

Home Federal Bancorp, Inc.
Form 10-Q
August 09, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-33795

HOME FEDERAL BANCORP, INC.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation
or organization)

68-0666697
(I.R.S. Employer
Identification Number)

500 12th Avenue South, Nampa, Idaho
(Address of principal executive offices)

83651
(Zip Code)

Registrant's telephone number, including area
code:

(208) 466-4634

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer[]	Accelerated filer	[X]
Non-accelerated filer []	Smaller reporting	[]
	company	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [] No [X]

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: Common Stock, \$.01 par value per share, 16,191,716 shares outstanding as of August 5, 2011.

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Item 1. Financial Statements

HOME FEDERAL BANCORP, INC. AND
SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data) (Unaudited)

	June 30, 2011	September 30, 2010
ASSETS		
Cash and equivalents	\$ 201,944	\$ 416,426
Investments available-for-sale, at fair value	422,142	275,180
FHLB stock, at cost	17,717	17,717
Loans and leases receivable, net of allowance for loan and lease		
losses of \$13,387 and \$15,432	491,421	621,010
Loans held for sale	524	5,135
Accrued interest receivable	2,771	2,694
Property and equipment, net	33,519	27,955
Bank owned life insurance	12,745	12,437
Real estate owned and other repossessed assets	24,179	30,481
FDIC indemnification receivable, net	58,139	64,574
Core deposit intangible	3,414	3,971
Other assets	4,279	5,281
TOTAL ASSETS	\$ 1,272,794	\$ 1,482,861

LIABILITIES AND STOCKHOLDERS' EQUITY**LIABILITIES**

Deposit accounts:

Noninterest-bearing demand	\$ 133,143	\$ 138,300
Interest-bearing demand	235,061	225,794
Money market	176,180	180,454
Savings	82,774	69,079
Certificates	382,311	576,035
Total deposit accounts	1,009,469	1,189,662

Advances by borrowers for taxes and insurance	711	4,658
Accrued interest payable	458	631
Deferred compensation	5,724	5,583
FHLB advances and other borrowings	53,422	67,622
Deferred income tax liability, net	2,689	2,211
Other liabilities	3,494	7,406
Total liabilities	1,075,967	1,277,773

STOCKHOLDERS' EQUITY

Serial preferred stock, \$.01 par value; 10,000,000
authorized;

issued and outstanding, none	--	--
Common stock, \$.01 par value; 90,000,000 authorized; issued and outstanding:	162	167

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Jun. 30, 2011 - 17,512,197 issued; 16,191,716 outstanding		
Sep. 30, 2010 - 17,460,311 issued; 16,687,561 outstanding		
Additional paid-in capital	147,968	152,682
Retained earnings	51,737	56,942
Unearned shares issued to employee stock ownership plan	(7,875)	(8,657)
Accumulated other comprehensive income	4,835	3,954
Total stockholders' equity	196,827	205,088
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,272,794	\$ 1,482,861

See accompanying notes.

HOME FEDERAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data) (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Interest and dividend income:				
Loans and leases	\$8,824	\$6,918	\$26,565	\$21,054
Investment securities	2,450	1,479	6,392	4,831
Other interest and dividends	118	104	463	240
Total interest and dividend income	11,392	8,501	33,420	26,125
Interest expense:				
Deposits	1,452	1,781	5,410	5,129
FHLB advances and other borrowings	547	792	1,769	2,385
Total interest expense	1,999	2,573	7,179	7,514
Net interest income	9,393	5,928	26,241	18,611
Provision for loan losses	2,811	3,300	8,811	6,375
Net interest income after provision for loan losses	6,582	2,628	17,430	12,236
Noninterest income:				
Service charges and fees	2,446	2,325	7,138	6,735
Gain on sale of loans	119	125	655	433
Increase in cash surrender value of life insurance	103	105	309	316
FDIC indemnification recovery	2,389	278	7,235	278
Other	650	63	2,767	478
Total noninterest income	5,707	2,896	18,104	8,240
Noninterest expense:				
Compensation and benefits	6,780	4,660	21,054	13,966
Occupancy and equipment	1,518	979	5,241	3,023
Data processing	1,152	929	3,279	2,526
Advertising	173	233	648	775
Postage and supplies	298	173	901	516
Professional services	863	391	2,617	1,375
Insurance and taxes	716	423	2,792	1,461
Amortization of intangibles	176	--	557	--
Provision for REO	296	418	1,328	2,509
Other	451	462	1,548	1,160
Total noninterest expense	12,423	8,668	39,965	27,311
Loss before income taxes	(134)	(3,144)	(4,431)	(6,835)
Income tax benefit	(56)	(1,203)	(1,819)	(2,654)
Net loss before extraordinary gain	(78)	(1,941)	(2,612)	(4,181)
Extraordinary gain, net of tax of \$195	--	--	--	305
Net loss	\$(78)	\$(1,941)	\$(2,612)	\$(3,876)
Loss per common share before extraordinary item:				
Basic	\$(0.01)	\$(0.12)	\$(0.17)	\$(0.27)
Diluted	(0.01)	(0.12)	(0.17)	(0.27)

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Gain per common share of extraordinary item:

Basic	n/a	n/a	n/a	0.02
Diluted	n/a	n/a	n/a	0.02

Loss per common share:

Basic	(0.01)	(0.12)	(0.17)	(0.25)
Diluted	(0.01)	(0.12)	(0.17)	(0.25)

Weighted average number of shares
outstanding:

Basic	15,536,539	15,543,199	15,616,285	15,491,203
Diluted	15,536,539	15,543,199	15,616,285	15,491,203
Dividends declared per share:	\$0.055	\$0.055	\$0.165	\$0.165

See accompanying notes.

HOME FEDERAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE
INCOME (LOSS)

(In thousands, except share data) (Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Unearned Shares Issued to ESOP	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount					
Balance at September 30, 2009	16,698,168	\$ 167	\$ 150,782	\$ 64,483	\$ (9,699)	\$ 3,932	\$ 209,665
Restricted stock issued, net of forfeitures	(25,607)	--					--
ESOP shares committed to be released			444		1,042		1,486
Exercise of stock options	15,000	--	161				161
Share-based compensation			1,279				1,279
Tax adjustments for equity compensation plans			16				16
Dividends paid (\$0.220 per share)				(3,450)			(3,450)
Comprehensive income (loss):							
Loss before extraordinary item				(4,396)			(4,396)
Extraordinary gain, net of tax				305			305
Other comprehensive income:							
Change in unrealized holding loss on securities available- for-sale, net of taxes of \$(49)						82	82
Adjustment for realized gains, net of taxes of \$38						(60)	(60)
Comprehensive loss							(4,069)
Balance at September 30, 2010	16,687,561	167	152,682	56,942	(8,657)	3,954	205,088

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Restricted stock issued, net of forfeitures	27,269	--					--
ESOP shares committed to be released			174	782			956
Exercise of stock options	51,886	--	541				541
Share-based compensation			633				633
Dividends paid (\$0.165 per share)					(2,593)		(2,593)
Stock repurchase	(575,000)	(5)	(6,062)				(6,067)
Comprehensive income (loss):							
Net loss					(2,612)		(2,612)
Other comprehensive income:							
Change in unrealized holding loss on securities available-for-sale, net of taxes of \$612						881	881
Comprehensive loss							(1,731)
Balance at June 30, 2011	16,191,716	\$ 162	\$ 147,968	\$ 51,737	\$ (7,875)	\$ 4,835	\$ 196,827

See accompanying notes.

HOME FEDERAL BANCORP, INC. AND
SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH
FLOWS

(In thousands) (Unaudited)

Nine Months Ended
June 30,

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,612)	\$ (3,876)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	1,825	1,541
Amortization of core deposit intangible	557	--
Accretion of FDIC indemnification receivable	(1,927)	--
Net amortization of premiums and discounts on investments	4,320	336
Gain on sale of fixed assets and repossessed assets	(581)	(161)
Gain on sale of securities	(6)	--
ESOP shares committed to be released	956	1,133
Share-based compensation	633	962
Provision for loan losses	8,811	6,375
Provision for losses on REO and other repossessed assets	1,328	2,509
Accrued deferred compensation expense, net	141	135
Net deferred loan fees	(177)	(58)
Deferred income tax benefit	26	(3,082)
Net gain on sale of loans	(655)	(433)
Proceeds from sale of loans held for sale	24,133	19,239
Originations of loans held for sale	(18,866)	(20,439)
Increase in cash surrender value of bank owned life insurance	(309)	(316)
Change in assets and liabilities:		
Interest receivable	(77)	451
Other assets	(2,377)	2,135
Interest payable	(173)	7
Other liabilities	(3,912)	(319)
Net cash provided from operating activities	11,058	6,139

**CASH FLOWS FROM INVESTING
ACTIVITIES:**