Home Federal Bancorp, Inc. of Louisiana
Form 10-K
September 22, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2015
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	02-0815311
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
624 Market Street, Shreveport, Louisiana	71101
(Address of Principal Executive Offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (par value $.01 per share)	Nasdaq Stock

Market,
LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 5(d) of the Securities and 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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
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.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
The aggregate value of the 1.6 million shares of Common Stock of the Registrant issued and outstanding on December 31, 2014, which excludes an aggregate of 550,000 shares held by all directors and executives officers of the Registrant, the Registrant's Employee Stock Ownership Plan ("ESOP"), the Recognition and Retention Plan Trust ("RRP") and Employees' Savings and Profit Sharing Plan ("401(k) Plan") as a group was $32.0 million. This figure is based on the closing sales price of $19.53 per share of the Registrant's Common Stock on December 31, 2014, the last business day of the Registrant's second fiscal quarter. Although directors and executive officers, the ESOP, RRP and 401(k) Plan were assumed to be "affiliates" of the Registrant for purposes of this calculation, the classification is not to be interpreted as an admission of such status.
Number of shares of Common Stock outstanding as of September 21, 2015: 2,100,241

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the Definitive Proxy Statement for the 2015 Annual Meeting of Shareholders are incorporated into Part III, Items 10 through 14.

Home Federal Bancorp Inc. of Louisiana
Form 10-K
For the Year Ended June 30, 2015

PART I.

PART II.

PART III.

PART I

Item 1. Business

Home Federal Bancorp, Inc. of Louisiana, a Louisiana chartered corporation ("Home Federal Bancorp" or the "Company"), became the holding company for Home Federal Bank ("Home Federal Bank" or the "Bank") on December 22, 2010, upon completion of the Bank's second step conversion from the mutual holding company form of organization to the stock holding company form of organization. As part of the conversion, all outstanding shares of the former Home Federal Bancorp, Inc. of Louisiana common stock (other than those owned by Home Federal Mutual Holding Company) were converted into the right to receive 0.9110 of a share, and cash in lieu of fractional shares, of Home Federal Bancorp common stock resulting in approximately 1,100,609 shares issued in the exchange. In addition, a total of 1,945,220 shares of common stock of Home Federal Bancorp were sold in subscription, community and syndicated community offerings to certain depositors and borrowers of the Bank, the Bank's Employee Stock Ownership Plan and other investors for $10.00 per share, or $19.5 million in the aggregate. Treasury stock held was cancelled. The net proceeds of the offering were approximately $18.0 million, after offering expenses.

Home Federal Bank is a federally chartered stock savings bank originally organized in 1924 as Home Building 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, four additional full service branch offices and agency office are located in Shreveport and Bossier City, 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.

As of June 30, 2015, 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.

Market Area

Our 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.

1

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 our 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, 2015, our net loan portfolio amounted to $268.4 million, representing approximately 72.6% of total assets at that date. Historically, our principal lending activity was the origination of one- to four-family residential loans. At June 30, 2015, one- to four-family residential loans amounted to $103.3 million, or 38.1% of the total loan portfolio. Commercial real estate loans amounted to $62.1 million, or 22.9% of the total loan portfolio at June 30, 2015.

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 the Comptroller of the Currency 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, 2015, our regulatory limit on loans-to-one borrower was $6.8 million and the five largest loans or groups of loans-to-one borrower, including related entities, aggregated $5.8 million, $5.2 million, $5.0 million, $5.0 million and $4.9 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, 2015.

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

2

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

	June 30, 2015		2014		2013		2012		2011	
	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Amount	Percen of Total Loans
	(Dollars in thousands)									
Real estate loans:										
One- to four-family residential(1)	$103,332	38.11 %	$89,545	36.96 %	$73,243	35.11 %	$59,410	34.88 %	$45,567	36.02
Commercial – real estate secured:										
Owner occupied	38,280	14.12	29,210	12.06	25,523	12.24	27,103	15.91	22,962	18.15
Non-owner occupied	23,800	8.78	27,056	11.17	25,646	12.30	12,127	7.12	9,801	7.75
Total commercial-real estate secured	62,080	22.90	56,266	23.23	51,169	24.54	39,230	23.03	32,763	25.90
Multi-family residential	15,246	5.62	20,368	8.41	19,587	9.39	12,919	7.58	8,360	6.61
Land	19,866	7.33	19,945	8.23	15,589	7.47	12,317	7.23	11,254	8.90
Construction	17,620	6.50	12,505	5.16	16,937	8.12	22,660	13.30	10,325	8.16
Home equity loans and second mortgage loans	2,460	0.91	2,563	1.06	2,305	1.11	2,520	1.48	1,519	1.20
Equity lines of credit	22,187	8.18	14,950	6.17	12,592	6.04	8,461	4.97	5,974	4.73
Total real estate loans	242,791	89.55	216,142	89.22	191,422	91.78	157,517	92.47	115,762	91.52
Commercial business	28,019	10.33	25,749	10.63	16,776	8.04	12,369	7.26	10,237	8.09
Consumer non-real estate loans:										
Savings accounts	209	0.08	255	0.11	259	0.12	227	0.13	328	0.26
Automobile and other consumer loans	110	0.04	111	0.04	128	0.06	228	0.14	163	0.13
Total non-real estate loans	28,338	0.12	26,115	0.15	17,163	0.18	455	0.27	491	0.39
Total loans	271,129	100.00%	242,257	100.00%	208,585	100.00%	170,341	100.00%	126,490	100.0

Less:					
Allowance for loan losses	(2,515)	(2,396)	(2,240)	(1,698)	(842)
Deferred loan fees	(187)	(298)	(266)	(380)	(277)
Net loans receivable(1)	$268,427	$239,563	$206,079	$168,263	$125,371

(1) Does not include loans held-for-sale amounting to $14.2 million, $9.4 million, $3.5 million, $11.2 million and $6.7 million at June 30, 2015, 2014, 2013, 2012 and 2011, respectively.

Origination of Loans. Our lending activities are subject to written underwriting standards and loan origination procedures established by the board of directors and management. When applicable, loans originated are also subject to the underwriting standards of Fannie Mae, Freddie Mac, HUD, VA, USDA and correspondent banks that purchase loans we originate. Loan originations are obtained through a variety of sources, primarily from existing customers, local realtors and builders. Written loan applications are taken by one of our loan officers. The loan officer also supervises the procurement of credit reports, income and asset documentation and other documentation involved with a loan. All appraisals are ordered through an approved appraisal management company in compliance with the Dodd-Frank Consumer Protection Act. Under our lending policy, a title insurance policy is required on most mortgage loans, with the exception of certain smaller loan amounts where our policy requires a title opinion only. 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. All residential loans originated for sale to FNMA or other investor banks that receive an Approve-Eligible recommendation on the automated underwriting feedback certificate that is applicable for each loan type must be approved by a Bank mortgage underwriter. Loans that do not receive an Approve-Eligible recommendation must be approved by a Bank mortgage underwriter and the Senior Vice President of Mortgage. In addition, all loans originated to be held on the Bank's portfolio must be approved by a Bank mortgage underwriter and the Senior Vice President of Mortgage for loans up to $500,000, and for loans up to $1.0 million by the senior credit officer. Commercial real estate secured loans and lines of credit and commercial business loans up to $1.0 million must be approved by the Senior Credit Officer or the President/Chief Executive Officer or the Chairman of the Board, up to $2.0 million by two of the following three officers, Senior Credit Officer, President/Chief Executive Officer, Chairman of the Board, and in excess of $2.0 million by the Executive 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. We have not purchased any such mortgage loans since fiscal 2008. 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, 2015, we had approximately $7.8 million of such loans in our portfolio with an average contractual remaining term of approximately 15.4 years.

In recent periods, we have originated and sold a substantial amount of our fixed-rate conforming mortgages to correspondent banks. For the year ended June 30, 2015, we originated $103.1 million of one- to four-family residential loans and sold $86.8 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,		
	2015	2014	2013
	(In thousands)		
Loan originations:			
One- to four-family residential	$103,052	$91,891	$110,690
Commercial — real estate secured:			
Owner occupied	69,849	53,966	60,490
Non-owner occupied	5,307	9,946	2,240
Multi-family residential	3,035	1,242	903
Commercial business	48,309	42,200	23,826
Land	7,176	12,135	6,591
Construction	26,920	27,855	29,879
Home equity loans and lines of credit and other consumer	8,974	7,813	6,235
Total loan originations	272,622	247,048	240,854
Loans purchased	--	--	--
Total loan originations and loans purchased	272,622	247,048	240,854
Loans Sold	(86,806)	(83,579)	(110,428)
Loan principal repayments	(152,117)	(123,885)	(99,860)
Total loans sold and principal repayments	(238,923)	(207,464)	(210,288)
Increase (decrease) due to other items, net(1)	(4,835)	(6,100)	7,250
	$ $		
Net increase in loan portfolio	$28,864	$$ 33,484	$37,816

(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 and Bossier Parishes, 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, 2015, we were within each of the above lending limits.

During fiscal 2015 and 2014, we sold $86.8 million and $83.6 million of loans, respectively. We recognized gain on sale of loans of $2.3 million during fiscal 2015 and $1.6 million during fiscal 2014. 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 period of time, typically 90 days. The loans sold primarily consisted of long-term, fixed rate residential real estate loans. These loans were originated during this 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, 2015, 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, 2015 in:								
One year or less	$10,769	$ 5,722	$ 885	$ 14,162	$13,438	$ 17,620	$9,415	$72,011
After one year through two years	3,531	8,297	--	2,665	3,188	--	3,644	21,325
After two years through three years	14,532	7,492	--	3,826	1,490	--	3,203	30,543
After three years through five years	13,572	22,794	1,586	6,222	1,229	--	5,875	51,278
After five years through ten years	6,620	15,418	6,604	1,144	521	--	136	30,443
After ten years through fifteen years	10,002	2,357	2,426	--	--	--	2,693	17,478
After fifteen years	44,306	--	3,745	--	--	--	--	48,051
Total	$103,332	$ 62,080	$ 15,246	$ 28,019	$19,866	$ 17,620	$ 24,966	$271,129

The following table sets forth the dollar amount of all loans at June 30, 2015, before net items, due after June 30, 2016, 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	$76,390	$16,173	$92,563
Commercial — real estate secured	56,358	--	56,358
Multi-family residential	14,361	--	14,361
Commercial business	13,857	--	13,857

Land	6,428	--	6,428
Construction	--	--	--
Home equity loans and lines of credit and other consumer	15,551	--	15,551
Total	$182,945	$16,173	$199,118

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, 2015, $103.3 million, or 38.1%, of the total loan portfolio, before net items, consisted of one- to four-family residential loans.

The loan-to-value ratios, maturities 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, 2015, $85.8 million, or 83.0%, 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.

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 — Real Estate Secured Loans. As of June 30, 2015, Home Federal Bank had outstanding $62.1 million of loans secured by commercial real estate, $38.3 million, or 61.7%, of which were owner occupied. 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 and variable rate commercial real estate loans. Home Federal Bank's commercial real estate loans are limited to a maximum of 85% 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 85% of the appraised value of the property and shall not exceed 3 to 5 year amortizations.

Multi-Family Residential Loans. At June 30, 2015, we had outstanding approximately $15.2 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. At June 30, 2015, we had outstanding approximately $28.0 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, 2015, land loans were $19.9 million, or 7.3% of the total loan portfolio, before net items. 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 sources 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, 2015, we had outstanding approximately $17.6 million of construction loans which included loans for the construction of residential and commercial property. Our residential construction loans typically have terms of six to 11 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, 2015, we held $8.2 million of speculative construction loans, $5.3 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, 2015, we held $2.5 million of home equity and second mortgage loans. 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 $22.2 million, or 8.2% of the total loan portfolio, before net items, at June 30, 2015. 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.

Consumer Non-real Estate Loans. We are authorized to make loans for a wide variety of personal or consumer purposes. We originate consumer loans primarily in order to accommodate our customers. The consumer loans at June 30, 2015 consist of loans secured by deposit accounts with us, automobile loans, overdraft and other unsecured loans.

Consumer 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 had no automobile loans at June 30, 2015.

We offer loans secured by deposit accounts held with us, which loans amounted to $209,000, or 0.08% of the total loan portfolio, before net items, at June 30, 2015. 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 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 2015, we engaged a third party to review loans, policies, and procedures. The scope of the services provided included credit underwriting, adherence to our loan policies as well as regulatory policies, and recommendations regarding reserve allocations. We expect these reviews will be 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. At June 30, 2015, we had one property acquired through foreclosure with a carrying value of $40,000. We had no real estate owned at June 30, 2014.

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

	June 30, 2015				2014			
	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	29	$ 3,237	2	$ 80	17	$ 1,761	2	$ 164
Commercial — real estate secured	--	--	--	--	--	--	--	--
Multi-family residential	--	--	--	--	--	--	--	--
Commercial business	--	--	--	--	2	259	--	--
Land	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--
Home equity loans and lines of credit and other consumer	1	3	--	--	--	--	1	27
Total delinquent loans	30	$ 3,240	2	$ 80	19	$ 2,020	3	$ 191
Delinquent loans to total net loans		1.21 %		0.03 %		0.84 %		0.08 %
Delinquent loans to total loans		1.20 %		0.03 %		0.83 %		0.08 %

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. We had one troubled debt restructuring included in non-accrual loans at June 30, 2014.

	June 30,				
	2015	2014	2013	2012	2011
	(Dollars in thousands)				
Non-accruing loans:					
One- to four-family residential	$13	$151	$386	$14	$15
Commercial — real estate secured	--	--	--	--	--
Multi-family residential	--	--	--	--	--
Commercial business	--	--	--	--	--
Land	--	--	--	--	--
Construction	--	--	--	--	--
Home equity loans and lines of credit and other consumer	--	27	27	--	--
Total non-accruing loans	13	178	413	14	15
Accruing loans 90 days or more past due	67	13	236	--	99
Total non-performing loans(1)	80	191	649	14	114
Real estate owned, net	40	--	--	--	--
Total non-performing assets	$120	$191	$649	$14	$114
Total non-performing loans as a percent of loans, net	0.03%	0.07%	0.31%	0.01%	0.09%
Total non-performing assets as a percent of total assets	0.03%	0.05%	0.23%	* %	0.05%

* Not meaningful.

(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, 2015 we held $650,000 of assets designated as special mention, and $37,000 classified as substandard. The classified assets are related to one residential mortgage loan and one line of credit classified as substandard. There were no loans classified as doubtful at June 30, 2015.

Allowance for Loan Losses. At June 30, 2015, our allowance for loan losses amounted to $2.5 million. 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 2015, we recorded a provision for loan losses of $300,000 as compared to $168,000 recorded for fiscal year 2014. The 2015 provision reflects our estimate to maintain the allowance for loan losses at a level to cover probable losses inherent in the loan portfolio.

The provision for fiscal year 2015 reflects the risks associated with our commercial lending (both real estate secured and non-real estate secured), as well as other risks in our portfolio. Total non-performing assets decreased by approximately $71,000 over the prior year and our loans 30-89 days overdue increased $1.2 million as of June 30, 2015 compared to June 30, 2014, all of which were secured by one- to four-family residential properties as of June 30, 2015.

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. There were no loan charge-offs during fiscal 2012 or 2011. We had $181,000, $12,000 and $16,000 of loan charge-offs during fiscal 2015, 2014 and 2013, respectively.

	June 30, 2015	2014	2013	2012	2011
	(Dollars in thousands)				
Total loans outstanding at end of period	$271,129	$242,257	$208,585	$170,341	$126,490
Average loans outstanding	269,408	224,463	197,812	156,759	115,505
Allowance for loan losses, beginning of period	2,396	2,240	1,698	842	489
Provision for loan losses	300	168	558	856	353
Charge-offs	(181)	(12)	(16)	--	--
Allowance for loan losses, end of period	$2,515	$2,396	$2,240	$1,698	$842
Allowance for loan losses as a percent of non-performing loans	3,143.75%	1,254.45%	345.15%	12,128.57%	738.60%
Allowance for loan losses as a percent of loans outstanding	0.93%	0.99%	1.07%	1.00%	0.67%

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

	June 30, 2015		2014		2013		2012		2011	
	Amount of Allowance	Loan Category as a % of Total Loans	Amount of Allowance	Loan Category as a % of Total Loans	Amount of Allowance	Loan Category as a % of Total Loans	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	$1,195	38.11%	$1,224	36.96%	$1,023	35.11%	$306	34.88%	$110	36.02%
Commercial – real estate secured	415	22.90	464	23.23	338	24.54	185	23.03	125	25.90
Multi-family residential	103	5.62	128	8.41	103	9.39	205	7.58	140	6.61
Commercial business	305	10.33	202	10.63	412	8.04	281	7.26	175	8.09
Land	154	7.33	168	8.23	127	7.47	270	7.23	150	8.90
Construction	146	6.50	105	5.16	146	8.12	311	13.30	130	8.16
	197	9.21	105	7.38	91	7.33	140	6.72	12	6.32

Home equity loans and lines of credit and other consumer										
Total	$2,515	100.00%	$2,396	100.00%	$2,240	100.00%	$1,698	100.00%	$842	100.00%

10

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, 2015		2014		2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
			(In Thousands)			
Securities Held-to-Maturity:						
FNBB stock	$250	$250	$250	$250	$250	$250
FHLB stock	1,760	1,760	1,515	1,515	1,215	1,215
Total Securities Held-to-Maturity	2,010	2,010	1,765	1,765	1,465	1,465
Securities Available-for-Sale:						
Mortgage-backed securities	44,733	44,885	48,173	48,434	47,894	47,961
Total Investment Securities	$46,743	$46,895	$49,938	$50,199	$49,359	$49,426

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, 2015. The amounts reflect the fair value of our securities at June 30, 2015.

	Amounts at June 30, 2015 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	$2	6.29 %	$ 206	2.75 %	$ 102	3.50 %	$44,575	1.89 %
Equity securities(1):								
FHLB stock	--	--	--	--	--	--	250	1.13
FHLB stock	--	--	--	--	--	--	1,760	0.39
Total investment securities and bank stocks	$2	6.29 %	$ 206	2.75 %	$ 102	3.50 %	$46,585	1.83 %

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

Our investment in equity securities consists primarily of FHLB stock, and shares of First National Bankers Bankshares, Inc. ("FNBB"). Management monitors its investment portfolio to determine whether any investment securities which have unrealized losses should be considered other than temporarily impaired.

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, 2015, 2014 and 2013.

	June 30,		
	2015	2014	2013
	(In thousands)		
Fixed rate:			
GNMA	$50	$65	$79
FHLMC	147	150	183
FNMA	27,596	25,466	11,509
Total fixed rate	27,793	25,681	11,771
Adjustable rate:			
GNMA	16,744	22,266	35,506
FHLMC	137	173	233
FNMA	211	314	451
Total adjustable-rate	17,092	22,753	36,190
Total mortgage-backed securities	$44,885	$48,434	$47,961

Information regarding the contractual maturities and weighted average yield of our mortgage-backed securities portfolio at June 30, 2015 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, 2015.

	Amounts at June 30, 2015 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	$2	6.29 %	$ 9	9.74 %	$39	8.57 %
FHLMC	--	--	--	--	147	5.11
FNMA	--	--	--	--	27,596	2.82
Total fixed-rate	2	6.29 %	9	9.74 %	27,782	2.72 %
Adjustable rate:						
GNMA	$--	-- %	$ --	-- %	$16,744	0.57 %
FHLMC	--	--	30	1.77	107	2.37
FNMA	--	--	167	2.55	44	2.34
Total adjustable-rate	--	-- %	197	2.43 %	16,895	0.24 %
Total	$2	6.29 %	$ 206	2.75 %	$44,677	0.59 %

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,		
	2015	2014	2013
	(Dollars in thousands)		
Mortgage-backed securities at beginning of period	$48,173	$47,894	$65,056
Purchases	9,843	23,158	31,515
Repayments	(11,263)	(9,845)	(15,477)
Sales	(1,954)	(12,984)	(33,163)
Amortizations of premiums and discounts, net	(66)	(50)	(37)
Mortgage-backed securities at end of period	$44,733	$48,173	$47,894
Weighted average yield at end of period	1.90 %	2.16 %	2.36 %

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 and Bossier Parishes. 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 utilize brokered certificates of deposit as a component of our strategy for lowering the overall cost of funds. The brokered certificates of deposit are callable by Home Federal Bank after twelve months. At June 30, 2015 and 2014, we had $12.7 million in brokered certificates of deposit.

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, 2015		2014		2013	
	Amount	Percent of Total Deposits	Amount	Percent of Total Deposits	Amount	Percent of Total Deposits
Certificate accounts:						
0.00% - 0.99%	$57,103	19.95 %	$46,786	17.18 %	$34,288	16.18 %
1.00% - 1.99%	68,242	23.84	43,105	15.83	40,466	19.10
2.00% - 2.99%	15,943	5.57	17,780	6.53	21,822	10.30
3.00% - 3.99%	4,684	1.64	12,757	4.69	15,354	7.24
4.00% - 4.99%	--	--	--	--	334	0.16
Total certificate accounts	145,972	51.00	120,428	44.23	112,264	52.98
Transaction accounts:						
Passbook savings	18,435	6.44	12,165	4.47	9,524	4.49
Non-interest bearing demand accounts	45,024	15.73	43,447	15.95	26,027	13.77
NOW accounts	31,214	10.90	24,015	8.82	24,625	10.13
Money market	45,593	15.93	72,240	26.53	39,482	18.63
Total transaction accounts	140,266	49.00	151,867	55.77	99,658	47.02
Total deposits	$286,238	100.00 %	$272,295	100.00 %	$211,922	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, 2015			2014			2013		
	Average Balance	Interest Expense	Average Rate Paid	Average Balance	Interest Expense	Average Rate Paid	Average Balance	Interest Expense	Average Rate Paid
	(Dollars in thousands)								
Passbook savings	$14,762	$34	0.23 %	$11,221	$23	0.20 %	$7,724	$21	0.27 %
Non-interest bearing	40,428	--	--	33,776	--	--	24,322	--	--

demand accounts												
NOW accounts	29,821	228	0.76		26,544	240	0.90		20,812	182	0.88	
Money market	43,770	141	0.32		45,637	150	0.33		40,539	168	0.42	
Certificates of deposit	133,605	1,831	1.37		114,496	1,745	1.52		109,033	1,873	1.72	
Total deposits	$262,386	$2,234	0.85	%	$231,674	$2,158	0.93	%	$202,430	$2,244	1.10	%

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

	Year Ended June 30,		
	2015	2014	2013
	(In thousands)		
Net deposits (withdrawals)	$12,274	$58,706	$(11,230)
Interest credited	1,669	1,667	1,716
Total increase (decrease) in deposits	$13,943	$60,373	$(9,514)

The following table presents, by various interest rate categories and maturities, the amount of certificates of deposit at June 30, 2015.

Certificates of Deposit	Balance at June 30, 2015 Maturing in the 12 Months Ending June 30, 2016	2017	2018	Thereafter	Total
	(In thousands)				
0.00% - 0.99%	$46,410	$7,402	$3,202	$ 89	$57,103
1.00% - 1.99%	10,524	16,351	16,455	24,912	68,242
2.00% - 2.99%	4,745	4,959	200	6,039	15,943
3.00% - 3.99%	4,298	386	--	--	4,684
Total certificate accounts	$65,977	$29,098	$19,857	$ 31,040	$145,972

The following table shows the maturities of our certificates of deposit in excess of $100,000 at June 30, 2015 by time remaining to maturity.

	Amount	Weighted Average Rate
	(Dollars in thousands)	
September 30, 2015	$10,855	1.17 %
December 31, 2015	10,143	0.76
March 31, 2016	8,715	0.71
June 30, 2016	12,473	0.91
After June 30, 2016	42,458	1.48
Total certificates of deposit with balances in excess of $100,000	$84,644	1.19 %

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, 2015, we were permitted to borrow up to an aggregate total of $166.2 million from the Federal Home Loan Bank of Dallas. We had $38.4 million and $12.9 million of Federal Home Loan Bank advances outstanding at June 30, 2015 and 2014, respectively. Additionally, at June 30, 2015, 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 $15.1 million. There were no amounts purchased under this agreement as of June 30, 2015.

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

At or For the Year
Ended June 30,

	2015	2014	2013
	(Dollars in thousands)		
FHLB advances:			
Average balance outstanding	$40,858	$19,816	$27,529
Maximum amount outstanding at any month-end during the period	49,030	29,666	37,233
Balance outstanding at end of period	38,411	12,897	21,662
Average interest rate during the period	0.60 %	0.83 %	1.22 %
Weighted average interest rate at end of period	0.68 %	1.16 %	1.09 %

At June 30, 2015, $4.2 million of our borrowings were short-term (maturities of one year or less). Such short-term borrowings had a weighted average interest rate of 0.83% at June 30, 2015.

The following table shows maturities of Federal Home Loan Bank advances at June 30, 2015, for the years indicated:

Years Ending June 30,	Amount (In thousands)
2016	$ 4,247
2017	32,258
2018	270
2019	282
2020	295
Thereafter	1,059
Total	$ 38,411

Subsidiaries

At June 30, 2015, the Company had one subsidiary, Home Federal Bank. The Bank's only subsidiary at such date was Metro Financial Services, Inc., which previously engaged in the sale of annuity contracts and does not currently engage in a meaningful amount of business.

Employees

Home Federal Bank had 58 full-time employees and 4 part-time employees at June 30, 2015. None of these employees are covered by a collective bargaining agreement, and we believe that we enjoy good relations with our personnel.

REGULATION

Set forth below is a brief description of certain laws relating to the regulation of Home Federal Bancorp and Home Federal Bank. This description does not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.

General

Home Federal Bank, as a federally chartered savings bank, is subject to federal regulation and oversight by the Office of the Comptroller of the Currency 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 the Comptroller of the Currency and are subject to periodic examinations by the Office of the Comptroller of the Currency 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.

Federal law provides the federal banking regulators, including the Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation, with substantial enforcement powers. The Office of the Comptroller of the Currency's enforcement authority over all savings institutions 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 the Comptroller of the Currency. Any change in these laws and regulations, whether by the Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency or Congress, could have a material adverse impact on Home Federal Bancorp and Home Federal Bank and our operations.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in 2010, the powers of the Office of Thrift Supervision regarding Home Federal Bank, and Home Federal Bancorp transferred to other federal financial institution regulatory agencies on July 21, 2011. See "— 2010 Regulatory Reform." As of the transfer date, all of the regulatory functions related to Home Federal Bank that were under the jurisdiction of the Office of Thrift Supervision transferred 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, as a savings and loan holding company that were under the jurisdiction of the Office of Thrift Supervision, transferred to the Federal Reserve Board.

2010 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 changed the jurisdictions of existing bank regulatory agencies and in particular transferred the regulation of federal savings associations from the Office of Thrift Supervision to the Office of Comptroller of the Currency, effective July 21, 2011. Savings and loan holding companies are now regulated by the Federal Reserve Board. The new law also established an independent federal consumer protection bureau within the Federal Reserve Board. The following discussion summarizes significant aspects of the law that may affect Home Federal Bank and Home Federal Bancorp. Many 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 merged into the Office of the Comptroller of the Currency and the authority of the other remaining bank regulatory agencies were restructured. The federal thrift charter is preserved under the jurisdiction of the Office of the Comptroller of the Currency.

A new independent consumer financial protection bureau was 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. However, smaller financial institutions, like Home Federal Bank, are 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 was eliminated subject to various grandfathering and transition rules.

The prohibition on payment of interest on demand deposits was repealed.

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.

Deposit insurance assessment base calculation equals 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.

17

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

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

Leverage capital requirements and risk based capital requirements applicable to depository institutions and bank holding companies were 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 are now 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 is now 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 are now 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.

Regulation of Home Federal Bancorp

Home Federal Bancorp, a Louisiana corporation, is a registered savings and loan holding company within the meaning of Section 10 of the Home Owners' Loan Act and is subject to examination and supervision by the Federal Reserve Board as well as certain reporting requirements. New capital requirements began to phase in for Home Federal Bancorp on January 1, 2015. In addition, because Home Federal Bank is a subsidiary of a savings and loan holding company, it is subject to certain restrictions in dealing with us and with other persons affiliated with the Bank.

Holding Company Acquisitions. Home Federal Bancorp is a savings and loan holding company under the Home Owners' Loan Act, as amended. Federal law generally prohibits a savings and loan holding company, without prior approval of the Federal Reserve Board, 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 Federal Reserve Board.

The Federal Reserve Board 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.

Holding Company Activities. Home Federal Bancorp operates as a unitary savings and loan holding company and is permitted to 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 Federal Reserve Board 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 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. Under the 2010 legislation, savings and loan holding companies became subject to statutory capital requirements. While there are no specific restrictions on the payment of dividends or other capital distributions for savings and loan holding companies, federal regulations do prescribe such restrictions on subsidiary savings institutions, as described below. Home Federal Bank will be required to notify the Federal Reserve Board 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 Federal Reserve Board 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.

All savings association's 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(b) 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. Pursuant to applicable federal banking 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.

Volcker Rule Regulations

Regulations adopted by the federal banking agencies to implement the provisions of the Dodd Frank Act, commonly referred to as the Volcker Rule became effective on April 1, 2014 with full compliance being phased in over a period ending on July 21, 2015. The regulations contain prohibitions and restrictions on the ability of financial institutions holding companies and their affiliates to engage in proprietary trading and to hold certain interests in, or to have certain relationships with, various types of investment funds, including hedge funds and private equity funds. Home Federal Bancorp is currently reviewing its investment portfolio to ensure compliance as the various provisions of the Volcker Rule regulations become effective.

Regulation of Home Federal Bank

General. Home Federal Bank is subject to the regulation of the Office of the Comptroller of the Currency, 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.

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. The 2010 financial institution reform legislation permanently increased deposit insurance on most accounts to $250,000. 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 the Comptroller of the Currency an opportunity to take such action.

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. To implement the 2010 Legislation, the Federal Deposit Insurance Corporation amended its deposit insurance regulations (1) to change the assessment base for insurance from domestic deposits to average assets minus average tangible equity and (2) to lower overall assessment rates. The revised assessments rates are between 2.5 to 9 basis points for banks in the lowest risk category and between 30 to 45 basis points for banks in the highest risk category.

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.

20

Recent Regulatory Capital Regulations

In July of 2013 the respective U.S. federal banking agencies issued final rules implementing Basel III and the Dodd-Frank Act capital requirements to be fully-phased in on a global basis on January 1, 2019. The new regulations establish a new tangible common equity capital requirement, increase the minimum requirement for the current Tier 1 risk-weighted asset ("RWA") ratio, phase out certain kinds of intangibles treated as capital and certain types of instruments and change the risk weightings of certain assets used to determine required capital ratios. Provisions of the Dodd-Frank Act generally require these capital rules to apply to savings and loan holding companies and their savings association subsidiaries. The new common equity Tier 1 capital component requires capital of the highest quality – predominantly composed of retained earnings and common stock instruments. For community banks, such as Home Federal Bank, a common equity Tier 1 capital ratio of 4.5% became effective on January 1, 2015. The new capital rules also increased the current minimum Tier 1 capital ratio from 4.0% to 6.0% beginning on January 1, 2015. In addition, in order to make capital distributions and pay discretionary bonuses to executive officers without restriction, an institution must also maintain greater than 2.5% in common equity attributable to a capital conservation buffer to be phased in from January 1, 2016 until January 1, 2019. The new rules also increase the risk weights for several categories of assets, including an increase from 100% to 150% for certain acquisition, development and construction loans and more than 90-day past due exposures. The new capital rules maintain the general structure of the prompt corrective action rules, but incorporate the new common equity Tier 1 capital requirement and the increased Tier 1 RWA requirement into the prompt corrective action framework.

Under the 2010 legislation, savings and loan holding companies became subject to statutory capital requirements which were implemented by certain of the new capital regulations described above that became effective on January 1, 2015. However, legislation enacted in late 2014 exempts certain small savings and loan holding companies like Home Federal Bancorp from those requirements provided that they meet certain conditions. Regulations were recently promulgated to implement the exemption.

Regulatory Capital Requirements. Federally insured savings institutions are required to maintain minimum levels of regulatory capital. Current Office of the Comptroller of the Currency capital standards require savings institutions to satisfy a tangible capital requirement, a common equity Tier 1 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. The common equity Tier 1 capital component generally consists of retained earnings and common stock instruments and must equal at least 4.5% of risk-weighted 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 the Comptroller of the Currency's regulation, the most highly-rated banks are those that the Office of the Comptroller of the Currency 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 the Comptroller of the Currency 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, 2015. 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, 2015, Home Federal Bank exceeded all of its regulatory capital requirements, with tangible, common equity Tier 1, core and risk-based capital ratios of 11.81%, 17.90%, 11.81% and 18.85%, respectively.

Any savings institution that fails any of the capital requirements is subject to possible enforcement actions by the Office of the Comptroller of the Currency 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 the Comptroller of the Currency'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	Common Equity Tier 1 Capital	Tier 1 Leverage Capital
Well capitalized	10% or more	8% or more	6.5% or more	5% or more
Adequately capitalized	8% or more	6% or more	4.5% or more	4% or more
Undercapitalized	Less than 8%	Less than 6%	Less than 4.5%	Less than 4%
Significantly undercapitalized	Less than 6%	Less than 4%	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, 2015, 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 the Comptroller of the Currency 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 the Comptroller of the Currency 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 the Comptroller of the Currency-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 must still file a notice with the Office of the Comptroller of the Currency at least 30 days before the board of directors declares a dividend or approves a capital distribution if either (1) the institution would not be well-capitalized following the distribution; (2) the proposed distribution would reduce the amount or retire any part of our common or preferred stock or retire any part of a debt instrument included in our regulatory capital, or (3) the savings institution is a subsidiary of a savings and loan holding company and the proposed capital distribution is not a cash dividend. If a savings institution, such as Home Federal Bank, that is the subsidiary of a savings and loan holding company, has filed a notice with the Federal Reserve Board for a cash dividend and is not required to file an application or notice with the Office of the Comptroller of the Currency for any of the reasons described above, then the savings institution is only required to provide an informational copy to the Office of the Comptroller of the notice filed with the Federal Reserve Board, at the same time that it is filed with the Federal Reserve Board.

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 the Comptroller of the Currency. In addition, the Office of the Comptroller of the Currency may prohibit a proposed capital distribution, which would otherwise be permitted by Office of the Comptroller of the Currency regulations, if the Office of the Comptroller of the Currency 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 FDIC 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 FDIC. Home Federal Bank is currently not in default in any assessment payment to the FDIC.

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 the Comptroller of the Currency QTL test. Currently, the Office of the Comptroller of the Currency 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 and necessary to meet the obligations of its holding company.

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 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 subject to an enforcement action for violation of the Home Owners' Loan Act, as amended.

At June 30, 2015, 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 a savings association 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 the savings association or that is controlled by a company that controls 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 contains 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 savings 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 savings 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, 2015, was in compliance with the above restrictions.

Incentive Compensation. Guidelines adopted by the federal banking agencies pursuant to the FDIA prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal stockholder.

In January 2010, the FDIC announced that it would seek public comment on whether banks with compensation plans that encourage risky behavior should be charged higher deposit assessment rates than such banks would otherwise be charged. The comment period ended in February 2010. As of June 30, 2015, a final rule has not been adopted.

In June 2010, the Federal Reserve issued comprehensive guidance on incentive compensation policies (the "Incentive Compensation Guidance") intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The Incentive Compensation Guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or perform other actions. The Incentive Compensation Guidance provides that enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk-management control or governance processes pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

In April 2011, the federal banking agencies and the Securities and Exchange Commission jointly published proposed rulemaking designed to implement provisions of the Dodd-Frank Act prohibiting incentive compensation arrangements that would encourage inappropriate risk taking. Those proposed regulations apply only to a financial institution or its holding company with $1 billion or more of assets.

The scope and content of the U.S. banking regulators' policies on incentive compensation are continuing to develop. It cannot be determined at this time whether a final rule will be adopted and whether compliance with such a final rule will adversely affect the ability of Home Federal Bancorp and Home Federal Bank to hire, retain and motivate their key employees.

Regulation of Residential Mortgage Loan Originators. On July 28, 2010, the Federal bank regulatory authorities adopted a final rule on the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("S.A.F.E. Act"). Under the S.A.F.E. Act, residential mortgage loan originators employed by financial institutions, such as Home Federal Bank, must register with the Nationwide Mortgage Licensing System and Registry, obtain a unique identifier from the registry, and maintain their registration. Any residential mortgage loan originator who fails to satisfy these requirements will not be permitted to originate residential mortgage loans.

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 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, 2015, Home Federal Bank had $38.4 million of Federal Home Loan Bank advances and $107.3 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 equal to 0.06% of its total assets. At June 30, 2015, 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, 2015, Home Federal Bank had met its reserve requirement.

TAXATION

Federal Taxation

General. Home Federal Bancorp 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 2015 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 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, 2015, 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 and Local 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 is 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.

Item 1A. Risk Factors

Not applicable.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We currently conduct business from our main office, two additional full-service banking offices and one agency office located in Shreveport, Louisiana and two full-service banking offices located in Bossier City, Louisiana. The following table sets forth certain information as of June 30, 2015 relating to Home Federal Bank's offices, two parcels of land for possible future branch offices and one property acquired for potential future administrative offices which is presently vacant. During July 2015, we acquired property at 5489 North Market Street in Shreveport for a new branch location which is expected to open in the spring of 2016.

Description/Address	Leased/Owned	Net Book Value of Property	Amount of Deposits
		(In thousands)	
Building/ATM (Main Office) 624 Market Street, Shreveport, LA	Owned	$ 1,087	$ 95,532
Building/ATM 6363 Youree Dr., Shreveport, LA	Owned (1)	229	106,849
Building/ATM 9300 Mansfield Rd., Suite 101, Shreveport, LA	Leased	76	41,804
Building/ATM 2555 Viking Drive, Bossier City, LA	Owned	2,481	31,658
Building/ATM 7964 E. Texas Street, Bossier City, LA	Owned	1,921	10,395
Building (Agency Office) 222 Florida Street, Shreveport, LA	Owned	1,697	--
Building (2) 614 Market Street, Shreveport, LA	Owned	406	--
Lots 1-5, Block 1 Highway 171 South, Stonewall, LA	Owned	657	--
Land			

901 Pierremont Road, Shreveport, LA	Owned	1,073	--

(1) The building is owned but the land is subject to an operating lease which was renewed effective December 1, 2008 for a ten-year period.

(2) The building is vacant and available to serve as potential future administrative offices.

Item 3. Legal Proceedings

Home Federal Bancorp and Home Federal Bank are not involved in any pending legal proceedings other than nonmaterial legal proceedings occurring in the ordinary course of business.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Home Federal Bancorp's common stock is traded on the Nasdaq Capital Market under the symbol "HFBL."

Presented below is the high and low sales price information for Home Federal Bancorp's common stock and cash dividends declared for the periods indicated.

Quarter Ended	Stock Price per Share High	Low	Cash Dividends per Share
Fiscal 2015:			
June 30, 2015	$21.77	$19.25	$ 0.07
March 31, 2015	20.00	19.02	0.07
December 31, 2014	20.30	19.00	0.07
September 30, 2014	19.52	18.65	0.07
Fiscal 2014:			
June 30, 2014	$19.53	$17.85	$ 0.06
March 31, 2014	18.10	17.14	0.06
December 31, 2013	17.80	16.70	0.06
September 30, 2013	17.68	16.97	0.06

At September 21, 2015, Home Federal Bancorp had 211 shareholders of record.

The information for all equity based and individual compensation arrangements is incorporated by reference from Item 11 hereof.

(b) Not applicable.

(c) Purchases of Equity Securities.

The Company's repurchases of its common stock made during the quarter ended June 30, 2015 are set forth in the table below, including stock-for-stock option exercises and shares delivered by "attestation" for the exercise of outstanding stock options.

	Average	Total Number of	Maximum Number of Shares

Period	Total Number of Shares Purchased	Price Paid per Share	Shares Purchased as Part of Publicity Announced Plans or Programs	That May Yet Be Purchased Under the Plans or Programs (a)
April 1, 2015 – April 30, 2015	20,293	$ 19.55	18,550	76,805
May 1, 2015 – May 31, 2015	--	--	--	76,805
June 1, 2015 – June 30, 2015	13,900	19.91	13,900	62,905
Total	34,193	$ 19.70	32,450	62,905

Notes to this table:

(a) On February 11, 2015, the Company announced by press release a repurchase program to repurchase up to 108,000 shares or approximately 5.0% of the Company's outstanding shares of common stock. The repurchase program does not have an expiration date.

Item 6. Selected Financial 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, 2015 and 2014 is derived in part from the audited financial statements that appear in this Form 10-K. The information at or for the years ended June 30, 2013, 2012 and 2011, is also derived from audited financial statements that do not appear in this Form 10-K.

	At June 30,				
	2015	2014	2013	2012	2011
			(In thousands)		
Selected Financial and Other Data:					
Total assets	$369,833	$329,529	$ 277,155	$296,183	$233,320
Cash and cash equivalents	21,166	13,633	3,685	34,863	9,599
Securities available for sale	44,885	48,434	47,961	68,426	75,039
Securities held to maturity	2,010	1,765	1,465	1,381	5,725
Loans held-for-sale	14,203	9,375	3,464	11,157	6,653
Loans receivable, net	268,427	239,563	206,079	168,263	125,371
Deposits	286,238	272,295	211,922	221,436	153,616
Federal Home Loan Bank advances	38,411	12,897	21,662	23,469	26,891
Total Stockholders' equity	43,386	42,779	41,982	49,888	51,183

	As of or for the Year Ended June 30,				
	2015	2014	2013	2012	2011
	(Dollars in thousands, except per share amounts)				
Selected Operating Data:					
Total interest income	$14,772	$13,173	$13,154	$12,722	$10,297
Total interest expense	2,481	2,336	2,579	3,050	3,186
Net interest income	12,291	10,837	10,575	9,672	7,111
Provision for loan losses	300	168	558	856	353
Net interest income after provision for loan losses	11,991	10,669	10,017	8,816	6,758
Total non-interest income	2,961	2,340	3,424	3,324	2,630
Total non-interest expense	9,936	8,933	8,683	8,170	6,512
Income before income tax expense	5,016	4,076	4,758	3,970	2,876
Income tax expense (benefit)	1,661	1,332	1,628	1,127	938
Net income	$3,355	$2,744	$3,130	$2,843	$1,938
Earnings per share of common stock:					
Basic	$1.70	$1.33	$1.34	$1.02	$0.67
Diluted	$1.65	$1.29	$1.31	$1.01	$0.67
Selected Operating Ratios(1):					
Average yield on interest-earning assets	4.52 %	4.76 %	5.05 %	5.26 %	5.22 %
Average rate on interest-bearing liabilities	0.94	1.07	1.25	1.64	2.13
Average interest rate spread(2)	3.58	3.69	3.80	3.62	3.09
Net interest margin(2)	3.76	3.92	4.06	4.00	3.60
Average interest-earning assets to average interest-bearing liabilities	124.33	126.91	126.77	130.09	131.85
Net interest income after provision for loan losses to non-interest expense	120.68	119.43	115.36	107.91	103.78
Total non-interest expense to average assets	2.84	3.01	3.14	3.19	3.13

Efficiency ratio(3)	65.14	67.79	62.03	62.87	66.85
Return on average assets	0.96	0.92	1.13	1.11	0.93
Return on average equity	7.45	6.22	6.86	5.62	4.47
Average equity to average assets	12.86	14.84	16.48	19.76	20.86
Dividend payout ratio	18.26	20.08	20.19	25.57	26.37

(Footnotes on following page)

	As of or for the Year Ended June 30,				
	2015	2014	2013	2012	2011
	(Dollars in thousands, except per share amounts)				
Selected Quality Ratios(4):					
Non-performing loans as a percent of total loans receivable	0.03 %	0.07 %	0.31 %	0.01 %	0.09 %
Non-performing assets as a percent of total assets	0.03	0.05	0.23	*	0.05
Allowance for loan losses as a percent of total loans receivable	0.93	0.99	1.07	1.00	0.67
Net charge-offs to average loans receivable	0.07	0.01	0.01	--	--
Allowance for loan losses as a percent of non-performing loans	3,143.75	1,254.45	345.15	12,128.57	738.60
Bank Capital Ratios(4):					
Tangible capital ratio	11.81 %	12.74 %	15.16 %	14.83 %	18.18 %
Core capital ratio	11.81	12.74	15.16	14.83	18.18
Total capital ratio	18.85	21.35	25.48	28.99	35.17
Other Data:					
Full service offices (branch and agency)	6	5	5	5	5
Employees (full-time)	58	46	47	39	41

* Not meaningful.

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

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

Item 7. 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 $3.4 million in fiscal 2015 compared to net income of $2.7 million in fiscal 2014.

Our business consists primarily of originating single-family real estate loans secured by property in our market area and to a lesser extent, 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 are primarily funded by certificates of deposit, which typically have a higher interest rate than passbook accounts, it is our policy to require commercial customers to have a deposit relationship with us, which primarily consist of NOW accounts. Due to the continued low interest rate environment, we have sold a substantial amount of our fixed rate single-family residential loan originations in recent periods. We have also sold investment securities available-for-sale to realize gains in the portfolio. Because of a decrease in our average rate of return and volume increase of interest earning assets, our net interest margin decreased from 3.92% to 3.76% during fiscal 2015 compared to 2014 and our net interest income increased to $12.3 million for fiscal 2015 as compared to $10.8 million for fiscal 2014. We expect to continue to emphasize consumer and commercial lending in the future in order to improve the yield on our portfolio. Since 2009, we have offered security brokerage and advisory services at our agency office through Tipton Wealth Management.

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.

Business Strategy

Our business strategy is focused on operating a growing and profitable community-oriented financial institution. Our current business strategy includes:

Continuing to Grow and Diversify Our Loan Portfolio. We intend to grow and continue to diversify of loan portfolio by, among other things, emphasizing the origination of commercial real estate and business loans. At June 30, 2015, our commercial real estate loans amounted to $62.1 million, or 22.9% of the total loan portfolio. Our commercial business loans amounted to $28.0 million, or 10.3% of the total loan portfolio. 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.

Diversify Our Products and Services. We intend to continue to emphasize our commercial business products to provide a full-service banking relationship to our commercial customers. We have 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. We have incurred significant additional expenses related to personnel and infrastructure in recent periods as we implemented our business strategy. Our total non-interest expense increased $1.0 million, or 11.2%, in fiscal 2015 compared to 2014. Our efficiency ratio for 2015 was 65.1% compared to 67.8% for fiscal 2014.

Enhancing Core Earnings. We expect to continue to emphasize commercial real estate and business loans which generally bear interest rates higher than residential real estate loans and sell a substantial part of our fixed rate residential mortgage loan originations.

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.

Maintain Our Asset Quality. At June 30, 2015, our non-performing assets totaled $120,000, or 0.03% of total assets. We had one property acquired through foreclosure with a carrying value of $40,000 and no troubled debt restructurings at June 30, 2015. We intend to continue to stress maintaining high asset quality even as we continue to grow our institution and diversity our loan portfolio.

Cross-Selling Products and Services and Emphasizing Local Decision Making. We have promoted cross-selling products and services in our branch offices and emphasized our local decision making and streamlined loan approval process.

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 Item 8 of 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 the Comptroller of the Currency as an integral part of their examination processes, periodically reviews our allowance for loan losses. The Office of the Comptroller of the Currency 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 $40.3 million, or 12.2%, to $369.8 million at June 30, 2015 compared to $329.5 million at June 30, 2014. This increase was primarily due to increases in net loans receivable of $28.9 million, cash and cash equivalents of $7.5 million, loans held-for-sale of $4.8 million, premises and equipment of $1.7 million and cash surrender value of bank owned life insurance of $162,000. These increases were partially offset by a decrease of $3.3 million in investment securities.

Loans receivable, net increased $28.9 million, or 12.0%, from $239.6 million at June 30, 2014 to $268.4 million at June 30, 2015. The increase in loans receivable, net was attributable primarily to increases in one-to four-family residential loans of $13.8 million, equity lines of credit of $7.2 million, commercial real estate loans of $5.8 million, commercial business loans of $2.3 million, and construction loans of $5.1 million, partially offset by a decrease of $5.1 million in multi-family residential loans at June 30, 2015, compared to the prior year period. At June 30, 2015, the balance of purchased loans approximated $7.9 million, which consisted solely of one-to-four family residential loans purchased from a mortgage originator headquartered in Arkansas. We have not purchased any loans since fiscal 2008.

32

In recent periods 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 which were deemed attractive due to their generally higher yields and shorter anticipated lives compared to single-family residential mortgage loans. As of June 30, 2015, Home Federal Bank had $62.1 million of commercial real estate loans and $28.0 million of commercial business loans. Although commercial loans are generally considered to have greater credit risk than other certain types of loans, we attempt to mitigate such risk by originating such loans in our market area to known borrowers.

Securities available-for-sale decreased $3.5 million, or 7.3%, from $48.4 million at June 30, 2014 to $44.9 million at June 30, 2015. This decrease resulted primarily from the sale of securities and normal principal pay downs partially offset by new investment acquisitions of $9.8 million. In recent years, there have been significant loan prepayments due to the heavy volume of loan refinancing, however, the rate of prepayments began to slow in fiscal 2015. With interest rates at historical lows, management is reluctant to invest in long-term, fixed rate mortgage loans for the portfolio and instead sells the majority of the long-term, fixed rate mortgage loan production.

Cash and cash equivalents increased $7.5 million, or 55.3%, from $13.6 million at June 30, 2014 to $21.2 million at June 30, 2015. The net increase in cash and cash equivalents was attributable to a $6.8 million increase in federal funds sold.

Total liabilities increased $39.7 million, or 13.8%, from $286.8 million at June 30, 2014 to $326.4 million at June 30, 2015 due primarily to an increase of $13.9 million, or 5.1%, in deposits and an increase in advances from the Federal Home Loan Bank of $25.5 million, or 197.8%. The increase in deposits was primarily due to a $25.6 million, or 21.2% increase in certificates of deposit from $120.4 million at June 30, 2014 to $146.0 million at June 30, 2015. Non-interest bearing deposit accounts increased $1.6 million from $43.4 million at June 30, 2014 to $45.0 million at June 30, 2015, savings accounts increased $6.3 million from $12.2 million at June 30, 2014 to $18.4 million at June 30, 2015 and NOW accounts increased $7.2 million from $24.0 million at June 30, 2014 to $31.2 million at June 30, 2015. These increases were partially offset by a decrease of $26.6 million, or 36.9%, in money market deposits from $72.2 million at June 30, 2014 to $45.6 million at June 30, 2015. The decrease in money market deposits was primarily due to a transitory deposit in the fourth quarter of fiscal 2014 which had a balance of approximately $30.6 million at June 30, 2014. This deposit was short-term in nature and had been fully withdrawn as of September 30, 2014. At June 30, 2015 and 2014, we held $12.7 million in brokered certificates of deposit.

Shareholders' equity increased $607,000 or 1.4%, to $43.4 million at June 30, 2015 from $42.8 million at June 30, 2014. The primary reasons for the increase in shareholders' equity from June 30, 2014, were net income of $3.4 million, proceeds from the issuance of common stock from the exercise of stock options of $235,000, and the vesting of restricted stock awards, stock options and the release of employee stock ownership plan shares totaling $679,000. These increases were partially offset by dividends paid of $613,000 and the acquisition of Company stock in the amount of $3.0 million and a decrease in the Company's accumulated other comprehensive income of $72,000. The change in accumulated other comprehensive income was primarily due to the change in net unrealized gain or loss on securities available for sale. The net unrealized gain or 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.

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, 2015			2014		
	Average Balance	Interest	Average Yield/ Rate	Average Balance	Interest	Average Yield/ Rate
	(Dollars in thousands)					
Interest-earning assets:						
Investment securities	$51,965	$996	1.92 %	$47,150	$999	2.12 %
Loans receivable(1)	269,408	13,762	5.11	224,463	12,161	5.42
Interest-earning deposits	5,585	14	0.26	4,996	13	0.25
Total interest-earning assets	326,958	14,772	4.52 %	276,609	13,173	4.76 %
Non-interest-earning assets	23,262			20,648		
Total assets	$350,220			$297,257		
Interest-bearing liabilities:						
Savings accounts	14,762	34	0.23 %	11,221	23	0.20 %
NOW accounts	29,821	228	0.76	26,544	240	0.90
Money market accounts	43,770	141	0.32	45,637	150	0.33
Certificate accounts	133,605	1,831	1.37	114,496	1,745	1.52
Total deposits	221,958	2,234	1.01	197,898	2,158	1.09
FHLB advances and other borrowings	40,923	247	0.60	20,066	178	0.90
Total interest-bearing liabilities	262,881	2,481	0.94 %	217,964	2,336	1.07 %
Non-interest-bearing liabilities:						
Non-interest bearing demand accounts	40,428			33,776		
Other liabilities	1,879			1,418		
Total liabilities	305,188			253,158		
Total stockholders' equity(2)	45,032			44,099		
Total liabilities and equity	$350,220			$297,257		
Net interest-earning assets	$64,077			$58,645		
Net interest income; average interest rate spread(3)		$12,291	3.58 %		$10,837	3.69 %
Net interest margin(4)			3.76 %			3.92 %
Average interest-earning assets to average interest-bearing liabilities			124.37 %			126.91 %

(1) Includes loans held for sale.
(2) Includes retained earnings and accumulated other comprehensive loss.
(3) Interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average rate on interest-bearing liabilities.

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

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.

	2015 vs. 2014 Increase (Decrease) Due to		Total Increase	2014 vs. 2013 Increase (Decrease) Due to		Total Increase
	Rate	Volume	(Decrease)	Rate	Volume	(Decrease)
		(In thousands)				
Interest income:						
Investment securities	$(104)	$102	$ (2)	$(323)	$(307)	$ (630)
Loans receivable, net	(836)	2,435	1,599	(903)	1,551	648
Interest-earning deposits	1	1	2	--	1	1
Total interest-earning assets	(939)	2,538	1,599	(1,226)	1,245	19
Interest expense:						
Savings accounts	4	7	11	(7)	9	2
NOW accounts	(42)	29	(13)	8	50	58
Money market accounts	(4)	(6)	(10)	(39)	21	(18)
Certificate accounts	(199)	290	91	(222)	94	(128)
Total deposits	(241)	320	79	(260)	174	(86)
FHLB advances and other borrowings	(122)	188	66	(66)	(91)	(157)
Total interest-bearing liabilities	(363)	508	145	(326)	83	(243)
Increase (Decrease) in net interest income	$(576)	$2,030	$ 1,454	$(900)	$ 1,162	$ 262

Comparison of Operating Results for the Years Ended June 30, 2015 and 2014

General. Net income amounted to $3.4 million for the year ended June 30, 2015, reflecting an increase of $611,000 compared to net income of $2.7 million for the year ended June 30, 2014. This increase was due to a $1.5 million increase net interest income and a $621,000 increase in non-interest income, partially offset by an increase of $1.0 million in non-interest expense, an increase of $329,000 in the provision for income taxes, and a $132,000 increase in the provision for loan losses.

Net Interest Income. Net interest income amounted to $12.3 million for fiscal year 2015, an increase of $1.5 million, or 13.4%, compared to $10.8 million for fiscal year 2014. The increase was due primarily to an increase of $1.6 million in total interest income partially offset by a $145,000 increase in interest expense.

The average interest rate spread decreased from 3.69% for fiscal 2014 to 3.58% for fiscal 2015 while the average balance of interest-earning assets increased from $276.6 million to $327.0 million during the same periods. The percentage of average interest-earning assets to average interest-bearing liabilities decreased slightly to 124.37% for fiscal 2015 compared to 126.91% for fiscal 2014. The decrease in the average interest rate spread reflects the 24 basis point decline in average yield on interest earning assets which is offset by a 13 basis point decrease in average cost of funds in fiscal 2015 compared to fiscal 2014. Lower certificate of deposit interest rates in our market area led to a decrease in the average rates paid on certificates of deposit 15 basis points in fiscal 2015 compared to fiscal 2014. Net interest margin decreased to 3.76% in fiscal 2015 compared to 3.92% for fiscal 2014.

Interest income increased $1.6 million, or 12.1%, to $14.8 million for fiscal 2015 compared to $13.2 million for fiscal 2014 primarily due to an increase in interest income from loans of $1.6 million for fiscal 2015 compared to 2014. The aggregate interest income from investments and other interest earning assets decreased $2,000 for the same period. A decrease in average yields on interest earning assets primarily resulted from the decrease in the average yields on loans and investment securities during the period. The increase in the average balance of loans receivable was primarily due to new loans originated by our commercial lending activities. The average yield of the loan portfolio decreased 31 basis points during fiscal 2015.

Interest expense increased $145,000, or 6.2%, to $2.5 million for fiscal 2015 compared to $2.3 million for fiscal 2014 primarily as a result of increases in the average balance of interest-bearing deposits, partially offset by a decrease in the overall average rate paid on interest-bearing liabilities. Interest paid on deposits and borrowings both increased during fiscal 2015.

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. 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 $300,000 was made to the allowance during fiscal 2015, compared to a provision of $168,000 in fiscal 2014. We had two loans classified as substandard at June 30, 2015, compared to none at June 30, 2014. The Company had one single-family residential loan classified as doubtful in the amount of $151,000 at June 30, 2014 and one line of credit classified as doubtful in the amount of $27,000 at June 30, 2014. There were no loans classified as doubtful at June 30, 2015.

Non-Interest Income. Non-interest income amounted to $3.0 million for the year ended June 30, 2015, an increase of $621,000, or 26.5%, compared to non-interest income of $2.3 million for the year ended June 30, 2014. The increase was primarily due to a $642,000 increase in gain on sale loans.

Non-Interest Expense. Non-interest expense increased $1.0 million, or 11.2%, in fiscal 2015, largely due to increases in compensation and benefits of $642,000, occupancy expenses of $189,000, data processing expense of $51,000, loan and collection expense of $200,000, other non-interest expenses of $36,000, audit and examination fees of $16,000 and deposit insurance premiums of $12,000. Non-interest expense increases were partially offset by decreases of $37,000 in legal fees, $83,000 in franchise and bank share taxes, and $23,000 in advertising expense.

Provision for Income Tax Expense. The provision for income taxes amounted to $1.7 million and $1.3 million for the fiscal years ended June 30, 2015 and 2014, respectively. Our effective tax rate was 33.1% for fiscal 2015 and 32.7% for fiscal 2014.

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, 2015, we sold a substantial amount of our one- to four-family residential loans we originated and maintained a significant portfolio of available-for-sale securities during the past few years in order to better position the Company for a rising interest rate environment in the long term. At June 30, 2015 and 2014, securities available-for-sale amounted to $44.9 million and $48.4 million, respectively, or 12.1 % and 14.7%, respectively, of total assets at such dates.

Quantitative Analysis. The Office of the Comptroller of the Currency 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 the Comptroller of the Currency 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, 2015:

Change in Interest Rates in Basis Points (Rate Shock)	Net Portfolio Value Amount	$ Change	% Change	NPV as % of Portfolio Value of Assets NPV Ratio	Change
	(Dollars in thousands)				
300	$52,529	$6,626	14.43 %	15.06%	2.45 %
200	50,457	4,554	9.92	14.27	1.66
100	48,598	2,695	5.87	13.54	0.93
Static	45,903	--	--	12.61	--
(100)	42,016	(3,887)	(8.47)	11.45	(1.16)
(200)	36,808	(9,095)	(19.81)	9.97	(2.64)

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 $272.6 million for fiscal 2015 and $247.0 million for fiscal 2014, while loans sold amounted to $86.8 million and $83.6 million during the same respective periods. 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 22.75% for the quarter ended June 30, 2015. 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 $205,000 and $192,000 at June 30, 2015 and 2014, 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, 2015, we had $38.4 million in advances from the Federal Home Loan Bank of Dallas and had $107.3 million in additional borrowing capacity. Additionally, at June 30, 2015, 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 $15.1 million. There were no amounts purchased under this agreement as of June 30, 2015.

At June 30, 2015, the Company had outstanding loan commitments of $29.0 million to originate loans. At June 30, 2015, certificates of deposit scheduled to mature in less than one year, totaled $66.0 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.

At June 30, 2015, Home Federal Bank exceeded each of its capital requirements with tangible equity, common equity Tier 1, core and risk-based capital ratios of 11.81%, 17.90%, 11.81% and 18.85%, 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, 2015. See Notes 9 and 14 to the Notes to Consolidated Financial Statements contained in Item 8 of this Form 10-K.

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 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.

Forward-Looking Statements

This Annual Report on Form 10-K contains certain forward-looking statements (as defined in the Securities Exchange Act of 1934 and the regulations thereunder). Forward-looking statements are not historical facts but instead represent only the beliefs, expectations or opinions of Home Federal Bancorp and its management regarding future events, many of which, by their nature, are inherently uncertain. Forward-looking statements may be identified by the use of such words as: "believe", "expect", "anticipate", "intend", "plan", "estimate", or words of similar meaning, or future or conditional terms such as "will", "would", "should", "could", "may", "likely", "probably", or "possibly." Forward-looking statements include, but are not limited to, financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks, uncertainties and assumption, many of which are difficult to predict and generally are beyond the control of Home Federal Bancorp and its management, that could cause actual results to differ materially from those expressed in, or implied or projected by, forward-looking statements. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) economic and competitive conditions which could affect the volume of loan originations, deposit flows and real estate values; (2) the levels of non-interest income and expense and the amount of loan losses; (3) competitive pressure among depository institutions increasing significantly; (4) changes in the interest rate environment causing reduced interest margins; (5) general economic conditions, either nationally or in the markets in which Home Federal Bancorp is or will be doing business, being less favorable than expected;(6) political and social unrest, including acts of war or terrorism; or (7) legislation or changes in regulatory requirements adversely affecting the business in which Home Federal Bancorp will be engaged. Home Federal Bancorp undertakes no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors
Home Federal Bancorp, Inc.
of Louisiana and Subsidiary
Shreveport, Louisiana

We have audited the accompanying consolidated balance sheets of Home Federal Bancorp, Inc. of Louisiana (the Company) and its wholly-owned subsidiary Home Federal Bank (the Bank) as of June 30, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Home Federal Bancorp, Inc. of Louisiana and Subsidiary as of June 30, 2015 and 2014, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A Professional Accounting Corporation

Metairie, LA
September 9, 2015

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Consolidated Balance Sheets
June 30, 2015 and 2014

	June 30, 2015	2014
	(In Thousands)	
ASSETS		
Cash and Cash Equivalents (Includes Interest-Bearing Deposits with Other Banks of $16,105 and $9,317 for 2015 and 2014, Respectively)	$21,166	$13,633
Securities Available-for-Sale	44,885	48,434
Securities Held-to-Maturity (fair value of $2,010 and $1,765, respectively)	2,010	1,765
Loans Held-for-Sale	14,203	9,375
Loans Receivable, Net of Allowance for Loan Losses of $2,515 and $2,396 for 2015 and 2014, Respectively	268,427	239,563
Accrued Interest Receivable	927	965
Premises and Equipment, Net	10,188	8,454
Bank Owned Life Insurance	6,365	6,203
Deferred Tax Asset	824	723
Other Real Estate Owned	40	--
Other Assets	798	414
Total Assets	$369,833	$329,529
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits	286,238	$272,295
Advances from Borrowers for Taxes and Insurance	578	428
Advances from Federal Home Loan Bank of Dallas	38,411	12,897
Other Accrued Expenses and Liabilities	1,220	1,130
Total Liabilities	326,447	286,750
STOCKHOLDERS' EQUITY		
Preferred Stock – $.01 Par Value; 10,000,000 Shares Authorized; None Issued and Outstanding	--	--
Common Stock –$.01 Par Value; 40,000,000 Shares Authorized; 2,109,606 Shares Issued and Outstanding at June 30, 2015; 3,062,386 Shares Issued and 2,241,967 Shares Outstanding at June 30, 2014	25	34
Additional Paid-in Capital	33,375	32,853
Treasury Stock, at Cost – none at June 30, 2015 and 820,419 Shares at June 30, 2014	--	(15,698)
Unearned ESOP Stock	(1,445)	(1,561)
Unearned RRP Trust Stock	(333)	(609)
Retained Earnings	11,664	27,588
Accumulated Other Comprehensive Income	100	172
Total Stockholders' Equity	43,386	42,779
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$369,833	$329,529

The accompanying notes are an integral part of these consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Consolidated Statements of Operations
For the Years Ended June 30, 2015 and 2014

	For the Years Ended June 30,	
	2015	2014
	(In Thousands, Except Per Share Data)	
INTEREST INCOME		
Loans, Including Fees	$13,762	$12,161
Mortgage-Backed Securities	989	994
Investment Securities	7	5
Other Interest-Earning Assets	14	13
Total Interest Income	14,772	13,173
INTEREST EXPENSE		
Deposits	2,234	2,158
Federal Home Loan Bank Borrowings	244	164
Other Borrowings	3	14
Total Interest Expense	2,481	2,336
Net Interest Income	12,291	10,837
PROVISION FOR LOAN LOSSES	300	168
Net Interest Income after Provision for Loan Losses	11,991	10,669
NON-INTEREST INCOME		
Gain on sale of real estate	--	129
Gain on Sale of Loans	2,278	1,636
Gain on Sale of Securities	10	35
Income on Bank Owned Life Insurance	163	173
Service Charges on Deposit Accounts	456	333
Other Income	54	34
Total Non-Interest Income	2,961	2,340
NON-INTEREST EXPENSE		
Compensation and Benefits	6,261	5,619
Occupancy and Equipment	1,050	861
Franchise and Bank Shares Tax	265	348
Advertising	249	272
Data Processing	527	476
Audit and Examination Fees	216	200
Legal Fees	330	367
Loan and Collection Expense	332	132
Deposit Insurance Premiums	164	152

Other Expenses	542	506
Total Non-Interest Expense	9,936	8,933
Income Before Income Taxes	5,016	4,076
PROVISION FOR INCOME TAX EXPENSE	1,661	1,332
Net Income	$3,355	$2,744
EARNINGS PER SHARE:		
Basic	$1.70	$1.33
Diluted	$1.65	$1.29

The accompanying notes are an integral part of these consolidated financial statements.

42

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Consolidated Statements of Comprehensive Income
For the Years Ended June 30, 2015 and 2014

	For the Years Ended June 30,	
	2015	2014
	(In Thousands)	
Net Income	$3,355	$2,744
Other Comprehensive (Loss) Income , Net of Tax		
Unrealized Holding (Loss) Gain Arising During the Period	(35)	138
Reclassification Adjustment for Gains Included in Net Income	(37)	(10)
Total Other Comprehensive (Loss) Income	(72)	128
Total Comprehensive Income	$3,283	$2,872

The accompanying notes are an integral part of these consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended June 30, 2015 and 2014

	Common Stock	Additional Paid-In Capital	Treasury Stock	Unearned ESOP Stock	Unearned RRP Trust Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
			(In Thousands)					
BALANCE – June 30, 2013	$ 32	$ 32,218	$ (13,168)	$ (1,676)	$ (863)	$ 25,395	$ 44	$ 41,982
ESOP Compensation Earned	--	90	--	115	--	--	--	205
Stock Options Exercised	2	383	--	--	--	--	--	385
Distribution of RRP Trust Stock	--	--	--	--	254	--	--	254
Dividends Paid	--	--	--	--	--	(551)	--	(551)
Stock Options Vested	--	162	--	--	--	--	--	162
Company Stock Purchased	--	--	(2,530)	--	--	--	--	(2,530)
Net Income	--	--	--	--	--	2,744	--	2,744
Other Comprehensive Income, Net of Applicable Deferred Income Taxes	--	--	--	--	--	--	128	128
BALANCE - June 30, 2014	$ 34	$ 32,853	$ (15,698)	$ (1,561)	$ (609)	$ 27,588	$ 172	$ 42,779
ESOP Compensation Earned	--	109	--	116	--	--	--	225
Stock Options Exercised	--	235	--	--	--	--	--	235
Distribution of RRP Trust Stock	--	--	--	--	276	--	--	276
Dividends Paid	--	--	--	--	--	(613)	--	(613)
Stock Options Vested	--	178	--	--	--	--	--	178
Company Stock Purchased	--	--	(2,977)	--	--	--	--	(2,977)
Net Income	--	--	--	--	--	3,355	--	3,355
Other Comprehensive Loss, Net of Applicable Deferred Income Taxes		--	--	--	--	--	(72)	(72)
Reclassification of Treasury Stock	(9)	--	18,675	--	--	(18,666)	--	--
BALANCE - June 30, 2015	$ 25	$ 33,375	$ --	$ (1,445)	$ (333)	$ 11,664	$ 100	$ 43,386

The accompanying notes are an integral part of these consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	For the Years Ended June 30,	
	2015	2014
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$3,355	$2,744
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities		
Gain on Sale of Loans	(2,278)	(1,636)
Net Amortization and Accretion on Securities	67	50
Amortization of Deferred Loan Fees	(140)	(98)
Provision for Loan Losses	300	168
Depreciation of Premises and Equipment	384	303
Gain on Sale of Securities	(10)	(35)
ESOP Compensation Expense	225	205
Deferred Income Tax Benefit	(64)	(14)
Stock Option Expense	178	162
Recognition and Retention Plan Expense	235	210
Increase in Cash Surrender Value on Bank Owned Life Insurance	(163)	(173)
Gain on Sale of Real Estate	--	(129)
Changes in Assets and Liabilities:		
Origination and Purchase of Loans Held-for-Sale	(91,633)	(89,490)
Sale and Principal Repayments on Loans Held-for-Sale	89,084	85,214
Accrued Interest Receivable	38	(191)
Other Operating Assets	(424)	(51)
Other Operating Liabilities	130	363
Net Cash Used in Operating Activities	(716)	(2,398)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Originations and Principal Collections, Net	(29,052)	(33,684)
Deferred Loan Fees Collected	29	131
Acquisition of Premises and Equipment	(2,117)	(2,634)
Proceeds from Sale of Real Estate	--	566
Activity in Available-for-Sale Securities:		
Proceeds from Sales of Securities	1,963	13,019
Principal Payments on Mortgage-Backed Securities	11,263	9,844
Purchases	(9,843)	(23,158)
Activity in Held-to-Maturity Securities:		
Redemption Proceeds	698	488
Purchases	(943)	(787)
Net Cash Used in Investing Activities	(28,002)	(36,215)

The accompanying notes are an integral part of these consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Consolidated Statements of Cash Flows (Continued)
For the Years Ended June 30, 2015 and 2014

	For the Years Ended June 30,	
	2015	2014
	(In Thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Deposits	$13,943	$60,373
Proceeds from Advances from Federal Home Loan Bank	809,800	605,850
Repayments of Advances from Federal Home Loan Bank	(784,286)	(614,615)
Dividends Paid	(613)	(551)
Company Stock Purchased	(2,923)	(2,325)
Net Decrease in Advances from Borrowers for Taxes and Insurance	150	150
Proceeds from Other Bank Borrowings	550	300
Repayment of Other Bank Borrowings	(550)	(800)
Proceeds from Stock Options Exercised	180	179
Net Cash Provided by Financing Activities	36,251	48,561
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,533	9,948
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,633	3,685
CASH AND CASH EQUIVALENTS, END OF YEAR	$21,166	$13,633
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid on Deposits and Borrowed Funds	$2,459	$2,341
Income Taxes Paid	1,584	1,286
Market Value Adjustment for Loss on Securities Available-for-Sale	(109)	194

The accompanying notes are an integral part of these consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

On December 22, 2010, Home Federal Mutual Holding Company completed its second step conversion from the mutual holding company form of organization to the fully public stock holding company structure pursuant to a Plan of Conversion and Reorganization. Upon completion of the conversion, Home Federal Bancorp, Inc. of Louisiana, a newly formed Louisiana chartered corporation (the Company), became the holding company for Home Federal Bank (the Bank), and Home Federal Mutual Holding Company of Louisiana and Home Federal Bancorp, Inc. of Louisiana, a federally chartered corporation, (the Mid-Tier Company) ceased to exist. As part of the conversion, all outstanding shares of the Mid-Tier Company common stock (other than those owned by Home Federal Mutual Holding Company) were converted into the right to receive 0.9110 of a share of the newly formed Home Federal Bancorp, Inc. of Louisiana common stock resulting in approximately 1,100,609 shares issued in the exchange and cash in lieu of fractional shares. In addition, a total of 1,945,220 shares of common stock, par value $0.01 per share, of Home Federal Bancorp, Inc. of Louisiana were sold in subscription, community and syndicated community offerings to certain depositors and borrowers of the Bank, the Bank's Employee Stock Ownership Plan, and other investors for $10.00 per share, or $19.5 million in aggregate. Treasury stock held was cancelled in the conversion. The net proceeds of the offering were approximately $18.0 million, after offering expenses.

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 OCC). The Bank provides financial services to individuals, corporate entities and other organizations through the origination of loans and the acceptance of deposits in the form of passbook savings, certificates of deposit, and demand deposit accounts. Services are provided by four branch offices, three of which are located in Shreveport, Louisiana and one in Bossier City, Louisiana, and one agency office located in Shreveport, Louisiana.

The Bank is subject to competition from other financial institutions, and is also subject to the regulations of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Home Federal Bank. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheets and reported amounts of revenues and expenses during the reporting periods. 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 and deferred taxes.

Significant Group Concentrations of Credit Risk

Most of the Company's activities are provided to customers of the Bank by five branch offices, three of which are located in the city of Shreveport, Louisiana and two in Bossier City, 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.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 have an original maturity date of ninety days or less.

At June 30, 2015 and 2014, cash and cash equivalents consisted of the following:

	2015	2014
	(In Thousands)	
Cash on Hand	$791	$410
Demand Deposits at Other Institutions	4,475	4,098
Federal Funds Sold	15,900	9,125
Total	$21,166	$13,633

Securities
Securities are being accounted for in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, Investments - Debt and Equity Securities. ASC 320 requires the classification of securities into one of three categories: Trading, Available-for-Sale, or Held-to-Maturity. Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates this classification periodically.

Investments in non-marketable 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 cost, adjusted for amortization of the related premiums and accretion of discounts, using the interest method. 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.

The Company held no trading securities as of June 30, 2015 and 2014.

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 Company 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.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Loans

Loans receivable are stated at unpaid principal balances, less allowances for loan losses and unamortized deferred loan fees. Net non-refundable 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 discounts are 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 uncollectability 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 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 fair value of the collateral of the loan. If the 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. 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 known and inherent losses in the existing loan portfolio both probable and reasonable to estimate.

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 carried 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.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. Estimated useful lives are as follows:

Buildings and Improvements	10 - 40 Years
Furniture and Equipment	3 - 10 Years

Bank-Owned Life Insurance
The Company has purchased life insurance contracts on the lives of certain key employees. The Bank is the beneficiary of these policies. These contracts are reported at their cash surrender value and changes in the cash surrender value are included in other non-interest income.

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. Current taxes are measured by applying the provisions of enacted tax laws to taxable income to determine the amount of taxes receivable or payable.

The Company follows the provisions of the Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. ASC 740 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

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.

Earnings per Share
Earnings per share are computed based upon the weighted average number of common shares outstanding during the year.

Non-Direct Response Advertising
The Company expenses all advertising costs, except for direct-response advertising, as incurred. Non-direct response advertising costs were $249,000 and $272,000 for the years ended June 30, 2015 and 2014, respectively.

In the event the Company incurs expense for material direct-response advertising, it will be amortized over the estimated benefit period. Direct-response advertising consists of advertising whose primary purpose is to elicit sales to customers who could be shown to have responded specifically to the advertising and results in probable future benefits. For the years ended June 30, 2015 and 2014, the Company did not incur any amount of direct-response advertising.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Stock-Based Compensation

GAAP requires all share-based payments to employees, including grants of employee stock options and recognition and retention share awards, to be recognized as expense in the statement of operations based on their fair values. The amount of compensation is measured at the fair value of the options or recognition and retention share awards when granted, and this cost is expensed over the required service period, which is normally the vesting period of the options or recognition and retention awards. This guidance applies to awards granted or modified after January 1, 2006, or any unvested awards outstanding prior to that date.

Reclassification

Certain financial statement balances included in the prior year financial statements have been reclassified to conform to the current year presentation.

Comprehensive Income

Accounting principles generally 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 Balance Sheets, such items, along with net income, are components of comprehensive income.

The components of other comprehensive income and related tax effects are as follows:

	2015	2014
	(In Thousands)	
Unrealized Holding (Loss) Gain on Available-for-Sale Securities	$(99)	$209
Reclassification Adjustment for Gain Realized in Income	(10)	(15)
Net Unrealized (Loss) Gain	(109)	194
Tax Effect	37	(66)
Net-of-Tax Amount	$(72)	$128

The components of accumulated other comprehensive income, included in stockholders' equity, are as follows:

	2015	2014
	(In Thousands)	
Net Unrealized Gain on Securities Available-for-Sale	$152	$261
Tax Effect	(52)	(89)
Net-of-Tax Amount	$100	$172

Stockholders' Equity

On January 1, 2015 Louisiana Business Corporation Act (the Act) became effective. Under the provisions of the Act, there is no concept of "Treasury Shares". Rather, shares purchased by the Company constitute authorized but unissued shares. Under Accounting Standards Codification (ASC) 505-30, Treasury Stock, accounting for treasury stock shall conform to state law. Accordingly, the Company's Consolidated Balance Sheet as of June 30, 2015 reflects this change. The cost of shares purchased by the Company has been allocated to Common Stock and Retained Earnings balances.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This guidance requires an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. If a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date, the unrecognized tax benefit should be presented in the financial statements as a liability and not combined with deferred tax assets. This guidance is effective for public entities for fiscal years beginning after December 15, 2013. The adoption of this guidance is not expected to have a material effect on the Company's financial statements.

In January 2014, the FASB issued ASU 2014-04, Reclassification of Residential Real Estate - Collateralized Consumer Mortgage Loans upon Foreclosure. The guidance within ASU 2014-04 clarifies that an in-substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (a) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure, or (b) the borrower conveying all interest in the residential real estate property to the creditor to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (a) the amount of foreclosed residential real estate property held by the creditor and (b) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. ASU 20 14-04 is effective for public business entities for annual periods beginning after December 15, 2014. The adoption of this guidance is not expected to have a material effect on the Company's financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606): Revenue from Contracts with Customers. The amendments in ASU 2014-09 supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The general principle of ASU 2014-09 requires an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration of which the entity expects to be entitled in exchange for those goods or services. The guidance sets forth a five step approach to be utilized for revenue recognition. The amendments are effective for annual reporting periods beginning after December 15, 1016, including interim periods within that reporting period. Management is currently assessing the impact to the Company's consolidated financial statements.

In June 2014, the FASB issued ASU 2014-11, Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. The amendments in ASU 2014-11 require repurchase-to-maturity transactions to be recorded and accounted for as secured borrowings. Amendments to Topic 860 also require separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for the repurchase agreement, as well as additional disclosures. The accounting amendments and disclosures are effective for interim and annual periods beginning after December 15, 2014. The disclosures for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings are required to be presented for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. The adoption of this guidance is not expected to have a material effect on the Company's financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

In June 2014, the FASB issued ASU No. 2014-12, Compensation-Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The new guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for annual and interim periods beginning after December 15, 2015, with early adoption permitted. The Company's current accounting treatment of performance conditions for employees who are or become eligible prior to the achievement of the performance target are consistent with ASU 2014-12, and as such does not expect the new guidance to have a material effect on the Corporation's financial condition and results of operations. The Company adopted ASU 2014-12 in the first quarter of 2015.

In August 2014, the FASB issued ASU 2014-13, Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity. The amendments of ASU 2014-13 allow for a reporting entity that consolidates a collateralized financing entity within the scope of the guidance to elect to measure the financial assets and the financial liabilities of that collateralized financing entity using the measurement alternative. Under the measurement alternative, the reporting entity should measure both the financial assets and the financial liabilities of that collateralized financing entity in its consolidated financial statements using the more observable of the fair value of the financial assets and the fair value of the financial liabilities. The amendments are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The adoption of this guidance is not expected to have a material effect on the Company's financial statements.

In August 2014, the FASB issued ASU 2014-14, Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40). The amendments in this Update require that a mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if the following conditions are met: (1) the loan has a government guarantee that is not separable from the loan before foreclosure, (2) at the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim, and (3) at the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. The amendments in this Update are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. This Update did not have a significant impact on the Company's financial statements.

In January 2015, the FASB issued ASU 2015-01, Income Statement – Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. The amendments of ASU 2015-01 eliminate from Generally Accepted Accounting Principles the concept of extraordinary items. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 2. Securities

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

Securities Available-for-Sale	June 30, 2015 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Debt Securities				
FHLMC Mortgage-Backed Certificates	$267	$ 17	$ --	$284
FNMA Mortgage-Backed Certificates	27,263	605	61	27,807
GNMA Mortgage-Backed Certificates	17,203	5	414	16,794
Total Debt Securities	44,733	627	475	44,885
Total Securities Available-for-Sale	$44,733	$ 627	$ 475	$44,885
Securities Held-to-Maturity				
Equity Securities (Non-Marketable)				
17,600 Shares – Federal Home Loan Bank	$1,760	$ --	$ --	$1,760
630 Shares – First National Bankers Bankshares, Inc.	250	--	--	250
Total Equity Securities	2,010	--	--	2,010
Total Securities Held-to-Maturity	$2,010	$ --	$ --	$2,010

Securities Available-for-Sale	June 30, 2014 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Debt Securities				
FHLMC Mortgage-Backed Certificates	$311	$ 12	$ --	$323
FNMA Mortgage-Backed Certificates	24,947	857	24	25,780
GNMA Mortgage-Backed Certificates	22,915	6	590	22,331
Total Debt Securities	48,173	875	614	48,434
Total Securities Available-for-Sale	$48,173	$ 875	$ 614	$48,434
Securities Held-to-Maturity				
Equity Securities (Non-Marketable)				
15,145 Shares – Federal Home Loan Bank	$1,515	$ --	$ --	$1,515

630 Shares – First National Bankers Bankshares, Inc.	250	--	--	250
Total Equity Securities	1,765	--	--	1,765
Total Securities Held-to-Maturity	$1,765	$ --	$ --	$1,765

54

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 2. Securities (Continued)

The amortized cost and fair value of securities by contractual maturity at June 30, 2015, follows:

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)			
Within One Year or Less	$2	$2	$--	$--
One through Five Years	201	206	--	--
After Five through Ten Years	97	102	--	--
Over Ten Years	44,433	44,575	--	--
	44,733	44,885	--	--
Other Equity Securities	--	--	2,010	2,010
Total	$44,733	$44,885	$2,010	$2,010

For the years ended June 30, 2015 and 2014, proceeds from the sale of securities available-for-sale amounted to $2.0 million and $13.0 million, respectively. Gross realized gains amounted to $10,000 and $35,000, respectively. There were no gross realized losses for the years ended June 30, 2015 or 2014.

Information pertaining to securities with gross unrealized losses at June 30, 2015 and 2014, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	June 30, 2015			
	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	$61	$10,345	$414	$16,683
Marketable Equity Securities	--	--	--	--
Total Securities Available-for-Sale	$61	$10,345	$414	$16.683

June 30, 2014

	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	$24	$1,947	$590	$22,193
Marketable Equity Securities	--	--	--	--
Total Securities Available-for-Sale	$24	$1,947	$590	$22,193

55

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 2. Securities (Continued)

The unrealized losses on the Company's investment in mortgage-backed securities at June 30, 2015 and 2014 were caused by interest rate changes. The contractual cash flows of these investments are guaranteed by agencies of the U.S. government. Accordingly, it is expected that these securities would not be settled at a price less than the amortized cost of the Company's investment. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at June 30, 2015.

At June 30, 2015 and 2014, securities with a carrying value of $1.8 million and $10.0 million, respectively, were pledged to secure public deposits, and securities and mortgage loans with a carrying value of $125.3 million and $123.9 million, respectively, were pledged to secure FHLB advances.

Note 3. Loans Receivable

Loans receivable at June 30, 2015 and 2014, are summarized as follows:

	2015	2014
	(In Thousands)	
Loans Secured by Mortgages on Real Estate		
One- to Four-Family Residential	$103,332	$89,545
Commercial	62,080	56,266
Multi-Family Residential	15,246	20,368
Land	19,866	19,945
Construction	17,620	12,505
Equity and Second Mortgage	2,460	2,563
Equity Lines of Credit	22,187	14,950
Total Mortgage Loans	242,791	216,142
Commercial Loans	28,019	25,749
Consumer Loans		
Loans on Savings Accounts	209	255
Automobile and Other Consumer Loans	110	111
Total Consumer and Other Loans	319	366
Total Loans	271,129	242,257
Less: Allowance for Loan Losses	(2,515)	(2,396)
Unamortized Loan Fees	(187)	(298)
Net Loans Receivable	$268,427	$239,563

An analysis of the allowance for loan losses follows:

	2015	2014
	(In Thousands)	
Balance - Beginning of Year	$2,396	$2,240
Provision for Loan Losses	300	168
Loan Charge-Offs	(181)	(12)
Balance - End of Year	$2,515	$2,396

56

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3. Loans Receivable (Continued)

Fixed rate loans receivable as of June 30, 2015, are scheduled to mature and adjustable rate loans are scheduled to re-price as follows (in thousands):

	Under One Year	Over One to Five Years	Over Five to Ten Years	Over Ten Years	Total
Loans Secured by One- to Four-Family Residential		(In Thousands)			
Fixed Rate	$9,386	$29,317	$5,374	$41,698	$85,775
Adjustable Rate	1,384	2,318	1,246	12,609	17,557
Other Loans Secured by Real Estate					
Fixed Rate	46,979	58,666	22,593	11,221	139,459
All Other Loans	14,262	12,846	1,230	--	28,338
Total	$72,011	$103,147	$30,443	$65,528	$271,129

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 a 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:

Pass - Loans classified as pass are well protected by the current net worth or paying capacity of the obligor or by the fair value, less cost to acquire and sell, the underlying collateral in a timely manner.

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 AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3. Loans Receivable (Continued)

Credit Quality Indicators (Continued)
The following tables present the grading of loans, segregated by class of loans, as of June 30, 2015 and 2014:

June 30, 2015	Pass	Special Mention	Substandard	Doubtful	Total
	(In Thousands)				
Real Estate Loans:					
One- to Four-Family Residential	$103,207	$ 112	$ 13	$ --	$103,332
Commercial	61,542	538	--	--	62,080
Multi-Family Residential	15,246	--	--	--	15,246
Land	19,866	--	--	--	19,866
Construction	17,620	--	--	--	17,620
Equity and Second Mortgage	2,460	--	--	--	2,460
Equity Lines of Credit	22,163	--	24	--	22,187
Commercial Loans	28,019	--	--	--	28,019
Consumer Loans	319	--	--	--	319
Total	$270,442	$ 650	$ 37	$ --	$271,129

June 30, 2014	Pass	Special Mention	Substandard	Doubtful	Total
	(In Thousands)				
Real Estate Loans:					
One- to Four-Family Residential	$89,345	$ 49	$ --	$ 151	$89,545
Commercial	53,621	2,645	--	--	56,266
Multi-Family Residential	20,368	--	--	--	20,368
Land	19,945	--	--	--	19,945
Construction	12,505	--	--	--	12,505
Equity and Second Mortgage	2,563	--	--	--	2,563
Equity Lines of Credit	14,923	--	--	27	14,950
Commercial Loans	25,749	--	--	--	25,749
Consumer Loans	366	--	--	--	366
Total	$239,385	$ 2,694	$ --	$ 178	$242,257

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.

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3. Loans Receivable (Continued)

Credit Quality Indicators (Continued)

An aging analysis of past due loans, segregated by class of loans, as of June 30, 2015 and 2014, is as follows:

June 30, 2015	30-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
	(In Thousands)						
Real Estate Loans:							
One- to Four-Family Residential	$2,137	$1,100	$ 80	$3,317	$100,015	$ 103,332	$ 67
Commercial	--	--	--	--	62,080	62,080	--
Multi-Family Residential	--	--	--	--	15,246	15,246	--
Land	--	--	--	--	19,866	19,866	--
Construction	--	--	--	--	17,620	17,620	--
Equity and Second Mortgage	--	--	--	--	2,460	2,460	--
Equity Lines of Credit	--	--	--	--	22,187	22,187	--
Commercial Loans	--	--	--	--	28,019	28,019	--
Consumer Loans	3	--	--	3	316	319	--
Total	$2,140	$1,100	$ 80	$3,320	$267,809	$ 271,129	$ 67

June 30, 2014	30-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
				(In Thousands)			
Real Estate Loans:							
One- to Four-Family Residential	$1,326	$435	$164	$ 1,925	$87,620	$ 89,545	$ 13
Commercial	--	--	--	--	56,266	56,266	--
Multi-Family Residential	--	--	--	--	20,368	20,368	--

Land	--	--	--	--	19,945	19,945	--
Construction	--	--	--	--	12,505	12,505	--
Equity and Second Mortgage	--	--	--	--	2,563	2,563	--
Equity Lines of Credit	--	--	27	27	14,923	14,950	--
Commercial Loans	259	--	--	259	25,490	25,749	--
Consumer Loans	--	--	--	--	366	366	--
Total	$ 1,585	$ 435	$ 191	$ 2,211	$ 240,046	$ 242,257	$ 13

HOME FEDERAL BANCORP, INC. OF LOUISIANA AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3. Loans Receivable (Continued)

Credit Quality Indicators (Continued)
The allowance for loan losses and recorded investment in loans for the year ended June 30, 2015 and 2014, was as follows:

June 30, 2015	Real Estate Loans Residential	Commercial	Multi-Family	Land	Construction	Other	Commercial Loans	Consumer Loans	Total
	(In Thousands)								
Allowance for loan losses:									
Beginning Balances	$1,224	$464	$128	$168	$105	$99	$202	$6	$2,396
Charge-Offs	(181)	--	--	--	--	--	--	--	(181)
Recoveries	--	--	--	--	--	--	--	--	--
Current Provision	152	(49)	(25)	(14)	41	93	103	(1)	300
Ending Balances	$1,195	$415	$103	$154	$146	$192	$305	$5	$2,515
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	1,195	415	103	154	146	192	305	5	2,515
Loans Receivable:									
Ending Balances - Total	$103,332	$62,080	$15,246	$19,866	$17,620	$24,647	$28,019	$319	$271,129
Ending Balances:									
Evaluated for Impairment:									
Individually	125	537	--	--	--	25	--	--	687
Collectively	$103,207	$61,543	$15,246	$19,866	$17,620	$24,622	$28,019	$319	$270,442

June 30, 2014	Real Estate Loans Residential	Commercial	Multi-Family	Land	Construction	Other	Commercial Loans	Consumer Loans	Total
				(In Thousands)					
Allowance for loan losses:									
Beginning Balances	$1,023	$338	$103	$127	$146	$85	$412	$6	$2,240
Charge-Offs	--	--	--	--	--	(12)	--	--	(12)
Recoveries	--								