceeds from long term FHLB advances	1,425,000	-
Maturities and repayments of long-term FHLB advances	(280,234)	(300,339)
Cash dividends paid	(2,970,392)	(2,723,933)
Net change from financing activities	16,053,258	22,651,394
Net change in cash and cash equivalents	892,417	(582,648)
Cash and cash equivalents at beginning of year	3,818,91	4,401,567
Cash and cash equivalents at end of year	<u>\$ 4,711,336</u>	<u>\$ 3,818,919</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Supplemental Information		
Cash paid for interest	7,358,569	6,972,660
Cash paid for taxes	2,225,000	2,050,000
Supplemental non-cash disclosures:		
Loan provided for sale of premises	-	-
Transfer from loans to other real estate	-	-

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation: The consolidated financial statements include the accounts of Home Loan Financial Corporation (‘‘HLFN’’) and its wholly owned subsidiaries, The Home Loan Savings Bank (‘‘Bank’’), a state chartered savings bank, and Home Loan Financial Services, Inc., an Ohio corporation providing insurance and investment services. HLFN also owns a 49% interest in Coshocton County Title Agency, LLC, which is accounted for under the equity method of accounting. These entities are together referred to as the Corporation. Intercompany accounts and transactions have been eliminated in consolidation.

The Corporation provides financial services through its main and branch offices in Coshocton, Ohio and branch offices in West Lafayette, Mount Vernon, and Newark, Ohio. The Corporation’s primary deposit products are checking, savings and term certificate accounts, and its primary lending products are residential mortgage, nonresidential mortgage, residential construction and land, commercial and consumer loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets and real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. Real estate loans are secured by both residential and commercial real estate. Substantially all revenues are derived from financial institution products and services where the branches are located and their contiguous areas. There are no significant concentrations of loans to any one industry or customer. However, the customers’ ability to repay their loans is dependent on the real estate and general economic conditions in the area. Other financial instruments which potentially represent concentrations of credit risk include deposit accounts in other financial institutions.

Subsequent Events: The Corporation has evaluated subsequent events for recognition and disclosure through August 28, 2026, which is the date the financial statements were available to be issued.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

Cash Flows: Cash and cash equivalents include cash and due from banks, overnight deposits and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, and short-term borrowings with original maturities of 90 days or less.

Interest-bearing Deposits in Other Financial Institutions: Interest-bearing deposits in other financial institutions are carried at amortized cost.

Securities: Securities are classified as held to maturity and are carried at amortized cost when management has the intent and ability to hold them to maturity. Securities are classified as available for sale when they might be sold prior to maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Management evaluates securities for other-than-temporary impairment (OTTI) at least on a quarterly basis and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of these criteria is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: (1) OTTI related to credit loss, which must be recognized in the income statement; and (2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

Allowance for credit losses ñ available-for-sale (AFS) and held-to-maturity (HTM) debt securities:

For AFS securities, the Company performs a monthly qualitative evaluation for securities in an unrealized loss position to determine if the decline in fair value below the security's amortized cost is credit related or non-credit related. In determining whether a security's decline in fair value is credit related, the Company considers a number of factors including, but not limited to: (i) the extent to which the fair value of the investment is less than its amortized cost; (ii) the financial condition and near-term prospects of the issuer; (iii) downgrades in credit ratings; (iv) payment structure of the security; (v) the ability of the issuer of the security to make scheduled principal and interest payments; and (vi) general market conditions which reflect prospects for the economy as a whole, including interest rates and sector credit spreads. If it is determined that the unrealized loss, or a portion thereof, is credit related, the Company records the amount of credit loss through a charge to provision for credit losses in current period earnings. However, the number of credit loss recorded in the current period's earnings is limited to the amount of the total unrealized loss on the security, which is measured as the amount by which the security's fair value is below its amortized cost. If the Company intends to sell, or if it is more likely than not that the Company will be required to sell a security in an unrealized loss position before the recovery of its amortized cost basis, the total amount of the unrealized loss is recognized in the current period's earnings. Unrealized losses deemed non-credit related are recorded, net of tax, through accumulated other comprehensive income (loss).

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectability of available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Federal Home Loan Bank (FHLB) Stock: The Bank is a member of the FHLB system. Members are required to own a minimum amount of stock based on the level of borrowing and other factors. FHLB stock is carried at cost, is classified as a restricted security, and is periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and are charged to earnings.

Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and an allowance for loan losses.

Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments. Interest income on all loan portfolio segments is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses- loans: The allowance for credit losses for loans (ACL) is a provision to account for the expected losses and represents the amount that management forecasts for the probable losses inherent in its current loan portfolio. The ACL provision is based on management's current judgment and expected performance concerning the credit quality, underwriting, and the potential for loss within the loan portfolio. Included as part of management's judgment is an evaluation of the overall risk characteristics within the various portfolio segments. The evaluation and review of the Company's risk characteristics include: the trends in delinquencies, originations, underwriting characteristics, levels of classified loans, lifetime historical loan losses and recoveries as well as trends in various other internal and external factors that may affect the collectability of a loan as of the reporting date. This periodic evaluation and review allows management to determine the adequacy of the ACL and to ensure the ACL is sufficient to absorb any future losses.

The Company's methodologies for determining the adequacy of ACL are set forth in a formal Asset Classification policy and take into consideration the need for an ACL for loans evaluated on a collective pool basis which have similar risk characteristics, as well as allowance that are tied to individual loans that do not share risk characteristics and are individually evaluated. The Company increases its ACL by

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

charging the provision for credit losses on its consolidated income statements. Losses related to specific assets are applied to the assets thereby reducing the loan balance of the assets and charged against the ACL when management believes the non-collectability of a loan balance is confirmed. Recoveries on previously charged off loan balances are credited to the ACL.

Management assesses the ACL monthly and completes a more comprehensive evaluation quarterly. As noted above, the ACL is estimated using relevant information from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The ACL is maintained at a level sufficient to provide for expected credit losses over the life of the loan, including expected prepayments and expected fundings of committed loans. This level is based on evaluating historical credit loss experience and adjusting historical loss information utilizing qualitative factors for differences in the specific risk characteristics in the current loan portfolio and economic conditions.

The ACL is measured on a collective pool basis when similar risk characteristics exist. In estimating the component of the ACL for loans that share common risk characteristics, loans are pooled based on the Federal Financial Institutions Examination Council Call Report Codes (‘Codes’) and areas of risk concentration. For loans evaluated collectively as a pool, the ACL is calculated using the vintage method. The vintage method utilizes a lifetime, historical average charge-off rate containing loan loss, recovery and loan balance information over a historical lookback period that is used as the basis for estimating the

ACL for the current and estimated funded balances of loans in each Code segment at a particular consolidated balance sheet date. The vintage methodology was chosen due to the extensive loan loss, recovery and loan balance histories the Company maintained. Therefore, the Company was able to establish reliable loan loss rates for each Code segment. In the events where there was no or insufficient historical loan loss data to establish a reliable loan loss rate, the Company utilized a minimum loss rate for those Code balances.

The calculation of the ACL is adjusted using qualitative factors for current conditions and for reasonable and supportable forecast periods. These qualitative factors are used to add for additional areas of risk inherent in the portfolio that may not be directly reflected in the Company’s historical information and may include the following adjustments:

- Changes in environmental conditions.
- Changes in economic conditions.
- Trends in delinquency levels.
- Trends in loan origination volumes.
- Trends in collateral values, unemployment rates, changes in staffing and other relevant factors that may impact loan performance in time.

Factors involved in determining whether a loan should be individually evaluated include, but are not limited to, the financial condition of the borrower and the value of the underlying collateral. Loans that are identified to be evaluated individually in the ACL do not share all of the risk characteristics with other pooled loans in the portfolio. These loans are individually evaluated based on the present value of expected future cash flows. If management determines the loan is collateral dependent on the fair market value of the current collateral value, the Company assesses these loans on each reporting date to determine whether repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A loan is considered collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. For all classes of loans and lease deemed collateral-dependent, the Company elected the practical expedient to estimate expected credit losses based on the collateral's fair value less cost to sell. Substantially, all of the collateral consists of various types of business assets or real estate.

If the fair value of the collateral is less than the amortized cost basis of the loan, the Company will recognize a specific ACL or partial charge off as the difference between the fair value of the collateral, less costs to sell, and the amortized cost basis of the loan. If the fair value of the collateral exceeds the amortized cost basis of the loan, no ACL will be recognized, provided no amount previously charged off. Subsequent changes in the expected credit losses for loans evaluated individually are included within the provision for credit losses in the same manner in which the expected credit loss initially was recognized or as a reduction in the provision that would otherwise be reported.

Management recognizes the process of assessing the adequacy of the ACL is both subjective and imprecise. Further, and particularly when economic and inflation conditions are uncertain, it is possible that future credit losses may exceed management's ACL. As such, there can be no assurance that future charge-offs will not exceed management's current estimate of what constitutes a reasonable and adequate ACL.

Other Real Estate Owned: Assets acquired through or instead of loan foreclosures are initially recorded at fair value less estimated selling costs when acquired, establishing a new cost basis. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Any reduction to fair value from the carrying value of the related loan at the time the property is acquired is accounted for as a loan charge-off. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. After acquisition, if fair value declines, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

Premises and Equipment: Land is carried out at cost. Premises and equipment are stated at cost, less accumulated depreciation. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 5 to 50 years. Furniture, fixtures and equipment are depreciated using the straight-line method with useful lives ranging from 3 to 10 years. These assets are reviewed for impairment when events indicate the carrying amount may not be recoverable. Maintenance and repairs are charged to expense as incurred.

Servicing Assets: When mortgage loans are sold, servicing assets are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing assets to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Servicing assets are evaluated for impairment based upon the fair value of the assets as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Corporation later determines that all or portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. The fair values of servicing assets are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Servicing fee income for servicing loans is reported in other noninterest income in the consolidated statements of income and is based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing assets is netted against loan servicing fee income. Mortgage servicing assets on June 30, 2026, and 2025 totaled \$72,519 and \$117,745, respectively, and are included in other assets on the consolidated balance sheets. Loans serviced for others totaled \$64,698,710 and \$ 65,891,069 on June 30, 2026, and 2025, respectively.

Bank Owned Life Insurance: The Corporation has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Income Taxes: Income tax expense is the total of current year's income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between the carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely to be realized on examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded.

The Corporation recognizes interest and/or penalties related to income tax matters in income tax expense.

Employee Stock Ownership Plan: All shares in the Employee Stock Ownership Plan (ESOP) have been allocated to plan participants. Participants receive the shares allocated to them upon the end of their employment. When a participant's employment terminates, the participant may require stock to be repurchased by the Corporation unless the stock is traded on an established market. The fair value of allocated shares subject to a repurchase obligation totaled \$10,103,025 and \$7,480,835 at June 30, 2026 and 2025, respectively. No shares were allocated during the year's ending June 30, 2026, and 2025. Total allocated shares on June 30, 2026, and 2025 were 225,588 and 219,575, respectively.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock Based Compensation: Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Corporation's common stock at the date of grant is used for restricted stock awards. Compensation cost is recognized over the required service period, generally defined as the vesting period.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, which are also recognized as a separate component of equity, net of tax.

Earnings per Common Share: Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. ESOP shares are considered outstanding for this calculation unless unearned. Recognition and Retention Plan (RRP) shares are considered outstanding as they become vested. Diluted earnings per common share include the dilutive effect of RRP shares and additional potential common shares issuable under stock options.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe that there are currently any such matters that will have a material effect on the financial statements.

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to HLFN or by HLFN to shareholders.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 13. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications: Reclassifications of certain amounts in the 2025 consolidated financial statements have been made to conform to the 2026 presentation. Reclassifications had no effect on prior year net income or shareholders' equity.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 2 – SECURITIES

The amortized cost and fair value of available for sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows.

	Amortized <u>Cost</u>	Gross Unrealized <u>Gains</u>	Gross Unrealized <u>Losses</u>	Fair <u>Value</u>
<u>June 30, 2026</u>				
Securities available for sale				
U.S. Government agencies	\$ 10,771,987	\$ 4,978	\$ (45,388)	\$10,731,577
U.S. Treasury Note	<u>1,493,629</u>	<u>232</u>	<u>(6,698)</u>	<u>1,487,163</u>
Total	<u>\$ 12,265,616</u>	<u>\$ 5,210</u>	<u>\$ (52,086)</u>	<u>\$ 12,218,740</u>
<u>June 30, 2025</u>				
Securities available for sale				
U.S. Government agencies	\$ 9,691,994	\$ 33,265	\$ (31,138)	\$ 9,694,121
U.S. Treasury Note	<u>2,490,420</u>	<u>2,814</u>	<u>(34,169)</u>	<u>2,459,065</u>
Total	<u>\$ 12,182,414</u>	<u>\$ 36,079</u>	<u>\$ (65,307)</u>	<u>\$ 12,153,186</u>

There were no sales of securities in 2026 and 2025.

Contractual maturities of securities available for sale at year end 2026 were as follows. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized <u>Cost</u>	Fair <u>Value</u>
Due in one year or less	\$ 5,745,157	\$ 5,741,325
Due after one year through five years	6,520,459	6,477,415
Due after five years through ten years	<u>-</u>	<u>-</u>
	<u>\$ 12,265,616</u>	<u>\$ 12,218,740</u>

On June 30, 2026, and 2025, securities with a carrying value of \$1,823,522 and \$1,939,621 respectively, were pledged to secure public funds.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 2 – SECURITIES (Continued)

Securities with unrealized losses at year end 2026 and 2025 aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position were as follows.

	<u>Less than 12 Months</u>		<u>12 Months or More</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
<u>2026</u>						
U.S. government agencies	\$ 7,524,068	\$ (45,388)	\$ -	\$ -	\$ 7,524,068	\$ (45,388)
U.S. Treasury Note	<u>489,295</u>	<u>(4,554)</u>	<u>497,803</u>	<u>(2,145)</u>	<u>987,098</u>	<u>(6,698)</u>
Total	<u>\$ 8,013,063</u>	<u>\$ (49,942)</u>	<u>\$ 497,803</u>	<u>\$ (2,145)</u>	<u>\$8,511,166</u>	<u>\$ (52,086)</u>
<u>2025</u>						
U.S. government agencies	\$ 3,223,543	\$ (8,102)	\$ 977,080	\$ (23,036)	\$ 4,200,623	\$ (31,138)
U.S. Treasury Note	<u>-</u>	<u>-</u>	<u>1,464,348</u>	<u>(34,169)</u>	<u>1,464,348</u>	<u>(34,169)</u>
Total	<u>\$ 3,223,543</u>	<u>\$ (8,102)</u>	<u>\$ 2,441,420</u>	<u>\$ (57,205)</u>	<u>\$5,664,963</u>	<u>\$ (65,307)</u>

Unrealized losses on securities have not been recognized into income because the issuersö securities are of high credit quality, management does not intend to sell and it is not more likely than not that management would not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in market interest rates. The fair value is expected to recover as the securities approach their maturity dates.

NOTE 3 – LOANS

Year-end loans were as follows.

	<u>2026</u>	<u>2025</u>
Residential real estate loans:		
1 - 4 family	\$ 154,542,375	\$ 140,472,173
Multi-family dwelling units	4,306,817	4,024,515
Home equity	27,938,516	24,332,624
Nonresidential real estate	96,060,703	4,980,916
Real estate construction and land	24,501,294	26,894,454
Commercial	40,640,368	41,091,965
Consumer loans	<u>4,176,662</u>	<u>5,743,936</u>
Total loans	352,166,734	327,540,583
Less:		
Allowance for credit losses	(4,351,455)	(3,971,346)
Net deferred loan fees	<u>(20,909)</u>	<u>(1,343)</u>
	<u>\$ 347,794,670</u>	<u>\$ 323,567,894</u>

Certain directors, executive officers and companies with which they are affiliated were loan customers of the Corporation. Balances with these parties totaled \$7,362,000 on June 30, 2026 and \$4,424,739 at June 30, 2025. New loans totaled \$4,569,141 and payments totaled \$1,631,880 for the year ending June 30, 2026.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 – LOANS (Continued)

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ending of June 30, 2026 and 2025:

	Residential Real Estate	Nonresidential Real Estate	Real Estate Construction and Land	Commercial	Consumer	Unallocated	Total
June 30, 2026							
Allowance for credit losses:							
Beginning balance	\$ 1,395,236	\$ 1,216,165	\$ 219,177	\$ 1,062,947	\$ 76,001	\$ 1,820	\$ 3,971,346
Provision of loans losses	553,319	628,159	(1,748)	(294,780)	85,187	53,863	1,024,000
Loans charged-off	(146,286)	(459,676)	-	(6,765)	(36,470)	-	(649,197)
Recoveries	-	-	-	886	4,120	-	5,006
Total ending allowance balance	<u>\$ 1,802,269</u>	<u>\$ 1,384,648</u>	<u>\$ 217,429</u>	<u>\$ 762,288</u>	<u>\$ 128,838</u>	<u>\$ 55,683</u>	<u>\$4,351,155</u>

	Residential Real Estate	Nonresidential Real Estate	Real Estate Construction and Land	Commercial	Consumer	Unallocated	Total
June 30, 2025							
Allowance for credit losses:							
Beginning balance	\$ 1,430,941	\$ 972,689	\$ 140,200	\$ 768,408	\$ 117,219	\$ 2,496	\$ 3,431,953
Provision of loans losses	(82,723)	301,164	78,977	470,014	(51,756)	(676)	715,000
Loans charged-off	-	(57,688)	-	(175,475)	(3,321)	-	(236,484)
Recoveries	47,018	-	-	-	13,859	-	60,877
Total ending allowance balance	<u>\$ 1,395,236</u>	<u>\$ 1,216,165</u>	<u>\$ 219,177</u>	<u>\$ 1,062,947</u>	<u>\$ 76,001</u>	<u>\$ 1,820</u>	<u>\$ 3,971,346</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 - LOANS (Continued)

The following table presents the balance in the allowance for credit losses and the recorded investment in loans by portfolio segment and based on impairment method as of June 30, 2026 and 2025. The recorded investment includes accrued interest receivable and net deferred loan costs.

<u>June 30, 2026</u>	Residential Real Estate	Nonresidential Real Estate	Real Estate Construction and Land	Commercial	Consumer	Unallocated	Total
Allowance for credit losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collectively evaluated for impairment	<u>1,802,269</u>	<u>1,384,648</u>	<u>217,429</u>	<u>762,288</u>	<u>128,838</u>	<u>55,683</u>	<u>4,351,155</u>
Total ending allowance balance	\$ <u>1,802,269</u>	\$ <u>1,384,648</u>	\$ <u>217,429</u>	\$ <u>762,288</u>	\$ <u>128,838</u>	\$ <u>55,683</u>	\$ <u>4,351,155</u>
Loans:							
Loans individually evaluated for impairment	\$ -	\$ 3,731,291	\$ -	\$ -	\$ -	\$ -	\$ 3,731,291
Loans collectively evaluated for impairment	<u>187,507,981</u>	<u>92,766,498</u>	<u>24,590,979</u>	<u>40,827,474</u>	<u>4,212,484</u>	<u>-</u>	<u>349,906,416</u>
Total ending loans balance	\$ <u>187,507,981</u>	\$ <u>96,497,788</u>	\$ <u>24,590,979</u>	\$ <u>40,827,474</u>	\$ <u>4,212,484</u>	\$ <u>-</u>	\$ <u>353,637,707</u>

<u>June 30, 2025</u>	Residential Real Estate	Nonresidential Real Estate	Real Estate Construction and Land	Commercial	Consumer	Unallocated	Total
Allowance for credit losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collectively evaluated for impairment	<u>1,395,236</u>	<u>1,216,165</u>	<u>219,177</u>	<u>1,062,947</u>	<u>76,001</u>	<u>1,820</u>	<u>3,971,346</u>
Total ending allowance balance	\$ <u>1,395,236</u>	\$ <u>1,216,165</u>	\$ <u>219,177</u>	\$ <u>1,062,947</u>	\$ <u>76,001</u>	\$ <u>1,820</u>	\$ <u>3,971,346</u>
Loans:							
Loans individually evaluated for impairment	\$ -	\$ -	\$ 339,013	\$ -	\$ -	\$ -	\$ 339,013
Loans collectively evaluated for impairment	<u>169,567,306</u>	<u>85,616,364</u>	<u>26,678,590</u>	<u>41,334,944</u>	<u>5,772,481</u>	<u>-</u>	<u>328,969,685</u>
Total ending loans balance	\$ <u>169,567,306</u>	\$ <u>85,616,364</u>	\$ <u>27,017,603</u>	\$ <u>41,334,944</u>	\$ <u>5,772,481</u>	\$ <u>-</u>	\$ <u>329,308,698</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 – LOANS (Continued)

The following table presents information related to loans individually evaluated for impairment by class of loans as of and for the year ended June 30, 2026 and 2025:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash-Basis Interest Recognized
June 30, 2026						
With no related allowance recorded:						
Residential real estate						
1-4 family	\$ -	\$ -	\$ -	7,429	\$ -	2,477
Multi- family dwelling units	-	-	-	-	-	-
Home equity	-	-	-	-	-	-
Nonresidential real estate	-	-	-	-	-	-
Real estate construction and land	3,703,776	3,731,291	-	2,693,849	10,435	102,998
Commercial	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Subtotal	<u>3,703,776</u>	<u>3,731,291</u>	<u>-</u>	<u>2,701,278</u>	<u>10,435</u>	<u>105,475</u>
With an allowance recorded:						
Residential real estate						
1-4 family	\$ -	\$ -	\$ -	\$ -	\$ -	-
Multi- family dwelling units	-	-	-	-	-	-
Home equity	-	-	-	-	-	-
Nonresidential real estate	-	-	-	-	-	-
Real estate construction and land	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,703,776</u>	<u>\$ 3,731,291</u>	<u>\$ -</u>	<u>\$ 2,701,278</u>	<u>\$ 10,435</u>	<u>\$ 105,475</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 – LOANS (Continued)

	<u>Unpaid Principal Balance</u>	<u>Recorded Investment</u>	<u>Allowance for Loan Losses Allocated</u>	<u>Average Recorded Investment</u>	<u>Interest Income Recognized</u>	<u>Cash-Basis Interest Recognized</u>
<u>June 30, 2025</u>						
With no related allowance recorded:						
Residential real estate						
1-4 family	\$ -	\$ -	\$ -	\$ -	-	-
Multi- family dwelling units	-	-	-	-	-	-
Home equity	-	-	-	-	-	-
Nonresidential real estate	-	-	-	-	-	-
Real estate construction and land	339,013	339,013	-	339,013	-	-
Commercial	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Subtotal	<u>338,013</u>	<u>339,013</u>	<u>-</u>	<u>339,013</u>	<u>-</u>	<u>-</u>
With an allowance recorded:						
Residential real estate						
1-4 family	\$ -	\$ -	\$ -	\$ -	-	-
Multi- family dwelling units	-	-	-	-	-	-
Home equity	-	-	-	-	-	-
Nonresidential real estate	-	-	-	-	-	-
Real estate construction and land	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 339,013</u>	<u>\$ 339,013</u>	<u>\$ -</u>	<u>\$ 339,013</u>	<u>\$ -</u>	<u>\$ -</u>

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 – LOANS (Continued)

Nonperforming loans include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

The following tables present the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans as of June 30, 2026, under the current expected credit loss model:

	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
June 30, 2026					
Residential real estate	\$ -	\$ -	\$ -	\$ 623,729	\$ 623,729
Nonresidential real estate	1,399,784	-	1,399,784	-	1,399,784
Real estate construction and land	-	-	-	-	-
Commercial	-	-	-	15,912	15,912
Consumer loans	-	-	-	6,968	6,968
Total	\$ 1,399,784	\$ -	\$ 1,399,784	\$ 646,609	\$ 2,046,393

Nonaccrual loans amounted to \$339,013 as of June 30, 2025.

The following table presents the aging of the recorded investment in past due loans as of June 30, 2026, and 2025 by class of loans:

	31 - 60 Days Past Due	61 - 90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Loans Not Past Due	Total
June 30, 2026						
Residential real estate						
1-4 family	\$ 244,124	\$ 536,753	\$ 602,483	\$ 1,383,360	\$ 153,704,220	\$ 155,087,580
Multi- family dwelling units	-	-	-	-	4,326,037	4,326,037
Home equity	-	824,402	32,363	856,765	27,238,600	28,095,365
Nonresidential real estate	309,819	-	7,877	317,696	96,180,092	96,497,788
Real estate construction and land	-	-	-	-	24,590,979	24,590,979
Commercial	176,614	-	16,093	192,707	40,634,767	40,827,474
Consumer loans	26,983	32,298	6,971	66,252	4,146,232	4,212,484
Total	\$ 757,540	\$ 1,393,453	\$ 665,787	\$ 2,816,780	\$ 350,820,927	\$ 353,637,707

	31 - 60 Days Past Due	61 - 90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Loans Not Past Due	Total
June 30, 2025						
Residential real estate						
1-4 family	\$ 1,753,806	\$ 1,226,854	\$ 480,500	\$ 3,461,160	\$ 137,564,219	\$ 141,025,380
Multi- family dwelling units	-	-	-	-	4,038,698	4,038,698
Home equity	32,463	-	-	32,463	24,470,766	24,503,228
Nonresidential real estate	306,936	100,875	1,108,356	1,516,168	84,100,197	85,616,364
Real estate construction and land	-	-	-	-	27,017,603	27,017,603
Commercial	1,660,720	266,505	274,945	2,202,170	39,132,774	41,334,944
Consumer loans	76,558	19,057	16,876	112,490	5,659,991	5,772,481
Total	\$ 3,830,483	\$ 1,613,291	\$ 1,880,677	\$ 7,324,451	\$ 321,984,247	\$ 329,308,698

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 – LOANS (Continued)

Troubled Debt Restructurings:

Impaired loans on June 30, 2026, and 2025 include \$2,303,992 and \$2,715,412 of loans to customers whose loan terms have been modified in troubled debt restructurings, respectively.

The Corporation has allocated no specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of June 30, 2026, and 2025. As a practical expedient, specific reserves on impaired loans have been determined based upon fair value of collateral. The Corporation has not committed to lending any additional amounts as of June 30, 2026, or 2025 to customers with outstanding loans that are classified as troubled debt restructurings.

There were zero new loans modified as troubled debt restructurings during the year ended June 30, 2026, and four new loans modified as of June 30, 2025.

Credit Quality Indicators:

The Corporation categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as, current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Corporation analyzes loans individually by classifying the loans by credit risk. This analysis includes loans with an outstanding balance greater than \$250,000 and non-homogeneous loans, such as commercial and commercial real estate loans. This analysis is performed on an annual basis. The Corporation uses the following definitions for risk ratings:

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 – LOANS (Continued)

Loans, not meeting the criteria above that are analyzed individually as part of the above-described process, are considered to be pass rated loans. Loans listed as not rated are either less than \$250,000 or are included in groups of homogeneous loans. As of June 30, 2026, and 2025, and based on the most recent analysis performed, the risk category of loans by class of loans was as follows:

<u>June 30, 2026</u>	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Not Rated</u>	<u>Total</u>
Residential real estate loans:						
1 ñ 4 family	\$ 143,913,310	\$ 5,692,226	\$ 5,482,045	\$ -	\$ -	\$ 155,087,580
Multi-family dwelling units	4,037,139	288,898	-	-	-	4,326,037
Home equity	25,592,623	1,888,217	614,525	-	-	28,095,365
Nonresidential real estate	88,006,700	489,141	8,001,947	-	-	96,497,788
Real estate construction and land	22,134,336	2,456,643	-	-	-	24,590,979
Commercial	33,594,567	4,656,448	2,576,460	-	-	40,827,474
Consumer loans	<u>48,030</u>	<u>9,429</u>	<u>-</u>	<u>-</u>	<u>4,155,025</u>	<u>4,212,484</u>
Total	<u>\$ 317,326,704</u>	<u>\$ 15,481,001</u>	<u>\$ 16,674,977</u>	<u>\$ -</u>	<u>\$ 4,155,025</u>	<u>\$ 353,637,707</u>

<u>June 30, 2025</u>	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Not Rated</u>	<u>Total</u>
Residential real estate loans:						
1 ñ 4 family	\$ 135,031,524	\$ 3,387,736	\$ 2,606,120	\$ -	\$ -	\$ 141,025,380
Multi-family dwelling units	4,038,698	-	-	-	-	4,038,698
Home equity	23,370,384	813,543	319,302	-	-	24,503,228
Nonresidential real estate	77,007,521	3,627,218	4,981,625	-	-	85,616,364
Real estate construction and land	25,604,779	1,412,823	-	-	-	27,017,603
Commercial	36,352,858	2,842,574	2,139,511	-	-	41,334,944
Consumer loans	<u>44,564</u>	<u>9,429</u>	<u>-</u>	<u>-</u>	<u>5,718,489</u>	<u>5,772,481</u>
Total	<u>\$ 301,450,328</u>	<u>\$ 12,093,323</u>	<u>\$ 10,046,558</u>	<u>\$ -</u>	<u>\$ 5,718,489</u>	<u>\$ 329,308,698</u>

The Corporation considers the performance of the loan portfolio and its impact on the allowance for loan losses. For residential and consumer loan classes that are less than \$250,000 and not rated, the Corporation also evaluates credit quality based on the performing status of the loan. Nonperforming loans includes loans on nonaccrual and loans past due 90 days or more still accruing interest. The following table presents the recorded investment in residential and consumer loans based on performing status as of June 30, 2026, and 2025.

	<u>Residential Real Estate</u>			
<u>June 30, 2026</u>	<u>Consumer Loans</u>	<u>1-4 Family</u>	<u>Multi-Family</u>	<u>Home Equity</u>
Nonperforming	\$ -	\$ -	\$ -	\$ -
Performing	<u>4,212,484</u>	<u>155,087,580</u>	<u>4,326,037</u>	<u>28,095,365</u>
Total	<u>\$ 4,212,484</u>	<u>\$ 155,087,580</u>	<u>\$ 4,326,037</u>	<u>\$ 28,095,365</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 – LOANS (Continued)

	<u>Residential Real Estate</u>			
<u>June 30, 2025</u>	<u>Consumer Loans</u>	<u>1-4 Family</u>	<u>Multi-Family</u>	<u>Home Equity</u>
Nonperforming	\$ -	\$ -	\$ -	\$ -
Performing	<u>5,772,481</u>	<u>141,025,698</u>	<u>4,038,698</u>	<u>24,503,228</u>
Total	<u>\$ 5,772,481</u>	<u>\$ 141,025,698</u>	<u>\$ 4,038,698</u>	<u>\$ 24,503,228</u>

NOTE 4 – ACCRUED INTEREST RECEIVABLE

Year-end accrued interest receivable was as follows.

	<u>2026</u>	<u>2025</u>
Loans	\$ 1,474,483	\$ 1,769,457
Securities	<u>101,815</u>	<u>102,134</u>
	<u>\$ 1,576,298</u>	<u>\$ 1,871,591</u>

NOTE 5 – PREMISES AND EQUIPMENT

Year-end premises and equipment were as follows.

	<u>2026</u>	<u>2025</u>
Land	\$ 776,489	\$ 776,489
Buildings and improvements	3,630,462	3,571,063
Furniture and equipment	<u>2,604,373</u>	<u>2,546,990</u>
Total cost	7,011,324	6,894,542
Accumulated depreciation	<u>(3,893,446)</u>	<u>(3,752,981)</u>
	<u>\$ 3,117,878</u>	<u>\$ 3,141,561</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 6 – DEPOSITS

Year-end deposits consisted of the following.

	<u>2026</u>	<u>2025</u>
Noninterest-bearing demand deposits	\$ 35,168,832	\$ 35,092,526
NOW and money market accounts	65,632,758	52,398,215
Savings accounts	48,031,564	44,986,804
Certificates of deposit	<u>166,787,790</u>	<u>150,614,515</u>
	<u><u>\$ 315,620,944</u></u>	<u><u>\$ 283,092,060</u></u>

The aggregate amounts of certificates of deposit with balances of \$250,000 or more on June 30, 2026, and 2025 \$19,867,869 and \$17,952,509 respectively. On June 30, 2026, and 2025, the Corporation had \$10,454,742 and \$6,271,368 in Certificate of Deposit Account Registry Service program reciprocal deposits, respectively.

Deposits from principal officers, directors, and their affiliates at year-end 2026 and 2025 were \$5,347,508 and \$5,247,990 respectively.

At June 30, 2026, the scheduled maturities of certificates of deposit were as follows.

Year ending June 30,	2027	\$ 159,765,598
	2028	5,556,388
	2029	708,753
	2030	529,996
	2031	101,293
	Thereafter	<u>125,762</u>
		<u><u>\$ 166,787,790</u></u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 7 – FHLB ADVANCES AND OTHER BORROWINGS

On June 30, 2026, the Bank had a cash management line of credit enabling it to borrow up to \$40,000,000 from the FHLB of Cincinnati. The line of credit must be renewed on an annual basis. Outstanding borrowings were \$14,150,000 on June 30, 2026, and \$28,800,000 on June 30, 2025. On June 30, 2026, the Bank had a REPO line of credit enabling it to borrow up to \$40,000,000 from the FHLB of Cincinnati. The line of credit must be renewed on an annual basis. Outstanding borrowings were zero on June 30, 2026, and June 30, 2025. As a member of the FHLB system and based upon the Bank's current FHLB stock ownership, the Bank has the ability to obtain additional borrowings up to a total of \$108,565,646, including the line of credit. In addition, the Bank has a letter of credit for public deposit collateralization with the FHLB in the amount of \$2,000,000 as of June 30, 2026. Advances can be obtained up to the lower of 50% of the Bank's total assets or 74% of the Bank's pledgeable residential mortgage loan portfolio.

Advances under the borrowing agreements are collateralized by the Bank's FHLB stock, \$150,214,912 of qualifying mortgage loans and \$43,481,532 of qualifying commercial real estate loans. Fixed rate advances are payable at maturity and are subject to prepayment penalties if paid off prior to maturity. The interest rates on the convertible fixed-rate advances are fixed for a specified number of years, then convertible at the option of the FHLB. If the convertible option is exercised, the advance may be prepaid without penalty. Puttable advances are callable at the option of the FHLB on a quarterly basis. Select pay mortgage-matched advances require monthly principal and interest payments and annual additional principal payments.

The Corporation also has available to it a \$2,000,000 revolving line of credit with First Federal Community Bank. The revolving line matures on demand and is secured by shares of the Bank's stock. No amounts were outstanding under the line of credit on June 30, 2026, or 2025. The Corporation also has available to it a \$5,000,000 unsecured overnight line available with United Bankers Bank, subject to terms of a Bilateral Federal Funds Agreement. This line is subject to review and the availability is not guaranteed. No amounts were outstanding under the line of credit on June 30, 2026, or 2025.

At year-end 2026 and 2025, advances from the FHLB were as follows.

	Interest Rate Ranges at June 30, 2026	2026	2025	Interest Rate Ranges at June 30, 2025
Cash management advance	3.85%	\$ 14,150,000	\$ 28,800,000	4.51%
Fixed Rate Advance				
Final Maturity May 2031	4.39%	1,425,000	-	-
Select payment mortgage matched advances, final maturities ranging from February 2027 to February 2032 for 2026 and August 2025 to February 2032 for 2025	1.14-2.36%	<u>924,119</u>	<u>1,204,353</u>	1.14-2.36%
		<u>\$ 16,499,119</u>	<u>\$ 30,004,353</u>	

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 7 – FHLB ADVANCES AND OTHER BORROWINGS (Continued)

At year-end 2026, the scheduled maturities of advances from the FHLB were as follows.

Year ended June 30,	2027	\$ 15,827,431
	2028	185,876
	2029	153,309
	2030	152,456
	2031	154,125
	thereafter	<u>25,922</u>
		<u>\$ 16,499,119</u>

NOTE 8 – INCOME TAXES

Income tax expense was as follows.

	<u>2026</u>	<u>2025</u>
Current tax expense	\$ 2,432,791	\$ 1,958,585
Deferred tax expense (benefit)	<u>(177,759)</u>	<u>(201,684)</u>
	<u>\$ 2,255,032</u>	<u>\$ 1,756,901</u>

Year-end sources of gross deferred tax assets and gross deferred tax liabilities were as follows.

	<u>2026</u>	<u>2025</u>
Deferred tax assets:		
Allowance for loan losses	\$ 913,742	\$ 833,982
Deferred loan fees	10,693	13,773
Accrued benefits	502,855	476,851
Reserve for overdraft program losses	319	988
Non-Accrual Loan Amount	8,242	8,242
Unrealized loss on securities available for sale	<u>9,844</u>	<u>6,138</u>
Total deferred tax assets	1,445,695	1,339,974
Deferred tax liabilities:		
Depreciation	(40,362)	(114,065)
FHLB stock	(242,794)	(242,794)
Mortgage servicing rights	(15,229)	(24,726)
Prepaid expenses	(36,390)	(32,253)
FHLB lender risk account	(64,080)	(57,240)
Earnings from Coshocton County Title Agency	(15,986)	(6,953)
Nonaccrual loan interest	<u>-</u>	<u>-</u>
Total deferred tax liabilities	<u>(414,841)</u>	<u>(478,031)</u>
Net deferred tax asset	<u>\$ 1,030,854</u>	<u>\$ 861,943</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 8 – INCOME TAXES (Continued)

Effective tax rates differ from the federal statutory rates applied to financial statement income before income taxes due to the following. The fiscal year ending June 30, 2026, was subject to a 21% tax rate. The fiscal year ending June 30, 2026, was subject to a blended federal tax rate.

	<u>2026</u>	<u>2025</u>
Income taxes computed at the statutory tax rate on pretax income	\$ 2,313,911	\$ 1,884,546
Tax effect of:		
Tax exempt interest	(678)	(1,026)
Bank owned life insurance	(45,801)	(44,268)
Deductible dividends on ESOP shares	(33,753)	(85,759)
Nondeductible expenses and other	<u>21,353</u>	<u>3,408</u>
	<u>\$ 2,255,032</u>	<u>\$ 1,756,901</u>
Effective tax rate	<u>20.5%</u>	<u>19.6%</u>

The Corporation has not recorded a deferred tax liability of approximately \$526,000 related to approximately \$1,548,000 of cumulative special bad debt deductions included in retained earnings and arising prior to June 30, 1988, the end of the Bank's base year for purposes of calculating bad debt deductions for tax purposes. If this portion of retained earnings is used in the future for any purpose other than to absorb bad debts, it will be added to future taxable income.

The Corporation and its subsidiaries are subject to U.S. federal income tax. There were no penalties or interest recorded in the income statement for the years ending June 30, 2026, or 2025 and no amounts accrued for penalties and interest as of June 30, 2026, or 2025. There were no unrecognized tax benefits as of June 30, 2026, or 2025. The Corporation is no longer subject to examination by taxing authorities for years prior to 2023.

NOTE 9 – BENEFIT PLANS

The Corporation has a profit-sharing plan covering officers of the Corporation. Annual awards are based upon pre-established performance criteria of the Corporation and the individual officers. Awards are discretionary. The plan's expense amounted to \$800,744 and \$823,704 for the years ended June 30, 2026, and 2025, respectively.

The Corporation also sponsors a 401(k)-benefit plan covering its eligible employees. The Corporation makes matching contributions equal to 100% of participants' contributions up to 3% of compensation and 50% of participants' contributions up to the next 2% of compensation. Additional employer nonmatching contributions may be made at the discretion of the Board of Directors and are allocated based on compensation. Employee 401(k) contributions are vested at all times. Employer matching contributions are vested after three years of service. The 2026 and 2025 expense related to this plan were \$96,632 and \$104,672, respectively.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 9 – BENEFIT PLANS (Continued)

In June 2012, the Corporation began providing a supplemental retirement plan for certain executive officers of the Corporation. Participants receive a fixed benefit amount in monthly installments for ten years after the normal retirement age of 65. The agreement with the participants provides for early distributions in the event of death, normal disability or a change of control. Expenses related to this plan were \$156,500 in 2026 and \$176,638 in 2025. The supplemental retirement plan liability on June 30, 2026, and 2025 was \$1,164,487 and \$1,106,948, respectively and is included in accrued expenses and other liabilities.

NOTE 10 – STOCK BASED COMPENSATION

The Corporation's Recognition and Retention Plan (RRP) provides for the issuance of shares to directors and officers. Compensation expense is recognized over the vesting period of the awards based on the fair value of the stock at the issue date. The fair value of the stock was determined using the quoted price of \$33.00 on January 1, 2022, date of grant. RRP shares vest ratably (20%) on each anniversary of the grant date for five years. Total remaining shares are issuable under the plan are zero at fiscal year-end 2026.

A summary of the changes in the Corporation's nonvested shares for the fiscal year follows:

<u>Nonvested Shares</u>	<u>Shares</u>	<u>Weighted-Average Grant-Date Fair Value</u>
Nonvested on June 30, 2025	1,286	\$ 33.00
Granted	-	-
Forfeited	(400)	33.00
Vested	<u>(443)</u>	<u>33.00</u>
Nonvested on June 30, 2026	<u>443</u>	<u>\$ 33.00</u>

As of June 30, 2022, there was no unrecognized compensation cost related to nonvested shares granted under the RRP. The total fair value of shares vested during the years ended June 30, 2026, and 2025 was \$14,606 and \$21,238, respectively.

The Corporation's Equity Incentive Plan provides for the issuance of shares to directors and officers. Compensation expense is recognized over the vesting period of the awards based on the fair value of the stock at the issue date. The fair value of the stock was determined using the quoted price of \$32.20 on January 1, 2025, date of grant and \$29.25 on January 1, 2025, date of grant. Equity Incentive shares vest ratably (20%) on each anniversary of the grant date for five years. Total remaining shares issuable under the plan are 32,350 at fiscal year-end 2026.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 10 – STOCK BASED COMPENSATION (Continued)

A summary of the changes in the Corporation's Equity Incentive for the fiscal year follows:

<u>Nonvested Shares</u>	<u>Shares</u>	<u>Weighted-Average Grant-Date Fair Value</u>
Nonvested on June 30, 2025	10,750	\$ 31.05
Granted	6,000	34.49
Forfeited	(3,350)	30.32
Vested	<u>(2,400)</u>	<u>30.98</u>
Nonvested on June 30, 2026	<u>11,000</u>	<u>\$ 33.16</u>

As of June 30, 2025, there was no unrecognized compensation cost related to nonvested shares granted under the Equity Incentive Plan. The total fair value of shares vested during the years ended June 30, 2026, and 2025 was \$90,392 and \$69,675, respectively.

NOTE 11 – LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES

Some financial instruments, such as loan commitments, credit lines, letters of credit and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and they generally include expiration dates. Commitments may expire without being used. Off-balance sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The contractual amount of financial instruments with off-balance sheet risk at year-end follows.

	<u>2026</u>	<u>2025</u>
Home equity lines of credit – variable rate	\$ 22,279,000	\$ 18,767,000
1-4 residential construction loan commitments	2,238,000	2,015,000
1-4 family residential real estate – variable rate	6,754,000	3,571,000
1-4 family residential real estate – fixed rate	-	-
Land – variable rate	-	-
Commercial lines of credit – variable rate	6,391,000	14,996,000
All other unused commitments	9,464,000	6,099,000
Overdraft protection	1,349,800	1,435,000
Standby letters of credit	221,000	236,000

(Continued)

NOTE 11 – LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES (Continued)

The Bank has entered into employment agreements with two officers of HLFN and the Bank. Both agreements provide for a term of three years beginning in 2025. Both agreements provide for annual salary and performance reviews by the Board of Directors, as well as inclusion of the employee in any formally established employee benefit, bonus, pension and profit-sharing plans for which senior management personnel are eligible. Following expiration of the initial three-year term, the agreements provide for one-year extensions on each anniversary date, subject to review and approval of the extension by disinterested members of the Board of Directors of the Bank. The employment agreements provide for vacation and sick leave in accordance with the Bank's prevailing policies and include change of control provisions.

NOTE 12 – REGULATORY MATTERS

The Bank is subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and the regulatory framework for prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks (the "Basel III Rules") became effective for the Bank on January 1, 2015, with full compliance with all the requirements being phased in over a multi-year period ending January 1, 2020. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes that as of June 30, 2026, and 2025, the Bank had met all capital adequacy requirements to which it was subject.

Prompt corrective actions regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions, asset growth and expansion by the Bank are limited, and capital restoration plans are required. At fiscal year-end 2026 and 2025, the most recent regulatory notifications categorized the Bank as well capitalized. Since the date of the most recent regulatory notification, no event has occurred or circumstance exists that management believes would have affected the Bank's categorization as being well capitalized.

The implementation of the capital conservation buffer under the Basel III Capital Rules began on January 1, 2016, at the 0.625% level and phases in over a four-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2020). The current conservation buffer is 2.50% on June 30, 2026. The Basel III Capital Rules also provide for a "countercyclical capital buffer" that is applicable to only certain covered institutions and does not have any current applicability to the Bank. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of Common Equity Tier 1 capital to risk-weighted assets above the minimum but below the conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 12 – REGULATORY MATTERS (Continued)

At fiscal year-end 2026 and 2025, the Bank's actual capital levels and minimum required levels were as follows.

	<u>Actual</u>		<u>For Capital</u>		<u>To Be</u>	
			<u>Adequacy Purposes</u>		<u>Well Capitalized</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Action Regulations</u>	
					<u>Amount</u>	<u>Ratio</u>
			(Dollars in thousands)			
June 30, 2026						
Total capital (to risk-weighted assets)	\$ 48,883	15.9%	\$ 24,623	8.0%	\$ 30,779	10.0%
Tier 1 (core) capital						
(to risk-weighted assets)	45,029	14.6	18,467	6.0	24,623	8.0
Common equity tier 1 capital	45,029	14.6	13,851	4.5	20,006	6.5
Tier 1 (core) capital						
(to average assets)	45,029	11.7	15,421	4.0	19,277	5.0
June 30, 2025						
Total capital (to risk-weighted assets)	\$ 42,738	14.8%	\$ 23,072	8.0%	\$ 28,840	10.0%
Tier 1 (core) capital						
(to risk-weighted assets)	39,128	13.6	17,304	6.0	23,072	8.0
Common equity tier 1 capital	39,128	13.6	12,978	4.5	18,746	6.5
Tier 1 (core) capital						
(to average assets)	39,128	11.0	14,220	4.0	17,775	5.0

When the Bank converted from a mutual to a stock institution, a liquidation account was established at \$10,579,000, which was net worth reported in the conversion prospectus. Eligible depositors who have maintained their accounts, and less annual reductions to the extent they have reduced their deposits, will receive a distribution from this account if the Bank is liquidated. Dividends may not reduce shareholders' equity below the required liquidation account balance.

Banking regulations limit capital distributions by financial institutions. Generally, capital distributions are limited to the current year to date undistributed net income and prior two years' undistributed net income, as long as the institution remains well capitalized after the proposed distribution. During the remainder of calendar 2026, the Bank could without prior approval declare dividends of \$10,315,916 plus any retained net profits for the period from July 1, 2026, through December 31, 2026.

(Continued)

NOTE 13 – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Corporation used the following methods and significant assumptions to measure fair values.

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, netbook value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Appraisals for collateral-dependent impaired loans are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Corporation. Once received, a member of the Lending Department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. On an annual basis, the Corporation compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to the appraisal value to arrive at fair value. The most recent analysis conducted indicated that a discount of 10-20% should be applied to properties appraised values.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 13 – FAIR VALUE (Continued)

Assets measured at fair value on a recurring basis are summarized below:

Fair Value Measurements at June 30, 2026 Using:				
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities available for sale				
U.S. Government agencies	\$ 10,731,577	\$ -	\$ 10,731,577	\$ -
U.S. Treasury Notes	<u>1,487,163</u>	<u>-</u>	<u>1,487,163</u>	<u>-</u>
Total	<u>\$ 12,218,740</u>	<u>\$ -</u>	<u>\$ 12,218,740</u>	<u>\$ -</u>
Fair Value Measurements at June 30, 2025 Using:				
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities available for sale				
U.S. Government agencies	\$ 9,694,121	\$ -	\$ 9,694,121	\$ -
U.S. Treasury Notes	<u>2,459,065</u>	<u>-</u>	<u>2,459,065</u>	<u>-</u>
Total	<u>\$ 12,153,186</u>	<u>\$ -</u>	<u>\$ 12,153,186</u>	<u>\$ -</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 13 – FAIR VALUE (Continued)

Assets measured at fair value on a non-recurring basis are summarized below:

		Fair Value Measurements at June 30, 2026 Using:			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Other real estate owned:					
Non Residential real estate	\$ -	\$ -	\$ -	\$ -	-

		Fair Value Measurements at June 30, 2025 Using:			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Other real estate owned:					
Residential real estate	\$ -	\$ -	\$ -	\$ -	-

Other real estate owned measured at fair value less costs to sell, had a net carrying amount of \$0 for the year ended June 30, 2026. Direct write-downs of other real estate owned were \$0 for 2025 and \$0 for 2026.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 13 – FAIR VALUE (Continued)

The following table presents quantitative information about level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at June 30, 2026 and 2025:

	<u>Fair value</u>	<u>Valuation Technique</u>	<u>Unobservable Input</u>	<u>Weighted Average</u>
<u>June 30, 2026</u>				
Other real estate owned:				
Non Residential real estate	\$ -	Sales comparison approach	Adjustment for differences between the comparable sales	- %
<u>June 30, 2025</u>				
Other real estate owned:				
Non Residential real estate	\$ -	Sales comparison approach	Adjustment for differences between the comparable sales	- %

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 13 – FAIR VALUE (Continued)

Carrying amounts and estimated fair values of financial instruments at year-end were as follows.

	<u>2026</u>		<u>2025</u>	
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Financial assets:				
Cash and cash equivalents	\$ 4,128,824	4,128,824	\$ 3,818,919	3,818,919
Interest-bearing time deposits	5,845,000	5,845,000	5,846,000	5,846,000
Securities available for sale	12,218,740	12,218,740	12,153,186	12,153,186
Loans held for sale	720,784	720,784	440,318	440,318
Loans, net of allowance for loan losses	347,794,671	347,816,468	323,567,894	323,525,868
FHLB stock	1,588,700	N/A	1,935,900	N/A
Accrued interest receivable	1,576,298	1,576,298	1,871,591	1,871,591
Financial liabilities:				
Demand, savings, and money market deposit accounts	\$(148,833,154)	\$(148,833,154)	\$(132,477,545)	\$(132,477,545)
Certificates of deposit	(166,787,790)	(167,987,415)	(150,614,515)	(151,869,320)
FHLB advances	(16,499,119)	(16,395,617)	(30,004,353)	(29,848,275)
Accrued interest payable	(2,219,699)	(2,219,699)	(2,105,443)	(2,105,443)

The methods and assumptions, not previously presented, used to estimate fair values are described as follows:

(a) Cash and Cash Equivalents: The carrying amounts of cash and short-term instruments approximate fair values.

(b) Interest-bearing time deposits: The carrying amounts for fixed rate interest-bearing time deposits approximate fair values.

(c) FHLB Stock: It is not practical to determine the fair value of FHLB stock due to restrictions placed on its transferability.

(d) Loans held for sale: The fair value of loans held for sale is estimated based upon binding contracts and quotes from third party investors.

(e) Loans: For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Impaired loans are valued at the lower of cost or fair value as described previously. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

(f) Deposits: The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amount). The carrying amounts of variable rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flows calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 13 – FAIR VALUE (Continued)

(g) Short-term Borrowings: The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings, generally maturing within ninety days, approximate their fair values.

(h) Other Borrowings: The fair values of the Corporation's long-term borrowings are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements.

(i) Accrued Interest Receivable/Payable: The carrying amounts of accrued interest approximate fair value.

(j) Off-balance Sheet Instruments: Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, considering the remaining terms of the agreements and the counterparties' credit standing. The fair value of commitments is not material.

NOTE 14 – EARNINGS PER SHARE

The factors used in the earnings per share computation were as follows.

	<u>2026</u>	<u>2025</u>
Basic earnings per common share		
Net income	<u>\$ 8,763,590</u>	<u>\$ 7,217,125</u>
Weighted average common shares outstanding	<u>1,409,475</u>	<u>1,406,632</u>
Basic earnings per common share	<u>\$ 6.22</u>	<u>\$ 5.13</u>
Diluted earnings per common share		
Net income	<u>\$ 8,763,590</u>	<u>\$ 7,217,125</u>
Weighted average common shares outstanding for basic earnings per common share	1,409,475	1,406,632
Add: Dilutive effects of restricted stock awards	<u>348</u>	<u>1,591</u>
Average shares and dilutive potential common shares	<u>1,409,823</u>	<u>1,408,223</u>
Diluted earnings per common share	<u>\$ 6.22</u>	<u>\$ 5.13</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 15 - NONINTEREST EXPENSES

Noninterest expenses included in the consolidated statements of income for the year ended June 30, 2026 and 2025 include the following:

	<u>2026</u>	<u>2025</u>
Salaries and employee benefits	\$ 5,321,632	\$ 5,056,381
Occupancy and equipment	544,854	508,307
State franchise taxes	326,512	289,756
Computer processing	666,424	631,368
Professional services	364,376	349,634
Director fees	134,310	138,940
Federal deposit insurance	171,979	171,342
Other	<u>859,443</u>	<u>765,786</u>
Total noninterest expense	<u>\$ 8,389,530</u>	<u>\$ 7,911,514</u>

NOTE 16 – NONINTEREST INCOME

Following is a detail of noninterest income including a disaggregation of revenue from contracts with customers, gains (losses) on transfers of nonfinancial assets and other revenue for the year ended June 30, 2026 and 2025.

	<u>2026</u>	<u>2025</u>
Service charges and other fees	\$ 891,202	\$ 843,136
Net gains on sales of loans	130,206	37,989
Earnings from Coshocton County Title Agency	70,860	31,622
Bank owned life insurance	218,100	210,800
Other	<u>363,638</u>	<u>143,022</u>
Total noninterest income	<u>\$ 1,674,006</u>	<u>\$ 1,266,569</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 17 – PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Condensed financial information of HLFN as of June 30, 2026, and 2025, and for the years ended June 30, 2026 and 2025, was as follows.

CONDENSED BALANCE SHEETS

June 30, 2026, and 2025

	<u>2026</u>	<u>2025</u>
Assets		
Cash and cash equivalents	\$ 4,146,500	\$ 4,198,761
Investment in banking subsidiary	44,992,507	39,105,285
Investment in non-banking subsidiary	434,324	409,189
Other assets	<u>177,621</u>	<u>112,567</u>
Total assets	<u>\$ 49,750,952</u>	<u>\$ 43,825,802</u>
Liabilities		
Other liabilities	\$ 111,399	\$ 81,830
Deferred federal income tax	<u>15,986</u>	<u>16,293</u>
Total liabilities	127,385	98,123
Shareholders' equity	<u>49,623,567</u>	<u>43,727,679</u>
Total liabilities and shareholders' equity	<u>\$ 49,750,952</u>	<u>\$ 43,825,802</u>

CONDENSED STATEMENTS OF INCOME

Years ended June 30, 2026, and 2025

	<u>2026</u>	<u>2025</u>
Dividends from subsidiaries	\$ 3,000,000	\$ 3,000,000
Other income	<u>70,860</u>	<u>32,339</u>
Total interest income	3,070,860	3,032,339
Operating expenses	<u>129,186</u>	<u>129,237</u>
Income before income taxes and equity in undistributed earnings of subsidiaries	2,941,674	2,903,102
Income tax expense (benefit)	<u>(12,248)</u>	<u>(20,349)</u>
Income before equity in undistributed earnings of subsidiaries	2,953,922	2,923,451
Equity in undistributed earnings of banking subsidiary	5,784,533	4,265,212
Equity in undistributed earnings of non-banking subsidiary	<u>25,135</u>	<u>28,462</u>
Net income	<u>\$ 8,763,590</u>	<u>\$ 7,217,125</u>

(Continued)

HOME LOAN FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 17 – PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (Continued)

CONDENSED STATEMENTS OF CASH FLOWS

Years ended June 30, 2026, and 2025

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities		
Net income	\$ 8,763,590	\$ 7,217,125
Adjustments to reconcile net income to cash provided by operations:		
Equity in undistributed income	(5,809,667)	(4,293,674)
Net change in other assets	(65,054)	81,237
Net change in other liabilities	29,569	85,170
Deferred taxes	<u>(307)</u>	<u>4,670</u>
Net cash from operating activities	2,918,131	3,094,528
Cash flows from financing activities		
Cash dividends paid	<u>(2,970,392)</u>	<u>(2,723,933)</u>
Net cash from financing activities	<u>(2,970,392)</u>	<u>(2,723,933)</u>
Net change in cash and cash equivalents	(52,261)	370,595
Cash and cash equivalents at beginning of period	<u>4,198,761</u>	<u>3,828,166</u>
Cash and cash equivalents at end of year	<u>\$ 4,146,500</u>	<u>\$ 4,198,761</u>

**HOME LOAN FINANCIAL CORPORATION
SHAREHOLDER INFORMATION**

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 2 p.m. local time, on October 13, 2026, at the main office of the Bank at 413 Main Street, Coshocton, Ohio.

STOCK INFORMATION

Home Loan Financial Corporation common stock is quoted on the Over the Counter Bulletin Board under the symbol "HLFN."

SHAREHOLDER AND GENERAL INQUIRIES

Breann L. Miller, Chief Financial Officer
Home Loan Financial Corporation
413 Main Street
Coshocton, OH 43812
(740) 622-0444

TRANSFER AGENT

Computershare
480 Washington Boulevard
Jersey City, NJ 07310

**HOME LOAN FINANCIAL CORPORATION
CORPORATE INFORMATION**

CORPORATION AND BANK LOCATIONS

Corporate and Main Office

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Telephone: (740) 622-0444
Fax: (740) 622-5389

Branch Offices

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Coshocton, OH 43812

Telephone: (740) 622-9417

503 West Main Street
West Lafayette, OH 43845

Telephone: (740) 545-0227

1387 Coshocton Avenue
Mount Vernon, OH 43050

Telephone: (740) 393-0058

1041 West Main Street
Newark, OH 43055

Telephone: (740) 899-4641

DIRECTORS OF THE CORPORATION AND THE BANK

Robert C. Hamilton (Chairman of the Board)
*Chief Executive Officer of Home Loan
Financial Corporation*

Kyle R. Hamilton
*Chief Executive Officer and President of
The Home Loan Savings Bank and
President of Home Loan Financial
Corporation*

Monte T. Londot
Founder of Tolo Enterprises, LLC

William A. Unger
*Owner of PSI Industrial Solutions, Inc., and
Preferred Safety Products, LLC*

Todd L. Johnson
CEO of Wiley Innovations LLC

Anthony W. West
President of Jacobs Vanaman Agency Inc

Special Counsel

Vorys, Sater, Seymour and Pease LLP
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