Home Federal Bancorp, Inc. of Louisiana
Form 424B3
November 12, 2010

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**Filed Pursuant to Rule 424(b)(3)**
**Registration File No. 333-169230**

**PROSPECTUS**

**(Proposed Holding Company for Home Federal Bank)**
**Up to 2,156,250 Shares of Common Stock**
**(Anticipated Maximum, Subject to Increase)**

Home Federal Bancorp, Inc. of Louisiana, a new Louisiana corporation, is offering up to 2,156,250 shares of its common stock to the public in connection with the conversion of Home Federal Bank from the mutual holding company form of organization to the fully public stock holding company structure. The shares being offered represent the approximately 63.8% ownership interest in Home Federal Bancorp, Inc. of Louisiana, a federal corporation, now owned by Home Federal Mutual Holding Company of Louisiana, its mutual holding company parent. The remaining 36.2% ownership interest in Home Federal Bancorp are shares held by the public which will be exchanged for shares of the new holding company s common stock. If you are now a shareholder of the existing Home Federal Bancorp and continue to be on the date we complete the conversion and offering, your shares will be exchanged automatically for between 0.7464 and 1.0098 shares of the new holding company s common stock, or up to 1.1612 shares in the event we increase the maximum of the offering range by 15%. The actual exchange ratio will depend upon the number of new shares we sell in our offering.

We are offering the shares of common stock in a subscription offering to eligible depositors and certain borrowers of Home Federal Bank. Shares of common stock not purchased in the subscription offering may be offered for sale to the general public in a community offering, with a preference given to our local communities and the shareholders of Home Federal Bancorp. We also may offer for sale shares of common stock not purchased in the subscription offering or community offering in a syndicated community offering through a syndicate of selected broker-dealers, with Stifel, Nicolaus & Company, Incorporated serving as sole book-running manager.

If you are a current or former depositor or certain current borrower of Home Federal Bank, you may have priority rights to purchase shares in the subscription offering.

If you are not in the above priority but are interested in purchasing shares of common stock, you may be able to purchase shares in the community offering, if shares remain available after priority orders are filled.

**We are offering up to 2,156,250 shares of common stock for sale to the public on a best efforts basis, subject to certain conditions. We must sell a minimum of 1,593,750 shares to complete the offering. All shares of common stock being offered for sale will be sold at a price of $10.00 per share.** If, as a result of regulatory considerations, demand for the shares or changes in market conditions, or the independent appraiser determines our market value has increased, we may sell up to 2,479,688 shares without giving you further notice or the opportunity to change or cancel your order.

Funds received before completion of the offering will be maintained in a segregated account at Home Federal Bank. We will pay interest on all funds received at a rate equal to Home Federal Bank s passbook rate, which is currently 0.50% and subject to change at any time. If we terminate the offering for any reason, we will promptly return your funds with interest calculated at Home Federal Bank s passbook rate, and deposit account withdrawal authorizations will be canceled.

The offering will terminate at 2:00 p.m., Central time, on December 7, 2010. We may extend this expiration date without notice to you for up to 45 days, until January 21, 2011. The minimum purchase is 25 shares. Once submitted, your order is irrevocable unless we terminate or extend the offering beyond January 21, 2011, with Office of Thrift Supervision approval. No single extension may exceed 90 days and we must complete the offering by December 15, 2012. If we extend the offering beyond January 21, 2011 subscribers will be notified and have the right to confirm, modify or rescind their stock orders, and for subscribers who do not respond, funds will be returned promptly with interest, and deposit account withdrawal authorizations will be canceled.

Home Federal Bancorp s common stock is currently quoted on the OTC Bulletin Board under the symbol HFBL. We expect that the new holding company s common stock will be listed for trading on the Nasdaq Capital Market under the symbol HFBLD for a period of 20 trading days after completion of the offering. Thereafter, the trading symbol will be HFBL.

Stifel, Nicolaus & Company, Incorporated will assist us in our selling efforts on a best efforts basis, but is not obligated to purchase any of the common stock that is being offered. Purchasers will not pay any commission to purchase shares of common stock in the offering.

**This investment involves a degree of risk, including the possible loss of principal.**
**Please read Risk Factors beginning on page 16.**

**OFFERING SUMMARY**
**Price per share: $10.00**

| | Minimum | Midpoint | Maximum | Maximum, as Adjusted |
|---|---|---|---|---|
| Number of shares | 1,593,750 | 1,875,000 | 2,156,250 | 2,479,688 |
| Gross offering proceeds | $ 15,937,500 | $ 18,750,000 | $ 21,562,500 | $ 24,796,880 |
| Estimated offering expenses (excluding selling agent fees) | 950,000 | 950,000 | 950,000 | 950,000 |
| Selling agent fees(1) | 545,730 | 642,480 | 739,230 | 850,493 |
| Estimated net proceeds | 14,441,770 | 17,157,520 | 19,873,270 | 22,996,387 |
| Estimated net proceeds per share | $ 9.06 | $ 9.15 | $ 9.22 | $ 9.27 |

(1) Assumes 50% of the shares are sold in the subscription and community offerings and 50% of the shares are sold in the syndicated community offering. For a description of Stifel, Nicolaus & Company, Incorporated s compensation for the stock offering, see The Conversion and Offering Marketing Arrangements.

**These securities are not deposits or accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Neither the Securities and Exchange Commission, the Office of Thrift Supervision, nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**Stifel Nicolaus Weisel**

For assistance, please call the Stock Information Center, toll-free, at 1-(877) 643-8196

**The date of this prospectus is November 5, 2010**

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## SUMMARY

*This summary highlights material information from this document and may not contain all the information that is important to you. To understand the conversion and offering fully, you should read this entire document carefully, including the consolidated financial statements and the notes to the consolidated financial statements included elsewhere herein.*

### Our Company

***Home Federal Bancorp, Inc. of Louisiana (New).*** We have formed a new Louisiana corporation called Home Federal Bancorp, Inc. of Louisiana, which will become the holding company for Home Federal Bank following completion of the conversion and offering. The new holding company is conducting this stock offering in connection with the conversion of Home Federal Mutual Holding Company of Louisiana from the mutual to the stock form of organization. Upon completion of the conversion and offering, the current mid-tier stock holding company will cease to exist. The executive offices of Home Federal Bancorp, Inc. are located at 624 Market Street, Shreveport, Louisiana 71101, and its telephone number is (318) 222-1145.

***Home Federal Bank.*** Home Federal Bank is a federally chartered stock savings bank originally organized in 1924 as Home Federal Savings and Loan Association. The bank reorganized into the mutual holding company structure in January 2005 and changed its name to Home Federal Bank in 2009 as part of its business strategy to be recognized as a community bank. Home Federal Bank s headquarters and main office, two full service branch offices and agency office are located in Shreveport, Louisiana and serve the Shreveport-Bossier City metropolitan area. Home Federal Bank s business primarily consists of attracting deposits from the general public and using those funds to originate loans. At our agency office, we offer security brokerage and advisory services through a third party provider. Home Federal Bank s market area is Caddo Parish, Louisiana, which includes the city of Shreveport, and neighboring communities in Bossier Parish, Louisiana.

Following the conversion and offering, we expect to grow Home Federal Bank s franchise through *de novo* branch offices. We have acquired land in North Bossier for a branch office expected to open in November 2010. We also expect to open an office in South Bossier at a future time.

***Home Federal Mutual Holding Company of Louisiana.*** Home Federal Mutual Holding Company of Louisiana currently is the mutual holding company parent of Home Federal Bancorp. The principal business purpose of Home Federal Mutual Holding Company is its ownership of 2,135,375 shares, or approximately 63.8% of the outstanding shares of Home Federal Bancorp s common stock. Home Federal Mutual Holding Company will no longer exist upon completion of the conversion and offering.

### Our Market Area

Home Federal Bancorp s primary market area for loans and deposits is in northwest Louisiana, particularly Caddo and Bossier Parishes located in the Shreveport-Bossier City metropolitan statistical area, and neighboring communities.

Shreveport and Bossier City are located in northern Louisiana on Interstate 20, approximately fifteen miles from the Texas state border and 185 miles east of Dallas, Texas. Our primary market area has a diversified economy with employment in services, government and wholesale/retail trade constituting the basis of the local economy, with service jobs being the largest component. The majority of the services are health care related as Shreveport has become a regional hub for health care. The casino gaming industry also supports a significant number of service jobs.

The energy sector has a prominent role in the regional economy, resulting from oil and gas exploration and drilling.

**Our Business**

Beginning in fiscal 2009, we began to implement our strategy to position Home Federal Bank as a local community bank with a focus on providing customers in our market area with local decision-making, diverse products and services and an efficient underwriting process. Our primary business lines involve generating funds from deposits or borrowings and investing such funds in loans. We underwrite loans and sell substantially all of our fixed rate residential mortgages we originate. In the past two years, we have added commercial loan products, which include commercial real estate and commercial business loans. We currently operate three retail banking locations in Shreveport, Louisiana and one agency office where we offer security brokerage and advisory services through Tipton Wealth Management.

Our primary lines of business are:

***Retail Lending.*** We offer residential mortgage loans, home equity loans and non-real estate consumer loans through our branch offices.

***Commercial Lending.*** We offer commercial real estate and multi-family residential loans and commercial business loans to borrowers in our market area.

***Deposit Products.*** We offer a full range of traditional deposit products for consumers and businesses, such as checking accounts, savings accounts, money market accounts and certificates of deposit.

We provide a full range of services to our customers including ATM and check card services and overdraft protection. We have recently added mobile and Internet banking and remote electronic deposits.

**The Conversion and Offering (Page 90)**

In 2005, we organized Home Federal Bancorp, Inc. of Louisiana, a federally chartered corporation, as the mid-tier stock holding company for Home Federal Bank. The common stock of Home Federal Bancorp is registered under the Securities Exchange Act of 1934, as amended, and is publicly quoted on the OTC Bulletin Board under the symbol HFBL. At the conclusion of the stock offering and the conversion of Home Federal Mutual Holding Company, Home Federal Bancorp, the federal corporation, will no longer exist. The existing public shareholders of Home Federal Bancorp will have their shares converted into between 0.7464 and 1.0098 shares of the new holding company s common stock. As of June 30, 2010, Home Federal Bancorp had total assets of $185.1 million and stockholders equity of $33.4 million.

The following chart shows our current ownership structure which is commonly referred to as the two-tier mutual holding company structure:

Following the conversion and offering, our ownership structure will be as follows:

The conversion and offering are commonly referred to as a second-step conversion.

**Our Business Strategy (Page 41)**

We have several business strategies that are designed to further improve our long-term profitability and enhance our franchise. These strategies include:

- Continuing to grow and diversify our loan portfolio by emphasizing commercial real estate and commercial business loans;
- Diversifying our products and services for a larger customer base and an enhanced competitive position;
- Managing our expenses while building an infrastructure to support our full-service community bank products and services;
- Enhancing core earnings through lower cost transaction and savings accounts combined with higher yielding commercial real estate and business loans and selling our fixed rate residential mortgage loan originations;
- Continuing expansion in our market area by opening additional *de novo* branches and possibly, through acquisitions of other financial institutions and banking related businesses (although we have no current plans, understandings or agreements with respect to any specific acquisitions);
- Maintaining asset quality while continuing to grow and diversify our loan portfolio; and
- Being competitive in our market area by emphasizing local decision making and an efficient loan approval process.

**Reasons for the Conversion and Offering (Page 90)**

We are pursuing the conversion and offering for the following reasons:

- While Home Federal Bank currently exceeds all regulatory capital requirements, the additional funds resulting from the offering will support continued growth and expansion, including opening new branch offices, particularly in Bossier Parish, hiring and retaining personnel, diversifying into other financial services-related activities and providing enhanced lending capability. Our board of directors considered current market conditions, the amount of capital needed for continued lending and operational growth, the fact that the offering will not raise excessive capital, and the interests of existing shareholders in deciding to conduct the conversion and offering at this time.

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The additional shares in our employee stock ownership plan and the proposed new stock benefit plans will assist us with retaining and strengthening our management team by providing competitive compensation for our senior officers. Although we have not to date lost the services of any members of senior management without the additional stock benefit plans, being able to offer such stock benefits in the future has been an important part of the structure of compensation packages in seeking to add new lending officers in connection with implementation of our business plan.

The full public stock holding company structure, as compared to the mutual holding company structure, is a more familiar form of organization, which we believe will make our common stock more appealing to investors, and will give us greater flexibility to access the capital markets through possible future equity and debt offerings, although we have no current plans, agreements or understandings regarding any additional securities offerings. The mutual holding company structure is more restrictive due to the requirement that the parent mutual holding company always control a majority of the mid-tier holding company s common stock.

To eliminate some of the uncertainties associated with the recently enacted financial regulatory legislations which will result in changes to our primary bank regulator and holding company regulator, currently the Office of Thrift Supervision, as well as possibly material changes in regulations governing the conversion to a fully public stock holding company structure. Neither the Office of the Comptroller of Currency nor the Federal Reserve Board have adopted regulations addressing second-step conversions and there is no assurance that those agencies will adopt, without material change, the regulations issued by the Office of Thrift Supervision that currently govern second-step conversions. The statutory transfer date of the functions of the Office of Thrift Supervision to the other federal banking agencies is July 21, 2011, subject to extension up to January 21, 2012, during which time it may be difficult to receive regulatory approval for second-step conversions.

We believe that our current mutual holding company structure limits our opportunities to acquire other institutions because we cannot now issue stock in an acquisition in an amount that would cause Home Federal Mutual Holding Company to own less than a majority of the outstanding shares of Home Federal Bancorp s common stock. The conversion will facilitate our ability to acquire other institutions by eliminating the mutual holding company, although we do not currently have any agreements or understandings regarding any specific acquisition transaction.

We expect that the conversion will result in greater liquidity for our stock by increasing the number of outstanding shares held by public shareholders and by being listed for trading on the Nasdaq Capital Market.

Our board of directors considered current market conditions for financial institution stock, in particular those issued in second-step conversions and the effect such conditions had on the appraised value of the common stock, and thus the exchange ratio. We believe that the benefits of raising significant additional equity, but not an excessive amount, now is important in order to support and implement our business plan. If we do not raise excess capital in the offering, it will have a positive impact on our return on equity.

In view of Home Federal Bancorp s current operations and capital level and due to the significant additional capital that will be raised by Home Federal Bancorp in connection with the conversion, Home Federal Mutual Holding Company and Home Federal Bancorp believe that the conversion will result in an institution whose competitive position will be substantially improved. We believe that the conversion will enable us to continue to expand and diversify our loan portfolio, improve our lending platform, retain management and result in an institution which will be able to offer the increasingly sophisticated and broad array of services that are necessary to meet the convenience and needs of Home Federal Bank s customers.

**Terms of the Offering**

We are selling between 1,593,750 and 2,156,250 shares of common stock, all at a price of $10.00 per share. The number of shares to be sold may be increased to 2,479,688. The actual number of shares we sell will depend on an independent appraisal performed by Feldman Financial Advisors, Inc., an independent appraisal firm. We are also exchanging shares of the existing Home Federal Bancorp s common stock, other than shares held by Home Federal Mutual Holding Company, which will be canceled, for shares of the new holding

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company s common stock based on an exchange ratio of between 0.7464 and 1.0098. The exchange ratio may be increased up to 1.1612 in the event that 2,479,688 shares are sold. See The Conversion and Offering How We Determined the Offering Range and the Exchange Ratio beginning at page 99.

The subscription offering will terminate at 2:00 pm, Central time, on December 7, 2010. We may extend this expiration date without notice to you for up to 45 days, until January 21, 2011. We may request permission from the Office of Thrift Supervision to extend the offering beyond January 21, 2011. If we extend the offering beyond January 21, 2011, we will be required to notify each subscriber and resolicit subscriptions.

Commencing concurrently with the subscription offering, we expect to offer shares of common stock in a community offering. In the community offering, natural persons, or trusts of natural persons, who reside in Caddo and Bossier Parishes, Louisiana will have a first preference, followed by public shareholders of Home Federal Bancorp as of October 29, 2010. The community offering is expected to terminate at 2:00 p.m., central time, on December 7, 2010, but may be extended, without notice, until January 21, 2011.

Shares not sold in the subscription or community offerings may be offered for sale in a syndicated community offering, which would be an offering to the general public on a best efforts basis by a syndicate of broker-dealers managed by Stifel, Nicolaus & Company, Incorporated.

We have the right to reject any orders for stock in the community offering and syndicated community offering either in whole or in part. If your order is rejected in part, you cannot cancel the remainder of your order.

We may cancel the conversion and offering at any time prior to the special meeting of members of Home Federal Mutual Holding Company and annual meeting of shareholders of Home Federal Bancorp to vote on the Plan of Conversion and Reorganization. We may also cancel the conversion and offering after the meetings, with the concurrence of the Office of Thrift Supervision. If we cancel the offering, orders for shares of common stock already submitted will be canceled and subscribers funds will be returned promptly with interest calculated at Home Federal Bank s passbook rate, which is currently 0.50% and subject to change at any time.

**Purchase Price**

The purchase price for all investors in the offering is $10.00 per share. You will not pay a commission to buy shares of common stock in the offering. Stifel, Nicolaus & Company, Incorporated, our conversion advisor and marketing agent in the offering, will use its best efforts to assist us in selling shares of the new holding company s common stock. Stifel Nicolaus & Company, Incorporated is not obligated to purchase any shares of common stock in the offering.

**Number of Shares of the New Holding Company s Common Stock to be Sold in the Offering**

We are offering for sale between 1,593,750 and 2,156,250 shares of the new holding company s common stock in this offering. Office of Thrift Supervision regulations govern most of the terms of the conversion and offering. With regulatory approval, we may increase the number of shares to be issued to 2,479,688 shares without giving you further notice or the opportunity to change or cancel your order. In considering whether to increase the offering size, the Office of Thrift Supervision will consider the level of subscriptions, the views of our independent appraiser, our financial condition and results of operations and changes in market conditions. In the event market or financial conditions change so as to cause the aggregate purchase price of the shares to be below the minimum of the offering range or more than 15% above the maximum of such range, we will notify subscribers and return the amount they have submitted with their stock orders, with interest calculated at Home Federal Bank s passbook rate, or cancel their deposit account withdrawal authorizations and we will permit subscribers to place new stock orders.

**How We Determined the Offering Range and the Exchange Ratio (Page 99)**

The offering range and the exchange ratio are based on an independent appraisal by Feldman Financial Advisors, Inc., an appraisal firm experienced in appraisals of savings institutions. The pro forma market value is the estimated market value of our common stock assuming the sale of shares in this offering. Feldman Financial has indicated that in its opinion as of August 27, 2010, our common stock s estimated pro forma market value on a fully converted basis was $29.4 million at the midpoint. In the offering, we are selling shares of common stock of the new holding company representing the approximately 63.8% ownership interest in Home Federal Bancorp, now owned by Home Federal Mutual Holding Company. Feldman Financial estimates that this results in an offering range between $15.9 million and $21.6 million, with a midpoint of $18.75 million.

Three measures that some investors use to analyze whether a stock might be a good investment are the ratio of the offering price to the issuer s book value and tangible book value and the ratio of the offering price to the issuer s earnings. Feldman Financial considered these ratios in preparing its appraisal, among other factors. Book value is the same as total equity and represents the difference in value between the issuer s assets and liabilities. Tangible book value is equal to total equity minus intangible assets.

The following table presents a summary of selected pricing ratios for Home Federal Bancorp, for the peer group and for all fully converted publicly traded savings banks and savings associations. The figures for Home Federal Bancorp are from Feldman Financial s appraisal report and they thus do not correspond exactly to the ratios presented in the Pro Forma Data section of this prospectus. Compared to the median pricing ratios of the peer group, at the midpoint of the offering range our common stock would be priced at a premium of 180.0% to the peer group on a price-to-earnings basis, a discount of 19.1% to the peer group on a price-to-book basis and a discount of 20.5% to the peer group on a price-to-tangible book basis. This means that, at the maximum of the offering range, a share of our common stock would be more expensive than the peer group on an earnings basis and less expensive than the peer group on a book value and tangible book value basis.

| | **Price to Earnings Multiple** | **Price to Book Value Ratio** | **Price to Tangible Book Value Ratio** |
|---|---|---|---|
| Home Federal Bancorp (pro forma) | | | |
| Minimum | 41.7x | 53.9% | 53.9% |
| Midpoint | 50.0x | 60.3 | 60.3 |
| Maximum | 58.8x | 66.1 | 66.1 |
| Maximum, as adjusted | 66.7x | 72.0 | 72.0 |
| Peer group companies as of August 27, 2010 | | | |
| Elmira Savings Bank, FSB | 9.7x | 83.1% | 126.7% |
| First Advantage Bancorp | 67.0x | 66.0 | 66.0 |
| First Capital, Inc. | 17.9x | 87.5 | 99.0 |
| GS Financial Corp. | NM | 54.3 | 54.3 |
| Louisiana Bancorp, Inc. | 26.1x | 91.7 | 91.7 |
| LSB Financial Corp. | 18.1x | 44.0 | 44.0 |
| Newport Bancorp, Inc. | 34.6x | 84.8 | 84.8 |
| North Central Bancshares, Inc. | 13.8x | 53.6 | 53.6 |
| Rome Bancorp, Inc. | 16.5x | 102.2 | 102.2 |
| Wayne Savings Bancshares, Inc. | 9.9x | 63.3 | 66.9 |
| Average | 23.7x | 73.0 | 78.9 |
| Median | 17.9x | 74.5 | 75.9 |
| All publicly traded savings institutions | | | |
| Average | 15.3x | 71.0% | 79.2% |
| Median | 13.7x | 71.3 | 77.0 |

Because of differences and important factors such as operating characteristics, location, financial performance, asset size, capital structure, and business prospects between Home Federal Bancorp and other fully converted institutions, you should not rely on these comparative valuation ratios as an indication as to whether or not the stock is an appropriate investment for you. **The independent valuation is not intended, and must not be construed, as a**

**recommendation of any kind as to the advisability of purchasing the common stock. Because the independent valuation is based on estimates and projections on a number of matters, all of which are subject to change from time to time, no assurance can be given that persons purchasing the common stock will be able to sell their shares at a price equal to or greater than the $10.00 per share purchase price.** See Risk Factors Our Stock Price May Decline When Trading Commences at page 20 and Pro Forma Data at page 35.

**After-Market Performance Information**

The following table presents for all second-step conversions that began trading from January 1, 2009 to August 27, 2010, the percentage change in the trading price from the initial offering price to the dates shown in the table. The table also presents the average and median percentage change in trading prices for the same dates. This information relates to stock performance experienced by other companies that have completed second-step conversions. The companies may have different market capitalization, offering size, earnings quality and growth potential, among other factors than Home Federal Bancorp.

As part of its appraisal of our pro forma market value, Feldman Financial considered the after-market performance of these second-step conversion offerings. None of these companies were included in the peer group of ten publicly traded companies utilized by Feldman Financial in performing its valuation analysis. Because the market for stocks of financial institutions was very volatile over the past two years, a relatively small number of second-step conversion offerings were completed during this period as compared to prior periods.

| | | | | Price Performance from Initial Offering Price | | | |
|---|---|---|---|---|---|---|---|
| **Issuer (Market/Symbol)** | **Closing Date** | **Net Proceeds (In millions)** | **Price to Tangible Book Value Ratio** | **1 Day** | **1 Week** | **1 Month** | **Through August 27, 2010** |
| Jacksonville Bancorp, Inc. (Nasdaq/JXSB) | 07/15/10 | $ 8.7 | 59.9% | 6.5% | 5.8% | 3.0% | (0.1)% |
| Colonial Financial Services, Inc. (Nasdaq/COBK) | 07/13/10 | 19.0 | 64.7 | 0.5 | (1.6) | (2.6) | (1.5) |
| Oneida Financial Corp. (Nasdaq/ONFC) | 07/07/10 | 26.5 | 97.8 | (6.3) | (3.1) | (1.3) | (2.8) |
| ViewPoint Financial Group, Inc. (Nasdaq/VPFG) | 07/07/10 | 166.8 | 93.9 | (5.0) | (2.9) | (3.0) | (8.3) |
| Fox Chase Bancorp, Inc. (Nasdaq/FXCB) | 06/29/10 | 76.6 | 72.6 | (4.1) | (3.7) | (1.8) | (3.2) |
| Oritani Financial Corp. (Nasdaq/ORIT) | 06/24/10 | 364.7 | 90.6 | 3.1 | | (0.9) | (3.9) |
| Eagle Bancorp Montana, Inc. (Nasdaq/EBMT) | 04/05/10 | 19.9 | 81.2 | 5.5 | 5.0 | 4.0 | (8.5) |
| Ocean Shore Holding Co. (Nasdaq/OSHC) | 12/21/09 | 26.9 | 63.0 | 7.5 | 11.9 | 13.1 | 33.8 |
| Northwest Bancshares, Inc. (Nasdaq/NWBI) | 12/18/09 | 603.0 | 103.8 | 13.5 | 13.0 | 14.0 | 10.3 |
| Average | N/A | 145.8 | 80.8 | 2.4 | 2.7 | 2.7 | 1.8 |
| Median | N/A | 26.9 | 81.2 | 3.1 | | (0.9) | (2.8) |

***There can be no assurance that our stock price will trade similarly to these companies. There can also be no assurance that our stock price will not trade below $10.00 per share, particularly as the proceeds raised as a***

***percentage or pro forma stockholders equity may have a negative effect on our stock price performance.***

The table is not intended to indicate how our common stock may perform. Data represented in the table reflects a small number of transactions and is not necessarily indicative of general stock market performance trends or of price performance trends of companies that undergo second-step conversions. Furthermore, this table presents only short-term price performance and may not be indicative of the longer term stock price performance of these companies.

**Effect of the Conversion and Offering on Public Shareholders (Page 91)**

If you are a shareholder of Home Federal Bancorp, the existing publicly traded mid-tier holding company, your shares held on the date of completion of the conversion will be canceled and exchanged for shares of common stock of the new holding company, also named Home Federal Bancorp. The number of new shares you will receive will be based on an exchange ratio determined as of the completion of the conversion. The actual number of shares you receive will depend upon the number of shares we sell in our offering, which in turn will depend upon the final appraisal value of Home Federal Bancorp. The exchange ratio will not depend on the market value of Home Federal Bancorp s common stock. At November 5, 2010, the date of this prospectus, the closing price of Home Federal Bancorp s common stock as reported on the OTC Bulletin Board was $9.70 per share. The following table shows how the exchange ratio will adjust, based on the number of shares sold in our offering. The table also shows how many shares a hypothetical current owner of

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Home Federal Bancorp common stock would receive in the exchange, based on the number of shares sold in the offering.

| | New Shares to be Sold in this Offering | | New Shares to be Exchanged for Existing Common Stock | | Total Shares of Common Stock to be Outstanding After the Offering | Exchange Ratio | Equivalent per Share Value(1) | New Shares that Would be Received for 100 Existing Shares(2) |
|---|---|---|---|---|---|---|---|---|
| | Amount | Percent | Amount | Percent | | | | |
| Minimum | 1,593,750 | 63.8% | 904,481 | 36.2% | 2,498,231 | 0.7464 | $ 7.46 | 74 |
| Midpoint | 1,875,000 | 63.8 | 1,064,095 | 36.2 | 2,939,095 | 0.8781 | 8.78 | 87 |
| Maximum | 2,156,250 | 63.8 | 1,223,709 | 36.2 | 3,379,959 | 1.0098 | 10.10 | 100 |
| 15% above the maximum | 2,479,688 | 63.8 | 1,407,266 | 36.2 | 3,886,954 | 1.1612 | 11.61 | 116 |

(1) Represents the value of shares of the new holding company s common stock received in the conversion by a holder of one share of Home Federal Bancorp s common stock at the exchange ratio, assuming a value of $10.00 per share.

(2) Cash will be paid instead of issuing fractional shares. For each fractional share that you would otherwise be issued, we will pay an amount equal to the product obtained by multiplying the fractional share interest by the $10.00 per share purchase price.

If you own shares of Home Federal Bancorp s common stock which are held in a brokerage account in street name, they will be exchanged within the account without any action on your part. If you are the record owner of shares of Home Federal Bancorp s common stock and hold stock certificates, after the conversion and offering is completed, you will receive a transmittal form with instructions to surrender your stock certificates. Certificates representing the new holding company s common stock will be mailed within five business days after the exchange agent receives properly executed transmittal forms and certificates. Please do not submit a stock certificate until you receive a transmittal form.

**We Intend to Continue to Pay Quarterly Cash Dividends (Page 30)**

Home Federal Bancorp has paid quarterly cash dividends since the third quarter of 2005. For the quarter ended June 30, 2010, the cash dividend was $0.06 per share. We intend to continue to pay quarterly cash dividends after we complete the conversion and offering. We expect that cash dividends per share after the conversion and offering will be consistent with the current amount of dividends of $0.06 per share. However, the dividend rate and the continued payment of dividends will depend on a number of factors, including our capital requirements, our financial condition and results of operations, tax considerations, statutory and regulatory limitations and general economic conditions. No assurance can be given that we will continue to pay dividends or that they will not be reduced or eliminated in the future.

**Benefits to Management from the Conversion and Offering**

Our employees, officers and directors will benefit from the conversion and offering due to various stock-based benefit plans. See New Stock Benefit Plans beginning on page 83.

Full-time employees, including officers, are participants in our existing employee stock ownership plan which will purchase additional shares in connection with the conversion;

Following the first anniversary of the completion of the conversion and offering, we intend to implement the following plans which will benefit our employees and directors:

- a new stock recognition and retention plan; and

- a new stock option plan.

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The following table summarizes, at the minimum and the maximum of the offering range, the total number and value of the shares of common stock that the employee stock ownership plan expects to acquire and the total number and value of all restricted stock awards and stock option grants that are expected to be available under the anticipated new stock recognition and retention plan and stock option plan, respectively, based on shares sold at the offering. We intend to adopt the new recognition and retention plan and stock option plan following the first anniversary of the completion of the conversion and offering.

| | Number of Shares to be Granted or Purchased | | | | Value of Grants | |
|---|---|---|---|---|---|---|
| | At Minimum of Offering Range | At Maximum of Offering Range | As a % of Common Stock to Be Sold in the Offering | Dilution Resulting from Issuance of Shares(3) | At Minimum of Offering Range | At Maximum of Offering Range |
| | | | | | (Dollars in thousands) | |
| Employee stock ownership plan(1) | 95,625 | 129,375 | 6.00% | % | $ 956 | $ 1,294 |
| Recognition and retention plan awards(1) | 63,750 | 86,250 | 4.00 | 2.49 | 638 | 863 |
| Stock options(2) | 159,375 | 215,625 | 10.00 | 6.00 | 385 | 521 |
| Total | 318,750 | 431,250 | 20.00% | 8.20% | $ 1,979 | $ 2,678 |

(1) Assumes the value of the new holding company s common stock is $10.00 per share for purposes of determining the total estimated value of the grants.

(2) Assumes the value of a stock option is $2.42, which was determined using the Black-Scholes option-pricing formula. See Pro Forma Data.

(3) Represents the dilution of stock ownership interest at the midpoint of the offering range. No dilution is reflected for the employee ownership because such shares are assumed to be purchased in the offering.

Shareholders will experience a reduction or dilution of their ownership interest of approximately 8.20% if we use newly issued shares to fund the awards of stock options and restricted shares under the proposed new stock option and recognition and retention plans expected to be implemented after the conversion and offering, assuming the midpoint of the offering range (or taken individually, 6.00% for the new stock option plan and 2.49% for the new recognition and retention plan). If any options previously granted under the 2005 Stock Option Plan are exercised during the first year following completion of the conversion and offering, they will be funded with newly issued shares as the Office of Thrift Supervision regulations do not permit us to repurchase our shares during the first year following the completion of this stock offering except to fund the restricted stock plan or under extraordinary circumstances. We have been advised by the staff of the Office of Thrift Supervision that the exercise of outstanding options and cancellation of treasury shares in the conversion and offering will not constitute an extraordinary circumstance for purposes of satisfying an exception to the requirement.

The following table presents information regarding the existing employee stock ownership plan shares, options and restricted stock previously awarded under the 2005 Stock Option Plan and 2005 Recognition and Retention Plan, the new shares to be purchased by the employee stock ownership plan and the proposed new stock option plan and recognition and retention plan. The table below assumes that 3,379,959 shares are outstanding after the conversion and offering, which includes the sale of 2,156,250 shares in the offering at the maximum of the offering range, the issuance of 1,223,709 shares of the new holding company s common stock in exchange for existing Home Federal Bancorp stock held by shareholders other than Home Federal Mutual Holding

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Company using an exchange ratio of 1.0098 (based on the maximum of the offering range). It is also assumed that the value of the stock is $10.00 per share.

| Existing and New Stock Benefit Plans | Participants | Shares(1) | Estimated Value | Percentage of Total Shares Outstanding |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| Employee Stock Ownership Plan: | All Employees | | | |
| Shares purchased in 2005 mutual holding company reorganization | | 115,005(2) | $ 1,150 | 3.4% |
| Shares to be purchased in this offering | | 129,375 | 1,294 | 3.8% |
| Total employee stock ownership plan shares | | 244,380 | 2,444 | 7.2% |
| Recognition and Retention Plans: | Directors and Officers | | | |
| 2005 Recognition and Retention Plan | | 70,440(3) | 704 | 2.1% |
| Proposed new recognition and retention plan | | 86,250 | 863(4) | 2.6% |
| Total recognition and retention plan shares | | 156,690 | 1,567 | 4.6% |
| Stock Option Plans: | Directors and Officers | | | |
| 2005 Stock Option Plan | | 176,098(5) | 426(6) | 5.2% |
| Proposed new stock option plan | | 215,625 | 521(7) | 6.4% |
| Total stock option plan shares | | 391,723 | 947 | 11.6% |
| Total stock benefit plans | | 792,793 | $ 4,958 | 23.5% |

(1) Shares purchased or awarded and options granted prior to the conversion and offering have been adjusted for the 1.0098 exchange ratio at the maximum of the offering range.
(2) Approximately 28,751 (28,472 shares prior to adjustment for the exchange ratio) of these shares have been allocated to the accounts of participants. The employee stock ownership plan purchased 8.0% (113,889 shares) of the shares issued to shareholders other than Home Federal Mutual Holding Company (1,423,583 shares) in the mutual holding company reorganization completed in January 2005.
(3) Home Federal Bancorp reserved 69,756 shares (before applying exchange ratio) which reflected an amount equal to 4.0% of the shares that would have been issued to persons other than Home Federal Mutual Holding Company in the mutual holding company reorganization if Home Federal Bancorp had issued 49% (1,743,889 shares) of the total shares issued in the reorganization (3,558,958 shares) to minority shareholders rather than 40% (1,423,583 shares) actually issued to such persons. As of June 30, 2010, awards covering 54,863 (55,400 shares after adjustment for the exchange ratio) of the 2005 Recognition and Retention Plan awards have vested, and the shares of Home Federal Bancorp common stock subject to these vested awards have been distributed.
(4)

The actual value of new recognition and retention plan awards will be determined based on their fair value as of the date grants are made. For purposes of this table, fair value is assumed to be the same as the offering price of $10.00 per share.

(5) Of this amount, no options have been exercised to date. Home Federal Bancorp reserved 174,389 shares (before applying exchange ratio) under this plan which reflected 10.0% of the shares that would have been issued to persons other than Home Federal Mutual Holding Company in the mutual holding company reorganization if Home Federal Bancorp had issued 49% (1,743,889 shares) of the total shares issued in the reorganization (3,558,958 shares) to minority shareholders rather than the 40% (1,423,583 shares) actually issued to such persons. As of June 30, 2010, options covering 158,134 shares (before applying the exchange ratio) were issued and outstanding.

(6) The weighted-average fair value of stock options under the 2005 Stock Option Plan has been estimated at $2.42 using the Black-Scholes option pricing model and assumes that all options have been granted and are outstanding. Prior to the adjustment for exchange ratio, the 2005 Stock Option Plan covered a total of 174,389 shares. The weighted-average assumptions used for the options issued under the 2005 Stock Option Plan were the following: exercise price, $10.00; dividend yield, 2.4%; expected life, 10 years; expected volatility, 23.23%; and risk-free interest rate, 2.97%.

(7) The fair value of stock options to be granted under the new stock option plan has been estimated at $2.42 per option using the Black-Scholes option pricing model with the following assumptions: exercise price, $10.00; trading price on date of grant, $10.00; dividend yield, 2.4%; expected life, 10 years; expected volatility, 23.23%; and risk-free interest rate, 2.97%.

As noted above, existing options granted under the 2005 Stock Option Plan will remain outstanding upon completion of the conversion, adjusted for the exchange ratio. In the event that any stock options under the 2005 Stock Option Plan are exercised during the first year after completion of the conversion, the shares issued upon exercise will be from authorized but unissued shares. Our new holding company will take steps to file a registration statement registering the shares issuable under the 2005 Stock Option Plan within 10 business days of the completion of the conversion and the offering.

**Persons Who May Order Shares of Common Stock in the Subscription and Community Offerings**

We are offering shares of the new holding company s common stock which represent the approximately 63.8% ownership interest in Home Federal Bancorp now owned by Home Federal Mutual Holding Company. The shares of common stock are being offered in a subscription offering in the following order of priority.

***FIRST:*** Eligible account holders, who are depositors at Home Federal Bank with $50 or more on deposit as of June 30, 2009.

***SECOND:*** Home Federal Bank s employee stock ownership plan.

***THIRD:*** Supplemental eligible account holders, who are depositors at Home Federal Bank with $50 or more on deposit as of September 30, 2010.

***FOURTH:*** Other members, who are depositors at Home Federal Bank as of October 27, 2010 and borrowers of Home Federal Bank as of January 18, 2005, whose loans continued to be outstanding as of October 27, 2010.

Commencing concurrently with the subscription offering, we expect to offer shares of common stock in a community offering. In the community offering, natural persons, or trusts of natural persons, who reside in Caddo and Bossier Parishes, Louisiana will have a first preference, followed by public shareholders of Home Federal Bancorp as of October 29, 2010.

**Limitations on Common Stock Purchases (Page 103)**

The minimum purchase is 25 shares. Generally, you may purchase no more than $500,000 (50,000 shares) of common stock in the offering. The maximum amount of stock that a person, together with any associates or group of persons acting in concert with such person, may purchase in the offering is the lesser of $1.0 million (100,000 shares) of common stock or 5% of the common stock sold in the offering, which would be, for example, $796,870 (79,687 shares) of common stock at the minimum of the offering range. Your associates are the following persons:

relatives living in your house;

companies, trusts or other entities in which you have a controlling interest or hold a position; or

other persons who may be acting together with you.

In addition to the above, there is an ownership limitation for the public shareholders, other than our employee stock ownership plan. The number of shares of Home Federal Bancorp common stock that you may purchase in the offering individually, and together with associates or persons acting in concert, plus any exchange shares you and they receive, may not exceed 5% of the total shares of Home Federal Bancorp common stock to be issued and outstanding at the completion of the conversion and offering. However, you and your associates or persons acting in concert will not be required to divest any of your Home Federal Bancorp shares or be limited in the number of exchange shares received, subject to the 10% limitations in our Articles of Incorporation described under Restrictions on Acquisitions of Home Federal Bancorp (New) and Home Federal Bank and Related Anti-Takeover Provisions on page 115.

We have the right to determine, in our sole discretion, whether subscribers are associates or acting in concert. Persons having the same address or with accounts registered at the same address generally will be assumed to be associates or acting in concert.

We may decrease or increase the maximum purchase and ownership limitations, with the concurrence of the Office of Thrift Supervision. In the event the maximum purchase limitations are increased, persons who subscribed for the maximum in the subscription offering and indicated on their stock order forms a desire to be resolicited, will be notified and permitted to increase their subscriptions. In the event that we increase the maximum purchase limitation to 5.0% of the shares of common stock sold in the offering, we may further increase the maximum purchase limitation to 9.99%, provided that orders for common stock exceeding 5.0%

of the shares of common stock sold in the offering may not exceed in the aggregate 10.0% of the total shares of common stock sold in the offering.

**Procedure for Purchasing Shares in the Subscription and Community Offerings (Page 107)**

If you want to place an order for shares in the subscription or community offerings, you must complete and sign an original stock order form and deliver it, together with full payment. We are not required to accept copies or facsimiles of stock order forms. The stock order form includes an acknowledgement from you that before purchasing shares of the new holding company s common stock, you received a copy of this prospectus and that you are aware of the risks involved in the investment, including those described under Risk Factors beginning on page 16. You are also acknowledging that the shares of common stock are not a deposit or account and are not federally insured or guaranteed by Home Federal Bank or the federal government. **Your stock order form must be received, not postmarked, by 2:00 p.m. Central time on December 7, 2010.** Once we receive your order, you cannot cancel or change it.

To ensure that we properly identify your subscription rights, you must list all of your deposit or loan accounts as of your applicable subscription offering eligibility date on the stock order form. **If you fail to do so, your subscription may be reduced or rejected if the offering is oversubscribed.** To preserve your purchase priority in the subscription offering, you must register the shares only in the name or names of eligible subscribers at your applicable date of eligibility.

We may, in our sole discretion, reject orders received in the community offering, either in whole or in part. In addition, we may reject an order submitted by a person who we believe is making false representations or who we believe is attempting to violate, evade or circumvent the terms and conditions of the Plan of Conversion and Reorganization. If your order is rejected in part, you cannot cancel the remainder of your order.

**Payment for Shares in the Subscription and Community Offerings (Page 108)**

In the subscription and community offerings, subscribers may pay for shares by:

- personal check, bank check or money order payable to Home Federal Bancorp, Inc. ; or

- authorizing Home Federal Bank to withdraw money from the types of Home Federal Bank deposit accounts permitted on the stock order form (we will waive any applicable penalties for early withdrawals from certificate of deposit accounts).

If you wish to pay by cash, rather than by the above recommended methods, you must deliver your stock order form and payment in person to Home Federal Bank s main office, located at 624 Market Street, Shreveport, Louisiana. Please do not submit third party checks or checks drawn on a Home Federal Bank line of credit. You may not designate withdrawal from Home Federal Bank accounts with check-writing privileges and should submit a check instead. If you request direct withdrawal, we reserve the right to interpret that as your authorization to treat those funds as if we had received a check for the designated amount, and we will immediately withdraw the amount from your checking account(s). You may not authorize direct withdrawal from Home Federal Bank retirement accounts. If you wish to use Home Federal Bank individual retirement account funds (IRAs), please see The Conversion and Offering Procedure for Purchasing Shares in the Subscription and Community Offerings Using Retirement Account Funds to Purchase Shares on page 109 for a complete description of how to use IRA funds to purchase shares in the stock offering.

Checks and money orders received will be promptly cashed and held in a segregated deposit account at Home Federal Bank established to hold funds received as payment for shares. Funds submitted by personal check must be available in the account when the stock order is received. We will pay interest on your subscription funds from the date we process your order calculated at Home Federal Bank s passbook rate, which is currently 0.50%, and subject to change at any time, until the stock offering is completed or terminated.

All funds authorized for withdrawal from deposit accounts at Home Federal Bank must be available in the accounts at the time the stock order is received. A hold will be placed on those funds when your stock order is received, making the designated funds unavailable to you during the offering period. Funds will not be

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withdrawn from an account until the completion of the conversion and offering and will earn interest within the account at the applicable deposit account rate until that time. If, as a result of a withdrawal from a certificate of deposit, the balance falls below the minimum balance requirement, the remaining funds will be transferred to a savings account and will earn interest at our passbook rate. There will be no early withdrawal penalty for withdrawals from certificates of deposit at Home Federal Bank used to pay for stock.

Home Federal Bank is not permitted to lend funds (including funds drawn on a Home Federal Bank line of credit) to anyone for the purpose of purchasing shares of common stock in the offering.

**Deadline for Orders of Common Stock in the Subscription and Community Offerings**

To purchase shares in the subscription and community offerings, a properly completed and signed stock order form, together with full payment for the shares, must be received, not postmarked, by no later than 2:00 p.m., Central time, on December 7, 2010, unless we extend the deadline. Subscribers may submit order forms by mail using the stock order reply envelope provided, by overnight delivery to the Stock Information Center address indicated on the order form, or by hand delivery to Home Federal Bank s main office, located at 624 Market Street, Shreveport, Louisiana. Please do not deliver order forms to our other offices or mail your order form to Home Federal Bank. Once submitted, orders are irrevocable unless we terminate or extend the offering beyond January 21, 2011.

We may extend the expiration date of the subscription and/or community offerings, without notice to you, until January 21, 2011. If an extension beyond January 21, 2011 is granted by the Office of Thrift Supervision, we will notify subscribers of the extension of time and subscribers will have the right to confirm, modify or rescind their subscriptions. If we do not receive a response from a subscriber to any resolicitation, the subscriber s order will be rescinded and all funds received will be returned promptly with interest, or deposit account withdrawal authorizations will be canceled.

**Restrictions on Transfer of Subscription Rights and Shares (Page 109)**

You may not transfer, assign or sell your subscription rights. Any transfer of subscription rights is prohibited by law. If you exercise subscription rights to purchase shares in the subscription offering, you will be required to acknowledge that you are purchasing shares solely for your own account and that you have no agreement or understanding regarding the sale or transfer of shares. We intend to pursue any and all legal and equitable remedies if we learn of the transfer of any subscription rights. We will reject orders that we determine to involve the transfer of subscription rights.

On the stock order form, you may not add the names of others for joint stock registration who do not have subscription rights or who qualify in a lower subscription offering priority than you do. You may add only those who were eligible to purchase shares of common stock in the subscription offering at your date of eligibility. In addition, the stock order form requires that you list all deposit accounts or loan accounts, giving all names on each account and the account number at the applicable eligibility date.

**Delivery of Stock Certificates in the Subscription and Community Offerings (Page 110)**

Certificates representing shares of common stock sold in the subscription and community offerings are expected to be mailed by first-class mail to the persons entitled thereto at the certificate registration address noted by them on the stock order form as soon as practicable following satisfaction of the conditions described below in Conditions to Completion of the Conversion. **It is possible that, until certificates for the common stock are delivered, purchasers may not be able to sell the shares of common stock that they ordered, even though the common stock will have begun trading.** Your ability to sell the shares of common stock prior to your receipt of the stock certificate will depend on arrangements you may make with a brokerage firm.

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**How Our Net Proceeds Will be Used (Page 29)**

The following table shows how we intend to use the proceeds from the offering based on the sale of shares at the minimum and maximum of the offering range.

| | 1,593,750 Shares at $10.00 per Share | 2,156,250 Shares at $10.00 per Share |
|---|---|---|
| | (Dollars in thousands) | |
| Offering proceeds | $ 15,938 | $ 21,563 |
| Less: offering expenses | (1,496) | (1,689) |
| Net offering proceeds | $ 14,442 | $ 19,873 |
| Plus: MHC capital contribution | 100 | 100 |
| Less: | | |
| Proceeds contributed to Home Federal Bank | $ (7,221) | $ (9,937) |
| Proceeds used for loan to employee stock ownership plan | (956) | (1,294) |
| Proceeds used to repurchase shares for stock recognition plan | (638) | (863) |
| Proceeds remaining for Home Federal Bancorp | $ 5,727 | $ 7,880 |

We may use the portion of the proceeds that we retain to, among other things, invest in securities, pay dividends to shareholders, repurchase shares of common stock (subject to regulatory restrictions), finance the possible acquisition of financial institutions or other businesses that are related to banking (although we have no current plans, agreements or understandings with respect to any possible acquisitions) or for general corporate purposes.

The proceeds to be contributed to Home Federal Bank will be available for general corporate purposes, including to support the future expansion of operations through acquisitions of other financial institutions, the establishment of additional branch offices or other customer facilities, expansion into other lending markets or diversification into other banking related businesses, although no such transactions are specifically being considered at this time. The proceeds to be contributed to Home Federal Bank also will support its lending activities.

**Conditions to Completion of the Conversion**

We cannot complete our conversion and related offering unless:

The Plan of Conversion and Reorganization is approved by at least a majority of votes eligible to be cast by members of Home Federal Mutual Holding Company (depositors and certain borrowers of Home Federal Bank);

The Plan of Conversion and Reorganization is approved by at least:

- two-thirds of the outstanding shares of Home Federal Bancorp common stock; and
- a majority of the outstanding shares of Home Federal Bancorp common stock, not including those shares held by Home Federal Mutual Holding Company;

We sell at least the minimum number of shares offered; and

We receive the final approval of the Office of Thrift Supervision to complete the conversion and offering and related transactions.

Home Federal Mutual Holding Company intends to vote its approximately 63.8% ownership interest in favor of the Plan of Conversion and Reorganization. In addition, as of October 29, 2010, directors and executive officers of Home Federal Bancorp and their associates owned 140,052 shares of Home Federal Bancorp s common stock, or 4.2% of the outstanding shares, excluding shares that may be acquired pursuant to the exercise of stock options. They intend to vote those shares in favor of the Plan of Conversion and Reorganization.

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**Market for Our Common Stock (Page 31)**

Home Federal Bancorp s common stock is currently quoted on the OTC Bulletin Board under the symbol HFBL. We expect the new holding company s common stock will be listed for trading on the Nasdaq Capital Market under the symbol HFBLD, for the first 20 trading days after the conversion and offering is completed. Thereafter it will trade under the symbol HFBL .

**Restrictions on Acquisitions of Home Federal Bancorp (New) and Home Federal Bank (Page 115)**

Federal regulations, as well as provisions contained in the articles of incorporation and bylaws of the new holding company, contain certain restrictions on acquisitions of the new holding company or its capital stock. These regulatory restrictions include the requirement that a potential acquirer of common stock obtain the prior approval of the Office of Thrift Supervision before acquiring in excess of 10% of the outstanding common stock. Additionally, Office of Thrift Supervision approval would be required for the new holding company to be acquired within three years after the conversion and offering.

In addition, the new holding company s articles of incorporation and bylaws contain provisions that may discourage takeover attempts and prevent you from receiving a premium over the market price of your shares as part of a takeover. These provisions include:

restrictions on the acquisition of more than 10% of our common stock and limitations on voting rights of shares held in excess of 10%;

staggered election of only approximately one-third of our board of directors each year;

the absence of cumulative voting by shareholders in the election of directors;

limitations on the ability of shareholders to call special meetings;

advance notice requirements for shareholder nominations and new business;

removal of directors without cause by a 75% vote of shareholders and with cause by a majority vote of all shareholders;

requirement of a 75% vote of shareholders for certain amendments to the bylaws and certain provisions of the articles of incorporation;

supermajority vote requirements for the approval of certain business combinations not approved by the board of directors; and

the right of the board of directors to issue shares of preferred or common stock without shareholder approval.

**Material Income Tax Consequences (Page 112)**

We have received the opinions of Elias, Matz, Tiernan & Herrick L.L.P. and LaPorte Sehrt Romig & Hand, respectively, that under federal and Louisiana income tax law and regulation, the tax basis to the shareholders of the common stock purchased in the offering will be the amount paid for the common stock, and that the conversion will not be a taxable event for us. These opinions, however, are not binding on the Internal Revenue Service. The full texts of the opinions are filed as exhibits to the Registration Statement of which this prospectus is a part, and copies may be obtained from the Securities and Exchange Commission. See Where You Can Find Additional Information on page 122.

**How You Can Obtain Additional Information Stock Information Center**

Our banking personnel may not, by law, assist with investment-related questions about the offering. If you have questions regarding the offering or conversion, please contact our Stock Information Center. The toll-free phone number is 1-(877)-643-8196. The Stock Information Center s hours of operation are Monday through Friday, from 10:00 a.m. to 4:00 p.m., Central time. The Stock Information Center will be closed weekends and bank holidays.

## RISK FACTORS

You should consider carefully the following risk factors before deciding whether to invest in Home Federal Bancorp s common stock. Our business could be harmed by any of these risks. In assessing these risks you should also refer to the other information contained in this prospectus, including our financial statements and the related notes thereto.

### Risks Related to Our Business

***Increased emphasis on commercial real estate lending may expose us to increased lending risks.*** We intend to continue to emphasize commercial lending which includes loans secured by owner occupied and non-owner occupied commercial real estate, investment real estate with guarantor support. At June 30, 2010, commercial real estate loans totaled $15.4 million, or 16.4% of our total loan portfolio compared to $8.2 million, or 17.2%, at June 30, 2009. Such lending activities generally are considered to involve a higher degree of risk than single-family residential lending due to a variety of factors, including generally larger loan balances, shorter terms to maturity and loan terms which often do not require full amortization of the loan over its term and, instead, provide for a balloon payment at stated maturity. Several of our borrowers have more than one commercial real estate loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan. Finally, if we foreclose on a commercial real estate loan, our holding period for the collateral, if any, typically is longer than for one- to four-family residential property because there are fewer potential purchasers of the collateral. Since we plan to continue to emphasize our originations of these loans, it may be necessary to increase the level of our allowance for loan losses due to the increased risk characteristics associated with these types of loans. Any increase to our allowance for loan losses would adversely affect our earnings. Any delinquent payments or the failure to repay these loans would hurt our earnings.

***Increased emphasis on commercial business lending may expose us to increased lending risks.*** We intend to continue to emphasize commercial business lending which includes lines of credit, inventory financing and equipment loans. At June 30, 2010, our commercial business loans were $9.5 million, or 10.1% of our total loan portfolio compared to $3.9 million or 8.2% of our total loans at June 30, 2009. Although commercial business loans generally have shorter terms and higher interests rates than mortgage loans, they generally involve more risk than mortgage loans because of the nature of, or in certain cases the absence of, the collateral which secures such loans.

***The loans in our commercial loan portfolio are unseasoned which means that we do not have a history of payments which would assist us in predicting future performance.*** As a result of our increasing emphasis on commercial lending over the past year, a large portion of our commercial real estate and commercial non-mortgage loan portfolios is relatively unseasoned. As a result, we may not have enough payment history upon which to judge future collectibility or to predict the future performance of this part of our loan portfolio. These loans may have delinquency or charge-off levels above our historical experience, which could adversely affect our future performance. We attempt to mitigate such risks by lending to known borrowers in our market area. Many of our commercial loans originated in fiscal 2010, were to borrowers who had prior lending relationships with our loan officers.

***If we do not achieve profitability on new branches, the new branches may hurt our earnings and negatively impact our expense ratio.*** We intend to open a new branch office in North Bossier in November 2010 and expect to open an office in South Bossier at a future time. Our branch expansion strategy and our branch upgrading may not increase our earnings in the short term or within a reasonable period of time, if at all. Numerous factors will affect our branch expansion strategy, including our ability to attract new customers, select suitable branch locations and hire and retain qualified managers and personnel. It takes time for a new branch to generate significant deposits and loan volume to offset expenses, some of which like salaries, occupancy expense and depreciation of real property, are relatively fixed costs. We may not be able to increase the volume of our loans and deposits by expanding our branch network. We also may not be able to manage the costs and implementation risks associated with this strategy so that expansion of our branch network will be profitable.

***Recently, we have increased our concentrations in land loans and commercial construction loans, including loans secured by speculative property and land loans.*** At June 30, 2010, $8.4 million, or 9.0%, of our loan portfolio consisted of land loans and $7.8 million, or 8.3% of our loan portfolio, consisted of construction loans, including $3.4 million in loans secured by speculative property. Speculative construction loans are loans made to builders who have not identified a buyer for the completed property at the time of loan origination. We intend to continue to originate land loans and commercial construction loans. It is our policy to only originate construction loans with a permanent takeout. These loan types generally expose a lender to greater risk of non-payment and loss than one-to-four family mortgage loans because the repayment of such loans often depends on the successful operation or sale of the property and the income stream of the borrowers and such loans typically involve larger balances to a single borrower or groups of related borrowers. In addition, many borrowers of these types of loans have more than one loan outstanding with us so an adverse development with respect to one loan or credit relationship can expose us to significantly greater risk of non-payment and loss. We may need to increase our allowance for loan losses through future charges to income as the portfolio of these types of loans grows, which would hurt our earnings. Additionally, as a result of our increasing emphasis on this type of lending over the past year, a large portion of our land and construction loan portfolios is relatively unseasoned. As a result, we may not have enough payment history upon which to judge future collectibility or to predict the future performance of these parts of our loan portfolio. These loans may have delinquency or charge-off levels above our historical experience, which could adversely affect our future performance.

***An expansion of gaming activities in other states, may lead to a decline in gaming revenue in Shreveport and Bossier City, Louisiana, which could hurt our business and our prospects.*** Shreveport and Bossier City, Louisiana compete with other areas of the country for gaming revenue, and it is possible that the expansion of gaming operations in other states, as a result of changes in laws or otherwise, could significantly reduce gaming revenue in the Shreveport and Bossier City metropolitan area. This is particularly true if gaming operations are expanded in Oklahoma or were to be authorized in Texas, a state from which the Shreveport casino industry generally draws substantial year-round clientele. The expansion of casinos in Oklahoma or establishment of casino gaming in Texas, or other states, could have a substantial adverse effect on gaming revenue in Shreveport and Bossier City which would adversely affect the Shreveport economy and our business.

***If our allowance for losses on loans is not adequate to cover losses, our earnings could decrease.*** We have established an allowance for loan losses which we believe is adequate to offset probable losses on our existing loans. We anticipate originating more commercial real estate loans for which we will require additional provisions for loan losses. Material additions to our allowance would materially decrease our net income. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. We rely on our loan quality reviews, our experience and our evaluation of economic conditions, among other factors, in determining the amount of the allowance for loan losses. While we are not aware of any specific factors indicating a deficiency in the amount of our allowance for loan losses, in light of the current economic slowdown, the increased number of foreclosures and lower real estate values, one of the most pressing current issues faced by financial institutions is the adequacy of their allowance for loan losses. Federal bank regulators have increased their scrutiny of the level of the allowance for losses maintained by regulated institutions. Many banks and other lenders are reporting significantly higher provisions to their allowance for loan losses, which are materially impacting their earnings. In the event that we have to increase our allowance for loan losses, it would have an adverse effect on our results in future periods. At June 30, 2010, our allowance for loan losses amounted to $489,000, or 0.52% of our total loan portfolio at such date.

***The recent economic recession could result in increases in our level of non-performing loans and/or reduce demand for our products and services, which could have an adverse effect on our results of operations.*** In recent periods, there has been a decline in the housing and real estate markets and the national economy has recently experienced a recession. Although improving, housing market conditions had deteriorated nationally as evidenced by reduced levels of sales, increasing inventories of houses on the market, declining house prices and an increase in the length of time houses remain on the market. These conditions may not continue to improve or may worsen in the near term. Concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the mortgage market and a declining real estate market have contributed to increased volatility and diminished expectations for the economy and markets going forward. This turbulence in the markets also has been largely attributable to the fallout associated with a deteriorating market for subprime mortgage loans and securities backed by such loans.

Dramatic declines in the housing market, with falling home prices and increasing foreclosures and unemployment, resulted in significant asset write-downs by financial institutions, which have caused many financial institutions to seek additional capital, to merge with other institutions and, in some cases, to fail. These developments also have contributed to a substantial decrease in both lending activities by banks and other financial institutions and activity in the secondary residential mortgage loan market. If these conditions do not improve or worsen, they could adversely affect our results of operations.

***Our business is geographically concentrated in northern Louisiana, which makes us vulnerable to downturns in the local and regional economy.*** Most of our loans are to individuals and businesses located in northern Louisiana. Regional economic conditions affect the demand for our products and services as well as the ability of our customers to repay loans. While economic conditions in northern Louisiana have been relatively good in recent periods, the concentration of our business operations makes us particularly vulnerable to downturns in the local economy. According to the US Department of Labor s Bureau of Labor Statistics, unemployment in the Shreveport/Bossier metropolitan statistical area has increased from 6.2% in 2005 to 7.8% in June 2010. The population of Caddo Parish is projected to decline 1.3% from 2010 to 2015 according to the Louisiana Parish Population Projection Series, 2010-2030 available at www.louisiana.gov/Explore/Population_Projections/. Declines in local real estate values, both residential and commercial, could adversely affect the value of property used as collateral for the loans we make. Historically, the oil and gas industry has constituted a significant component of the local economy. The oil and gas industry remains an important factor in the regional economy in the markets that Home Federal Bank operates in and downturns in the local oil and gas industry could adversely affect Home Federal Bank.

***Changes in interest rates could have a material adverse effect on our operations.*** Our profitability is dependent to a large extent on net interest income, which is the difference between the interest income earned on interest-earning assets such as loans and investment securities and the interest expense paid on interest-bearing liabilities such as deposits and borrowings. Changes in the general level of interest rates can affect our net interest income by affecting the difference between the weighted average yield earned on our interest-earning assets and the weighted average rate paid on our interest-bearing liabilities, or interest rate spread, and the average life of our interest-earning assets and interest-bearing liabilities. For the year ended June 30, 2010, our average interest rate spread was 3.03% compared to 1.89% for the year ended June 30, 2009. We continue to monitor our interest rate sensitivity and expect to emphasize higher yielding types of lending and grow our lower cost transaction deposit accounts, but may not be able to effectively do so.

***We are dependent upon the services of key officers.*** We rely heavily on our President and Chief Operating Officer, James R. Barlow, and our senior commercial lending team. The loss of Mr. Barlow or our other senior commercial loan officers could have a material adverse impact on our operations because, as a small company, we have fewer management-level personnel that have the experience and expertise to readily replace these individuals who were responsible for the increase in our commercial loan portfolio. In addition, competition with respect to hiring and retaining commercial loan officers in our market area is intense. Changes in key personnel and their responsibilities may be disruptive to our business and could have a material adverse effect on our business, financial condition, and results of operations.

***Increased and/or special Federal Deposit Insurance Corporation assessments will hurt our earnings.*** The recent economic recession has caused a high level of bank failures, which has dramatically increased Federal Deposit Insurance Corporation resolution costs and led to a significant reduction in the balance of the Deposit Insurance Fund. As a result, the Federal Deposit Insurance Corporation has significantly increased the initial base assessment rates paid by financial institutions for deposit insurance. Increases in the base assessment rate have increased our deposit insurance costs and negatively impacted our earnings. In addition, in May 2009, the Federal Deposit Insurance Corporation imposed a special assessment on all insured institutions. Our special assessment, which was reflected in earnings for the year ended June 30, 2009, was $65,000. In lieu of imposing an additional special assessment, the Federal Deposit Insurance Corporation required all institutions to prepay their assessments for the fourth quarter of 2009 and all of 2010, 2011 and 2012. Additional increases in the base assessment rate or special assessments would negatively impact our earnings.

***We operate in a highly regulated environment and we may be adversely affected by changes in laws and regulations.*** We are subject to extensive regulation, supervision and examination by the Office of Thrift Supervision, our primary federal regulator, and by the Federal Deposit Insurance Corporation, as insurer of our deposits. Such regulation and supervision governs the activities in which an institution and its holding company may engage and are intended primarily for the protection of the insurance fund and the depositors and borrowers of Home Federal Bank rather than for holders of our common stock. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on our operations, the classification of our assets and determination of the level of our allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material impact on our operations.

***Recently enacted regulatory reform may have a material impact on our operations.*** On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act that, among other things, imposes new restrictions and an expanded framework of regulatory oversight for financial institutions and their holding companies, including Home Federal Bank and Home Federal Bancorp. Under the new law, Home Federal Bank s primary regulator, the Office of Thrift Supervision, will be eliminated and existing federal thrifts will be subject to regulation and supervision by the Office of Comptroller of the Currency, which currently supervises and regulates all national banks. Savings and loan holding companies will be regulated by the Federal Reserve Board, which will have the authority to promulgate new regulations governing Home Federal Bancorp that will impose additional capital requirements and may result in additional restrictions on investments and other holding company activities. The law also creates a new consumer financial protection bureau that will have the authority to promulgate rules intended to protect consumers in the financial products and services market. The creation of this independent bureau could result in new regulatory requirements and raise the cost of regulatory compliance. The federal preemption of state laws currently accorded federally chartered financial institutions will be reduced. In addition, regulation mandated by the new law could require changes in regulatory capital requirements, loan loss provisioning practices, and compensation practices which may have a material impact on our operations. Because the regulations under the new law have not been promulgated, we cannot determine the full impact on our business and operations at this time. See Regulation Recently Enacted Regulatory Reform.

***We face strong competition in our primary market area which may adversely affect our profitability.*** We are subject to vigorous competition in all aspects and areas of our business from commercial banks, mortgage banking companies, credit unions and other providers of financial services, such as money market mutual funds, brokerage firms, consumer finance companies and insurance companies. Based on data from the Federal Deposit Insurance Corporation, as of June 30, 2009, the most recent date for which data is available, we had 1.6% of the total deposits in the Shreveport/Bossier metropolitan statistical area. The financial resources of our larger competitors may permit them to pay higher interest rates on their deposits and to be more aggressive in new loan originations. We also compete with non-financial institutions, including retail stores that maintain their own credit programs and governmental agencies that make available low cost or guaranteed loans to certain borrowers. Competition from both bank and non-bank organizations will continue.

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## Risks Related to this Offering

***The implementation of stock-based benefit plans will increase our future compensation and may adversely affect our net income.*** Following the offering, we will recognize additional employee compensation and benefit expenses stemming from options and shares granted to employees, directors and executives under our proposed new stock benefit plans. These additional expenses will adversely affect our net income. We cannot determine the actual amount of these new stock-related compensation and benefit expenses at this time because applicable accounting practices generally require that they be based on the fair market value of the options or shares of common stock at the date of the grant; however, we expect them to be significant. We will recognize expenses for our employee stock ownership plan when additional shares are committed to be released to participants accounts and will recognize expenses for restricted stock awards and stock options generally over the vesting period of awards made to recipients under our new plans. These benefit expenses in the first year following the offering have been estimated to be approximately $261,000, in the aggregate, at the maximum of the offering range as set forth in the pro forma financial information under Pro Forma Data assuming the $10.00 per share purchase price as fair market value. Actual expenses, however, may be higher or lower, depending on the price of our common stock at that time. For further discussion of these plans, see Management New Stock Benefit Plans.

***A limited market for our common stock may depress our market price and make it difficult to buy or sell our stock.*** We expect our stock to be listed on the Nasdaq Capital Market. If an active and liquid trading market for our stock does not develop, you may not be able to buy or sell our common stock immediately following the close of the offering or at or above the $10.00 per share offering price. There may be a wide spread between the bid and asked price for our common stock after the conversion. You should consider the potentially long-term nature of an investment in our common stock.

***Our stock price may decline when trading commences.*** We are offering shares of our common stock at a uniform price of $10.00 per share. After the offering is completed, the trading price of the common stock will be determined by the marketplace, and will be influenced by many factors outside of our control, including prevailing interest rates, investor perceptions, securities analyst research reports and general industry, geopolitical and economic conditions. Publicly traded stock, including stocks of financial institutions, often experience substantial market price volatility. Market fluctuations in the price of our common stock may not be related to the operating performance of Home Federal Bancorp.

***We intend to remain independent, which may mean you will not receive a premium for your common stock.*** We intend to remain independent for the foreseeable future. Because we do not plan on seeking possible acquirors, it is unlikely that we will be acquired in the foreseeable future. Accordingly, you should not purchase our common stock with any expectation that a takeover premium will be paid to you in the near term.

***We have broad discretion in investing the net proceeds of the offering.*** Home Federal Bancorp intends to contribute 50% of the net proceeds as equity capital to Home Federal Bank for the purchase of all of Home Federal Bank s capital stock and the remaining 50% of the net proceeds will be retained by Home Federal Bancorp. Initially, Home Federal Bancorp intends to use the proceeds that it retains to loan funds to the employee stock ownership plan to purchase 6.0% of the shares sold in the offering and will invest the remaining amount in a deposit account at Home Federal Bank. Under applicable regulations, Home Federal Bancorp may during the first year following the conversion, assuming shareholder approval, use a portion of the net proceeds it retains to fund the recognition and retention plan. After one year following the conversion, we may repurchase shares of common stock, subject to regulatory restriction. Home Federal Bank initially intends to use the net proceeds it receives as a contribution of capital from Home Federal Bancorp to fund loans and to invest in securities. We have not allocated specific amounts of proceeds for any of these purposes, and we will have significant flexibility in determining how much of the net proceeds we apply to different uses and the timing of such applications. There is a risk that we may fail to effectively use the net proceeds which could have a negative effect on our future profitability ratios.

***Our stock-based benefit plans will be dilutive.*** If the offering is completed and shareholders subsequently approve a new recognition and retention plan and a new stock option plan, we will allocate stock to

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our officers, employees and directors through these plans. If the shares for the recognition and retention plan are issued from our authorized but unissued stock, the ownership percentage of outstanding shares of Home Federal Bancorp would be diluted by approximately 2.49%. However, it is our intention to purchase shares of our common stock in the open market to fund the recognition and retention plan. Assuming the shares of our common stock to be awarded under the recognition and retention plan are purchased at a price equal to the offering price in the offering, the reduction to stockholders equity from the recognition and retention plan would be between $638,000 and $992,000 at the minimum and the maximum, as adjusted, of the offering range. The ownership percentage of Home Federal Bancorp shareholders would also decrease by approximately 6.00% if all potential stock options under our proposed stock option plan are exercised and are filled using shares issued from authorized but unissued common stock, assuming the offering closes at the maximum of the offering range. See Pro Forma Data for data on the dilutive effect of the recognition and retention plan and the stock option plan and Management New Stock Benefit Plans for a description of the plans.

***Our stock value may suffer from anti-takeover provisions in our articles of incorporation and bylaws that may impede potential takeovers that management opposes.*** Provisions in our corporate documents, as well as certain federal regulations, may make it difficult and expensive to pursue a tender offer, change in control or takeover attempt that our board of directors opposes. As a result, our shareholders may not have an opportunity to participate in such a transaction, and the trading price of our stock may not rise to the level of other institutions that are more vulnerable to hostile takeovers. Anti-takeover provisions contained in our corporate documents include:

- restrictions on acquiring more than 10% of our common stock by any person and limitations on voting rights;
- the election of members of the board of directors to staggered three-year terms;
- the absence of cumulative voting by shareholders in the election of directors;
- provisions restricting the calling of special meetings of shareholders; and
- our ability to issue preferred stock and additional shares of common stock without shareholder approval.

See Restrictions on Acquisition of Home Federal Bancorp and Home Federal Bank and Related Anti-Takeover Provisions for a description of anti-takeover provisions in our corporate documents and federal regulations.

## FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, which can be identified by the use of words such as would be, will, estimate, project, believe, intend, anticipate, plan, seek, expect and similar expressions. These f statements include:

- statements of goals, intentions and expectations;
- statements regarding prospects and business strategy;
- statements regarding asset quality and market risk; and
- estimates of future costs, benefits and results.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the factors discussed under the heading Risk Factors beginning on page that could affect the actual outcome of future events and the following factors:

- general economic conditions, either nationally or in our market area, that are worse than expected;
- changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments;
- increased competitive pressures among financial services companies;
- changes in consumer spending, borrowing and savings habits;
- legislative or regulatory changes that adversely affect our business;
- adverse changes in the securities markets;
- our ability to grow and successfully manage such growth;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Securities and Exchange Commission or the Financial Accounting Standards Board; and
- our ability to successfully implement our branch expansion strategy, enter into new markets and/or expand product offerings successfully and take advantage of growth opportunities.

Any of the forward-looking statements that we make in this prospectus and in other public statements we make may turn out to be wrong because of inaccurate assumptions we might make, because of the factors illustrated above or because of other factors that we cannot foresee.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements and you should not rely on such statements.

## SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

Set forth below is selected consolidated financial and other data of Home Federal Bancorp. The information at or for the years ended June 30, 2010 and 2009 is derived in part from the audited financial statements that appear in this prospectus. The information at or for the years ended June 30, 2008, 2007 and 2006, is also derived from audited financial statements that do not appear in this prospectus. You should read the consolidated financial statements and related notes contained at the end of this prospectus which provide more detailed information.

| | At June 30, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| | (In thousands) | | | | |
| **Selected Financial and Other Data:** | | | | | |
| Total assets | $ 185,145 | $ 154,766 | $ 137,715 | $ 118,785 | $ 114,000 |
| Cash and cash equivalents | 8,837 | 10,007 | 7,363 | 3,972 | 4,930 |
| Securities available for sale | 63,688 | 92,647 | 96,324 | 83,752 | 83,694 |
| Securities held to maturity | 2,138 | 2,184 | 1,688 | 1,408 | 1,425 |
| Loans held-for-sale | 13,403 | 1,277 | 852 | 1,478 | |
| Loans receivable, net | 93,056 | 46,948 | 28,263 | 25,211 | 20,866 |
| Deposits | 117,722 | 86,146 | 78,359 | 77,710 | 71,279 |
| Federal Home Loan Bank advances | 31,507 | 35,997 | 26,876 | 12,368 | 13,417 |
| Total Stockholders equity | 33,365 | 31,310 | 27,874 | 27,812 | 28,539 |

| | As of or for the Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| | (In thousands, except per share amounts) | | | | |
| **Selected Operating Data:** | | | | | |
| Total interest income | $ 9,169 | $ 7,596 | $ 7,004 | $ 6,590 | $ 5,664 |
| Total interest expense | 3,458 | 3,838 | 3,968 | 3,448 | 2,433 |
| Net interest income | 5,711 | 3,758 | 3,036 | 3,142 | 3,231 |
| Provision for loan losses | 36 | 240 | | 1 | |
| Net interest income after provision for loan losses | 5,675 | 3,518 | 3,036 | 3,141 | 3,231 |
| Total non-interest income | 864 | 363 | 198 | 240 | 144 |
| Total non-interest expense(1) | 5,196 | 3,113 | 3,359 | 2,417 | 2,414 |
| Income (loss) before income tax expense (benefit) | 1,343 | 768 | (125) | 964 | 961 |
| Income tax expense (benefit) | 673 | 253 | (43) | 327 | 327 |
| Net income (loss) | $ 670 | $ 515 | $ (82) | $ 637 | $ 634 |
| Earnings (loss) per share of common stock: | | | | | |
| Basic | $ 0.21 | $ 0.16 | $ (0.03) | $ 0.19 | $ 0.19 |

| | | | | | |
|---|---|---|---|---|---|
| Diluted | $ 0.21 | $ 0.16 | $ (0.03) | $ 0.19 | $ 0.19 |

*(Footnotes on following page)*

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| | As of or for the Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| **Selected Operating Ratios(2):** | | | | | |
| Average yield on interest-earning assets | 5.59% | 5.21% | 5.39% | 5.69% | 5.35% |
| Average rate on interest-bearing liabilities | 2.56 | 3.32 | 4.00 | 3.84 | 2.98 |
| Average interest rate spread(3) | 3.03 | 1.89 | 1.39 | 1.85 | 2.37 |
| Net interest margin(3) | 3.48 | 2.58 | 2.33 | 2.71 | 3.05 |
| Average interest-earning assets to average interest-bearing liabilities | 121.43 | 126.37 | 131.06 | 128.93 | 129.49 |
| Net interest income after provision for loan losses to non-interest expense | 109.22 | 113.01 | 90.38 | 129.95 | 133.82 |
| Total non-interest expense to average assets | 3.08 | 2.09 | 2.52 | 2.00 | 2.14 |
| Efficiency ratio(4) | 79.46 | 80.21 | 103.87 | 71.49 | 71.53 |
| Return on average assets | 0.40 | 0.35 | (0.06) | 0.53 | 0.56 |
| Return on average equity | 2.09 | 1.70 | (0.25) | 2.13 | 2.10 |
| Average equity to average assets | 18.98 | 20.35 | 24.83 | 24.82 | 26.81 |
| Dividend payout ratio(5) | 43.73 | 57.86 | | 52.90 | 49.37 |
| **Asset Quality Ratios(6):** | | | | | |
| Non-performing loans as a percent of total loans receivable | 0.38% | 0.72% | % | 0.46% | % |
| Non-performing assets as a percent of total assets | 0.19 | 0.23 | 0.04 | 0.10 | |
| Allowance for loan losses as a percent of total loans receivable | 0.52 | 0.98 | 0.82 | 0.92 | 1.11 |
| Net charge-offs to average loans receivable | | | | | |
| Allowance for loan losses as a percent of non-performing loans | 135.83 | 133.52 | | 202.59 | |
| **Bank Capital Ratios(6):** | | | | | |
| Tangible capital ratio | 16.47% | 18.93% | 20.21% | 22.79% | 23.48% |
| Core capital ratio | 16.47 | 18.93 | 20.21 | 22.79 | 23.48 |
| Total capital ratio | 33.67 | 54.77 | 73.08 | 80.63 | 87.78 |
| **Other Data**: | | | | | |
| Full service offices | 4 | 4 | 3 | 3 | 3 |
| Employees (full-time) | 39 | 22 | 17 | 17 | 17 |

(1) Includes merger and stock issuance related expense of $133,000 and $883,000 for the years ended June 30, 2009 and 2008, respectively.

(2) With the exception of end of period ratios, all ratios are based on average monthly balances during the indicated periods.

(3) Average interest rate spread represents the difference between the average yield on interest-earning assets and the average rate paid on interest-bearing liabilities, and net interest margin represents net interest income as a percentage of average interest-earning assets.

(4)

The efficiency ratio represents the ratio of non-interest expense divided by the sum of net interest income and non-interest income.

(5) Based on dividends paid on outstanding shares. Excludes the effect of dividends declared on shares owned by Home Federal Mutual Holding Company, as Home Federal Mutual Holding Company waived the receipt of dividends.

(6) Asset quality ratios and capital ratios are end of period ratios, except for net charge-offs to average loans receivable.

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## RECENT DEVELOPMENTS OF HOME FEDERAL BANCORP

The following tables contain certain information concerning the financial position and results of operations of Home Federal Bancorp at and for the three months ended September 30, 2010 as well as the prior comparison periods. You should read this information in conjunction with the audited financial statements included in this prospectus. The financial information as of and for the three months ended September 30, 2010 and 2009 are unaudited and are derived from our interim condensed consolidated financial statements. The balance sheet data as of June 30, 2010 is derived from Home Federal Bancorp s audited consolidated financial statements. In the opinion of management, financial information at September 30, 2010 and for the three months ended September 30, 2010 and 2009 reflect all adjustments, consisting only of normal recurring accruals, which are necessary to present fairly the results for such periods. Results for the three-month period ended September 30, 2010 may not be indicative of operations of Home Federal Bancorp for the year ending June 30, 2011.

| | At September 30, 2010 (Unaudited) | At June 30, 2010 |
|---|---|---|
| | (In thousands) | |
| **Selected Financial and Other Data:** | | |
| Total assets | $ 193,393 | $ 185,145 |
| Cash and cash equivalents | 24,645 | 8,837 |
| Securities available for sale | 55,512 | 63,688 |
| Securities held to maturity | 1,833 | 2,138 |
| Loans held-for-sale | 7,385 | 13,403 |
| Loans receivable, net | 99,580 | 93,056 |
| Deposits | 128,888 | 117,722 |
| Federal Home Loan Bank advances | 27,995 | 31,507 |
| Total Stockholders equity | 33,759 | 33,365 |

| | As of or For the Three Months Ended September 30, | |
|---|---|---|
| | 2010 | 2009 |
| | (Unaudited) (In thousands, except per share amounts) | |
| **Selected Operating Data:** | | |
| Total interest income | $ 2,537 | $ 2,190 |
| Total interest expense | 831 | 909 |
| Net interest income | 1,706 | 1,281 |
| Provision for loan losses | 72 | |

| | | |
|---|---|---|
| Net interest income after provision for loan losses | 1,634 | 1,281 |
| Total non-interest income | 834 | 54 |
| Total non-interest expense | 1,490 | 953 |
| Income before income tax expense | 978 | 382 |
| Income tax expense | 332 | 130 |
| Net income | $ 646 | $ 252 |
| **Earnings per share of common stock:** | | |
| Basic | $ 0.20 | $ 0.08 |
| Diluted | $ 0.20 | $ 0.08 |

*(Footnotes on following page)*

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| | As of or For the Three Months Ended September 30, 2010 | 2009 |
|---|---|---|
| | (Unaudited) | |
| **Selected Operating Ratios(1):** | | |
| Average yield on interest-earning assets | 5.64% | 5.38% |
| Average rate on interest-bearing liabilities | 2.17 | 2.88 |
| Average interest rate spread(2) | 3.47 | 2.50 |
| Net interest margin(2) | 3.79 | 3.04 |
| Average interest-earning assets to average interest-bearing liabilities | 117.47 | 123.07 |
| Net interest income after provision for loan losses to non-interest expense | 109.66 | 134.42 |
| Total non-interest expense to average assets | 0.79 | 0.60 |
| Efficiency ratio(3) | 58.66 | 71.39 |
| Return on average assets | 1.37 | 0.64 |
| Return on average equity | 8.21 | 3.29 |
| Average equity to average assets | 16.69 | 19.34 |
| Dividend payout ratio(4) | 11.27 | 29.52 |
| **Asset Quality Ratios(5):** | | |
| Non-performing loans as a percent of total loans receivable | 0.12% | 0.03% |
| Non-performing assets as a percent of total assets | 0.06 | 0.01 |
| Allowance for loan losses as a percent of total loans receivable | 0.56 | 0.72 |
| Net charge-offs to average loans receivable | | 0.02 |
| Allowance for loan losses as a percent of non-performing loans | 487.83 | 2,940.51 |
| **Bank Capital Ratios(5):** | | |
| Tangible capital ratio | 16.08% | 18.41% |
| Core capital ratio | 16.08 | 18.41 |
| Total capital ratio | 33.66 | 48.69 |
| **Other Data:** | | |
| Full service offices | 4 | 4 |
| Employees (full-time) | 39 | 22 |

(1) With the exception of end of period ratios, all ratios are based on average monthly balances during the indicated periods. Ratios for the three month periods are annualized.

(2) Average interest rate spread represents the difference between the average yield on interest-earning assets and the average rate paid on interest-bearing liabilities, and net interest margin represents net interest income as a percentage of average interest-earning assets.

(3) The efficiency ratio represents the ratio of non-interest expense divided by the sum of net interest income and non-interest income.

(4) Based on dividends paid on outstanding shares. Excludes the effect of dividends declared on shares owned by Home Federal Mutual Holding Company, as Home Federal Mutual Holding Company waived the receipt of

dividends.

(5) Asset quality ratios and capital ratios are end of period ratios, except for net charge-offs to average loans receivable.

**Comparison of Financial Condition at September 30, 2010 and June 30, 2010**

Home Federal Bancorp s total assets increased $8.3 million, or 4.5%, to $193.4 million at September 30, 2010, compared to $185.1 million at June 30, 2010. This increase was primarily due to an increase in cash and cash equivalents of $15.8 million, an increase in loans receivable and loans held-for-sale of $506,000, partially offset by a decrease in available-for-sale securities of $8.2 million at September 30, 2010 compared to June 30, 2010.

Loans receivable, net, excluding loans-held-for sale, increased $6.5 million, or 7.0%, from $93.1 million at June 30, 2010, to $99.6 million at September 30, 2010. The increase in loans receivable, net was attributable primarily to increases in commercial real estate loans, land loans and one-to four family residential loans. Commercial real estate loans increased $1.1 million, one-to-four family residential loans increased $2.6 million, land loans increased $2.8 million and commercial business loans increased $570,000 at September 30, 2010, compared to June 30, 2010. Although we primarily originate one-to-four family residential loans for sale, certain lending relationships are retained for portfolio. Home equity and second mortgage loans decreased $902,000 and construction loans decreased $221,000 at September 30, 2010 compared to the year ended June 30, 2010. Loans held-for-sale decreased $6.0 million at September 30, 2010 compared to June 30, 2010. During the quarter ended September 30, 2010, originations of loans held-for-sale declined to $41.0 million, a decrease of $3.0 million from $44.0 million originated during the previous quarter ended June 30, 2010. Originations of all other loans for portfolio declined to $8.0 million from $28.0 million in the previous quarter. The originations in the previous quarter of $28.0 million were the result of hiring several new loan officers who moved relationships to Home Federal Bank. The $8.0 million of originations during the quarter ended September 30, 2010 is a normalized level that is more in line with our business plan.

Securities available-for-sale decreased $8.2 million, or 12.8%, from $63.7 million at June 30, 2010 to $55.5 million at September 30, 2010. This decrease resulted primarily from the reduction of new investment acquisitions, the sale of securities and normal principal paydowns, offset by market value increases in the portfolio. In recent periods, there have been significant loan prepayments due to the heavy volume of loan refinancing.

Cash and cash equivalents increased $15.8 million, or 178.9%, from $8.8 million at June 30, 2010 to $24.6 million at September 30, 2010. The net increase in cash and cash equivalents was attributable primarily to the growth in our deposits and sales and principal payments from our securities, offset by the funding of our loan growth and repayment of advances from Federal Home Loan Bank.

Total liabilities increased $7.8 million, or 5.2%, from $151.8 million at June 30, 2010 to $159.6 million at September 30, 2010 due primarily to an increase of $11.2 million, or 9.5%, in our deposits, offset by a decrease in advances from the Federal Home Loan Bank of $3.5 million, or 11.1%. The increase in deposits was attributable primarily to increases in our NOW accounts, certificates of deposit accounts, and savings accounts. NOW accounts increased $5.9 million as the result of an expansion of commercial deposit accounts. Certificate accounts increased $4.4 million, or 5.9%, from $73.9 million at June 30, 2010 to $78.2 million at September 30, 2010. Savings accounts increased $703,000 from $5.3 million at June 30, 2010 to $6.0 million at September 30, 2010.

Stockholders equity increased $394,000, or 1.2%, to $33.8 million at September 30, 2010 from $33.4 million at June 30, 2010, due primarily to net income of 646,000 for the three months ended September 30, 2010, and the distribution of shares associated with Home Federal Bancorp s Recognition Plan of $116,000, less dividends of $73,000 paid during the three months ended September 30, 2010, treasury stock acquisitions of $46,000, and a decrease of $270,000 in Home Federal Bancorp s accumulated other comprehensive income. The change in accumulated other comprehensive income was primarily due to the change in net unrealized gain on securities available for sale due to recent declines in interest rates. The net unrealized loss on securities available-for-sale is affected by interest rate fluctuations. Generally, an increase in interest rates will have an adverse impact while a decrease in interest rates will have a positive impact.

**Comparison of Operating Results for the Three Months Ended September 30, 2010 and 2009**

**General.** Net income amounted to $646,000 for the three months ended September 30, 2010, reflecting an increase of $394,000 compared to net income of $252,000 for the three months ended September 30, 2009. This change was due to an increase of $780,000 in non-interest income and a $425,000 increase in net interest income, partially offset by an increase of $537,000 in non-interest expense and an increase of $202,000 in the provision for income taxes and an increase in the provision for loan losses of $72,000.

**Net Interest Income.** Net interest income after provision for loan losses amounted to $1.6 million for the three months ended September 30, 2010, an increase of $353,000, or 27.6%, compared to $1.3 million for the three months ended September 30, 2009. The increase was due primarily to an increase of $347,000 in total interest income, and a $78,000 decrease in interest expense.

The average interest rate spread increased from 2.50% for the three months ended September 30, 2009 to 3.47% for the three months ended September 30, 2010 while the average balance of net interest-earning assets increased from $155.7 million to $180.0 million during the same periods. The percentage of average interest-earning assets to average interest-bearing liabilities decreased to 117.47% for the three months ended September 30, 2010 compared to 123.07% for the three months ended September 30, 2009. The increase in the average interest rate spread reflects the lower interest rates paid on interest bearing liabilities. Additionally, Home Federal Bancorp s average cost of funds decreased 71 basis points for the three months ended September 30, 2010, compared to the three months ended September 30, 2009, as the Federal Reserve continued to reduce short-term rates. Lower certificate of deposit interest rates in our market area led us to decrease the average rates paid on certificates of deposit 74 basis points for the three months ended September 30, 2010 compared to the three months ended September 30, 2009. Net interest margin increased to 3.79% for the three months ended September 30, 2010 compared to 3.04% for the three months ended September 30, 2009.

Interest income increased $347,000, or 15.8%, to $2.5 million for the three months ended September 30, 2010 compared to $2.2 million for the three months ended September 30, 2009. Such increase was primarily due to an increase in the average balance of total interest earning assets as well as an increase in the average yield. The increase in average yields on interest earning assets reflects an increase in higher yielding loans during the three months ended September 30, 2010. The decrease in the average balance of investment securities was due to security sales and normal principal payments while no purchase of new securities were made. The increase in the average balance of loans receivable was primarily due to new loans originated by our new commercial lending activities.

Interest expense decreased $78,000, or 8.5%, to $831,000 for the three months ended September 30, 2010, compared to $909,000 for the three months ended September 30, 2009, primarily as a result of decreases in the average rates paid on interest-bearing liabilities, partially offset by increases in the average balance of interest-bearing deposits.

**Provision for Loan Losses.** A provision of $72,000 was made to the allowance in the first quarter of fiscal 2011, primarily in response to the increase in commercial lending during the period. No provision for loan losses was made in the first quarter of fiscal 2010. We held two residential mortgage loans at September 30, 2010 classified as substandard compared to one at September 30, 2009.

**Non-Interest Income.** Non-interest income amounted to $834,000 for the three months ended September 30, 2010, an increase of $780,000 compared to non-interest income of $54,000 for the three months ended September 30, 2009. The increase was primarily due to a $229,000 increase in gain on sale of securities, and a $535,000 increase in gain on sale of loans.

**Non-Interest Expense.** Non-interest expense increased $537,000, or 56.3%, for the three months ended September 30, 2010, largely due to increases in compensation and benefits of $405,000, legal and examination fees of $33,000, occupancy expenses of $31,000 and miscellaneous non-interest expenses of $68,000. The increase in compensation and benefits expense was primarily attributable to the hiring of additional personnel and operating costs associated with our new and expanding commercial loan activities. Non-interest expense also increased as a result of increases in advertising expense, and other general overhead expenses, including printing and office supplies expense.

**Provision for Income Tax Expense.** The provision for income taxes amounted to $332,000 and $130,000 for the three months ended September 30, 2010 and 2009, respectively. Our effective tax rate was 33.9% for the three months ended September 30, 2010 and 34.0% for the three months Ended September 30, 2009.

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## HOW OUR NET PROCEEDS WILL BE USED

The following table shows how we intend to use the net proceeds of the offering. The actual net proceeds will depend on the number of shares of common stock sold in the offering and the expenses incurred in connection with the offering. Payments for shares made through withdrawals from deposit accounts at Home Federal Bank will reduce Home Federal Bank s deposits and will not result in the receipt of new funds for investment. See Pro Forma Data for the assumptions used to arrive at these amounts.

| | Minimum of Offering Range 1,593,750 Shares at $10.00 per Share | Minimum of Offering Range Percent of Net Proceeds | Midpoint of Offering Range 1,875,000 Shares at $10.00 per Share | Midpoint of Offering Range Percent of Net Proceeds | Maximum of Offering Range 2,156,250 Shares at $10.00 per Share | Maximum of Offering Range Percent of Net Proceeds | 15% Above Maximum of Offering Range 2,479,688 Shares at $10.00 per Share | 15% Above Maximum of Offering Range Percent of Net Proceeds |
|---|---|---|---|---|---|---|---|---|
| | | | | (Dollars in thousands) | | | | |
| Offering proceeds | $ 15,938 | 100.00% | $ 18,750 | 100.00% | $ 21,563 | 100.00% | $ 24,797 | 100.00% |
| Less: offering expenses | (1,496) | (9.38) | (1,592) | (8.49) | (1,689) | (7.83) | (1,800) | (7.26) |
| Net offering proceeds | $ 14,442 | 90.62% | $ 17,158 | 91.51% | $ 19,873 | 92.17% | $ 22,996 | 92.74% |
| Plus: MHC capital contribution | 100 | 0.63% | 100 | 0.53% | 100 | 0.46% | 100 | 0.40% |
| Less: | | | | | | | | |
| Proceeds contributed to Home Federal Bank | $ (7,221) | (45.31)% | $ (8,579) | (45.75)% | $ (9,937) | (46.08)% | $ (11,498) | (46.37)% |
| Proceeds used for loan to employee stock ownership plan | (956) | (6.00) | (1,125) | (6.00) | (1,294) | (6.00) | (1,488) | (6.00) |
| Proceeds used to repurchase shares for stock recognition plan | (638) | (4.01) | (750) | (4.00) | (863) | (4.00) | (992) | (4.00) |
| Proceeds remaining for Home Federal Bancorp | $ 5,727 | 35.93% | $ 6,804 | 36.29% | $ 7,880 | 36.54% | $ 9,118 | 36.77% |

The new holding company will retain 50% of the net proceeds of the offering, with the remaining 50% being contributed to Home Federal Bank, and intends to initially invest 100% of the proceeds it retains (other than the amount used to fund the employee stock ownership plan loan) in short-term, liquid investments. The actual amounts to be invested in different instruments will depend on the interest rate environment and the new holding company s liquidity needs. Although there can be no assurance that we will invest the net proceeds in anything other than short-term, liquid investments, over time, the new holding company may use the proceeds it retains from the offering:

- to invest in securities;
- to pay dividends to shareholders;
- to repurchase shares of its common stock, subject to regulatory restrictions;
- to finance the possible acquisition of financial institutions or branch offices or other businesses that are related to banking; and
- for general corporate purposes.

Under current Office of Thrift Supervision regulations, the new holding company may not repurchase shares of its common stock during the first year following the conversion and offering, except to fund recognition plans that have been ratified by shareholders or tax qualified employee stock benefit plans or, with prior regulatory approval, when extraordinary circumstances exist.

Home Federal Bank intends to use the net proceeds it receives to purchase investment and mortgage-backed securities and in the future, may use the additional proceeds that it receives from the offering to fund new loans, both residential and commercial, or for other general corporate purposes.

We may need regulatory approvals to engage in some of the activities listed above. We currently have no specific plans or agreements regarding any expansion activities or acquisitions. Except as described above, neither the new holding company nor Home Federal Bank has any specific plans for the investment of the proceeds of this offering and has not allocated a specific portion of the proceeds to any particular use.

## WE INTEND TO CONTINUE TO PAY QUARTERLY CASH DIVIDENDS

Home Federal Bancorp has paid quarterly cash dividends since the third quarter of fiscal 2005. Home Federal Bancorp s current quarterly dividend is $0.06 per share. After we complete the conversion and offering, dividends will be paid by the new holding company on its outstanding shares of common stock. We currently expect that the level of cash dividends per share after the conversion and offering will be substantially consistent with the current amount of dividends of $0.06 per share. However, the rate of such dividends and the initial or continued payment thereof will be in the discretion of the board of directors of the new holding company and will depend upon a number of factors, including the amount of net proceeds retained by us in the offering, investment opportunities available to us, capital requirements, our financial condition and results of operations, tax considerations, statutory and regulatory limitations, and general economic conditions. No assurance can be given that we will continue to pay dividends or that they will not be reduced or eliminated in the future. In addition, during the first three years after the conversion and offering, no dividend will be declared or paid if it would be classified as a return of capital.

Dividends from the new holding company may eventually depend, primarily upon receipt of dividends from Home Federal Bank, because the new holding company initially will have no source of income other than dividends from Home Federal Bank, earnings from the investment of proceeds from the sale of common stock retained by us, and interest payments with respect to our loan to our employee stock ownership plan.

Home Federal Bank s ability to pay dividends to the new holding company will be governed by the Home Owners Loan Act, as amended, and the regulations of the Office of Thrift Supervision. In addition, the prior approval of the Office of Thrift Supervision will be required for the payment of a dividend if the total of all dividends declared by Home Federal Bank in any calendar year would exceed the total of its net profits for the year combined with its net profits for the two preceding years, less any required transfers to surplus or a fund for the retirement of any preferred stock. In addition, Home Federal Bank will be prohibited from paying cash dividends to the new holding company to the extent that any such payment would reduce Home Federal Bank s regulatory capital below required capital levels or would impair the liquidation account to be established for the benefit of Home Federal Bank s eligible account holders and supplemental eligible account holders. See The Conversion and Offering Liquidation Rights.

Any payment of dividends by Home Federal Bank to the new holding company which would be deemed to be drawn out of Home Federal Bank s bad debt reserves would require a payment of taxes at the then-current tax rate by Home Federal Bank on the amount of earnings deemed to be removed from the reserves for such distribution. Home Federal Bank does not intend to make any distribution to the new holding company that would create such a federal tax liability. See Taxation.

Unlike Home Federal Bank, the new holding company is not subject to the above regulatory restrictions on the payment of dividends to our shareholders. Under Louisiana law, the new holding company generally may pay dividends out of surplus, or if no surplus is available, may pay dividends out of its net profits for the current or preceding fiscal year or both.

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## MARKET FOR OUR COMMON STOCK

Home Federal Bancorp s common stock is currently quoted on the OTC Bulletin Board under the symbol HFBL. We expect that the new holding company s commons stock will be listed for trading on the Nasdaq Capital Market under the symbol HFBLD for a period of 20 trading days after completion of the offering. Thereafter, the trading symbol will be HFBL. We cannot assure you that our common stock will be approved for listing on the Nasdaq Capital Market.

Making a market may include the solicitation of potential buyers and sellers in order to match buy and sell orders. The development of a liquid public market depends upon the existence of willing buyers and sellers, the presence of which is not within our control or the control of any market maker. You should view the common stock as a long-term investment. Furthermore, there can be no assurance that you will be able to sell your shares at or above the $10.00 per share purchase price.

Presented below is the high and low bid information for Home Federal Bancorp s common stock and cash dividends declared for the periods indicated. The over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. Information relating to bid quotations has been obtained from the Nasdaq Stock Market, Inc.

| | Stock Price per Share | | Cash Dividends |
| --- | --- | --- | --- |
| **Quarter Ended:** | **High Bid** | **Low Bid** | **per Share** |
| **Fiscal 2010:** | | | |
| June 30, 2010 | $ 9.00 | $ 7.55 | $ 0.06 |
| March 31, 2010 | 8.55 | 8.55 | 0.06 |
| December 31, 2009 | 8.55 | 7.25 | 0.06 |
| June 30, 2009 | 7.75 | 6.25 | 0.06 |
| **Fiscal 2009:** | | | |
| June 30, 2009 | 7.50 | 5.60 | 0.06 |
| March 31, 2009 | 7.00 | 5.60 | 0.06 |
| December 31, 2008 | 7.15 | 5.00 | 0.05 |
| September 30, 2008 | 9.30 | 6.85 | 0.05 |

At July 7, 2010, the business day immediately preceding the public announcement of the conversion and offering, and at November 5, 2010, the date of this prospectus, the closing prices of Home Federal Bancorp common stock as reported on the OTC Bulletin Board were $8.00 per share and $9.70 per share, respectively. At November 5, 2010, Home Federal Bancorp had approximately 149 shareholders of record.

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## REGULATORY CAPITAL REQUIREMENTS

At June 30, 2010, Home Federal Bank exceeded all of its regulatory capital requirements. The table below sets forth Home Federal Bank s historical capital under accounting principles generally accepted in the United States of America and regulatory capital at June 30, 2010, and pro forma capital after giving effect to the offering. The pro forma capital amounts reflect the receipt by Home Federal Bank of 50.0% of the net offering proceeds. The pro forma risk-based capital amounts assume the investment of the net proceeds received by Home Federal Bank in assets which have a risk-weight of 20% under applicable regulations, as if such net proceeds had been received and so applied at June 30, 2010.

| | Home Federal Bank Historical at June 30, 2010 | | Pro Forma Capital at June 30, 2010, Based Upon the Sale at $10.00 per Share: Minimum 1,593,750 Shares | | Midpoint 1,875,000 Shares | | Maximum 2,156,250 Shares | | 15% Above Maximum 2,479,688 Shares | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | Percent of Assets(1) | Amount | Percent of Assets | Amount | Percent of Assets | Amount | Percent of Assets | Amount | Percen of Assets |
| | | | | | (Dollars in thousands) | | | | | |
| AP capital | $ 32,206 | 17.38% | $ 37,833 | 19.81% | $ 38,910 | 20.26% | $ 39,986 | 20.70% | $ 41,224 | 21.21 |
| r 1 leverage ital: | | | | | | | | | | |
| tual | $ 29,989 | 16.47% | $ 35,616 | 18.98% | $ 36,693 | 19.44% | $ 37,769 | 19.90% | $ 39,007 | 20.41 |
| quirement | 7,282 | 4.00 | 7,507 | 4.00 | 7,550 | 4.00 | 7,593 | 4.00 | 7,643 | 4.00 |
| cess | $ 22,707 | 12.47% | $ 28,109 | 14.98% | $ 29,143 | 15.44% | $ 30,176 | 15.90% | $ 31,364 | 16.41 |
| r 1 k-based ital: | | | | | | | | | | |
| tual | $ 29,989 | 33.13% | $ 35,616 | 38.87% | $ 36,693 | 39.95% | $ 37,769 | 41.02% | $ 39,007 | 42.25 |
| quirement | 3,621 | 4.00 | 3,666 | 4.00 | 3,674 | 4.00 | 3,683 | 4.00 | 3,693 | 4.00 |
| cess | $ 26,368 | 29.13% | $ 31,950 | 34.87% | $ 33,019 | 35.95% | $ 34,086 | 37.02% | $ 35,314 | 38.25 |
| al k-based ital: | | | | | | | | | | |
| tual | $ 30,478 | 33.67% | $ 36,105 | 39.40% | $ 37,182 | 40.48% | $ 38,258 | 41.55% | $ 39,496 | 42.78 |
| quirement | 7,241 | 8.00 | 7,331 | 8.00 | 7,348 | 8.00 | 7,366 | 8.00 | 7,385 | 8.00 |
| cess | $ 23,237 | 25.67% | $ 28,774 | 31.40% | $ 29,834 | 32.48% | $ 30,892 | 33.55% | $ 32,111 | 34.78 |

| | | | | |
|---|---|---|---|---|
| conciliation capital tributed to me Federal nk: | | | | |
| t proceeds tributed to me Federal nk | $ 7,221 | $ 8,579 | $ 9,937 | $ 11,498 |
| ss common ck uired by ployee ck nership plan | (956) | (1,125) | (1,294) | (1,488) |
| uired by tricted stock n | (638) | (750) | (863) | (992) |
| forma rease in AP and ulatory ital | $ 5,627 | $ 6,704 | $ 7,780 | $ 9,018 |

(1) Tier 1 leverage capital level is shown as a percentage of adjusted total assets of $182.1 million. Risk-based capital levels are shown as a percentage of risk-weighted assets of $90.5 million.

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## CAPITALIZATION

The following table presents the historical capitalization of Home Federal Bancorp at June 30, 2010 and the capitalization of Home Federal Bancorp after giving effect to the offering proceeds (referred to as pro forma information). The table depicts Home Federal Bancorp s capitalization following the offering at the minimum, midpoint, maximum and maximum, as adjusted, of the offering range. The pro forma capitalization gives effect to the assumptions listed under Pro Forma Data, based on the sale of the number of shares of common stock indicated in the table. A change in the number of shares to be issued in the offering may materially affect pro forma capitalization. We are offering our common stock on a best efforts basis. We must sell a minimum of 1,593,750 shares to complete the offering.

| | | Pro Forma Capital Based Upon the Sale at $10.00 per Share | | | |
|---|---|---|---|---|---|
| | Home Federal Bancorp Historical | Minimum 1,593,750 Shares | Midpoint 1,875,000 Shares | Maximum 2,156,250 Shares | Maximum as Adjusted, 2,479,688 Shares |
| | (Dollars in thousands) | | | | |
| Deposits(1) | $ 117,722 | $ 117,722 | $ 117,722 | $ 117,722 | $ 117,722 |
| Borrowings | 31,507 | 31,507 | 31,507 | 31,507 | 31,507 |
| Total deposits and borrowed funds | $ 149,229 | $ 149,229 | $ 149,229 | $ 149,229 | $ 149,229 |
| Stockholders equity: | | | | | |
| Preferred stock $.01 par value, 10,000,000 shares authorized (post conversion)(2) | | | | | |
| Common stock $.01 par value, 40,000,000 shares authorized (post conversion)(2)(3) | 14 | 25 | 29 | 34 | 39 |
| Additional paid-in capital(3) | 13,655 | 28,086 | 30,797 | 33,508 | 36,627 |
| Retained earnings(4) | 20,665 | 20,665 | 20,665 | 20,665 | 20,665 |
| Mutual Holding Company Capital Consideration | | 100 | 100 | 100 | 100 |
| Accumulated other comprehensive income | 2,096 | 2,096 | 2,096 | 2,096 | 2,096 |
| Treasury shares | (2,094) | (2,094) | (2,094) | (2,094) | (2,094) |
| Less: | | | | | |
| Common stock already acquired by employee stock ownership plan(5) | (826) | (826) | (826) | (826) | (826) |
| Common stock already acquired for restricted stock awards(6) | (145) | (145) | (145) | (145) | (145) |
| Less: | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Common stock acquired by employee stock ownership plan | | (956) | (1,125) | (1,294) | (1,488) |
| Common stock acquired for restricted stock awards | | (638) | (750) | (863) | (992) |
| Total stockholders equity | $ 33,365 | $ 46,313 | $ 48,748 | $ 51,182 | $ 53,982 |
| Total stockholders equity/assets | 18.02% | 23.38% | 24.31% | 25.22% | 26.24% |

(1) Does not reflect withdrawals from deposit accounts for the purchase of common stock in the offering. Such withdrawals would reduce pro forma deposits and assets by the amount of such withdrawals.

(2) Home Federal Bancorp currently has 2,000,000 authorized shares of preferred stock and 8,000,000 authorized shares of common stock, $.01 par value.

(3) The pro forma amounts of common stock and additional paid-in capital have been increased to reflect the number of shares of common stock to be outstanding, which includes the exchange of all of the currently outstanding shares of Home Federal Bancorp common stock pursuant to the exchange ratio. No effect has been given to the issuance of additional shares of common stock pursuant to our proposed stock option plan. We intend to adopt a new stock option plan and to submit such plan to shareholders at a meeting of shareholders to be held at least six months following completion of the conversion and offering. If the stock option plan is approved by shareholders, an amount equal to approximately 10.0% of the shares of Home Federal Bancorp common stock sold in the offering will be reserved for the stock option plan. Your ownership percentage would decrease by approximately 6.00% if all potential stock options are exercised from our authorized but unissued stock. See Pro Forma Data and Management New Stock Benefit Plans

*(Footnotes continue on the following page)*

Stock Option Plan.  In addition, all treasury stock of Home Federal Bancorp will be cancelled in connection with the consummation of the conversion and the offering.

(4) The retained earnings of Home Federal Bank will be partially restricted after the offering. Home Federal Bank will be prohibited from paying cash dividends to Home Federal Bancorp to the extent that any such payment would reduce Home Federal Bank s regulatory capital levels below its minimum regulatory capital levels or would impair the liquidation account to be established for the benefit of eligible account holders and supplemental eligible account holders of Home Federal Bank. See  Regulation  Regulation of Home Federal Bank  Capital Distributions.

(5) Assumes that 6.0% of Home Federal Bancorp s common stock sold in the offering will be purchased by our employee stock ownership plan in addition to the shares already owned by the employee stock ownership plan. The common stock acquired by our employee stock ownership plan is reflected as a reduction of stockholders equity. Assumes the funds used to acquire our employee stock ownership plan shares will be borrowed from Home Federal Bancorp. See Footnote 1 to the table set forth under  Pro Forma Data  and see also  Management New Stock Benefit Plans  Employee Stock Ownership Plan.

(6) Gives effect to the recognition and retention plan which we expect to adopt after the conversion and offering and present to shareholders for approval at a meeting of shareholders to be held at least six months after we complete the offering. No shares will be purchased by the recognition and retention plan in the conversion and offering, and such plan cannot purchase any shares until shareholder approval has been obtained. If the recognition and retention plan is approved by our shareholders, the plan intends to acquire an amount of common stock equal to approximately 4.0% of the shares of Home Federal Bancorp common stock sold in the offering. The funds to enable such purchases will be provided by Home Federal Bancorp. The table assumes that shareholder approval has been obtained and that such shares are purchased in the open market at $10.00 per share. The common stock so acquired by the recognition plan is reflected as a reduction in stockholders  equity. If the shares are purchased at prices higher or lower than the initial purchase price of $10.00 per share, such purchases would have a greater or lesser impact, respectively, on stockholders  equity. If the recognition and retention plan purchases authorized but unissued shares from Home Federal Bancorp such issuance would dilute the voting interests of existing shareholders by approximately 2.49%. See  Pro Forma Data  and  Management  New Stock Benefit Plans Recognition and Retention Plan.

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## PRO FORMA DATA

The following table shows information about Home Federal Bancorp s historical combined consolidated net income and stockholders equity prior to the conversion and offering and the new holding company s pro forma consolidated net income and stockholders equity following the conversion and offering. The information provided illustrates our consolidated pro forma net income and stockholders equity based on the sale of common stock at the minimum, midpoint, maximum and 15% above the maximum of the offering range, respectively. The actual net proceeds from the sale of the new holding company common stock in the offering cannot be determined until the offering is completed. However, the net proceeds are currently estimated to be between $14.4 million and $19.9 million, or up to $23.0 million in the event the offering range is increased by approximately 15%, based upon the following assumptions:

The new holding company will sell 50% of the shares of common stock in the subscription offering and community offering and 50% of the shares will be sold in a syndicated community offering;

The new holding company s employee stock ownership plan will purchase an amount equal to 6.0% of the shares sold in the offering at a price of $10.00 per share with a loan from Home Federal Bancorp;

Expenses of the conversion and offering, other than the fees to be paid to Stifel Nicolaus & Company, Incorporated are estimated to be $950,000;

25,200 shares of common stock will be purchased by Home Federal Bancorp s executive officers and directors and their immediate families; and

Stifel Nicolaus & Company, Incorporated will receive a fee equal to 1.0% of the aggregate purchase price of the shares of common stock sold in the offering, excluding any shares purchased by any employee benefit plans, and any of our directors, officers or employees or members of their immediate families.

We have prepared the following tables, which set forth our historical consolidated net income and stockholders equity prior to the conversion and offering and our pro forma consolidated net income and stockholders equity following the conversion and offering. In preparing these tables and in calculating pro forma data, the following assumptions have been made:

Pro forma earnings have been calculated assuming the stock had been sold at the beginning of the period and the net proceeds had been invested at a yield of 1.79% for the year ended June 30, 2010. This represents the yield on a five-year U.S. Treasury note as of June 30, 2010, which, in light of current market interest rates, we consider to more accurately reflect the pro forma reinvestment rate than the arithmetic average of the weighted average yield earned on our interest earning assets and the weighted average rate paid on our deposits, which is the reinvestment rate generally required by Office of Thrift Supervision regulations.

The pro forma after-tax yields on the net proceeds from the offering were assumed to be 1.18% for the year ended June 30, 2010.

No withdrawals were made from Home Federal Bank s deposit accounts for the purchase of shares in the offering.

Historical and pro forma per share amounts have been calculated by dividing historical and pro forma amounts by the indicated number of shares of common stock, as adjusted in the pro forma net income per share to give effect to the purchase of shares by the employee stock ownership plan.

Pro forma stockholders equity amounts have been calculated as if the conversion and offering had been completed on June 30, 2010 and no effect has been given to the assumed earnings effect of the transactions.

The following pro forma information may not be representative of the financial effects of the conversion and offering at the date on which the offering actually occurs and should not be taken as indicative of future results of operations. Pro forma stockholders equity represents the difference between the stated amount of

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our assets and liabilities computed in accordance with generally accepted accounting principles. Stockholders equity does not give effect to intangible assets in the event of a liquidation, to Home Federal Bank s bad debt reserve or to the liquidation accounts to be maintained by Home Federal Bank and the new holding company. The pro forma stockholders equity is not intended to represent the fair market value of the common stock and may be different than amounts that would be available for distribution to shareholders in the event of liquidation.

We are offering our common stock on a best efforts basis. We must issue a minimum of 1,593,750 shares in the conversion and offering to complete the transactions.

The table on the following page summarizes historical consolidated data of Home Federal Bancorp and Home Federal Bancorp s pro forma data at or for the dates and periods indicated based on the assumptions set forth above and in the table and should not be used as a basis for projection of the market value of the common stock following the conversion and offering.

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| | At or for the Year Ended June 30, 2010 | | | |
|---|---|---|---|---|
| | 1,593,750 Shares Sold at $10.00 per Share (Minimum of Range) | 1,875,000 Shares Sold at $10.00 per Share (Midpoint of Range) | 2,156,250 Shares Sold at $10.00 per Share (Maximum of Range) | 2,479,688 Shares Sold at $10.00 per Share (15% Above Maximum) |
| | (Dollars in thousands) | | | |
| Gross proceeds of offering | $ 15,938 | $ 18,750 | $ 21,563 | $ 24,797 |
| Fair value of shares issued in exchange to Home Federal Bancorp shareholders | 9,045 | 10,641 | 12,237 | 14,073 |
| Pro forma value | $ 24,983 | $ 29,391 | $ 33,800 | $ 38,870 |
| Gross proceeds | $ 15,938 | $ 18,750 | $ 21,563 | $ 24,797 |
| Less: estimated offering expenses | (1,496) | (1,592) | (1,689) | (1,800) |
| Estimated net proceeds | 14,442 | 17,158 | 19,874 | 22,997 |
| Plus: assets received from mutual holding company | 100 | 100 | 100 | 100 |
| Less: common stock acquired by employee stock ownership plan(1) | (956) | (1,125) | (1,294) | (1,488) |
| Less: common stock to be acquired by recognition and retention plan(2) | (638) | (750) | (863) | (992) |
| Net investable proceeds, as adjusted | $ 12,948 | $ 15,383 | $ 17,816 | $ 20,617 |
| Consolidated Pro Forma Net Income: | | | | |
| Historical | $ 670 | $ 670 | $ 670 | $ 670 |
| Pro forma income on net investable proceeds(3) | 153 | 182 | 210 | 243 |
| Pro forma Louisiana shares tax(4) | (42) | (50) | (58) | (66) |
| Less: pro forma employee stock ownership plan adjustments(1) | (32) | (37) | (43) | (49) |
| Less: pro forma restricted stock award expense(2) | (84) | (99) | (114) | (131) |
| Less: pro forma stock option expense(5) | (77) | (91) | (104) | (120) |
| Pro forma net income | $ 588 | $ 575 | $ 561 | $ 547 |
| Pro forma net income per share: | | | | |
| Historical, as adjusted(5) | $ 0.28 | $ 0.24 | $ 0.21 | $ 0.18 |
| Pro forma income on net investable proceeds | 0.06 | 0.06 | 0.06 | 0.07 |
| Pro forma state shares tax(4) | (0.02) | (0.02) | (0.02) | (0.02) |
| Less: pro forma employee stock ownership plan adjustments(1) | (0.01) | (0.01) | (0.01) | (0.01) |
| Less: pro forma restricted stock award expense(2) | (0.03) | (0.03) | (0.04) | (0.03) |
| Less: pro forma stock option expense(5) | (0.03) | (0.03) | (0.03) | (0.03) |

| | | | | |
|---|---|---|---|---|
| Pro forma net income per share | $ 0.24 | $ 0.20 | $ 0.17 | $ 0.15 |
| Offering price as a multiple of pro forma net income per share | 41.7x | 50.0x | 58.8x | 66.7x |
| Number of shares used to calculate pro forma net income per share(7) | 2,407,387 | 2,832,220 | 3,257,053 | 3,745,612 |
| Pro forma stockholders equity (book value)(5): | | | | |
| Historical | $ 33,365 | $ 33,365 | $ 33,365 | $ 33,365 |
| Estimated net proceeds | 14,442 | 17,158 | 19,874 | 22,997 |
| Plus: assets received from mutual holding company | 100 | 100 | 100 | 100 |
| Less: common stock acquired by employee stock ownership plan(1) | (956) | (1,125) | (1,294) | (1,488) |
| Less: common stock to be acquired by recognition and retention plan(2) | (638) | (750) | (863) | (992) |
| Pro forma stockholders equity | $ 46,313 | $ 48,748 | $ 51,182 | $ 53,982 |
| Pro forma stockholders equity per share(6): | | | | |
| Historical | $ 13.36 | $ 11.35 | $ 9.87 | $ 8.58 |
| Estimated net proceeds | 5.78 | 5.84 | 5.88 | 5.92 |
| Plus: assets received from mutual holding company | 0.04 | 0.03 | 0.03 | 0.03 |
| Less: common stock acquired by employee stock ownership plan(1) | (0.38) | (0.38) | (0.38) | (0.38) |
| Less: common stock to be acquired by recognition and retention plan(2) | (0.26) | (0.26) | (0.26) | (0.26) |
| Pro forma stockholders equity per share | $ 18.54 | $ 16.59 | $ 15.14 | $ 13.89 |
| Offering price as a percentage of pro forma stockholders equity per share | 53.9% | 60.3% | 66.1% | 72.0% |
| Number of shares used to calculate pro forma stockholders equity per share | 2,498,231 | 2,939,095 | 3,379,959 | 3,886,954 |

*(Footnotes on following page)*

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(1) Assumes that the employee stock ownership plan will acquire a number of shares equal to 6.0% of Home Federal Bancorp s common stock to be sold in the conversion and offering. The employee stock ownership plan will borrow the funds used to acquire these shares from the net proceeds of the offering retained by Home Federal Bancorp. The amount of this borrowing has been reflected as a reduction from gross proceeds to determine estimated net investable proceeds. This borrowing will have an interest rate of 3.25%, and a term of 20 years. Home Federal Bank intends to make contributions to the employee stock ownership plan in amounts at least equal to the principal and interest requirement of the debt. Interest income that Home Federal Bancorp will earn on the loan will offset the interest paid on the loan by Home Federal Bank. As the debt is paid down, shares will be released for allocation to participants accounts and shareholders equity will be increased.

The adjustment to pro forma net income for the employee stock ownership plan reflects the after-tax compensation expense associated with the plan, based on an assumed effective tax rate of 34.0%. Applicable accounting principles require that compensation expense for the employee stock ownership plan be based upon shares committed to be released and that unallocated shares be excluded from earnings per share computations. An equal number of shares (1/15% of the total, based on a 15-year loan) will be released each year over the term of the loan. The valuation of shares committed to be released would be based upon the average market value of the shares during the year, which, for purposes of this calculation, was assumed to be equal to the $10.00 per share purchase price. If the average market value per share is greater than $10.00 per share, total employee stock ownership plan expense would be greater.

(2) Assumes that Home Federal Bancorp will purchase in the open market a number of shares equal to 4.0% of the shares of Home Federal Bancorp common stock sold in the offering, that will be reissued as restricted stock awards under the recognition and retention plan proposed to be adopted following the conversion and offering. Repurchases will be funded with cash on hand at Home Federal Bancorp or with dividends paid to Home Federal Bancorp by Home Federal Bank. The cost of these shares has been reflected as a reduction from gross proceeds to determine estimated net investable proceeds. In calculating the pro forma effect of the restricted stock awards, it is assumed that the required shareholder approval has been received, that the shares used to fund the awards were acquired at the beginning of the respective period and that the shares were acquired at the $10.00 per share purchase price. The issuance of authorized but unissued shares of common stock instead of shares repurchased in the open market would dilute the ownership interests of existing shareholders, by approximately 2.49%, assuming the midpoint of the offering range. The adjustment to pro forma net income for the restricted stock awards reflects the after-tax compensation expense associated with the awards. It is assumed that the fair market value of a share of Home Federal Bancorp common stock was $10.00 at the time the awards were made, that all shares were granted in the first year after the conversion and offering, that shares of restricted stock issued under the recognition and retention plan vest over a five-year period, or 20% per year, that compensation expense is recognized on a straight-line basis over each vesting period so that 20% of the value of the shares awarded was an amortized expense during each year, and that the combined federal and state income tax rate was 34.0%. If the fair market value per share is greater than $10.00 per share on the date shares are awarded then, total recognition and retention plan expense would be greater.

(3) Pro forma income on net investable proceeds is equal to the net proceeds less the cost of acquiring shares in the open market at the $10.00 per share purchase price to fund the employee stock ownership plan and the restricted stock awards under the recognition and retention plan multiplied by the after-tax reinvestment rate. The after-tax reinvestment rate is equal to 1.18% for the year ended June 30, 2010 based on the following assumptions: combined federal and state income tax rate of 34.0% and a pre-tax reinvestment rate of 1.79% for the year ended June 30, 2010.

(4)

Following the offering, Home Federal Bank will be subject to the Louisiana shares tax. The shares tax is based upon capitalized earnings and taxable stockholders equity minus certain real and personal property credits. The amount shown is an estimate. For additional information, see Taxation State Taxation.

*(Footnotes continue on the following page)*

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(5) The adjustment to pro forma net income for stock options reflects the compensation expense associated with the stock options (assuming no federal tax benefit) that may be granted under the new stock option plan to be adopted following the conversion and offering. If the new stock option plan is approved by shareholders, a number of shares equal to 10.0% of Home Federal Bancorp s common stock sold in the offering will be reserved for future issuance upon the exercise of stock options that may be granted under the plan. Using the Black-Scholes option-pricing formula, each option is assumed to have a value of $2.42 based on the following assumptions: exercise price, $10.00; trading price on date of grant, $10.00; dividend yield, 2.4%; expected life, six years; expected volatility, 23.23%; and risk-free interest rate, 2.97%. It is assumed that all stock options were granted in the first year after the offering, that stock options granted under the stock option plan vest over a five-year period, or 20.0% per year, that compensation expense is recognized on a straight-line basis over each vesting period so that 20.0% of the value of the options awarded was an amortized expense during each year. If the fair market value per share is different than $10.00 per share on the date options are awarded under the stock option plan, or if the assumptions used in the option-pricing formula are different from those used in preparing this pro forma data, the value of the stock options and the related expense would be different. Applicable accounting standards do not prescribe a specific valuation technique to be used to estimate the fair value of employee stock options. Home Federal Bancorp may use a valuation technique other than the Black-Scholes option-pricing formula and that technique may produce a different value. The issuance of authorized but unissued shares of common stock to satisfy option exercises instead of shares repurchased in the open market would dilute the ownership interests of existing shareholders by approximately 6.00%, assuming the midpoint of the offering range.

(6) The historical net income per share has been adjusted to reflect the exchange ratio of the additional shares to be issued by Home Federal Bancorp in exchange for the shares of Home Federal Bancorp common stock. As reported, the basic net income per share of Home Federal Bancorp for the year ended June 30, 2010 was $0.21.

(7) The number of shares used to calculate pro forma net income per share is equal to the total number of shares to be outstanding upon completion of the conversion and offering, less the number of shares purchased by the employee stock ownership plan not committed to be released within one year following the conversion and offering. The number of shares used to calculate pro forma shareholders equity per share is equal to the total number of shares to be outstanding upon completion of the conversion and offering.

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## MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### General

Our profitability depends primarily on our net interest income, which is the difference between interest and dividend income on interest-earning assets, principally loans, investment securities and interest-earning deposits in other institutions, and interest expense on interest-bearing deposits and borrowings from the Federal Home Loan Bank of Dallas. Net interest income is dependent upon the level of interest rates and the extent to which such rates are changing. Our profitability also depends, to a lesser extent, on non-interest income, provision for loan losses, non-interest expenses and federal income taxes. Home Federal Bancorp, Inc. of Louisiana had net income of $670,000 in fiscal 2010 and net income of $515,000 in fiscal 2009.

Historically, our business consisted primarily of originating single-family real estate loans secured by property in our market area. Typically, single-family loans involve a lower degree of risk and carry a lower yield than commercial real estate, construction, commercial business and consumer loans. During fiscal 2009, we hired three commercial loan officers and began to offer commercial real estate loans, commercial business loans and real estate secured lines of credit which typically have higher rates and shorter terms than single-family loans. Although our loans continue to be primarily funded by certificates of deposit, which typically have a higher interest rate than passbook accounts, it is now our policy to require commercial customers to have a deposit relationship with us, which has increased our balance of NOW accounts in recent periods. The combination of these factors has resulted in higher interest rate spreads in fiscal 2010. Due to the low interest rate environment, we have sold substantially all of our fixed rate single-family residential loan originations in recent periods. We have also sold investment securities as available-for-sale to realize gains in the portfolio. Because of a decrease in our cost of funds and the volume increase of interest earning assets, our net interest margin increased during fiscal 2010 and our net interest income increased to $5.7 million for fiscal 2010 as compared to $3.8 million for fiscal 2009. We expect to continue to emphasize consumer and commercial lending in the future in order to improve the yield on our portfolio. In July, 2009, we began offering security brokerage and advisory services at our new agency office through Tipton Wealth Management, a registered representative of LPL Financial Corporation. In the future, we expect to continue to diversify our services by adding an annuity product at our branch offices and brokered certificates of deposit also offered through Tipton Wealth Management. We are offering these services as an accommodation to our customers and have not received, nor do we expect to receive, significant revenue from fees and commissions paid through LPL Financial.

During fiscal 2008, Home Federal Bancorp entered into an Agreement and Plan of Merger with First Louisiana Bancshares, Inc., pursuant to which Home Federal Bancorp would acquire First Louisiana Bancshares and its wholly-owned subsidiary, First Louisiana Bank. Simultaneously with the adoption of the Agreement and Plan of Merger, Home Federal Mutual Holding Company adopted a Plan of Conversion and Reorganization whereby Home Federal Mutual Holding Company would convert from the mutual holding company form of organization to the fully public stock holding company form of organization and offer shares of a new holding company to its members and the general public in a subscription and community offering. At the close of the offering period in August 2008, as a result of market conditions at that time, the orders received were not sufficient to reach the required minimum of the offering range. As a result, Home Federal Bancorp s second-step conversion and offering terminated and, as of August 14, 2008, Home Federal Bancorp and First Louisiana Bancshares mutually agreed to terminate the Agreement and Plan of Merger. Completion of the merger was contingent on completion of the second-step conversion. During fiscal 2009, Home Federal Bancorp incurred related merger and stock issuance expenses of $133,000.

Home Federal Bancorp s operations and profitability are subject to changes in interest rates, applicable statutes and regulations and general economic conditions, as well as other factors beyond our control.

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### Business Strategy

Our business strategy is focused on operating a growing and profitable community-oriented financial institution. Following the conversion and offering, we expect to:

*Continue to Grow and Diversify Our Loan Portfolio by, among other things, emphasizing our origination of commercial real estate and business loans.* Home Federal Bancorp s traditional lending activity historically had been concentrated on the origination of single-family residential loans and, to a lesser degree, consumer loans. Beginning in 2009, we hired three senior commercial loan officers to develop a loan portfolio more consistent with that of a community bank. At June 30, 2010, our commercial real estate loans amounted to $15.4 million, or 16.4% of the total loan portfolio, compared to $8.2 million, or 17.2% at June 30, 2009. Our commercial business loans at June 30, 2010 amounted to $9.5 million or 10.1% of the total loan portfolio compared to $3.9 million, or 8.2% at June 30, 2009. Commercial real estate, commercial business, construction and development and consumer loans all typically have higher yields and are more interest sensitive than long-term single-family residential mortgage loans. We plan to continue to grow and diversify our loan portfolio, and we intend to continue to grow our holdings of commercial real estate and business loans. In addition, the net proceeds to be received from the conversion and offering will increase our loan-to-one borrower limits, which will permit us to originate and retain larger balance, commercial real estate and business loans.

*Diversify Our Products and Services.* We intend to continue to emphasize increasing the amount of our commercial business products to provide a full-service banking relationship to our commercial customers. We have also introduced mobile and Internet banking and remote deposit capture, to better serve our commercial clients. Additionally, we have developed new deposit products focused on expanding our deposit base to new types of customers.

*Managing Our Expenses.* In recent periods, we have incurred significant additional expenses related to personnel and infrastructure as we updated and remodeled our existing offices, hired new loan officers and new staff to serve at our Bossier location. While our total non-interest expense increased $2.1 million in fiscal 2010 compared to 2009, we expect such increases will moderate in the future.

*Enhancing Core Earnings.* We expect to improve our interest rate spread by emphasizing commercial real estate and business loans which generally bear interest rates higher than residential real estate loans and selling most of our fixed rate residential mortgage loan originations. The weighted average yield on our loan portfolio for the year ended June 30, 2010 was 6.7% and average interest rate spread for the year ended June 30, 2010 was 3.0% as compared to 1.9% for the year ended June 30, 2009. Likewise, we have increased the amount of low cost deposits including non-interest-bearing checking accounts which resulted in a reduction in Home Federal Bancorp s weighted average cost of its deposits, the primary component of its interest expense for fiscal 2010.

*Expanding Our Franchise in our Market Area and Contiguous Communities.* We intend to pursue opportunities to expand our market area by opening additional *de novo* banking offices and possibly, through acquisitions of other financial institutions and banking related businesses (although we have no current plans, understandings or agreements with respect to any specific acquisitions). We expect to focus on contiguous areas to our current locations in Caddo and Bossier Parishes. Our first branch office in North Bossier is expected to open in November 2010 and may develop a site in South Bossier in the future. While we intend to expand in our market area, our operations and the location of the collateral securing our loans are expected to remain primarily in northwest Louisiana. See the Risk Factor Our business is geographically concentrated in northern Louisiana, which makes us vulnerable to downturns in the local and regional economy.

*Maintain Our Asset Quality.* At June 30, 2010, our non-performing assets totaled $360,000 or 0.19% of total assets. We had no real estate owned or troubled debt restructurings at June 30, 2010. We intend to continue to stress maintaining high asset quality after the conversion and offering even as we continue to grow our institution and diversity our loan portfolio. Home Federal Bancorp does not, nor has it in the past, originated or purchased sub-prime mortgage loans.

*Cross-Selling Products and Services and Emphasizing Local Decision.* We have promoted cross-selling products and services in our branch offices and emphasized our local decision making and streamlined loan approval process. We presently have two full-time loan underwriters at Home Federal Bank.

**Critical Accounting Policies**

In reviewing and understanding financial information for Home Federal Bancorp, you are encouraged to read and understand the significant accounting policies used in preparing our consolidated financial statements. These policies are described in Note 1 of the notes to our consolidated financial statements included in this document. Our accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry. Accordingly, the consolidated financial statements require certain estimates, judgments, and assumptions, which are believed to be reasonable, based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the periods presented. The following accounting policies comprise those that management believes are the most critical to aid in fully understanding and evaluating our reported financial results. These policies require numerous estimates or economic assumptions that may prove inaccurate or may be subject to variations which may significantly affect our reported results and financial condition for the period or in future periods.

**Allowance for Loan Losses.** We have identified the evaluation of the allowance for loan losses as a critical accounting policy where amounts are sensitive to material variation. The allowance for loan losses represents management s estimate for probable losses that are inherent in our loan portfolio but which have not yet been realized as of the date of our consolidated balance sheet. It is established through a provision for loan losses charged to earnings. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely. Subsequent recoveries are added to the allowance. The allowance is an amount that management believes will cover known and inherent losses in the loan portfolio, based on evaluations of the collectability of loans. The evaluations take into consideration such factors as changes in the types and amount of loans in the loan portfolio, historical loss experience, adverse situations that may affect the borrower s ability to repay, estimated value of any underlying collateral, estimated losses relating to specifically identified loans, and current economic conditions. This evaluation is inherently subjective as it requires material estimates including, among others, exposure at default, the amount and timing of expected future cash flows on impacted loans, value of collateral, estimated losses on our commercial and residential loan portfolios and general amounts for historical loss experience. All of these estimates may be susceptible to significant changes as more information becomes available.

While management uses the best information available to make loan loss allowance evaluations, adjustments to the allowance may be necessary based on changes in economic and other conditions or changes in accounting guidance. Historically, our estimates of the allowance for loan loss have not required significant adjustments from management s initial estimates. In addition, the Office of Thrift Supervision, as an integral part of their examination processes, periodically reviews our allowance for loan losses. The Office of Thrift Supervision may require the recognition of adjustments to the allowance for loan losses based on their judgment of information available to them at the time of their examinations. To the extent that actual outcomes differ from management s estimates, additional provisions to the allowance for loan losses may be required that would adversely impact earnings in future periods.

**Income Taxes.** Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various assets and liabilities and gives current recognition to changes in tax rates and laws. Realizing our deferred tax assets principally depends upon our achieving projected future taxable income. We may change our judgments regarding future profitability due to future market conditions and other factors. We may adjust our deferred tax asset balances if our judgments change.

**Changes in Financial Condition**

Home Federal Bancorp s total assets increased $30.4 million, or 19.6%, to $185.1 million at June 30, 2010 compared to $154.8 million at June 30, 2009. This increase was primarily due to an increase in loans receivable and loans held-for-sale of $58.2 million, an increase in premises and equipment of $2.1 million, a decrease in available-for-sale securities of $29.0 million, and a decrease in cash and cash equivalents of $1.2 million, compared to the prior year period.

Loans receivable, net increased $46.2 million, or 98.5%, from $46.9 million at June 30, 2009 to $93.1 million at June 30, 2010. The increase in loans receivable, net was attributable primarily to increases in commercial real estate and commercial business loans, land loans and construction loans which in the aggregate totaled $41.1 million at June 30, 2010 compared to $14.8 million at June 30, 2009, an increase of $26.3 million. One-to-four family residential loans increased $14.2 million, and home equity and second mortgage loans increased $1.7 million at June 30, 2010 compared to the prior year period. At June 30, 2010, the balance of purchased loans approximated $8.9 million, which consisted solely of one-to-four family residential loans, including $8.8 million of loans from the mortgage originator in Arkansas. We did not purchase any loans in fiscal 2009 or 2010. Our loans are primarily originated in Caddo and Bossier Parishes in northwest Louisiana.

As part of implementing our business strategy, during the second half of fiscal 2009 we diversified the loan products we offer and increased our efforts to originate higher yielding commercial real estate loans and lines of credit and commercial business loans. In February 2009, we hired three commercial loan officers, including Home Federal Bank s President and Chief Operating Officer, Mr. Barlow, with over 16 years of commercial lending experience and 21 years of total banking experience, particularly in the local Shreveport market. Commercial real estate loans and lines of credit and commercial business loans were deemed attractive due to their generally higher yields and shorter anticipated lives compared to single-family residential mortgage loans. As of June 30, 2010, Home Federal Bank had $15.4 million of commercial real estate loans and $9.5 million of commercial business loans compared to $8.2 million of commercial real estate loans and $3.9 million of commercial business loans at June 30, 2009. Although commercial loans are generally considered to have greater credit risk than other certain types of loans, management expects to mitigate such risk by originating such loans in our market area to known borrowers.

Securities available-for-sale decreased $28.9 million, or 31.2%, from $92.6 million at June 30, 2009 to $63.7 million at June 30, 2010. This decrease resulted primarily from the reduction of new investment acquisitions, the sale of securities and normal principal paydowns, offset by market value increases in the portfolio. During the past two years, there have been significant loan prepayments due to the heavy volume of loan refinancing. However, when interest rates were at their cyclical lows, management was reluctant to invest in long-term, fixed rate mortgage loans for the portfolio and instead sold the majority of the long-term, fixed rate mortgage loan production. Prior to fiscal 2010, we attempted to strengthen our interest-rate risk position and favorably structure our balance sheet to take advantage of a rising rate environment by purchasing investment securities classified as available-for-sale.

Cash and cash equivalents decreased $1.2 million, or 12.0%, from $10.0 million at June 30, 2009 to $8.8 million at June 30, 2010. The net decrease in cash and cash equivalents was attributable primarily to the growth in our deposits and sales and principal payments from our securities, offset by the funding of our loan growth and repayment of advances from Federal Home Loan Bank.

Premises and equipment increased $2.1 million, or 210.5%, from $982,000 at June 30, 2009 to $3.0 million at June 30, 2010. The increase resulted primarily from the branch office addition in North Bossier, which is expected to open in November 2010.

Total liabilities increased $28.3 million, or 22.9%, from $123.5 million at June 30, 2009 to $151.8 million at June 30, 2010 due primarily to an increase of $31.5 million, or 36.5%, in our deposits, offset by a decrease in advances from the Federal Home Loan Bank of $4.5 million, or 12.5%. The increase in deposits was attributable primarily to increases in our NOW Accounts, money market accounts and certificates of deposit. Money market accounts increased $11.6 million as the result of an expansion of commercial deposit accounts. Certificates of deposit increased

$11.1 million, or 17.7%, from $62.8 million at June 30, 2009 to $73.9 million at June 30, 2010. NOW Accounts increased $9.6 million from $8.5 million at June 30, 2009 to $18.1 million at June 30, 2010. We also received deposits from other financial institutions participating in the U.S. Department of the Treasury s Troubled Asset Relief Program.

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Stockholders equity increased $2.1 million, or 6.7%, to $33.4 million at June 30, 2010 from $31.3 million at June 30, 2009, due primarily to a change of $1.7 million in Home Federal Bancorp s accumulated other comprehensive income, net income of $670,000 for the year ended June 30, 2010 and the vesting of restricted stock awards, stock options and release of employee stock ownership plan shares totaling $228,000. This was partially offset by dividends paid of $293,000 and treasury stock acquisitions of $207,000 during the year ended June 30, 2010. The change in accumulated other comprehensive income was primarily due to the change in net unrealized loss on securities available for sale due to recent declines in interest rates. The net unrealized loss on securities available-for-sale is affected by interest rate fluctuations. Generally, an increase in interest rates will have an adverse impact while a decrease in interest rates will have a positive impact. The repurchases of capital stock were primarily intended to enhance shareholder value and, to a lesser extent, accommodate employee tax withholding obligations on the vesting of recognition plan share awards. All shares of treasury stock will be cancelled in the conversion.

**Average Balances, Net Interest Income, Yields Earned and Rates Paid.** The following table shows for the periods indicated the total dollar amount of interest from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Tax-exempt income and yields have not been adjusted to a tax-equivalent basis. All average balances are based on monthly balances. Management does not believe that the monthly averages differ significantly from what the daily averages would be.

| | | June 30, | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2010 | | | 2009 | | |
| | Yield/ Rate at June 30, 2010 | Average Balance | Interest | Average Yield/ Rate | Average Balance | Interest | Average Yield/ Rate |
| | (Dollars in thousands) | | | | | | |
| Interest-earning assets: | | | | | | | |
| Investment securities | 4.78% | $ 78,880 | $ 3,942 | 5.00% | $ 107,683 | $ 5,333 | 4.95% |
| Loans receivable | 5.70 | 77,879 | 5,218 | 6.70 | 32,630 | 2,238 | 6.86 |
| Interest-earning deposits | 0.07 | 7,163 | 9 | 0.13 | 5,578 | 25 | 0.45 |
| Total interest-earning assets | 5.20% | 163,922 | 9,169 | 5.59% | 145,891 | 7,596 | 5.21% |
| Non-interest-earning assets | | 4,787 | | | 2,730 | | |
| Total assets | | $ 168,709 | | | $ 148,621 | | |
| Interest-bearing liabilities: | | | | | | | |
| Savings accounts | 0.42% | 5,588 | 23 | 0.41% | 5,653 | 26 | 0.46% |
| NOW accounts | 0.12 | 11,523 | 22 | 0.19 | 7,896 | 21 | 0.27 |
| Money market accounts | 1.19 | 14,377 | 183 | 1.27 | 4,268 | 38 | 0.89 |
| Certificate accounts | 2.66 | 67,981 | 2,010 | 2.96 | 61,780 | 2,378 | 3.85 |
| Total deposits | 1.90 | 99,469 | 2,238 | 2.25 | 79,597 | 2,463 | 3.09 |
| FHLB advances | 3.47 | 35,529 | 1,219 | 3.43 | 35,853 | 1,375 | 3.84 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total interest-bearing liabilities | 2.23% | 134,998 | 3,457 | 2.56% | 115,450 | 3,838 | 3.32% |
| Non-interest-bearing liabilities | | 1,696 | | | 2,927 | | |
| Total liabilities | | 136,694 | | | 118,377 | | |
| Total Stockholders Equity(1) | | 32,015 | | | 30,244 | | |
| Total liabilities and equity | | $ 168,709 | | | $ 148,621 | | |
| Net interest-earning assets | | $ 28,924 | | | $ 30,441 | | |
| Net interest income; average interest rate spread(2) | | | $ 5,712 | 3.03% | | $ 3,758 | 1.89% |
| Net interest margin(3) | | | | 3.48% | | | 2.58% |
| Average interest-earning assets to average interest-bearing liabilities | | | | 121.43% | | | 126.37% |

(1) Includes retained earnings and accumulated other comprehensive loss.

(2) Interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average rate on interest-bearing liabilities.

(3) Net interest margin is net interest income divided by net average interest-earning assets.

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**Rate/Volume Analysis.** The following table describes the extent to which changes in interest rates and changes in volume of interest-related assets and liabilities have affected Home Federal Bancorp s interest income and interest expense during the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (change in volume multiplied by prior year rate), (ii) changes in rate (change in rate multiplied by current year volume), and (iii) total change in rate and volume. The combined effect of changes in both rate and volume has been allocated proportionately to the change due to rate and the change due to volume.

| | 2010 vs. 2009 | | | 2009 vs. 2008 | | |
|---|---|---|---|---|---|---|
| | Increase (Decrease) Due to | | Total Increase (Decrease) | Increase (Decrease) Due to | | Total Increase (Decrease) |
| | Rate | Volume | | Rate | Volume | |
| | (In thousands) | | | | | |
| Interest income: | | | | | | |
| Investment securities | $ 39 | $ (1,427) | $ (1,388) | $ (98) | $ 651 | $ 553 |
| Loans receivable, net | (126) | 3,103 | 2,977 | (118) | 284 | 166 |
| Interest-earning deposits | (23) | 7 | (16) | (104) | (23) | (127) |
| Total interest-earning assets | (110) | 1,683 | 1,573 | (320) | 912 | 592 |
| Interest expense: | | | | | | |
| Savings accounts | (3) | (1) | (4) | (1) | 5 | 4 |
| NOW accounts | (9) | 10 | 1 | 3 | 2 | 5 |
| Money market accounts | 55 | 90 | 145 | 21 | 5 | 26 |
| Certificate accounts | (605) | 239 | (366) | (508) | (99) | (607) |
| Total deposits | (562) | 338 | (224) | (485) | (87) | (572) |
| FHLB advances | (145) | (12) | (157) | (249) | 691 | 442 |
| Total interest-bearing liabilities | (707) | 326 | (381) | (734) | 604 | (130) |
| Increase (Decrease) in net interest income | $ 597 | $ 1,357 | $ 1,954 | $ 414 | $ 308 | $ 722 |

**Comparison of Operating Results for the Years Ended June 30, 2010 and 2009**

**General.** Net income amounted to $670,000 for the year ended June 30, 2010, reflecting a change of $155,000 compared to net income of $515,000 for the year ended June 30, 2009. This change was due to an increase of $501,000 in non-interest income and a $2.2 million increase in net interest income after provision for loan losses, offset by an increase of $2.1 million in non-interest expense and an increase of $420,000 in the provision for income taxes.

**Net Interest Income.** Net interest income amounted to $5.7 million for fiscal year 2010, an increase of $1.9 million, or 52.0%, compared to $3.8 million for fiscal year 2009. The increase was due primarily to an increase of $1.6 million in total interest income, and a $380,000 decrease in interest expense.

The average interest rate spread increased from 1.89% for fiscal 2009 to 3.03% for fiscal 2010 while the average balance of net interest-earning assets decreased from $30.4 million to $28.9 million during the same periods. The percentage of average interest-earning assets to average interest-bearing liabilities decreased to 121.4% for fiscal 2010 compared to 126.4% for fiscal 2009. The increase in the average interest rate spread reflects the lower interest rates paid on interest bearing liabilities and management s decision to temporarily invest in lower rate securities available for sale rather than long-term, fixed rate residential mortgage loans. Additionally, Home Federal Bancorp s average cost of funds decreased 76 basis points in fiscal 2010 compared to fiscal 2009 as the Federal Reserve was reducing short-term rates. Lower certificate of deposit interest rates in our market area led us to decrease the average rates paid on certificates of deposit 89 basis points in fiscal 2010 compared to fiscal 2009. Net interest margin increased to 3.4% in fiscal 2010 compared to 2.58% for fiscal 2009.

Interest income increased $1.6 million, or 21.1%, to $9.2 million for fiscal 2010 compared to $7.6 million for fiscal 2009. Such increase was primarily due to an increase in the average balance of total interest earning assets as well as an increase in the average yield. The increase in average yields on interest earning assets reflects an increase in higher yielding loans during fiscal 2010. The decrease in the average balance of investment securities was due to security sales and normal principal payments while no purchase of new securities were made. The increase in the average balance of loans receivable was primarily due to new loans originated by our new commercial lending activities.

Interest expense decreased $380,000, or 9.9%, to $3.5 million for fiscal 2010 compared to fiscal 2009 primarily as a result of decreases in the average rates paid on interest-bearing liabilities, partially offset by increases in the average balance of interest-bearing deposits.

**Provision for Loan Losses.** The allowance for loan losses is established through a provision for loan losses charged to earnings as losses are estimated to have occurred in our loan portfolio. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management s periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower s ability to repay, estimated value of the underlying collateral and prevailing economic conditions. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information or events, it is probable that we will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. When a loan is impaired, the measurement of such impairment is based upon the fair value of the collateral of the loan. If the fair value of the collateral is less than the recorded investment in the loan, we will recognize the impairment by creating a valuation allowance with a corresponding charge against earnings.

An allowance is also established for uncollectible interest on loans classified as substandard. Substandard loans are those loans which are in excess of ninety days delinquent. The allowance is established by a charge to interest income equal to all interest previously accrued and income is subsequently recognized only to the extent that cash payments are received. When, in management s judgment, the borrower s ability to make interest and principal payments is back to normal, the loan is returned to accrual status.

A provision of $240,000 was made to the allowance in the last quarter of fiscal 2009, primarily in response to the increase in commercial lending during the period. A provision of $36,000 was made to the allowance in the last quarter of fiscal 2010, also in response to our increase in commercial lending during this period. We held two residential mortgage loans at June 30, 2010 classified as substandard compared to one at June 30, 2009.

**Non-Interest Income.** Non-interest income amounted to $864,000 for the year ended June 30, 2010, an increase of $501,000, or 138.0%, compared to non-interest income of $363,000 for the year ended June 30, 2009. The increase was primarily due to a $471,000 increase in gain on sale of securities, and a $642,000 increase in gain on sale of loans, partially offset by an impairment charge on investment securities of $627,000. The impairment charge related to Home Federal Bancorp s investment in equity securities consisting of shares of an adjustable rate mortgage loan mutual fund. During the year ended June 30, 2010, management determined that the impairment of this investment was other-than-temporary based on conditions which indicated that a significant recovery in fair value of the mutual fund investment was unlikely to occur.

**Non-Interest Expense.** Non-interest expense increased $2.1 million, or 67.7%, in fiscal 2010, largely due to increases in compensation and benefits of $1.6 million, legal and examination fees of $124,000, occupancy expenses of $176,000 and miscellaneous non-interest expenses of $295,000. The increase in compensation and benefits expense was primarily attributable to the hiring of new loan officers, additional personnel and operating costs associated with our new and expanding commercial loan activities. Non-interest expense also increased as a result of increases in advertising expense, and other general overhead expenses, including printing and office supplies expense. Occupancy expense increased primarily due to our new agency office which opened in July 2009.

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**Provision for Income Tax Expense.** The provision for income taxes amounted to $673,000 and $253,000 for the fiscal years ended June 30, 2010 and 2009, respectively. Our effective tax rate was 50.11% for fiscal 2010 and 32.75% for fiscal 2009. The effective tax rate for fiscal 2010 was above the maximum 34% corporation tax rate because no future deferred tax benefit on investment losses could be recognized.

**Exposure to Changes in Interest Rates**

Our ability to maintain net interest income depends upon our ability to earn a higher yield on interest-earning assets than the rates we pay on deposits and borrowings. Our interest-earning assets consist primarily of securities available-for-sale and long-term residential and commercial mortgage loans which have fixed rates of interest. Consequently, our ability to maintain a positive spread between the interest earned on assets and the interest paid on deposits and borrowings can be adversely affected when market rates of interest rise.

Although long-term, fixed rate mortgage loans made up a significant portion of our interest-earning assets at June 30, 2010, we sold a substantial amount of our loans we originated for sale and maintained a significant portfolio of securities available-for-sale during the past few years in order to better position Home Federal Bancorp for a rising rate environment. At June 30, 2010 and 2009, securities available-for-sale amounted to $63.7 million and $92.6 million, respectively, or 34.4% and 59.9%, respectively, of total assets at such dates. Although this asset/liability management strategy has adversely impacted short-term net income, it provides us with greater flexibility to reinvest such assets in higher-yielding single-family, consumer and commercial business loans in a rising interest rate environment.

**Quantitative Analysis.** The Office of Thrift Supervision provides a quarterly report on the potential impact of interest rate changes upon the market value of portfolio equity. Management reviews the quarterly reports from the Office of Thrift Supervision which show the impact of changing interest rates on net portfolio value. Net portfolio value is the difference between incoming and outgoing discounted cash flows from assets, liabilities, and off-balance sheet contracts.

**Net Portfolio Value.** Our interest rate sensitivity is monitored by management through the use of a model which internally generates estimates of the change in our net portfolio value ( NPV ) over a range of interest rate scenarios. NPV is the present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. The NPV ratio, under any interest rate scenario, is defined as the NPV in that scenario divided by the market value of assets in the same scenario. The following table sets forth our NPV as of June 30, 2010:

| Change in Interest Rates in Basis Points (Rate Shock) | Net Portfolio Value | | | NPV as % of Portfolio Value of Assets | |
|---|---|---|---|---|---|
| | Amount | $ Change | % Change | NPV Ratio | Change |
| | (Dollars in thousands) | | | | |
| 300 | $ 30,323 | $ (7,943) | (20.76)% | 16.84% | (2.82)% |
| 200 | 33,578 | (4,688) | (12.25) | 18.11 | (1.55) |
| 100 | 36,349 | (1,917) | (5.01) | 19.09 | (0.57) |
| Static | 38,266 | | | 19.66 | |
| (50) | 38,636 | 370 | 0.97 | 19.69 | 0.03 |
| (100) | 38,661 | 396 | 1.03 | 19.60 | (0.05) |

**Qualitative Analysis.** Our ability to maintain a positive spread between the interest earned on assets and the interest paid on deposits and borrowings is affected by changes in interest rates. Our fixed-rate loans generally are profitable if interest rates are stable or declining since these loans have yields that exceed our cost of funds. If interest rates increase, however, we would have to pay more on our deposits and new borrowings, which would adversely affect our interest rate spread. In order to counter the potential effects of dramatic increases in market rates of interest, we have underwritten our mortgage loans to allow for their sale in the secondary market. Total loan originations amounted to $168.7 million for fiscal 2010 and $50.7 million for fiscal 2009, while loans sold amounted to $71.6 million and $16.2 million during the same respective periods. More significantly, we have invested excess funds from loan payments and prepayments and loan sales in investment securities classified as available-for-sale. As a result, Home Federal Bancorp is not as susceptible to rising interest rates as it would be if its interest-earning assets were primarily comprised of long-term, fixed rate mortgage loans. With respect to its floating or adjustable rate loans, Home Federal Bancorp writes interest rate floors and caps into such loan documents. Interest rate floors limit our interest rate risk by limiting potential decreases in the interest yield on an adjustable rate loan to a certain level. As a result, we receive a minimum yield even if rates decline farther and the interest rate on the particular loan would otherwise adjust to a lower amount. Conversely, interest rate ceilings limit the amount by which the yield on an adjustable rate loan may increase to no more than six percentage points over the rate at the time of origination. Finally, we intend to place a greater emphasis on shorter-term consumer loans and commercial business loans in the future.

**Liquidity and Capital Resources**

Home Federal Bancorp maintains levels of liquid assets deemed adequate by management. Our liquidity ratio averaged 53.21% for the quarter ended June 30, 2010. We adjust our liquidity levels to fund deposit outflows, repay our borrowings and to fund loan commitments. We also adjust liquidity as appropriate to meet asset and liability management objectives.

Our primary sources of funds are deposits, amortization and prepayment of loans and mortgage-backed securities, maturities of investment securities and other short-term investments, loan sales and earnings and funds provided from operations. While scheduled principal repayments on loans and mortgage-backed securities are a relatively predictable source of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition. We set the interest rates on our deposits to maintain a desired level of total deposits. In addition, we invest excess funds in short-term interest-earning accounts and other assets, which provide liquidity to meet lending requirements. Our deposit accounts with the Federal Home Loan Bank of Dallas amounted to $2.8 million and $3.8 million at June 30, 2010 and 2009, respectively.

A significant portion of our liquidity consists of securities classified as available-for-sale and cash and cash equivalents. Our primary sources of cash are net income, principal repayments on loans and mortgage-backed securities and increases in deposit accounts. If we require funds beyond our ability to generate them internally, we have borrowing agreements with the Federal Home Loan Bank of Dallas which provide an additional source of funds. At June 30, 2010, we had $31.5 million in advances from the Federal Home Loan Bank of Dallas and had $61.1 million in additional borrowing capacity.

At June 30, 2010, Home Federal Bancorp had outstanding loan commitments of $14.2 million to originate loans. At June 30, 2010, certificates of deposit scheduled to mature in less than one year, totaled $38.4 million. Based on prior experience, management believes that a significant portion of such deposits will remain with us, although there can be no assurance that this will be the case. In addition, the cost of such deposits could be significantly higher upon renewal, in a rising interest rate environment. We intend to utilize our high levels of liquidity to fund our lending activities. If additional funds are required to fund lending activities, we intend to sell our securities classified as available-for-sale as needed.

Home Federal Bank is required to maintain regulatory capital sufficient to meet tangible, core and risk-based capital ratios of at least 1.5%, 3.0% and 8.0%, respectively. At June 30, 2010, Home Federal Bank exceeded each of its capital requirements with ratios of 16.47%, 16.47% and 33.67%, respectively.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements, as defined by Securities and Exchange Commission rules, and have not had any such arrangements during the two years ended June 30, 2010. See Notes 8 and 15 to the Notes to Consolidated Financial Statements contained in this Annual Report.

**Impact of Inflation and Changing Prices**

The consolidated financial statements and related financial data presented herein regarding Home Federal Bancorp have been prepared in accordance with accounting principles generally accepted in the United States of America which generally require the measurement of financial position and operating results in terms of

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historical dollars, without considering changes in relative purchasing power over time due to inflation. Unlike most industrial companies, virtually all of our assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on Home Federal Bancorp s performance than does the effect of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services, since such prices are affected by inflation to a larger extent than interest rates.

## OUR BUSINESS

### Market Area

Home Federal Bancorp s primary market area for loans and deposits is in northwest Louisiana, particularly Caddo Parish and neighboring communities in Bossier Parish, which are located in the Shreveport-Bossier City metropolitan statistical area.

Shreveport and Bossier City are located in northern Louisiana on Interstate 20, approximately fifteen miles from the Texas state border and 185 miles east of Dallas Texas. Our primary market area has a diversified economy with employment in services, government and wholesale/retail trade constituting the basis of the local economy, with service jobs being the largest component. The majority of the services are health care related as Shreveport has become a regional hub for health care. The casino gaming industry also supports a significant number of the service jobs. The energy sector has a prominent role in the regional economy, resulting from oil and gas exploration and drilling. According to the U.S. Census Bureau, Caddo Parish and Bossier Parish had estimated populations of approximately 254,000 and 111,000 people, respectively, in 2009. Between 2000 and 2009, the population of Caddo Parish grew 0.6% and Bossier Parish grew 13.4%, compared to an increase in the overall population of Louisiana of 6.5% for the same period.

In 2008, the median household income in Caddo Parish and Bossier Parish was $37,000 and $49,000, respectively. According to the U.S. Department of Labor, the unemployment rate as of June 2010 was 8.4% in Caddo Parish and 6.3% in Bossier Parish, compared to 7.0% for the entire state of Louisiana and 9.5% nationwide.

The Shreveport-Bossier City metropolitan statistical area is considered the economic and healthcare center for northwest Louisiana, east Texas and southwest Arkansas. The primary employers in our market area are the Louisiana Department of Civil Service, Barksdale Air Force Base, Louisiana State University Medical Center and the Willis-Knighton Health System. The gaming industry also supports service sector employment.

**General.** On January 18, 2005, Home Federal Bank, completed its reorganization to the mutual holding company form of organization and formed Home Federal Bancorp, Inc. of Louisiana to serve as the stock holding company for Home Federal Bank. In connection with the reorganization, Home Federal Bancorp sold 1,423,583 shares of its common stock in a subscription and community offering at a price of $10.00 per share. Home Federal Bank also issued 60% of its then outstanding common stock in the reorganization to Home Federal Mutual Holding Company of Louisiana, or 2,135,375 shares. As of June 30, 2010, Home Federal Mutual Holding Company held 63.8% of Home Federal Bancorp s issued and outstanding common stock. Home Federal Bank is a federally chartered, stock savings bank and is subject to federal regulation by the Federal Deposit Insurance Corporation and the Office of Thrift Supervision. Effective April 8, 2009, Home Federal Savings and Loan Association changed its name to Home Federal Bank.

Services are provided to Home Federal Bank s customers by three branch offices and one agency office, all of which are located in the City of Shreveport, Louisiana. The area served by Home Federal Bank is primarily the Shreveport-Bossier City metropolitan area; however, loan and deposit customers are found dispersed in a wider geographical area covering much of northwest Louisiana. Home Federal Bank has purchased packages of single family loans for its portfolio from a mortgage originator in Arkansas that are secured by properties primarily located in predominantly rural areas of Texas and to a lesser extent, Tennessee, Arkansas, Alabama, Louisiana and Mississippi, however, no such purchases were made during fiscal 2009 or 2010. Under the terms of the loan agreements, the seller must repurchase any loan that becomes more than 90 days delinquent.

Home Federal Bancorp s only business activities are to hold all of the outstanding common stock of Home Federal Bank. Home Federal Bancorp is authorized to pursue other business activities permitted by applicable laws and regulations for savings and loan holding companies, which may include the issuance of additional shares of common stock to raise capital or to support mergers or acquisitions and borrowing funds for reinvestment in Home Federal Bank.

Home Federal Bancorp does not own or lease any property, but instead uses the premises, equipment and furniture of Home Federal Bank. At the present time, Home Federal Bancorp employs only persons who are officers of Home Federal Bank to serve as officers of Home Federal Bancorp and may also use the support staff of Home Federal Bank from time to time. These persons are not separately compensated by Home Federal Bancorp.

Pursuant to the regulations under Sections 23A and 23B of the Federal Reserve Act, Home Federal Bank and Home Federal Bancorp have entered into an expense sharing agreement. Under this agreement, Home Federal Bancorp will reimburse Home Federal Bank for the time that employees of Home Federal Bank devote to activities of Home Federal Bancorp, the portion of the expense of the annual independent audit attributable to Home Federal Bancorp and all expenses attributable to Home Federal Bancorp s public filing obligations under the Securities Exchange Act of 1934. If Home Federal Bancorp commences any significant activities other than holding all of the outstanding common stock of Home Federal Bank, Home Federal Bancorp and Home Federal Bank will amend the expense sharing agreement to provide for the equitable sharing of all expenses of such other activities that may be attributable to Home Federal Bancorp.

Home Federal Bank is a federally chartered savings and loan association located in Shreveport, Louisiana, which is the parish seat of Caddo Parish. Home Federal Bank s business consists primarily of attracting deposits from the general public and using those funds to invest in securities and originate single-family and consumer loans. Historically, Home Federal Bank has been a traditional thrift institution with an emphasis on fixed-rate long-term single-family residential first mortgage loans. As part of implementing our business strategy, we diversified the loan products we offer and increased our efforts to originate higher yielding commercial real estate loans and lines of credit and, to a lesser extent commercial business loans, in the last half of fiscal 2009. We recently hired senior management officers with significant commercial lending experience in our market area. Commercial real estate loans and lines of credit were deemed attractive due to their generally higher yields and shorter anticipated lives compared to single-family residential mortgage loans. In July 2009, Home Federal Bank began offering security brokerage and advisory services through its agency office located in Shreveport, Louisiana.

**Competition.** We face significant competition both in attracting deposits and in making loans. Our most direct competition for deposits has come historically from commercial banks, credit unions and other savings institutions located in the primary market area, including many large financial institutions which have greater financial and marketing resources available to them. In addition, we face significant competition for investors funds from short-term money market securities, mutual funds and other corporate and government securities. We do not rely upon any individual group or entity for a material portion of our deposits. Our ability to attract and retain deposits depends on our ability to generally provide a rate of return, liquidity and risk comparable to that offered by competing investment opportunities.

Our competition for real estate loans comes principally from mortgage banking companies, commercial banks, other savings institutions and credit unions. We compete for loan originations primarily through the interest rates and loan fees we charge, and the efficiency and quality of services we provide borrowers. Factors which affect competition include general and local economic conditions, current interest rate levels and volatility in the mortgage markets. Competition may increase as a result of the continuing reduction of restrictions on the interstate operations of financial institutions.

**Lending Activities**

**General.** At June 30, 2010, our net loan portfolio amounted to $93.1 million, representing approximately 50.3% of total assets at that date. Historically, our principal lending activity was the origination of one- to four-family residential loans. At June 30, 2010, one- to four-family residential loans amounted to

$36.3 million, or 38.7% of the total loan portfolio. As part of our desire to diversify the loan portfolio, we began to offer commercial real estate loans and commercial business loans in fiscal 2009, which amounted to $15.4 million and $9.5 million, respectively, at June 30, 2010.

The types of loans that we may originate are subject to federal and state laws and regulations. Interest rates charged on loans are affected principally by the demand for such loans and the supply of money available for lending purposes and the rates offered by our competitors. These factors are, in turn, affected by general and economic conditions, the monetary policy of the federal government, including the Federal Reserve Board, legislative and tax policies, and governmental budgetary matters.

A savings institution generally may not make loans to one borrower and related entities in an amount which exceeds 15% of its unimpaired capital and surplus, although loans in an amount equal to an additional 10% of unimpaired capital and surplus may be made to a borrower if the loans are fully secured by readily marketable securities. In addition, upon application the Office of Thrift Supervision permits a savings institution to lend up to an additional 15% of unimpaired capital and surplus to one borrower to develop domestic residential housing units. At June 30, 2010, our regulatory limit on loans-to-one borrower was $4.6 million and the five largest loans or groups of loans-to-one borrower, including related entities, aggregated $4.4 million, $4.2 million, $3.9 million, $3.8 million and $2.9 million. Each of our five largest loans or groups of loans was originated with strong guarantor support to known borrowers in our market area and performing in accordance with its terms at June 30, 2010. For our largest loan to one borrower, during fiscal 2010 we utilized the higher limit applicable for domestic residential housing units upon approval by the Office of Thrift Supervision. The $4.4 million group of loans is to a limited partnership established by the Housing Authority of Bossier City, Louisiana. The loans are secured by a first mortgage lien on real estate and low to moderate income rental units in Bossier City, Louisiana as well as a conditional assignment of rents.

Loans to or guaranteed by general obligations of a state or political subdivision are not subject to the foregoing lending limits.

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**Loan Portfolio Composition.** The following table shows the composition of our loan portfolio by type of loan at the dates indicated.

| | June 30, 2010 | | June 30, 2009 | |
|---|---|---|---|---|
| | Amount | Percent of Total Loans | Amount | Percent of Total Loans |
| | (Dollars in thousands) | | | |
| Real estate loans: | | | | |
| One- to four-family residential(1) | $ 36,257 | 38.65% | $ 22,106 | 46.50% |
| Commercial-real estate secured: | | | | |
| Owner occupied | 14,550 | 15.51 | 8,193 | 17.24 |
| Non-owner occupied | 872 | 0.93 | | |
| Total commercial-real estate secured | 15,422 | 16.44 | 8,193 | 17.24 |
| Multi-family residential | 9,079 | 9.68 | 4,884 | 10.27 |
| Commercial business | 9,454 | 10.08 | 3,904 | 8.21 |
| Land | 8,442 | 9.00 | 2,348 | 4.94 |
| Construction | 7,793 | 8.31 | 338 | 0.71 |
| Home equity loans and second mortgage loans | 2,963 | 3.16 | 4,914 | 10.34 |
| Equity lines of credit | 4,069 | 4.33 | 451 | 0.95 |
| Total real estate loans | 93,479 | 99.65 | 47,138 | 99.16 |
| Non-real estate loans: | | | | |
| Savings accounts | 285 | 0.30 | 359 | 0.76 |
| Automobile | 48 | 0.05 | 40 | 0.08 |
| Total non-real estate loans | 333 | 0.35 | 399 | 0.84 |
| Total loans | 93,812 | 100.00% | 47,537 | 100.00% |
| Less: | | | | |
| Allowance for loan losses | (489) | | (466) | |
| Deferred loan fees | (267) | | (123) | |
| Net loans receivable(1) | $ 93,056 | | $ 46,948 | |

(1) Does not include loans held for sale amounting to \$13.4 million and \$1.3 million at June 30, 2010 and June 30, 2009, respectively.

**Origination of Loans.** Our lending activities are subject to the written underwriting standards and loan origination procedures established by the board of directors and management. Loan originations are obtained through a variety of sources, primarily from existing customers and referrals from existing customers. Written loan applications are taken by one of our loan officers. The loan officer also supervises the procurement of credit reports, appraisals and other documentation involved with a loan. As a matter of practice, we obtain independent outside appraisals on substantially all of our loans although we may prepare an in-house valuation depending on the characteristics of the loan and the profile of the borrower. Under our lending policy, a title opinion must be obtained for each real estate loan. We also require fire and extended coverage casualty insurance in order to protect the properties securing the real estate loans. Borrowers must also obtain flood insurance policies when the property is in a flood hazard area.

Our loan approval process is intended to assess the borrower s ability to repay the loan, the viability of the loan and the value of the property that will secure the loan. Residential loans up to $417,000, the Fannie Mae conforming loan limit for single-family mortgage loans for 2010, must be approved by our Residential Loan Committee which currently consists of the Chief Executive Officer, the President, the Chief Financial

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Officer, the Senior Vice President Mortgage Lending and the Vice President of Lending. Residential loans in excess of $417,000 must be approved by the board of directors. Commercial real estate secured loans and lines of credit and commercial business loans up to $1.0 million must be approved by the President or the Chief Executive Officer, up to $2.0 million by both the President and the Chief Executive Officer, up to $3.0 million by the Commercial Loan Committee and in excess of $3.0 million by the Executive Loan Committee. In accordance with past practice, all loans are ratified by our board of directors.

Historically, we purchased loans from a mortgage originator secured by single-family housing primarily located in predominantly rural areas of Texas and to a lesser extent, Tennessee, Arkansas, Alabama, Louisiana and Mississippi. No such mortgage loans were purchased during fiscal 2009 or fiscal 2010. The loans were generally secured by rural properties and the seller retained servicing rights. Although the loans were originated with fixed-rates, Home Federal Bank receives an adjustable-rate of interest equal to the Federal Housing Finance Board rate, with rate floors and ceilings of approximately 5.0% and 8.0%, respectively. Under the terms of the loan agreements, the seller must repurchase any loan that becomes more than 90 days delinquent. At June 30, 2010, we had approximately $8.8 million of such loans in our portfolio with an average age of approximately seven years.

In recent periods, we have originated and sold substantially all of our fixed-rate conforming mortgages to correspondent banks. For the year ended June 30, 2010, we originated $113.8 million of one- to four-family residential loans and sold $71.6 million of such loans. Our residential loan originations primarily consist of rural development, FHA and VA loans.

The following table shows total loans originated, sold and repaid during the periods indicated.

| | **Year Ended June 30,** | |
|---|---|---|
| | **2010** | **2009** |
| | **(In thousands)** | |
| Loan originations: | | |
| One- to four-family residential | $ 113,753 | $ 32,160 |
| Commercial real estate secured (owner occupied and non-owner occupied) | 8,645 | 8,217 |
| Multi-family residential | 7,780 | |
| Commercial business | 12,877 | 2,770 |
| Land | 7,561 | 3,502 |
| Construction | 11,569 | 339 |
| Home equity loans and lines of credit and other consumer | 6,488 | 3,702 |
| Total loan originations | 168,673 | 50,690 |
| Loans purchased | | |
| Total loan originations and loans purchased | 168,673 | 50,690 |
| Loans sold | (71,554) | (16,157) |
| Loan principal repayments | (50,844) | (15,609) |
| Total loans sold and principal repayments | (122,398) | (31,766) |
| Increase (decrease) due to other items, net(1) | (167) | (239) |
| Net increase in loan portfolio | $ 46,108 | $ 18,685 |

(1) Other items consist of deferred loan fees, the allowance for loan losses and loans held for sale at year end.

Although federal laws and regulations permit savings institutions to originate and purchase loans secured by real estate located throughout the United States, we concentrate our lending activity in our primary market area in Caddo Parish, Louisiana and the surrounding area. Subject to our loans-to-one borrower limitation, we are permitted to invest without limitation in residential mortgage loans and up to 400% of our capital in loans secured by non-residential or commercial real estate. We also may invest in secured and unsecured consumer loans in an amount not exceeding 35% of total assets. This 35% limitation may be exceeded for certain types of consumer loans, such as home equity and property improvement loans secured by residential real property. In addition, we may invest up to 10% of our total assets in secured and unsecured loans for commercial, corporate, business or agricultural purposes. At June 30, 2010, we were within each of the above lending limits.

During fiscal 2010 and 2009, we sold $71.6 million and $16.2 million of loans, respectively. We recognized gain on sale of loans of $644,000 during fiscal 2010 and $1,567 during fiscal 2009. Loans were sold during these periods primarily to other financial institutions. Such loans were sold against forward sales commitments with servicing released and without recourse after a certain amount of time, typically 90 days. The loans sold primarily consisted of long-term, fixed rate residential real estate loans. These loans were originated during a period of historically low interest rates and were sold to reduce our interest rate risk. We will continue to sell loans in the future to the extent we believe the interest rate environment is unfavorable and interest rate risk is unacceptable.

**Contractual Terms to Final Maturities.** The following table shows the scheduled contractual maturities of our loans as of June 30, 2010, before giving effect to net items. Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts are reported as due in one year or less. The amounts shown below do not take into account loan prepayments.

| | One- to Four-Family Residential | Commercial Real Estate Secured | Multi-Family Residential | Commercial Business | Land | Construction | Home Equity Loans and Lines of Credit and Other Consumer | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | (In thousands) | | | | |
| Amounts due after June 30, 2010 in: | | | | | | | | |
| One year or less | $ 1,275 | $ 1,071 | $ 115 | $ 2,882 | $ 3,398 | $ 4,355 | $ 2,862 | $ 15,958 |
| After one year through two years | 1,419 | 520 | 3,909 | 846 | 4,735 | 2,751 | 245 | 14,425 |
| After two years through three years | 2,414 | 434 | | 1,354 | | | 83 | 4,285 |
| After three years through five years | 13,198 | 11,770 | 633 | 4,080 | 309 | 687 | 4,042 | 34,719 |
| After five years through ten years | 1,258 | 1,230 | | 292 | | | 133 | 2,913 |
| After ten years through fifteen | 1,529 | | 788 | | | | | 2,317 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| years | | | | | | | | |
| After fifteen years | 15,164 | 397 | 3,634 | | | | | 19,195 |
| Total | $ 36,257 | $ 15,422 | $ 9,079 | $ 9,454 | $ 8,442 | $ 7,793 | $ 7,365 | $ 93,812 |

The following table sets forth the dollar amount of all loans, before net items, due after June 30, 2010 which have fixed interest rates or which have floating or adjustable interest rates.

| | **Fixed-Rate** | **Floating or Adjustable-Rate** | **Total** |
|---|---|---|---|
| | | **(In thousands)** | |
| One-to four-family residential | $ 27,351 | $ 8,906 | $ 36,257 |
| Commercial real estate secured | 15,422 | | 15,422 |
| Multi-family residential | 9,079 | | 9,079 |
| Commercial business | 9,454 | | 9,454 |
| Land | 8,442 | | 8,442 |
| Construction | 7,793 | | 7,793 |
| Home equity loans and lines of credit and other consumer | 7,365 | | 7,365 |
| Total | $ 84,906 | $ 8,906 | $ 93,812 |

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Scheduled contractual maturities of loans do not necessarily reflect the actual expected term of the loan portfolio. The average life of mortgage loans is substantially less than their average contractual terms because of prepayments. The average life of mortgage loans tends to increase when current mortgage loan rates are higher than rates on existing mortgage loans and, conversely, decrease when rates on current mortgage loans are lower than existing mortgage loan rates (due to refinancing of adjustable-rate and fixed-rate loans at lower rates). Under the latter circumstance, the weighted average yield on loans decreases as higher yielding loans are repaid or refinanced at lower rates.

**One- to Four-Family Residential Real Estate Loans.** At June 30, 2010, $36.3 million, or 38.7%, of the total loan portfolio, before net items, consisted of one- to four-family residential loans.

The loan-to-value ratio, maturity and other provisions of the loans made by us generally have reflected the policy of making less than the maximum loan permissible under applicable regulations, in accordance with sound lending practices, market conditions and underwriting standards established by us. Our current lending policy on one- to four-family residential loans generally limits the maximum loan-to-value ratio to 90% or less of the appraised value of the property although we will lend up to a 100% loan-to-value ratio with private mortgage insurance. These loans are amortized on a monthly basis with principal and interest due each month, with terms not in excess of 30 years and generally include due-on-sale clauses.

At June 30, 2010, $27.4 million, or 75.4%, of our one- to four-family residential mortgage loans were fixed-rate loans. Fixed-rate loans generally have maturities ranging from 15 to 30 years and are fully amortizing with monthly loan payments sufficient to repay the total amount of the loan with interest by the end of the loan term. Our fixed-rate loans generally are originated under terms, conditions and documentation which permit them to be sold to U.S. Government-sponsored agencies, such as the Federal Home Loan Mortgage Corporation, and other investors in the secondary mortgage market. Consistent with our asset/liability management, we have sold a significant portion of our long-term, fixed rate loans over the past two years.

Although we offer adjustable rate loans, substantially all of the single-family loan originations over the last few years have consisted of fixed-rate loans due to the low interest rate environment. The adjustable-rate loans held in portfolio typically have interest rates which adjust on an annual basis. These loans generally have an annual cap of 2% on any increase or decrease and a cap of 6% above or below the initial rate over the life of the loan. Such loans are underwritten based on the initial rate plus 2%.

**Commercial and Multi-Family Residential Loans General.** In February 2009, we hired three commercial loan officers, including our President, Mr. Barlow, with over 16 years of commercial lending experience, particularly in the local Shreveport market. Although commercial loans are generally considered to have greater credit risk than other certain types of loans, management expects to mitigate such risk by originating such loans in its market area to known borrowers.

**Commercial Real Estate Loans.** As of June 30, 2010, Home Federal Bank had outstanding $15.4 million of loans secured by commercial real estate. It is the current policy of Home Federal Bank to lend in a first lien position on real property occupied as a commercial business property. Home Federal Bank offers fixed rate commercial real estate loans. Home Federal Bank s commercial real estate loans are limited to a maximum of 80% of the appraised value and have terms up to 15 years, however, the terms are generally no more than 5 years with amortization periods of 20 years or less. It is our policy that commercial real estate secured lines of credit are limited to a maximum of 80% of the appraised value of the property and shall not exceed 3 to 5 year amortizations.

**Multi-Family Residential Loans.** At June 30, 2010, we had outstanding approximately $9.1 million of multi-family residential loans. Our multi-family residential loan portfolio includes income producing properties of 50 or more units and low income housing developments. We obtain personal guarantees on all properties other than those of the public housing authority for which they are not permitted.

**Commercial Business Loans.** In conjunction with our introduction of loans and lines of credit secured by commercial real estate, we initiated non-real estate secured commercial lending. At June 30, 2010, we had outstanding approximately $9.5 million of non-real estate secured commercial loans. The business lending products we offer include lines of credit, inventory financing and equipment loans. Commercial business loans and lines of credit carry more credit risk than other types of commercial loans. We attempt to limit such risk by making loans predominantly to small- and mid-sized businesses located within our market area and having the loans personally guaranteed by the principals involved. We have established underwriting standards in regard to business loans which set forth the criteria for sources of repayment, borrower s capacity to repay, specific financial and collateral margins and financial enhancements such as guarantees. Generally, the primary source of repayment is cash flow from the business and the financial strength of the borrower.

**Land Loans.** As of June 30, 2010, land loans were $8.4 million, or 9.0% of the total loan portfolio. Land loans include land which has been acquired for the purpose of development and unimproved land. Our loan policy provides for loan-to-value ratios of 50% for unimproved land loans. Land loans are originated with fixed rates and terms up to five years with longer amortizations. Although land loans generally are considered to have greater credit risk than certain other types of loans, we expect to mitigate such risk by requiring personal guarantees and identifying other secondary source of repayment for the land loan other than the sale of the collateral. It is our practice to only originate a limited amount of loans for speculative development to borrowers with whom our lenders have a prior relationship.

**Construction Loans.** At June 30, 2010, we had outstanding approximately $7.8 million of construction loans which included loans for the construction of residential and commercial property. Our residential construction loans typically have terms of 6 to eleven months with a takeout letter from Home Federal for the permanent mortgage. Our commercial construction loans include owner occupied commercial properties, pre-sold property and speculative office property. As of June 30, 2010, we held $3.4 million of speculative construction loans, $2.3 million of which related to speculative office condominium projects, which are limited to eight units at any one time.

**Home Equity and Second Mortgage Loans.** At June 30, 2010, we held $3.0 million of home equity and second mortgage loans compared to $4.9 million of home equity and second mortgage loans at June 30, 2009. These loans are secured by the underlying equity in the borrower s residence. We do not require that we hold the first mortgage on the properties that secure the second mortgage loans. The amount of our second mortgage loans generally cannot exceed a loan-to-value ratio of 90% after taking into consideration the first mortgage loan. These loans are typically three-to-five year balloon loans with fixed rates and terms that will not exceed 10 years and contain an on-demand clause that allows us to call the loan in at any time.

**Equity Lines of Credit.** We offer lines of credit secured by a borrower s equity in real estate which loans amounted to $4.1 million, or 4.3% of the total loan portfolio, at June 30, 2010. The rates and terms of such lines of credit depend on the history and income of the borrower, purpose of the loan and collateral. Lines of credit will not exceed 90% of the value of the equity in the collateral.

**Non-real Estate Loans General.** We are authorized to make loans for a wide variety of personal or consumer purposes. We originate consumer loans in order to accommodate our customers and because such loans generally have shorter terms and higher interest rates than residential mortgage loans. The consumer loans we offer consist of loans secured by deposit accounts with us, automobile loans and other unsecured loans.

Non-real estate loans generally have shorter terms and higher interest rates than residential mortgage loans, and generally entail greater credit risk than residential mortgage loans, particularly those loans secured by assets that depreciate rapidly, such as automobiles, boats and recreational vehicles. In such cases, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and the remaining deficiency often does not warrant further substantial collection efforts against the borrower. In particular, amounts realizable on the sale of repossessed automobiles may be significantly reduced based upon the condition of the automobiles and the fluctuating demand for used automobiles.

We offer loans secured by deposit accounts held with us, which loans amounted to $285,000, or .30% of the total loan portfolio, at June 30, 2010. Such loans are originated for up to 100% of the account balance, with a hold placed on the account restricting the withdrawal of the account balance. The interest rate on the

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loan is equal to the interest rate paid on the account plus 2%. These loans typically are payable on demand with a maturity date of one year.

**Loan Origination and Other Fees.** In addition to interest earned on loans, we generally receive loan origination fees or points for originating loans. Loan points are a percentage of the principal amount of the mortgage loan and are charged to the borrower in connection with the origination of the loan. In accordance with accounting guidance, loan origination fees and points are deferred and amortized into income as an adjustment of yield over the life of the loan.

**Asset Quality**

**General.** During fiscal 2010, we engaged a third party to review loans, policies, and procedures. The scope of the services to be provided includes credit underwriting, adherence to our loan policies as well as regulatory policies, and recommendations regarding reserve allocations. We expect to have such reviews done annually.

Our collection procedures provide that when a loan is 10 days past due, personal contact efforts are attempted, either in person or by telephone. At 15 days past due, a late charge notice is sent to the borrower requesting payment. If the loan is still past due at 30 days, a formal letter is sent to the borrower stating that the loan is past due and that legal action, including foreclosure proceedings, may be necessary. If a loan becomes 60 days past due and no progress has been made in resolving the delinquency, a collection letter from legal counsel is sent and personal contact is attempted. When a loan continues in a delinquent status for 90 days or more, and a repayment schedule has not been made or kept by the borrower, generally a notice of intent to foreclose is sent to the borrower. If the delinquency is not cured, foreclosure proceedings are initiated. In most cases, deficiencies are cured promptly. While we generally prefer to work with borrowers to resolve such problems, we will institute foreclosure or other collection proceedings when necessary to minimize any potential loss.

Loans are placed on non-accrual status when management believes the probability of collection of interest is doubtful. When a loan is placed on non-accrual status, previously accrued but unpaid interest is deducted from interest income. We generally discontinue the accrual of interest income when the loan becomes 90 days past due as to principal or interest unless the credit is well secured and we believe we will fully collect.

Real estate and other assets we acquire as a result of foreclosure or by deed-in-lieu of foreclosure are classified as real estate owned until sold. We held no real estate owned at June 30, 2010 and June 30, 2009.

**Delinquent Loans.** The following table shows the delinquencies in our loan portfolio as of the dates indicated.

| | June 30, 2010 | | | | June 30, 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | 30-89 Days Overdue | | 90 or More Days Overdue | | 30-89 Days Overdue | | 90 or More Days Overdue | |
| | Number of Loans | Principal Balance | Number of Loans | Principal Balance | Number of Loans | Principal Balance | Number of Loans | Principal Balance |
| | (Dollars in thousands) | | | | | | | |
| One- to four-family residential | 4 | $ 265 | 1 | $ 15 | 1 | $ 75 | 2 | $ 349 |
| Commercial real estate secured | | | | | | | | |
| Multi-family residential | | | | | | | | |
| Commercial business | | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Land | | | | | | | | | | | |
| Construction | | | | 1 | | 345 | | | | | |
| Home equity loans and lines of credit and other consumer | | | | | | | | | | | |
| Total delinquent loans | 4 | $ | 265 | 2 | $ | 360 | 1 | $ | 75 | 2 | $ | 349 |
| Delinquent loans to total net loans | | | 0.28% | | | 0.39% | | | 0.16% | | | 0.74% |
| Delinquent loans to total loans | | | 0.28% | | | 0.38% | | | 0.16% | | | 0.73% |

**Non-Performing Assets.** The following table shows the amounts of our non-performing assets (defined as non-accruing loans, accruing loans 90 days or more past due and real estate owned) at the dates indicated.

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We did not have accruing loans 90 days or more past due, real estate owned or troubled debt restructurings at either of the dates indicated.

| | June 30, 2010 | June 30, 2009 |
|---|---|---|
| | (Dollars in thousands) | |
| Non-accruing loans: | | |
| One- to four-family residential | $ 15 | $ 349 |
| Commercial real estate secured | | |
| Multi-family residential | | |
| Commercial business | | |
| Land | | |
| Construction | 345 | |
| Home equity loans and lines of credit and other consumer | | |
| Total non-accruing loans | 360 | 349 |
| Accruing loans 90 days or more past due | | |
| Total non-performing loans(1) | 360 | 349 |
| Real estate owned, net | | |
| Total non-performing assets | $ 360 | $ 349 |
| Total non-performing loans as a percent of loans, net | 0.39% | 0.74% |
| Total non-performing assets as a percent of total assets | 0.19% | 0.23% |

(1) Non-performing loans consist of non-accruing loans plus accruing loans 90 days or more past due.

**Classified Assets.** Federal regulations require that each insured savings institution classify its assets on a regular basis. In addition, in connection with examinations of insured institutions, federal examiners have authority to identify problem assets and, if appropriate, classify them. There are three classifications for problem assets: substandard, doubtful and loss. Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions and values questionable, and there is a higher possibility of loss. An asset classified as loss is considered uncollectible and of such little value that continuance as an asset of the institution is not warranted. Another category designated special mention also must be established and maintained for assets which do not currently expose an insured institution to a sufficient degree of risk to warrant classification as substandard, doubtful or loss. Assets classified as substandard or doubtful require the institution to establish general allowances for loan losses. If an asset or portion thereof is classified as loss, the insured institution must either establish specific allowances for loan losses in the amount of 100% of the portion of the asset classified loss, or charge-off such amount. General loss allowances established to cover possible losses related to assets classified substandard or doubtful may be included in determining an institution s regulatory capital, while specific valuation allowances for loan losses do not qualify as regulatory capital. Federal examiners may disagree with an insured institution s classifications and amounts reserved. At June 30, 2010, we held $227,000 of assets classified special mention and $563,000 classified as substandard. The classified assets are related to one mutual fund investment, three mortgage loans and one construction loan. The construction loan is included in the non-performing assets as of June 30, 2010 in the amount of $345,000. No specific allowance for loan losses has been made with respect to the classified assets.

**Allowance for Loan Losses.** At June 30, 2010, our allowance for loan losses amounted to $489,000. The allowance for loan losses is maintained at a level believed, to the best of our knowledge, to cover all known and inherent losses in the portfolio both probable and reasonable to estimate at each reporting date. The level of allowance for loan losses is based on our periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower s ability to repay, estimated value of any underlying collateral and prevailing conditions. We are primarily engaged in originating single-family residential loans. Our management considers the deficiencies of all classified loans in determining the amount of allowance for loan losses required at each reporting date. Our management analyzes the probability of the correction of the substandard loans weaknesses and the extent of any known or inherent losses that we might sustain on them. During the fiscal year 2010, we recorded a provision for loan losses of $36,000 as compared to $240,000 recorded for the fiscal year 2009. The 2010 provision reflects our estimate to maintain the allowance for loan losses at a level to cover probable losses inherent in the loan portfolio.

The increase in the provision for fiscal year 2010 reflects the increased risk associated with our commercial lending (both real estate secured and non-real estate secured), as well our consideration of the downturn in the national economy. As noted previously, total non-performing assets increased by approximately $11,000 over the prior year.

While management believes that it determines the size of the allowance based on the best information available at the time, the allowance will need to be adjusted as circumstances change and assumptions are updated. Future adjustments to the allowance could significantly affect net income.

The following table shows changes in our allowance for loan losses during the periods presented. We had $13,000 and $9,000 of loan charge-offs during fiscal 2010 and 2009, respectively.

| | At or for the Year Ended June 30, | |
|---|---|---|
| | 2010 | 2009 |
| | (Dollars in thousands) | |
| Total loans outstanding at end of period | $ 93,812 | $ 47,537 |
| Average loans outstanding | 77,879 | 32,630 |
| Allowance for loan losses, beginning of period | $ 466 | $ 235 |
| Provision for loan losses | 36 | 240 |
| Charge-offs | (13) | (9) |
| Allowance for loan losses, end of period | $ 489 | $ 466 |
| Allowance for loan losses as a percent of non-performing loans | 135.83% | 133.52% |
| Allowance for loan losses as a percent of loans outstanding | 0.52% | 0.98% |

The following table shows how our allowance for loan losses is allocated by type of loan at each of the dates indicated.

| | June 30, | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| | Amount of Allowance | Loan Category as a % of Total Loans | Amount of Allowance | Loan Category as a % of Total Loans |
| | (Dollars in thousands) | | | |
| One- to four-family residential | $ 30 | 38.65% | $ 29 | 46.50% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Commercial real estate | | 95 | 16.44 | | 91 | 17.23 |
| Multi-family residential | | 70 | 9.68 | | 67 | 10.27 |
| Commercial business | | 140 | 10.08 | | 133 | 8.21 |
| Land | | 75 | 9.00 | | 71 | 4.94 |
| Construction | | 74 | 8.31 | | 71 | 0.71 |
| Home equity loans and lines of credit and other consumer | | 5 | 7.85 | | 4 | 12.13 |
| Total | $ | 489 | 100.00% | $ | 466 | 100.00% |

**Investment Securities**

We have authority to invest in various types of securities, including mortgage-backed securities, U.S. Treasury obligations, securities of various federal agencies and of state and municipal governments, certificates of deposit at federally insured banks and savings institutions, certain bankers acceptances and federal funds. Our investment strategy is established by the board of directors.

The following table sets forth certain information relating to our investment securities portfolio at the dates indicated.

| | June 30, 2010 Amortized Cost | 2010 Fair Value | 2009 Amortized Cost | 2009 Fair Value |
|---|---|---|---|---|
| | (In thousands) | | | |
| Securities Held-to-Maturity: | | | | |
| FHLB stock | $ 1,840 | $ 1,840 | $ 1,806 | $ 1,806 |
| Mortgage-backed securities | 298 | 323 | 378 | 389 |
| Total Securities Held-to-Maturity | 2,138 | 2,163 | 2,184 | 2,195 |
| Securities Available-for-Sale: | | | | |
| Corporate securities | 1,538 | 1,559 | 2,415 | 1,727 |
| Mortgage-backed securities | 58,974 | 62,129 | 89,567 | 90,920 |
| Total Securities Available-for-Sale | 60,512 | 63,688 | 91,982 | 92,647 |
| Total Investment Securities | $ 62,650 | $ 65,851 | $ 94,166 | $ 94,842 |

The following table sets forth the amount of investment securities which contractually mature during each of the periods indicated and the weighted average yields for each range of maturities at June 30, 2010. The amounts reflect the fair value of our securities at June 30, 2010.

| | Amounts at June 30, 2010 which Mature in One Year or Less | Weighted Average Yield | Over One Year Through Five Years | Weighted Average Yield | Over Five Through Ten Years | Weighted Average Yield | Over Ten Years | Weighted Average Yield |
|---|---|---|---|---|---|---|---|---|
| | (Dollars in thousands) | | | | | | | |
| Bonds and other debt securities: | | | | | | | | |
| Mortgage-backed securities | $ 8 | 6.08% | $ 5 | 6.41% | $ 866 | 3.52% | $ 61,573 | 4.95% |
| Equity securities(1): | | | | | | | | |
| ARM Fund | | | | | | | 1,559 | 3.54 |
| FHLB stock | | | | | | | 1,840 | .37 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total investment securities and FHLB stock | $ | 8 | 6.08% | $ | 5 | 6.41% | $ | 866 | 3.52% | $ | 64,972 | 4.78% |

(1) None of the listed equity securities has a stated maturity.

Our investment in equity securities consists primarily of FHLB stock and a $1.5 million (book value) investment in an adjustable-rate mortgage fund (referred to as the ARM Fund). The fair value of the ARM Fund has traditionally correlated with the interest rate environment. At June 30, 2010, the unrealized gain on this investment was $21,000. During fiscal 2010, we evaluated our position in the ARM Fund to determine if the impairment was other than temporary. Based on the assessment of the underlying assets of the ARM Fund, as well our ability and intent to hold the investment until it recovers its value, we determined that the investment s impairment was other than temporary resulting in an impairment charge against earning of $627,000. Management will continue to monitor its investment portfolio to determine whether any investment securities which have unrealized losses should be considered other than temporarily impaired.

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Mortgage-backed securities represent a participation interest in a pool of one- to four-family or multi-family mortgages. The mortgage originators use intermediaries (generally U.S. Government agencies and government-sponsored enterprises) to pool and repackage the participation interests in the form of securities, with investors receiving the principal and interest payments on the mortgages. Such U.S. Government agencies and government-sponsored enterprises guarantee the payment of principal and interest to investors.

Mortgage-backed securities are typically issued with stated principal amounts, and the securities are backed by pools of mortgages that have loans with interest rates that are within a range and have varying maturities. The underlying pool of mortgages, *i.e.*, fixed-rate or adjustable-rate, as well as prepayment risk, are passed on to the certificate holder. The life of a mortgage-backed pass-through security approximates the life of the underlying mortgages.

Our mortgage-backed securities consist of Ginnie Mae securities ( GNMA ), Freddie Mac securities ( FHLMC ) and Fannie Mae securities ( FNMA ). Ginnie Mae is a government agency within the Department of Housing and Urban Development which is intended to help finance government-assisted housing programs. Ginnie Mae securities are backed by loans insured by the Federal Housing Administration, or guaranteed by the Veterans Administration. The timely payment of principal and interest on Ginnie Mae securities is guaranteed by Ginnie Mae and backed by the full faith and credit of the U.S. Government. Freddie Mac is a private corporation chartered by the U.S. Government. Freddie Mac issues participation certificates backed principally by conventional mortgage loans. Freddie Mac guarantees the timely payment of interest and the ultimate return of principal on participation certificates. Fannie Mae is a private corporation chartered by the U.S. Congress with a mandate to establish a secondary market for mortgage loans. Fannie Mae guarantees the timely payment of principal and interest on Fannie Mae securities. Freddie Mac and Fannie Mae securities are not backed by the full faith and credit of the U.S. Government. In September 2008, the Federal Housing Finance Agency was appointed as conservator of Fannie Mae and Freddie Mac. The U.S. Department of the Treasury agreed to provide capital as needed to ensure that Fannie Mae and Freddie Mac continue to provide liquidity to the housing and mortgage markets.

Mortgage-backed securities generally yield less than the loans which underlie such securities because of their payment guarantees or credit enhancements which offer nominal credit risk. In addition, mortgage-backed securities are more liquid than individual mortgage loans and may be used to collateralize our borrowings or other obligations.

The following table sets forth the composition of our mortgage-backed securities portfolio at each of the dates indicated. The amounts reflect the fair value of our mortgage-backed securities at June 30, 2010 and 2009.

| | **June 30,** | |
|---|---|---|
| | **2010** | **2009** |
| | **(In thousands)** | |
| Fixed rate: | | |
| GNMA | $ 205 | $ 251 |
| FHLMC | 2,812 | 14,087 |
| FNMA | 58,004 | 75,301 |
| Total fixed rate | 61,021 | 89,639 |
| Adjustable rate: | | |
| GNMA | 128 | 155 |
| FNMA | 881 | 1,013 |
| FHLMC | 422 | 502 |
| Total adjustable-rate | 1,431 | 1,670 |

| | | |
|---|---|---|
| Total mortgage-backed securities | $ 62,452 | $ 91,309 |

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Information regarding the contractual maturities and weighted average yield of our mortgage-backed securities portfolio at June 30, 2010 is presented below. Due to repayments of the underlying loans, the actual maturities of mortgage-backed securities generally are substantially less than the scheduled maturities. The amounts reflect the fair value of our mortgage-backed securities at June 30, 2010.

| | Amounts at June 30, 2010 which Mature in | | | | | |
|---|---|---|---|---|---|---|
| | One Year or Less | Weighted Average Yield | Over One through Five Years | Weighted Average Yield | Over Five Years | Weighted Average Yield |
| | | | (In thousands) | | | |
| Fixed rate: | | | | | | |
| GNMA | $ 8 | 6.08% | $ | % | $ 197 | 7.99% |
| FHLMC | | | | | 2,812 | 5.00 |
| FNMA | | | | | 58,004 | 4.99 |
| Total fixed-rate | 8 | 6.08 | | | 61,013 | 5.00% |
| Adjustable rate: | | | | | | |
| GNMA | | | | | 128 | 3.14% |
| FNMA | | | 5 | 6.41 | 876 | 3.26 |
| FHLMC | | | | | 422 | 3.27 |
| Total adjustable-rate | | | 5 | 6.41 | 1,426 | 3.25 |
| Total | $ 8 | 6.08% | $ 5 | 6.41% | $ 62,439 | 4.93% |

The following table sets forth the purchases, sales and principal repayments of our mortgage-backed securities during the periods indicated.

| | At or For the Year Ended June 30, | |
|---|---|---|
| | 2010 | 2009 |
| | (Dollars in thousands) | |
| Mortgage-backed securities at beginning of period | $ 89,945 | $ 98,407 |
| Purchases | | 24,253 |
| Repayments | (14,555) | (13,957) |
| Sales | (16,420) | (19,048) |
| Amortizations of premiums and discounts, net | 302 | 290 |
| Mortgage-backed securities at end of period | 59,272 | 89,945 |

| | | |
|---|---|---|
| Weighted average yield at end of period | 4.95% | 5.09% |

**Sources of Funds**

**General.** Deposits are our primary source of funds for lending and other investment purposes. In addition to deposits, principal and interest payments on loans and investment securities are a source of funds. Loan repayments are a relatively stable source of funds, while deposit inflows and outflows are significantly influenced by general interest rates and money market conditions. Borrowings may also be used on a short-term basis to compensate for reductions in the availability of funds from other sources and on a longer-term basis for general business purposes.

**Deposits.** We attract deposits principally from residents of Louisiana and particularly from Caddo Parish and Bossier Parish. Deposit account terms vary, with the principal differences being the minimum balance required, the time periods the funds must remain on deposit and the interest rate. We have not solicited deposits from outside Louisiana or paid fees to brokers to solicit funds for deposit. With the introduction of commercial lending in fiscal 2009, we commenced a policy of requiring commercial loan customers to have a deposit account relationship with us. This policy resulted in a significant increase in NOW accounts in fiscal 2010.

We establish interest rates paid, maturity terms, service fees and withdrawal penalties on a periodic basis. Management determines the rates and terms based on rates paid by competitors, the need for funds or liquidity, growth goals and federal regulations. We attempt to control the flow of deposits by pricing our accounts to remain generally competitive with other financial institutions in the market area.

The following table shows the distribution of, and certain other information relating to, our deposits by type of deposit, as of the dates indicated.

| | June 30, 2010 | | June 30, 2009 | |
|---|---|---|---|---|
| | Amount | Percent of Total Deposits | Amount | Percent of Total Deposits |
| | (Dollars in thousands) | | | |
| Certificate accounts: | | | | |
| 0.00% - 0.99% | $ 12 | 0.01% | $ 134 | 0.14% |
| 1.00% - 1.99% | 30,309 | 25.75 | 11,970 | 13.90 |
| 2.00% - 2.99% | 16,734 | 14.22 | 13,030 | 15.13 |
| 3.00% - 3.99% | 17,497 | 14.86 | 21,405 | 24.85 |
| 4.00% - 4.99% | 7,865 | 6.68 | 12,990 | 15.08 |
| 5.00% - 5.99% | 1,473 | 1.25 | 3,272 | 3.80 |
| Total certificate accounts | 73,890 | 62.77 | 62,801 | 72.90 |
| Transaction accounts: | | | | |
| Savings | 5,266 | 4.47 | 6,056 | 7.03 |
| NOW | 18,130 | 15.40 | 8,537 | 9.91 |
| Money market | 20,436 | 17.36 | 8,752 | 10.16 |
| Total transaction accounts | 43,832 | 37.23 | 23,345 | 27.10 |
| Total deposits | $ 117,722 | 100.00% | $ 86,146 | 100.00% |

The following table shows the average balance of each type of deposit and the average rate paid on each type of deposit for the periods indicated.

| | Year Ended June 30, 2010 | | | Year Ended June 30, 2009 | | |
|---|---|---|---|---|---|---|
| | Average Balance | Interest Expense | Average Rate Paid | Average Balance | Interest Expense | Average Rate Paid |
| | (Dollars in thousands) | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Savings | $ 5,588 | $ 23 | 0.41% | $ 5,653 | $ 26 | 0.46% |
| NOW | 11,523 | 22 | 0.19 | 7,896 | 21 | 0.27 |
| Money market | 14,377 | 183 | 1.27 | 4,268 | 38 | 0.89 |
| Certificates of deposit | 67,981 | 2,010 | 2.96 | 61,780 | 2,378 | 3.85 |
| Total deposits | $ 99,469 | $ 2,238 | 2.25% | $ 79,597 | $ 2,463 | 3.09% |

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The following table shows our savings flows during the periods indicated.

| | Year Ended June 30, 2010 | 2009 |
|---|---|---|
| | (In thousands) | |
| Total deposits at beginning of period | $ 86,146 | $ 78,359 |
| Net deposits (withdrawals) | 30,059 | 6,212 |
| Interest credited | 1,517 | 1,575 |
| Total increase in deposits | $ 31,576 | $ 7,787 |

The following table presents, by various interest rate categories and maturities, the amount of certificates of deposit at June 30, 2010.

| | Balance at June 30, 2010 Maturing in the 12 Months Ending June 30, | | | | |
|---|---|---|---|---|---|
| **Certificates of Deposit** | **2011** | **2012** | **2013** | **Thereafter** | **Total** |
| | (In thousands) | | | | |
| 0.00% - 0.99% | $ 12 | $ | $ | $ | $ 12 |
| 1.00% - 1.99% | 29,338 | 971 | | | 30,309 |
| 2.00% - 2.99% | 3,173 | 11,359 | 1,732 | 471 | 16,735 |
| 3.00% - 3.99% | 1,851 | 1,059 | 3,728 | 10,858 | 17,496 |
| 4.00% - 4.99% | 3,474 | 2,932 | 1,401 | 58 | 7,865 |
| 5.00% - 5.99% | 521 | 751 | 201 | | 1,473 |
| Total certificate accounts | $ 38,369 | $ 17,072 | $ 7,062 | $ 11,387 | $ 73,890 |

The following table shows the maturities of our certificates of deposit in excess of $100,000 at June 30, 2010 by time remaining to maturity.

| **Quarter Ending:** | **Amount** | **Weighted Average Rate** |
|---|---|---|
| | (Dollars in thousands) | |
| September 30, 2010 | $ 3,928 | 2.61% |
| December 31, 2010 | 4,771 | 1.75 |
| March 31, 2011 | 1,965 | 2.36 |
| June 30, 2011 | 3,663 | 1.89 |
| After June 30, 2011 | 9,808 | 2.96 |
| Total certificates of deposit with balances in excess of $100,000 | $ 24,135 | 2.45% |

**Borrowings.** We may obtain advances from the Federal Home Loan Bank of Dallas upon the security of the common stock we own in that bank and certain of our residential mortgage loans and mortgage-backed and other investment securities, provided certain standards related to creditworthiness have been met. These advances are made pursuant to several credit programs, each of which has its own interest rate and range of maturities. Federal Home Loan Bank advances are generally available to meet seasonal and other withdrawals of deposit accounts and to permit increased lending.

As of June 30, 2010, we were permitted to borrow up to an aggregate total of $92.6 million from the Federal Home Loan Bank of Dallas. We had $31.5 million and $36.0 million of Federal Home Loan Bank advances outstanding at June 30, 2010 and 2009, respectively.

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The following table shows certain information regarding our borrowings at or for the dates indicated:

| | At or For the Year Ended June 30, 2010 | 2009 |
|---|---|---|
| | (Dollars in thousands) | |
| FHLB advances: | | |
| Average balance outstanding | $ 35,529 | $ 35,853 |
| Maximum amount outstanding at any month-end during the period | 42,542 | 41,134 |
| Balance outstanding at end of period | 31,507 | 35,997 |
| Average interest rate during the period | 3.43% | 3.84% |
| Weighted average interest rate at end of period | 3.47% | 3.81% |

At June 30, 2010, $9.6 million of our borrowings were short-term (maturities of one year or less). Such short-term borrowings had a weighted average interest rate of 3.45% at June 30, 2010.

The following table shows maturities of Federal Home Loan Bank advances at June 30, 2010, for the years indicated:

| Years Ended June 30, | Amount (In thousands) |
|---|---|
| 2011 | $ 9,616 |
| 2012 | 11,422 |
| 2013 | 5,907 |
| 2014 | 1,915 |
| 2015 | 236 |
| Thereafter | 2,411 |
| **Total** | $ 31,507 |

**Subsidiaries**

At June 30, 2010, Home Federal Bancorp had one subsidiary, Home Federal Bank. Home Federal Bank s only subsidiary at such date was Metro Financial Services, Inc., an inactive, wholly-owned subsidiary.

**Employees**

Home Federal Bank had 39 full-time employees and 3 part-time employees at June 30, 2010. None of these employees are covered by a collective bargaining agreement, and we believe that we enjoy good relations with our personnel.

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### Properties

We currently conduct business from our main office, two full-service banking offices and one agency office located in Shreveport, Louisiana. The following table sets forth certain information relating to Home Federal Bank s offices and two parcels of land for future branch offices at June 30, 2010.

| Description/Address | Leased/Owned | Net Book Value of Property (In thousands) | Amount of Deposits |
|---|---|---|---|
| *Building*<br>624 Market Street<br>Shreveport, LA | Owned | $ 241 | $ 45,241 |
| *Building/ATM*<br>6363 Youree Dr.<br>Shreveport, LA | Owned(1) | 328 | 51,497 |
| *Building/ATM*<br>9300 Mansfield Rd., Suite 101<br>Shreveport, LA | Leased | | 20,984 |
| *Agency Office*<br>6425 Youree Drive, Suite 100<br>Shreveport, LA | Leased | | |
| *Lot 2 (Site of future South Bossier office)*<br>River Crest, Unit #1<br>Bossier Parish, LA | Owned | 436 | |
| *Future Bossier office (opening November 2010)*<br>2555 Viking Drive<br>Bossier City, LA | Owned | 1,526 | |

(1) The building is owned but the land is subject to an operating lease which was renewed on November 30, 2008 for a five year period.

### Legal Proceedings

We are not presently involved in any legal proceedings of a material nature. From time to time, we are a party to legal proceedings incidental to our business to enforce our security interest in collateral pledged to secure loans made by Home Federal Bank.

## REGULATION

Set forth below is a brief description of certain laws relating to the regulation of Home Federal Bancorp, Home Federal Mutual Holding Company and Home Federal Bank. This description is limited to certain material aspects of the statutes and regulations addressed and does not purport to be a complete description of such statutes and regulations.

### General

Home Federal Bank, as a federally chartered savings bank, is subject to federal regulation and oversight by the Office of Thrift Supervision extending to all aspects of its operations. Home Federal Bank also is subject to regulation and examination by the Federal Deposit Insurance Corporation, which insures the deposits of Home Federal Bank to the maximum extent permitted by law, and requirements established by the Federal Reserve Board. Federally chartered savings institutions are required to file periodic reports with the Office of Thrift Supervision and are subject to periodic examinations by the Office of Thrift Supervision and the Federal Deposit Insurance Corporation. The investment and lending authority of savings institutions is prescribed by federal laws and regulations, and such institutions are prohibited from engaging in any activities not permitted by such laws and regulations. Such regulation and supervision primarily are intended for the protection of depositors and not for the purpose of protecting shareholders.

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Federal law provides the federal banking regulators, including the Office of Thrift Supervision and Federal Deposit Insurance Corporation, with substantial enforcement powers. The Office of Thrift Supervision s enforcement authority over all savings institutions and their holding companies includes, among other things, the ability to assess civil money penalties, to issue cease and desist or removal orders and to initiate injunctive actions. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed with the Office of Thrift Supervision. Any change in these laws and regulations, whether by the Federal Deposit Insurance Corporation, Office of Thrift Supervision or Congress, could have a material adverse impact on Home Federal Mutual Holding Company, Home Federal Bancorp and Home Federal Bank and our operations.

Under the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act, the powers of the Office of Thrift Supervision regarding Home Federal Bank, Home Federal Mutual Holding Company and Home Federal Bancorp will transfer to other federal financial institution regulatory agencies on July 21, 2011, unless extended up to an additional six months. See Recently Enacted Regulatory Reform. As of the transfer date, all of the regulatory functions related to Home Federal Bank that are currently under the jurisdiction of the Office of Thrift Supervision will transfer to the Office of the Comptroller of the Currency. In addition, as of that same date, all of the regulatory functions related to Home Federal Bancorp and Home Federal Mutual Holding Company, as savings and loan holding companies that are currently under the jurisdiction of the Office of Thrift Supervision, will transfer to the Federal Reserve Board.

**Recently Enacted Regulatory Reform**

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. The financial reform and consumer protection act imposes new restrictions and an expanded framework of regulatory oversight for financial institutions, including depository institutions. In addition, the new law changes the jurisdictions of existing bank regulatory agencies and in particular transfers the regulation of federal savings associations from the Office of Thrift Supervision to the Office of Comptroller of the Currency, effective one year from the effective date of the legislation, with a potential extension up to six months. Savings and loan holding companies will be regulated by the Federal Reserve Board. The new law also establishes an independent federal consumer protection bureau within the Federal Reserve Board. The following discussion summarizes significant aspects of the new law that may affect Home Federal Bank, Home Federal Mutual Holding Company and Home Federal Bancorp. Regulations implementing these changes have not been promulgated, so we cannot determine the full impact on our business and operations at this time.

The following aspects of the financial reform and consumer protection act are related to the operations of Home Federal Bank:

The Office of Thrift Supervision will be merged into the Office of the Comptroller of the Currency and the authority of the other remaining bank regulatory agencies restructured. The federal thrift charter will be preserved under the jurisdiction of the Office of the Comptroller of the Currency.

A new independent consumer financial protection bureau will be established within the Federal Reserve Board, empowered to exercise broad regulatory, supervisory and enforcement authority with respect to both new and existing consumer financial protection laws. Smaller financial institutions, like Home Federal Bank, will be subject to the supervision and enforcement of their primary federal banking regulator with respect to the federal consumer financial protection laws.

Tier 1 capital treatment for hybrid capital items like trust preferred securities is eliminated subject to various grandfathering and transition rules.

The current prohibition on payment of interest on demand deposits was repealed, effective July 21, 2011.

State law is preempted only if it would have a discriminatory effect on a federal savings association or is preempted by any other federal law. The Office of the Comptroller of the Currency must make a preemption determination on a case-by-case basis with respect to a particular state law or other state law with substantively equivalent terms.

Deposit insurance is permanently increased to $250,000 and unlimited deposit insurance for noninterest-bearing transaction accounts extended through January 1, 2013.

Deposit insurance assessment base calculation will equal the depository institution s total assets minus the sum of its average tangible equity during the assessment period.

The minimum reserve ratio of the Deposit Insurance Fund increased to 1.35 percent of estimated annual insured deposits or assessment base; however, the Federal Deposit Insurance Corporation is directed to offset the effect of the increased reserve ratio for insured depository institutions with total consolidated assets of less than $10 billion.

The following aspects of the financial reform and consumer protection act are related to the operations of Home Federal Bancorp and Home Federal Mutual Holding Company:

Authority over savings and loan holding companies will transfer to the Federal Reserve Board.

Leverage capital requirements and risk based capital requirements applicable to depository institutions and bank holding companies will be extended to thrift holding companies.

The Federal Deposit Insurance Act was amended to direct federal regulators to require depository institution holding companies to serve as a source of strength for their depository institution subsidiaries.

The Securities and Exchange Commission is authorized to adopt rules requiring public companies to make their proxy materials available to shareholders for nomination of their own candidates for election to the board of directors.

Public companies will be required to provide their shareholders with a non-binding vote: (i) at least once every three years on the compensation paid to executive officers, and (ii) at least once every six years on whether they should have a say on pay vote every one, two or three years.

A separate, non-binding shareholder vote will be required regarding golden parachutes for named executive officers when a shareholder vote takes place on mergers, acquisitions, dispositions or other transactions that would trigger the parachute payments.

Securities exchanges will be required to prohibit brokers from using their own discretion to vote shares not beneficially owned by them for certain significant matters, which include votes on the election of directors, executive compensation matters, and any other matter determined to be significant.

Stock exchanges, which do not include the OTC Bulletin Board, will be prohibited from listing the securities of any issuer that does not have a policy providing for (i) disclosure of its policy on incentive compensation payable on the basis of financial information reportable under the securities laws, and (ii) the recovery from current or former executive officers, following an accounting restatement triggered by material noncompliance with securities law reporting requirements, of any incentive compensation paid erroneously during the three-year period preceding the date on which the restatement was required that exceeds the amount that would have been paid on the basis of the restated financial information.

Disclosure in annual proxy materials will be required concerning the relationship between the executive compensation paid and the financial performance of the issuer.

Item 402 of Regulation S-K will be amended to require companies to disclose the ratio of the Chief Executive Officer s annual total compensation to the median annual total compensation of all other employees.

Smaller reporting companies are exempt from complying with the internal control auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

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**Regulation of Home Federal Bancorp and Home Federal Mutual Holding Company**

Upon completion of the conversion and offering, Home Federal Bancorp, the proposed new holding company which is a Louisiana corporation, will be a registered savings and loan holding company within the meaning of Section 10 of the Home Owners Loan Act and will be subject to Office of Thrift Supervision examination and supervision as well as certain reporting requirements. The existing federally chartered holding company, which also is named Home Federal Bancorp, currently is a registered savings and loan holding company. In addition, because Home Federal Bank is a subsidiary of a savings and loan holding company, it is, and will continue to be, subject to certain restrictions in dealing with us and with other persons affiliated with the Bank.

**Holding Company Acquisitions.** Home Federal Bancorp and Home Federal Mutual Holding Company are savings and loan holding companies under the Home Owners Loan Act, as amended, and are registered with the Office of Thrift Supervision. The proposed new holding company will also be required to register as a savings and loan holding company after the conversion and offering. Federal law generally prohibits a savings and loan holding company, without prior Office of Thrift Supervision approval, from acquiring the ownership or control of any other savings institution or savings and loan holding company, or all, or substantially all, of the assets or more than 5% of the voting shares of the savings institution or savings and loan holding company. These provisions also prohibit, among other things, any director or officer of a savings and loan holding company, or any individual who owns or controls more than 25% of the voting shares of such holding company, from acquiring control of any savings institution not a subsidiary of such savings and loan holding company, unless the acquisition is approved by the Office of Thrift Supervision.

The Office of Thrift Supervision may not approve any acquisition that would result in a multiple savings and loan holding company controlling savings institutions in more than one state, subject to two exceptions: (1) the approval of interstate supervisory acquisitions by savings and loan holding companies; and (2) the acquisition of a savings institution in another state if the laws of the state of the target savings institution specifically permit such acquisitions. The states vary in the extent to which they permit interstate savings and loan holding company acquisitions.

**Restrictions Applicable to Home Bancorp and Home Federal Mutual Holding Company.** Because Home Federal Bancorp and Home Federal Mutual Holding Company operate under federal charters issued by the Office of Thrift Supervision under Section 10(o) of the Home Owners Loan Act, they are permitted to engage only in the following activities:

- investing in the stock of a savings institution;
- acquiring a mutual association through the merger of such association into a savings institution subsidiary of such holding company or an interim savings institution subsidiary of such holding company;
- merging with or acquiring another holding company, one of whose subsidiaries is a savings institution;
- investing in a corporation, the capital stock of which is available for purchase by a savings institution under federal law or under the law of any state where the subsidiary savings institution or association is located; and
- the permissible activities described below for non-grandfathered savings and loan holding companies.

Generally, companies that become savings and loan holding companies following the May 4, 1999 grandfather date in the Gramm-Leach-Bliley Act of 1999 may engage only in the activities permitted for financial institution holding companies or for multiple savings and loan holding companies. Multiple savings and loan holding companies are permitted to engage in the following activities: (i) activities permitted for a bank holding company under section 4(c) of the Bank Holding Company Act (unless the Director of the Office of Thrift Supervision prohibits or limits such 4(c) activities); (ii) furnishing or performing management services for a subsidiary savings association; (iii) conducting any insurance agency or escrow business; (iv) holding, managing, or liquidating assets owned by or acquired from a subsidiary savings association; (v) holding or managing properties used or occupied by a subsidiary savings association; (vi) acting as trustee

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under deeds of trust; or (vii) activities authorized by regulation as of March 5, 1987, to be engaged in by multiple savings and loan holding companies. Although savings and loan holding companies are not currently subject to specific capital requirements or specific restrictions on the payment of dividends or other capital distributions, federal regulations do prescribe such restrictions on subsidiary savings institutions, as described below. Home Federal Bank will be required to notify the Office of Thrift Supervision 30 days before declaring any dividend. In addition, the financial impact of a holding company on its subsidiary institution is a matter that is evaluated by the Office of Thrift Supervision and the agency has authority to order cessation of activities or divestiture of subsidiaries deemed to pose a threat to the safety and soundness of the institution.

If a mutual holding company or a mutual holding company subsidiary holding company acquires, is acquired by, or merges with another holding company that engages in any impermissible activity or holds any impermissible investment, it has a period of two years to cease any non-conforming activities and divest any non-conforming investments. As of the date hereof, neither Home Federal Mutual Holding Company nor Home Federal Bancorp was engaged in any non-conforming activities and neither had any non-conforming investments.

All savings associations subsidiaries of savings and loan holding companies are required to meet a qualified thrift lender, or QTL, test to avoid certain restrictions on their operations. If the subsidiary savings institution fails to meet the QTL, as discussed below, then the savings and loan holding company must register with the Federal Reserve Board as a bank holding company, unless the savings institution requalifies as a QTL within one year thereafter.

**Federal Securities Laws.** Home Federal Bancorp registered its common stock with the Securities and Exchange Commission under Section 12(g) of the Securities Exchange Act of 1934. Home Federal Bancorp is subject to the proxy and tender offer rules, insider trading reporting requirements and restrictions, and certain other requirements under the Securities Exchange Act of 1934. We have filed a registration statement with the Securities and Exchange Commission under the Securities Act of 1933 for our common stock to be issued in the conversion and offering. If our new common stock is listed on the Nasdaq Capital Market, our common stock will be deemed registered under Section 12(b) of the Securities and Exchange Act of 1934. Pursuant to Office of Thrift Supervision regulations and our Plan of Conversion and reorganization, we have agreed to maintain such registration for a minimum of three years following the conversion and offering.

**The Sarbanes-Oxley Act.** As a public company, Home Federal Bancorp is subject to the Sarbanes-Oxley Act of 2002 which addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. As directed by the Sarbanes-Oxley Act, our principal executive officer and principal financial officer are required to certify that our quarterly and annual reports do not contain any untrue statement of a material fact. The rules adopted by the Securities and Exchange Commission under the Sarbanes-Oxley Act have several requirements, including having these officers certify that: they are responsible for establishing, maintaining and regularly evaluating the effectiveness of our internal control over financial reporting; they have made certain disclosures to our auditors and the audit committee of the board of directors about our internal control over financial reporting; and they have included information in our quarterly and annual reports about their evaluation and whether there have been changes in our internal control over financial reporting or in other factors that could materially affect internal control over financial reporting.

**Regulation of Home Federal Bank**

**General.** Home Federal Bank is subject to the regulation of the Office of Thrift Supervision, as its primary federal regulator and the Federal Deposit Insurance Corporation, as the insurer of its deposit accounts, and, to a limited extent, the Federal Reserve Board. Following the conversion and offering, Home Federal Bank will continue to be subject to the rules and regulations of these same regulators.

**Insurance of Accounts.** The deposits of Home Federal Bank are insured to the maximum extent permitted by the Deposit Insurance Fund and are backed by the full faith and credit of the U.S. Government. As insurer, the Federal Deposit Insurance Corporation is authorized to conduct examinations of, and to require reporting by, insured institutions. It also may prohibit any insured institution from engaging in any activity determined by regulation or order to pose a serious threat to the Federal Deposit Insurance Corporation. The Federal Deposit Insurance Corporation also has the authority to initiate enforcement actions against savings institutions, after giving the Office of Thrift Supervision an opportunity to take such action.

The recently enacted financial institution reform legislation permanently increased deposit insurance on most accounts to $250,000. In addition, pursuant to Section 13(c)(4)(G) of the Federal Deposit Insurance Act, the Federal Deposit Insurance Corporation has implemented two temporary programs to provide deposit insurance for the full amount of most noninterest bearing transaction deposit accounts through the end of 2013 and to guarantee certain unsecured debt of financial institutions and their holding companies through December 2012. For noninterest bearing transaction deposit accounts, including accounts swept from a noninterest bearing transaction account into a noninterest bearing savings deposit account, a 10 basis point annual rate surcharge is applied to deposit amounts in excess of $250,000. Financial institutions could have opted out of either or both of these programs. Home Federal Bank participates in the temporary liquidity guarantee program; however, we do not expect that the assessment surcharge will have a material impact on our results of operation.

The Federal Deposit Insurance Corporation s risk-based premium system provides for quarterly assessments. Each insured institution is placed in one of four risk categories depending on supervisory and capital considerations. Within its risk category, an institution is assigned to an initial base assessment rate which is then adjusted to determine its final assessment rate based on its brokered deposits, secured liabilities and unsecured debt. Assessment rates range from seven to 77.5 basis points, with less risky institutions paying lower assessments. In 2009, the Federal Deposit Insurance Corporation collected a five basis point special assessment on each insured depository institution s assets minus its Tier 1 capital as of June 30, 2009. The amount of our special assessment, which was paid on September 30, 2009, was $65,000. In 2009, the Federal Deposit Insurance Corporation also required insured deposit institutions on December 30, 2009 to prepay 13 quarters of estimated insurance assessments. Our prepayment totaled $326,000. Unlike a special assessment, this prepayment did not immediately affect bank earnings. Banks will book the prepaid assessment as a non-earning asset and record the actual risk-based premium payments at the end of each quarter. In addition, all institutions with deposits insured by the Federal Deposit Insurance Corporation are required to pay assessments to fund interest payments on bonds issued by the Financing Corporation, a mixed-ownership government corporation established to recapitalize the predecessor to the Deposit Insurance Fund. These assessments will continue until the Financing Corporation bonds mature in 2019.

The Federal Deposit Insurance Corporation may terminate the deposit insurance of any insured depository institution, including Home Federal Bank, if it determines after a hearing that the institution has engaged or is engaging in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, order or any condition imposed by an agreement with the Federal Deposit Insurance Corporation. It also may suspend deposit insurance temporarily during the hearing process for the permanent termination of insurance, if the institution has no tangible capital. If insurance of accounts is terminated, the accounts at the institution at the time of the termination, less subsequent withdrawals, shall continue to be insured for a period of six months to two years, as determined by the Federal Deposit Insurance Corporation. Management is aware of no existing circumstances which would result in termination of Home Federal Bank s deposit insurance.

**Regulatory Capital Requirements.** Federally insured savings institutions are required to maintain minimum levels of regulatory capital. Current Office of Thrift Supervision capital standards require savings institutions to satisfy a tangible capital requirement, a leverage capital requirement and a risk-based capital requirement. The tangible capital must equal at least 1.5% of adjusted total assets. Leverage capital, also known as core capital, must equal at least 3.0% of adjusted total assets for the most highly rated savings associations. An additional cushion of at least 100 basis points is required for all other savings associations, which effectively increases their minimum Tier 1 leverage ratio to 4.0% or more. Under the Office of Thrift Supervision s regulation, the most highly-rated banks are those that the Office of Thrift Supervision determines are strong associations that are not anticipating or experiencing significant growth and have well-diversified risk, including no undue interest rate risk exposure, excellent asset quality, high liquidity and good earnings. Under the risk-based capital requested, total capital (a combination of core and supplementary capital) must equal at least 8.0% of risk-weighted assets. The Office of Thrift Supervision also is authorized to impose capital requirements in excess of these standards on individual institutions on a case-by-case basis.

Core capital generally consists of common stockholders equity (including retained earnings). Tangible capital generally equals core capital minus intangible assets, with only a limited exception for purchased mortgage servicing rights. Home Federal Bank had no intangible assets at June 30, 2010. Both core and tangible capital are further reduced by an amount equal to a savings institution s debt and equity investments in subsidiaries engaged in activities not permissible to national banks (other than subsidiaries engaged in activities undertaken as agent for customers or in mortgage banking activities and subsidiary depository institutions or their holding companies). These adjustments do not affect Home Federal Bank s regulatory capital.

In determining compliance with the risk-based capital requirement, a savings institution is allowed to include both core capital and supplementary capital in its total capital, provided that the amount of supplementary capital included does not exceed the savings institution s core capital. Supplementary capital generally consists of general allowances for loan losses up to a maximum of 1.25% of risk-weighted assets, together with certain other items. In determining the required amount of risk-based capital, total assets, including certain off-balance sheet items, are multiplied by a risk weight based on the risks inherent in the type of assets. The risk weights range from 0% for cash and securities issued by the U.S. Government or unconditionally backed by the full faith and credit of the U.S. Government to 100% for loans (other than qualifying residential loans weighted at 80%) and repossessed assets.

Savings institutions must value securities available for sale at amortized cost for regulatory capital purposes. This means that in computing regulatory capital, savings institutions should add back any unrealized losses and deduct any unrealized gains, net of income taxes, on debt securities reported as a separate component of capital, as defined by generally accepted accounting principles.

At June 30, 2010, Home Federal Bank exceeded all of its regulatory capital requirements, with tangible, core and risk-based capital ratios of 16.47%, 16.47% and 33.67%, respectively.

Any savings institution that fails any of the capital requirements is subject to possible enforcement actions by the Office of Thrift Supervision or the Federal Deposit Insurance Corporation. Such actions could include a capital directive, a cease and desist order, civil money penalties, the establishment of restrictions on the institution s operations, termination of federal deposit insurance and the appointment of a conservator or receiver. The Office of Thrift Supervision s capital regulation provides that such actions, through enforcement proceedings or otherwise, could require one or more of a variety of corrective actions.

**Prompt Corrective Action.** The following table shows the amount of capital associated with the different capital categories set forth in the prompt corrective action regulations.

| Capital Category | Total Risk-Based Capital | Tier 1 Risk-Based Capital | Tier 1 Leverage Capital |
|---|---|---|---|
| Well capitalized | 10% or more | 6% or more | 5% or more |
| Adequately capitalized | 8% or more | 4% or more | 4% or more |
| Undercapitalized | Less than 8% | Less than 4% | Less than 4% |
| Significantly undercapitalized | Less than 6% | Less than 3% | Less than 3% |

In addition, an institution is critically undercapitalized if it has a ratio of tangible equity to total assets that is equal to or less than 2.0%. Under specified circumstances, a federal banking agency may reclassify a well capitalized institution as adequately capitalized and may require an adequately capitalized institution or an undercapitalized institution to comply with supervisory actions as if it were in the next lower category (except that the Federal Deposit Insurance Corporation may not reclassify a significantly undercapitalized institution as critically undercapitalized).

An institution generally must file a written capital restoration plan which meets specified requirements within 45 days of the date that the institution receives notice or is deemed to have notice that it is undercapitalized, significantly undercapitalized or critically undercapitalized. A federal banking agency must provide the institution with written notice of approval or disapproval within 60 days after receiving a capital restoration plan, subject to extensions by the agency. An institution which is required to submit a capital restoration plan must concurrently submit a performance guaranty by each company that controls the institution. In addition, undercapitalized institutions are subject to various regulatory restrictions, and the appropriate federal banking agency also may take any number of discretionary supervisory actions.

At June 30, 2010, Home Federal Bank was deemed a well capitalized institution for purposes of the prompt corrective action regulations and as such is not subject to the above mentioned restrictions.

**Capital Distributions.** Office of Thrift Supervision regulations govern capital distributions by savings institutions, which include cash dividends, stock repurchases and other transactions charged to the capital account of a savings institution to make capital distributions. A savings institution must file an application for Office of Thrift Supervision approval of the capital distribution if either (1) the total capital distributions for the applicable calendar year exceed the sum of the institution s net income for that year to date plus the institution s retained net income for the preceding two years, (2) the institution would not be at least adequately capitalized following the distribution, (3) the distribution would violate any applicable statute, regulation, agreement or Office of Thrift Supervision-imposed condition, or (4) the institution is not eligible for expedited treatment of its filings. If an application is not required to be filed, savings institutions which are a subsidiary of a savings and loan holding company (as well as certain other institutions) must still file a notice with the Office of Thrift Supervision at least 30 days before the board of directors declares a dividend or approves a capital distribution.

An institution that either before or after a proposed capital distribution fails to meet its then applicable minimum capital requirement or that has been notified that it needs more than normal supervision may not make any capital distributions without the prior written approval of the Office of Thrift Supervision. In addition, the Office of Thrift Supervision may prohibit a proposed capital distribution, which would otherwise be permitted by Office of Thrift Supervision regulations, if the Office of Thrift Supervision determines that such distribution would constitute an unsafe or unsound practice.

Under federal rules, an insured depository institution may not pay any dividend if payment would cause it to become undercapitalized or if it is already undercapitalized. In addition, federal regulators have the authority to restrict or prohibit the payment of dividends for safety and soundness reasons. The Federal Deposit Insurance Corporation also prohibits an insured depository institution from paying dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) or distributing any of its capital assets while it remains in default in the payment of any assessment due the Federal Deposit Insurance Corporation. Home Federal Bank is currently not in default in any assessment payment to the Federal Deposit Insurance Corporation.

**Qualified Thrift Lender Test.** All savings institution subsidiaries of savings and loan holding companies are required to meet a qualified thrift lender, or QTL, test to avoid certain restrictions on their operations. A savings institution can comply with the QTL test by either qualifying as a domestic building and loan association as defined in the Internal Revenue Code or meeting the Office of Thrift Supervision QTL test. Currently, the Office of Thrift Supervision QTL test requires that 65% of an institution s portfolio assets (as defined) consist of certain housing and consumer-related assets on a monthly average basis in nine out of every 12 months. To be a qualified thrift lender under the IRS test, the savings institution must meet a business operations test and a 60 percent assets test, each defined in the Internal Revenue Code.

If a savings association fails to remain a QTL, it is immediately prohibited from the following:

Making any new investments or engaging in any new activity not allowed for both a national bank and a savings association;

Establishing any new branch office unless allowable for a national bank; and

Paying dividends unless allowable for a national bank.

Any company that controls a savings institution that is not a qualified thrift lender must register as a bank holding company within one year of the savings institution s failure to meet the QTL test. Three years from

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the date a savings association should have become or ceases to be a QTL, the institution must dispose of any investment or not engage in any activity unless the investment or activity is allowed for both a national bank and a savings association. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, a savings institution not in compliance with the QTL test is also prohibited from paying dividends and is subject to an enforcement action for violation of the Home Owners Loan Act, as amended.

At June 30, 2010, Home Federal Bank believes that it meets the requirements of the QTL test.

**Community Reinvestment Act.** All federal savings associations have a responsibility under the Community Reinvestment Act and related regulations to help meet the credit needs of their communities, including low- and moderate-income neighborhoods. An institution s failure to comply with the provisions of the Community Reinvestment Act could result in restrictions on its activities. Home Federal Bank received a satisfactory Community Reinvestment Act rating in its most recently completed examination.

**Limitations on Transactions with Affiliates.** Transactions between savings associations and any affiliate are governed by Sections 23A and 23B of the Federal Reserve Act as made applicable to savings associations by Section 11 of the Home Owners Loan Act. An affiliate of a savings association is any company or entity which controls, is controlled by or is under common control with the savings association. In a holding company context, the holding company of a savings association (such as Home Federal Bancorp) and any companies which are controlled by such holding company are affiliates of the savings association. Generally, Section 23A limits the extent to which the savings association or its subsidiaries may engage in covered transactions with any one affiliate to an amount equal to 10% of such association s capital stock and surplus, and contain an aggregate limit on all such transactions with all affiliates to an amount equal to 20% of such capital stock and surplus. Section 23B applies to covered transactions as well as certain other transactions and requires that all transactions be on terms substantially the same, or at least as favorable, to the savings association as those provided to a non-affiliate. The term covered transaction includes the making of loans to, purchase of assets from and issuance of a guarantee to an affiliate and similar transactions. Section 23B transactions also include the provision of services and the sale of assets by a savings association to an affiliate. In addition to the restrictions imposed by Sections 23A and 23B, a savings association is prohibited from (i) making a loan or other extension of credit to an affiliate, except for any affiliate which engages only in certain activities which are permissible for bank holding companies, or (ii) purchasing or investing in any stocks, bonds, debentures, notes or similar obligations of any affiliate, except for affiliates which are subsidiaries of the savings association.

In addition, Sections 22(g) and (h) of the Federal Reserve Act as made applicable to savings associations by Section 11 of the Home Owners Loan Act place restrictions on loans to executive officers, directors and principal shareholders of the savings association and its affiliates. Under Section 22(h), loans to a director, an executive officer and to a greater than 10% shareholder of a savings association, and certain affiliated interests of either, may not exceed, together with all other outstanding loans to such person and affiliated interests, the savings association s loans to one borrower limit (generally equal to 15% of the association s unimpaired capital and surplus). Section 22(h) also requires that loans to directors, executive officers and principal shareholders be made on terms substantially the same as offered in comparable transactions to other persons unless the loans are made pursuant to a benefit or compensation program that (i) is widely available to employees of the association and (ii) does not give preference to any director, executive officer or principal shareholder, or certain affiliated interests of either, over other employees of the savings association. Section 22(h) also requires prior board approval for certain loans. In addition, the aggregate amount of extensions of credit by a savings association to all insiders cannot exceed the association s unimpaired capital and surplus. Furthermore, Section 22(g) places additional restrictions on loans to executive officers. Home Federal Bank currently is subject to Section 22(g) and (h) of the Federal Reserve Act and at June 30, 2010, was in compliance with the above restrictions.

**Anti-Money Laundering.** All financial institutions, including savings associations, are subject to federal laws that are designed to prevent the use of the U.S. financial system to fund terrorist activities. Financial institutions operating in the United States must develop anti-money laundering compliance programs, due diligence policies and controls to ensure the detection and reporting of money laundering. Such compliance

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programs are intended to supplement compliance requirements, also applicable to financial institutions, under the Bank Secrecy Act and the Office of Foreign Assets Control Regulations. Home Federal Bank has established policies and procedures to ensure compliance with these provisions.

**Federal Home Loan Bank System.** Home Federal Bank is a member of the Federal Home Loan Bank of Dallas, which is one of 12 regional Federal Home Loan Banks that administers a home financing credit function primarily for its members. Each Federal Home Loan Bank serves as a reserve or central bank for its members within its assigned region. The Federal Home Loan Bank of Dallas is funded primarily from proceeds derived from the sale of consolidated obligations of the Federal Home Loan Bank System. It makes loans to members (*i.e.*, advances) in accordance with policies and procedures established by the board of directors of the Federal Home Loan Bank. At June 30, 2010, Home Federal Bank had $31.5 million of Federal Home Loan Bank advances and $61.1 million available on its credit line with the Federal Home Loan Bank.

As a member, Home Federal Bank is required to purchase and maintain stock in the Federal Home Loan Bank of Dallas in an amount in accordance with the Federal Home Loan Bank s capital plan and sufficient to ensure that the Federal Home Loan Bank remains in compliance with its minimum capital requirements. At June 30, 2010, Home Federal Bank had $1.8 million in Federal Home Loan Bank stock, which was in compliance with the applicable requirement.

The Federal Home Loan Banks are required to provide funds for the resolution of troubled savings institutions and to contribute to affordable housing programs through direct loans or interest subsidies on advances targeted for community investment and low- and moderate-income housing projects. These contributions have adversely affected the level of Federal Home Loan Bank dividends paid in the past and could do so in the future. These contributions also could have an adverse effect on the value of Federal Home Loan Bank stock in the future.

**Federal Reserve System.** The Federal Reserve Board requires all depository institutions to maintain reserves against their transaction accounts (primarily NOW and Super NOW checking accounts) and non-personal time deposits. The required reserves must be maintained in the form of vault cash or an account at a Federal Reserve Bank. At June 30, 2010, Home Federal Bank had met its reserve requirement.

## TAXATION

### Federal Taxation

**General.** Home Federal Bancorp, Home Federal Mutual Holding Company and Home Federal Bank are subject to federal income taxation in the same general manner as other corporations with some exceptions listed below. The following discussion of federal and state income taxation is only intended to summarize certain pertinent income tax matters and is not a comprehensive description of the applicable tax rules. Home Federal Bank s tax returns have not been audited during the past five years.

**Method of Accounting.** For federal income tax purposes, Home Federal Bank reports income and expenses on the accrual method of accounting and used a June 30 tax year in 2009 for filing its federal income tax return.

**Bad Debt Reserves.** The Small Business Job Protection Act of 1996 eliminated the use of the reserve method of accounting for bad debt reserves by savings associations, effective for taxable years beginning after 1995. Prior to that time, Home Federal Bank was permitted to establish a reserve for bad debts and to make additions to the reserve. These additions could, within specified formula limits, be deducted in arriving at taxable income. As a result of the Small Business Job Protection Act of 1996, savings associations must use the experience method in computing their bad debt deduction beginning with their 1996 federal tax return. In addition, federal legislation required the recapture over a six year period of the excess of tax bad debt reserves at December 31, 1995 over those established as of December 31, 1987.

**Taxable Distributions and Recapture.** Prior to the Small Business Job Protection Act of 1996, bad debt reserves created prior to January 1, 1988 were subject to recapture into taxable income if Home Federal

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Bank failed to meet certain thrift asset and definitional tests. New federal legislation eliminated these savings association related recapture rules. However, under current law, pre-1988 reserves remain subject to recapture should Home Federal Bank make certain non-dividend distributions or cease to maintain a bank charter.

At June 30, 2009, the total federal pre-1988 reserve was approximately $3.3 million. The reserve reflects the cumulative effects of federal tax deductions by Home Federal Bank for which no federal income tax provisions have been made.

**Alternative Minimum Tax.** The Internal Revenue Code imposes an alternative minimum tax at a rate of 20% on a base of regular taxable income plus certain tax preferences. The alternative minimum tax is payable to the extent such alternative minimum tax income is in excess of the regular income tax. Net operating losses, of which Home Federal Bank has none, can offset no more than 90% of alternative minimum taxable income. Certain payments of alternative minimum tax may be used as credits against regular tax liabilities in future years. Home Federal Bank has not been subject to the alternative minimum tax or any such amounts available as credits for carryover.

**Corporate Dividends-Received Deduction.** Home Federal Bancorp may exclude from its income 100% of dividends received from Home Federal Bank as a member of the same affiliated group of corporations. The corporate dividends received deduction is 80% in the case of dividends received from corporations which a corporate recipient owns less than 80%, but at least 20% of the distribution corporation. Corporations which own less than 20% of the stock of a corporation distributing a dividend may deduct only 70% of dividends received.

**State Taxation**

Home Federal Bancorp is subject to the Louisiana Corporation Income Tax based on our Louisiana taxable income. The Corporation Income Tax applies at graduated rates from 4% upon the first $25,000 of Louisiana taxable income to 8% on all Louisiana taxable income in excess of $200,000. For these purposes, Louisiana taxable income means net income which is earned by us within or derived from sources within the State of Louisiana, after adjustments permitted under Louisiana law, including a federal income tax deduction. In addition, Home Federal Bank will be subject to the Louisiana Shares Tax which is imposed on the assessed value of a company s stock. The formula for deriving the assessed value is to calculate 15% of the sum of:

(a) 20% of our capitalized earnings, plus

(b) 80% of our taxable stockholders equity, minus

(c) 50% of our real and personal property assessment.

Various items may also be subtracted in calculating a company s capitalized earnings.

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# MANAGEMENT

## Management of Home Federal Bancorp and Home Federal Bank

**Board of Directors.** The board of directors of the proposed new holding company will be divided into three classes, each of which will contain approximately one-third of the board. The directors will be elected by our shareholders for staggered three-year terms, or until their successors are elected and qualified. One class of directors, consisting of Messrs. David Herndon, Harrison and Humphrey, will have a term of office expiring at the first annual meeting of shareholders after the conversion and offering, a second class, consisting of Messrs. Barlow, Patterson, Wedgeworth and Wilhite, will have a term of office expiring at the second annual meeting of shareholders and a third class, consisting of Messrs. Colquitt, Daniel Herndon and Lawrence will have a term of office expiring at the third annual meeting of shareholders.

The following table sets forth certain information regarding the persons who serve as the new holding company s directors, all of whom currently serve as directors of Home Federal Bancorp, Home Federal Mutual Holding Company and Home Federal Bank. No director of Home Federal Bancorp is related to any other director or executive officer, other than David Herndon who is the brother of Daniel Herndon. Ages are reflected as of June 30, 2010. Service as a director includes service on the board of Home Federal Bank.

| Name | Principal Occupation During the Past Five Years/Public Directorships/Age | Year Term Expires |
|---|---|---|
| Walter T. Colquitt, III | Director. Dentist, Shreveport, Louisiana.<br><br>Dr. Colquitt brings extensive knowledge to the board of the professional community through his dental practice in Shreveport, Louisiana. Age 65. Director since 1993. | 2010 |
| Daniel R. Herndon | Chairman of the Board, President and Chief Executive Officer of Home Federal Bancorp since 2005. Chairman of the Board of Directors of Home Federal Bank since January 1998. Chief Executive Officer of Home Federal Bank since September 1993 and President from 1993 to February 2009.<br><br>Mr. Daniel Herndon brings valuable insight and knowledge to the board from his service as President and Chief Executive Officer of Home Federal Bancorp and as one of the longest serving members of the board of directors. Mr. Herndon has gained valuable banking and institutional knowledge from his years of service and his ties to the local business community in the greater Shreveport area. Age 70. Director since 1980. | 2010 |
| Scott D. Lawrence | Director. President of Southwestern Wholesale, Shreveport, Louisiana since 1980. | 2010 |

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|---|---|---|
| | Mr. Lawrence brings significant business enterprise and managerial oversight skills to the board as President and owner of a dry goods wholesale supplier in Shreveport, Louisiana. Age 64. Director since 1994. | |
| David A. Herndon III | Director. Retired geologist.<br><br>Mr. David Herndon brings valuable institutional knowledge to the board which he has gained through his years of service as a director, as well as knowledge of oil and gas industry customers through his work as a geologist in that industry. Age 74. Director since 1998. | 2011 |
| Woodus K. Humphrey | Director. Insurance executive, Woodus Humphrey Insurance, Inc. Shreveport, Louisiana.<br><br>Mr. Humphrey brings entrepreneurial experience to the board as former owner of an insurance agency that focuses on property and liability insurance for woodworking plants and operations with field representatives in six states. Age 70. Director since 2000. | 2011 |

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| Name | Principal Occupation During the Past Five Years/Public Directorships/Age | Year Term Expires |
|---|---|---|
| Mark Malloy Harrison | Director. Co-owner of House of Carpets and Lighting, a floor coverings and lighting fixtures business in Shreveport, Louisiana, since September 2007, and co-owner of Roly Poly sandwich franchises located in Shreveport and West Monroe, Louisiana since 2005.<br><br>Mr. Harrison brings substantial business and entrepreneurial experience to the board as co-owner of a local carpet and lighting business in Shreveport, Louisiana and sandwich franchises in the greater Shreveport area. Age 51. Director since 2007. | 2011 |
| James R. Barlow | Director. President and Chief Operating Officer of Home Federal Bank since February 2009 and Executive Vice President and Chief Operating Officer of Home Federal Bancorp since November 2009. Previously, Mr. Barlow served as Executive Vice President and Area Manager for the Arkansas-Louisiana-Texas area commercial real estate operations of Regions Bank from August 2006 until February 2009. From 2005 until August 2006, Mr. Barlow was a Regions Bank City President for the Shreveport-Bossier area and from February 2003 to 2005 he served as Commercial Loan Manager for Regions Bank for the Shreveport-Bossier area. Mr. Barlow served in various positions at Regions Bank since 1997.<br><br>Mr. Barlow brings substantial managerial, banking and lending experience to the board, as well as significant knowledge of the local commercial real estate market from his years of service as manager and is regional President of a regional bank. Age 41. Director since 2009. | 2012 |
| Clyde D. Patterson | Director. Executive Vice President of Home Federal Bank and Home Federal Bancorp since September 1993 and January 2005, respectively Chief Financial Officer of Home Federal Bank and Home Federal Bancorp since November 2009.<br><br>Mr. Patterson brings significant banking and institutional experience to the board having served in various positions with Home Federal Bank since 1964. Age 68. Director since 1990. | 2012 |
| Amos L. Wedgeworth, Jr. | Director. Retired physician.<br><br>Mr. Wedgeworth brings significant institutional knowledge to the board as one of our longest serving directors and whose father served as the first manager of Home Federal Bank in 1924. Age 84. Director since 1980. | 2012 |