



P.O. BOX 187 ■ 279 EAST MORGAN STREET ■ SPENCER, INDIANA 47460
812-829-2095 OR 1-800-690-2095 ■ FAX 812-829-3069
www.hfbancorp.com

Press Release

FOR IMMEDIATE RELEASE

Contact: Kurt D. Rosenberger

Phone: (812) 829-2095

HOME FINANCIAL BANCORP ANNOUNCES
FIRST QUARTER RESULTS

Spencer, Indiana – (November 8, 2011) Home Financial Bancorp (“Company”) (OTCBB Symbol “HWEN”), an Indiana corporation which is the holding company for Our Community Bank, (“Bank”) based in Spencer, Indiana, announces unaudited results for the first quarter ended September 30, 2011.

First Quarter Highlights:

- Provisions for loan losses decreased \$45,000 or 50%;
- Fee income from deposit accounts declined \$16,000 or 15%;
- Repossessed property expense fell \$21,000 or 47%;
- Net income improved 34%, from \$115,000 to \$154,000.

For the quarter ended September 30, 2011, the Company reported net income of \$154,000 or \$.12 basic and diluted earnings per share. Net income totaled \$115,000 or \$.09 basic and diluted earnings per share for the quarter ended September 30, 2010. Improved net income can be attributed to lower loan loss provisions.

Net interest income increased less than 1% to \$796,000 for the three months ended September 30, 2011. Interest income declined \$27,000 or 2%, while interest expense fell \$32,000, or 10%. Net interest margin for the quarter was 4.45%, compared to 4.66% a year earlier.

Loan loss provisions were \$45,000 for the quarter ended September 30, 2011 and \$90,000 for the year-earlier period. A regular assessment of loan loss allowance adequacy indicated that these provisions were required to maintain an appropriate allowance level. Changes in volume, composition and quality of the loan portfolio, as well as actual loan loss experience, will influence the need for future loan loss provisions.

Non-interest income totaled \$176,000, compared to \$190,000 for the year-earlier period. Service charge income on deposit accounts declined \$16,000 or 15%. Non-interest expense decreased \$13,000 or 2% compared to the quarter ended September 30, 2010. Salaries and employee benefit expenses increased \$41,000, or 14%. Repossessed property expense fell \$21,000, or 47%. Also lowering total non-interest expense, deposit insurance expense, computer processing fees and legal and professional fees each decreased compared to the same period a year earlier.

At September 30, 2011, total assets were \$77.6 million. Assets were \$74.8 million at June 30, 2011. During fiscal first quarter 2012, cash and interest-bearing deposits increased 27% to \$7.8 million. Outstanding loans increased less than 1% to \$58.3 million as of September 30, 2011.

Loans delinquent 90 days or more totaled \$1.3 million or 2.3% of total loans at September 30, 2011. Three months earlier, non-performing loans were at \$1.1 million or 1.9% of total loans. Non-performing assets were \$2.0 million or 2.6% of total assets at September 30, 2011 and were \$1.7 million or 2.3% of total assets at June 30, 2011. Non-performing assets included \$695,000 in Real Estate Owned ("REO") and other repossessed properties at September 30, 2011, compared to \$584,000 three months earlier.

The allowance for loan losses declined 4% to \$638,000, compared to \$663,000 at June 30, 2011. Loan loss allowances were 1.09% of total loans at September 30, 2011 compared to 1.14% of total loans at June 30, 2011. Net loans charged off during the quarter ended September 30, 2011 totaled \$70,000 compared to \$7,000 for the first quarter of fiscal 2011. Periodic provisions to loan loss allowances reflect management's view of risk in the Bank's entire portfolio due to a number of dynamic factors, which include, but are not limited to, current economic conditions and loan delinquency trends. Management considered the level of loan loss allowances at September 30, 2011 to be adequate to cover probable incurred losses inherent in the loan portfolio at that date.

Total deposits were \$54.0 million as of September 30, 2011, compared to \$50.8 million three months earlier. Total borrowings fell 7% to \$14.0 million. Borrowings were \$15.0 million at June 30, 2011.

Shareholders' equity was \$8.5 million or 11.0% of total assets at September 30, 2011. Factors affecting shareholders' equity during the quarter included net income, quarterly cash dividends of \$.03 per share, a \$59,000 net increase in the market value of securities available for sale, and a \$12,000 decrease in costs associated with a stock-based employee benefit plan. Based on 1,343,605 shares outstanding, the Company's book value per share was \$6.34 at September 30, 2011.

Home Financial Bancorp and Our Community Bank, an FDIC-insured, state stock commercial bank, operate from headquarters in Spencer, Indiana, and a branch office in Cloverdale, Indiana. Additional information concerning Home Financial Bancorp and its subsidiaries is available at www.hfbancorp.com or www.ocbconnect.com.

HOME FINANCIAL BANCORP

Consolidated Financial Highlights

(Dollars in thousands, except per share and book value amounts)

FOR THREE MONTHS ENDED SEPTEMBER 30:	<u>2011</u>	<u>2010</u>
Net Interest Income	796	791
Provision for Loan Losses	45	90
Non-interest Income	176	190
Non-interest Expense	704	717
Income Tax	69	59
Net Income	154	115
Basic Earnings Per Share:	\$.12	\$.09
Diluted Earnings Per Share:	.12	.09
Average Shares Outstanding - Basic	1,317,257	1,316,438
Average Shares Outstanding - Diluted	1,317,257	1,316,438
	September 30,	June 30,
	<u>2011</u>	<u>2011</u>
Total Assets	\$77,563	\$74,832
Total Loans	58,286	58,042
Allowance for Loan Losses	638	663
Total Deposits	53,983	50,791
Borrowings	14,000	15,000
Shareholders' Equity	8,519	8,341
Non-Performing Assets	2,010	1,707
Non-Performing Loans	1,315	1,123
Non-Performing Assets to Total Assets	2.59%	2.28%
Non-Performing Loans to Total Loans	2.26%	1.93%
Book Value Per Share*	\$6.34	\$6.20

*Based on 1,343,605 shares at September 30, 2011 and 1,345,605 shares at June 30, 2011.