

HOME FEDERAL BANCORP INC
Form 10-Q/A
August 24, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

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

For the quarterly period ended June 30, 2005

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: 000-50901

HOME FEDERAL BANCORP, INC.

(Exact name of registrant as specified in its charter)

United States

(State or other jurisdiction of incorporation
Employer
or organization);
Number) 20-0945587 (I.R.S.
I.D.)

500 12th Avenue South, Nampa, Idaho

(Address of principal executive offices) 83651 (Zip Code)

Registrant's telephone number, including area code: (208) 466-4634

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$.01 par value per share, 15,208,750 shares outstanding as of August 1, 2005.

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HOME FEDERAL BANCORP, INC.
FORM 10-Q/A

EXPLANATORY NOTE

This Form 10-Q/A amends the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, and is being filed solely to correct a typographical error in the Interest Income line item, Loan interest, for the nine months ended June 30, 2005 contained in the Consolidated Statements of Income. The registrant's Consolidated Financial Statements included in this Form 10-Q/A have not changed in any other respect. Exhibit Numbers 31.1, 31.2 and 32 are being included with this Form 10-Q/A and have been dated as of the date of this filing but are otherwise unchanged.

HOME FEDERAL BANCORP, INC.
FORM 10-Q/A
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PART 1 - FINANCIAL INFORMATION

Item 1 - Financial Statements.

Home Federal Bancorp, Inc. (the "Company") was formed to serve as the stock holding company for Home Federal Savings and Loan Association of Nampa (the "Association") pursuant to the Association's mutual holding company reorganization. In connection with the mutual holding company reorganization, the Association converted to a federally chartered stock savings bank and changed its name to Home Federal Bank (the "Bank"). On December 6, 2004, the Company's minority stock offering closed and 6,083,500 shares were sold at \$10.00 per share, 8,979,246 shares were issued to Home Federal MHC, the mutual holding company parent of the Company, and an additional 146,004 shares were issued to the Home Federal Foundation, Inc. (the "Foundation"). For further discussion of the Company's formation and operations, see the Company's Annual Report on Form 10-K for the year ended September 30, 2004 ("2004 10-K"). Based upon the foregoing, the Unaudited Interim Consolidated Financial Statements filed as a part of this quarterly report for periods prior to December 6, 2004, are those of the Bank as a federal mutual savings and loan association and its wholly-owned subsidiary, Idaho Home Service Corporation, as follows:

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HOME FEDERAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data) (Unaudited)

ASSETS

	June 30, 2005	September 30, 2004
	\$	\$
Cash and amounts due from depository institutions	21,577	215,663
Mortgage-backed securities available for sale, at fair value	17,910	871
Mortgage-backed securities held to maturity, at cost	164,337	96,595
Federal Home Loan Bank stock, at cost	9,591	7,317
Loans receivable, net of allowance for loan losses of \$2,903 and \$2,637	433,892	392,634
Loans held for sale	3,521	3,577
Accrued interest receivable	2,337	2,019
Property and equipment, net	11,226	10,967
Mortgage servicing rights, net	2,752	3,152
Bank owned life insurance	10,009	10,052
Real estate and other property owned	604	113
Other assets	1,467	907
	\$	\$
TOTAL ASSETS	679,223	743,867

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Deposit accounts

	\$	\$
Demand deposits	167,684	153,409
Savings deposits	25,375	25,453
Certificates of deposit	188,052	164,225
	\$	\$
Total deposit accounts	381,111	343,087
Advances by borrowers for taxes and insurance	2,053	3,716
Interest payable	1,648	1,420
Deferred compensation	2,867	2,463
Federal Home Loan Bank advances	181,750	122,797
Deferred income tax liability	1,548	2,264
Other liabilities	4,505	223,023
	\$	\$
Total liabilities	575,482	698,770

STOCKHOLDERS' EQUITY

Serial preferred stock, \$.01 par value; 5,000,000 authorized, issued and outstanding, none	-	-
Common stock, \$.01 par value; 50,000,000 authorized, issued and outstanding:	152	-

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June 30, 2005 - 15,208,750 issued and outstanding		
September 30, 2004 - none issued and outstanding		
Additional paid-in capital	59,909	-
Retained earnings	48,359	45,099
Unearned shares issued to employee stock ownership plan ("ESOP")	(4,635)	-
Accumulated other comprehensive loss	(44)	(2)
	<u>103,741</u>	<u>45,097</u>
Total stockholders' equity		
	\$	\$
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	679,223	743,867

See accompanying notes.

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HOME FEDERAL BANCORP,
INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS
OF INCOME

(In thousands, except share data)
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2005	2004	2005	2004
Interest and dividend income:				
	\$	\$	\$	\$
Loan interest	6,666	5,948	19,050	17,889
Investment interest	11	10	271	79
Mortgage-backed security interest	2,071	859	5,479	1,918
Federal Home Loan Bank dividends	-	67	30	215
Total interest and dividend income	<u>8,748</u>	<u>6,884</u>	<u>24,830</u>	<u>20,101</u>
Interest expense:				
Deposits	1,602	1,233	4,492	3,617
Federal Home Loan Bank advances	1,531	1,158	4,240	3,456
Total interest expense	<u>3,133</u>	<u>2,391</u>	<u>8,732</u>	<u>7,073</u>
Net interest income	5,615	4,493	16,098	13,028
Provision for loan losses	161	300	456	900
Net interest income after provision for loan losses	<u>5,454</u>	<u>4,193</u>	<u>15,642</u>	<u>12,128</u>
Noninterest income:				

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Service charges and fees	2,146	2,030	6,057	5,504
Gain on sale of loans	62	77	202	421
Increase in cash surrender value of bank owned life insurance	91	122	253	371
Loan servicing fees	166	168	506	500
Mortgage servicing rights, net	(245)	287	(399)	173
Other	472	(68)	931	(12)
	<u>2,692</u>	<u>2,616</u>	<u>7,550</u>	<u>6,957</u>
Total noninterest income				
Noninterest expense:				
Compensation and benefits	3,195	2,753	9,344	8,094
Occupancy and equipment	690	686	2,091	2,062
Data processing	427	374	1,246	1,098
Advertising	239	309	889	824
Postage and supplies	186	193	584	601
Professional services	276	73	698	253
Insurance and taxes	91	117	241	325
Charitable contribution to Foundation	-	-	1,825	-
Other	442	216	878	682
	<u>5,546</u>	<u>4,721</u>	<u>17,796</u>	<u>13,939</u>
Total noninterest expense				
Income before income taxes	2,600	2,088	5,396	5,146
Income tax expense	802	770	1,850	1,875
	<u>2,600</u>	<u>2,088</u>	<u>5,396</u>	<u>5,146</u>
	<u>802</u>	<u>770</u>	<u>1,850</u>	<u>1,875</u>
	\$	\$	\$	\$
NET INCOME	1,798	1,318	3,546	3,271
Earnings per common share:				
Basic	\$ 0.12	nm ⁽¹⁾	\$ 0.24	nm ⁽¹⁾
Diluted	\$ 0.12	nm ⁽¹⁾	\$ 0.24	nm ⁽¹⁾
Weighted average number of shares outstanding:				
Basic	14,735,474	nm ⁽¹⁾	14,725,923	nm ⁽¹⁾
Diluted	14,735,474	nm ⁽¹⁾	14,725,923	nm ⁽¹⁾

(1)

Shares outstanding and earnings per share information are not meaningful. The Company did not complete its minority stock offering until December 6, 2004 and did not have any outstanding shares prior to that date.

See accompanying notes.

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(In thousands, except share data) (Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Unearned Shares Issued to Employee Stock Ownership Plan	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount					
Balance at Sept. 30, 2003	-	\$ -	\$ -	\$ 40,415	\$ -	\$ (16)	\$ 40,399
Comprehensive income:							
Net income				4,684			4,684
Other comprehensive income:							
Change in unrealized holding loss on securities available for sale, net of deferred income taxes						14	14
Comprehensive income:							4,698
Balance at Sept. 30, 2004	-	-	-	45,099	-	(2)	45,097
Common stock issued	15,062,746	151	58,424		(4,984)		53,591
Common stock issued to Foundation	146,004	1	1,459				1,460
Distribution to capitalize Mutual Holding Company			(50)				(50)
ESOP shares committed to be released			76		349		425
Dividends paid (\$0.05 per share) ⁽¹⁾				(286)			(286)
Comprehensive income:							
Net income				3,546			3,546
Other comprehensive income:							
Change in unrealized holding loss on securities available for sale, net of deferred income taxes						(42)	(42)

Comprehensive income: 3,504

Balance at June 30, 2005 15,208,750 \$ 152 \$ 59,909 \$ 48,359 \$ (4,635) \$ (44) \$ 103,741
(1)

Home Federal MHC waived its receipt of dividends on the 8,979,246 shares it owns.

See accompanying notes.

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HOME FEDERAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands) (Unaudited)

Nine Months Ended
June 30,

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,546	\$ 3,271
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,261	1,187
Net amortization (accretion) of premiums and discounts on investments	(29)	(4)
(Gain) loss on sale of fixed assets and repossessed assets	(361)	55
Gain on sale of securities available for sale	-	39
Income from death benefits on bank owned life insurance	(456)	-
ESOP shares committed to be released	425	-
Non-cash contribution to Foundation	1,460	-
Provision for losses	456	900
Federal Home Loan Bank stock dividend	(30)	(215)
Deferred compensation expense	404	504
Net deferred loan fees	(178)	(220)
Provision (benefit) for deferred income taxes	(678)	(637)
Net gain on sale of loans	(231)	(421)
Proceeds from sale of loans held for sale	39,392	55,861
Originations of loans held for sale	(39,112)	(52,148)
Impairment of mortgage servicing asset	300	130
Net increase in value of bank owned life insurance	(253)	(326)
Change in assets and liabilities:		
Interest receivable	(318)	(212)
Other assets	(499)	441
Interest payable	228	344
Other liabilities	2,245	133
Other	-	(1,168)
Net cash provided by operating activities	7,572	7,514

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from maturity of mortgage-backed securities held to maturity	13,820	9,136
Purchase of mortgage-backed securities held to maturity	(81,517)	(67,360)
Proceeds from sale and maturity of mortgage-backed securities available for sale	2,138	81
Purchase of mortgage-backed securities available for sale	(19,261)	(991)
Proceeds from sale of securities available for sale	-	5,468
Purchases of property and equipment	(1,669)	(1,978)
Purchase of Federal Home Loan Bank stock	(2,244)	(369)
Loan originations and principal collections, net	(42,190)	(14,770)
Proceeds from disposition of property and equipment	560	80
Proceeds from death benefits on bank owned life insurance	752	-
Proceeds from sale of repossessed assets	148	-
	<hr/>	<hr/>
Net cash used in investing activities	(129,463)	(70,703)
	<hr/>	<hr/>

CASH FLOWS FROM FINANCING ACTIVITIES:

Net increase in deposits	38,024	32,249
Net decrease in advances by borrowers for taxes and insurance	(1,663)	(1,713)
Proceeds from Federal Home Loan Bank advances	230,500	81,650
Repayment of Federal Home Loan Bank advances	(171,547)	(46,421)
Stock subscription orders refunded	(220,813)	-
Dividends paid	(287)	-
Net proceeds from stock issuance	53,591	-
	<hr/>	<hr/>
Net cash (used in) provided by financing activities	(72,195)	65,765
	<hr/>	<hr/>

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS

	(194,086)	2,576
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	215,663	11,118
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 21,577	\$ 13,694

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HOME FEDERAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In thousands) (Unaudited)Nine Months Ended
June 30,

2005

2004

SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION:

Cash paid during the year for:

Interest

	\$	\$
	8,504	6,729
Income taxes	2,575	2,512
Acquisition of real estate and other assets in settlement of loans	790	10
Fair value adjustment to securities available for sale, net of taxes	(41)	6

See accompanying notes.

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HOME FEDERAL BANCORP, INC. AND SUBSIDIARY
SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Basis of Presentation

The consolidated financial statements presented in this quarterly report include the accounts of the Company and its wholly-owned subsidiary, Home Federal Bank. The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America for interim financial information and are unaudited. All significant intercompany transactions and balances have been eliminated. In the opinion of the Company's management, all adjustments consisting of normal recurring accruals necessary for a fair presentation of the financial condition and results of operations for the interim periods included herein have been made. The consolidated statement of financial condition as of September 30, 2004 has been derived from the audited consolidated statement of financial condition of the Bank as a federal mutual savings and loan association as of that date.

Certain information and note disclosures normally included in the Company's annual consolidated financial statements have been condensed or omitted. Therefore, these consolidated financial statements and notes thereto should be read in conjunction with the Company's September 30, 2004 audited financial statements and notes included in the 2004 Form 10-K filed with the Securities and Exchange Commission ("SEC") on December 29, 2004.

Note 2 - Summary of Significant Accounting Policies

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Changes in these estimates and assumptions are considered reasonably possible and may have a material impact on the consolidated financial statements, and thus actual results could differ from the amounts reported and disclosed herein. The Company considers the allowance for loan losses, mortgage servicing rights, and deferred income taxes to be critical accounting estimates.

The accounting estimate related to the allowance for loan losses is a critical accounting estimate because it is highly susceptible to change from period to period requiring management to make assumptions about future losses on loans. The impact of a sudden large loss could deplete the allowance and potentially require increased provisions to replenish the allowance, which would negatively affect earnings.

The most critical accounting policy associated with mortgage servicing is the methodology used to determine the fair value of capitalized mortgage servicing rights, which requires the development of a number of estimates, the most

critical of which is the mortgage loan prepayment speeds assumption. The Company performs a quarterly review of mortgage servicing rights for potential declines in value. This review may include an independent appraisal by an outside party of the fair value of the mortgage servicing rights.

Deferred income taxes are computed using the asset and liability approach as prescribed in the Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*. Under this method, a deferred tax asset or liability is determined based on the currently enacted tax rates applicable to the period in which the differences between the financial statement carrying amounts and tax basis of the existing assets and liabilities are expected to be reported in the Company's income tax returns.

At June 30, 2005, there were no material changes in the Company's significant accounting policies or critical accounting estimates from those disclosed in the Company's 2004 Form 10-K.

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Note 3 - Mutual Holding Company Reorganization

On May 18, 2004, the Board of Directors of the Association unanimously adopted a Plan of Reorganization and Stock Issuance. At the special meeting of members of the Association held on September 20, 2004, members approved the Plan of Reorganization and Stock Issuance and the contribution to the Foundation by more than the required majority of the total votes entitled to be cast at the special meeting.

Pursuant to the Plan of Reorganization and Stock Issuance, the Association: (i) converted to a federal stock savings bank (Stock Savings Bank) as the successor to the Association in its current mutual form; (ii) organized a Stock Holding Company as a federally-chartered corporation that owns 100% of the common stock of the Stock Savings Bank; and (iii) organized a Mutual Holding Company as a federally-chartered mutual holding company that owns at least 51% of the common stock of the Stock Holding Company for as long as the Mutual Holding Company remains in existence. The Stock Savings Bank succeeded to the business and operations of the Association in its mutual form, and the Stock Holding Company sold 40.0% of its common stock in a public stock offering that was completed on December 6, 2004.

All depositors who had membership or liquidation rights with respect to the Association as of December 6, 2004 (the effective date of the reorganization) continue to have such rights solely with respect to the Mutual Holding Company for as long as they continue to hold deposit accounts with the Bank. In addition, all persons who become depositors of the Bank subsequent to the reorganization have membership and liquidation rights with respect to the Mutual Holding Company. Borrower members of the Association at the time of the reorganization have the same membership rights in the Mutual Holding Company that they had in the Association immediately prior to the reorganization for as long as their existing borrowings remain outstanding.

On December 6, 2004, the Bank completed the mutual holding company reorganization and minority stock offering. The Company sold 6,083,500 shares of its common stock, \$0.01 par value, at a price of \$10.00 per share. As part of the reorganization and minority stock offering, the Company also established and capitalized the Foundation with a \$1.8 million one-time contribution, which consisted of 146,004 shares of its common stock and \$365,010 in cash. In addition, the Company issued 8,979,246 additional shares, or 59.04% of its outstanding shares, to Home Federal MHC, a federally-chartered mutual holding company.

Note 4 - Employee Stock Ownership Plan

In connection with the minority stock offering, the Company established an ESOP for the benefit of its employees. The Company issued 498,360 shares of common stock to the ESOP in exchange for a ten-year note of approximately \$5.0 million, which has been recorded as "Unearned shares issued to employee stock ownership plan" within stockholders' equity. As shares are released from collateral, the Company will report compensation expense equal to the current market price of the shares. Dividends on allocated ESOP shares reduce retained earnings; dividends on unallocated ESOP shares reduce principal or interest on the ESOP loan.

Note 5 - Stock-Based Compensation

On June 23, 2005, stockholders approved long-term stock-based benefit plans that enable the Company to grant stock options, stock appreciation rights and restricted stock awards to employees and directors. The Company measures its stock-based compensation arrangements using the provisions outlined in Accounting Principles Board Opinion ("APB") No. 25, *Accounting for Stock Issued to Employees*, which is an intrinsic value-based method of recognizing compensation costs. The Company has adopted the disclosure-only requirements of SFAS No. 123, as amended by SFAS No. 148, *Accounting for Stock-Based Compensation - Transition and Disclosure - An Amendment of FASB Statement No. 123*. As of June 30, 2005, no stock options, stock appreciation rights or restricted stock had been granted.

Stock Option and Incentive Plan ("SOP").

The Company implemented the SOP to promote the long-term interests of the Company and its stockholders by providing an incentive to those key employees who contribute to the operating success of the Company. The maximum number of stock options and stock appreciation rights that may be issued under the SOP is 745,229. On July 19, 2005, the Company granted stock options covering 581,278 shares of common stock to certain employees and directors. The options were granted at the then fair market value, vest over five years and expire 10 years from the date of grant.

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Recognition and Retention Plan ("RRP").

The purpose of the RRP is to promote the long-term interests of the Company and its stockholders by providing restricted stock as a means for attracting and retaining directors and certain employees. The maximum number of shares that may be awarded under the RRP is 298,092. Restricted stock awards vest over a five-year period, and therefore, the cost of such will be accrued ratably over a five-year period as compensation expense.

Note 6 - Earnings Per Share

Earnings per share ("EPS") is computed using the basic and diluted weighted average number of common shares outstanding during the period. Basic EPS is computed by dividing the Company's net income or loss by the weighted average number of common shares outstanding for the period. Diluted EPS is computed by dividing net income or loss by diluted weighted average shares outstanding, which include common stock equivalent shares outstanding using the treasury stock method, unless such shares are anti-dilutive. There were no outstanding securities or contracts that could be exercised or converted into common stock as of June 30, 2005. Therefore, basic and diluted earnings per share are the same. ESOP shares are not considered outstanding for earnings per share purposes until they are committed to be released.

The following table presents the computation of basic and diluted earnings per share for the periods indicated (in thousands, except share data):

Three Months Ended

Nine Months Ended

	June 30,		June 30,	
	2005	2004	2005	2004
Net income	\$ 1,798 14,735,474	\$ 1,318 nm ⁽¹⁾	\$ 3,546 14,725,923	\$ 3,271 nm ⁽¹⁾
Weighted average shares outstanding			\$	
Basic and diluted earnings per share (1)	\$ 0.12	nm ⁽¹⁾	0.24	nm ⁽¹⁾

Shares outstanding and earnings per share information are not meaningful. The Company did not complete its minority stock offering until December 6, 2004.

Note 7 - Recently Issued Accounting Standards

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (Revised 2004), *Share-Based Payment*. This Statement replaces SFAS No. 123, *Accounting for Stock Based Compensation*, and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*. SFAS No. 123(R) requires that the compensation cost relating to share-based payment transactions (for example, stock options granted to employees of the Company) be recognized in the Company's financial statements. That cost will be measured based on the fair value of the equity or liability instruments used. SFAS No. 123(R) covers a wide range of share-based compensation arrangements including stock options, restricted stock plans, performance-based awards, stock appreciation rights, and employee stock purchase plans. On April 21, 2005 the SEC issued a ruling extending the mandatory compliance date for SFAS 123(R). Under the ruling, public entities (other than those filing as small business issuers) will be required to apply SFAS No. 123(R) for fiscal years beginning after June 15, 2005. The Company plans to adopt the provisions of SFAS No. 123(R) effective October 1, 2005, and is in the process of evaluating the impact on its consolidated financial position or results of operations.

On May 30, 2005, FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*. This Statement eliminates the requirement in APB Opinion No. 20, *Accounting Changes*, to include the cumulative effect of changes in accounting principle in the income statement in the period of change. To enhance the comparability of prior period financial statements, Statement 154 requires that changes in accounting principle be retrospectively applied. The Statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 is not expected to have any impact on the Company's consolidated financial condition or results of operations.

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Note 8 - Mortgage-Backed Securities

Mortgage-backed securities available for sale consisted of the following (in thousands):

June 30, 2005			
Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value

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Agency mortgage-backed securities	\$ 17,982	\$ 43	\$ (115)	\$ 17,910
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September 30, 2004

Agency mortgage-backed securities	\$ 874	\$ -	\$ (3)	\$ 871
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The contractual maturities of mortgage-backed securities available for sale are shown below. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations without prepayment penalties (in thousands).

	June 30, 2005	
	Amortized Cost	Fair Value
Due after five years through ten years	\$ 756	\$ 747
Due after ten years	17,226	17,163
Total	\$ 17,982	\$ 17,910

The Company realized no gains or losses on sales of mortgage-backed securities available for sale for the three months ended June 30, 2005 and 2004.

Mortgage-backed securities held to maturity consisted of the following (in thousands):

	June 30, 2005			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Agency mortgage-backed securities	\$ 160,666	\$ 1,071	\$ (393)	\$ 161,344
Non-agency mortgage-backed securities	3,671	-	(66)	3,605
Total	\$ 164,337	\$ 1,071	\$ (459)	\$ 164,949

September 30, 2004

Agency mortgage-backed securities	\$ 96,595	\$ 1,215	\$ (284)	\$ 97,526
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The contractual maturities of mortgage-backed securities held to maturity are shown below. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations without prepayment penalties (in thousands).

	June 30, 2005	
	Amortized Cost	Fair Value
	\$	\$
Due within one year	8	8
Due after one year through five years	2,048	2,121
Due after five years through ten years	7,753	7,695
Due after ten years	154,528	155,125
	\$	\$
Total	164,337	164,949

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The fair value of temporarily impaired securities, the amount of unrealized losses and the length of time these unrealized losses existed as of June 30, 2005 are as follows (in thousands):

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities, available for sale	\$ 9,295	\$(115)	\$ -	\$ -	\$ 9,295	\$(115)
Mortgage-backed securities, held to maturity	52,665	(318)	12,582	(141)	65,247	(459)
Total	\$61,960	\$(433)	\$12,582	\$(141)	\$74,542	\$(574)

Management has evaluated these securities and has determined that the decline in the value is temporary and not related to any company or industry specific event. The Company has the ability and intent to hold the securities for a reasonable period of time for a forecasted recovery of the amortized cost.

As of June 30, 2005, the Company had pledged mortgage-backed securities with an amortized cost of \$127 million and a fair value of \$128 million as collateral for advances at the Federal Home Loan Bank of Seattle ("FHLB").

Note 9 -Loans Receivable

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Loans receivable are summarized as follows (dollars in thousands):

	June 30, 2005		September 30, 2004	
	Balance	Percent of Total	Balance	Percent of Total
Real Estate Loans				
One-to four family residential	\$253,838	58.00%	\$242,818	61.27%
Multi-family residential	5,464	1.25	6,265	1.58
Commercial	114,245	26.10	93,575	23.61
Total real estate loans	373,547	85.35	342,658	86.46
Real Estate Construction Loans				
One-to four family residential	13,577	3.10	7,207	1.82
Multi-family residential	1,427	0.33	834	0.21
Commercial and land development	10,815	2.47	11,151	2.81
Total real estate construction loans	25,819	5.90	19,192	4.84
Consumer Loans				
Home equity lines of credit	29,369	6.71	27,351	6.90
New and used automotive and RV	4,434	1.01	3,838	0.97
Other consumer	1,878	0.43	1,949	0.49
Total consumer loans	35,681	8.15	33,138	8.36
Commercial/business loans	2,643	0.60	1,363	0.34
	437,690	100.0%	396,351	100.0%
Less:				
Deferred loan fees	895		1,080	
Allowance for loan losses	2,903		2,637	
Loans receivable, net	\$433,892		\$392,634	

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be

signed on its behalf by the undersigned thereunto duly authorized.

Home Federal Bancorp, Inc.

Date: August 22, 2005

/s/ Daniel L. Stevens

Daniel L. Stevens
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

Date: August 22, 2005

/s/ Robert A. Schoelkoph

Robert A. Schoelkoph
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

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EXHIBIT 31.1

Certification of Chief Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Daniel L. Stevens, President and Chief Executive Officer of Home Federal Bancorp, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Home Federal Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

- (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: August 22, 2005

/s/ Daniel L. Stevens

Daniel L. Stevens
Chairman, President and
Chief Executive Officer

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EXHIBIT 31.2

Certification of Chief Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert A. Schoelkoph, Chief Financial Officer of Home Federal Bancorp, Inc., certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q of Home Federal Bancorp, Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: August 22, 2005

/s/ Robert A. Schoelkoph
Robert A. Schoelkoph
Senior Vice President and
Chief Financial Officer

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EXHIBIT 32

Certification of Chief Executive Officer and Chief Financial Officer of Home Federal Bancorp, Inc.
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with this Quarterly Report on Form 10-Q, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel L. Stevens

Daniel L. Stevens
Chairman, President and
Chief Executive Officer

/s/ Robert A. Schoelkoph

Robert A. Schoelkoph
Senior Vice President and
Chief Financial Officer

Dated:

August 22, 2005

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