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HOME FEDERAL BANCORP INC
Form 8-K
July 21, 2005

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: July 21, 2005

Home Federal Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Federal (State or other jurisdiction of incorporation)	000-50901 (Commission File Number)	20-0945587 (I.R.S. Employer Identification No.)
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500 12th Avenue South
Nampa, Idaho 83651
(Address of principal executive offices and zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On July 21, 2005, Home Federal Bancorp, Inc. issued its earnings release for the third quarter ended June 30, 2005. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

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(c) Exhibits

99.1 Press release of Home Federal Bancorp, Inc. dated July 21, 2005

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, hereunto duly authorized.

HOME FEDERAL BANCORP, INC.

Date: July 21, 2005

By: /s/ Daniel L. Stevens

Daniel L. Stevens
President and Chief Executive Officer

Exhibit 99.1

Contact:

Home Federal Bancorp, Inc.
Daniel L. Stevens, Chairman, President & CEO
Robert A. Schoelkoph, SVP, Treasurer & CFO
208-466-4634
www.myhomefed.com

PRESS RELEASE - For Immediate Release

HOME FEDERAL BANCORP, INC. ANNOUNCES THIRD QUARTER EARNINGS

Nampa, ID (July 21, 2005) - Home Federal Bancorp, Inc. (the "Company") (Nasdaq:HOME), the parent company of Home Federal Bank (the "Bank"), today reported net income of \$1.8 million, or \$0.12 per share, for the quarter ended June 30, 2005, compared to \$1.3 million for the same period a year ago. Net income for the nine months ended June 30, 2005 was \$3.5 million, or \$0.24 per share, compared to \$3.3 million for the same nine-month period a year ago. Results for the nine months ended June 30, 2005 include a \$386,000 pre-tax gain on the sale of a former branch and a \$1.8 million pre-tax expense for establishing the Home Federal Foundation, Inc. (the "Foundation"). Excluding the gain on the sale of the branch and the expense for establishing the Foundation, the Company had net income of \$4.4 million, or \$0.30 per share, for the nine months ended June 30, 2005.

On December 6, 2004, the Bank completed its mutual holding company

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reorganization, at which time the Bank converted to stock form and the Company was organized. As a result, comparisons to prior periods refer to the results of the Bank as a federal mutual savings and loan association, and per share data is not applicable. The per share data for the nine months ended June 30, 2005 is being reported on shares outstanding from December 6, 2004 through June 30, 2005. In connection with the reorganization, the Company received \$53.6 million in net proceeds from a minority stock offering.

The following table reconciles the Company's actual net income to pro forma net income for the nine months ended June 30, 2005, exclusive of the sale of the branch and the contribution to the Foundation, and as adjusted for Federal and state taxes (in thousands, except per share data):

	Nine Months Ended June 30,	
	2005	2004
Pro forma disclosure	(unaudited)	
Net income, as reported	\$3,546	\$3,271
Sale of branch	(386)	-
Contribution to Foundation	1,825	-
Federal and state income tax expense	(561)	-
	-----	-----
Pro forma net income	\$4,424	\$3,271
	=====	=====
Earnings per share		
Basic as reported	\$0.24	nm (1)
Pro forma basic	\$0.30	nm (1)

(1) Earnings per share information is not meaningful. The Company did not complete its minority stock offering until December 6, 2004.

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Revenues for the quarter ended June 30, 2005, which consisted of net interest income before the provision for loan losses and noninterest income, increased 17% to \$8.3 million for the quarter, compared to \$7.1 million for the quarter ended June 30, 2004. Revenues for the nine months ended June 30, 2005 increased 18% to \$23.6 million, compared to \$20.0 million for the same period of last year. Net interest income before the provision for loan losses increased 24% to \$5.6 million for the quarter ended June 30, 2005, compared to \$4.5 million for the same quarter of the prior year. For the nine months ended June 30, 2005, net interest income before the provision for loan losses increased 24% to \$16.1 million, compared to \$13.0 million for the nine months ended June 30, 2004.

For the quarter ended June 30, 2005, net interest income after provision for loan losses grew 31% to \$5.5 million, compared to \$4.2 million for the same quarter a year ago. Net interest income after provision for loan losses for the nine months ended June 30, 2005 increased 29% to \$15.6 million, compared

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to \$12.1 million for the same period of the prior year.

The Company's net interest margin decreased 21 basis points to 3.64% for the quarter ended June 30, 2005, from 3.85% for the same quarter last year. The net interest margin for the nine months ended June 30, 2005 decreased 28 basis points to 3.61% from 3.89% for the same period a year earlier. During the quarter ended December 31, 2004, the Company invested the majority of the proceeds from the Company's minority stock offering in lower-yielding mortgage-backed securities which was the primary reason for the decrease in the net interest margin for the quarter and the nine months ended June 30, 2005.

Noninterest income increased 4% to \$2.7 million for the quarter ended June 30, 2005, compared to \$2.6 million for the same quarter a year ago. Other noninterest income includes the receipt of \$460,000 in net life insurance proceeds as a result of the death of a former Bank officer. The Company also wrote down the value of its mortgage servicing rights by \$200,000. For the nine months ended June 30, 2005, noninterest income increased 9% to \$7.6 million, compared to \$7.0 million for the same period of the prior year. The increase in other noninterest income is primarily attributable to the \$386,000 gain on the sale of a branch and the receipt of \$460,000 in life insurance proceeds which is offset by a \$300,000 impairment of the Company's mortgage servicing rights.

Noninterest expense for the quarter ended June 30, 2005 increased 17% to \$5.5 million, compared to \$4.7 million for the comparable period a year earlier. Included in other noninterest expense was a \$210,000 death benefit paid to the family of a former Bank officer, pursuant to a non-qualified retirement plan. The efficiency ratio was relatively unchanged at 66.76% for the third quarter, compared to 66.41% for the same quarter last year. Noninterest expense for the nine months ended June 30, 2005 increased 28% to \$17.8 million, compared to \$13.9 million for the nine months ended June 30, 2004. The \$3.9 million increase was primarily a result of the \$1.8 million contribution to the Foundation, the \$210,000 death benefit paid to the family of a former Bank officer, additional employee compensation and professional expenses related to being a publicly held company. The efficiency ratio was 75.25% for the first nine months of fiscal year end 2005, compared to 69.75% for the same period of last fiscal year. Excluding the non-recurring contribution to the Foundation and the gain on sale of the branch, the efficiency ratio was 68.66% for the first nine months of fiscal year end 2005. The efficiency ratio indicates how much is spent on non-interest expenses as a percentage of total revenue.

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Total assets increased 31% to \$679.2 million at June 30, 2005 compared to \$519.3 million a year earlier. Total assets at June 30, 2005 decreased \$64.7 million, or 9%, from \$743.9 million at September 30, 2004. Assets at September 30, 2004 included \$220.8 million that was received from subscribers in the Company's minority stock offering. These subscription funds were subsequently refunded to subscribers in the quarter ended December 31, 2004 as a result of a change in the appraisal of the Company, which increased the valuation range of the minority stock offering. Following the refund to subscribers, the Company conducted a resolicitation and received \$153.1 million from subscribers. The Company's minority stock offering, however, was oversubscribed and as a result, \$97.2 million of the \$153.1 million of subscription funds received by the Company were returned to investors in the

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quarter ended December 31, 2004.

Net loans at June 30, 2005, increased 12% to \$433.9 million, compared to \$386.8 million at June 30, 2004. Single family lending represented 61% of the Bank's loan portfolio at June 30, 2005, compared to 63% at June 30, 2004. Commercial real estate loans accounted for 29% of the Bank's loan portfolio at June 30, 2005, compared to 27% at June 30, 2004.

Credit quality remains high, as non-performing assets were \$1.1 million, or 0.16% of total assets, at June 30, 2005, compared to \$723,000, or 0.10% of total assets, at September 30, 2004 and \$676,000, or 0.13% of total assets, at June 30, 2004. The allowance for loan losses was \$2.9 million, or 0.66% of gross loans, including loans held for sale, at June 30, 2005 as compared to \$2.6 million, or 0.66% of gross loans, at September 30, 2004 and \$2.7 million, or 0.69% of gross loans, at June 30, 2004.

Deposits increased 14% to \$381.1 million at June 30, 2005 compared to \$333.5 million at June 30, 2004. In connection with the mutual holding company reorganization and the minority stock offering, stockholders' equity increased \$55.1 million. In total, stockholders' equity increased \$60.0 million to \$103.7 million at June 30, 2005 compared to \$43.7 million a year earlier. The Company's book value per share as of June 30, 2005 was \$6.82 per share based upon 15,208,750 outstanding shares of common stock.

About the Company:

Home Federal Bancorp, Inc. is a savings and loan holding company headquartered in Nampa, Idaho. It is the subsidiary of Home Federal MHC, a federally chartered mutual holding company, and the parent company of Home Federal Bank, a federal savings bank that was originally organized as a building and loan association in 1920. The Company serves the Treasure Valley region of southwestern Idaho, which includes Ada, Canyon, Elmore and Gem Counties, through 15 full-service banking offices and two mortgage loan centers. For more information, visit the Company's web site at www.myhomefed.com

Forward Looking Statements:

Statements in this report regarding future events, performance or results are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA") and are made pursuant to the safe harbors of the PSLRA. Actual results could be materially different from those expressed or implied by the forward-looking statements. Factors that could cause results to differ include but are not limited to: general economic and banking business conditions, competitive conditions between banks and non-bank financial service providers, interest rate fluctuations, regulatory and accounting changes, the value of mortgage servicing rights, risks related to construction and development, commercial real estate and consumer lending and other risks. Additional factors that could cause actual results to differ materially are disclosed in Home Federal Bancorp,

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Inc.'s recent filings with the Securities and Exchange Commission, including but not limited to Annual Reports on Form 10-K, quarterly reports on Form 10-Q

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and current reports on Form 8-K. Forward-looking statements are accurate only as of the date released, and we do not undertake any responsibility to update or revise any forward-looking statements to reflect subsequent events or circumstances.

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

	June 30, 2005	September 30, 2004	
	-----	-----	-----
ASSETS			
Cash and amounts due from depository institutions	\$ 21,577	\$215,663	\$ 1
Mortgage-backed securities available for sale, at fair value	17,910	871	
Mortgage-backed securities held to maturity, at cost	164,337	96,595	8
Federal Home Loan Bank stock, at cost	9,591	7,317	
Loan receivable, net of allowance for loan losses of \$2,903, \$2,637, and \$2,706	433,892	392,634	386
Loans held for sale	3,521	3,577	1
Accrued interest receivable	2,337	2,019	1
Property and equipment, net	11,226	10,967	10
Mortgage servicing rights, net	2,752	3,152	3
Bank owned life insurance	10,009	10,052	9
Real estate and other property owned	604	113	
Other assets	1,467	907	
	-----	-----	-----
TOTAL ASSETS	\$679,223	\$743,867	\$519
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Deposit accounts			
Demand deposits	\$167,684	\$153,409	\$149,
Savings deposits	25,375	25,453	25,
Certificates of deposit	188,052	164,225	158,
	-----	-----	-----
Total deposit accounts	381,111	343,087	333,
Advances by borrowers for taxes and insurance	2,053	3,716	1,
Interest payable	1,648	1,420	1,
Deferred compensation	2,867	2,463	1,
Federal Home Loan Bank advances	181,750	122,797	131,
Deferred income tax liability	1,548	2,264	2,
Other liabilities	4,505	223,023	3,
	-----	-----	-----
Total liabilities	575,482	698,770	475,
STOCKHOLDERS' EQUITY			
Serial preferred stock, \$.01 par value; 5,000,000 authorized issued and outstanding, none	-	-	

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Common stock, \$.01 par value; 50,000,000 authorized, issued and outstanding:			
June 30, 2005 15,208,750 issued and outstanding	152	-	
September 30, 2004 none issued and outstanding			
June 30, 2004 none issued and outstanding			
Additional paid-in capital	59,909	-	
Retained earnings	48,359	45,099	43,6
Unearned shares issued to employee stock ownership plan	(4,635)	-	
Accumulated other comprehensive loss	(44)	(2)	

Total stockholders' equity	103,741	45,097	43,6
	-----	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$679,223	\$743,867	\$519,2
	=====	=====	=====

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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	
	-----	-----	-----	-----
Interest and dividend income:				
Loan interest	\$6,666	\$5,948	\$19,050	\$1
Investment interest	11	10	271	
Mortgage-backed security interest	2,071	859	5,479	
Federal Home Loan Bank dividends	-	67	30	
	-----	-----	-----	-----
Total interest and dividend income	8,748	6,884	24,830	2
	-----	-----	-----	-----
Interest expense:				
Deposits	1,602	1,233	4,492	
Federal Home Loan Bank advances	1,531	1,158	4,240	
	-----	-----	-----	-----
Total interest expense	3,133	2,391	8,732	
	-----	-----	-----	-----
Net interest income	5,615	4,493	16,098	1
Provision for loan losses	161	300	456	
	-----	-----	-----	-----
Net interest income after provision for loan losses	5,454	4,193	15,642	1
	-----	-----	-----	-----
Noninterest income:				
Service charges and fees	2,146	2,030	6,057	
Gain on sale of loans	62	77	202	
Increase in cash surrender value of bank				

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owned life insurance	91	122	253	
Loan servicing fees	166	168	506	
Mortgage servicing rights, net	(245)	287	(399)	
Other	472	(68)	931	
	-----	-----	-----	-----
Total noninterest income	2,692	2,616	7,550	
	-----	-----	-----	-----
Noninterest expense:				
Compensation and benefits	3,195	2,753	9,344	
Occupancy and equipment	690	686	2,091	
Data processing	427	374	1,246	
Advertising	239	309	889	
Postage and supplies	186	193	584	
Professional services	276	73	698	
Insurance and taxes	91	117	241	
Charitable contribution to Foundation	-	-	1,825	
Other	442	216	878	
	-----	-----	-----	-----
Total noninterest expense	5,546	4,721	17,796	1
	-----	-----	-----	-----
Income before income taxes	2,600	2,088	5,396	
	-----	-----	-----	-----
Income tax expense	802	770	1,850	
	-----	-----	-----	-----
NET INCOME	\$1,798	\$1,318	\$ 3,546	\$
	=====	=====	=====	=====
Earnings per common share:				
Basic	\$0.12	nm (1)	\$0.24	
Diluted	\$0.12	nm (1)	\$0.24	
Weighted average number of shares outstanding:				
Basic	14,735,474	nm (1)	14,725,923	
Diluted	14,735,474	nm (1)	14,725,923	

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

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HOME FEDERAL BANCORP, INC. AND SUBSIDIARY ADDITIONAL FINANCIAL INFORMATION (Dollars in thousands, except share data) (Unaudited)	At Or For The Nine Months Ended June 30, 2005	At Or For The Year Ended Sept. 30, 2005
	-----	-----
FINANCIAL CONDITION DATA		
Average interest-earning assets	\$595,097	\$465,384
Average interest-bearing liabilities	494,649	409,591
Net average earning assets	100,448	55,793
Average interest-earning assets to average interest-bearing liabilities	120.31%	113.62%
Stockholders' equity to assets	15.27%	6.06%

ASSET QUALITY

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Allowance for loan losses	2,903	2,637
Non-performing loans	449	610
Non-performing assets	1,053	723
Allowance for loan losses to non-performing loans	646.55%	432.30%
Allowance for loan losses to gross loans and loans held for sale	0.66%	0.66%
Non-performing loans to gross loans and loans held for sale	0.10%	0.15%
Non-performing assets to total assets	0.16%	0.10%

	At Or For The Three Months Ended June 30,		At Or For The Ni Ended June
	2005	2004	2005
SELECTED PERFORMANCE RATIOS			
Return on average assets (1)	1.10%	1.05%	0.75%
Return on average equity (1)	6.92%	nm (4)	5.30%
Net interest margin (1)	3.64%	3.85%	3.61%
Efficiency ratio	66.76%	66.41%	75.25%
Efficiency ratio, excluding non-recurring items (2)	66.76%	66.41%	68.66%
PER SHARE DATA			
Basic earnings per share	\$0.12	nm (4)	\$0.24
Diluted earnings per share	\$0.12	nm (4)	\$0.24
Book value per share	6.82	nm (4)	6.82
Cash dividends declared per share	0.05	nm (4)	0.05
Average number of shares outstanding:			
Basic (3)	14,735,474	nm (4)	14,725,923
Diluted (3)	14,735,474	nm (4)	14,725,923

(1) Amounts are annualized.

(2) Noninterest expense divided by net interest income plus noninterest income. The pro forma efficiency ratio for the nine months ended June 30, 2005 excludes the effect of the \$1.8 million contribution to the Foundation and the \$386,000 gain on sale of a branch.

(3) Amounts calculated exclude Employee Stock Ownership Plan shares not committed to be released.

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