

Home Federal Bancorp, Inc. of Louisiana  
Form 10-Q  
November 09, 2012

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: September 30, 2012  
or

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

For the transition period from to

Commission file number: 001-35019

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

Louisiana  
(State or other jurisdiction of incorporation or organization)

02-0815311  
(IRS Employer Identification No.)

624 Market Street, Shreveport, Louisiana  
(Address of principal executive offices)

71101  
(Zip Code)

(318) 222-1145  
(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer [ ]

Accelerated filer [ ]

Non-accelerated filer [ ]

Smaller reporting company [X]

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

Shares of common stock, par value \$.01 per share, outstanding as of November 9, 2012: The registrant had 2,750,747 shares of common stock outstanding.

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## HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(Unaudited)

	September 30, 2012	June 30, 2012
	(Dollars In Thousands)	
<b>ASSETS</b>		
Cash and Cash Equivalents (Includes Interest-Bearing Deposits with Other Banks of \$773 and \$31,486 for September 30, 2012 and June 30, 2012, Respectively)	\$ 6,835	\$ 34,863
Securities Available-for-Sale	65,578	68,426
Securities Held-to-Maturity	1,470	1,381
Loans Held-for-Sale	9,158	11,157
Loans Receivable, Net of Allowance for Loan Losses of \$1,809 and \$1,698, Respectively	174,839	168,263
Accrued Interest Receivable	852	826
Premises and Equipment, Net	5,082	4,872
Bank Owned Life Insurance	5,893	5,844
Other Assets	522	551
<b>Total Assets</b>	<b>\$270,229</b>	<b>\$ 296,183</b>
<b>LIABILITIES</b>		
Deposits	\$ 193,158	\$ 221,436
Advances from Borrowers for Taxes and Insurance	307	256
Advances from Federal Home Loan Bank of Dallas	26,264	23,469
Other Accrued Expenses and Liabilities	1,595	1,098
Deferred Tax Liability	39	36
<b>Total Liabilities</b>	<b>221,363</b>	<b>246,295</b>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock – 10,000,000 Shares of \$.01 Par Value Authorized; None Issued and Outstanding	--	--
Common Stock – 40,000,000 Shares of \$.01 Par Value Authorized; 3,062,386 Shares Issued and 2,778,019 Shares Outstanding at September 30, 2012; 2,877,032 Shares Outstanding at June 30, 2012	32	32
Additional Paid-in Capital	31,646	31,199
Treasury Stock, at Cost – 284,367 shares at September 30, 2012; 185,354 at June 30, 2012	(5,025 )	(2,706 )
Unearned ESOP Stock	(1,763 )	(1,792 )
Unearned RRP Trust Stock	(1,104 )	(1,114 )
Retained Earnings	23,663	22,897

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Accumulated Other Comprehensive Income	1,417	1,372
Total Stockholders' Equity	48,866	49,888
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 270,229	\$ 296,183

See accompanying notes to consolidated financial statements.

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## HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

	For the Three Months Ended September 30,	
	2012	2011
	(In Thousands, Except Per Share Data)	
<b>INTEREST INCOME</b>		
Loans, Including Fees	\$ 2,841	\$ 2,262
Investment Securities	7	64
Mortgage-Backed Securities	485	542
Other Interest-Earning Assets	7	6
<b>Total Interest Income</b>	<b>3,340</b>	<b>2,874</b>
<b>INTEREST EXPENSE</b>		
Deposits	593	621
Federal Home Loan Bank Borrowings	100	177
<b>Total Interest Expense</b>	<b>693</b>	<b>798</b>
<b>Net Interest Income</b>	<b>2,647</b>	<b>2,076</b>
<b>PROVISION FOR LOAN LOSSES</b>		
Net Interest Income after Provision for Loan Losses	111	86
	2,536	1,990
<b>NON-INTEREST INCOME</b>		
Gain on Sale of Loans	682	593
Gain on Sale of Investments	95	203
Income on Bank Owned Life Insurance	49	56
Other Income	105	92
<b>Total Non-Interest Income</b>	<b>931</b>	<b>944</b>
<b>NON-INTEREST EXPENSE</b>		
Compensation and Benefits	1,318	1,121
Occupancy and Equipment	206	196
Data Processing	87	76
Audit and Examination Fees	48	50
Franchise and Bank Shares Tax	84	95
Advertising	60	60
Legal Fees	88	76
Loan and Collection	40	31
Deposit Insurance Premium	31	25
Other Expense	99	123
<b>Total Non-Interest Expense</b>	<b>2,061</b>	<b>1,853</b>
<b>Income Before Income Taxes</b>	<b>1,406</b>	<b>1,081</b>
<b>PROVISION FOR INCOME TAX EXPENSE</b>		
<b>Net Income</b>	<b>\$ 939</b>	<b>\$ 802</b>

EARNINGS PER COMMON SHARE:

Basic	\$	0.36	\$	0.28
Diluted	\$	0.35	\$	0.28
DIVIDENDS DECLARED	\$	0.06	\$	0.06

See accompanying notes to consolidated financial statements.



HOME FEDERAL BANCORP, INC. OF LOUISIANA  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Unaudited)

	For the Three Months Ended September 30, 2012                  2011 (In Thousands)	
Net Income	\$939	\$802
Other Comprehensive Income, Net of Tax		
Unrealized Holding Gain on Securities Available-for-Sale, Net of Tax of \$53 in 2012 and \$262 in 2011	103	509
Reclassification Adjustment for Gain Included in Net Income, Net of Tax of \$30 in 2012 and \$61 in 2011	(58      )	(117      )
Net Other Comprehensive Income	45	392
Total Comprehensive Income	\$984	\$1,194

See accompanying notes to consolidated financial statements.



## HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
 THREE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011  
 (Unaudited)

	Common Stock	Additional Paid-in Capital	Unearned ESOP Stock	Unearned RRP Trust Stock	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
(In Thousands)								
BALANCE – June 30, 2011	\$ 32	\$ 30,880	\$ (1,907 )	\$ (29 )	\$ 20,781	\$ --	\$ 1,426	\$ 51,183
Net Income	--	--	--	--	802	--	--	802
Changes in Unrealized Gain on Securities Available-for- Sale, Net of Tax Effects	--	--	--	--	--	--	392	392
RRP Shares Earned	--	--	--	8	--	--	--	8
Stock Options Vested	--	3	--	--	--	--	--	3
Common Stock Issuance for Stock Option Exercise	--	66	--	--	--	--	--	66
ESOP Compensation Earned	--	8	29	--	--	--	--	37
Dividends Declared	--	--	--	--	(183 )	--	--	(183 )
BALANCE – September 30, 2011	\$ 32	\$ 30,957	\$ (1,878 )	\$ (21 )	\$ 21,400	\$ --	\$ 1,818	\$ 52,308
BALANCE – June 30, 2012	\$ 32	\$ 31,199	\$ (1,792 )	\$ (1,114 )	\$ 22,897	\$ (2,706 )	\$ 1,372	\$ 49,888

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Net Income	--	--	--	--	939	--	--	939
Changes in Unrealized Gain on Securities Available-for- Sale, Net of Tax Effects	--	--	--	--	--	--	45	45
RRP Shares Earned	--	--	--	10	--	--	--	10
Stock Options Vested	--	42	--	--	--	--	--	42
Common Stock Issuance for Stock Option Exercises	--	386	--	--	--	--	--	386
ESOP Compensation Earned	--	18	29	--	--	--	--	47
Acquisition of Treasury Stock	--	--	--	--	--	(2,319 )	--	(2,319 )
Dividends Declared	--	--	--	--	(172 )	--	--	(172 )
BALANCE – September 30, 2012	\$ 32	\$ 31,645	\$ (1,763 )	\$ (1,104 )	\$ 23,664	\$ (5,025 )	\$ 1,417	\$ 48,866

See accompanying notes to consolidated financial statements.

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

Three Months Ended  
September 30,  
2012                      2011  
(In Thousands)

## CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$939	\$802
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities		
Net Amortization and Accretion on Securities	8	23
Gain on Sale of Securities	(95 )	(203 )
Gain on Sale of Loans	(682 )	(593 )
Amortization of Deferred Loan Fees	(64 )	(42 )
Depreciation of Premises and Equipment	50	53
ESOP Expense	47	37
Stock Option Expense	42	3
Recognition and Retention Plan Expense	52	2
Deferred Income Tax	(20 )	(41 )
Provision for Loan Losses	111	86
Increase in Cash Surrender Value on Bank Owned Life Insurance	(49 )	(56 )
Changes in Assets and Liabilities:		
Loans Held-for-Sale – Originations and Purchases	(34,916 )	(31,163 )
Loans Held-for-Sale – Sale and Principal Repayments	37,597	29,242
Accrued Interest Receivable	(26 )	72
Other Operating Assets	29	36
Other Operating Liabilities	455	381
Net Cash Provided by (Used in) Operating Activities	3,478	(1,361 )

## CASH FLOWS FROM INVESTING ACTIVITIES

Loan Originations and Purchases, Net of Principal Collections	(6,642 )	(2,835 )
Deferred Loan Fees Collected	19	61
Acquisition of Premises and Equipment	(260 )	(1,082 )
Activity in Available-for-Sale Securities:		
Proceeds from Sales of Securities	20,373	29,170
Principal Payments on Mortgage-Backed Securities	3,520	3,056
Purchases of Securities	(20,890 )	(37,260 )
Activity in Held-to-Maturity Securities:		
Redemption Proceeds	107	--
Principal Payments on Mortgage-Backed Securities	--	233
Purchases of Securities	(196 )	(1 )
Net Cash Used in Investing Activities	(3,969 )	(8,658 )

See accompanying notes to consolidated financial statements.

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## HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
(Unaudited)

	Three Months Ended September 30, 2012                  2011 (In Thousands)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (Decrease) Increase in Deposits	\$(28,278 )	\$12,759
Proceeds from Federal Home Loan Bank Advances	9,500	--
Repayments of Advances from Federal Home Loan Bank	(6,705 )	(3,933 )
Net Increase in Advances from Borrowers for Taxes and Insurance	51	41
Dividends Paid	(172 )	(183 )
Acquisition of Treasury Stock	(2,189 )	--
Proceeds from Stock Options Exercised	256	66
<b>Net Cash (Used In) Provided by Financing Activities</b>	<b>(27,537 )</b>	<b>8,750</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(28,028 )</b>	<b>(1,269 )</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<b>34,863</b>	<b>9,599</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>\$ 6,835</b>	<b>\$8,330</b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest Paid on Deposits and Borrowed Funds	\$ 699	\$802
Income Taxes Paid	33	307
Market Value Adjustment for Gain on Securities Available-for-Sale	68	594
Acquisition of Treasury Stock with Common Stock Issuance	130	--

See accompanying notes to consolidated financial statements.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Home Federal Bancorp, Inc. of Louisiana (the “Company”) and its subsidiary, Home Federal Bank (“Home Federal Bank” or the “Bank”). These consolidated financial statements were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the three month period ended September 30, 2012, is not necessarily indicative of the results which may be expected for the fiscal year ending June 30, 2013.

The Company follows accounting standards set by the Financial Accounting Standards Board (the “FASB”). The FASB sets generally accepted accounting principles (“GAAP”) that we follow to ensure we consistently report our financial condition, results of operations and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (the “Codification” or the “ASC”).

In accordance with the subsequent events topic of the ASC, the Company evaluates events and transactions that occur after the balance sheet date for potential recognition in the financial statements. The effect of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date are recognized in the financial statements as of September 30, 2012. In preparing these financial statements, the Company evaluated the events and transactions that occurred through the date these financial statements were issued.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Consolidated Statements of Financial Condition and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the allowance for loan losses.

Nature of Operations

Home Federal Bancorp, Inc. of Louisiana, a Louisiana corporation, is the fully public stock holding company for Home Federal Bank (the “Bank”) located in Shreveport, Louisiana. The Bank is a federally chartered, stock savings and loan association and is subject to federal regulation by the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. The Company is a savings and loan holding company regulated by the Board of Governors of the Federal Reserve System. Services are provided to the Bank’s customers by four full-service banking offices and one agency office, located in Caddo and Bossier Parishes, Louisiana. The area served by the 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. As of September 30, 2012, the Bank had one wholly-owned subsidiary, Metro Financial Services, Inc., which is currently inactive.

Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand, balances due from banks, and federal funds sold, all of which mature within ninety days.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Securities

The Company classifies its debt and equity investment securities into one of three categories: held-to-maturity, available-for-sale, or trading. Investments in nonmarketable equity securities and debt securities, in which the Company has the positive intent and ability to hold to maturity, are classified as held-to-maturity and carried at amortized cost. Investments in debt securities that are not classified as held-to-maturity and marketable equity securities that have readily determinable fair values are classified as either trading or available-for-sale securities. Securities that are acquired and held principally for the purpose of selling in the near term are classified as trading securities. Investments in securities not classified as trading or held-to-maturity are classified as available-for-sale.

Trading account and available-for-sale securities are carried at fair value. Unrealized holding gains and losses on trading securities are included in earnings while net unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the term of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Loans Held-for-Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans

Loans receivable are stated at unpaid principal balances, less allowances for loan losses and unamortized deferred loan fees. Net nonrefundable fees (loan origination fees, commitment fees, discount points) and costs associated with lending activities are being deferred and subsequently amortized into income as an adjustment of yield on the related interest earning assets using the interest method. Interest income on contractual loans receivable is recognized on the accrual method. Unearned discount on property improvement and automobile loans is deferred and amortized on the interest method over the life of the loan.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. 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 collectibility 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.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Allowance for Loan Losses (continued)

A loan is considered impaired when, based on current information or events, it is probable that the Bank 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 present value of expected future cash flows or the fair value of the collateral of the loan. If the present value of expected future cash flows or fair value of the collateral is less than the recorded investment in the loan, the Bank 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. Loans are classified as substandard and placed on non-accrual status when they 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 periodic interest and principal payments is back to normal, the loan is returned to accrual status.

It should be understood that estimates of future loan losses involve an exercise of judgment. While it is possible that in particular periods, the Company may sustain losses, which are substantial relative to the allowance for loan losses, it is the judgment of management that the allowance for loan losses reflected in the accompanying statements of condition is adequate to absorb possible losses in the existing loan portfolio.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held-for-sale and are transferred to other real estate owned at the lower of cost or current fair value minus estimated cost to sell as of the date of foreclosure. Cost is defined as the lower of the fair value of the property or the recorded investment in the loan. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Company and its wholly-owned subsidiary file a consolidated Federal income tax return on a fiscal year basis. Each entity will pay its pro-rata share of income taxes in accordance with a written tax-sharing agreement.

The Company accounts for income taxes on the asset and liability method. Deferred tax assets and liabilities are recorded based on the difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the expected amount most likely to be realized. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income and recoverable taxes paid in prior years. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets will be realized. Current taxes are measured by applying the provisions of enacted tax laws to taxable income to determine the amount of taxes receivable or payable.

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 1. Summary of Accounting Policies (continued)

## Income Taxes (continued)

While the Bank is exempt from Louisiana income tax, it is subject to the Louisiana Ad Valorem Tax, commonly referred to as the Louisiana Shares Tax, which is based on stockholders' equity and net income.

## Comprehensive Income

Accounting principles generally accepted in the United States of America require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the Consolidated Statements of Financial Condition, such items, along with net income, are components of comprehensive income.

## 2. Securities

The amortized cost and fair value of securities, with gross unrealized gains and losses, follows:

Securities Available-for-Sale	Amortized Cost	September 30, 2012		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
(In Thousands)				
<b>Debt Securities</b>				
FHLMC Mortgage-Backed Certificates	\$ 540	\$ 30	\$ --	\$ 570
FNMA Mortgage-Backed Certificates	18,820	1,832	--	20,652
GNMA Mortgage-Backed Certificates	42,780	276	3	43,053
<b>Total Debt Securities</b>	<b>62,140</b>	<b>2,138</b>	<b>3</b>	<b>64,275</b>
<b>Equity Securities</b>				
176,612 Shares, AMF ARM Fund	1,291	12	--	1,303
<b>Total Securities Available-for-Sale</b>	<b>\$63,431</b>	<b>\$2,150</b>	<b>\$3</b>	<b>\$65,578</b>
<b>Securities Held-to-Maturity</b>				
<b>Equity Securities (Non-Marketable)</b>				
12,201 Shares – Federal Home Loan Bank	1,220	--	--	1,220
630 Shares – First National Bankers Bankshares, Inc.	250	--	--	250
<b>Total Equity Securities</b>	<b>1,470</b>	<b>--</b>	<b>--</b>	<b>1,470</b>

Total Securities Held-to-Maturity	\$1,470	\$--	\$--	\$1,470
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## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 2. Securities (continued)

Securities Available-for-Sale	Amortized Cost	June 30, 2012		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
(In Thousands)				
<b>Debt Securities</b>				
FHLMC Mortgage-Backed Certificates	\$635	\$33	\$--	\$668
FNMA Mortgage-Backed Certificates	21,099	1,875	--	22,974
GNMA Mortgage-Backed Certificates	43,322	160	--	43,482
Government Agency Notes	--	--	--	--
<b>Total Debt Securities</b>	<b>65,056</b>	<b>2,068</b>	<b>--</b>	<b>67,124</b>
<b>Equity Securities</b>				
176,612 Shares, AMF ARM Fund	1,291	11	--	1,302
<b>Total Securities Available-for-Sale</b>	<b>\$66,347</b>	<b>\$2,079</b>	<b>\$--</b>	<b>\$68,426</b>
<b>Securities Held-to-Maturity</b>				
<b>Equity Securities (Non-Marketable)</b>				
11,307 Shares – Federal Home Loan Bank	1,131	--	--	1,131
630 Shares – First National Bankers Bankshares, Inc.	250	--	--	250
<b>Total Equity Securities</b>	<b>1,381</b>	<b>--</b>	<b>--</b>	<b>1,381</b>
<b>Total Securities Held-to-Maturity</b>	<b>\$1,381</b>	<b>\$--</b>	<b>\$--</b>	<b>\$1,381</b>

The amortized cost and fair value of debt securities by contractual maturity at September 30, 2012, follows:

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(In Thousands)				
Within One Year or Less	\$--	\$ --	\$--	\$ --
One through Five Years	182	188	--	--
After Five through Ten Years	549	571	--	--
Over Ten Years	61,409	63,516	--	--
<b>Total</b>	<b>\$62,140</b>	<b>\$64,275</b>	<b>\$--</b>	<b>\$--</b>

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For the three months ended September 30, 2012, proceeds from the sale of securities available-for-sale amounted to \$20.4 million. Gross realized gains amounted to \$95,000 for the three months ended September 30, 2012.

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 2. Securities (continued)

The following table shows information pertaining to gross unrealized losses on securities available-for-sale at September 30, 2012 aggregated by investment category and length of time that individual securities have been in a continuous loss position. There were no gross unrealized losses on securities at June 30, 2012.

	September 30, 2012			
	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Securities Available-for-Sale:				
Debt Securities				
Mortgage-Backed Securities	\$3	\$20,842	\$--	\$--
Marketable Equity Securities	--	--	--	--
Total Securities Available-for-Sale	\$3	\$20,842	\$--	\$--

The Company's investment in equity securities consists primarily of FHLB stock, a \$1.3 million (book value) investment in an adjustable-rate mortgage fund (referred to as the ARM Fund) and shares of First National Bankers Bankshares, Inc. ("FNBB"). The fair value of the ARM Fund has traditionally correlated with the interest rate environment. At September 30, 2012, the unrealized gain on this investment was \$12,000. Management monitors its investment portfolio to determine whether any investment securities which have unrealized losses should be considered other than temporarily impaired.

At September 30, 2012, securities with a carrying value of \$4.1 million were pledged to secure public deposits, and securities and mortgage loans with a carrying value of \$87.8 million were pledged to secure FHLB advances.

## 3. Loans Receivable

Loans receivable are summarized as follows:

	September 30, 2012	June 30, 2012
	(In Thousands)	
Loans Secured by Mortgages on Real Estate		
One-to-Four Family Residential	\$ 60,234	\$ 59,410
Commercial	44,709	39,230
Multi-Family Residential	12,850	12,919
Land	13,986	12,317
Construction	21,700	22,660
Equity and Second Mortgage	2,448	2,520
Equity Lines of Credit	8,886	8,461

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Total Mortgage Loans	164,813	157,517
Commercial Loans	11,784	12,369
Consumer Loans		
Loans on Savings Accounts	204	227
Automobile and Other Consumer Loans	181	228
Total Consumer and Other Loans	385	455
Total Loans	176,982	170,341
Less: Allowance for Loan Losses	(1,809 )	(1,698 )
Unamortized Loan Fees	(334 )	(380 )
Net Loans Receivable	\$ 174,839	\$ 168,263

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Loans Receivable (continued)

Following is a summary of changes in the allowance for loan losses:

	Three Months Ended September 30,	
	2012	2011
	(In Thousands)	
Balance - Beginning of Period	\$ 1,698	\$ 842
Provision for Loan Losses	111	86
Loan Charge-Offs	--	--
Balance - End of Period	\$ 1,809	\$ 928

## Credit Quality Indicators

The Company segregates loans into risk categories based on the pertinent information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans according to credit risk. Loans classified as substandard or identified as special mention are reviewed quarterly by management to evaluate the level of deterioration, improvement, and impairment, if any, as well as assign the appropriate risk category.

Loans excluded from the scope of the quarterly review process above are generally identified as pass credits until: (a) they become past due; (b) management becomes aware of deterioration in the credit worthiness of the borrower; or (c) the customer contacts the Company for a modification. In these circumstances, the loan is specifically evaluated for potential classification and the need to allocate reserves or charge-off. The Company uses the following definitions for risk ratings:

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

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

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

**Loss** - This classification includes those loans which are considered uncollectible and of such little value that their continuance as loans is not warranted. Even though partial recovery may be possible in the future, it is not practical or desirable to defer writing off these basically worthless loans. Accordingly, these loans are charged-off before period

end.

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Loans Receivable (continued)

## Credit Quality Indicators (continued)

The following tables present the grading of loans, segregated by class of loans, as of September 30, 2012 and June 30, 2012:

	Pass	Special Mention (In Thousands)	Substandard	Doubtful	Total
Real Estate Loans:					
One-to-Four Family Residential	\$59,217	\$655	\$362	\$--	\$60,234
Commercial	44,709	--	--	--	44,709
Multi-Family Residential	12,850	--	--	--	12,850
Land	13,986	--	--	--	13,986
Construction	21,700	--	--	--	21,700
Equity and Second Mortgage	2,448	--	--	--	2,448
Equity Lines of Credit	8,770	27	89	--	8,886
Commercial Loans	11,784	--	--	--	11,784
Consumer Loans	385	--	--	--	385
Total	\$175,849	\$682	\$451	\$--	\$176,982

June 30, 2012	Pass	Special Mention (In Thousands)	Substandard	Doubtful	Total
Real Estate Loans:					
One-to-Four Family Residential	\$58,531	\$517	\$362	\$--	\$59,410
Commercial	39,230	--	--	--	39,230
Multi-Family Residential	12,919	--	--	--	12,919
Land	12,317	--	--	--	12,317
Construction	22,660	--	--	--	22,660
Equity and Second Mortgage	2,520	--	--	--	2,520
Equity Lines of Credit	8,345	27	89	--	8,461
Commercial Loans	12,369	--	--	--	12,369
Consumer Loans	455	--	--	--	455
Total	\$169,346	\$544	\$451	\$--	\$170,341





## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Loans Receivable (continued)

## Credit Quality Indicators (continued)

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when contractually due. Loans that experience insignificant payment delays or payment shortfalls are generally not classified as impaired. On a case-by-case basis, management determines the significance of payment delays and payment shortfalls, taking into consideration all of the circumstances related to the loan, including: the length of the payment delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The following tables present an aging analysis of past due loans, segregated by class of loans, as of September 30, 2012 and June 30, 2012:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
September 30, 2012	(In Thousands)						
Real Estate Loans:							
One-to-Four Family							
Residential	\$ 2,103	\$ 1,279	\$ --	\$ 3,382	\$ 56,852	\$ 60,234	\$ --
Commercial	--	--	--	--	44,709	44,709	--
Multi-Family							
Residential	--	--	--	--	12,850	12,850	--
Land	--	--	--	--	13,986	13,986	--
Construction	--	--	--	--	21,700	21,700	--
Equity and Second Mortgage	--	--	--	--	2,448	2,448	--
Equity Lines of Credit	43	--	--	43	8,843	8,886	--
Commercial Loans	--	--	--	--	11,784	11,784	--
Consumer Loans	--	--	--	--	385	385	--
Total	\$ 2,146	\$ 1,279	\$ --	\$ 3,425	\$ 173,557	\$ 176,982	\$ --
June 30, 2012	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
	(In Thousands)						

## Real Estate Loans:

One-to-Four Family							
Residential	\$ 2,039	\$ 1,024	\$ 14	\$ 3,077	\$ 56,333	\$ 59,410	\$ --
Commercial	--	--	--	--	39,230	39,230	--
Multi-Family							
Residential	--	--	--	--	12,919	12,919	--
Land	--	--	--	--	12,317	12,317	--
Construction	--	--	--	--	22,660	22,660	--
Equity and Second							
Mortgage	--	--	--	--	2,520	2,520	--
Equity Lines of							
Credit	--	--	--	--	8,461	8,461	--
Commercial Loans	--	--	--	--	12,369	12,369	--
Consumer Loans	--	--	--	--	455	455	--
Total	\$ 2,039	\$ 1,024	\$ 14	\$ 3,077	\$ 167,264	\$ 170,341	\$ --

Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties are considered troubled debt restructurings and classified as impaired. There were no troubled debt restructurings as of September 30, 2012 or June 30, 2012.

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Loans Receivable (continued)

## Credit Quality Indicators (continued)

The change in the allowance for loan losses by loan portfolio class and recorded investment in loans for the three months ended September 30, 2012 and the year ended June 30, 2012, was as follows:

## Real Estate Loans

September 30, 2012	Residential	Commercial	Multi- Family	Land	Construction	Other	Commercial Loans	Consumer Loans	Total
(In Thousands)									
Allowance for loan losses:									
Beginning Balances	\$ 416	\$ 185	\$ 205	\$ 270	\$ 311	\$ --	\$ 281	\$ 30	\$ 1,698
Charge-Offs	--	--	--	--	--	--	--	--	--
Recoveries	--	--	--	--	--	--	--	--	--
Current Provision	520	103	(140 )	(111 )	(81 )	--	(178 )	(2 )	111
Ending Balances	\$ 936	\$ 288	\$ 65	\$ 159	\$ 230	\$ --	\$ 103	\$ 28	\$ 1,809
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	936	288	65	159	230	--	103	28	1,809
Loans Receivable:									
Ending Balances -									
Total	\$ 60,234	\$ 44,709	\$ 12,850	\$ 13,986	\$ 21,700	\$ 11,334	\$ 11,784	\$ 385	\$ 176,982
Ending Balances:									
Evaluated for Impairment:									
Individually	14	--	--	--	--	--	--	--	14
Collectively	\$ 60,220	\$ 44,709	\$ 12,850	\$ 13,986	\$ 21,700	\$ 11,334	\$ 11,784	\$ 385	\$ 176,968

## Real Estate Loans

June 30, 2012	Residential	Commercial	Multi- Family	Land	Construction	Other	Commercial Loans	Consumer Loans	Total
(In Thousands)									

Allowance for loan losses:

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Beginning Balances	\$ 110	\$ 125	\$ 140	\$ 150	\$ 130	\$--	\$ 175	\$ 12	\$ 8
Charge-Offs	--	--	--	--	--	--	--	--	--
Recoveries	--	--	--	--	--	--	--	--	--
Current Provision	306	60	65	120	181	--	106	18	8
Ending Balances	\$ 416	\$ 185	\$ 205	\$ 270	\$ 311	\$--	\$ 281	\$ 30	\$ 1
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	416	185	205	270	311	--	281	30	1
Loans Receivable:									
Ending Balances - Total	\$ 59,410	\$ 39,230	\$ 12,919	\$ 12,317	\$ 22,660	\$ 10,981	\$ 12,369	\$ 455	\$ 1
Ending Balances:									
Evaluated for Impairment:									
Individually	14	--	--	--	--	--	--	--	1
Collectively	\$ 59,396	\$ 39,230	\$ 12,919	\$ 12,317	\$ 22,660	\$ 10,981	\$ 12,369	\$ 455	\$ 1

The change in the allowance for loan losses by loan portfolio class for the quarter ended September 30, 2011, was as follows:

September 30, 2011	Real Estate Loans					Other	Commercial Loans	Consumer Loans	Total
	Residential	Commercial	Multi-Family	Land	Construction				
	(In Thousands)								
Allowance for loan losses:									
Beginning Balances	\$ 110	\$ 125	\$ 140	\$ 150	\$ 130	\$--	\$ 175	\$ 12	\$ 842
Charge-Offs	--	--	--	--	--	--	--	--	--
Recoveries	--	--	--	--	--	--	--	--	--
Current Provision	--	15	30	21	--	--	20	--	86
Ending Balances	\$ 110	\$ 140	\$ 170	\$ 171	\$ 130	\$--	\$ 195	\$ 12	\$ 928
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	\$ 110	\$ 140	\$ 170	\$ 171	\$ 130	\$--	\$ 195	\$ 12	\$ 928



## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Loans Receivable (continued)

## Credit Quality Indicators (continued)

The following tables present loans individually evaluated for impairment, segregated by class of loans, as of September 30, 2012 and June 30, 2012:

September 30, 2012	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
(In Thousands)						
Real Estate Loans:						
One-to-Four Family Residential	\$ 14	\$ 14	\$ --	\$ 14	\$ --	\$ 14
Commercial	--	--	--	--	--	--
Multi-Family Residential	--	--	--	--	--	--
Land	--	--	--	--	--	--
Construction	--	--	--	--	--	--
Equity and Second Mortgage	--	--	--	--	--	--
Equity Lines of Credit	--	--	--	--	--	--
Commercial Loans	--	--	--	--	--	--
Consumer Loans	--	--	--	--	--	--
Total	\$ 14	\$ 14	\$ --	\$ 14	\$ --	\$ 14

June 30, 2012	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
(In Thousands)						
Real Estate Loans:						
One-to-Four Family Residential	\$ 14	\$ 14	\$ --	\$ 14	\$ --	\$ 14
Commercial	--	--	--	--	--	--
Multi-Family Residential	--	--	--	--	--	--
Land	--	--	--	--	--	--
Construction	--	--	--	--	--	--
Equity and Second Mortgage	--	--	--	--	--	--
Equity Lines of Credit	--	--	--	--	--	--
Commercial Loans	--	--	--	--	--	--
Consumer Loans	--	--	--	--	--	--
Total	\$ 14	\$ 14	\$ --	\$ 14	\$ --	\$ 14

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The Bank has no commitments to loan additional funds to borrowers whose loans were previously in non-accrual status. Loans totaling \$14,000 were in non-accrual status at June 30, 2012. There were no loans in non-accrual status at September 30, 2012.

4. Deposits

Deposits at September 30, 2012 and June 30, 2012 consist of the following classifications:

	September 30, 2012	June 30, 2012
	(In Thousands)	
Non-Interest Bearing	\$ 22,432	\$ 20,575
NOW Accounts	20,128	16,887
Money Markets	36,590	68,446
Passbook Savings	6,816	6,893
	85,966	112,801
Certificates of Deposit	107,192	108,635
Total Deposits	\$ 193,158	\$ 221,436

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Earnings Per Share

Basic earnings per common share are computed based on the weighted average number of shares outstanding. Diluted earnings per share is computed based on the weighted average number of shares outstanding and common share equivalents that would arise from the exercise of dilutive securities. Earnings per share for the three months ended September 30, 2012 and 2011 were calculated as follows:

	Three Months Ended September 30, 2012		Three Months Ended September 30, 2011	
	Basic	Diluted	Basic	Diluted
	(In Thousands, Except Per Share Data)			
Net income	\$939	\$ 939	\$802	\$ 802
Weighted average shares outstanding	2,594	2,594	2,859	2,859
Effect of unvested common stock awards	--	67	--	28
Adjusted weighted average shares used in earnings per share computation	2,594	2,661	2,859	2,887
Earnings per share	\$0.36	\$0.35	\$0.28	\$0.28

For the three months ended September 30, 2012 and 2011, there were outstanding options to purchase 299,088 and 152,816 shares, respectively, at a weighted average exercise price of \$13.18 and \$10.83 per share, respectively. For the first quarter ended September 30, 2012, 67,246 options were included in the computation of diluted earnings per share.

The following table presents the components of weighted average outstanding shares for purposes of calculating earnings per share:

	Three Months Ended September 30,	
	2012	2011
Average common shares issued	3,062	3,048
Average unearned ESOP shares	(177 )	(189 )
Average unearned RRP shares	(78 )	--
Average treasury shares	(213 )	--
Weighted average shares outstanding	2,594	2,859

## 6. Stock-Based Compensation

## Recognition and Retention Plan

On August 10, 2005, the shareholders of the Company approved the establishment of the Home Federal Bancorp, Inc. of Louisiana 2005 Recognition and Retention Plan and Trust Agreement (the "2005 Recognition Plan") as an incentive to retain personnel of experience and ability in key positions. The aggregate number of shares of the Company's



common stock subject to award under the 2005 Recognition Plan totaled 63,547 shares (as adjusted for the exchange ratio of 0.9110 on December 22, 2010). As the shares were acquired for the 2005 Recognition Plan, the purchase price of these shares was recorded as a contra equity account. As the shares are distributed, the contra equity account is reduced. During the three months ended September 30, 2012, 561 shares vested and were released from the 2005 Recognition Plan Trust and 1,686 shares remained in the 2005 Recognition Plan Trust at September 30, 2012.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Stock-Based Compensation (continued)

Recognition and Retention Plan (continued)

On December 23, 2011, the shareholders of the Company approved the establishment of the Home Federal Bancorp, Inc. of Louisiana 2011 Recognition and Retention Plan and Trust Agreement (the “2011 Recognition Plan”, together with the 2005 Recognition Plan, the “Recognition Plan”) as an incentive to retain personnel of experience and ability in key positions. The aggregate number of shares of the Company’s common stock available for award under the 2011 Recognition Plan totaled 77,808 shares. As of September 30, 2012, 69,251 shares were awarded under the 2011 Recognition Plan.

Recognition Plan shares are earned by recipients at a rate of 20% of the aggregate number of shares covered by the Recognition Plan award over five years. Generally, if the employment of an employee or service as a non-employee director is terminated prior to the fifth anniversary of the date of grant of Recognition Plan share award, the recipient shall forfeit the right to any shares subject to the award that have not been earned. In the case of death or disability of the recipient or a change in control of the Company, the Recognition Plan awards will be vested and shall be distributed as soon as practicable thereafter.

The Recognition Plan cost is recognized over the five year vesting period. During the three months ended September 30, 2012, the Company recognized \$52,000 in expense related to the Recognition Plan.

Stock Option Plan

On August 10, 2005, the shareholders of the Company approved the establishment of the Home Federal Bancorp, Inc. of Louisiana 2005 Stock Option Plan (the “2005 Option Plan”) for the benefit of directors, officers, and other key employees. The aggregate number of shares of common stock reserved for issuance under the 2005 Option Plan totaled 158,868 (as adjusted). Both incentive stock options and non-qualified stock options may be granted under the 2005 Option Plan. As of September 30, 2012, 104,566 options were outstanding under the 2005 Stock Option Plan and 2,133 were available for future grant.

On December 23, 2011, the shareholders of the Company approved the establishment of the Home Federal Bancorp, Inc. of Louisiana 2011 Stock Option Plan (the “2011 Option Plan”, together with the 2005 option plan, the “Option Plan”) for the benefit of directors, officers, and other key employees. The aggregate number of shares of common stock reserved for issuance under the 2011 Option Plan totaled 194,522. Both incentive stock options and non-qualified stock options may be granted under the Option Plan. As of September 30, 2012, 169,235 options had been granted under the 2011 Option Plan and 25,287 were available for future grant.

Under the Option Plan, the exercise price of each option cannot be less than the fair market value of the underlying common stock as of the date of the option grant and the maximum term is ten years. Incentive stock options and non-qualified stock options granted under the Option Plan become vested and exercisable at a rate of 20% per year over five years, commencing one year from the date of the grant, with an additional 20% vesting on each successive anniversary of the date the option was granted. No vesting shall occur after an employee’s employment or service as a director is terminated. In the event of the death or disability of an employee or director or change in control of the Company, the unvested options shall become vested and exercisable. The Company accounts for the Option Plan under the guidance of FASB ASC Topic 718, Compensation – Stock Compensation.

7. Related Party Transactions

Certain directors and executive officers were indebted to the Bank in the approximate aggregate amounts of \$1.6 million and \$1.9 million at September 30, 2012 and June 30, 2012, respectively.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Fair Value Disclosures

The following disclosure is made in accordance with the requirements of ASC 825, Financial Instruments. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. In cases where quoted market prices are not available, fair values have been estimated using the present value of future cash flows or other valuation techniques. The results of these techniques are highly sensitive to the assumptions used, such as those concerning appropriate discount rates and estimates of future cash flows, which require considerable judgment. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current settlement of the underlying financial instruments.

ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. These disclosures should not be interpreted as representing an aggregate measure of the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating fair values of financial instruments:

Cash and Cash Equivalents

The carrying amount approximates the fair value of cash and cash equivalents.

Securities to be Held-to-Maturity and Available-for-Sale

Fair values for investment securities, including mortgage-backed securities, are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The carrying values of restricted or non-marketable equity securities approximate their fair values. The carrying amount of accrued investment income approximates its fair value.

Mortgage Loans Held-for-Sale

Because these loans are normally disposed of within ninety days of origination, their carrying value closely approximates the fair value of such loans.

Loans Receivable

For variable-rate loans that re-price frequently and with no significant changes in credit risk, fair value approximates the carrying value. Fair values for other loans are estimated using the discounted value of expected future cash flows. Interest rates used are those being offered currently for loans with similar terms to borrowers of similar credit quality. The carrying amount of accrued interest receivable approximates its fair value.

Deposit Liabilities

The fair values for demand deposit accounts are, by definition, equal to the amount payable on demand at the reporting date, that is, their carrying amounts. Fair values for other deposit accounts are estimated using the discounted value of expected future cash flows. The discount rate is estimated using the rates currently offered for deposits of similar maturities.

Advances from Federal Home Loan Bank

The carrying amount of short-term borrowings approximates their fair value. The fair value of long-term debt is estimated using discounted cash flow analyses based on current incremental borrowing rates for similar borrowing arrangements.

Off-Balance Sheet Credit-Related Instruments

Fair values for outstanding mortgage loan commitments to lend are based on fees currently charged to enter into similar agreements, taking into account the remaining term of the agreements, customer credit quality, and changes in lending rates.

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 8. Fair Value Disclosures (continued)

The fair value of interest rate floors and caps contained in some loan servicing agreements and variable rate mortgage loan contracts are considered immaterial within the context of fair value disclosure requirements. Accordingly, no fair value estimate is provided for these instruments.

The carrying amount and estimated fair values of the Company's financial instruments were as follows:

	September 30, 2012		June 30, 2012	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
(In Thousands)				
<b>Financial Assets</b>				
Cash and Cash Equivalents	\$6,835	\$6,835	\$34,863	\$34,863
Securities Available-for-Sale	65,578	65,578	68,426	68,426
Securities to be Held-to-Maturity	1,470	1,470	1,381	1,381
Loans Held-for-Sale	9,158	9,158	11,157	11,157
Loans Receivable	174,839	176,787	168,263	170,138
<b>Financial Liabilities</b>				
Deposits	193,158	196,835	221,436	225,651
Advances from FHLB	26,264	26,967	23,469	24,097
<b>Off-Balance Sheet Items</b>				
Mortgage Loan Commitments	278	278	237	237

The estimated fair values presented above could be materially different than net realizable value and are only indicative of the individual financial instrument's fair value. Accordingly, these estimates should not be considered an indication of the fair value of the Company taken as a whole.

The Company follows the guidance of FASB ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 affirms a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 was issued to establish a uniform definition of fair value. The definition of fair value is market-based as opposed to company-specific, and includes the following:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in either case, through an orderly transaction between market participants at a measurement date and establishes a framework for measuring fair value;
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date;
- Nullifies the guidance in EITF 02-3, which required the deferral of profit at inception of a transaction involving a derivative financial instrument in the absence of observable data supporting the valuation technique;

- Eliminates large position discounts for financial instruments quoted in active markets and requires consideration of the company's creditworthiness when valuing liabilities; and
- Expands disclosures about instrument that are measured at fair value.

The standard establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy favors the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 8. Fair Value Disclosures (continued)

- Level 1 – Fair value is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets in which the Company can participate.
- Level 2 – Fair value is based upon (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly; (c) inputs other than quoted prices that are observable for the asset or liability or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Fair value is based upon inputs that are unobservable for the asset or liability. These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs are adjusted if information indicates that market participants would use different assumptions.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair values of assets and liabilities measured on a recurring basis at September 30, 2012 and June 30, 2012 are as follows:

September 30, 2012	Fair Value Measurements Using:		Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) (In Thousands)	
Available-for-Sale			
Debt Securities			
FHLMC Mortgage-Backed Certificates	\$ --	\$ 570	\$ 570
FNMA Mortgage-Backed Certificates	--	20,652	20,652
GNMA Mortgage-Backed Certificates	--	43,053	43,053
Equity Securities			
ARM Fund	1,303	--	1,303
Total	\$ 1,303	\$ 64,275	\$ 65,578

June 30, 2012	Fair Value Measurements Using:		Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) (In Thousands)	



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Available-for-Sale

Debt Securities

FHLMC Mortgage-Backed Certificates	\$	--	\$	668	\$	668
FBNA Mortgage-Backed Certificates		--		22,974		22,974
GNMA Mortgage-Backed Certificates		--		43,482		43,482
Government Agency Notes		--		--		--
Equity Securities						
ARM Fund		1,302		--		1,302
Total	\$	1,302	\$	67,124	\$	68,426

HOME FEDERAL BANCORP, INC. OF LOUISIANA

ITEM 2.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The Company's results of operations are primarily dependent on the results of the Bank, which became a wholly owned subsidiary upon completion of the second-step conversion and reorganization on December 22, 2010. Prior thereto, the Bank was in the mutual holding company form of organization. The Bank's results of operations depend, to a large extent, on net interest income, which is the difference between the income earned on its loan and investment portfolios and the cost of funds, consisting of the interest paid on deposits and borrowings. Results of operations are also affected by provisions for loan losses and loan sale activities. Non-interest expense principally consists of compensation and employee benefits, office occupancy and equipment expense, data processing and other expense. Our results of operations are also significantly affected by general economic and competitive conditions, particularly changes in interest rates, government policies and actions of regulatory authorities. Future changes in applicable law, regulations or government policies may materially impact our financial conditions and results of operations.

Critical Accounting Policies

**Allowance for Loan Losses.** The Company has identified the calculation of the allowance for loan losses as a critical accounting policy, due to the higher degree of judgment and complexity than its other significant accounting policies. Provisions for loan losses are based upon management's periodic valuation and assessment of the overall loan portfolio and the underlying collateral, trends in non-performing loans, current economic conditions and other relevant factors in order to maintain the allowance for loan losses at a level believed by management to represent all known and inherent losses in the portfolio that are both probable and reasonably estimable. Although management uses the best information available, the level of the allowance for loan losses remains an estimate which is subject to significant judgment and short-term change.

**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. The realization of 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.

Discussion of Financial Condition Changes from June 30, 2012 to September 30, 2012

At September 30, 2012, total assets amounted to \$270.2 million compared to \$296.2 million at June 30, 2012, a decrease of approximately \$26.0 million, or 8.8%. The decrease in assets was comprised primarily of decreases in investment securities of \$2.8 million, or 4.0%, from \$69.8 million at June 30, 2012, to \$67.0 million at September 30, 2012, loans held-for-sale of \$2.0 million, or 17.9%, from \$11.2 million at June 30, 2012 to \$9.2 million at September 30, 2012, and a decrease in cash and cash equivalents of \$28.0 million, from \$34.9 million at June 30, 2012 to \$6.8 million at September 30, 2012, partially offset by an increase in net loans receivable of \$6.6 million, or 3.9%, from \$168.3 million at June 30, 2012 to \$174.8 million at September 30, 2012. The decrease in investment securities was due to normal principal repayments during the quarter ended September 30, 2012. The decrease in loans held-for-sale primarily reflects a decrease at September 30, 2012 in receivables from financial institutions purchasing the

Company's loans held-for-sale. The \$28.0 million decrease in cash and cash equivalents was due to a non-recurring deposit in the fourth quarter of the prior fiscal year which had a balance of \$31.7 million at June 30, 2012. This deposit had been fully withdrawn as of September 30, 2012. The increase in net loans receivable was attributable primarily to increases in commercial real estate loans of \$5.5 million, land loans of \$1.7 million and one- to-four family residential of \$824,000, partially offset by a decrease of \$960,000 in construction loans compared to June 30, 2012.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Discussion of Financial Condition Changes from June 30, 2012 to September 30, 2012 (continued)

At September 30, 2012, the Company had no non-performing assets compared to \$14,000 at June 30, 2012. Our non-performing assets at June 30, 2012 consisted of a one- to four-family residential loan purchased from a local mortgage originator secured by property in our market area. Following the expansion of the Company's mortgage lending operations, the Company has not purchased mortgage loans in recent periods.

The Company's total liabilities amounted to \$221.4 million at September 30, 2012, a decrease of approximately \$24.9 million, or 10.1%, compared to total liabilities of \$246.3 million at June 30, 2012. The primary reasons for the decrease in liabilities was due to a decrease in deposits of \$28.3 million, or 12.8%, from \$221.4 million at June 30, 2012 to \$193.2 million at September 30, 2012, partially offset by an increase in advances from Federal Home Loan Bank of \$2.8 million, or 11.9%, to \$26.3 million at September 30, 2012, from \$23.5 million at June 30, 2012. The decrease in deposits was primarily due to the withdrawal during the quarter ended September 30, 2012 of the non-recurring deposit discussed above which had a balance of approximately \$31.7 million at June 30, 2012. Certificates of Deposit decreased \$1.4 million, or 1.3%, from \$108.6 million at June 30, 2012 to \$107.2 million at September 30, 2012. Interest and non-interest bearing NOW accounts increased \$5.1 million, or 13.6%, from \$37.5 million at June 30, 2012 to \$42.6 million at September 30, 2012. The Company utilizes brokered certificates of deposit as a component of its strategy for lowering Home Federal Bank's overall cost of funds. The brokered certificates of deposit, all of which have maturity dates greater than twelve months, are callable by Home Federal Bank after twelve months pursuant to early redemption provisions. At both September 30, 2012 and June 30, 2012, the Company had \$10.4 million in brokered deposits.

Stockholders' equity decreased \$1.0 million, or 2.0%, to \$48.9 million at September 30, 2012 compared to \$49.9 million at June 30, 2012. The primary reasons for the decrease in stockholders' equity from June 30, 2012, were the acquisition of treasury stock of \$2.3 million, and dividends paid of \$172,000. These decreases in shareholders' equity were partially offset by net income of \$939,000 for the three months ended September 30, 2012, proceeds from the issuance of common stock from the exercise of stock options of \$386,000, the vesting of restricted stock awards, stock options and release of Employee Stock Ownership Plan shares totaling \$99,000 and an increase in the Company's accumulated other comprehensive income of \$45,000. The Company's book value per share increased from \$17.14 at June 30, 2012 to \$17.59 at September 30, 2012 based on shares outstanding of 2,877,032 and 2,778,019, respectively.

The Bank is required to meet minimum capital standards promulgated by the Office of the Comptroller of the Currency ("OCC"). At September 30, 2012, Home Federal Bank's regulatory capital was well in excess of the minimum capital requirements.

Comparison of Operating Results for the Three Month Periods Ended September 30, 2012 and 2011

General

Net income amounted to \$939,000 for the three months ended September 30, 2012 compared to \$802,000 for the same period in 2011, an increase of \$137,000, or 17.1%. The increase was primarily due to a \$571,000, or 27.5%, increase in net interest income, partially offset by increases of \$208,000, or 11.2%, in non-interest expense, \$188,000, or 67.4%, in income taxes, and \$25,000, or 29.1% in the provision for loan losses, and a \$13,000 or 1.4%, decrease in non-interest income for the 2012 period compared to the same period in 2011. The increase in net interest income for the three months ended September 30, 2012 was primarily due to an increase in interest income and fees from higher loan originations as a result of the hiring of additional loan officers since 2011, and a decrease in the Company's cost of funds for the three months ended September 30, 2012, compared to the prior year period. The increase in non-interest expense was primarily due to an increase

in compensation and benefits expense and other expenses associated with the Company's growth, including increasing loan volume and related commissions to commercial and residential loan officers and the expansion and improvement of the Company's offices.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Comparison of Operating Results for the Three Month Periods Ended September 30, 2012 and 2011 (continued)

The Company's average interest rate spread was 3.77% for the three months ended September 30, 2012, compared to 3.23% for the three months ended September 30, 2011. The Company's net interest margin was 4.08% for the three months ended September 30, 2012, compared to 3.69% for the three months ended September 30, 2011. The increase in net interest margin and average interest rate spread for the quarterly period is attributable primarily to a higher volume of interest earning assets at relatively stable rates. Net interest income also increased primarily due to the increase in volume of average interest-earning assets. The increases in average interest rate spread and net interest income were also influenced by decreases in the average rates paid on interest bearing liabilities.

Provision for Losses on Loans

Based on an analysis of historical experience, the volume and type of lending conducted by Home Federal Bank, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to Home Federal Bank's market area and other factors related to the collectability of Home Federal Bank's loan portfolio, a provision for loan losses of \$111,000 was made during the three months ended September 30, 2012, compared to an \$86,000 provision made during the three months ended September 30, 2011. The Company's allowance for loan losses was \$1.8 million, or 1.02% of total loans, at September 30, 2012 compared to \$928,000, or 0.72%, of total loans at September 30, 2011. At September 30, 2012, the Company had no non-performing loans and no other non-performing assets or troubled-debt restructurings. At September 30, 2011, the Company had two non-performing loans in the amount of \$89,000. There can be no assurance that the loan loss allowance will be sufficient to cover losses on non-performing assets in the future.

Non-interest Income

Total non-interest income amounted to \$931,000 for the three months ended September 30, 2012, a decrease of \$13,000, or 1.4%, compared to \$944,000 for the same period in 2011. The decrease was primarily due to decreases of \$108,000 in gain on sale of securities and \$7,000 in income from bank owned life insurance, partially offset by increases of \$89,000 in gain on sale of loans and \$13,000 in other non-interest income.

Non-interest Expense

Total non-interest expense increased \$208,000, or 11.2%, for the three months ended September 30, 2012 compared to the prior year period. The increase in non-interest expense was primarily due to an increase in compensation and benefits expense of \$197,000, or 17.6%, over the prior year period and increases of \$12,000 in legal fees, \$11,000 in data processing and \$10,000 in occupancy and equipment expenses.

The increase in compensation and benefits expense was a result of normal compensation increases including stock options and recognition and retention plan expense and commissions for commercial and residential loan officers due to increases in loan volume. The aggregate compensation expense recognized by the Company for its Stock Option, ESOP and Recognition and Retention Plans amounted to \$141,000 for the three months ended September 30, 2012 and \$42,000 for the three months ended September 30, 2011.

The Louisiana bank shares tax is assessed on the Bank's equity and earnings. For the three months ended September 30, 2012, the Company recognized franchise and bank shares tax expense of \$84,000 compared to \$95,000 for the same period in 2011.



## Comparison of Operating Results for the Three Month Periods Ended September 30, 2012 and 2011 (continued)

## Income Taxes

Income taxes amounted to \$467,000 and \$279,000 for the three months ended September 30, 2012 and 2011, respectively, resulting in effective tax rates of 33.2% and 25.8%, respectively. Reconciliations of income tax expense at the statutory rate to the Company's effective rates are as follows:

	September 30,			
	2012		2011	
Expected Statutory Rate	34.0	%	34.0	%
Non-taxable Income	(1.2	)	(1.8	)
Capital Gains and Losses	--		(6.4	)
Other, Net	0.4		--	
	33.2	%	25.8	%

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.

	Three months ended September 30,						
	2012			2011			
	Average Balance	Interest	Average Yield/Rate (Dollars in thousands)	Average Balance	Interest	Average Yield/Rate	
<b>Interest-earning assets:</b>							
Investment securities	\$65,744	\$493	3.00 %	\$77,897	\$607	3.12 %	
Loans receivable	184,628	2,841	6.16	134,591	2,262	6.72	
Interest-earning deposits	9,097	6	0.27	12,232	5	0.16	
Total interest-earning assets	259,469	3,340	5.15	224,720	2,874	5.12	
Non-interest-earning assets	15,176			13,984			
Total assets	\$274,645			\$238,704			
<b>Interest-bearing liabilities:</b>							
Savings accounts	6,793	5	0.28	7,012	7	0.40	
NOW accounts	18,432	37	0.79	14,808	31	0.84	
Money market accounts	44,824	56	0.50	34,193	65	0.76	
Certificate accounts	107,542	495	1.84	88,917	518	2.33	
Total deposits	177,591	593	1.34	144,930	621	1.71	
FHLB advances	23,167	100	1.73	24,271	177	2.92	
Total interest-bearing liabilities	200,758	693	1.38 %	169,201	798	1.89 %	
<b>Non-interest-bearing liabilities:</b>							
Non-interest bearing demand accounts	22,718			17,360			
Other liabilities	2,006			1,702			
Total liabilities	225,482			188,263			



Total Stockholders' Equity(1)	49,163				50,441		
Total liabilities and equity	\$274,645				\$238,704		
Net interest-earning assets	\$58,711				\$55,519		
Net interest income; average interest rate spread(2)	\$2,647	3.77	%		\$2,076	3.23	%
Net interest margin(3)		4.08	%			3.69	%
Average interest-earning assets to average interest-bearing liabilities		1.29	%			1.33	%

(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.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Liquidity and Capital Resources

Home Federal Bank maintains levels of liquid assets deemed adequate by management. The Bank adjusts its liquidity levels to fund deposit outflows, repay its borrowings and to fund loan commitments. Home Federal Bank also adjusts liquidity as appropriate to meet asset and liability management objectives.

Home Federal Bank's 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. The Bank sets the interest rates on its deposits to maintain a desired level of total deposits. In addition, Home Federal Bank invests excess funds in short-term interest-earning accounts and other assets, which provide liquidity to meet lending requirements. Home Federal Bank's deposit accounts with the Federal Home Loan Bank of Dallas amounted to \$773,000 at September 30, 2012.

A significant portion of Home Federal Bank's liquidity consists of securities classified as available-for-sale and cash and cash equivalents. Home Federal Bank's primary sources of cash are net income, principal repayments on loans and mortgage-backed securities and increases in deposit accounts. If Home Federal Bank requires funds beyond its ability to generate them internally, borrowing agreements exist with the Federal Home Loan Bank of Dallas which provides an additional source of funds. At September 30, 2012, Home Federal Bank had \$26.3 million in advances from the Federal Home Loan Bank of Dallas and had \$118.2 million in additional borrowing capacity. Additionally, at September 30, 2012, Home Federal Bank was a party to a Master Purchase Agreement with First National Bankers Bank whereby Home Federal Bank may purchase Federal Funds from First National Bankers Bank in an amount not to exceed \$17.4 million. There were no amounts purchased under this agreement as of September 30, 2012.

At September 30, 2012, Home Federal Bank had outstanding loan commitments of \$27.8 million to originate loans. At September 30, 2012, certificates of deposit scheduled to mature in less than one year totaled \$39.4 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. Home Federal Bank intends to utilize its high levels of liquidity to fund its lending activities. If additional funds are required to fund lending activities, Home Federal Bank intends to sell its 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 September 30, 2012, Home Federal Bank exceeded each of its capital requirements with ratios of 16.66%, 16.66% and 30.04%, respectively.

Off-Balance Sheet Arrangements

At September 30, 2012, the Company did not have any off-balance sheet arrangements, as defined by Securities and Exchange Commission rules.

Impact of Inflation and Changing Prices

The financial statements and related financial data presented herein have been prepared in accordance with instructions to Form 10-Q, which require the measurement of financial position and operating results in terms of historical dollars, without considering changes in relative purchasing power over time due to inflation.

Unlike most industrial companies, virtually all of the Company's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on a financial institution's performance than does the effect of inflation.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Forward-Looking Statements

This Form 10-Q contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to management. In addition, in those and other portions of this document, the words “anticipate,” “believe,” “estimate,” “except,” “intend,” “sh” and similar expressions, or the negative thereof, as they relate to the Company or the Company’s management, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future looking events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary from those described herein as anticipated, believed, estimated, expected or intended. The Company does not intend to update these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

**Evaluation of Disclosures Controls and Procedures.** Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the applicable time periods specified by the Securities and Exchange Commission’s rules and forms.

**Changes in Internal Control over Financial Reporting.** There has been no change in the Company’s internal control over financial reporting during the Company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

The Company is not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business, which involve amounts in the aggregate believed by management to be immaterial to the financial condition of the Company.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Not applicable.

(b) Not applicable.

(c) Purchases of Equity Securities

## HOME FEDERAL BANCORP, INC. OF LOUISIANA

The Company's repurchases of its common stock made during the quarter ended September 30, 2012 are set forth in the table below:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (a)
July 1, 2012 – July 31, 2012	2,880	\$ 14.81	2,880	123,069
August 1, 2012 – August 31, 2012	35,174	16.52	35,174	87,895
September 1, 2012 – September 30, 2012	89,255	17.53	89,255	273,640
<b>Total</b>	<b>127,309</b>	<b>\$ 17.19</b>	<b>127,309</b>	<b>273,640</b>

## Notes to this table:

(a) On February 1, 2012, the Company announced by press release a repurchase program to repurchase up to 305,000 shares, or approximately 10.0% of the Company's outstanding shares of common stock. The repurchase program does not have an expiration date.

(b) On September 14, 2012, the Company announced by press release a repurchase program to repurchase up to 275,000 shares, or approximately 10.0% of the Company's outstanding shares of common stock. The repurchase program does not have an expiration date.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

Not applicable.

## ITEM 6. EXHIBITS

The following Exhibits are filed as part of this report:

No.	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.0	Certification Pursuant to 18 U.S.C Section 1350

The following Exhibits are being furnished as part of this report:

No.	Description
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document.*

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\*These interactive data files are being furnished as part of this Quarterly Report, and, in accordance with Rule 402 of Regulation S-T, shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Date: November 9, 2012

By: /s/Daniel R. Herndon  
Daniel R. Herndon  
President and Chief Executive Officer

Date: November 9, 2012

By: /s/Clyde D. Patterson  
Clyde D. Patterson  
Executive Vice President and Chief  
Financial Officer  
(Principal Financial and Accounting  
Officer)