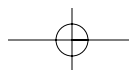


2009 Annual Report



279 E. Morgan Street • Spencer, Indiana 47460 • www.owencom.com



Corporate Profile

Home Financial Bancorp was organized in 1996 and is the holding company for Owen Community Bank, s.b., a federally chartered, FDIC insured thrift institution originally organized in 1911. Headquartered in Spencer, Indiana, the Bank was organized under the name Owen County Savings and Loan Association and is the oldest continuously operating financial institution headquartered in Owen County, Indiana.

Operating from its main office in Spencer and its branch office in Cloverdale, the Bank's principal business consists of attracting deposits from consumers and businesses in its market area and originating consumer, residential, multi-family and commercial real estate loans, as well as other non-residential loans.

The Bank is predominately a portfolio lender that historically has concentrated its lending activities on the origination of loans secured by first mortgage liens for the purchase, construction or refinancing of one-to-four family residential property. Deposits are attracted, principally from within Owen and Putnam Counties, through the offering of a broad selection of deposit instruments including fixed-rate certificates of deposit, NOW and other transaction accounts, and savings accounts.

Owen Community Bank will continue its commitment to meeting the financial service needs of the communities it serves in a friendly, professional manner, while improving shareholder value. We will foster the growth and development of our communities, as well as our employees. We strive to earn a superior return while maintaining an uncompromising commitment to the principles of honesty and integrity. Our commitments to our shareholders, customers and employees will enable the Company to maintain a level of profitability necessary to remain independent for the benefit of the communities we serve.

Home Financial Bancorp's common stock is traded on the OTC Bulletin Board under the symbol "HWEN".

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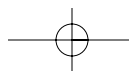
Additional Information Available Upon Request*

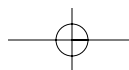
- Independent Accountant's Report
- Audited Financial Statements

* Also available at www.owencom.com.

FOREWARD-LOOKING STATEMENTS

This Annual Report to Shareholders contains statements regarding the intent, belief, outlook, estimate or expectations of the Company, its directors or its officers primarily with respect to future events and the Company's future financial performance. Readers of this Annual Report are cautioned that any such forward-looking statements are not guarantees of future events or performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Factors that could cause such differences include changes in interest rates; loss of deposits and loan demand to other savings and financial institutions; substantial changes in financial markets; changes in real estate values and the real estate market; regulatory changes; or unanticipated results in pending legal proceedings.





From the Chairman

Thank you to all our employees, customers, shareholders and friends for your support during 2009. We are seeing economic and financial service industry changes that, hopefully, will not occur again in our lifetime. More locally, we have seen change at Home Financial Bancorp too.

Our leadership has changed hands. Frank R. Stewart guided this banking operation for more than 45 years in one capacity or another. As Chairman of the Board, he was a driving force behind our conversion to stock in 1996. He also had the vision to identify opportunity for niche lending using manufactured home dealership relationships. This lending served a strong market demand for manufactured home financing and fueled company growth for several years after converting to stock.

Frank's leadership and experience in land development was a critical strength to our operations. The bank benefited greatly from his eye for opportunity. He was a good and trusted friend to me and other board members. He thought of OCB employees as family. He was personally concerned about the welfare of each.

Frank left the military decades ago, but the military never left him. He never backed down from a challenge. In that spirit, we continue to face our loan problems straight-on. We work with customers as long as there is a viable solution to keep borrowers in their homes. When all else fails, we act to protect our shareholders' interests. We try to minimize losses, but work to get rid of properties fast. That's a tough task in today's environment.

Due to the stewardship of Frank, and many dedicated leaders over the past century, we have high capital levels and financial strength required to weather the current rough patch in loan quality and economic chaos. Frank often reminded us: "If it were easy, everyone would be doing it." Right now, it isn't easy. And fewer banks every day are able to continue doing it.

Please rest assured, we are working through the weeds and will be here doing what we do for a very long time to come. Thank you again for your continued confidence and support.

Tad Wilson
Chairman of the Board

From the President

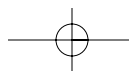
Home Financial Bancorp came through 2009 bruised, but healthy. Despite operating in an industry gripped by unprecedented crises and challenges, we conducted business as usual, as much as possible. Our veteran team of directors, officers and staff, worked each day to uphold our end of the bargain made with shareholders, customers, and the communities we serve. Our focus remains earnings growth, service excellence and community support.

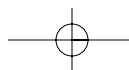
In these troubled times, when others have lost sight of some timeless, common-sense ideas about banking and personal responsibility, OCB's Board of Directors thought it important to acknowledge borrowers who hold up their end of the loan bargain. So they recently took time to personally sign a letter of appreciation to each borrower that has always made their loan payments on time. These borrowers represent about 95% of our loan portfolio but are often overlooked because the other 5% dominate so much of our time and attention.

Ultimately, it doesn't take many defaults to seriously damage net earnings. Problem asset costs siphoned away most of the otherwise strong revenue stream in 2009. Provisions for loan losses drained \$375,000 from the bottom line and repossessed property expense diverted another \$330,000. That's why a continued emphasis on loan quality remains essential to improving net income.

Loan quality improvement is a long, difficult process. It involves making sure new loans are restricted to higher credit-quality borrowers and removing risky credits from the balance sheet. I'm pleased to report progress in this direction. Mortgage loans originated in calendar year 2008 and the first half of 2009 average a FICO credit score of 718. Non-mortgage loans made during that time average a score of about 710. In contrast, loans made during 2001 averaged credit scores of 668 and 660 for mortgage and non-mortgage borrowers, respectively.

Like many other lenders, we use FICO scores as one method to estimate a loan applicant's credit risk. People with high scores are likely to repay loans more consistently than people with low credit scores. As a group, borrowers in the 700-





749 credit score range have a predicted delinquency rate (or credit risk) of 5%. This means that for every 100 borrowers in this range, approximately five will default on a loan, file for bankruptcy, or fall 90 days past due on at least one credit account in the next two years.

In 2004, approximately one-third of our mortgage loan portfolio consisted of borrowers with FICO scores greater than 700. Currently over 50% of our mortgage borrowers have a score above 700. Ninety-five percent of our delinquent loans were made more than two years ago and most of these had a credit score below 670 at time of loan origination. This steady progress in loan quality is crucial to long-term earnings growth for the Company.

A strong capital base, robust net interest income and adherence to honest, principled banking practices will steer the company through this period of troubled assets and a weak economy. We continue to do the right thing, even when it is not convenient. We don't delay recognizing credit losses that we can estimate based on current information and events. For the foreseeable future, loss provision levels will likely continue to impact bottom-line earnings. We work with borrowers who work with us in good faith, but we act to protect our security interest when necessary. We seek quick sales at the best price, but realize the markets for sale of repossessed property are still depressed and seem likely to remain so for some time.

As we look toward 2010, we see more uncertainty. Although community banks were not the cause of the recent economic devastation, we are clearly targeted for "reform" under pending and recently enacted legislation. It is a political pattern repeated time and time again - punish all, instead of holding accountable the few who commit the misdeeds. One of the punishments already imposed is higher regular FDIC premiums and an emergency assessment that increased deposit insurance expense by \$72,000 in 2009. Additional emergency assessments are expected in 2010.

Another anticipated punishment comes in the form of regulatory restructuring proposed by Congress and the Obama Administration. Though still subject to changes, current proposals would eliminate the federal thrift charter, merge together the Office of Thrift Supervision and the Office of the Comptroller of the Currency into a new National Bank Supervisor, and create a new banking agency devoted exclusively to consumer protection.

The uninvited burden of changing corporate charters and adjusting to a new, unfamiliar regulatory regime would be costly and sidetrack critical operating priorities. Further, the unprecedented powers contemplated for the new Consumer Financial Protection Agency constitute a clear and present danger to community banking as we know it. This agency would heap on an additional layer of regulatory command and control over all bank products.

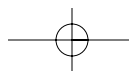
Nobody disagrees that consumers need to be protected from abusive practices, but community banks aren't the problem. Data shows that 94% of high-cost mortgages that caused the economic crisis occurred outside the regulated banking sector. Consumer protection should be focused on the less-regulated financial services providers that - unlike community banks - are not carefully regulated and supervised. The proposed mega-regulator approach would undermine small community banks like ours and cause more harm than good.

We continue to follow the prudent, common-sense banking practices that have guided us for nearly a century. These practices kept us healthy through any number of other tough economic times. We have every confidence that they will serve us well during this time of uncertainty. Sadly, we face this future without our long-time leader.

Frank Stewart, Chairman of Home Financial Bancorp since inception and whom we lost a year ago at age 83, was one of the most interesting and intelligent men any of us will likely encounter. Steeped in traditional midwestern values, he never changed who he was, and was someone everyone, even those with whom he clashed, respected. He is missed greatly, and quoted often at board meetings. But he left a great path to follow and a great Board of Directors to follow it. We are grateful to have known and to have worked with such a fine man and confident leader.

Thanks to all of our Directors for their service and to our employees, customers and shareholders, for their continued support.

Kurt D. Rosenberger
President and Chief Executive Officer



Selected Financial Data

At or For the Year Ended June 30

(\$ in thousands, except per share data)

	2009	2008	2007	2006	2005
OPERATIONS DATA					
Net interest income	\$ 2,682	\$ 2,708	\$ 2,732	\$ 2,994	\$ 3,215
Provision for losses on loans	375	240	260	421	250
Total other income	769	848	617	533	375
Total other expense	3,007	2,906	2,878	2,825	2,773
Income before provision for income taxes	69	410	211	281	567
Provision for income taxes	(80)	54	36	22	115
Net income	\$ 149	\$ 356	\$ 175	\$ 259	\$ 452
FINANCIAL CONDITION DATA					
Total Assets	\$ 69,851	\$ 71,152	\$ 74,900	\$ 76,400	\$ 69,653
Loans receivable, net	56,817	59,637	61,037	62,619	55,732
Cash and cash equivalents	5,270	4,797	4,901	4,332	4,693
Securities available for sale	1,391	1,017	1,887	2,050	2,595
Deposits	43,266	42,164	45,518	44,543	44,655
Borrowed funds	18,500	21,000	21,500	24,000	17,000
Stockholders' equity	7,695	7,682	7,480	7,429	7,329
Non-performing assets	3,368	2,674	1,608	2,470	2,138
Net loan chargeoffs	355	213	195	311	256
Allowance for loan losses	613	592	565	500	390
SELECTED FINANCIAL RATIOS					
Tangible equity to total assets	11.02%	10.80%	9.99%	9.72%	10.52%
Total risk-based capital	17.60	16.98	15.73	14.53	14.87
Net interest margin	4.01	4.02	3.89	4.36	5.22
Interest rate spread	3.65	3.60	3.57	4.04	5.00
Return on average assets	0.21	0.49	0.23	0.35	0.66
Return on average equity	1.92	4.68	2.36	3.50	6.26
Non-performing assets to total assets	4.82	3.76	2.15	3.23	3.07
PER COMMON SHARE DATA					
Basic earnings	\$ 0.11	\$ 0.27	\$ 0.13	\$ 0.20	\$ 0.35
Fully diluted earnings	0.11	0.27	0.13	0.20	0.34
Tangible book value	5.69	5.66	5.50	5.48	5.40
Market value	3.46	3.50	4.90	5.45	6.75
Cash dividend declared	0.12	0.12	0.12	0.12	0.12

Shareholder Information

Annual Meeting

The annual meeting of shareholders will be held at 3:00 p.m., Eastern Daylight Time, on October 13, 2009, at the Holding Company's office at 279 East Morgan Street, Spencer, Indiana.

Notice of the meeting and a proxy statement are included with this mailing to shareholders of record at the close of business on August 18, 2009.

Investor Relations

This Annual Report to Shareholders includes selected consolidated financial data and other information for the fiscal year ended June 30, 2009.

Shareholders, analysts and others interested in additional information may contact:

Kurt D. Rosenberger
President and Chief Executive Officer
P.O. Box 187
Spencer, IN 47460
(812) 829-2095

Stock Listing

Home Financial Bancorp's common stock is publicly traded on the OTC Bulletin Board under the symbol "HWEN".

Directors

Tad Wilson, Chairman
Robert W. Raper, Vice Chairman
Stephen Parrish
John A. Gillaspy
Charles H. Hardesty
Gary M. Monnett
Kurt D. Rosenberger

Stock Transfer Agent and Registrar

Shareholders requiring a change of name, address or ownership of stock, as well as information about shareholder records, lost or stolen certificates, dividend checks, and dividend direct deposit should contact:

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016-3572
(800) 368-5948

Independent Auditor

BKD, LLP
201 North Illinois Street
Indianapolis, IN 46204

Counsel

Barnes & Thornburg LLP
11 South Meridian Street
Indianapolis, IN 46204

Hickam & Lorenz
10 South Main Street
Spencer, IN 47460

Officers

Kurt D. Rosenberger – President, CEO
Gary M. Monnett – Exec. Vice President, CFO
Lori Porter – Vice President
Tammy Randolph – Vice President
Rodger Samuels – Senior Manager
Lisa Wilson – Senior Manager
Christie Leach – Assistant Vice President
Mel McHaley – Assistant Vice President
Judy Terrell – Assistant Vice President
Kara Gunderman – Assistant Vice President
Laura Monnett – Assistant Vice President