IF Bancorp, Inc.
Form 424B3
May 20, 2011
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Registration No. 333-172843

PROSPECTUS

(Proposed Holding Company for Iroquois Federal Savings and Loan Association)

Up to 3,910,000 Shares of Common Stock

IF Bancorp, Inc., a Maryland corporation, is offering up to 3,910,000 shares of common stock on a best efforts basis in connection with the conversion of Iroquois Federal Savings and Loan Association, a federally chartered savings association, from the mutual to the stock form of organization. We may sell up to 4,496,500 shares of common stock because of demand for the shares or changes in market conditions without resoliciting subscribers. We must sell a minimum of 2,890,000 shares in order to complete the offering. All shares of common stock are being offered for sale at a price of $10.00 per share. We expect that our common stock will be listed for trading on the Nasdaq Capital Market under the symbol IROQ upon conclusion of the stock offering. There is currently no public market for the shares of our common stock.

We are offering the shares of common stock in a subscription offering. Depositors of Iroquois Federal Savings and Loan Association with aggregate account balances of at least $50 as of the close of business on February 28, 2010 will have first priority rights to buy our shares of common stock. Shares of common stock not purchased in the subscription offering may be offered for sale to the general public in a community offering. We also may offer for sale shares of common stock not purchased in the subscription offering or community offering through a syndicated community offering managed by Keefe, Bruyette & Woods, Inc. In addition, IF Bancorp, Inc. intends to establish a charitable foundation in connection with the conversion and contribute to it shares of IF Bancorp, Inc. common stock equal to 7% of the shares sold in the offering and an amount of cash equal in value to 1% of the shares sold in the offering. The aggregate value of the contribution of cash and shares of common stock will be $3.6 million at the adjusted maximum of the offering range.

The minimum number of shares of common stock you may order is 25 shares. The maximum number of shares of common stock that can be ordered through a single qualifying account is 30,000 shares, and no person by himself or with an associate or group of persons acting in concert may purchase more than 50,000 shares. The offering is expected to expire at 12:00 noon, Central time, on June 16, 2011. We may extend this expiration date without notice to you until July 31, 2011, unless the Office of Thrift Supervision approves a later date, which may not be beyond June 30, 2013. Once submitted, orders are irrevocable unless the offering is terminated or is extended beyond July 31, 2011, or the number of shares of common stock to be sold is increased to more than 4,496,500 shares or decreased to fewer than 2,890,000 shares. If the offering is extended beyond July 31, 2011, or if the number of shares of common stock to be sold is increased to more than 4,496,500 shares or decreased to fewer than 2,890,000 shares, we will resolicit subscribers, giving them an opportunity to confirm, cancel or change their orders. Funds received during the offering will be held in a segregated account at Iroquois Federal Savings and Loan Association and will earn interest at a rate of 0.35% per annum until completion of the offering.

Keefe, Bruyette & Woods, Inc. will assist us in selling our shares of common stock on a best efforts basis. Keefe, Bruyette & Woods, Inc. is not required to purchase any shares of the common stock that are being offered. Purchasers will not pay a commission to purchase shares of common stock in the offering. Keefe, Bruyette & Woods, Inc. has advised us that following the offering it intends to make a market in the common stock, but is under no obligation to do so.

This investment involves a degree of risk, including the possible loss of your investment.

Please read Risk Factors beginning on page 15.

OFFERING SUMMARY

Price: $10.00 per Share

	Minimum	Midpoint	Maximum	Adjusted Maximum
Number of shares	2,890,000	3,400,000	3,910,000	4,496,500
Gross offering proceeds	$ 28,900,000	$ 34,000,000	$ 39,100,000	$ 44,965,000
Estimated offering expenses (excluding selling agent fees and expenses)	$ 1,075,000	$ 1,075,000	$ 1,075,000	$ 1,075,000
Estimated selling agent fees and expenses(1) (2)	$ 400,015	$ 458,308	$ 516,601	$ 583,637
Estimated net proceeds	$ 27,424,985	$ 32,466,692	$ 37,508,399	$ 43,306,363
Estimated net proceeds per share	$ 9.49	$ 9.55	$ 9.59	$ 9.63

(1) The amounts shown assume that all shares are sold in the subscription offering. See The Conversion; Plan of Distribution Marketing and Distribution; Compensation for a discussion of Keefe, Bruyette & Woods, Inc. s compensation for this offering.

(2) If all shares of common stock are sold in the syndicated community offering, excluding shares purchased by the employee stock ownership plan and shares purchased by insiders of IF Bancorp, Inc., for which no selling agent commissions would be paid, the maximum selling agent commissions and expenses would be $1.4 million at the minimum, $1.7 million at the midpoint, $2.0 million at the maximum and $2.2 million at the maximum, as adjusted. See The Conversion; Plan of Distribution Marketing and Distribution; Compensation for a discussion of fees to be paid to Keefe, Bruyette & Woods, Inc. and other FINRA member firms in the event that shares are sold in a syndicated community offering.

These securities are not deposits or savings accounts and are not federally insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Neither the Securities and Exchange Commission, the Office of Thrift Supervision, nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

For assistance, please call the Stock Information Center at (877) 298-6520**.**

KEEFE, BRUYETTE & WOODS

The date of this prospectus is May 13, 2011.

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SUMMARY

The following summary highlights material information in this prospectus. It may not contain all the information that is important to you. For additional information, you should read this entire prospectus carefully, including the Financial Statements and the notes to the Financial Statements.

In this prospectus, the terms we, our, and us refer to IF Bancorp, Inc. and Iroquois Federal Savings and Loan Association, unless the context indicates another meaning. In addition, we refer to Iroquois Federal Savings and Loan Association as Iroquois Federal.

Iroquois Federal Savings and Loan Association

Iroquois Federal Savings and Loan Association, or Iroquois Federal , is a federally chartered savings association headquartered in Watseka, Illinois. Iroquois Federal was originally chartered in 1883. At December 31, 2010, we had $404.9 million of total assets, $333.2 million of total deposits and $36.7 million of total equity. We provide financial services primarily to individuals, families and businesses through our four full-service banking offices located in the Illinois municipalities of Watseka, Danville, Clifton and Hoopeston and our loan production and wealth management office in Osage Beach, Missouri. Our lending market primarily includes the Illinois counties of Vermilion and Iroquois and the adjacent counties in Illinois and Indiana, as well as the Missouri counties of Camden, Miller and Morgan.

Our business consists primarily of taking deposits from the general public and investing those deposits, together with funds generated from operations and borrowings, in one- to four-family residential mortgage loans, multi-family mortgage loans, commercial real estate loans, home equity loans and lines of credit, commercial business loans, consumer loans (consisting primarily of automobile loans), and, to a much lesser extent, construction loans and land loans. At December 31, 2010, $148.9 million, or 61.0%, of our total loan portfolio, including loans held for sale, was comprised of one- to four-family residential mortgage loans.

We also invest in securities, which historically have consisted primarily of securities issued by the U.S. government, U.S. government agencies and U.S. government-sponsored enterprises, as well as mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises. To a lesser extent, we also invest in municipal obligations.

We offer a variety of deposit accounts, including statement savings accounts, certificates of deposit, money market accounts, commercial and regular checking accounts, individual retirement accounts and health savings accounts. We are dedicated to offering alternative banking delivery systems, including ATMs, online banking and telephone banking delivery systems. In addition, we are currently in the process of establishing remote capture capabilities.

In addition to our traditional banking products, we also offer a full line of property and casualty insurance products through our wholly-owned subsidiary, L.C.I. Service Corporation, and financial and wealth management services through Iroquois Financial, a division of Iroquois Federal. These financial services are offered at our branch offices and our loan production and wealth management office.

Iroquois Federal s executive offices are located at 201 East Cherry Street, Watseka, Illinois 60970. Our telephone number at this address is (815) 432-2476. Our website address is www.iroquoisfed.com. Information on our website is not incorporated into this prospectus and should not be considered part of this prospectus.

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IF Bancorp, Inc.

IF Bancorp, Inc. is a newly formed Maryland corporation that will own all of the outstanding shares of common stock of Iroquois Federal upon completion of the mutual-to-stock conversion and the stock offering. IF Bancorp, Inc. has not engaged in any business to date.

Our executive offices are located at 201 East Cherry Street, Watseka, Illinois 60970. Our telephone number at this address is (815) 432-2476.

The Conversion and Our Organizational Structure

Iroquois Federal is a mutual savings association that has no stockholders. Pursuant to the terms of the plan of conversion, Iroquois Federal will convert from the mutual to the stock form of ownership. As part of the conversion, IF Bancorp, Inc., the newly formed holding company for Iroquois Federal, will offer for sale shares of its common stock in a subscription offering, and, if necessary, a community offering and a syndicated community offering. Upon the completion of the conversion and stock offering, Iroquois Federal will be a wholly owned subsidiary of IF Bancorp, Inc. A full description of the Conversion begins on page 130 of this prospectus under the heading The Conversion; Plan of Distribution.

Business Strategy

Our goal is to continue to provide the highest quality customer service to our customers at all of our office locations while increasing and diversifying our lending in our primary market area and expanding into adjacent markets as opportunities arise. Our business strategy is to accomplish these goals and to grow and improve our profitability by:

- growing our loan portfolio by continuing to emphasize one- to four-family residential mortgage loans while increasing our commercial real estate and multi-family lending, commercial business lending and consumer lending;
- maintaining prudent underwriting standards and aggressively monitoring our loan portfolio to maintain asset quality;
- managing our overall cost of funds by emphasizing lower-cost core deposits and attracting checking accounts;
- managing interest rate risk by emphasizing the origination of adjustable-rate loans for retention in our portfolio and continuing to sell most of our longer-term, fixed-rate one- to four-family residential mortgage loans that we originate;
- expanding our banking franchise through de novo branching, branch acquisitions, or acquisitions of other financial institutions, including FDIC-assisted acquisitions, or other financial services companies, although we currently have no understandings or agreements with respect to any such transaction; and
- growing our noninterest income by expanding our wealth management, insurance agency and financial service activities.

Our business strategy is designed to expand our banking relationships with customers, including businesses within our market area and adjacent markets. A full description of our products and services

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begins on page 69 of this prospectus under the heading Business of Iroquois Federal Savings and Loan Association.

We intend to use this strategy in guiding our investment of the net proceeds of the offering. We intend to continue to pursue our business strategy after the conversion and the offering, subject to changes necessitated by future market conditions and other factors. See Management s Discussion and Analysis of Financial Condition and Results of Operations Business Strategy on page 51 of this prospectus for a further discussion of our business strategy.

Reasons for the Conversion

Consistent with our business strategy, our primary reasons for converting and raising additional capital through the offering are:

- to increase our capital to support future growth;
- to enhance our ability to raise additional capital in the future;
- to have greater flexibility to structure and finance the expansion of our operations, including through de novo branching, branch acquisitions, or potential cash or stock acquisitions of other financial institutions, including FDIC-assisted acquisitions, or other financial services companies, although we have no current arrangements or agreements with respect to any such transactions;
- to enhance our lending capabilities through increased lending limits and loans-to-one borrower limits;
- to establish and fund a charitable foundation to benefit the communities we serve; and
- to retain and attract qualified personnel by establishing stock-based benefit plans for management and employees.

As of December 31, 2010, Iroquois Federal was considered well capitalized for regulatory purposes and is not subject to a directive or a recommendation from the Office of Thrift Supervision to raise capital. As a result of the conversion, the proceeds from the stock offering will further improve our capital position during a period of significant economic, regulatory and political uncertainty.

Additional information regarding our reasons for the conversion can be found in the section entitled The Conversion; Plan of Distribution Reasons for the Conversion on page 131.

Terms of the Conversion and the Offering

Under Iroquois Federal s plan of conversion, Iroquois Federal will convert to stock form and will become a subsidiary of IF Bancorp, Inc. In connection with the conversion, we are offering between 2,890,000 and 3,910,000 shares of common stock to eligible depositors of Iroquois Federal, to our tax-qualified employee benefit plans and, to the extent shares remain available, to the general public. The number of shares of common stock to be sold may be increased to up to 4,496,500 as a result of demand for the shares or changes in the market for financial institution stocks. Unless the number of shares of common stock to be offered is increased to more than 4,496,500 or decreased to less than 2,890,000, or the offering is extended beyond July 31, 2011, subscribers will not have the opportunity to change or cancel their stock orders.

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The purchase price of each share of common stock to be issued in the offering is $10.00. All investors will pay the same purchase price per share. Investors will not be charged a commission to purchase shares of common stock in the offering. Keefe, Bruyette & Woods, Inc., our marketing advisor in the offering, will use its best efforts to assist us in selling shares of our common stock. Keefe, Bruyette & Woods, Inc. is not obligated to purchase any shares of common stock in the offering.

Persons Who May Order Shares of Common Stock in the Offering

We are offering the shares of common stock in a subscription offering in the following descending order of priority:

First, to depositors of Iroquois Federal with aggregate account balances of at least $50 as of the close of business on February 28, 2010.

Second, to Iroquois Federal s tax-qualified employee benefit plans, including our employee stock ownership plan, which will receive, without payment therefor, nontransferable subscription rights to purchase in the aggregate up to 10% of the shares of common stock sold in the offering and contributed to the charitable foundation. Our employee stock ownership plan intends to purchase up to 8.0% of the shares of common stock sold in the offering and contributed to the charitable foundation.

Third, to depositors of Iroquois Federal as of May 11, 2011 and to borrowers of Iroquois Federal as of October 11, 2005, whose borrowings as of that date remain outstanding as of May 11, 2011.

Shares of common stock not purchased in the subscription offering may be offered for sale to the general public in a community offering, with a preference given to natural persons and trusts of natural persons residing in the Illinois Counties of Vermilion and Iroquois. The community offering may begin concurrently with, during or promptly after the subscription offering as we may determine at any time. If shares remain available for sale following the subscription offering or community offering, we also may offer for sale shares of common stock through a syndicated community offering managed by Keefe, Bruyette & Woods, Inc.

We have the right to accept or reject, in our sole discretion, orders received in the community offering or syndicated community offering. We have not established any set criteria for determining whether to accept or reject a purchase order in the community offering or the syndicated community offering and, accordingly, any determination to accept or reject purchase orders in the community offering and the syndicated community offering will be based on the facts and circumstances known to us at the time.

To ensure a proper allocation of stock, each subscriber eligible to purchase stock in the subscription offering must list on his or her stock order and certification form all deposit accounts in which he or she had an ownership interest at February 28, 2010 or May 11, 2011, as applicable. Failure to list all accounts, or providing incorrect information, could result in the loss of all or part of a subscriber s stock allocation. Our interpretation of the terms and conditions of the plan of conversion and of the acceptability of the order forms will be final.

If we receive orders for more shares than we are offering, we may not be able to fully or partially fill your order. Shares will be allocated first in the order of priority to subscribers in the subscription offering. A detailed description of share allocation procedures can be found in the section entitled The Conversion; Plan of Distribution beginning on page 130 of this prospectus.

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How We Determined the Offering Range

The amount of common stock that we are offering is based on an independent appraisal of the estimated market value of IF Bancorp, Inc., assuming the conversion and the offering are completed and the charitable foundation is established and funded with IF Bancorp, Inc. common stock equal to 7% of the shares sold in the offering and an amount of cash equal in value to 1% of the shares sold in the offering. RP Financial, LC., our independent appraiser, has estimated that as of February 25, 2011, this market value, including shares sold in the offering and contributed to the charitable foundation, was $36.4 million. By regulation, this market value forms the midpoint of a valuation range with a minimum of $30.9 million and a maximum of $41.8 million. Based on this valuation and a $10.00 per share price, the number of shares of common stock being offered for sale by us will range from 2,890,000 shares to 3,910,000 shares, excluding shares contributed to the charitable foundation. We may sell up to 4,496,500 shares of common stock because of demand for the shares or changes in market conditions without resoliciting subscribers. The $10.00 per share price was selected primarily because it is the price most commonly used in mutual-to-stock conversions of financial institutions.

RP Financial, LC. advised the Board of Directors that the appraisal was prepared in conformance with the regulatory appraisal methodology. That methodology requires a valuation based on an analysis of the trading prices of comparable public companies whose stocks have traded for at least one year prior to the valuation date. RP Financial, LC. selected a group of ten comparable public companies for this analysis. RP Financial, L.C. advised the Board of Directors that based on the recent stock market performance and pricing ratios of publicly-traded thrift institutions in general, as well as the appraisal peer group and recent mutual-to-stock conversions, the valuation conclusion took into consideration a slight downward valuation adjustment based on these factors.

RP Financial, LC. also considered that we intend to contribute to the charitable foundation shares of IF Bancorp, Inc. common stock equal to 7% of the shares sold in the offering and an amount of cash equal in value to 1% of the shares sold in the offering. Our intended contribution to the charitable foundation will reduce our estimated pro forma market value. See Comparison of Valuation and Pro Forma Information With and Without the Charitable Foundation.

The following table presents a summary of selected pricing ratios for IF Bancorp, Inc. and the peer group companies identified by RP Financial, LC. Ratios are based on earnings for the twelve months ended December 31, 2010 and book value as of December 31, 2010. Book value is the same as total equity and represents the difference between the issuer s assets and liabilities. Tangible book value is equal to total equity minus intangible assets. Core earnings, for purposes of the appraisal, was defined as net earnings after taxes, excluding the after-tax portion of income from nonrecurring items. Compared to the median pricing of the peer group, our pro forma pricing ratios at the maximum of the offering range indicated a premium of 25.1% on a price-to-core earnings basis, a discount of 15.2% on a price-to-book value basis and a discount of 22.1% on a price-to-tangible book value basis. The pricing ratios result from our generally having higher levels of equity but lower core earnings than the companies in the peer group on a pro forma basis. The pricing ratios also reflect recent volatile market conditions, particularly for stock of financial institution holding companies, and the effect of such conditions on the trading market for recent mutual-to-stock conversions. In reviewing and approving the valuation, our Board of Directors considered the range of price-to-core earnings ratios, price-to-book value ratios and price-to-tangible book value ratios at the different ranges of shares to be sold in the offering. The appraisal did not consider one valuation approach to be more important than the others.

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	Price-to-core earnings multiple	Price-to-book value ratio	Price-to-tangible book value ratio
IF Bancorp, Inc. (pro forma)(1)			
Maximum, as adjusted	22.67x	64.02%	64.02%
Maximum	19.49x	59.77%	59.77%
Midpoint	16.79x	55.52%	55.52%
Minimum	14.13x	50.68%	50.68%
Valuation of peer group companies using stock prices as of February 25, 2011			
Averages	17.80x	71.94%	76.70%
Medians	15.58x	70.52%	76.76%

(1) Price-to-core earnings multiples calculated by RP Financial, LC. in the independent appraisal are based on trailing twelve month earnings through December 31, 2010. Price-to-core earnings presented are based on estimates by RP Financial, LC. of recurring earnings, which are different than those presented in Pro Forma Data.

Our Board of Directors carefully reviewed the information provided to it by RP Financial, LC. through the appraisal process, but did not make any determination regarding whether prior standard mutual-to-stock conversions have been undervalued or overvalued, nor did the Board of Directors draw any conclusions regarding how the historical pricing data reflected above may affect IF Bancorp, Inc. s appraisal. Instead, we engaged RP Financial, LC. to help us understand the regulatory process as it applies to the appraisal and to advise the Board of Directors as to how much capital IF Bancorp, Inc. would be required to raise under the regulatory appraisal guidelines.

The independent appraisal does not indicate per share market value. Do not assume or expect that the valuation of IF Bancorp, Inc. as indicated above means that, after the conversion and the offering, the shares of common stock will trade at or above the $10.00 offering price. Furthermore, the pricing ratios presented above were utilized by RP Financial, LC. to estimate our market value and not to compare the relative value of shares of our common stock with the value of the capital stock of the peer group. The value of the capital stock of a particular company may be affected by a number of factors such as financial performance, asset size and market location.

The independent appraisal will be updated prior to the completion of the conversion. If the appraised value decreases below $30.9 million or increases above $48.1 million, subscribers may be resolicited with the approval of the Office of Thrift Supervision and be given the opportunity to confirm, cancel or change their orders. If you do not respond, we will cancel your stock order and return your subscription funds, with interest, and cancel any authorization to withdraw funds from your deposit accounts for the purchase of shares of common stock.

For a more complete discussion of the amount of common stock we are offering for sale and the independent appraisal, see The Conversion; Plan of Distribution Determination of Share Price and Number of Shares to be Issued on page 133 of this prospectus.

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After-Market Stock Price Performance Provided by Independent Appraiser

The following table presents stock price performance information for all standard mutual-to-stock conversions completed between January 1, 2010 and February 25, 2011. These companies did not constitute the group of ten comparable public companies utilized in RP Financial, LC. s valuation analysis.

Mutual-to-Stock Conversion Offerings with Closing Dates

between January 1, 2010 and February 25, 2011

				Percentage Price Appreciation (Depreciation) From Initial Trading Date			
Company Name and Ticker Symbol	**Conversion Date**	**Exchange**	**Offering Size** ($ in Millions)	**One Day**	**One Week**	**One Month**	**Through February 25, 2011**
Anchor Bancorp (ANCB)	01/26/11	NASDAQ	$ 25.5	%	0.3%	4.5%	4.5%
Wolverine Bancorp, Inc. (WBKC)	01/20/11	NASDAQ	25.1	24.5	22.4	35.0	35.6
SP Bancorp, Inc. (SPBC)	11/01/10	NASDAQ	17.3	(6.0)	(6.6)	(8.0)	3.0
Standard Financial Corp. (STND)	10/07/10	NASDAQ	33.6	19.0	18.9	29.5	46.7
Peoples Federal Bancshares, Inc. (PEOP)	07/07/10	NASDAQ	66.1	4.0	6.9	4.2	39.2
OBA Financial Services, Inc. (OBAF)	01/22/10	NASDAQ	46.3	3.9	1.1	3.0	39.5
OmniAmerican Bancorp, Inc. (OABC)	01/21/10	NASDAQ	119.0	18.5	13.2	9.9	56.4
Athens Bancshares, Inc. (AFCB)	01/07/10	NASDAQ	26.8	16.0	13.9	10.6	35.1
Madison Bancorp, Inc. (MDSN)	10/07/10	OTC	6.1	25.0	25.0	25.0	10.0
Century Next Financial Corp. (CTUY)	10/01/10	OTC	10.6	25.0	15.0	10.0	23.0
United-American Savings Bank (USAB)	08/06/10	OTC	2.5		(5.0)	5.0	30.0
Fairmount Bancorp, Inc. (FMTB)	06/03/10	OTC	4.4	10.0	20.0	10.0	60.0
Harvard Illinois Bancorp, Inc. (HARI)	04/09/10	OTC	7.9			(1.0)	(5.0)
Versailles Financial Corp. (VERF)	01/13/10	OTC	4.3				75.0
Average			$ 28.3	10.0%	8.9%	9.8%	32.4%
Median			$ 21.2	7.0%	10.1%	7.5%	35.4%

Stock price performance is affected by many factors, including, but not limited to: general market and economic conditions; the independent appraisal itself; the interest rate environment; the amount of proceeds a company raises in its offering; and numerous factors relating to the specific company, including the experience and ability of management, historical and anticipated operating results, the nature and quality of the company s assets, and the company s market area. The companies listed in the table above may not be similar to IF Bancorp, Inc. Moreover, the pricing ratios for their stock offerings were in some cases different than the pricing ratios for IF Bancorp, Inc. s common stock, and the market conditions in which these offerings were completed were in some cases different from current market conditions. Any or all of these differences may cause our stock to perform differently from these other offerings.

There can be no assurance that our stock price will not trade below $10.00 per share, which has been the case for many mutual-to-stock conversions. Before you make an investment decision, we urge you to carefully read this prospectus, including, but not limited to, the section entitled Risk Factors beginning on page 15.

Limits on How Much Common Stock You May Purchase

The minimum number of shares of common stock that may be purchased is 25. Generally, no individual, or individuals exercising subscription rights through a single qualifying account held jointly, may purchase more than 30,000 shares ($300,000) of common stock. If any of the following persons purchases shares of common stock through different accounts, their purchases, in all categories of the offering, when combined with your purchases, cannot exceed 50,000 shares ($500,000):

- your spouse or relatives of you or your spouse who reside with you;
- most companies, trusts or other entities in which you are a trustee, have a substantial beneficial interest or hold a senior management position; or
- other persons who may be your associates or persons acting in concert with you.

See the detailed descriptions of "acting in concert" and "associate" in the section entitled "The Conversion; Plan of Distribution—Limitations on Common Stock Purchases" on page 140 of this prospectus.

How You May Purchase Shares of Common Stock

In the subscription offering and community offering, you may pay for your shares only by:

- personal check, bank check or money order, made payable to IF Bancorp, Inc.; or
- authorizing us to withdraw funds from the types of Iroquois Federal deposit accounts permitted on the stock order and certification form.

Iroquois Federal is not permitted to knowingly lend funds to anyone for the purpose of purchasing shares of common stock in the offering. Additionally, you may not use a check drawn on a Iroquois Federal line of credit or a third-party check to pay for shares of common stock.

You can subscribe for shares of common stock in the offering by delivering a signed and completed original stock order and certification form, together with full payment or authorization to withdraw funds from one or more of your permitted Iroquois Federal deposit accounts, so that it is received (not postmarked) before 12:00 noon, Central time, on June 16, 2011, which is the expiration of the offering period. For orders paid for by check or money order, the funds will be cashed promptly and held in a segregated account at Iroquois Federal. All funds authorized for withdrawal from deposit accounts with Iroquois Federal must be in the accounts at the time the stock order is received.

After we receive your order, your order cannot be changed or canceled unless the number of shares of common stock to be offered is increased to more than 4,496,500 shares or decreased to fewer than 2,890,000 shares, or the offering is extended beyond July 31, 2011.

See "The Conversion; Plan of Distribution—Procedure for Purchasing Shares" on page 145 of this prospectus for a complete description of how to purchase shares in the stock offering.

Using IRA Funds to Purchase Stock

You may be able to subscribe for shares of common stock using funds in your individual retirement account ("IRA"). If you wish to use some or all of the funds in your Iroquois Federal Savings and Loan Association IRA to purchase our common stock, the applicable funds must be transferred to a self-directed account maintained by an independent trustee, such as a brokerage firm, and the purchase must be made through that account. Because individual circumstances differ and processing of IRA fund orders takes additional time, we recommend that you contact our Stock Information Center promptly, preferably at least two weeks before the June 16, 2011 expiration of the offering period, for assistance with purchases using funds from your Iroquois Federal Savings and Loan Association IRA or any other retirement account that you may have. Whether you may use such funds for the purchase of shares in the

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stock offering may depend on time constraints and, possibly, limitations imposed by the brokerage firm or institution where your funds are held.

Deadline for Orders of Common Stock

If you wish to purchase shares of common stock in the offering, we must receive a properly completed original stock order and certification form, together with full payment for the shares of common stock no later than 12:00 noon, Central time, on June 16, 2011. A postmark prior to June 16, 2011 will not entitle you to purchase shares of common stock unless we receive the envelope by 12:00 noon, Central time, on June 16, 2011. You may submit your stock order and certification form by mail using the order reply envelope provided, by overnight courier to the indicated address on the stock order form, or by hand delivery to one of our Stock Information Centers or to any of our branch offices.

Although we will make reasonable attempts to provide a prospectus and offering materials to holders of subscription rights, the subscription offering and all subscription rights will expire at 12:00 noon, Central time, on June 16, 2011, whether or not we have been able to locate each person entitled to subscription rights.

See The Conversion; Plan of Distribution Procedure for Purchasing Shares on page 145 of this prospectus for a complete description of how to purchase shares in the stock offering.

Delivery of Stock Certificates

Certificates representing shares of common stock sold in the offering will be mailed to the persons entitled thereto at the certificate registration address noted by them on the stock order and certification form, as soon as practicable following consummation of the offering and receipt of all necessary regulatory approvals. **It is possible that, until certificates for the common stock are delivered, purchasers will not be able to sell the shares of common stock that they ordered, even though the common stock will have begun trading.**

How We Intend to Use the Proceeds From the Offering

Assuming we sell 3,400,000 shares of common stock in the stock offering, which is the midpoint of the offering range, and we have net proceeds of $32.5 million, we intend to distribute the net proceeds as follows:

- $16.2 million (50.0% of the net proceeds) will be invested in Iroquois Federal;
- $2.9 million (9.0% of the net proceeds) will be loaned to our employee stock ownership plan to fund its purchase of our shares of common stock;
- $340,000 (1.0% of the net proceeds) in cash will be contributed by us to the Iroquois Federal Foundation; and
- $13.0 million (40.0% of the net proceeds) will be retained by us.

We may use the remaining funds we receive for investments, to pay cash dividends, to repurchase shares of common stock and for other general corporate purposes. Iroquois Federal may use the proceeds it receives to support increased lending and other products and services, and to repay borrowings. The net proceeds retained by IF Bancorp, Inc. and Iroquois Federal also may be used for future business expansion through de novo branching, branch acquisitions or acquisitions of banks, thrifts and other

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financial services companies. However, we have no current arrangements or agreements with respect to any such transactions.

Please see the section entitled How We Intend to Use the Proceeds from the Offering on page 35 of this prospectus for more information on our proposed use of the proceeds.

You May Not Sell or Transfer Your Subscription Rights

Office of Thrift Supervision regulations prohibit you from transferring your subscription rights. If you order shares of common stock in the subscription offering, you will be required to state that you are purchasing the shares of common stock for yourself and that you have no agreement or understanding to sell or transfer your subscription rights. **We intend to take legal action, including reporting persons to federal or state regulatory agencies, against anyone who we believe has sold or transferred his or her subscription rights. We will not accept your order if we have reason to believe that you have sold or transferred your subscription rights.** When completing your stock order and certification form, you should not add the name(s) of persons who do not have subscription rights or who qualify in a lower subscription priority than you do.

Steps We May Take If We Do Not Receive Orders for the Minimum Number of Shares

If we do not receive orders for at least 2,890,000 shares of common stock, we may take steps to issue the minimum number of shares of common stock in the offering range. Specifically, we may:

- increase the purchase limitations; and/or

- seek the approval of the Office of Thrift Supervision to extend the offering beyond July 31, 2011, so long as we resolicit subscriptions that we have previously received in the offering.

If a purchase limitation is increased, subscribers in the subscription offering who ordered the maximum amount will be, and, in our sole discretion, some other large subscribers may be, given the opportunity to increase their subscriptions up to the then applicable limit.

Possible Change in the Offering Range

RP Financial, LC. will update its appraisal before we complete the offering. If, as a result of demand for the shares or changes in market conditions, RP Financial, LC. determines that our pro forma market value has increased, we may sell up to 4,496,500 shares in the offering without further notice to you. If our pro forma market value at that time is either below $30.9 million or above $48.1 million, then, after consulting with the Office of Thrift Supervision, we may:

- terminate the stock offering and promptly return all funds;

- set a new offering range and give all subscribers the opportunity to confirm, cancel or change their purchase orders for shares of IF Bancorp, Inc. s common stock; or

- take such other actions as may be permitted by the Office of Thrift Supervision and the Securities and Exchange Commission.

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Possible Termination of the Offering

We may terminate the offering at any time prior to the special meeting of members of Iroquois Federal that is being called to vote upon the conversion, and at any time after member approval with the approval of the Office of Thrift Supervision.

We must sell a minimum of 2,890,000 shares to complete the offering. If we terminate the offering because we fail to sell the minimum number of shares or for any other reason, we will promptly return your funds with interest at a rate of 0.35% per annum and we will cancel deposit account withdrawal authorizations.

Purchases by Officers and Directors

We expect our directors and executive officers, together with their associates, to subscribe for 257,750 shares of common stock in the offering, or 8.9% and 6.6% of the shares to be sold at the minimum and the maximum of the offering range, respectively. However, there can be no assurance that any individual director or executive officer, or the directors and executive officers as a group, will purchase any specific number of shares of our common stock. The purchase price paid by our directors and executive officers for their subscribed shares will be the same $10.00 per share price paid by all other persons who purchase shares of common stock in the offering. Purchases by directors, executive officers and their associates will be included in determining whether the required minimum number of shares has been subscribed for in the offering.

Benefits to Management and Potential Dilution to Stockholders Following the Conversion

We expect our tax-qualified employee stock ownership plan to purchase up to 8% of the total number of shares of common stock that we sell in the offering and contribute to the charitable foundation, or up to 384,900 shares of common stock, assuming we sell the adjusted maximum of the shares proposed to be sold. If we receive orders for more shares of common stock than the maximum of the offering range, the employee stock ownership plan will have first priority to purchase shares over this maximum, up to a total of 8% of the total number of shares of common stock sold in the offering and contributed to the charitable foundation. Purchases by the employee stock ownership plan in the offering will be included in determining whether the required minimum number of shares have been sold in the offering. However, subject to regulatory approval, we reserve the right to purchase shares of common stock in the open market following the offering in order to fund all or a portion of the employee stock ownership plan.

We also intend to implement one or more stock-based benefit plans no earlier than six months after completion of the conversion. Stockholder approval of these plans will be required, and the stock-based benefit plans cannot be implemented until at least six months after the completion of the conversion pursuant to applicable Office of Thrift Supervision regulations. If adopted within 12 months following the completion of the conversion, the stock-based benefit plans will reserve a number of shares of common stock equal to not more than 4% of the shares sold in the offering and contributed to the charitable foundation, or up to 167,348 shares of common stock at the maximum of the offering range, for restricted stock awards to key employees and directors, at no cost to the recipients. If adopted within 12 months following the completion of the conversion, the stock-based benefit plan will also reserve a number of shares equal to not more than 10% of the shares of common stock sold in the offering and contributed to the charitable foundation, or up to 418,370 shares of common stock at the maximum of the offering range, for the exercise of stock options granted to key employees and directors. If the stock-based benefit plans are adopted after one year from the date of the completion of the conversion, the 4% and 10% limitations described above will no longer apply, and we may adopt stock-based benefit plans encompassing more than 585,718 shares of our common stock assuming the maximum of the offering

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range. We have not yet determined whether we will present these plans for stockholder approval within 12 months following the completion of the conversion or whether we will present these plans for stockholder approval more than 12 months after the completion of the conversion.

The following table summarizes the number of shares of common stock and aggregate dollar value of grants (valuing each share granted at the offering price of $10.00) that are available under one or more stock-based benefit plans if such plans are adopted within one year following the completion of the conversion and the offering. The table shows the dilution to stockholders if all these shares are issued from authorized but unissued shares, instead of shares purchased in the open market. The table also sets forth the number of shares of common stock to be acquired by the employee stock ownership plan for allocation to all employees. A portion of the stock grants shown in the table below may be made to non-management employees.

	Number of Shares to be Granted or Purchased			Dilution Resulting From Issuance of Shares for Stock Benefit Plans	Value of Grants [1]	
	At Minimum of Offering Range	At Maximum of Offering Range	As a Percentage of Common Stock to be Issued [2]		At Minimum of Offering Range	At Maximum of Offering Range
Employee stock ownership plan	247,384	334,696	8.00%	%	$ 2,473,840	$ 3,346,960
Stock awards	123,692	167,348	4.00	3.8	1,236,920	1,673,480
Stock options	309,230	418,370	10.00	9.1	1,076,120	1,455,928
Total	680,306	920,414	22.00%	12.3	$ 4,786,880	$ 6,476,368

(1) The actual value of restricted stock grants will be determined based on their fair value as of the date grants are made. For purposes of this table, fair value is assumed to be the same as the offering price of $10.00 per share. The fair value of stock options has been estimated at $3.48 per option using the Black-Scholes option pricing model with the following assumptions: a grant-date share price and option exercise price of $10.00; dividend yield of 0.0% equal to the average dividend yield of publicly traded thrifts; an expected option life of 10 years; a risk-free interest rate of 3.30%; and a volatility rate of 16.16% based on an index of publicly traded thrift institutions. The actual expense of stock options granted under a stock-based benefit plan will be determined by the grant-date fair value of the options, which will depend on a number of factors, including the valuation assumptions used in the option pricing model ultimately adopted, which may or may not be the Black-Scholes model.

(2) The stock-based benefit plans may award a greater number of options and shares, respectively, if the plans are adopted more than 12 months after the completion of the conversion.

In addition to the stock-based benefit plans that we may adopt, IF Bancorp, Inc. and Iroquois Federal each intend to enter into an employment agreement with Alan D. Martin, our President and Chief Executive Officer. Iroquois Federal and IF Bancorp, Inc. also intend to enter into change in control agreements with Pamela J. Verkler, our Vice President and Chief Financial Officer, Walter H. Hasselbring, III, our Vice President and Chief Operating Officer, and five other senior officers. See Management of IF Bancorp, Inc. Executive Officer Compensation beginning on page 118 of this prospectus for a further discussion of these agreements, including their terms and potential costs, as well as a description of other benefits arrangements. For further information with respect to the expenses related to the stock-based benefit plans, see Risk Factors Our stock-based benefit plans will increase our costs, which will reduce our income on page 20 of this prospectus and Management of IF Bancorp, Inc. Benefits to be Considered Following Completion of the Stock Offering on page 124 of this prospectus.

Market for the Common Stock

We expect that our common stock will be listed on the Nasdaq Capital Market under the symbol IROQ. Keefe, Bruyette & Woods, Inc. currently intends to make a market in the shares of our common stock, but is under no obligation to do so. See Market for the Common Stock on page 37 of this prospectus.

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Our Contribution of Shares of Common Stock and Cash to the Charitable Foundation

To further our commitment to the communities we serve and may serve in the future, we intend, subject to approval of our members, to establish and fund a new charitable foundation as part of the conversion. IF Bancorp, Inc. intends to contribute to the charitable foundation shares of IF Bancorp, Inc. common stock equal to 7% of the shares sold in the offering and an amount of cash equal in value to 1% of the shares sold in the offering. These shares and cash will have a value of $2.3 million at the minimum of the valuation range and $3.1 million at the maximum of the valuation range, subject to adjustment to up to $3.6 million. As a result of the issuance of shares to the charitable foundation and the cash contribution, we expect to record an after-tax expense of approximately $1.4 million at the minimum of the valuation range, and approximately $2.2 million at the adjusted maximum of the valuation range, during the quarter in which the conversion is completed.

Under the Internal Revenue Code, a corporate entity is generally permitted to deduct up to 10% of its taxable income (taxable income before the charitable contributions deduction) in any one year for charitable contributions. Any contribution in excess of the 10% limit may generally be deducted for federal income tax purposes over the five years following the year in which the charitable contribution was made. Accordingly, a charitable contribution by a corporate entity to a charitable foundation could, if necessary, be deducted for federal income tax purposes over a six-year period. Our overall charitable contribution deduction could be limited if our future taxable income is insufficient to allow for the full deduction within the 10% of taxable income limitation, which would result in an increase to income tax expense.

The new charitable foundation will be dedicated to supporting charitable causes and community development activities in the communities in which we operate or may operate in the future. In addition to traditional community contributions and community reinvestment initiatives, the charitable foundation is expected to emphasize grants or donations to support housing assistance, local education and other types of organizations or civic-minded projects.

See Iroquois Federal Foundation beginning on page 152 of this prospectus for additional information regarding the charitable foundation.

Issuing shares of common stock to the charitable foundation will:

- dilute the ownership and voting interests of purchasers of shares of our common stock in the stock offering; and
- result in an expense and a reduction in our earnings during the quarter in which the contribution is made equal to the full amount of the contribution to the charitable foundation, offset in part by a potential corresponding tax benefit.

The establishment and funding of the charitable foundation has been approved by the Board of Directors of Iroquois Federal, and must be approved by a majority of the total votes eligible to be cast by its members at its special meeting being held to consider and vote upon the plan of conversion and the establishment and funding of the charitable foundation. If members approve the plan of conversion but do not approve the establishment and funding of the charitable foundation, we will proceed with the conversion and offering without the foundation and subscribers for common stock will not be resolicited (unless required by the Office of Thrift Supervision). Without the charitable foundation, RP Financial, LC. estimates that our pro forma valuation would be greater and, as a result, a greater number of shares of common stock would be issued in the offering. See Comparison of Valuation and Pro Forma Information With and Without the Charitable Foundation on page 49 of this prospectus. See also Risk

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Factors The contribution of shares to the charitable foundation will dilute your ownership interests and adversely affect net income on page 22 of this prospectus, Risk Factors Our contribution to the charitable foundation may not be tax deductible, which could reduce our profits on page 22 of this prospectus, and Iroquois Federal Foundation on page 152 of this prospectus.

Our Policy Regarding Dividends

Following completion of the stock offering, our Board of Directors will have the authority to declare dividends on our common stock, subject to statutory and regulatory requirements. However, no decision has been made with respect to the amount, if any, and timing of any dividend payments. The payment and amount of any dividend payments will depend upon a number of factors, including the following: regulatory capital requirements; our financial condition and results of operations; our other uses of funds for the long-term value of stockholders; tax considerations; statutory and regulatory limitations; and general economic conditions. See Our Policy Regarding Dividends on page 37 of this prospectus for additional information.

Tax Consequences

As a general matter, the conversion will not be a taxable transaction for federal or state income tax purposes to Iroquois Federal, IF Bancorp, Inc., or persons eligible to subscribe in the subscription offering. See Taxation on page 110 of this prospectus for additional information.

Conditions to Completion of the Conversion and the Offering

We cannot complete the conversion and the offering unless:

- the plan of conversion is approved by at least *a majority of votes eligible* to be cast by members of Iroquois Federal. A special meeting of members to consider and vote upon the plan of conversion has been set for June 30, 2011;
- we have received orders to purchase at least the minimum number of shares of common stock offered; and
- we receive final approval from the Office of Thrift Supervision to complete the conversion and the offering.

How You Can Obtain Additional Information

Our branch office personnel may not, by law, assist with investment-related questions about the offering. If you have any questions regarding the conversion or the offering, please call our Stock Information Center at (877) 298-6520, Monday through Friday between 9:00 a.m. and 5:00 p.m., Central time. You can also stop into our Stock Information Center in our main office in Watseka at 201 East Cherry Street on Monday, Tuesday and Friday from 8:30 a.m. to 4:30 p.m., or our Stock Information Center in our Danville branch at 619 North Gilbert Street on Wednesday and Thursday from 8:30 a.m. to 4:30 p.m., to speak with a stock center representative during the offering period. The Stock Information Centers will be closed on weekends and bank holidays.

TO ENSURE THAT EACH PERSON RECEIVES A PROSPECTUS AT LEAST 48 HOURS PRIOR TO THE EXPIRATION DATE OF JUNE 16, 2011, IN ACCORDANCE WITH FEDERAL LAW, NO PROSPECTUS WILL BE MAILED OR HAND-DELIVERED ANY LATER THAN FIVE DAYS OR TWO DAYS, RESPECTIVELY, PRIOR TO JUNE 16, 2011.

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RISK FACTORS

You should consider carefully the following risk factors in evaluating an investment in our shares of common stock.

Risks Related to Our Business

Because we intend to continue to originate commercial real estate, multi-family and commercial business loans, our credit risk may increase, and continued downturns in the local real estate market or economy could adversely affect our earnings.

We intend to continue originating commercial real estate, multi-family and commercial business loans. At December 31, 2010, $25.8 million, or 10.5%, of our total loan portfolio consisted of commercial real estate loans, $26.5 million, or 10.8%, of our total loan portfolio consisted of multi-family loans, and $15.5 million, or 6.3%, of our total loan portfolio consisted of commercial business loans. Each of these categories of loans has increased significantly since June 30, 2006, when $11.3 million, or 5.6%, of our total loan portfolio consisted of commercial real estate loans, $2.1 million, or 1.1%, of our total loan portfolio consisted of multi-family loans, and $7.6 million, or 3.7%, of our total loan portfolio consisted of commercial business loans. We expect each of these loan categories to continue to increase as a percentage of our total loan portfolio. Over the next five years, the Association projects that commercial real estate loans will increase from 10.5% of total loans to 12.6% of total loans, multi-family loans will increase from 10.8% of total loans to 11.2% of total loans, and commercial business loans will increase from 6.3% of total loans to 7.5% of total loans. Commercial real estate, multi-family and commercial business loans generally have more risk than the one- to four-family residential real estate loans that we originate. Because the repayment of commercial real estate, multi-family and commercial business loans depends on the successful management and operation of the borrower s properties or businesses, repayment of such loans can be affected by adverse conditions in the local real estate market or economy. Commercial real estate, multi-family and commercial business loans may also involve relatively large loan balances to individual borrowers or groups of related borrowers. In addition, a downturn in the real estate market or the local economy could adversely affect the value of properties securing the loan or the revenues from the borrower s business, thereby increasing the risk of nonperforming loans. As our commercial real estate, multi-family and commercial business loan portfolios increase, the corresponding risks and potential for losses from these loans may also increase.

If our non-performing loans and other non-performing assets increase, our earnings will decrease.

At December 31, 2010, our non-performing assets (which consist of non-accrual loans, loans 90 days or more delinquent, troubled debt restructurings and real estate owned) totaled $4.4 million, which is an increase of $107,000 over our non-performing assets at June 30, 2010, and $415,000 over our non-performing assets at June 30, 2009. At December 31, 2010, our non-performing assets included $4.1 million in non-performing loans, an increase from $3.8 million in non-performing loans at June 30, 2010. Our non-performing assets adversely affect our net income in various ways. We do not record interest income on non-accrual loans, and we must establish reserves for probable losses on non-performing loans. These reserves are established through a current period charge to income in the provision for loan losses. There are also legal fees associated with the resolution of problem assets. Additionally, our real estate owned results in carrying costs such as taxes, insurance and maintenance fees. Further, the resolution of non-performing assets requires the active involvement of management, which can distract us from the overall supervision of operations and other income-producing activities of Iroquois Federal. Finally, if our estimate of the allowance for loan losses is inadequate, we will have to increase the allowance accordingly, which is effected by recording a provision for loan losses.

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If our allowance for loan losses is not sufficient to cover actual loan losses, our earnings will decrease.

Our customers may not repay their loans according to the original terms, and the collateral, if any, securing the payment of these loans may be insufficient to pay any remaining loan balance. We may experience significant loan losses, which may have a material adverse effect on our operating results. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the allowance for loan losses, we review our loans and our loss and delinquency experience, and we evaluate economic conditions. If our assumptions are incorrect, our allowance for loan losses may not be sufficient to cover probable losses in our loan portfolio, requiring us to make additions to our allowance for loan losses. Our allowance for loan losses was 1.1% of total loans at December 31, 2010. Additions to our allowance could materially decrease our net income.

In addition, bank regulators periodically review our allowance for loan losses and may require us to increase our allowance for loan losses or recognize further loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs as required by these regulatory authorities may have a material adverse effect on our financial condition and results of operations.

Future changes in interest rates could reduce our profits.

Our profitability largely depends on our net interest income, which can be negatively affected by changes in interest rates. Net interest income is the difference between:

- the interest income we earn on our interest-earning assets, such as loans and securities; and
- the interest expense we incur on our interest-bearing liabilities, such as deposits and borrowings.

The interest rates on our loans are generally fixed for a longer period of time than the interest rates on our deposits. Like many savings institutions, our focus on deposits as a source of funds, which either have no stated maturity or shorter contractual maturities than mortgage loans, results in our liabilities having a shorter average duration than our assets. For example, as of December 31, 2010, 13.7% of our loans had remaining maturities of, or reprice after, 15 years or longer, while 75.3% of our certificates of deposit had remaining maturities of, or reprice after, one year or less. This imbalance can create significant earnings volatility because market interest rates change over time. In a period of rising interest rates, the interest we earn on our assets, such as loans and investments, may not increase as rapidly as the interest we pay on our liabilities, such as deposits. In a period of declining market interest rates, the interest income we earn on our assets may decrease more rapidly than the interest expense we incur on our liabilities, as borrowers prepay mortgage loans and mortgage-backed securities and callable investment securities are called or prepaid, thereby requiring us to reinvest these cash flows at lower interest rates. See Management s Discussion and Analysis of Financial Condition and Results of Operations Management of Market Risk.

In addition, changes in interest rates can affect the average life of loans and mortgage-backed and related securities. A decline in interest rates generally results in increased prepayments of loans and mortgage-backed and related securities, as borrowers refinance their debt in order to reduce their borrowing costs. This creates reinvestment risk, which is the risk that we may not be able to reinvest prepayments at rates that are comparable to the rates we earned on the prepaid loans or securities.

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Additionally, increases in interest rates may decrease loan demand and/or make it more difficult for borrowers to repay adjustable-rate loans.

We evaluate interest rate sensitivity using a model that estimates the change in our net portfolio value over a range of interest rate scenarios, also known as a rate shock analysis. Net portfolio value is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts. See Management s Discussion and Analysis of Financial Condition and Results of Operations Management of Market Risk.

The Dodd-Frank Wall Street Reform and Consumer Protection Act will, among other things, tighten capital standards, create a new Consumer Financial Protection Bureau and result in new laws and regulations that are expected to increase our costs of operations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) will significantly change the current bank regulatory structure and affect the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies. The Dodd-Frank Act requires various federal agencies to adopt a broad range of new implementing rules and regulations, and to prepare numerous studies and reports for Congress. The federal agencies are given significant discretion in drafting the implementing rules and regulations, and consequently, many of the details and much of the impact of the Dodd-Frank Act may not be known for many months or years.

Certain provisions of the Dodd-Frank Act are expected to have a near term effect on us. For example, the new law provides that the Office of Thrift Supervision, which is the current primary federal regulator for Iroquois Federal, will cease to exist by July 21, 2011, unless extended by up to six months by the Secretary of the Treasury. The Office of the Comptroller of the Currency, which is currently the primary federal regulator for national banks, will become the primary federal regulator for federal thrifts. Moreover, the Board of Governors of the Federal Reserve System will supervise and regulate all savings and loan holding companies that were formerly regulated by the Office of Thrift Supervision, including IF Bancorp, Inc.

Also effective by July 21, 2011, is a provision of the Dodd-Frank Act that eliminates the federal prohibitions on paying interest on demand deposits, thus allowing businesses to have interest-bearing checking accounts. Depending on competitive responses, this significant change to existing law could have an adverse effect on our interest expense.

The Dodd-Frank Act creates a new Consumer Financial Protection Bureau with broad powers to supervise and enforce consumer protection laws. The Consumer Financial Protection Bureau has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit unfair, deceptive or abusive acts and practices. The Consumer Financial Protection Bureau has examination and enforcement authority over all banks and savings institutions with more than $10 billion in assets. Banks and savings institutions with $10 billion or less in assets will be examined by their applicable bank regulators. The Dodd-Frank Act also weakens the federal preemption rules that have been applicable for national banks and federal savings associations, and gives state attorneys general the ability to enforce federal consumer protection laws.

It is difficult to predict at this time what specific impact the Dodd-Frank Act and the yet to be written implementing rules and regulations will have on community banks. However, it is expected that at a minimum they will increase our operating and compliance costs and could increase our interest expense.

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A portion of our loan portfolio consists of loan participations secured by properties outside of our primary market area. Loan participations may have a higher risk of loss than loans we originate because we are not the lead lender and we have limited control over credit monitoring.

We occasionally purchase loan participations secured by properties outside of our primary market area in which we are not the lead lender. Although we underwrite these loan participations consistent with our general underwriting criteria, loan participations may have a higher risk of loss than loans we originate because we rely on the lead lender to monitor the performance of the loan. Moreover, our decision regarding the classification of a loan participation and loan loss provisions associated with a loan participation is made in part based upon information provided by the lead lender. A lead lender also may not monitor a participation loan in the same manner as we would for loans that we originate. At December 31, 2010, our loan participations totaled $10.3 million, or 4.2% of our gross loans, most of which are within 100 miles of our primary lending market and consist primarily of multi-family, commercial real estate and commercial loans.

Additionally, we expect to continue to use loan participations following completion of the stock offering as a way to effectively deploy our net proceeds. If our underwriting of these participation loans is not sufficient, our non-performing loans may increase and our earnings may decrease.

We have in the past purchased loans originated by other banks and mortgage companies, some of which have experienced a higher rate of losses than loans that we originate. If we continue to experience losses on these loans, our earnings will decrease.

In addition to loans that we originate, at December 31, 2010, our loan portfolio included $22.4 million of purchased loans. These loans were primarily purchased from three vendors: Irwin Mortgage Corporation (now serviced by Everhome Mortgage Company); Mid America Bank (now serviced by PNC Bank); and Countrywide Financial (now serviced by Bank of America). Of these loans, $4.9 million were purchased from Countrywide and have experienced a significantly higher rate of losses than loans that we originate. As of December 31, 2010, the loans purchased from Countrywide consisted of eight loans secured by one- to four-family residential loans, primarily in the Chicago market area. Of these eight loans, three are classified as substandard and have specific allowances of $189,000. The other five loans are performing in accordance with their original terms. If we experience additional losses on these loans, our earnings will decrease.

We operate in a highly regulated environment and may be adversely affected by changes in laws and regulations.

We are subject to extensive regulation, supervision, and examination by the Office of Thrift Supervision and the Federal Deposit Insurance Corporation. Federal regulations govern the activities in which we may engage, and are primarily for the protection of depositors and the Deposit Insurance Fund. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operations of a savings association, the classification of assets by a savings association, and the adequacy of a savings association s allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations or legislation, could have a material impact on our results of operations. Because our business is highly regulated, the laws, rules and applicable regulations are subject to regular modification and change. Any legislative, regulatory or policy changes adopted in the future could make compliance more difficult or expensive or otherwise adversely affect our business, financial condition or prospects. Further, we expect any such new laws, rules or regulations will add to our compliance costs and place additional demands on our management team.

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Strong competition within our market areas may limit our growth and profitability.

Competition in the banking and financial services industry is intense. In our market areas, we compete with commercial banks, savings institutions, credit unions, mortgage brokerage firms, finance companies, mutual funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Some of our competitors have greater name recognition and market presence that benefit them in attracting business, and offer certain services that we do not or cannot provide. In addition, larger competitors may be able to price loans and deposits more aggressively than we do, which could affect our ability to grow and remain profitable on a long-term basis. Our profitability depends upon our continued ability to successfully compete in our market areas. If we must raise interest rates paid on deposits or lower interest rates charged on our loans, our net interest margin and profitability could be adversely affected. For additional information see Business of Iroquois Federal Savings and Loan Association Competition.

Our earnings have been negatively affected by the reduction in dividends paid by the Federal Home Loan Bank of Chicago. In addition, any restrictions placed on the operations of the Federal Home Loan Bank of Chicago could hinder our ability to use it as a liquidity source.

The Federal Home Loan Bank (FHLB) of Chicago ceased paying dividends in the third quarter of 2007, and has only recently resumed paying a dividend for the fourth quarter of 2010. The dividend for the fourth quarter was equal to an annualized rate of 10 basis points per share, far below the dividend paid by the FHLB of Chicago prior to 2007. The failure of the FHLB of Chicago to pay full dividends for any quarter will reduce our earnings during that quarter. In addition, the FHLB of Chicago is an important source of liquidity for us, and any restrictions on their operations may hinder our ability to use it as a liquidity source. At December 31, 2010, the carrying value of our FHLB of Chicago stock, was $3.1 million.

Our information systems may experience an interruption or breach in security.

We rely heavily on communications and information systems to conduct our business. Any failure, interruption, or breach in security or operational integrity of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan, and other systems. While we have policies and procedures designed to prevent or limit the effect of the failure, interruption, or security breach of our information systems, we cannot assure you that any such failures, interruptions, or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions, or security breaches of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

Risks Related to this Stock Offering

The future price of our common stock may be less than the purchase price in the stock offering.

If you purchase shares of common stock in the stock offering, you may not be able to sell them at or above the purchase price in the stock offering. The purchase price in the offering is based upon an independent third-party appraisal of the pro forma market value of Iroquois Federal and is subject to review and approval by the Office of Thrift Supervision. The appraisal is not intended, and should not be construed, as a recommendation of any kind as to the advisability of purchasing shares of our common stock. Our aggregate pro forma market value as reflected in the final independent appraisal may exceed the market price of our shares of common stock after the completion of the offering, which may result in our stock trading below the initial offering price of $10.00 per share.

The capital we raise in the stock offering will reduce our return on equity. This could negatively affect the trading price of our shares of common stock.

Net income divided by average equity, known as return on equity, is a ratio many investors use to compare the performance of a financial institution to its peers. For the year ended June 30, 2010, our return on average equity was 8.1%. Following the stock offering, we expect our consolidated equity to be between $61.0 million at the minimum of the offering range and $75.2 million at the adjusted maximum of the offering range. Based upon our earnings for the year ended June 30, 2010, and these pro forma equity levels, our return on equity would be 4.4% and 3.6% at the minimum and adjusted maximum of the offering range, respectively. We expect our return on equity to remain low until we are able to leverage the additional capital we receive from the stock offering. Although we will be able to increase net interest income using proceeds of the stock offering, our return on equity will be reduced by the capital raised in the stock offering, higher expenses from the costs of being a public company, and added expenses associated with our employee stock ownership plan and the stock-based benefit plan which we intend to adopt. Until we can increase our net interest income through investment of the proceeds of the offering in higher yielding longer term assets and noninterest income, we expect our return on equity to remain relatively low compared to our peer group, which may reduce the value of our shares of common stock.

We will need to implement additional finance and accounting systems, procedures and controls in order to satisfy our new public company reporting requirements.

Upon completion of the stock offering, we will become a public reporting company and we expect our common stock to trade on the Nasdaq Capital Market. The federal securities laws and regulations of the Securities and Exchange Commission require that we file annual, quarterly and current reports, and that we maintain effective disclosure controls and procedures and internal controls over financial reporting. We expect that the obligations of being a public company, including substantial public reporting obligations, will require significant expenditures and place additional demands on our management team. These obligations will increase our operating expenses and could divert management s attention from our banking operations. Compliance with the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the Securities and Exchange Commission will require us to certify the adequacy of our internal controls and procedures, which could require us to upgrade our systems, and/or hire additional staff, which would increase our operating costs. We will also be subject to annual listing fees of the Nasdaq Capital Market, which are anticipated to be approximately $27,500 per year.

Our stock-based benefit plans will increase our costs, which will reduce our income.

We anticipate that our employee stock ownership plan will purchase 8% of the total shares of common stock sold in the stock offering and contributed to the charitable foundation, with funds borrowed from IF Bancorp, Inc. The cost of acquiring the shares of common stock for the employee stock ownership plan will be between $3.7 million at the minimum of the offering range and $5.7 million at the adjusted maximum of the offering range. We will record annual employee stock ownership plan expense in an amount equal to the fair value of shares of common stock committed to be released to employees. If shares of common stock appreciate in value over time, compensation expense relating to the employee stock ownership plan will increase.

We also intend to adopt a stock-based benefit plan after the stock offering that would award participants (at no cost to them) shares of our common stock and/or options to purchase shares of our

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common stock. The number of shares reserved for awards of restricted stock or grants of stock options under any initial stock-based benefit plan may not exceed 4% and 10%, respectively, of the total shares sold in the offering and contributed to the charitable foundation, if these plans are adopted within 12 months after the completion of the conversion. We may reserve shares of common stock for stock awards and stock options in excess of these amounts provided the stock-based benefit plan is adopted more than one year following the stock offering.

Assuming the market price of the common stock is $10.00 per share; the options are granted with an exercise price of $10.00 per share; the dividend yield on the stock is 0.00%; the expected option life is ten years; the risk free interest rate is 3.30% (based on the ten-year Treasury rate) and the volatility rate on the shares of common stock is 16.16% (based on an index of publicly traded thrift institutions), the estimated grant-date fair value of the options using a Black-Scholes option pricing analysis is $3.48 per option granted. Assuming this value is amortized over a five-year vesting period, the corresponding annual pre-tax expense associated with all the stock options would be $335,000 at the adjusted maximum of the offering range. In addition, assuming that all shares of restricted stock are awarded at a price of $10.00 per share, and that the awards vest over a five-year period, the corresponding annual pre-tax expense associated with restricted stock awarded under the stock-based benefit plan would be $389,000 at the adjusted maximum of the offering range. Moreover, if we grant shares of common stock or options in excess of these amounts, such grants would increase our costs further.

The fair value of the shares of restricted stock on the date granted under the stock-based benefit plan will be expensed by us over the vesting period of the shares. If the shares of restricted stock to be granted under the plan are repurchased in the open market (rather than issued directly from authorized but unissued shares by IF Bancorp, Inc.), and cost the same as the purchase price in the stock offering, the reduction to stockholders equity due to the stock-based benefit plan would be between $1.2 million at the minimum of the offering range and $1.9 million at the adjusted maximum of the offering range. To the extent we repurchase shares of common stock in the open market to fund the grants of shares under the plan, and the price of such shares exceeds the offering price of $10.00 per share, the reduction to stockholders equity would exceed the range described above. Conversely, to the extent the price of such shares is below the offering price of $10.00 per share, the reduction to stockholders equity would be less than the range described above.

The implementation of stock-based benefit plans may dilute your ownership interest. Historically, the overwhelming majority of stock-based benefit plans adopted by savings institutions and their holding companies following mutual-to-stock conversions have been approved by stockholders.

We intend to adopt one or more stock-based benefit plans, which will allow participants to be awarded shares of common stock (at no cost to them) and/or options to purchase shares of our common stock, following the stock offering. These stock-based benefit plans will be funded either through open market purchases of shares of common stock, if permitted, or from the issuance of authorized but unissued shares of common stock. Stockholders would experience a reduction in ownership interest totaling 12.3% in the event newly issued shares are used to fund stock options or awards of shares of common stock under these plans in an amount equal to 10% and 4%, respectively, of the shares sold in the stock offering and contributed to the charitable foundation. We may grant shares of common stock and stock options in excess of these amounts provided the stock-based benefit plan is adopted more than one year following the stock offering. The implementation of the stock-based benefit plan will be subject to stockholder approval. Historically, the overwhelming majority of stock-based benefit plans adopted by savings institutions and their holding companies following mutual-to-stock conversions have been approved by stockholders.

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The contribution of shares to the charitable foundation will dilute your ownership interests and adversely affect net income.

Subject to depositor approval, we intend to establish and fund a charitable foundation in connection with the conversion. We will make a contribution to the charitable foundation of IF Bancorp, Inc. common stock equal to 7% of the shares sold in the offering and an amount of cash equal in value to 1% of the shares sold in the offering. The contribution of cash and shares of common stock will total $2.3 million at the minimum of the offering range, and up to $3.6 million at the adjusted maximum of the offering range. The aggregate contribution will have an adverse effect on our net income for the quarter and year in which we make the contribution to the charitable foundation. The after-tax expense of the contribution will reduce net income by approximately $2.2 million at the adjusted maximum of the offering range. We had net income of $1.6 million for the six months ended December 31, 2010 and $2.7 million for the year ended June 30, 2010, respectively. Persons purchasing shares in the stock offering will have their ownership and voting interests diluted by up to 6.5% by the issuance of shares of common stock to the charitable foundation.

Our contribution to the charitable foundation may not be tax deductible, which could reduce our profits.

The Internal Revenue Service may not grant tax-exempt status to the charitable foundation. If the contribution is not deductible, we would not receive any tax benefit from the contribution. The total value of the contribution would be $3.6 million at the adjusted maximum of the offering range, which would result in after-tax expense of approximately $3.6 million. In the event that the Internal Revenue Service does not grant tax-exempt status to the charitable foundation or the contribution to the charitable foundation is otherwise not tax deductible, we would recognize after-tax expense up to the value of the entire contribution, or $3.6 million at the adjusted maximum of the offering range.

In addition, even if the contribution is tax deductible, we may not have sufficient taxable income to be able to use the deduction fully. Under the Internal Revenue Code, a corporate entity is generally permitted to deduct charitable contributions in an amount up to 10% of its taxable income (taxable income before the charitable contributions deduction) in any one year for charitable contributions. Any contribution in excess of the 10% limit may be deducted for federal income tax purposes over the five years following the year in which the charitable contribution was made. Accordingly, a charitable contribution by a corporate entity could, if necessary, be deducted for federal income tax purposes over a six-year period. Our taxable income over this period may not be sufficient to fully use this deduction.

We intend to enter into employment agreements with our President and Chief Executive Officer, and change of control agreements with our seven other senior officers. These agreements and any other agreements that we may enter into in the future may increase our compensation costs or increase the cost of acquiring us.

IF Bancorp, Inc. and Iroquois Federal each intend to enter into an employment agreement with Alan D. Martin, our President and Chief Executive Officer, and Iroquois Federal and IF Bancorp, Inc. intend to enter into change in control agreements with Pamela J. Verkler, our Vice President and Chief Financial Officer, Walter H. Hasselbring, III, our Vice President and Chief Operating Officer, and five other senior officers. In the event of termination of employment of Mr. Martin other than for cause, or in the event of certain types of termination following a change in control, as set forth in Mr. Martin s employment agreements, and assuming the agreements were in effect on December 31, 2010, the employment agreements provide for cash severance benefits that would cost up to approximately $1,315,968 in the aggregate based on information as of December 31, 2010. In the event of certain types of termination of employment of Ms. Verkler or Mr. Hasselbring, III following a change in control, as set forth in their respective change in control agreements, and assuming such agreements were in effect on December 31, 2010, the change in control agreements provide for cash severance benefits that would cost up to approximately $362,252 and $332,920 for Ms. Verkler and Mr. Hasselbring, respectively, as of December 31, 2010. The aggregate amount of potential cash severance payments to the other senior executive officers under their change in control agreements would be up to approximately $1,101,178. Additionally, if, in the future, we enter into additional employment agreements or change in control agreements with other officers of Iroquois Federal, such agreements may further increase our compensation costs in the event of certain types of terminations. For additional information see Management of IF Bancorp, Inc. Benefit Plans and Agreements.

We have broad discretion in using the proceeds of the stock offering. Our failure to effectively use such proceeds could reduce our profits.

We will use a portion of the net proceeds to finance the purchase of shares of common stock in the stock offering by the employee stock ownership plan and to fund the cash portion of our contribution to the charitable foundation. We may use the remaining net proceeds to pay dividends to stockholders, repurchase shares of common stock, purchase investment securities, deposit funds in Iroquois Federal, acquire other financial services companies or for other general corporate purposes. Iroquois Federal may use the proceeds it receives to fund new loans, establish or acquire new branches, purchase investment securities, reduce a portion of our borrowings, or for general corporate purposes. We have not identified specific amounts of proceeds for any of these purposes and we will have significant flexibility in determining the amount of net proceeds we apply to different uses and the timing of such applications. Our failure to utilize these funds effectively could reduce our profitability. We have not established a timetable for the effective deployment of the proceeds and we cannot predict how long we will require to effectively deploy the proceeds.

Our stock value may be negatively affected by federal regulations that restrict takeovers.

For three years following the stock offering, Office of Thrift Supervision regulations prohibit any person from acquiring or offering to acquire more than 10% of our common stock without the prior written approval of the Office of Thrift Supervision, or successor regulator. See Restrictions on Acquisition of IF Bancorp, Inc. for a discussion of applicable Office of Thrift Supervision regulations regarding acquisitions. Certain prospective investors may choose to purchase shares of a company if they believe that the company will be acquired, thereby potentially increasing its stock value. Because federal regulations will restrict any such acquisition of us or Iroquois Federal for at least three years, these regulations may negatively affect our stock value.

The corporate governance provisions in our articles of incorporation and bylaws and the federal stock charter of Iroquois Federal Savings and Loan Association, and the corporate governance provisions under Maryland law, may prevent or impede the holders of our common stock from obtaining representation on our Board of Directors and may impede takeovers of the company that our Board of Directors might conclude are not in the best interest of IF Bancorp, Inc. or its stockholders.

Provisions in our articles of incorporation and bylaws, as well as the federal stock charter of Iroquois Federal, may prevent or impede holders of our common stock from obtaining representation on our Board of Directors and may make takeovers of IF Bancorp, Inc. more difficult. For example, our Board of Directors is divided into three classes, only one of which will stand for election annually. A classified board makes it more difficult for stockholders to change a majority of the directors because it generally takes at least two annual elections of directors for this to occur. In addition, our articles of incorporation include a provision that no person will be entitled to vote any shares of our common stock in excess of 10% of our outstanding shares of common stock. This limitation does not apply to the purchase of shares by a tax-qualified employee stock benefit plan established by us. Iroquois Federal s federal stock charter will contain a provision that for a period of five years from the closing of the conversion, no person other than IF Bancorp, Inc. may offer directly or indirectly to acquire the beneficial ownership of more than 10% of any class of equity security of Iroquois Federal. This limitation does not apply to the purchase or voting of shares by a tax-qualified employee stock benefit plan established by us, as well as other acquisitions specified in the federal stock charter. In addition, our articles of incorporation and bylaws restrict who may call special meetings of stockholders and how directors may be removed from office. Additionally, in certain instances, the Maryland General Corporation Law and our bylaws could require a supermajority vote of our stockholders to approve a merger or other business combination with a large stockholder, if the proposed transaction is not approved by a majority of our directors. See Restrictions on Acquisition of IF Bancorp, Inc. In addition, subsequent to the Conversion, the Board of Directors expects to review and amend the bylaws of IF Bancorp, Inc. to impose additional or revised director requirements. Such requirements are expected to include provisions which would: (i) require that Board members meet a residency requirement whereby such individual must reside within a city or county in which IF Bancorp, Inc. or any of its subsidiaries maintains an office, or a contiguous county; (ii) require that members may not have been named as having violated any banking or securities law or regulation, or have been a party to any past regulatory order or sanction; and (iii) require that members may not serve on the Board of Directors or be an officer of or own a material interest in a competing financial institution.

We have never issued capital stock and there is no guarantee that a liquid market for our common stock will develop.

We have never issued capital stock and there is no established market for our common stock. We expect that our common stock will be listed on the Nasdaq Capital Market, subject to completion of the offering and compliance with certain conditions. Keefe Bruyette & Woods, Inc. has advised us that it intends to make a market in shares of our common stock following the offering, but it is under no obligation to do so or to continue to do so once it begins. The development of an active trading market depends on the existence of willing buyers and sellers, the presence of which is not within our control, or that of any market maker. The number of active buyers and sellers of the shares of common stock at any particular time may be limited. Under such circumstances, you could have difficulty selling your shares of common stock on short notice, and, therefore, you should not view the shares of common stock as a short-term investment. In addition, our public float, which is the total number of our outstanding shares less the shares held by our employee stock ownership plan, the charitable foundation and our directors and executive officers, will not be very large. As a result, it is possible that an active trading market for the common stock will not develop, or that if an active market develops, it will not continue. Purchasers of common stock in this stock offering should have long-term investment intent and should recognize that there will be a limited trading market in the common stock. This may make it difficult to sell the common stock after the stock offering and may have an adverse impact on the price at which the common stock can be sold.

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SELECTED FINANCIAL AND OTHER DATA

The following tables set forth selected historical financial and other data of Iroquois Federal Savings and Loan Association for the periods and at the dates indicated. The information at June 30, 2010 and 2009 and for the years ended June 30, 2010 and 2009 is derived in part from, and should be read together with, the audited financial statements and notes thereto of Iroquois Federal beginning at page F-1 of this prospectus. The information at June 30, 2008, 2007 and 2006 and for the years then ended is derived in part from audited financial statements that are not included in this prospectus. The information at December 31, 2010 and for the six months ended December 31, 2010 and 2009 is unaudited and reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The results of operations for the six months ended December 31, 2010 are not necessarily indicative of the results to be achieved for the remainder of fiscal 2011 or any other period.

	At December 31, 2010 (Unaudited)	2010	2009	At June 30, 2008 (In thousands)	2007	2006
Selected Financial Condition Data:						
Total assets	$ 404,911	$ 384,782	$ 377,158	$ 338,959	$ 326,425	$ 328,488
Cash and cash equivalents	6,655	6,836	11,902	3,658	5,826	8,640
Investment securities available for sale	137,877	125,747	99,423	69,932	42,775	55,520
Investment securities held to maturity			25,447	33,101	54,668	49,299
Federal Home Loan Bank of Chicago stock	3,121	3,121	3,121	3,121	3,121	3,536
Loans held for sale	242	460	156			
Loans receivable, net	240,725	233,753	223,656	215,180	206,730	199,105
Real estate owned	386	497	126	72	58	526
Bank-owned life insurance	7,108	6,978	6,723	6,469	6,225	5,985
Deposits	333,191	320,557	313,352	269,944	272,795	271,932
Federal Home Loan Bank of Chicago advances	31,000	22,500	26,500	36,000	22,000	27,000
Total equity	36,720	37,288	33,256	28,912	27,054	26,288

	For the Six Months Ended December 31, 2010	2009 (Unaudited)	2010	For the Fiscal Year Ended June 30, 2009	2008 (In thousands)	2007	2006
Selected Operating Data:							
Interest income	$ 8,611	$ 8,977	$ 17,761	$ 18,118	$ 18,142	$ 17,224	$ 14,665
Interest expense	2,729	3,610	6,714	8,663	11,033	11,058	8,216
Net interest income	5,882	5,367	11,047	9,455	7,109	6,166	6,449
Provision for loan losses	625	969	1,875	405	47	25	
Net interest income after provision for loan losses	5,257	4,398	9,172	9,050	7,062	6,141	6,449
Noninterest income	2,324	1,797	4,040	3,098	2,497	2,277	2,238
Noninterest expense	5,066	4,458	9,146	8,379	7,247	7,623	7,011
Income before income tax expense	2,515	1,737	4,066	3,769	2,312	795	1,676
Income tax expense	915	585	1,389	1,362	742	130	503
Net income	$ 1,600	$ 1,152	$ 2,677	$ 2,407	$ 1,570	$ 665	$ 1,173

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	At or For the Six Months Ended December 31,		At or For the Fiscal Years Ended June 30,				
	2010	2009	2010	2009	2008	2007	2006
	(Unaudited)						
Selected Financial Ratios and Other Data:							
Performance Ratios (1):							
Return on average assets (net income as a percentage of average total assets)	0.80%	0.60%	0.69%	0.67%	0.47%	0.20%	0.37%
Return on average equity (net income as a percentage of average equity)	9.09%	7.14%	8.10%	7.85%	5.50%	2.41%	4.41%
Interest rate spread (2)	3.01%	2.80%	2.92%	2.53%	1.95%	1.88%	1.85%
Net interest margin (3)	3.11%	2.94%	3.01%	2.74%	2.20%	2.01%	1.95%
Efficiency ratio (4)	64.73%	65.01%	65.42%	67.12%	76.69%	90.29%	80.71%
Noninterest expense to average total assets	2.52%	2.32%	2.36%	2.32%	2.17%	3.09%	2.31%
Average interest-earning assets to average interest-bearing liabilities	107.34%	107.13%	107.13%	108.37%	107.37%	106.00%	106.00%
Average equity to average total assets	8.76%	8.39%	8.52%	8.50%	8.53%	8.34%	8.00%
Asset Quality Ratios:							
Non-performing assets to total assets	1.07%	0.92%	1.13%	1.07%	0.40%	0.16%	0.28%
Non-performing loans to total loans	1.68%	1.49%	1.64%	1.74%	0.60%	0.23%	0.21%
Allowance for loan losses to non-performing loans	66.95%	55.90%	72.19%	35.04%	81.48%	216.77%	211.49%
Allowance for loan losses to total loans	1.11%	0.83%	1.17%	0.61%	0.49%	0.49%	0.43%
Net charge-offs (recoveries) to average loans (5)	0.57%	0.34%	0.20%	0.04%	0.01%	(0.06)%	%
Capital Ratios:							
Total capital (to risk-weighted assets)	17.4%	16.5%	17.3%	16.7%	16.7%	17.1%	17.6%
Tier I capital (to risk-weighted assets)	16.5%	15.8%	16.4%	16.1%	16.1%	16.5%	17.1%
Tier I capital (to adjusted total assets)	8.9%	8.5%	9.0%	8.4%	8.6%	8.5%	8.2%
Tangible capital (to adjusted total assets)	8.9%	8.5%	9.0%	8.4%	8.6%	8.5%	8.2%
Other Data:							
Number of full service offices	4	4	4	4	4	4	4
Full time equivalent employees	86	81	82	80	74	73	72

(1) Performance ratios for the six months ended December 31, 2010 and 2009 are annualized.
(2) The interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.
(3) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.
(4) The efficiency ratio represents noninterest expense as a percentage of the sum of net interest income and noninterest income.
(5) Amounts shown for the six months ended December 31, 2010 and 2009 are annualized.

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RECENT DEVELOPMENTS

The following tables set forth selected historical financial and other data of Iroquois Federal Savings and Loan Association for the periods and at the dates indicated. The information at June 30, 2010 is derived in part from, and should be read together with, the audited financial statements and notes thereto of Iroquois Federal beginning at page F-1 of this prospectus. The information at March 31, 2011, and for the three and nine months ended March 31, 2011 and 2010 is unaudited and reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The results of operations for the three and nine months ended March 31, 2011 are not necessarily indicative of the results to be achieved for the remainder of fiscal 2011.

	At March 31, 2011 (Unaudited)	At June 30, 2010
	(In thousands)	
Selected Financial Condition Data:		
Total assets	$ 409,497	$ 384,782
Cash and cash equivalents	8,346	6,836
Investment securities available for sale	141,061	125,747
Federal Home Loan Bank of Chicago stock	3,121	3,121
Loans held for sale	152	460
Loans receivable, net	240,628	233,753
Foreclosed assets held for sale	458	497
Bank-owned life insurance	7,171	6,978
Deposits	340,482	320,557
Federal Home Loan Bank of Chicago advances	28,000	22,500
Total equity	37,460	37,288

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2011	2010	2011	2010
	(Unaudited) (In thousands)			
Selected Operating Data:				
Interest income	$ 4,146	$ 4,397	$ 12,757	$ 13,374
Interest expense	1,154	1,573	3,883	5,183
Net interest income	2,992	2,824	8,874	8,191
Provision for loan losses	225	194	850	1,163
Net interest income after provision for loan losses	2,767	2,630	8,024	7,028
Noninterest income	762	978	3,087	2,774
Noninterest expense	2,485	2,241	7,552	6,699
Income before income tax expense	1,044	1,367	3,559	3,103
Income tax expense	379	511	1,294	1,096
Net income	$ 665	$ 856	$ 2,265	$ 2,007

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	At or For the Three Months Ended March 31,		At or For the Nine Months Ended March 31,	
	2011	2010	2011	2010
	(Unaudited)			
Selected Financial Ratios and Other Data:				
Performance Ratios (1):				
Return on average assets (net income as a percentage of average total assets)	0.65%	0.88%	0.75%	0.69%
Return on average equity (net income as a percentage of average equity)	7.16%	9.87%	8.13%	7.82%
Interest rate spread (2)	2.92%	2.85%	3.01%	2.86%
Net interest margin (3)	3.02%	2.99%	3.10%	2.98%
Efficiency ratio (4)	66.10%	60.28%	64.57%	63.89%
Noninterest expense to average total assets	2.43%	2.30%	2.49%	2.31%
Average interest-earning assets to average interest-bearing liabilities	107.90%	108.16%	106.20%	106.21%
Average equity to average total assets	9.09%	8.92%	9.17%	8.84%
Asset Quality Ratios:				
Non-performing assets to total assets	1.04%	0.79%	1.04%	0.79%
Non-performing loans to total loans	1.56%	1.18%	1.56%	1.18%
Allowance for loan losses to non-performing loans	73.49%	77.00%	73.49%	77.00%
Allowance for loan losses to total loans	1.15%	0.91%	1.15%	0.91%
Net charge-offs to average loans (5)	0.23%	0.02%	0.45%	0.23%
Capital Ratios:				
Total capital (to risk-weighted assets)	17.10%	17.75%	17.10%	17.75%
Tier I capital (to risk-weighted assets)	16.78%	16.84%	16.78%	16.84%
Tier I capital (to adjusted total assets)	8.96%	8.58%	8.96%	8.58%
Tangible capital (to adjusted total assets)	8.96%	8.58%	8.96%	8.58%
Other Data:				
Number of full service offices	4	4	4	4
Full time equivalent employees	86	81	86	81

(1) Performance ratios for the three and nine months ended March 31, 2011 and 2010 are annualized.

(2) The interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.

(3) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.

(4) The efficiency ratio represents noninterest expense as a percentage of the sum of net interest income and noninterest income (excluding non-recurring gains and losses on securities sold).

(5) Amounts shown for the three and nine months ended March 31, 2011 and 2010 are annualized.

Comparison of Financial Condition at March 31, 2011 and June 30, 2010

Total assets increased $24.7 million, or 6.4%, to $409.5 million at March 31, 2011 from $384.8 million at June 30, 2010. The increase was primarily the result of a $15.3 million increase in investment securities, a $6.6 million increase in net loans receivable, including loans held for sale, and a $1.5 million increase in cash and cash equivalents.

Net loans receivable, including loans held for sale, increased by $6.6 million, or 2.8%, to $240.8 million at March 31, 2011 from $234.2 million at June 30, 2010. The increase in net loans receivable during this period was due primarily to a $7.1 million, or 37.1%, increase in multi-family residential real estate loans, a $1.6 million, or 6.5%, increase in commercial real estate loans, and a $2.0 million, or 25.8%, increase in home equity lines of credit. The increases in multi-family residential and commercial real estate loans reflected our continued emphasis on originating these types of loans. These increases were partially offset by a $4.4 million, or 2.9%, decrease in one- to four-family residential loans (due primarily to increased sales of loans originated), and a decrease of $337,000 in construction loans. The

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increase in loans was primarily funded with borrowings from the Federal Home Loan Bank of Chicago and increased deposits.

Investment securities, consisting entirely of securities available for sale, increased $15.3 million, or 12.2%, to $141.1 million at March 31, 2011 from $125.7 million at June 30, 2010. The increase was the result of the utilization of excess funding from increased deposits to purchase investment securities, primarily consisting of agency debt obligations with terms of four to six years, which are held as available for sale. We had no securities held to maturity at March 31, 2011 or June 30, 2010.

During the nine-month period ended March 31, 2011, other assets increased $418,000 to $1.7 million, mortgage servicing rights increased by $193,000 to $349,000, and foreclosed assets held for sale decreased by $39,000 to $458,000 due to the sale of foreclosed assets during this period.

At March 31, 2011, our investment in bank-owned life insurance was $7.2 million, an increase of $193,000 from $7.0 million at June 30, 2010. We invest in bank-owned life insurance to provide us with a funding source for our benefit plan obligations. Bank-owned life insurance also generally provides us noninterest income that is non-taxable. Federal regulations generally limit our investment in bank-owned life insurance to 25% of our Tier 1 capital plus our allowance for loan losses, which totaled $9.7 million at March 31, 2011 and will increase as a result of the offering.

Deposits increased $19.9 million, or 6.2%, to $340.5 million at March 31, 2011 from $320.6 million at June 30, 2010, while the mix of deposits remained relatively stable. Certificates of deposit increased $5.1 million, or 2.6%, to $203.4 million, savings, NOW, and money market accounts increased $9.6 million, or 8.7%, to $120.6 million, brokered certificates of deposit increased $1.0 million, or 20.0%, to $6.0 million, and noninterest bearing demand accounts increased $4.2 million, or 66.2%, to $10.5 million.

Borrowings, which consisted solely of advances from the Federal Home Loan Bank of Chicago, increased $5.5 million, or 24.4%, to $28.0 million at March 31, 2011 from $22.5 million at June 30, 2010. We increased our borrowings to fund our lending as current interest rates on borrowings are more favorable than rates paid on deposits.

Total equity increased $172,000, or 0.5%, to $37.5 million at March 31, 2011 from $37.3 million at June 30, 2010. The increase was attributable to net income of $2.3 million, offset by a $2.2 million decrease in accumulated other comprehensive income resulting primarily from the after-tax effect of a $3.4 million decrease in unrealized gains on securities available for sale. The decrease in unrealized gains on securities available for sale was due to lower market values of available for sale securities.

Comparison of Operating Results for the Nine Months Ended March 31, 2011 and 2010

General. Net income increased $258,000, or 12.8%, to $2.3 million for the nine months ended March 31, 2011 from $2.0 million for the nine months ended March 31, 2010. The increase was primarily due to a $683,000 increase in net interest income, a $313,000 increase in noninterest income and a $313,000 reduction in the provision for loan losses, partially offset by an increase in noninterest expense of $853,000 and a $197,000 increase in income tax expense.

Net Interest Income. Net interest income increased by $683,000, or 8.3%, to $8.9 million for the nine months ended March 31, 2011 from $8.2 million for the nine months ended March 31, 2010. The increase was due to a decrease of $1.3 million in interest expense partially offset by a decrease of $617,000 in interest income. The increase in net interest income was primarily the result of the cost of our deposits, particularly our certificates of deposit, decreasing faster than the yields on our interest-earning assets in a period of declining market interest rates. As a result, our net interest margin increased 12 basis points to 3.10% for the nine months ended March 31, 2011 compared to 2.98% for the nine months ended March 31, 2010, and our net interest rate spread increased 15 basis points to 3.01% for the nine months ended March 31, 2011 compared to 2.86% for the nine months ended March 31, 2010.

Interest Income. Interest income decreased $617,000, or 4.6%, to $12.8 million for the nine months ended March 31, 2011 from $13.4 million for the nine months ended March 31, 2010. The decrease in interest income was primarily due to a $501,000 decrease in interest income on securities, which resulted from a 64 basis point, or 17.3%, decrease in the average yield on securities from 3.72% to 3.08%. The decrease in the average yield was primarily due to lower market interest rates during the period. The decrease in yield was partially offset by an increase in the average balance of securities of $6.0 million, or 4.5%, to $138.3 million for the nine months ended March 31, 2011 from $132.3 million for the nine months ended March 31, 2010.

Interest income on loans decreased $121,000 as an $8.0 million increase in the average balance of loans to $239.6 million at March 31, 2011 was more than offset by an 25 basis point decrease in the average yield on loans from 5.57% to 5.32%. The decrease in the average yield on loans reflected both a reduction in the current interest rates charged on loans originated during the period versus the average rates on existing loans in the portfolio, and a portion of our adjustable rate one- to four-family residential loans that adjusted to a lower rate at the contractual adjustment term.

Interest Expense. Interest expense decreased $1.3 million, or 25.1%, to $3.9 million for the nine months ended March 31, 2011 from $5.2 million for the nine months ended March 31, 2010. The decrease occurred due to lower market interest rates during the period partially offset by higher deposit balances.

Interest expense on interest-bearing deposits decreased by $1.2 million, or 27.1%, to $3.2 million for the nine months ended March 31, 2011 from $4.4 million for the nine months ended March 31, 2010. This decrease was primarily due to a decrease of 58 basis points in the average cost of interest-bearing deposits to 1.29% for the nine months ended March 31, 2011 from 1.87% for the nine months ended March 31, 2010. We experienced decreases in the average cost across all categories of interest-bearing deposits for the nine months ended March 31, 2011, reflecting lower market interest rates as compared to the prior period. The decrease in average cost was partially offset by a $16.7 million, or 5.3%, increase in the average balance of interest-bearing deposits to $330.8 million for the nine months ended March 31, 2011 from $314.1 million for the nine months ended March 31, 2010.

Interest expense on borrowings decreased $106,000, or 13.5%, to $679,000 for the nine months ended March 31, 2011 from $785,000 for the nine months ended March 31, 2010. This decrease was due to a $2.2 million decrease in the average balance of borrowings to $28.8 million for the nine months ended March 31, 2011 from $31.0 million for the nine months ended March 31, 2010, and a 23 basis point decrease in the average cost of such borrowings to 3.15% for the nine months ended March 31, 2011 from 3.38% for the nine months ended March 31, 2010.

Provision for Loan Losses. We establish provisions for loan losses, which are charged to operations in order to maintain the allowance for loan losses at a level we consider necessary to absorb probable credit losses inherent in our loan portfolio. We recorded a provision for loan losses of $850,000 for the nine months ended March 31, 2011, as compared to a provision for loan losses of $1.2 million for the nine months ended March 31, 2010. The allowance for loan losses was $2.8 million, or 1.15% of total loans, at March 31, 2011, compared to $2.1 million, or 0.91% of total loans, at March 31, 2010. The decrease in the provision reflects management s view of the stabilization of the risk in the portfolio, in particular the stabilization of non-performing and delinquent loans, and higher provisions taken in the

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fiscal year ended June 30, 2010 to increase the overall allowance level due to increasing non-performing loans and worsening economic conditions during fiscal 2010.

Noninterest Income. Noninterest income increased $313,000, or 11.3%, to $3.1 million for the nine months ended March 31, 2011 compared to $2.8 million for the nine months ended March 31, 2010. The increase was primarily due to increases in brokerage commissions, mortgage banking income and other service charges and fees, partially offset by decreases in net realized gains on the sale of available for sale securities, insurance commissions and customer service fees. For the nine months ended March 31, 2011, mortgage banking income increased $374,000 to $554,000, brokerage commissions increased $145,000 to $440,000, and other service charges and fees increased $93,000 to $205,000. Net realized gains on the sale of available for sale securities decreased $288,000 to $352,000 and insurance commissions and customer service fees decreased $18,000 and $42,000, respectively, for the nine months ended March 31, 2011. The increase in mortgage banking income was due primarily to increased originations of one- to four-family loans originated for sale and the increase in brokerage commissions was primarily due to increased sales of mutual funds and annuities.

Noninterest Expense. Noninterest expense increased $853,000, or 12.7%, to $7.6 million for the nine months ended March 31, 2011 from $6.7 million for the nine months ended March 31, 2010. The largest components of this increase were compensation and benefits, which increased $758,000, or 18.7%, professional services expense, which increased $62,000, or 68.1%, office occupancy expense and equipment expense, which increased a combined $73,000, or 9.6%, and other noninterest expense, which increased $100,000, or 14.1%. Increased staffing, normal salary increases and increases in payroll taxes primarily accounted for the increase in compensation and benefits expense. These increases were partially offset by a decrease of $159,000 in net loss on foreclosed assets to a net gain recognized for the nine months ended March 31, 2011.

Income Tax Expense. We recorded a provision for income taxes of $1.3 million for the nine months ended March 31, 2011, compared to a provision for income taxes of $1.1 million for the nine months ended March 31, 2010, reflecting effective tax rates of 36.4% and 35.3%, respectively. The increased rate for the nine months ended March 31, 2011 was due to an increase in state tax expense.

Comparison of Operating Results for the Three Months Ended March 31, 2011 and 2010

General. Net income decreased $191,000, or 22.3%, to $665,000 for the three months ended March 31, 2011 from $856,000 for the three months ended March 31, 2010. The decrease was primarily due to a $216,000 decrease in noninterest income, a $31,000 increase in the provision for loan losses and an increase of $244,000 increase in noninterest expense, partially offset by an increase in net interest income of $168,000 and a $132,000 decrease in income tax expense.

Net Interest Income. Net interest income increased by $168,000, or 5.9%, to $3.0 million for the three months ended March 31, 2011 from $2.8 million for the three months ended March 31, 2010. The increase was due to a decrease of $419,000 in interest expense partially offset by a decrease of $251,000 in interest income. The increase in net interest income was primarily the result of the cost of our deposits, particularly our certificates of deposit, decreasing faster than the yields on our interest-earning assets in a period of declining market interest rates. As a result, our net interest margin increased three basis points to 3.02% for the three months ended March 31, 2011 compared to 2.99% for the three months ended March 31, 2010, and our net interest rate spread increased seven basis points to 2.92% for the three months ended March 31, 2011 compared to 2.85% for the three months ended March 31, 2010.

Interest Income. Interest income decreased $251,000, or 5.7%, to $4.1 million for the three months ended March 31, 2011 from $4.4 million for the three months ended March 31, 2010. The decrease in interest income was primarily due to a $160,000 decrease in interest income on securities which resulted from a 66 basis point, or 18.6%, decrease in the average yield on securities from 3.56% to 2.90%. The decrease in the average yield was primarily due to lower market interest rates during the period. The decrease in yield was partially offset by an increase in the average balance of securities of $8.6 million, or 6.4%, to $143.4 million for the three months ended March 31, 2011 from $134.8 million for the three months ended March 31, 2010.

Interest income on loans decreased $94,000 as a $9.8 million increase in the average balance of loans to $242.3 million at March 31, 2011 was more than offset by a 38 basis point decrease in the average yield on loans from 5.50% to 5.12%. The decrease in the average yield on loans reflected both a reduction in the current interest rates charged on loans originated during the period versus the average rates on existing loans in the portfolio, and a portion of our adjustable rate one- to four-family residential loans that adjusted to a lower rate at the contractual adjustment term.

Interest Expense. Interest expense decreased $419,000, or 26.6%, to $1.2 million for the three months ended March 31, 2011 from $1.6 million for the three months ended March 31, 2010. The decrease occurred due to lower market interest rates during the period partially offset by higher deposit balances.

Interest expense on interest-bearing deposits decreased by $386,000, or 29.3%, to $933,000 for the three months ended March 31, 2011 from $1.3 million for the three months ended March 31, 2010. This decrease was primarily due to a decrease of 55 basis points in the average cost of interest-bearing deposits to 1.11% for the three months ended March 31, 2011 from 1.66% for the three months ended March 31, 2010. We experienced decreases in the average cost across all categories of interest-bearing deposits for the three months ended March 31, 2011, reflecting lower market interest rates as compared to the prior period. The decrease in average cost was partially offset by a $19.0 million, or 6.0%, increase in the average balance of interest-bearing deposits to $337.7 million for the three months ended March 31, 2011 from $318.7 million for the three months ended March 31, 2010.

Interest expense on borrowings decreased $33,000 to $221,000 for the three months ended March 31, 2011 from $254,000 for the three months ended March 31, 2010. This decrease was due to a $931,000 decrease in the average balance of borrowings to $30.0 million for the three months ended March 31, 2011 from $31.0 million for the three months ended March 31, 2010, and a 34 basis point decrease in the average cost of such borrowings to 2.94% for the three months ended March 31, 2011 from 3.28% for the three months ended March 31, 2010.

Provision for Loan Losses. We establish provisions for loan losses which are charged to operations in order to maintain the allowance for loan losses at a level we consider necessary to absorb probable credit losses inherent in our loan portfolio. We recorded a provision for loan losses of $225,000 for the three months ended March 31, 2011, as compared to a provision for loan losses of $194,000 for the three months ended March 31, 2010. The allowance for loan losses was $2.8 million, or 1.15% of total loans, at March 31, 2011, compared to $2.1 million, or 0.91% of total loans, at March 31, 2010.

Noninterest Income. Noninterest income decreased $216,000, or 22.1%, to $762,000 for the three months ended March 31, 2011 compared to $978,000 for the three months ended March 31, 2010. The decrease was primarily due to a decrease in net realized gain (loss) on sales of securities of $362,000 to a net realized loss of $26,000 for the three months ended March 31, 2011 compared to a net realized gain of $336,000 for the three months ended March 31, 2010. This decrease was partially offset by increases in insurance and brokerage commissions, mortgage banking income, and other service charges and fees. For the three months ended March 31, 2011, mortgage banking income increased $118,000 to $134,000, insurance and brokerage commissions increased $52,000 to $255,000, and other service charges and fees increased $21,000 to $49,000. The increase in mortgage banking income was due primarily to increased originations of one- to four-family loans originated for sale and the increase in brokerage commissions was primarily due to increased sales of mutual funds and annuities.

Noninterest Expense. Noninterest expense increased $244,000, or 10.9%, to $2.5 million for the three months ended March 31, 2011 from $2.2 million for the three months ended March 31, 2010. The largest component of this increase was compensation and benefits, which increased $288,000, or 21.5%. Increased staffing, normal salary increases and increases in payroll taxes primarily accounted for the increase in compensation and benefits expense. These increases were partially offset by a decrease of $17,000 in net gain (loss) on foreclosed assets, net, recognized for the three months ended March 31, 2011 and a decrease of $16,000 in advertising expense.

Income Tax Expense. We recorded a provision for income taxes of $379,000 for the three months ended March 31, 2011, compared to a provision for income taxes of $511,000 for the three months ended March 31, 2010, reflecting effective tax rates of 36.3% and 37.4%, respectively. The decreased rate for the three months ended March 31, 2011 was due to a decrease in net income before income taxes.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, which can be identified by the use of words such as estimate, project, believe, intend, anticipate, plan, seek, expect, will, may and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the asset quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic, legal, governmental, technological and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We do not undertake any obligation to update any forward-looking statements after the date of this prospectus, except as required by applicable law.

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:

- general economic conditions, either nationally or in our market areas, that are worse than expected;
- competition among depository and other financial institutions;
- changes in the interest rate environment that reduce our margins or reduce the fair value of financial instruments;
- adverse changes in the securities markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- our ability to successfully integrate acquired entities, if any;
- changes in consumer spending, borrowing and savings habits;

changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission and the Public Company Accounting Oversight Board;

changes in our organization, compensation and benefit plans;

changes in our financial condition or results of operations that reduce capital; and

changes in the financial condition or future prospects of issuers of securities that we own.

Because of these and a wide variety of other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. Please see Risk Factors beginning on page 15.

HOW WE INTEND TO USE THE PROCEEDS FROM THE OFFERING

Although we cannot determine what the actual net proceeds from the sale of the shares of common stock in the offering will be until the offering is completed, we anticipate that the net proceeds will be between $27.4 million and $37.5 million, or $43.3 million if the offering range is increased by 15%.

We intend to distribute the net proceeds from the stock offering as follows:

	Based Upon the Sale at $10.00 Per Share of							
	2,890,000 Shares		3,400,000 Shares		3,910,000 Shares		4,496,500 Shares (1)	
	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds
	(Dollars in thousands)							
Stock offering proceeds	$ 28,900		$ 34,000		$ 39,100		$ 44,965	
Less offering expenses	(1,475)		(1,533)		(1,592)		(1,659)	
Net offering proceeds (2)	$ 27,425	100.0%	$ 32,467	100.0%	$ 37,508	100.0%	$ 43,306	100.0%
Use of net proceeds:								
To Iroquois Federal Savings and Loan Association	$ 13,713	50.0%	$ 16,234	50.0%	$ 18,754	50.0%	$ 21,653	50.0%
Cash contributed to foundation	289	1.1	340	1.0	391	1.0	450	1.0
To fund loan to employee stock ownership plan	2,474	9.0	2,910	9.0	3,347	8.9	3,849	8.9
Retained by IF Bancorp, Inc.	$ 10,949	39.9%	$ 12,983	40.00%	$ 15,016	40.1%	$ 17,354	40.1%

(1) As adjusted to give effect to an increase in the number of shares, which could occur due to a 15% increase in the offering range to reflect demand for the shares or changes in market conditions following the commencement of the offering.

(2) Assumes that all shares of common stock are sold in the subscription offering.

Payments for shares of common stock made through withdrawals from existing deposit accounts will not result in the receipt of new funds for investment but will result in a reduction of Iroquois Federal s deposits. The net proceeds may vary because the total expenses relating to the offering may be more or less than our estimates. For example, our expenses would increase if a community offering or a syndicated community offering was used to sell shares of common stock not purchased in the subscription offering.

IF Bancorp, Inc. may use the proceeds it retains from the stock offering:

- to fund a loan to the employee stock ownership plan to purchase shares of common stock in the stock offering;
- to fund the cash portion of the contribution to the charitable foundation;
- to invest in mortgage-backed securities and debt securities issued by agencies of, or entities sponsored by, the U.S. Government;

to finance the acquisition of other financial institutions or other financial service companies, or the deposits and assets of other institutions, including in FDIC-assisted acquisitions (although we do not currently have any arrangements or agreements with respect to any such acquisitions);

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- to pay cash dividends to stockholders;
- to repurchase shares of our common stock; and
- for other general corporate purposes.

Initially, we intend to invest a substantial portion of the net proceeds in investment grade securities, including securities issued by U.S. Government agencies and mortgage backed securities issued by U.S. Government agencies and U.S. Government sponsored entities.

Under current Office of Thrift Supervision regulations, we may not repurchase shares of our common stock during the first year following the conversion, except to fund stockholder-approved stock-based benefit plans other than stock options or except when extraordinary circumstances exist and with prior regulatory approval.

Iroquois Federal may use the net proceeds it receives from the stock offering:

- to expand its banking franchise by establishing or acquiring new branches, or acquiring other financial institutions, or the deposits and assets of other financial institutions, including in FDIC-assisted acquisitions (although we currently have no arrangements or agreements with respect to any such transactions);
- to fund new loans;
- to repay borrowings;
- to invest in investment grade securities, including securities issued by U.S. Government agencies and mortgage backed securities issued by U.S. Government agencies and U.S. Government sponsored entities; and
- for other general corporate purposes.

Iroquois Federal has not determined how much of the net offering proceeds it intends to use for each of the foregoing purposes. Moreover, the actual cost to acquire or open a new branch may vary significantly depending on the particular opportunity available. Our short-term and long-term growth plans anticipate that, upon completion of the offering, we will experience growth through increased lending and investment activities, expanding our wealth management, insurance agency and financial services activities through cross-selling our products and services to our customers and, possibly, de novo branching or branch acquisitions. We currently have no understandings or agreements to acquire other banks, thrifts, other financial services companies, or branch offices of any such institutions.

Initially, we intend to invest a substantial portion of the net proceeds in investment grade securities, including securities issued by U.S. Government agencies and mortgage backed securities issued by U.S. Government agencies and U.S. Government sponsored entities.

OUR POLICY REGARDING DIVIDENDS

Following completion of the stock offering, our Board of Directors will have the authority to declare dividends on our shares of common stock, subject to statutory and regulatory requirements. However, no decision has been made with respect to the payment of dividends. In determining whether to pay a cash dividend and the amount of such cash dividend, the Board of Directors is expected to take into account a number of factors, including capital requirements, our consolidated financial condition and results of operations, other uses of funds for the long-term value of stockholders, tax considerations, statutory and regulatory limitations and general economic conditions. No assurances can be given that any dividends will be paid or that, if paid, will not be reduced or eliminated in the future. Special cash dividends, stock dividends or returns of capital, to the extent permitted by Office of Thrift Supervision policy and regulations, may be paid in addition to, or in lieu of, regular cash dividends. We will file a consolidated tax return with Iroquois Federal. Accordingly, it is anticipated that any cash distributions that we make to our stockholders would be treated as cash dividends and not as a non-taxable return of capital for federal and state tax purposes. Additionally, pursuant to Office of Thrift Supervision regulations, during the three-year period following the stock offering, we will not take any action to declare an extraordinary dividend to stockholders that would be treated by recipients as a tax-free return of capital for federal income tax purposes.

Pursuant to our Articles of Incorporation, we are authorized to issue preferred stock. If we issue preferred stock, the holders thereof may have a priority over the holders of our shares of common stock with respect to the payment of dividends. For a further discussion concerning the payment of dividends on our shares of common stock, see Description of Capital Stock Common Stock. Dividends we can declare and pay will depend, in part, upon receipt of dividends from Iroquois Federal, because initially we will have no source of income other than dividends from Iroquois Federal, earnings from the investment of proceeds from the sale of shares of common stock, and interest payments received in connection with the loan to the employee stock ownership plan. A regulation of the Office of Thrift Supervision imposes limitations on capital distributions by savings institutions. See Supervision and Regulation Federal Banking Regulation Capital Distributions.

Any payment of dividends by Iroquois Federal to us that would be deemed to be drawn out of Iroquois Federal s bad debt reserves, if any, would require a payment of taxes at the then-current tax rate by Iroquois Federal on the amount of earnings deemed to be removed from the reserves for such distribution. Iroquois Federal does not intend to make any distribution to us that would create such a federal tax liability. See Taxation Federal Taxation and State Taxation.

MARKET FOR THE COMMON STOCK

We have never issued capital stock and there is no established market for our shares of common stock. We expect that our shares of common stock will be traded on the Nasdaq Capital Market under the symbol IROQ, subject to completion of the offering and compliance with certain conditions, including the presence of at least three registered and active market makers. Keefe, Bruyette & Woods, Inc. has advised us that it intends to make a market in shares of our common stock following the offering, but it is under no obligation to do so or to continue to do so once it begins. While we will attempt before completion of the offering to obtain commitments from at least two other broker-dealers to make a market in shares of our common stock, there can be no assurance that we will be successful in obtaining such commitments.

The development and maintenance of a public market, having the desirable characteristics of depth, liquidity and orderliness, depends on the existence of willing buyers and sellers, the presence of which is not within our control or that of any market maker. The number of active buyers and sellers of

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shares of our common stock at any particular time may be limited, which may have an adverse effect on the price at which shares of our common stock can be sold. There can be no assurance that persons purchasing the shares of common stock will be able to sell their shares at or above the $10.00 offering purchase price per share. You should have a long-term investment intent if you purchase shares of our common stock and you should recognize that there may be a limited trading market in the shares of our common stock.

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HISTORICAL AND PRO FORMA REGULATORY CAPITAL COMPLIANCE

At December 31, 2010, Iroquois Federal exceeded all of the applicable regulatory capital requirements. The table below sets forth the historical equity capital and regulatory capital of Iroquois Federal at December 31, 2010, and the pro forma regulatory capital of Iroquois Federal, after giving effect to the sale of shares of common stock at $10.00 per share. The capital requirements shown are based on capital levels required to be considered well-captalized under Office of Thrift Supervision prompt corrective action regulations. The table assumes that all shares of common stock are sold in the subscription offering and the receipt by Iroquois Federal of 50% of the net offering proceeds. See How We Intend to Use the Proceeds from the Offering.

	Iroquois Federal Savings and Loan Association Historical at December 31, 2010		Pro Forma at December 31, 2010, Based Upon the Sale in the Offering of 2,890,000 Shares		3,400,000 Shares		3,910,000 Shares		4,496,500 Shares (1)	
	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)
					(Dollars in thousands)					
Equity (3)	$ 36,720	9.07%	$ 46,722	11.16%	$ 48,589	11.54%	$ 50,454	11.91%	$ 52,599	12.33%
Tier 1 leverage capital (3)	$ 36,069	8.92%	$ 46,071	11.02%	$ 47,938	11.40%	$ 49,803	11.78%	$ 51,948	12.20%
Requirement	20,208	5.00	20,894	5.00	21,020	5.00	21,146	5.00	21,291	5.00
Excess	$ 15,861	3.92%	$ 25,177	6.02%	$ 26,918	6.40%	$ 28,657	6.78%	$ 30,657	7.20%
Tier 1 risk-based capital (3) (4)	$ 36,069	16.86%	$ 46,071	21.26%	$ 47,938	22.07%	$ 49,803	22.87%	$ 51,948	23.80%
Requirement	12,838	6.00	13,003	6.00	13,033	6.00	13,063	6.00	13,098	6.00
Excess	$ 23,231	10.86%	$ 33,068	15.26%	$ 34,905	16.07%	$ 36,740	16.87%	$ 38,850	17.80%
Total risk-based capital (3) (4)	$ 37,294	17.43%	$ 47,296	21.82%	$ 49,163	22.63%	$ 51,028	23.44%	$ 53,173	24.36%
Requirement	21,397	10.00	21,671	10.00	21,721	10.00	21,772	10.00	21,830	10.00
Excess	$ 15,897	7.43%	$ 25,625	11.82%	$ 27,442	12.63%	$ 29,256	13.44%	$ 31,343	14.36%
Reconciliation of capital infused into Iroquois Federal Savings and Loan Association:										
Net proceeds			$ 13,713		$ 16,234		$ 18,754		$ 21,653	
Less: Common stock to be acquired by employee stock ownership plan			(2,474)		(2,910)		(3,347)		(3,849)	
Less: Common stock to be acquired by stock-based benefit plans			(1,237)		(1,455)		(1,673)		(1,925)	
Pro forma increase			$ 10,002		$ 11,869		$ 13,734		$ 15,879	

(1) As adjusted to give effect to an increase in the number of shares which could occur due to a 15% increase in the offering range to reflect demand for the shares or changes in market conditions following the commencement of the offering.
(2) Tier 1 leverage capital levels are shown as a percentage of total adjusted assets. Risk-based capital levels are shown as a percentage of risk-weighted assets.
(3)

Pro forma capital levels assume that the employee stock ownership plan purchases 8% of the shares of common stock sold in the stock offering and contributed to the charitable foundation with funds we lend, and the stock-based benefit plan purchases 4% of the shares of common stock sold in the offering and contributed to the charitable foundation in open market purchases at $10 per share after shareholder approval. Pro forma GAAP and regulatory capital have been reduced by the amount required to fund these plans. See Management of IF Bancorp, Inc. for a discussion of the employee stock ownership plan and stock-based benefit plan.

(4) Pro forma amounts and percentages assume net proceeds are invested in assets that carry a 20% risk weighting.

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CAPITALIZATION

The following table presents the historical capitalization of Iroquois Federal at December 31, 2010 and the pro forma consolidated capitalization of IF Bancorp, Inc., after giving effect to the conversion and the offering, based upon the assumptions set forth in the Pro Forma Data section.

	Iroquois Federal Savings and Loan Association Historical at December 31, 2010	IF Bancorp, Inc. Pro Forma, Based Upon the Sale in the Offering at $10.00 per Share of 2,890,000 Shares	3,400,000 Shares	3,910,000 Shares	4,496,500 Shares (1)
			(Dollars in thousands)		
Deposits (2)	$ 333,191	$ 333,191	$ 333,191	$ 333,191	$ 333,191
Borrowings	31,000	31,000	31,000	31,000	31,000
Total deposits and borrowed funds	$ 364,191	$ 364,191	$ 364,191	$ 364,191	$ 364,191
Stockholders equity:					
Common stock $0.01 par value, 100,000,000 shares authorized; assuming shares outstanding as shown (3)	$	$ 31	$ 36	$ 42	$ 48
Preferred stock $0.01 par value, 50,000,000 shares authorized; no shares assumed outstanding					
Additional paid-in capital (4)		29,417	34,811	40,203	46,406
Retained earnings (5)	36,098	36,098	36,098	36,098	36,098
Less:					
After tax expense of contribution to charitable foundation (6)		(1,433)	(1,686)	(1,939)	(2,231)
Common stock to be acquired by employee stock ownership plan (7)		(2,474)	(2,910)	(3,347)	(3,849)
Common stock to be acquired by stock-based benefit plan (8)		(1,237)	(1,455)	(1,673)	(1,925)
Plus:					
Accumulated other comprehensive income	622	622	622	622	622
Total stockholders equity	$ 36,720	$ 61,024	$ 65,516	$ 70,006	$ 75,169
Pro forma shares outstanding:					
Shares issued to charitable foundation		202,300	238,000	273,700	314,755
Shares sold in offering		2,890,000	3,400,000	3,910,000	4,496,500
Total shares outstanding		3,092,300	3,638,000	4,183,700	4,811,255
Total stockholders equity as a percentage of total assets (2)	9.07%	14.22%	15.11%	15.98%	16.95%

(1) As adjusted to give effect to an increase in the number of shares of common stock that could occur due to a 15% increase in the offering range to reflect demand for shares or changes in market conditions following the commencement of the offering.

(2) Does not reflect withdrawals from deposit accounts for the purchase of shares of common stock in the conversion and offering. These withdrawals would reduce pro forma deposits and assets by the amount of the withdrawals.

(3)

No effect has been given to the issuance of additional shares of IF Bancorp, Inc. common stock pursuant to one or more stock-based benefit plan. If these plans are implemented within 12 months following the completion of the stock offering, an amount up to 10% and 4% of the shares of IF Bancorp, Inc. common stock sold in the offering and contributed to the charitable foundation will be reserved for issuance upon the exercise of stock options and for issuance as restricted stock awards, respectively. See Management of IF Bancorp, Inc.

(4) On a pro forma basis, IF Bancorp, Inc. common stock and additional paid-in capital have been revised to reflect the number of shares of IF Bancorp, Inc. common stock to be outstanding, including shares issued to the charitable foundation.

(5) The retained earnings of Iroquois Federal will be substantially restricted after the conversion. See Our Policy Regarding Dividends, The Conversion; Plan of Distribution Liquidation Rights and Supervision and Regulation.

(6) Represents the expense of the contribution to the charitable foundation based on a 38.0% tax rate. The realization of the deferred tax benefit is limited annually to a maximum deduction for charitable foundations equal to 10% of our annual taxable income, subject to our ability to carry forward for federal or state purposes any unused portion of the deduction for the five years following the year in which the contribution is made.

(7) Assumes that 8% of the shares sold in the offering and contributed to the charitable foundation will be acquired by the employee stock ownership plan financed by a loan from IF Bancorp, Inc. The loan will be repaid principally from Iroquois Federal s contributions to the employee stock ownership plan. Since IF Bancorp, Inc. will finance the employee stock ownership plan debt, this debt will be

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eliminated through consolidation, and no asset or liability will be reflected on IF Bancorp, Inc. s consolidated financial statements. Accordingly, the amount of shares of common stock acquired by the employee stock ownership plan is shown in this table as a reduction of total stockholders equity.

(8) Assumes a number of shares of common stock equal to 4% of the shares of common stock to be sold in the offering and contributed to the charitable foundation will be purchased for grant by one or more stock-based benefit plan in open market purchases by IF Bancorp, Inc. The dollar amount of common stock to be purchased is based on the $10.00 per share subscription price in the offering and represents unearned compensation. This amount does not reflect possible increases or decreases in the value of common stock relative to the subscription price in the offering. As IF Bancorp, Inc. accrues compensation expense to reflect the vesting of shares pursuant to the stock-based benefit plan, the credit to equity will be offset by a charge to noninterest expense. Implementation of the stock-based benefit plan will require stockholder approval.

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PRO FORMA DATA

The following tables summarize historical data of Iroquois Federal and pro forma data of IF Bancorp, Inc. at and for the six months ended December 31, 2010 and the year ended June 30, 2010. This information is based on assumptions set forth below and in the table, and should not be used as a basis for projections of market value of the shares of common stock following the conversion and offering.

The net proceeds in the tables are based upon the following assumptions:

- all shares of common stock will be sold in the subscription offering;

- 217,750 shares of common stock will be purchased by our executive officers and directors, and their associates;

- our employee stock ownership plan will purchase 8% of the shares of common stock sold in the stock offering and contributed to the charitable foundation with a loan from IF Bancorp, Inc. The loan will be repaid in substantially equal payments of principal and interest (at the prime interest rate, adjusted annually) over a period of 20 years;

- Keefe, Bruyette & Woods, Inc. will receive a success fee equal to 1.25% of the dollar amount of the shares of common stock sold in the subscription offering, excluding shares purchased by our directors, officers and employees and members of their immediate families, our employee stock ownership plan and our tax-qualified or stock-based compensation or similar plans (except individual retirement accounts), and excluding shares contributed to the charitable foundation;

- expenses of the stock offering, other than fees and expenses to be paid to Keefe, Bruyette & Woods, Inc., will be $1.1 million; and

- we will contribute to the charitable foundation a number of shares of IF Bancorp, Inc. common stock equal to 7% of the shares sold in the offering and an amount of cash equal in value to 1% of the shares of sold in the offering. The number of shares contributed to the foundation would equal 202,300 and 314,755 at the minimum and adjusted maximum of the offering range, respectively, and the amount of cash contributed to the charitable foundation would equal approximately $289,000 and $450,000 at the minimum and adjusted maximum of the offering range.

Pro forma earnings on net proceeds have been calculated assuming the stock has been sold at the beginning of the period and the net proceeds have been invested at a yield of 2.01% for the six months ended December 31, 2010 and for the year ended June 30, 2010. This represents the five-year U. S. Treasury Note as of December 31, 2010, which, in light of current market interest rates, we consider to more accurately reflect the pro forma reinvestment rate than the arithmetic average of the weighted average yield earned on our interest-earning assets and the weighted average rate paid on our deposits, which is the reinvestment rate generally required by Office of Thrift Supervisions regulations. The pro forma after-tax yield on the net proceeds from the offering is assumed to be 1.25% for the six months ended December 31, 2010 and for the year ended June 30, 2010, based on an effective tax rate of 38.0%.

We calculated historical and pro forma per share amounts by dividing historical and pro forma amounts of consolidated net income and stockholders equity by the indicated number of shares of common stock. We adjusted these figures to give effect to the shares of common stock purchased by the employee stock ownership plan. We computed per share amounts for each period as if the shares of

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common stock were outstanding at the beginning of each period, but we did not adjust per share historical or pro forma stockholders equity to reflect the earnings on the estimated net proceeds.

The pro forma tables give effect to the implementation of stock-based benefit plans. Subject to the receipt of stockholder approval, we have assumed that the stock-based benefit plans will acquire for restricted stock awards a number of shares of common stock equal to 4% of our outstanding shares of common stock at the same price for which they were sold in the stock offering. We assume that shares of common stock are granted under the plans in awards that vest over a five-year period.

We have also assumed that the stock-based benefit plans will grant options to acquire shares of common stock equal to 10% of our outstanding shares of common stock. In preparing the tables below, we assumed that stockholder approval was obtained, that the exercise price of the stock options and the market price of the stock at the date of grant were $10.00 per share and that the stock options had a term of ten years and vested over five years. We applied the Black-Scholes option pricing model to estimate a grant-date fair value of $3.48 for each option. In addition to the terms of the options described above, the Black-Scholes option pricing model assumed an estimated volatility rate of 16.16% for the shares of common stock, no dividend yield, an expected option life of ten years and a risk-free interest rate of 3.30%. Finally, we assumed that 25% of the stock options were non-qualified options granted to directors, resulting in a tax benefit (at an assumed tax rate of 38.0%) for a deduction equal to the grant date fair value of the options.

We may reserve shares for the exercise of stock options and the grant of stock awards under one or more stock-based benefit plans in excess of 10% and 4%, respectively, of our total outstanding shares if the stock-based benefit plans are adopted more than one year following the stock offering. In addition, we may grant options and award shares that vest sooner than over a five-year period if the stock-based benefit plans are adopted more than one year following the stock offering.

As discussed under How We Intend to Use the Proceeds from the Offering, we intend to contribute at least 50% of the net proceeds from the stock offering to Iroquois Federal, and we will retain the remainder of the net proceeds from the stock offering. We will use portions of the proceeds we retain for the purpose of making a loan to the employee stock ownership plan and for the cash portion of the contribution to the charitable foundation, and retain the rest of the proceeds for future use.

The pro forma table does not give effect to:

- withdrawals from deposit accounts for the purpose of purchasing shares of common stock in the stock offering;
- our results of operations after the stock offering; or
- changes in the market price of the shares of common stock after the stock offering.

The following pro forma information may not represent the financial effects of the stock offering at the date on which the stock offering actually occurs and you should not use the table to indicate future results of operations. Pro forma stockholders equity represents the difference between the stated amount of our assets and liabilities, computed in accordance with GAAP. We did not increase or decrease stockholders equity to reflect the difference between the carrying value of loans and other assets and their market value. Pro forma stockholders equity is not intended to represent the fair market value of the shares of common stock and may be different than the amounts that would be available for distribution to stockholders if we liquidated. Pro forma stockholders equity does not give effect to the

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impact of intangible assets, bad debt reserve or the liquidation account we will establish in the conversion in the unlikely event we are liquidated.

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	At or For the Six Months Ended December 31, 2010 Based Upon the Sale at $10.00 Per Share of			
	2,890,000 Shares	3,400,000 Shares	3,910,000 Shares	4,496,500 Shares (1)
	(Dollars in thousands, except per share amounts)			
Gross proceeds of offering	$ 28,900	$ 34,000	$ 39,100	$ 44,965
Plus: Market value of shares issued to charitable foundation	2,023	2,380	2,737	3,148
Pro forma market capitalization	30,923	36,380	41,837	48,113
Gross proceeds of offering	28,900	34,000	39,100	44,965
Less: Expenses	(1,475)	(1,533)	(1,592)	(1,659)
Estimated net proceeds	27,425	32,467	37,508	43,306
Less: Cash contribution to foundation	(289)	(340)	(391)	(450)
Less: Common stock purchased by ESOP (2)	(2,474)	(2,910)	(3,347)	(3,849)
Less: Common stock awarded under stock-based benefit plans (3)	(1,237)	(1,455)	(1,673)	(1,925)
Estimated net cash proceeds	$ 23,425	$ 27,762	$ 32,097	$ 37,082
For the Six Months Ended December 31, 2010				
Consolidated net income:				
Historical	$ 1,600	$ 1,600	$ 1,600	$ 1,600
Pro forma income on net proceeds	146	173	200	231
Pro forma ESOP adjustment (2)	(39)	(45)	(52)	(60)
Pro forma stock award adjustment (3)	(77)	(90)	(104)	(120)
Pro forma stock option adjustment (4)	(98)	(115)	(132)	(152)
Pro forma net income	$ 1,532	$ 1,523	$ 1,512	$ 1,499
Per share net income				
Historical	$ 0.56	$ 0.47	$ 0.41	$ 0.36
Pro forma income on net proceeds	0.05	0.05	0.05	0.05
Pro forma ESOP adjustment (2)	(0.01)	(0.01)	(0.01)	(0.01)
Pro forma stock award adjustment (3)	(0.03)	(0.03)	(0.03)	(0.03)
Pro forma stock option adjustment (4)	(0.03)	(0.03)	(0.03)	(0.03)
Pro forma net income per share	$ 0.54	$ 0.45	$ 0.39	$ 0.34
Offering price as a multiple of pro forma net income per share	9.30x	11.01x	12.76x	14.78x
Number of shares outstanding for pro forma net income per share calculations	2,851,101	3,354,236	3,857,371	4,435,977
At December 31, 2010				
Stockholders equity:				
Historical	$ 36,720	$ 36,720	$ 36,720	$ 36,720
Estimated net proceeds	27,425	32,467	37,508	43,306
Plus: Shares issued to the charitable foundation	2,023	2,380	2,737	3,148
Less: Pre-tax cost of charitable foundation shares	(2,023)	(2,380)	(2,737)	(3,148)
Less: Cash contribution to foundation	(289)	(340)	(391)	(450)
Plus: Tax benefit of the contribution to the foundation	879	1,034	1,189	1,367
Less: Common stock acquired by ESOP (2)	(2,474)	(2,910)	(3,347)	(3,849)
Less: Common stock awarded under stock-based benefit plans (3) (4)	(1,237)	(1,455)	(1,673)	(1,925)
Pro forma stockholders equity	$ 61,024	$ 65,516	$ 70,006	$ 75,169

Stockholders equity per share:				
Historical	$ 11.87	$ 10.09	$ 8.77	$ 7.63
Estimated net proceeds	8.87	8.93	8.97	9.00
Plus: Shares issued to the charitable foundation	0.65	0.65	0.65	0.65
Less: Pre-tax cost of charitable foundation shares	(0.65)	(0.65)	(0.65)	(0.65)
Less: Cash contribution to foundation	(0.09)	(0.09)	(0.09)	(0.09)
Plus: Tax benefit of the contribution to the foundation	0.28	0.28	0.28	0.28
Less: Common stock purchased by ESOP (2)	(0.80)	(0.80)	(0.80)	(0.80)
Less: Common stock awarded under stock-based benefit plans (3) (4)	(0.40)	(0.40)	(0.40)	(0.40)
Pro forma stockholders equity per share (5)	$ 19.73	$ 18.01	$ 16.73	$ 15.62
Offering price as percentage of pro forma stockholders equity per share	50.68%	55.52%	59.77%	64.02%
Number of shares outstanding for pro forma book value per share calculations	3,092,300	3,638,000	4,183,700	4,811,255

(footnotes begin on following page)

(1) As adjusted to give effect to an increase in the number of shares which could occur due to a 15% increase in the offering range to reflect demand for the shares or changes in market conditions following the commencement of the offering.

(2) Assumes that 8% of shares of common stock sold in the offering will be purchased by the employee stock ownership plan. For purposes of this table, the funds used to acquire these shares are assumed to have been borrowed by the employee stock ownership plan from IF Bancorp, Inc. Iroquois Federal intends to make annual contributions to the employee stock ownership plan in an amount at least equal to the required principal and interest payments on the debt. Iroquois Federal s total annual payments on the employee stock ownership plan debt are based upon 20 equal annual installments of principal and interest. Financial Accounting Standards Board Accounting Standards Codification 718-40, Employers Accounting for Employer Stock Ownership Plans (ASC 718-40) requires that an employer record compensation expense in an amount equal to the fair value of the shares committed to be released to employees. The pro forma adjustments assume that the employee stock ownership plan shares are allocated in equal annual installments based on the number of loan repayment installments assumed to be paid by Iroquois Federal, the fair value of the common stock remains equal to the subscription price and the employee stock ownership plan expense reflects an effective tax rate of 38.0%. The unallocated employee stock ownership plan shares are reflected as a reduction of stockholders equity. No reinvestment is assumed on proceeds contributed to fund the employee stock ownership plan. The pro forma net income further assumes that 6,185, 7,276, 8,367 and 9,623 shares were committed to be released during the six months ended December 31, 2010 at the minimum, midpoint, maximum, and adjusted maximum of the offering range, respectively, and in accordance with ASC 718-40, only the employee stock ownership plan shares committed to be released during the period were considered outstanding for purposes of income per share calculations.

(3) If approved by IF Bancorp, Inc. s stockholders, one or more stock-based benefit plans may purchase an aggregate number of shares of common stock equal to 4% of the shares to be sold in the offering and contributed to the charitable foundation (or possibly a greater number of shares if the plan is implemented more than one year after completion of the conversion). Stockholder approval of the stock-based benefit plans, and purchases by the plan may not occur earlier than six months after the completion of the conversion. The shares may be acquired directly from IF Bancorp, Inc. or through open market purchases. The funds to be used by the stock-based benefit plans to purchase the shares will be provided by IF Bancorp, Inc. The table assumes that (i) the stock-based benefit plans acquire the shares through open market purchases at $10.00 per share, (ii) 10% of the amount contributed to the stock-based benefit plans is amortized as an expense during the six month period, and (iii) the stock-based benefit plans expense reflects an effective tax rate of 38.0%. Assuming stockholder approval of the stock-based benefit plans and that shares of common stock equal to 4% of the shares sold in the offering and contributed to the charitable foundation are awarded through the use of authorized but unissued shares of common stock, stockholders would have their ownership and voting interests diluted by approximately 3.8%.

(4) If approved by IF Bancorp, Inc. s stockholders, one or more stock-based benefit plans may grant options to acquire an aggregate number of shares of common stock equal to 10% of the shares to be sold in the offering (or possibly a greater number of shares if the plan is implemented more than one year after completion of the conversion). Stockholder approval of the stock-based benefit plans may not occur earlier than six months after the completion of the conversion. In calculating the pro forma effect of the stock options to be granted under stock-based benefit plans, it is assumed that the exercise price of the stock options and the trading price of the common stock at the date of grant were $10.00 per share, the estimated grant-date fair value determined using the Black-Scholes option pricing model was $3.48 for each option, and the aggregate grant-date fair value of the stock options was amortized to expense on a straight-line basis over a five-year vesting period of the options. The actual expense of the stock options to be granted under the stock-based benefit plans will be determined by the grant-date fair value of the options, which will depend on a number of factors, including the valuation assumptions used in the option pricing model ultimately adopted. Under the above assumptions, the adoption of the stock-based benefit plans will result in no additional shares under the treasury stock method for purposes of calculating earnings per share. There can be no assurance that the actual exercise price of the stock options will be equal to the $10.00 price per share. If a portion of the shares to satisfy the exercise of options under the stock-based benefit plans is obtained from the issuance of authorized but unissued shares, our net income per share and stockholders equity per share would decrease. Assuming stockholder approval of the stock-based benefit plans and that shares of common stock used to fund stock options (equal to 10% of the shares sold in the offering and contributed to the charitable foundation) are awarded through the use of authorized but unissued shares of common stock, stockholders would have their ownership and voting interests diluted by approximately 9.1%.

(5) The retained earnings of Iroquois Federal will be substantially restricted after the conversion. See Our Policy Regarding Dividends, The Conversion; Plan of Distribution Liquidation Rights and Supervision and Regulation. The number of shares used to calculate pro forma stockholders equity per share is equal to the total number of shares to be outstanding upon completion of the offering.

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	At or For the Year Ended June 30, 2010 Based Upon the Sale at $10.00 Per Share of			
	2,890,000 Shares	3,400,000 Shares	3,910,000 Shares	4,496,500 Shares (1)
	(Dollars in thousands, except per share amounts)			
Gross proceeds of offering	$ 28,900	$ 34,000	$ 39,100	$ 44,965
Plus: Market value of shares issued to charitable foundation	2,023	2,380	2,737	3,148
Pro forma market capitalization	30,923	36,380	41,837	48,113
Gross proceeds of offering	28,900	34,000	39,100	44,965
Less: Expenses	(1,475)	(1,533)	(1,592)	(1,659)
Estimated net proceeds	27,425	32,467	37,508	43,306
Less: Cash contribution to foundation	(289)	(340)	(391)	(450)
Less: Common stock purchased by ESOP (2)	(2,474)	(2,910)	(3,347)	(3,849)
Less: Common stock awarded under stock-based benefit plans (3)	(1,237)	(1,455)	(1,673)	(1,925)
Estimated net cash proceeds	$ 23,425	$ 27,762	$ 32,097	$ 37,082
For the Year Ended June 30, 2010				
Consolidated net income:				
Historical	$ 2,677	$ 2,677	$ 2,677	$ 2,677
Pro forma income on net proceeds	292	346	400	462
Pro forma ESOP adjustment (2)	(77)	(90)	(104)	(119)
Pro forma stock award adjustment (3)	(153)	(180)	(208)	(239)
Pro forma stock option adjustment (4)	(195)	(229)	(264)	(303)
Pro forma net income	$ 2,544	$ 2,524	$ 2,501	$ 2,478
Per share net income				
Historical	$ 0.94	$ 0.80	$ 0.69	$ 0.60
Pro forma income on net proceeds	0.10	0.10	0.10	0.10
Pro forma ESOP adjustment (2)	(0.03)	(0.03)	(0.03)	(0.03)
Pro forma stock award adjustment (3)	(0.05)	(0.05)	(0.05)	(0.05)
Pro forma stock option adjustment (4)	(0.07)	(0.07)	(0.07)	(0.07)
Pro forma net income per share	$ 0.89	$ 0.75	$ 0.64	$ 0.55
Offering price as a multiple of pro forma net income per share	11.23x	13.33x	15.63x	18.18x
Number of shares outstanding for pro forma net income per share calculations	2,857,285	3,361,512	3,865,739	4,445,600
At June 30, 2010				
Stockholders equity:				
Historical	$ 37,288	$ 37,288	$ 37,288	$ 37,288
Estimated net proceeds	27,425	32,467	37,508	43,306
Plus: Shares issued to the charitable foundation	2,023	2,380	2,737	3,148
Less: Pre-tax cost of charitable foundation shares	(2,023)	(2,380)	(2,737)	(3,148)
Less: Cash contribution to foundation	(289)	(340)	(391)	(450)
Plus: Tax benefit of the contribution to the foundation	879	1,034	1,189	1,367
Less: Common stock acquired by ESOP (2)	(2,474)	(2,910)	(3,347)	(3,849)
Less: Common stock awarded under stock-based benefit plans (3) (4)	(1,237)	(1,455)	(1,673)	(1,925)
Pro forma stockholders equity	$ 61,592	$ 66,084	$ 70,574	$ 75,737

Stockholders equity per share:				
Historical	$ 12.06	$ 10.25	$ 8.91	$ 7.75
Estimated net proceeds	8.87	8.92	8.97	9.00
Plus: Shares issued to the charitable foundation	0.65	0.65	0.65	0.65
Less: Pre-tax cost of charitable foundation shares	(0.65)	(0.65)	(0.65)	(0.65)
Less: Cash contribution to foundation	(0.09)	(0.09)	(0.09)	(0.09)
Plus: Tax benefit of the contribution to the foundation	0.28	0.28	0.28	0.28
Less: Common stock purchased by ESOP (2)	(0.80)	(0.80)	(0.80)	(0.80)
Less: Common stock awarded under stock-based benefit plans (3) (4)	(0.40)	(0.40)	(0.40)	(0.40)
Pro forma stockholders equity per share (5)	$ 19.92	$ 18.16	$ 16.87	$ 15.74
Offering price as percentage of pro forma stockholders equity per share	50.20%	55.07%	59.28%	63.53%
Number of shares outstanding for pro forma book value per share calculations	3,092,300	3,638,000	4,183,700	4,811,255

(footnotes begin on following page)

(1) As adjusted to give effect to an increase in the number of shares which could occur due to a 15% increase in the offering range to reflect demand for the shares or changes in market conditions following the commencement of the offering.

(2) Assumes that 8% of shares of common stock sold in the offering will be purchased by the employee stock ownership plan. For purposes of this table, the funds used to acquire these shares are assumed to have been borrowed by the employee stock ownership plan from IF Bancorp, Inc. Iroquois Federal intends to make annual contributions to the employee stock ownership plan in an amount at least equal to the required principal and interest payments on the debt. Iroquois Federal s total annual payments on the employee stock ownership plan debt are based upon 20 equal annual installments of principal and interest. ASC 718-40 requires that an employer record compensation expense in an amount equal to the fair value of the shares committed to be released to employees. The pro forma adjustments assume that the employee stock ownership plan shares are allocated in equal annual installments based on the number of loan repayment installments assumed to be paid by Iroquois Federal, the fair value of the common stock remains equal to the subscription price and the employee stock ownership plan expense reflects an effective combined tax rate of 38.0%. The unallocated employee stock ownership plan shares are reflected as a reduction of stockholders equity. No reinvestment is assumed on proceeds contributed to fund the employee stock ownership plan. The pro forma net income further assumes that 12,369, 14,552, 16,735 and 19,245 shares were committed to be released during the year ended June 30, 2010 at the minimum, midpoint, maximum, and adjusted maximum of the offering range, respectively, and in accordance with ASC 718-40, only the employee stock ownership plan shares committed to be released during the period were considered outstanding for purposes of income per share calculations.

(3) If approved by IF Bancorp, Inc. s stockholders, one or more stock-based benefit plans may purchase an aggregate number of shares of common stock equal to 4% of the shares to be sold in the offering and contributed to the charitable foundation (or possibly a greater number of shares if the plan is implemented more than one year after completion of the conversion). Stockholder approval of the stock-based benefit plans, and purchases by the plan may not occur earlier than six months after the completion of the conversion. The shares may be acquired directly from IF Bancorp, Inc. or through open market purchases. The funds to be used by the stock-based benefit plans to purchase the shares will be provided by IF Bancorp, Inc. The table assumes that (i) the stock-based benefit plans acquire the shares through open market purchases at $10.00 per share, (ii) 20% of the amount contributed to the stock-based benefit plans is amortized as an expense during the fiscal year, and (iii) the stock-based benefit plans expense reflects an effective combined tax rate of 38.0%. Assuming stockholder approval of the stock-based benefit plans and that shares of common stock equal to 4% of the shares sold in the offering and contributed to the charitable foundation are awarded through the use of authorized but unissued shares of common stock, stockholders would have their ownership and voting interests diluted by approximately 3.8%.

(4) If approved by IF Bancorp, Inc. s stockholders, one or more stock-based benefit plans may grant options to acquire an aggregate number of shares of common stock equal to 10% of the shares to be sold in the offering (or possibly a greater number of shares if the plan is implemented more than one year after completion of the conversion). Stockholder approval of the stock-based benefit plans may not occur earlier than six months after the completion of the conversion. In calculating the pro forma effect of the stock options to be granted under stock-based benefit plans, it is assumed that the exercise price of the stock options and the trading price of the common stock at the date of grant were $10.00 per share, the estimated grant-date fair value determined using the Black-Scholes option pricing model was $3.48 for each option, and the aggregate grant-date fair value of the stock options was amortized to expense on a straight-line basis over a five-year vesting period of the options. The actual expense of the stock options to be granted under the stock-based benefit plans will be determined by the grant-date fair value of the options, which will depend on a number of factors, including the valuation assumptions used in the option pricing model ultimately adopted. Under the above assumptions, the adoption of the stock-based benefit plans will result in no additional shares under the treasury stock method for purposes of calculating earnings per share. There can be no assurance that the actual exercise price of the stock options will be equal to the $10.00 price per share. If a portion of the shares to satisfy the exercise of options under the stock-based benefit plans is obtained from the issuance of authorized but unissued shares, our net income per share and stockholders equity per share would decrease. Assuming stockholder approval of the stock-based benefit plans and that shares of common stock used to fund stock options (equal to 10% of the shares sold in the offering and contributed to the charitable foundation) are awarded through the use of authorized but unissued shares of common stock, stockholders would have their ownership and voting interests diluted by approximately 9.1%.

(5) The retained earnings of Iroquois Federal will be substantially restricted after the conversion. See Our Policy Regarding Dividends, The Conversion; Plan of Distribution Liquidation Rights and Supervision and Regulation. The number of shares used to calculate pro forma stockholders equity per share is equal to the total number of shares to be outstanding upon completion of the offering.

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COMPARISON OF VALUATION AND PRO FORMA INFORMATION WITH

AND WITHOUT THE CHARITABLE FOUNDATION

As reflected in the table below, if the charitable foundation is not established and funded as part of the stock offering, RP Financial, LC. estimates that our pro forma valuation would be greater and, as a result, a greater number of shares of common stock would be issued in the stock offering. At the minimum, midpoint, maximum and adjusted maximum of the valuation range, the pro forma value of our stock is $30.9 million, $36.4 million, $41.8 million and $48.1 million with the charitable foundation, as compared to $32.3 million, $38.0 million, $43.7 million and $50.3 million, respectively, without the charitable foundation. There is no assurance that in the event the charitable foundation were not formed, the appraisal prepared at that time would conclude that our pro forma market value would be the same as that estimated in the table below. Any appraisal prepared at that time would be based on the facts and circumstances existing at that time, including, among other things, market and economic conditions.

For comparative purposes only, set forth below are certain pricing ratios and financial data and ratios at and for the six months ended December 31, 2010 at the minimum, midpoint, maximum and adjusted maximum of the offering range, assuming the stock offering was completed at the beginning of the six-month period, with and without the charitable foundation.

	Minimum of Offering Range		Midpoint of Offering Range		Maximum of Offering Range		Adjusted Maximum of Offering Range	
	With Foundation	Without Foundation	With Foundation	Without Foundation	With Foundation	Without Foundation	With Foundation	Without Foundation
	(Dollars in thousands, except per share amounts)							
Estimated stock offering amount	$ 28,900	$ 32,300	$ 34,000	$ 38,000	$ 39,100	$ 43,700	$ 44,965	$ 50,255
Estimated full value	30,923	32,300	36,380	38,000	41,837	43,700	48,113	50,255
Total assets	429,215	431,819	433,706	436,769	438,196	441,720	443,361	447,412
Total liabilities	368,191	368,191	368,191	368,191	368,191	368,191	368,191	368,191
Pro forma stockholders equity	61,024	63,628	65,515	68,578	70,005	73,529	75,170	79,221
Pro forma net income	1,534	1,546	1,524	1,538	1,512	1,530	1,501	1,520
Pro forma stockholders equity per share	19.73	19.70	18.01	18.05	16.73	16.82	15.62	15.76
Pro forma net income per share	0.54	0.52	0.45	0.44	0.39	0.38	0.34	0.33
Pro forma pricing ratios:								
Offering price as a percentage of pro forma stockholders equity per share	50.68%	50.76%	55.52%	55.40%	59.77%	59.45%	64.02%	63.45%
Offering price as a percentage of pro forma tangible stockholders equity per share	50.68%	50.76%	55.52%	55.40%	59.77%	59.45%	64.02%	63.45%
Offering price to pro forma net income per share	9.30x	9.63x	11.01x	11.39x	12.76x	13.17x	14.78x	15.25x
Pro forma financial ratios:								

Return on assets (annualized)	0.71%	0.72%	0.70%	0.70%	0.69%	0.69%	0.68%	0.68%
Return on equity (annualized)	5.03%	4.86%	4.65%	4.49%	4.32%	4.16%	3.99%	3.84%
Equity to assets	14.22%	14.73%	15.11%	15.70%	15.98%	16.65%	16.95%	17.71%
Tangible equity ratio	14.22%	14.73%	15.11%	15.70%	15.98%	16.65%	16.95%	17.71%
Total Shares Issued	3,092,300	3,230,000	3,638,000	3,800,000	4,183,700	4,370,000	4,811,255	5,025,500

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

This section is intended to help potential investors understand our financial performance through a discussion of the factors affecting our financial condition at December 31, 2010 and June 30, 2010 and 2009, and our results of operations for the six months ended December 31, 2010 and 2009 and the years ended June 30, 2010 and 2009. This section should be read in conjunction with the financial statements and notes to the financial statements that appear elsewhere in this prospectus. IF Bancorp, Inc. did not exist at December 31, 2010 and, therefore, the information reflected in this section reflects the financial performance of Iroquois Federal.

Overview

We have grown our organization to $404.9 million in assets at December 31, 2010 from $326.4 million in assets at June 30, 2007. We have increased our assets primarily through increased investment securities and loan growth. From June 30, 2007 to December 31, 2010, total investment securities increased $40.4 million, or 41.5%, while total loans increased $34.9 million or 16.7%.

Historically, we have operated as a traditional thrift institution. As recently as June 30, 2007, $165.0 million, or approximately 78.8% of our loan portfolio, consisted of longer-term, one- to four-family residential real estate loans. However, in recent years, we have increased our focus on the origination of commercial real estate loans, multi-family real estate loans and commercial business loans, which generally provide higher returns than one- to four-family residential mortgage loans, have shorter durations and are often originated with adjustable rates of interest. As a result, our net interest rate spread (the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities) increased to 2.92% for the fiscal year ended June 30, 2010 from 1.88% for the fiscal year ended June 30, 2007. This contributed to a corresponding increase in net interest income (the difference between interest income and interest expense) to $11.0 million for the fiscal year ended June 30, 2010 from $6.2 million for the fiscal year ended June 30, 2007.

Our emphasis on conservative loan underwriting has resulted in relatively low levels of non-performing assets at a time when many financial institutions are experiencing significant asset quality issues. Our non-performing assets totaled $4.3 million or 1.1% of total assets at June 30, 2010, and $4.4 million, or 1.1% of total assets at December 31, 2010.

Other than our loans for the construction of one- to four-family residential properties and the draw portion of our home equity lines of credit, we do not offer interest only mortgage loans on one- to four-family residential properties (where the borrower pays interest but no principal for an initial period, after which the loan converts to a fully amortizing loan). We also do not offer loans that provide for negative amortization of principal, such as Option ARM loans, where the borrower can pay less than the interest owed on their loan, resulting in an increased principal balance during the life of the loan. We do not offer subprime loans (loans that generally target borrowers with weakened credit histories typically characterized by payment delinquencies, previous charge-offs, judgments, bankruptcies, or borrowers with questionable repayment capacity as evidenced by low credit scores or high debt-burden ratios) or Alt-A loans (traditionally defined as loans having less than full documentation). We also do not own any private label mortgage-backed securities that are collateralized by Alt-A, low or no documentation or subprime mortgage loans.

All of our mortgage-backed securities have been issued by Freddie Mac, Fannie Mae or Ginnie Mae, U.S. government-sponsored enterprises. These entities guarantee the payment of principal and interest on our mortgage-backed securities.

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Business Strategy

Our goal is to continue to provide the highest quality customer service to our customers at all of our office locations while increasing and diversifying our lending in our primary market area and expanding into adjacent markets as opportunities arise. Our business strategy is to accomplish these goals and to grow and improve our profitability by:

- growing our loan portfolio by continuing to emphasize one- to four-family residential mortgage loans while increasing our commercial real estate and multi-family lending, commercial business lending and consumer lending;

- maintaining prudent underwriting standards and aggressively monitoring our loan portfolio to maintain asset quality;

- managing our overall cost of funds by emphasizing lower-cost core deposits and attracting checking accounts;

- managing interest rate risk by emphasizing the origination of adjustable-rate loans for retention in our portfolio and continuing to sell most of our longer-term, fixed-rate one- to four-family residential mortgage loans that we originate;

- expanding our banking franchise through de novo branching, branch acquisitions, or acquisitions of other financial institutions, including FDIC-assisted acquisitions, or other financial services companies (although we currently have no understandings or agreements with respect to any such transaction); and

- growing our noninterest income by expanding our wealth management, insurance agency and financial service activities.

Our business strategy is designed to expand our banking relationships with customers, including businesses within our market area and adjacent markets. A full description of our products and services begins on page 69 of this prospectus under the heading Business of Iroquois Federal Savings and Loan Association.

Anticipated Increase in Noninterest Expense

Following the completion of the conversion and offering, we anticipate that our noninterest expense will increase as a result of the increased costs associated with managing a public company, allocation of shares of common stock by our employee stock ownership plan, adding employees in our commercial lending and technology areas, and adopting one or more stock-based benefit plans, if approved by IF Bancorp, Inc. s stockholders.

Assuming that the adjusted maximum number of shares are sold in the offering (and shares are contributed to the charitable foundation as set forth herein), 4,811,255 shares will be outstanding and:

- our employee stock ownership plan would acquire 384,900 shares of common stock with a $3.8 million loan that is expected to be repaid over 20 years, resulting in an annual pre-tax expense of approximately $192,500 (assuming that the common stock maintains a value of $10.00 per share);

our stock-based benefit plan would reserve a number of shares equal to 10% of the total shares issued in the offering (including shares contributed to the charitable foundation), or 481,125 shares, for the grant of options to eligible participants, which would result in compensation expense over the vesting period of the options. Assuming the market price of the common stock is $10.00 per share; all options are granted with an exercise price of $10.00 per share and have a term of 10 years; no dividend yield on the stock; the risk free interest rate is 3.30%; and the volatility rate on the common stock is 16.16%, the estimated grant-date fair value of the stock options utilizing a Black-Scholes option pricing model is $3.48 per option granted. Assuming this value is amortized over a five-year vesting period, the corresponding annual pre-tax expense associated with the stock options would be approximately $335,000; and

our stock-based benefit plan would reserve a number of shares equal to 4% of the shares issued in the offering (including shares contributed to the charitable foundation), or 192,450 shares, for awards to eligible participants, which would be expensed as the awards vest. Assuming that all shares are awarded under the stock-based benefit plan at a price of $10.00 per share, and that the awards vest over a five-year period, the corresponding annual pre-tax expense associated with shares awarded under the stock-based benefit plan would be approximately $385,000.

The actual expense that will be recorded for the employee stock ownership plan will be determined by the market value of the shares of common stock as they are released to employees over the term of the loan, and whether the loan is repaid faster than its contractual term. Accordingly, increases in the stock price above $10.00 per share will increase the total employee stock ownership plan expense, and any accelerated repayment of the loan would increase the annual employee stock ownership plan expense. Additionally, the actual expense of the stock-based benefit plan will be determined by the fair market value of the stock on the grant date, which might be greater than $10.00 per share. Further, the actual expense of the stock options would be determined by the grant-date fair value of the options, which would depend on a number of factors, including the valuation assumptions used in the Black-Scholes option pricing model.

We may award shares of common stock and grant options in excess of 4% and 10%, respectively, of our shares sold in the stock offering (including shares contributed to our charitable foundation) if our stock-based benefit plans are adopted more than one year following the stock offering. This would further increase our expenses associated with stock-based benefit plans.

Critical Accounting Policies

We consider accounting policies that require management to exercise significant judgment or discretion or make significant assumptions that have, or could have, a material impact on the carrying value of certain assets or on income, to be critical accounting policies. We consider the following to be our critical accounting policies.

Allowance for Loan Losses. We believe that the allowance for loan losses and related provision for loan losses are particularly susceptible to change in the near term, due to changes in credit quality which are evidenced by trends in charge-offs and in the volume and severity of past due loans. In addition, our portfolio is comprised of a substantial amount of commercial real estate loans which generally have greater credit risk than one- to four-family residential mortgage and consumer loans because these loans generally have larger principal balances and are non-homogenous.

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The allowance for loan losses is maintained at a level to cover probable credit losses inherent in the loan portfolio at the balance sheet date. Based on our estimate of the level of allowance for loan losses required, we record a provision for loan losses as a charge to earnings to maintain the allowance for loan losses at an appropriate level. The estimate of our credit losses is applied to two general categories of loans:

loans that we evaluate individually for impairment under ASC 310-10, Receivables; and

groups of loans with similar risk characteristics that we evaluate collectively for impairment under ASC 450-20, Loss Contingencies.

The allowance for loan losses is evaluated on a regular basis by management and reflects consideration of all significant factors that affect the collectability of the loan portfolio. The factors used to evaluate the collectability of the loan portfolio include, but are not limited to, current economic conditions, our historical loss experience, the nature and volume of the loan portfolio, the financial strength of the borrower, and estimated value of any underlying collateral. This evaluation is inherently subjective as it requires estimates that are subject to significant revision as more information becomes available. Actual loan losses may be significantly more than the allowance for loan losses we have established which could have a material negative effect on our financial results. See also Business of Iroquois Federal Savings and Loan Association Allowance for Loan Losses.

Income Tax Accounting. The provision for income taxes is based upon income in our consolidated financial statements, rather than amounts reported on our income tax return. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on our deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. Under GAAP, a valuation allowance is required to be recognized if it is more likely than not that a deferred tax asset will not be realized. The determination as to whether we will be able to realize the deferred tax assets is highly subjective and dependent upon judgment concerning our evaluation of both positive and negative evidence, our forecasts of future income, applicable tax planning strategies, and assessments of current and future economic and business conditions. Positive evidence includes the existence of taxes paid in available carryback years as well as the probability that taxable income will be generated in future periods, while negative evidence includes any cumulative losses in the current year and prior two years and general business and economic trends. Any reduction in estimated future taxable income may require us to record a valuation allowance against our deferred tax assets. Any required valuation allowance would result in additional income tax expense in the period and could have a significant impact on our future earnings. Positions taken in our tax returns may be subject to challenge by the taxing authorities upon examination. The benefit of an uncertain tax position is initially recognized in the financial statements only when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions are both initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement with the tax authority, assuming full knowledge of the position and all relevant facts. Differences between our position and the position of tax authorities could result in a reduction of a tax benefit or an increase to a tax liability, which could adversely affect our future income tax expense.

We believe our tax policies and practices are critical accounting policies because the determination of our tax provision and current and deferred tax assets and liabilities have a material impact on our net income and the carrying value of our assets. We believe our tax liabilities and assets are properly recorded in the consolidated financial statements at June 30, 2010 and December 31, 2010 and no valuation allowance was necessary.

Comparison of Financial Condition at December 31, 2010 and June 30, 2010

Total assets increased $20.1 million, or 5.2%, to $404.9 million at December 31, 2010 from $384.8 million at June 30, 2010. The increase was primarily the result of a $12.1 million increase in investment securities and a $6.8 million increase in net loans receivable.

Net loans receivable increased by $6.8 million, or 2.9%, to $241.0 million at December 31, 2010 from $234.2 million at June 30, 2010. The increase in net loans receivable during this period was due primarily to a $7.2 million, or 37.6%, increase in multi-family residential real estate loans, a $2.1 million, or 15.3%, increase in commercial business loans, and a $1.8 million, or 23.1%, increase in home equity lines of credit. The increases in multi-family residential, commercial business and commercial real estate loans reflected our continued emphasis on originating these types of loans. These increases were partially offset by a $4.8 million, or 3.1%, decrease in one- to four-family residential loans (due primarily to increased sales of loans originated), and a decrease of $875,000 in construction loans. The increase in loans was primarily funded with borrowings from the Federal Home Loan Bank of Chicago.

Investment securities, consisting entirely of securities available for sale, increased $12.1 million, or 9.6%, to $137.9 million at December 31, 2010 from $125.7 million at June 30, 2010. The increase was the result of the utilization of excess funding from increased deposits to purchase investment securities, primarily consisting of agency debt obligations with terms of four to six years, which are held as available for sale. We had no securities held to maturity at December 31, 2010 or June 30, 2010.

During the six-month period ended December 31, 2010, other assets increased by $250,000 to $1.6 million and mortgage servicing rights increased by $134,000 to $290,000, while cash and cash equivalents remained stable, decreasing by $180,000 to $6.7 million, and foreclosed assets held for sale decreased by $111,000 to $386,000 due to the sale of foreclosed assets during this period.

Other assets were $1.6 million at December 31, 2010 compared to $1.3 million at June 30, 2010. Included in the $1.6 million in other assets at December 31, 2010 was the prepaid FDIC assessment totaling $1.2 million. The prepaid FDIC assessment was $1.3 million at June 30, 2010. The increase of $400,000 in other assets, excluding the prepaid FDIC assessment, at December 31, 2010 from June 30, 2010 was due to increases in income taxes receivable and other miscellaneous prepaid assets.

We invest in bank-owned life insurance to provide a funding source for benefit plan obligations. Bank-owned life insurance also generally provides noninterest income that is nontaxable. At December 31, 2010, our investment in bank-owned life insurance was $7.1 million, an increase of $130,000 from $7.0 million at June 30, 2010. Federal regulations generally limit our investment in bank-owned life insurance to 25% of our Tier 1 capital plus our allowance for loan losses.

Deposits increased $12.6 million, or 3.9%, to $333.2 million at December 31, 2010 from $320.6 million at June 30, 2010, while the mix of deposits remained relatively stable. Certificates of deposit increased $3.6 million, or 1.8%, to $201.9 million, savings, NOW, and money market accounts increased $6.3 million, or 5.6%, to $117.8 million, brokered certificates of deposit increased $1.0 million, or 20.0%, to $6.0 million, and noninterest bearing demand accounts increased $1.7 million, or 29.7%, to $7.6 million. Brokered certificates of deposit increased to $6.0 million at December 31, 2010, from $5.0 million at June 30, 2010. As part of our Funds Management Policy and to provide alternative sources of liquidity, Iroquois Financial adopted and used this source of funding within prescribed limits. These deposits have the benefit of a known upfront interest cost and a known maturity, and can be acquired at a

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nominal cost over the interest rate on the certificate. These funding sources may be relied upon to remain at Iroquois Federal for the entire contractual life of the certificate. Iroquois Federal looks upon these funds as a supplemental source of liquidity.

Borrowings, which consisted solely of advances from the Federal Home Loan Bank of Chicago, increased $8.5 million, or 37.8%, to $31.0 million at December 31, 2010 from $22.5 million at June 30, 2010. We increased our borrowings to fund our lending at interest rates more favorable than deposit rates.

Total equity decreased $568,000, or 1.5%, to $36.7 million at December 31, 2010 from $37.3 million at June 30, 2010. The decrease was attributable to a $2.2 million decrease in accumulated other comprehensive income resulting primarily from the after-tax effect of a $3.1 million decrease in unrealized gains on securities available for sale, partially offset by net income of $1.6 million. The decrease in unrealized gains on securities available for sale was due to lower market values of available for sale securities.

Comparison of Financial Condition at June 30, 2010 and 2009

Total assets increased $7.6 million, or 2.0%, to $384.8 million at June 30, 2010 from $377.2 million at June 30, 2009. The increase was primarily the result of a $10.4 million increase in net loans receivable and an $877,000 increase in investment securities, partially offset by a $5.1 million decrease in cash and cash equivalents.

Net loans receivable increased by $10.4 million, or 4.6%, to $234.2 million at June 30, 2010 from $223.8 million at June 30, 2009. The increase in loans receivable during this period was due to increases of $4.4 million, or 29.8%, in multi-family residential real estate loans, $4.2 million, or 44.9%, in commercial business loans, $3.3 million, or 71.4%, in home equity lines of credit, $2.2 million, or 15.4%, in consumer loans, and $1.1 million, or 4.8%, in commercial real estate loans. The increases in multi-family residential, commercial business and commercial real estate loans reflected our continued emphasis on originating these types of loans. These increases were partially offset by a $3.3 million, or 2.1%, decrease in one- to four-family residential loans during this period.

Total investment securities remained stable, increasing by $877,000 to $125.7 million at June 30, 2010 from $124.9 million at June 30, 2009. During the year the investment securities portfolio was restructured to facilitate the sale of investment securities under favorable market conditions and to improve our interest rate risk position. Securities available for sale increased $26.3 million, or 26.5%, to $125.7 million at June 30, 2010 from $99.4 million at June 30, 2009, and investments held to maturity decreased by $25.4 million to $0 at June 30, 2010. During fiscal 2010, we sold securities from the securities held to maturity portfolio with an amortized cost of $11.1 million to realize investment gains of approximately $225,000 and to reinvest the proceeds in investment securities that would improve our interest rate risk, consisting primarily of shorter term agency obligations. We also transferred the remaining $11.1 million of securities held to maturity to our securities available for sale portfolio.

During the year ended June 30, 2010, cash and cash equivalents decreased by $5.1 million, or 42.6%, to $6.8 million, other assets increased by $697,000 to $1.3 million and foreclosed assets held for sale increased by $372,000 to $497,000. At June 30, 2010, our investment in bank-owned life insurance was $7.0 million, an increase of $255,000 from $6.7 million at June 30, 2009. We invest in bank-owned life insurance to provide us with a funding source for our benefit plan obligations. Bank-owned life insurance also generally provides us noninterest income that is non-taxable. Federal regulations generally limit our investment in bank-owned life insurance to 25% of our Tier 1 capital plus our allowance for loan losses.

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Other assets increased to $1.3 million at June 30, 2010 from $615,000 at June 30, 2009. The increase was due to the prepayment of the FDIC assessment for the calendar years 2010 through 2012 at December 31, 2009, which resulted in an FDIC assessment prepaid asset that is included in other assets. The FDIC assessment prepaid asset was $1.3 million at June 30, 2010 compared to $0 at June 30, 2009. The remaining change in other assets at June 30, 2010 from June 30, 2009 related to timing of payments of income taxes receivable and other prepaid assets.

Deposits increased $7.2 million, or 2.3%, to $320.6 million at June 30, 2010 from $313.4 million at June 30, 2009. During fiscal 2010, certificates of deposit increased $2.3 million, or 1.2%, to $198.2 million, savings, NOW and money market accounts increased $544,000, or .5%, to $111.5 million, brokered certificates of deposit increased $5.0 million, or 100%, to $5.0 million, and noninterest bearing demand accounts increased $594,000, or 9.2%, to $5.8 million. Brokered certificates of deposit increased to $5.0 million at June 30, 2010, from $0 at June 30, 2009. As part of our Funds Management Policy and to provide alternative sources of liquidity, Iroquois Federal adopted and used this source of funding within prescribed limits. These deposits have the benefit of a known upfront interest cost and a known maturity, and can be acquired at a nominal cost over the interest rate on the certificate. These funding sources may be relied upon to remain at Iroquois Federal for the entire contractual life of the certificate. Iroquois Federal looks upon these funds as a supplemental source of liquidity.

Borrowings, which consisted solely of advances from the Federal Home Loan Bank of Chicago during fiscal 2010 and 2009, decreased $4.0 million, or 15.1%, from $26.5 million at June 30, 2009 to $22.5 million at June 30, 2010. Our borrowings decreased during fiscal 2010 primarily due to repayments of Federal Home Loan Bank of Chicago borrowings during the period.

Total equity increased $4.0 million, or 12.1%, to $37.3 million at June 30, 2010 from $33.3 million at June 30, 2009. The increase was attributable to net income of $2.7 million and a $1.4 million increase in accumulated other comprehensive income resulting primarily from increases in the market value of available for sale securities.

Comparison of Operating Results for the Six Months Ended December 31, 2010 and 2009

General. Net income increased $448,000, or 38.9%, to $1.6 million for the six months ended December 31, 2010 from $1.2 million for the six months ended December 31, 2009. The increase was primarily due to a $515,000 increase in net interest income, a $528,000 increase in noninterest income and a $345,000 reduction in the provision for loan losses, partially offset by an increase in noninterest expense of $609,000 and a $330,000 increase in income tax expense.

Net Interest Income. Net interest income increased by $515,000, or 9.6%, to $5.9 million for the six months ended December 31, 2010 from $5.4 million for the six months ended December 31, 2009. The increase was due to a decrease of $882,000 in interest expense partially offset by a decrease of $367,000 in interest income. The increase in net interest income was primarily the result of the rates on our deposits, particularly our certificates of deposit, decreasing faster than the interest rates on our interest-earning assets in a period of declining market interest rates. As a result, our net interest margin increased 17 basis points to 3.11% for the six months ended December 31, 2010 compared to 2.94% for the six months ended December 31, 2009, and our net interest rate spread increased 21 basis points to 3.01% for the six months ended December 31, 2010 compared to 2.80% for the six months ended December 31, 2009.

Interest Income. Interest income decreased $367,000, or 4.1%, to $8.6 million for the six months ended December 31, 2010 from $9.0 million for the six months ended December 31, 2009. The decrease in interest income was primarily due to a $342,000 decrease in interest income on securities, which resulted from a 61 basis point, or 13.7%, decrease in the average yield on securities from 3.83% to 3.22%. The decrease in the average yield was primarily due to lower market interest rates during the period. The decrease in yield was partially offset by an increase in the average balance of securities of $3.3 million, or 2.6%, to $133.2 million for the six months ended December 31, 2010 from $129.8 million for the six months ended December 31, 2009.

Interest income on loans decreased $27,000 as a $6.2 million increase in the average balance of loans to $237.0 million at December 31, 2010 was more than offset by an 18 basis point decrease in the average yield on loans from 5.62% to 5.44%. The decrease in the average yield on loans reflected the declining interest rate environment during fiscal 2010.

Interest Expense. Interest expense decreased $882,000, or 24.4%, to $2.7 million for the six months ended December 31, 2010 from $3.6 million for the six months ended December 31, 2009. The decrease occurred due to lower market interest rates during the period partially offset by higher deposit balances.

Interest expense on interest-bearing deposits decreased by $808,000, or 24.4%, to $2.3 million for the six months ended December 31, 2010 from $3.1 million for the six months ended December 31, 2009. This decrease was primarily due to a decrease of 63 basis points in the average rate paid on interest-bearing deposits to 1.36% for the six months ended December 31, 2010 from 1.99% for the six months ended December 31, 2009. We experienced decreases in the average cost across all categories of interest-bearing deposits for the six months ended December 31, 2010, reflecting lower market interest rates as compared to the prior period. The decrease in average cost was partially offset by a $14.4 million, or 4.6%, increase in the average balance of interest-bearing deposits to $332.3 million for the six months ended December 31, 2010 from $309.4 million for the six months ended December 31, 2009.

Interest expense on borrowings decreased $74,000 to $458,000 for the six months ended December 31, 2010 from $531,000 for the six months ended December 31, 2009. This decrease was due to a $3.5 million decrease in the average balance of borrowings to $27.5 million for the six months ended December 31, 2010 from $31.0 million for the six months ended December 31, 2009, and an 11 basis point decrease in the average cost of such borrowings to 3.32% for the six months ended December 31, 2010 from 3.43% for the six months ended December 31, 2009.

Provision for Loan Losses. We establish provisions for loan losses which are charged to operations in order to maintain the allowance for loan losses at a level we consider necessary to absorb probable credit losses inherent in the loan portfolio. Our methodology for establishing our allowance for loan losses and provisions for loan losses is discussed under Critical Accounting Policies Allowance for Loan Losses and Business of Iroquois Federal Savings and Loan Association Allowance for Loan Losses. Based on the methodology set forth in those sections, we recorded a provision for loan losses of $625,000 for the six months ended December 31, 2010, as compared to a provision for loan losses of $969,000 for the six months ended December 31, 2009. The allowance for loan losses was $2.7 million, or 1.1% of total loans, at December 31, 2010, compared to $1.9 million, or 0.8% of total loans, at December 31, 2009. The decrease in the provision reflects management s view of the risk in the portfolio, in particular the stabilization of non-performing and delinquent loans and higher provisions taken in the fiscal year ended June 30, 2010 to increase the overall allowance level due to increasing non-performing loans and worsening economic conditions during fiscal 2010.

Although the allowance for loan losses increased between December 31, 2009, and December 31, 2010, the allowance decreased by $55,000 during the six months ended December 31, 2010 due to a $217,000 decrease in the combined general and specific allowances for one- to four-family real estate loans. As a result of increases in non-performing one- to four-family real estate loans and charge-offs of such loans during the six months ended December 31, 2010, management added $89,000 to the general allowance for one- to four-family loans. However, during the same six-month period, two loans with an aggregate balance of $508,000 and aggregate specific allowances of $508,000 were charged-off, which resulted in a lower overall allowance for one- to four-family loans at December 31, 2010.

Noninterest Income. Noninterest income increased $528,000, or 29.4%, to $2.3 million for the six months ended December 31, 2010 compared to $1.8 million for the six months ended December 31, 2009. The increase was primarily due to increases in brokerage commissions, mortgage banking income, other service charges and fees, and net realized gain on sales of securities available for sale. For the six months ended December 31, 2010, mortgage banking income increased $256,000 to $420,000, brokerage commissions increased $108,000 to $301,000, other service charges and fees increased $73,000 to $156,000, and net realized gains on the sale of available for sale securities increased $74,000 to $378,000. Insurance commissions and customer service fees decreased $32,000 and $23,000, respectively, for the six months ended December 31, 2010. The increase in mortgage banking income was due primarily to increased originations of one- to four-family loans originated for sale and the increase in brokerage commissions was primarily due to increased sales of mutual funds and annuities.

Noninterest Expense. Noninterest expense increased $609,000, or 13.7%, to $5.1 million for the six months ended December 31, 2010 from $4.5 million for the six months ended December 31, 2009. The largest components of this increase were compensation and benefits, which increased $470,000, or 17.4%, professional services expense, which increased $58,000, or 86.1%, office occupancy expense and equipment expense, which increased a combined $65,000, or 13.6%, and other noninterest expense, which increased $106,000, or 21.4%. Increased staffing, normal salary increases and increases in payroll taxes primarily accounted for the increase in compensation and benefits expense. These increases were partially offset by a decrease of $142,000 in net loss on foreclosed assets to a net gain recognized for the six months ended December 31, 2010.

Income Tax Expense. We recorded a provision for income taxes of $915,000 for the six months ended December 31, 2010, compared to a provision for income taxes of $585,000 for the six months ended December 31, 2009, reflecting effective tax rates of 36.4% and 33.7%, respectively. The increased rate for 2010 was due to an increase in state tax expense.

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

General. Net income increased $270,000, or 11.2%, to $2.7 million for the year ended June 30, 2010 from $2.4 million for the year ended June 30, 2009. The primary reasons for the increase were a $1.6 million increase in net interest income and a $942,000 increase in noninterest income, offset by an increase of $1.5 million in the provision for loan losses and an increase of $767,000 in noninterest expense.

Net Interest Income. Net interest income increased by $1.6 million, or 16.8%, to $11.0 million for the year ended June 30, 2010 from $9.5 million for the year ended June 30, 2009. The increase primarily resulted from a decrease of $1.9 million in interest expense partially offset by a decrease of $357,000 in interest income. The increase in net interest income was primarily driven by declining market interest rates during the year ended June 30, 2010. Deposit and borrowing rates declined faster than the average yield on our interest-earning assets, and our average balance of interest-earning assets was higher in 2010. As a result, our net interest margin increased 27 basis points to 3.01% for the year ended June 30, 2010 from 2.74% for the year ended June 30, 2009, and our net interest rate spread increased 39 basis points to 2.92% for the year ended June 30, 2010 from 2.53% for the year ended June 30, 2009.

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Interest Income. Interest income decreased $357,000 to $17.8 million for the year ended June 30, 2010 from $18.1 million for the year ended June 30, 2009. The decrease primarily resulted from a $400,000 decrease in interest income on loans and a $27,000 decrease in interest on deposits with other financial institutions, partially offset by a $70,000 increase in interest income on securities.

Interest income on loans decreased $400,000, or 3.0%, to $12.9 million for the year ended June 30, 2010 from $13.3 million for the year ended June 30, 2009. This decrease resulted from a 41 basis point decrease in the average yield to 5.55% for the year ended June 30, 2010 from 5.96% for the year ended June 30, 2009, reflecting decreases in market interest rates. The decrease in yield was partially offset by an increase in the average balance of loans of $9.0 million, or 4.1%, to $232.3 million for the year ended June 30, 2010 from $223.2 million for the year ended June 30, 2009.

Interest income on securities increased by $70,000 to $4.9 million for the year ended June 30, 2010 from $4.8 million for the year ended June 30, 2009. The increase in interest income on securities was due to an increase of $20.0 million in the average balance of securities to $129.5 million for the year ended June 30, 2010 from $109.5 million for the year ended June 30, 2009, partially offset by a decrease in the average yield on securities of 62 basis points to 3.75% for the year ended June 30, 2010 from 4.37% for the year ended June 30, 2009. The increase in the average balance of securities resulted from purchases of securities during fiscal 2010, consisting primarily of agency obligations. The decrease in the average yield on securities was due to the declining interest rate environment.

Interest Expense. Interest expense decreased $1.9 million, or 22.5%, to $6.7 million for the year ended June 30, 2010 from $8.7 million for the year ended June 30, 2009.

Interest expense on interest-bearing deposits decreased by $1.8 million, or 23.9%, to $5.7 million for the year ended June 30, 2010 from $7.5 million for the year ended June 30, 2009. The decrease in interest expense on interest-bearing deposits was due to a decrease of 80 basis points in the average rate paid on interest-bearing deposits to 1.77% for the year ended June 30, 2010 from 2.57% for the year ended June 30, 2009. We experienced decreases in the average rate across all categories of interest-bearing deposits for the year ended June 30, 2010, reflecting lower market interest rates. This was partially offset by a $31.2 million, or 11.1%, increase in the average balance of interest-bearing deposits to $313.0 million for the year ended June 30, 2010 from $281.8 million for the year ended June 30, 2009.

Interest expense on borrowings decreased $169,000 to $1.0 million for the year ended June 30, 2010 from $1.2 million for the year ended June 30, 2009. This decrease was due to a $7.3 million decrease in the average balance of borrowings to $28.9 million for the year ended June 30, 2010 from $36.2 million for the year ended June 30, 2009, partially offset by a 26 basis point increase in the average cost of such borrowings to 3.58% for the year ended June 30, 2010 from 3.32% for the year ended June 30, 2009.

Provision for Loan Losses. We recorded a provision for loan losses of $1.9 million for the year ended June 30, 2010 and a provision for loan losses of $405,000 for the year ended June 30, 2009. The allowance for loan losses was $2.8 million, or 1.2% of total loans, at June 30, 2010, compared to $1.4 million, or 0.60% of total loans, at June 30, 2009. The increased provision reflects management s view of the risks inherent in the loan portfolio. During the fiscal year ended June 30, 2010, we experienced increased loan charge offs, which increased from $106,000 for fiscal 2009 to $509,000 for fiscal 2010, and an increase in our multi-family, commercial real estate and commercial business loans, which bear higher risk than our one- to four-family mortgage loans. Additionally, our increase in non-performing assets and our view of the added risk of the loan portfolio combined with a weakened economy caused us to increase the overall level of our allowances for loan losses.

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Noninterest Income. Noninterest income increased $942,000, or 30.4%, to $4.0 million for the year ended June 30, 2010 compared to $3.1 million for the year ended June 30, 2009. The increase was primarily due to a $1.0 million increase in net realized gains on sales of securities available for sale, partially offset by a decrease of $154,000 in mortgage banking income. The increase in net realized gains on sales of securities available for sale was due to sales of securities available for sale in connection with the restructuring of the securities portfolio to realize investment gains on securities held to maturity, and to improve our interest rate risk position.

Noninterest Expense. Noninterest expense increased $767,000, or 9.2%, to $9.2 million for the year ended June 30, 2010 from $8.4 million for the year ended June 30, 2009. The largest components of this increase were compensation and benefits, which increased $416,000, or 7.9%, FDIC assessments, which increased $103,000, or 29.9%, office occupancy expense and equipment expense, which increased a combined $89,000, or 9.9%, and other noninterest expense, which increased $93,000, or 10.6%. Normal salary increases and increases in payroll taxes primarily accounted for the increase in compensation and benefits expense.

Income Tax Expense. We recorded $1.4 million of income tax expense for the years ended June 30, 2010 and 2009, reflecting effective tax rates of 34.2% and 36.1%, respectively.

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Average Balances and Yields

The following tables set forth average balance sheets, average yields and costs, and certain other information for the periods indicated. Tax-equivalent yield adjustments have not been made for tax-exempt securities. All average balances are based on month-end balances, which management deems to be representative of the operations of Iroquois Federal. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or expense.

	At December 31, 2010	For the Six Months Ended December 31, 2010			2009		
	Yield/Rate	Average Outstanding Balance	Interest	Yield/Rate (1)	Average Outstanding Balance	Interest	Yield/Rate (1)
		(Dollars in thousands)					
Interest-earning assets:							
Loans:							
Real estate loans:							
One- to four-family (2)	5.09%	$ 149,378	$ 3,897	5.22%	$ 155,714	$ 4,173	5.36%
Multi-family	5.29	21,090	560	5.31	17,000	470	5.53
Commercial	5.95	25,347	758	5.98	23,912	750	6.27
Home equity lines of credit	4.22	9,059	192	4.24	5,622	127	4.51
Construction loans	4.67	1,417	33	4.68	2,146	52	4.84
Commercial business loans	5.87	13,887	409	5.89	11,764	360	6.13
Consumer loans	7.21	16,821	608	7.23	14,676	552	7.52
Total loans	5.29	236,999	6,457	5.44	230,834	6,484	5.62
Securities:							
U.S. government, federal agency and government-sponsored enterprises	2.72	117,247	1,776	3.03	92,558	1,673	3.61
U.S. government sponsored mortgage-backed securities	5.08	13,335	311	4.66	35,388	779	4.40
State and political subdivisions	4.85	2,600	63	4.85	1,894	38	4.01
Total securities	2.97	133,182	2,150	3.22	129,840	2,490	3.83
Other	0.16	6,959	4	0.11	4,105	3	0.14
Total interest-earning assets	4.41	377,140	8,611	4.56	364,779	8,977	4.92
Noninterest-earning assets		24,640			20,131		
Total assets		$ 401,780			$ 384,910		
Interest-bearing liabilities:							
Interest-bearing checking or NOW	0.20	$ 23,967	29	0.24	$ 23,096	67	0.58
Savings accounts	0.39	22,198	69	0.62	19,489	98	1.00
Certificates of deposit	1.70	206,507	1,958	1.90	198,310	2,544	2.56
Money market accounts	0.34	71,147	215	0.60	68,551	370	1.08
Total interest-bearing deposits	1.17	323,819	2,271	1.36	309,446	3,079	1.99
Federal Home Loan Bank advances	2.83	27,522	458	3.32	31,040	531	3.43
Total interest-bearing liabilities	1.34	351,341	2,729	1.55	340,486	3,610	2.12

Noninterest-bearing liabilities		15,239			12,144		
Total liabilities	1.31	366,580			352,630		
Equity		35,200			32,280		
Total liabilities and equity		$ 401,780			$ 384,910		
Net interest income			$ 5,882			$ 5,367	
Net interest rate spread (3)				3.01%			2.80%
Net interest-earning assets (4)		$ 25,799			$ 24,293		
Net interest margin (5)				3.11%			2.94%
Average interest-earning assets to interest-bearing liabilities		1.07%			1.07%		

(footnotes on following page)

	For the Fiscal Years Ended June 30,								
	2010			2009			2008		
	Average Outstanding Balance	Interest	Yield/ Rate	Average Outstanding Balance	Interest	Yield/ Rate	Average Outstanding Balance	Interest	Yield/ Rate
	(Dollars in thousands)								
Interest-earning assets:									
Loans:									
Real estate loans:									
One- to four-family (2)	$ 154,532	$ 8,184	5.30%	$ 163,485	$ 9,440	5.77%	$ 163,093	$ 10,118	6.20%
Multi-family	17,992	988	5.49	11,850	686	5.79	6,908	446	6.46
Commercial	23,990	1,478	6.16	20,924	1,347	6.44	17,108	1,145	6.69
Home equity lines of credit	6,408	281	4.39	2,984	138	4.61	1,106	52	4.68
Construction loans	2,034	98	4.81	1,611	80	4.98	1,740	91	5.26
Commercial business loans	12,128	736	6.07	8,114	515	6.35	6,070	410	6.76
Consumer loans	15,240	1,135	7.45	14,238	1,095	7.69	13,973	1,107	7.92
Total loans	232,324	12,900	5.55	223,206	13,301	5.96	209,998	13,369	6.37
Securities:									
U.S. government, federal agency and government-sponsored enterprises	98,984	3,494	3.53	61,890	2,619	4.23	42,706	1,947	4.55
U.S. government sponsored mortgage-backed securities	28,390	1,297	4.56	45,492	2,081	4.57	54,837	2,511	4.57
State and political subdivisions	2,120	65	3.07	2,094	85	4.06	2,463	100	4.06
Total securities	129,494	4,856	3.75	109,476	4,785	4.37	100,006	4,558	4.55
Other	4,460	5	0.11	11,955	32	0.26	7,486	215	2.87
Total interest-earning assets	366,278	17,761	4.84	344,637	18,118	5.25	317,491	18,142	5.71
Noninterest-earning assets	21,973			16,008			16,828		
Total assets	$ 388,251			$ 360,645			$ 334,319		
Interest-bearing liabilities:									
Interest-bearing checking or NOW	$ 23,234	109	0.47	$ 21,003	137	0.65	$ 19,629	122	0.62
Savings accounts	20,363	179	0.87	18,712	216	1.15	17,900	230	1.28
Certificates of deposit	201,074	4,775	2.37	195,109	6,236	3.19	199,079	8,735	4.39
Money market accounts	68,321	616	0.90	46,952	870	1.85	32,388	812	2.51
Total interest-bearing deposits	312,992	5,679	1.77	281,776	7,459	2.57	268,996	9,899	3.68
Federal Home Loan Bank advances	28,908	1,035	3.58	36,232	1,204	3.32	26,690	1,134	4.24
Total interest-bearing liabilities	341,900	6,714	1.92	318,008	8,663	2.72	295,686	11,033	3.76
Noninterest-bearing liabilities	13,289			11,983			10,112		
Total liabilities	355,189			329,991			305,798		
Equity	33,062			30,654			28,521		
Total liabilities and equity	$ 388,251			$ 360,645			$ 334,319		
Net interest income		$ 11,047			$ 9,455			$ 7,109	

Net interest rate spread (3)		2.92%		2.53%		1.95%
Net interest-earning assets (4)	$ 24,378		$ 26,628		$ 21,805	
Net interest margin (5)		3.01%		2.74%		2.20%
Average interest-earning assets to interest-bearing liabilities	1.05%		1.08%		1.07%	

(1) Yields and rates for the six months ended December 31, 2010 and 2009 are annualized.
(2) Includes home equity loans.
(3) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.
(4) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.
(5) Net interest margin represents net interest income divided by average total interest-earning assets.

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Rate/Volume Analysis

The following table presents the effects of changing rates and volumes on our net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated to the changes due to rate and the changes due to volume in proportion to the relationship of the absolute dollar amounts of change in each.

	Six Months Ended December 31, 2010 vs. 2009			Fiscal Years Ended June 30, 2010 vs. 2009			Fiscal Years Ended June 30, 2009 vs. 2008		
	Increase (Decrease) Due to		Total Increase	Increase (Decrease) Due to		Total Increase	Increase (Decrease) Due to		Total Increase
	Volume	Rate	(Decrease)	Volume	Rate	(Decrease)	Volume	Rate	(Decrease)
					(In thousands)				
Interest-earning assets:									
Loans	$ 177	$ (204)	$ (27)	$ 533	$ (933)	$ (400)	$ 817	$ (885)	$ (68)
Securities	63	(405)	(342)	804	(734)	70	413	(187)	226
Other	2		2	(14)	(13)	(27)	82	(264)	(182)
Total interest-earning assets	$ 242	$ (609)	$ (367)	$ 1,323	$ (1,680)	$ (357)	$ 1,312	$ (1,336)	$ (24)
Interest-bearing liabilities:									
Interest-bearing checking or NOW	$ 4	$ (31)	$ (27)	$ 14	$ (42)	$ (28)	$ 9	$ 6	$ 15
Savings accounts	12	(41)	(29)	18	(55)	(37)	(7)	(7)	(14)
Certificates of deposit	100	(686)	(586)	185	(1,646)	(1,461)	(170)	(2,330)	(2,500)
Money market accounts	13	(179)	(166)	300	(554)	(254)	307	(249)	58
Total interest-bearing deposits	129	(937)	(808)	517	(2,297)	(1,780)	139	(2,580)	(2,441)
Federal Home Loan Bank advances	(56)	(18)	(74)	(257)	88	(169)	350	(280)	70
Total interest-bearing liabilities	$ 73	$ (955)	$ (882)	$ 260	$ (2,209)	$ (1,949)	$ 489	$ (2,860)	$ (2,371)
Change in net interest income	$ 169	$ 346	$ 515	$ 1,063	$ 529	$ 1,592	$ 823	$ 1,524	$ 2,347

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Management of Market Risk

General. Because the majority of our assets and liabilities are sensitive to changes in interest rates, our most significant form of market risk is interest rate risk. We are vulnerable to an increase in interest rates to the extent that our interest-bearing liabilities mature or reprice more quickly than our interest-earning assets. As a result, a principal part of our business strategy is to manage interest rate risk and limit the exposure of our net interest income to changes in market interest rates. Accordingly, our Board of Directors has established an Asset/Liability Management Committee pursuant to our Interest Rate Risk Management Policy that is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the Board of Directors.

As part of our ongoing asset-liability management, we currently use the following strategies to manage our interest rate risk:

(i) sell the majority of our long-term, fixed-rate one- to four-family residential mortgage loans that we originate;

(ii) lengthen the weighted average maturity of our liabilities through retail deposit pricing strategies and through longer-term wholesale funding sources such as fixed-rate advances from the Federal Home Loan Bank of Chicago;

(iii) invest in shorter- to medium-term investment securities and interest-earning time deposits;

(iv) originate commercial mortgage loans, including multi-family loans and land loans, commercial loans and consumer loans, which tend to have shorter terms and higher interest rates than one- to four-family residential mortgage loans, and which generate customer relationships that can result in larger noninterest-bearing demand deposit accounts; and

(v) maintain adequate levels of capital.

We currently do not engage in hedging activities, such as futures, options or swap transactions, or investing in high-risk mortgage derivatives, such as collateralized mortgage obligations, residual interests, real estate mortgage investment conduit residual interests or stripped mortgage backed securities.

In addition, changes in interest rates can affect the fair values of our financial instruments. For additional information regarding the fair values of our assets and liabilities, see Note 14 to the Notes to our Consolidated Financial Statements.

Net Portfolio Value. The Office of Thrift Supervision requires the computation of amounts by which the difference between the present value of an institution s assets and liabilities (the institution s net portfolio value or NPV) would change in the event of a range of assumed changes in market interest rates. The Office of Thrift Supervision provides all institutions that file a Consolidated Maturity/Rate Schedule as a part of their quarterly Thrift Financial Report with a report that measures the sensitivity of net portfolio value. The Office of Thrift Supervision simulation model uses a discounted cash flow analysis and an option-based pricing approach to measure the interest rate sensitivity of net portfolio value. Historically, the Office of Thrift Supervision model estimated the economic value of each type of asset, liability and off-balance sheet contract using the current interest rate yield curve with instantaneous

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increases or decreases of 100 to 300 basis points in 100 basis point increments. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 4% would mean, for example, a 100 basis point increase in the Change in Interest Rates column below. Given the current relatively low level of market interest rates, an NPV calculation for an interest rate decrease of greater than 100 basis points has not been prepared. The Office of Thrift Supervision provides us the results of the interest rate sensitivity model, which is based on information we provide to the Office of Thrift Supervision to estimate the sensitivity of our NPV.

The table below sets forth, as of December 31, 2010, the calculation of the estimated changes in our net portfolio value that would result from the designated immediate changes in the United States Treasury yield curve.

At December 31, 2010					
		Estimated Increase (Decrease) in NPV		NPV as a Percentage of Present Value of Assets (3)	
Change in Interest Rates (basis points) (1)	Estimated NPV (2)	Amount	Percent	NPV Ratio (4)	Increase (Decrease) (basis points)
	(Dollars in thousands)				
+300	$ 37,465	$ (19,153)	(34)%	9.27%	(393)
+200	45,014	(11,605)	(20)	10.89	(231)
+100	52,002	(4,617)	(8)	12.31	(88)
0	56,618			13.20	
-100	60,399	3,780	7	13.90	(71)

(1) Assumes an instantaneous uniform change in interest rates at all maturities.
(2) NPV is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.
(3) Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.
(4) NPV Ratio represents NPV as a percentage of the present value of assets.

The table above indicates that at December 31, 2010, in the event of a 200 basis point increase in interest rates, we would experience a 20% decrease in net portfolio value. In the event of a 100 basis point decrease in interest rates, we would experience a 7% increase in net portfolio value.

Certain shortcomings are inherent in the methodologies used in determining interest rate risk through changes in net portfolio value. Modeling changes in net portfolio value require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the net portfolio value tables presented assume that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assume that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the net portfolio value tables provide an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net interest income and will differ from actual results.

We also perform our own internal interest rate risk analysis that assesses risk to our Net Portfolio Value, Earnings and Capital. As a result of regulatory guidance issued in January 2010, we have recently updated and enhanced our internal interest rate risk model. Our analysis now involves increasing interest rates 400 basis points using a dynamic and realistic yield curve as well as real world simulation and timing. In addition to measuring Net Portfolio Value, our model also analyzes Earnings at Risk for both Net Interest Income and Net Income, and Capital at Risk for Tangible Equity Capital, Tier 1 Risk Based Capital, and Total Risk Based Capital in rate shock scenarios up to 400 basis points over a three-year period. Due to the current low interest rate environment, we do not analyze rate shock scenarios involving decreasing interest rates. When interest rates increase, we will also analyze scenarios involving decreasing rates. Details of our general ledger along with key data from each deposit, loan, investment, and borrowing are downloaded into our forecasting model, which takes into account both market and internal trends. Historical testing is done internally on a regular basis to confirm the validity of the model, while third-party testing is done periodically. Details of our interest rate risk analysis are reviewed by the Asset/Liability Management Committee and presented to the Board on a quarterly basis.

The tables below illustrate the simulated impact of rate shock scenarios up to 400 basis points over a three-year period on our Earnings at Risk (for both net interest income and net income) and our Capital at Risk (for tangible equity capital, tier 1 risk-based capital, and total risk-based capital). The Net Portfolio Value at Risk table below sets forth our calculation of the estimated changes in our net portfolio value at December 31, 2010 resulting from immediate rate shocks up to 400 basis points.

Earnings at Risk

Change in Interest	% Change in Net Interest Income			% Change in Net Income		
Rates (basis points)	12/31/11	12/31/12	12/31/13	12/31/11	12/31/12	12/31/13
+400	(3.0)%	(16.1)%	(26.0)%	(19.2)%	(53.9)%	(83.1)%
+300	(2.5)	(10.8)	(16.9)	(17.8)	(39.3)	(57.9)
+200	(2.9)	(9.0)	(6.0)	(18.8)	(34.2)	(27.7)
+100	0.5	2.2	7.8	(12.4)	(3.4)	10.3
0	1.9	3.0	2.9	(4.4)	(1.2)	(3.3)

Capital at Risk

Change in Interest	Tangible Equity Capital			Tier 1 Risk-Based Capital			Total Risk-Based Capital		
Rates (basis points)	12/31/11	12/31/12	12/31/13	12/31/11	12/31/12	12/31/13	12/31/11	12/31/12	12/31/13
+400	9.39%	9.33%	9.26%	17.64%	17.86%	17.79%	18.94%	19.12%	19.03%
+300	9.36	9.32	9.27	17.62	17.92	17.98	18.92	19.20	19.22
+200	9.36	9.30	9.27	17.63	17.91	18.11	18.92	19.19	19.38
+100	9.35	9.26	9.27	17.67	18.06	18.53	18.95	19.36	19.81
0	9.45	9.92	10.35	17.76	18.82	19.37	19.08	19.96	20.68

Net Portfolio Value at Risk

	At December 31, 2010			
Change in Interest Rates (basis points)	Estimated NPV	% Change NPV	NPV Ratio	Increase/ (Decrease) (in basis points)
+400	$ 22,844	(43)%	6.15%	(364)
+300	$ 26,936	(33)	7.08	(271)
+200	$ 32,353	(19)	8.26	(153)
+100	$ 36,028	(10)	8.98	(80)
0	$ 40,183		9.79	

Liquidity and Capital Resources

Liquidity is the ability to meet current and future financial obligations of a short-term nature. Our primary sources of funds consist of deposit inflows, loan sales and repayments, advances from the Federal Home Loan Bank of Chicago, and maturities of securities. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition. Our Asset/Liability Management Committee is responsible for establishing and monitoring our liquidity targets and strategies

in order to ensure that sufficient liquidity exists for meeting the borrowing needs and deposit withdrawals of our customers as well as unanticipated contingencies. For the six months ended December 31, 2010 and the year ended June 30, 2010, our liquidity ratio averaged 33.6% and 31.1% of our total assets, respectively. We believe that we have enough sources of liquidity to satisfy our short- and long-term liquidity needs as of December 31, 2010.

We regularly monitor and adjust our investments in liquid assets based upon our assessment of: (i) expected loan demand; (ii) expected deposit flows; (iii) yields available on interest-earning deposits and securities; and (iv) the objectives of our asset/liability management program. Excess liquid assets are invested generally in interest-earning deposits and short- and medium-term securities.

Our most liquid assets are cash and cash equivalents. The levels of these assets are affected by our operating, financing, lending and investing activities during any given period. At December 31, 2010, cash and cash equivalents totaled $6.7 million. Interest-earning time deposits which can offer additional sources of liquidity, totaled $250,000 at December 31, 2010.

Our cash flows are derived from operating activities, investing activities and financing activities as reported in our Statements of Cash Flows included in our financial statements.

At December 31, 2010, we had $16.1 million in loan commitments outstanding, including $11.1 million in unused lines of credit to borrowers. Certificates of deposit due within one year of December 31, 2010 totaled $156.5 million, or 73.3% of total deposits. Depending on market conditions, we may be required to pay higher rates on such deposits or other borrowings than we currently pay on the certificates of deposit due on or before December 31, 2011. Additionally, we believe that the additional capital that we are raising in the offering will provide additional liquidity. Moreover, it is our intention as we continue to grow our commercial real estate portfolio, to emphasize lower cost deposit relationships with these commercial loan customers and thereby replace the higher cost certificates with lower cost deposits. We have the ability to attract and retain deposits by adjusting the interest rates offered.

Our primary investing activity is originating loans. During the six months ended December 31, 2010 and the year ended June 30, 2010, we originated $51.6 million and $67.7 million of loans, respectively, and during the year ended June 30, 2009, we originated $81.8 million of loans.

Financing activities consist primarily of activity in deposit accounts and Federal Home Loan Bank advances. We had a net increase in total deposits of $12.6 million for the six months ended December 31, 2010, and a net increase in total deposits of $7.2 million for the year ended June 30, 2010. Deposit flows are affected by the overall level of interest rates, the interest rates and products offered by us and our local competitors, and by other factors.

Liquidity management is both a daily and long-term function of business management. If we require funds beyond our ability to generate them internally, borrowing agreements exist with the Federal Home Loan Bank of Chicago, which provides an additional source of funds. Federal Home Loan Bank advances were $31.0 million at December 31, 2010. At December 31, 2010, we had the ability to borrow up to an additional $65.0 million from the Federal Home Loan Bank of Chicago and had the ability to borrow an additional $27.6 million from the Federal Reserve.

Iroquois Federal is subject to various regulatory capital requirements, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning balance sheet assets and off-balance sheet items to broad risk categories. At December 31, 2010, Iroquois Federal exceeded all regulatory capital requirements. Iroquois Federal is considered well capitalized under regulatory guidelines. See Supervision and

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Regulation Federal Banking Regulation Capital Requirements and Note 11 Regulatory Matters of the notes to the financial statements included in this prospectus.

The net proceeds from the stock offering will significantly increase our liquidity and capital resources. Over time, the initial level of liquidity will be reduced as net proceeds from the stock offering are used for general corporate purposes, including the funding of new loans. Our financial condition and results of operations will be enhanced by the net proceeds from the stock offering, resulting in increased net interest-earning assets and net interest income. However, due to the increase in equity resulting from the net proceeds raised in the stock offering, our return on equity will be adversely affected.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Commitments. As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit and unused lines of credit. While these contractual obligations represent our future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process accorded to loans we make. For additional information, see Note 13 Commitments and Contingent Liabilities of the notes to the financial statements included in this prospectus.

Contractual Obligations. In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include data processing services, operating leases for premises and equipment, agreements with respect to borrowed funds and deposit liabilities.

Recent Accounting Pronouncements

For a discussion of the impact of recent accounting pronouncements, see Note 1 of the notes to our consolidated financial statements beginning on page F-1 of this prospectus.

Impact of Inflation and Changing Prices

Our financial statements and related notes have been prepared in accordance with U.S. GAAP. U.S. GAAP generally requires the measurement of financial position and operating results in terms of historical dollars without consideration of changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater impact on our performance than the effects of inflation.

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BUSINESS OF IF BANCORP, INC.

IF Bancorp, Inc. is incorporated in the State of Maryland. We have not engaged in any business to date. Upon completion of the conversion, we will own all of the issued and outstanding stock of Iroquois Federal. We will retain up to 50% of the net proceeds from the offering and initially invest the remaining net proceeds in Iroquois Federal as additional capital of Iroquois Federal. IF Bancorp, Inc. will use a portion of the net proceeds to make a loan to the employee stock ownership plan and to fund the cash portion of the contribution to the charitable foundation. At a later date, we may use the net proceeds to pay dividends to stockholders and we may repurchase shares of our common stock, subject to regulatory limitations. We will invest our initial capital as discussed in How We Intend to Use the Proceeds from the Offering.

In the future, IF Bancorp, Inc., as the holding company of Iroquois Federal, will be authorized to pursue other business activities permitted by applicable laws and regulations, which may include expansion of our branch network through de novo branching or branch acquisitions, or the acquisition of banking and financial services companies. See Supervision and Regulation Holding Company Regulation for a discussion of the activities that are permitted for savings and loan holding companies. We currently have no understandings or agreements for the acquisition of financial institutions or branches. We may also borrow funds for reinvestment in Iroquois Federal.

Following the offering, our cash flow will depend on earnings from the investment of the net proceeds from the offering that we retain, and any dividends we receive from Iroquois Federal. Initially, IF Bancorp, Inc. will neither own nor lease any property, but will instead pay a fee to Iroquois Federal for the use of its premises, equipment and furniture. At the present time, we intend to employ only persons who are officers of Iroquois Federal to serve as officers of IF Bancorp, Inc. We will, however, use the support staff of Iroquois Federal from time to time. We will pay a fee to Iroquois Federal for the time devoted to IF Bancorp, Inc. by employees of Iroquois Federal. However, these persons will not be separately compensated by IF Bancorp, Inc. IF Bancorp, Inc. may hire additional employees, as appropriate, to the extent it expands its business in the future.

BUSINESS OF IROQUOIS FEDERAL SAVINGS AND LOAN ASSOCIATION

General

Iroquois Federal is a federally chartered savings association headquartered in Watseka, Illinois. Our business consists primarily of taking deposits from the general public and investing those deposits, together with funds generated from operations and borrowings, in one- to four-family residential mortgage loans, multi-family mortgage loans, commercial real estate loans, home equity lines of credit, commercial business loans, consumer loans (consisting primarily of automobile loans), and, to a much lesser extent, construction loans and land loans. At December 31, 2010, $148.9 million, or 61.0%, of our total loan portfolio, including loans held for sale, was comprised of one- to four-family residential mortgage loans. We intend to continue to increase our volume of multi-family loans, commercial real estate loans and commercial business loans.

We also invest in securities, which historically have consisted primarily of securities issued by the U.S. government, U.S. government agencies and U.S. government-sponsored enterprises, as well as mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises. To a lesser extent, we also invest in municipal obligations.

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We offer a variety of deposit accounts, including statement savings accounts, certificates of deposit, money market accounts, commercial and regular checking accounts, individual retirement accounts and health savings accounts.

In addition to our traditional banking products and services, we offer a full line of property and casualty insurance products through our wholly-owned subsidiary, L.C.I. Service Corporation, an insurance agency with offices in Watseka and Danville. We also offer annuities, mutual funds, individual and group retirement plans, life, disability and health insurance, individual securities, managed accounts and other financial services at all of our locations through Iroquois Financial, a division of Iroquois Federal. Raymond James Financial Services, Inc. serves as the broker-dealer for Iroquois Financial.

We are dedicated to offering alternative banking delivery systems, including ATMs, online banking, and telephone banking delivery systems. In addition, we are currently in the process of establishing remote capture capabilities.

Iroquois Federal s executive offices are located at 201 East Cherry Street, Watseka, Illinois 60970. Our telephone number at this address is (815) 432-2476. Our website address is www.iroquoisfed.com. Information on our website is not incorporated into this prospectus and should not be considered part of this prospectus.

Market Area

We conduct our operations from our four full-service banking offices located in the municipalities of Watseka, Danville, Clifton and Hoopeston and our loan production and wealth management office in Osage Beach, Missouri. Our primary lending market includes the Illinois counties of Vermilion and Iroquois, as well as the adjacent counties in Illinois and Indiana. In December 2006, we opened our loan production and wealth management office in Osage Beach, Missouri, which serves the Missouri counties of Camden, Miller and Morgan.

In recent years our primary market area has experienced negative growth, reflecting in part, the economic downturn. Future business and growth opportunities will be influenced by economic and demographic characteristics of our primary market area and of east central Illinois. According to data from SNL Financial, Iroquois and Vermilion Counties had populations of 30,000 and 81,000, respectively, in 2010. Iroquois County s population decreased at a 0.3% annual rate from 2000 to 2010, while Vermilion County s population decreased at a 0.4% annual rate over the same period. Comparatively, annual population growth rates for Illinois and the U.S. equaled 0.5% and 1.0%, respectively, over the past decade. Consistent with the past decade, Iroquois and Vermilion Counties are projected to experience population reductions of approximately 1.7% and 2.2%, respectively, from 2010 to 2015. Similarly, Vermilion County and Iroquois County are projected to experience a 2.1% and a 1.5% reduction in households, respectively, from 2010 to 2015.

In comparison to Illinois and the U.S., Iroquois and Vermilion counties both showed slightly lower growth rates for household and per capita income over the past decade. However, over the next five years, growth rates for median household income and per capita income are projected to increase slightly in both counties, with Vermilion County s projected growth rate for median household income matching the comparable Illinois growth rate. According to U.S. Bureau of Labor Statistics, the December 2010 unemployment rates for Iroquois County and Vermilion County were 9.0% and 10.2%, respectively, versus comparable Illinois and U.S. unemployment rates of 8.8% and 9.4%, respectively. The December 2010 unemployment rates for both counties decreased compared to a year ago, which was consistent with the national and state unemployment rate trends. According to data from SNL Financial,

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unemployment rates for Vermilion and Iroquois Counties are projected to decrease by approximately 19.0% and 18.7%, respectively, over the next five years.

The economy in our primary market is fairly diversified, with employment in services, wholesale/retail trade, and government serving as the basis of the Iroquois County and Vermilion County economies. Manufacturing jobs, which tend to be higher paying jobs, are also a large source of employment in Vermilion County, while Iroquois County is heavily influenced by agriculture and agriculture related businesses such as Quaker Oats Co, Incobrasa Industries Ltd., Bunge, Hoopeston Foods, ConAgra and Big R Stores. Hospitals and other health care providers, local schools and trucking/distribution businesses also serve as major sources of employment.

Our Osage Beach, Missouri loan production and wealth management office is located in the Lake of the Ozarks region and serves the Missouri counties of Camden, Miller and Morgan. Once known primarily as a resort area, this market is becoming an area of permanent residences and a growing retirement community, providing an excellent market for mortgage loans and our wealth management and financial services business.

In conducting its appraisal, RP Financial, LC. compared our primary market area to the market areas served by the peer group companies used in the appraisal. Overall, RP Financial LC. viewed the markets served by the peer group companies as slightly more favorable with respect to supporting growth opportunities, as they were generally more affluent and populous markets, with increasing populations. In addition, unemployment rates for the markets served by the peer group companies were on average slightly lower than the December 2010 unemployment rate for Iroquois and Vermilion Counties. Although Iroquois Federal s competitive position in its primary market area, as indicated by deposit market share, was viewed to be stronger than that of the peer group companies in general, on balance, RP Financial LC. concluded that a moderate downward adjustment of the appraisal was appropriate for our market area.

Competition

We face intense competition in our market area both in making loans and attracting deposits. We also compete with commercial banks, credit unions, savings institutions, mortgage brokerage firms, finance companies, mutual funds, insurance companies and investment banking firms. Some of our competitors have greater name recognition and market presence that benefit them in attracting customers, and offer certain services that we do not or cannot provide.

Our deposit sources are primarily concentrated in the communities surrounding our banking offices located in Iroquois and Vermilion Counties, Illinois. As of June 30, 2010, the latest date for which FDIC data is available, we ranked first of eight bank and thrift institutions with offices in Iroquois County with a 22.3% deposit market share. As of the same date, we ranked third of 16 bank and thrift institutions with offices in Vermilion County with a 15.3% deposit market share.

Lending Activities

Our principal lending activity is the origination of one- to four-family residential mortgage loans, multi-family loans, commercial real estate loans (including farm loans), home equity loans and lines of credit, commercial business loans, consumer loans (consisting primarily of automobile loans), and, to a much lesser extent, construction loans and land loans.

In addition to loans originated by Iroquois Federal, our loan portfolio includes loan purchases which are secured by single family homes located primarily in the Midwest. As of December 31, 2010, June 30, 2010 and 2009, the amount of such loans equaled $22.4 million, $24.6 million and $30.0 million, respectively. See Loan Originations, Purchases, Sales, Participations and Servicing.

Our loan portfolio also includes commercial loan participations which are secured by both real estate and other business assets, primarily within 100 miles of our primary lending market. As of December 31, 2010 and June 30, 2010 and 2009, the amount of such loans equaled $10.3 million, $10.2 million and $7.2 million, respectively. See Loan Originations, Purchases, Sales, Participations and Servicing.

In 2000, we began originating a substantial portion of our fixed-rate one- to four-family residential mortgage loans for sale to the Federal Home Loan Bank of Chicago with servicing retained. Total loans sold under this program equaled approximately $61.6 million, $52.3 million and $47.9 million for the six months ended December 31, 2010 and the years ended June 30, 2010 and 2009, respectively. See One- to Four-Family Residential Real Estate Lending below for more information regarding the origination of loans for sale to the Federal Home Loan Bank of Chicago.

The following table provides a historical breakdown of our loan portfolio at the end of each of our last five years and at December 31, 2010.

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Loan Portfolio Composition. The following table sets forth the composition of our loan portfolio, including loans held for sale, by type of loan at the dates indicated. Amounts shown for one- to four-family loans include loans held for sale of approximately $242,000, $460,000, $156,000, $0, $0, and $0 at December 31, 2010 and June 30, 2010, 2009, 2008, 2007 and 2006, respectively.

	At December 31,		At June 30,									
	2010		2010		2009		2008		2007		2006	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)											
Real estate loans:												
One- to four-family (1)	$ 148,944	60.96%	$ 153,774	64.56%	$ 157,109	69.48%	$ 162,552	74.60%	$ 164,950	78.77%	$ 156,393	77.39%
Multi-family	26,455	10.83	19,232	8.07	14,818	6.55	10,710	4.92	1,109	0.53	2,117	1.05
Commercial	25,768	10.55	24,956	10.48	23,815	10.53	21,186	9.72	21,082	10.07	11,307	5.60
Home equity lines of credit	9,670	3.96	7,853	3.30	4,581	2.03	1,812	0.83	583	0.28		
Construction loans	1,237	0.51	2,112	0.89	1,915	0.85	1,567	0.72	2,551	1.22	2,750	1.36
Commercial business loans	15,467	6.33	13,410	5.63	9,252	4.09	6,390	2.93	5,047	2.41	7,559	3.74
Consumer loans	16,806	6.88	16,875	7.08	14,627	6.47	13,685	6.28	14,093	6.73	21,955	10.86
Total loans	244,347	100.00%	238,212	100.00%	226,117	100.00%	217,902	100.00%	209,415	100.00%	202,081	100.00%
Other items:												
Unearned fees and discounts, net	(26)		(35)		(44)		(61)		(39)		(123)	
Loans in process	(643)		(1,197)		(896)		(1,614)		(1,625)		(1,987)	
Allowance for loan losses	(2,712)		(2,767)		(1,365)		(1,047)		(1,021)		(866)	
Total loans, net	$ 240,967		$ 234,213		$ 223,812		$ 215,180		$ 206,730		$ 199,105	

(1) Includes home equity loans.

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Loan Portfolio Maturities and Yields. The following table summarizes the scheduled repayments of our loan portfolio at June 30, 2010. We have no demand loans, loans having no stated repayment schedule or maturity, or overdraft loans.

	One- to four-family residential real estate (1)		Multi-family real estate		Commercial real estate		Home equity lines of credit	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate
				(Dollars in thousands)				
Due During the Years Ending June 30,								
2011	$ 1,847	6.25%	$ 889	6.43%	$ 4,451	6.40%	$	%
2012	260	6.29	559	5.99	2,036	6.46	296	6.30
2013 to 2014	3,806	6.07	7,153	5.61	6,952	6.53	2,318	4.77
2015 to 2019	11,493	5.79	6,699	5.00	3,641	6.03	1,966	4.30
2020 to 2024	15,069	5.47	3,511	5.87	1,511	4.72	1,426	4.03
2025 and beyond	121,299	5.17	421	5.62	6,365	5.92	1,847	4.00
Total	$ 153,774	5.29%	$ 19,232	5.49%	$ 24,956	6.16%	$ 7,853	4.39%

	Construction loans		Commercial business loans		Consumer loans		Total	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate
				(Dollars in thousands)				
Due During the Years Ending June 30,								
2011	$	%	$ 1,339	5.37%	$ 4,000	4.72%	$ 12,526	5.73%
2012			884	5.84	1,285	8.88	5,320	6.85
2013 to 2014			4,661	6.24	5,886	8.13	30,776	6.39
2015 to 2019			5,068	6.22	5,345	8.47	34,212	6.06
2020 to 2024			476	5.20	34	9.58	22,027	5.39
2025 and beyond	2,112	4.81	982	6.09	325	6.02	133,351	5.19
Total	$ 2,112	4.81%	$ 13,410	6.07%	$ 16,875	7.45%	$ 238,212	5.56%

(1) Includes home equity loans.

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The following table sets forth the scheduled repayments of fixed- and adjustable-rate loans at June 30, 2010 that are contractually due after June 30, 2011.

	Due After June 30, 2011		
	Fixed	Adjustable (In thousands)	Total
Real estate loans:			
One- to four-family (1)	$ 53,453	$ 98,474	$ 151,927
Multi-family	6,251	12,092	18,343
Commercial	14,398	6,107	20,505
Home equity lines of credit	4,662	3,191	7,853
Construction loans	494	1,618	2,112
Commercial business loans	9,117	2,954	12,071
Consumer loans	12,875		12,875
Total loans	$ 101,250	$ 124,436	$ 225,686

(1) Includes home equity loans.

One- to Four-Family Residential Mortgage Loans. At December 31, 2010, $148.9 million, or 61.0% of our total loan portfolio, consisted of one- to four-family residential mortgage loans. We offer residential mortgage loans that conform to Fannie Mae and Freddie Mac underwriting standards (conforming loans) as well as non-conforming loans. We generally underwrite our one- to four-family residential mortgage loans based on the applicant s employment and credit history and the appraised value of the subject property. We also offer loans through various agency programs, such as the Mortgage Partnership Finance Program of the Federal Home Loan Bank of Chicago, which are originated for sale.

We currently offer fixed-rate conventional mortgage loans with terms of up to 30 years that are fully amortizing with monthly loan payments. We also offer adjustable-rate mortgage loans that generally provide an initial fixed interest rate of one to seven years and annual interest rate adjustments thereafter, that amortize over a period up to 30 years. We offer one- to four-family residential mortgage loans with loan-to-value ratios up to 100%. Private mortgage insurance is required for all one- to four-family residential mortgage loans with loan-to-value ratios exceeding 90%. One- to four-family residential mortgage loans with loan-to-value ratios above 80%, but below 90%, require private mortgage insurance unless waived by management. At December 31, 2010, fixed-rate one- to four-family residential mortgage loans totaled $54.4 million, or 36.6% of our one- to four-family residential mortgage loans, and adjustable-rate one- to four-family residential mortgage loans totaled $94.3 million, or 63.4% of our one- to four-family residential mortgage loans.

Our one- to four-family residential mortgage loans are generally conforming loans. We generally originate both fixed- and adjustable-rate mortgage loans in amounts up to the maximum conforming loan limits as established by the Federal Housing Finance Agency for Fannie Mae and Freddie Mac, which is currently $417,000 for single-family homes. At December 31, 2010, our average one- to four-family residential mortgage loan had a principal balance of $71,000. We also originate loans above the lending limit for conforming loans, which we refer to as jumbo loans. At December 31, 2010, $18.2 million, or 12.2%, of our total one-to four-family residential loans had principal balances in excess of $417,000. Most of our jumbo loans are originated with a seven-year fixed-rate term and a balloon payment, with up to a 30 year amortization schedule. Occasionally we will originate fixed-rate jumbo loans with terms of up to 15 years.

We actively monitor our interest rate risk position to determine the desirable level of investment in fixed-rate mortgage loans. In recent years there has been increased demand for long-term fixed-rate loans, as market rates have dropped and remained near historic lows. As a result, we have sold a

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substantial majority of our fixed-rate one- to four-family residential mortgage loans with terms of 15 years or greater. In June 2000, we began selling fixed-rate residential mortgages to the Federal Home Loan Bank of Chicago, with servicing retained, under its Mortgage Partnership Finance Program. Total mortgages sold under this program were approximately $17.6 million, $11.1 million and $21.9 million for the six months ended December 31, 2010 and the years ended June 30, 2010 and 2009, respectively. Generally, however, we retain in our portfolio fixed-rate one- to four-family residential mortgage loans with terms of less than 15 years, although this has represented a small percentage of the fixed-rate loans that we have originated in recent years due to the favorable long-term rates for borrowers.

We currently offer several types of adjustable-rate mortgage loans secured by residential properties with interest rates that are fixed for an initial period of one to seven years. We offer adjustable-rate mortgage loans that are fully amortizing. After the initial fixed period, the interest rate on adjustable-rate mortgage loans generally resets every year based upon the weekly average of a one-year U.S. Treasury Securities rate plus an applicable margin, subject to periodic and lifetime limitations on interest rate changes. Our adjustable rate mortgage loans with initial rate periods lasting five or seven years have a 2% maximum annual rate change up or down, and a 6% lifetime cap up from the initial rate. Our adjustable rate mortgage loans with initial rate periods lasting one or three years have a 1% maximum annual rate change up or down and a 5% lifetime cap up from the initial rate. The floor on all adjustable rate mortgage loans is equal to the initial rate.

Adjustable-rate mortgage loans generally present different credit risks than fixed-rate mortgage loans, primarily because the underlying debt service payments of the borrowers increase as interest rates increase, thereby increasing the potential for default and higher rates of delinquency. At the same time, the marketability of the underlying collateral may be adversely affected by higher interest rates. Since changes in the interest rates on adjustable-rate mortgages may be limited by an initial fixed-rate period or by the contractual limits on periodic interest rate adjustments, adjustable-rate loans may not adjust as quickly to increases in interest rates as our interest-bearing liabilities.

In addition to traditional one- to four-family residential mortgage loans, we offer home equity loans that are secured by a second mortgage on the borrower s primary or secondary residence. Home equity loans are generally underwritten using the same criteria that we use to underwrite one- to four-family residential mortgage loans. Home equity loans may be underwritten with a loan-to-value ratio of up to 90% when combined with the principal balance of the existing first mortgage loan. Our home equity loans are primarily originated with fixed rates of interest with terms of up to 10 years, fully amortized. At December 31, 2011, approximately $1.8 million, or 1.2% of our one- to four-family mortgage loans were home equity loans secured by a second mortgage.

Home equity loans secured by second mortgages have greater risk than one- to four-family residential mortgage loans or home equity loans secured by first mortgages. We face the risk that the collateral will be insufficient to compensate us for loan losses and costs of foreclosure. When customers default on their loans, we attempt to foreclose on the property and resell the property as soon as possible to minimize foreclosure and carrying costs. However, the value of the collateral may not be sufficient to compensate us for the amount of the unpaid loan and we may be unsuccessful in recovering the remaining balance from those customers. Particularly with respect to our home equity loans, decreases in real estate values could adversely affect the value of property used as collateral for our loans.

We do not offer or purchase loans that provide for negative amortization of principal, such as Option ARM loans, where the borrower can pay less than the interest owed on the loan, resulting in an increased principal balance during the life of the loan.

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We require title insurance on all of our one- to four-family residential mortgage loans, and we also require that borrowers maintain fire and extended coverage casualty insurance in an amount at least equal to the lesser of the loan balance or the replacement cost of the improvements. We also require flood insurance, as applicable. We do not conduct environmental testing on residential mortgage loans unless specific concerns for hazards are identified by the appraiser used in connection with the origination of the loan.

Commercial Real Estate and Multi-family Real Estate Loans. At December 31, 2010, $25.8 million, or 10.6% of our loan portfolio consisted of commercial real estate loans, and $26.5 million, or 10.8% of our loan portfolio consisted of multi-family (which we consider to be five or more units) residential real estate loans. At December 31, 2010, substantially all of our commercial real estate and multi-family real estate loans were secured by properties located in Illinois and Indiana.

Our commercial real estate mortgage loans are primarily secured by office buildings, owner-occupied businesses, strip mall centers, farm loans secured by real estate and churches. At December 31, 2010, loans secured by commercial real estate had an average loan balance of $232,000. We originate commercial real estate loans with balloon and adjustable rates of up to seven years with amortization up to 20 to 25 years. At December 31, 2010, approximately 23.7% of our commercial real estate loans had adjustable rates. The rates on our adjustable-rate commercial real estate loans are generally based on the prime rate of interest plus an applicable margin, and generally have a specified floor.

We originate multi-family loans with balloon and adjustable rates for terms of up to seven years with amortization up to 20 to 25 years. At December 31, 2010, approximately 47.0% of our multi-family loans had adjustable rates. The rates on our adjustable-rate multi-family loans are generally tied to the prime rate of interest plus or minus an applicable margin and generally have a specified floor.

In underwriting commercial real estate and multi-family real estate loans, we consider a number of factors, which include the projected net cash flow to the loan s debt service requirement (generally requiring a minimum ratio of 120%), the age and condition of the collateral, the financial resources and income level of the borrower and the borrower s experience in owning or managing similar properties. Commercial real estate and multi-family real estate loans are originated in amounts up to 80% of the appraised value or the purchase price of the property securing the loan, whichever is lower. Personal guarantees are typically obtained from commercial real estate and multi-family real estate borrowers. In addition, the borrower s financial information on such loans is monitored on an ongoing basis by requiring periodic financial statement updates.

Commercial real estate and multi-family real estate loans generally carry higher interest rates and have shorter terms than one- to four-family residential mortgage loans. Commercial real estate and multi-family real estate loans, however, entail greater credit risks compared to the one- to four-family residential mortgage loans we originate, as they typically involve larger loan balances concentrated with single borrowers or groups of related borrowers. In addition, the payment of loans secured by income-producing properties typically depends on the successful operation of the property, as repayment of the loan generally is dependent, in large part, on sufficient income from the property to cover operating expenses and debt service. Changes in economic conditions that are not in the control of the borrower or lender could affect the value of the collateral for the loan or the future cash flow of the property. Additionally, any decline in real estate values may be more pronounced for commercial real estate and multi-family real estate than for one- to four-family residential properties.

At December 31, 2010, our largest commercial real estate loan had an outstanding balance of $2.7 million, was secured by a wholesale distributor, and was performing in accordance with its terms. At that

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date, our largest multi-family real estate loan had a balance of $5.8 million, was secured by apartment buildings, and was performing in accordance with its terms.

Home Equity Lines of Credit. In addition to traditional one- to four-family residential mortgage loans and home equity loans, we offer home equity lines of credit that are secured by the borrower s primary or secondary residence. Home equity lines of credit are generally underwritten using the same criteria that we use to underwrite one- to four-family residential mortgage loans. Our home equity lines of credit are originated with either fixed or adjustable rates and may be underwritten with a loan-to-value ratio of up to 90% when combined with the principal balance of an existing first mortgage loan. Fixed-rate lines of credit are generally based on the prime rate of interest plus an applicable margin and have monthly payments of 1.5% of the outstanding balance. Adjustable-rate home equity lines of credit are based on the prime rate of interest plus or minus an applicable margin and require interest paid monthly. Both fixed and adjustable rate home equity lines of credit have balloon terms of five years. At December 31, 2010 we had $9.7 million, or 4.0% of our total loan portfolio in home equity lines of credit. At that date we had $4.5 million of undisbursed funds related to home equity lines of credit.

Home equity lines of credit secured by second mortgages have greater risk than one- to four-family residential mortgage loans secured by first mortgages. We face the risk that the collateral will be insufficient to compensate us for loan losses and costs of foreclosure. When customers default on their loans, we attempt to foreclose on the property and resell the property as soon as possible to minimize foreclosure and carrying costs. However, the value of the collateral may not be sufficient to compensate us for the amount of the unpaid loan and we may be unsuccessful in recovering the remaining balance from those customers. Particularly with respect to our home equity lines of credit, decreases in real estate values could adversely affect the value of property securing the loan.

Commercial Business Loans. We also originate commercial non-mortgage business (term) loans and adjustable lines of credit. At December 31, 2010, we had $15.5 million of commercial business loans outstanding, representing 6.3% of our total loan portfolio. At that date, we also had $6.6 million of unfunded commitments on such loans. These loans are generally originated to small- and medium-sized companies in our primary market area. Our commercial business loans are generally used for working capital purposes or for acquiring equipment, inventory or furniture, and are primarily secured by business assets other than real estate, such as business equipment and inventory, accounts receivable or stock. We also offer agriculture loans that are not secured by real estate.

In underwriting commercial business loans, we generally lend up to 80% of the appraised value or purchase price of the collateral securing the loan, whichever is lower. The commercial business loans that we offer have fixed interest rates or adjustable-rate indexed to the prime rate of interest plus an applicable margin, and with terms ranging from one to seven years. Our commercial business loan portfolio consists primarily of secured loans. When making commercial business loans, we consider the financial statements, lending history and debt service capabilities of the borrower (generally requiring a minimum ratio of 120%), the projected cash flows of the business and the value of the collateral, if any. Virtually all of our loans are guaranteed by the principals of the borrower.

Commercial business loans generally have a greater credit risk than one- to four-family residential mortgage loans. Unlike residential mortgage loans, which generally are made on the basis of the borrower s ability to make repayment from his or her employment and other income, and which are secured by real property whose value tends to be more easily ascertainable, commercial business loans are of higher risk and typically are made on the basis of the borrower s ability to make repayment from the cash flow of the borrower s business. As a result, the availability of funds for the repayment of commercial business loans may be substantially dependent on the success of the business itself. Further, the collateral securing the loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. We seek to minimize these risks through our underwriting standards.

At December 31, 2010, our largest commercial business loan outstanding was for $1.0 million and was secured by inventory, equipment, accounts receivable and vehicles. At December 31, 2010, this loan was performing in accordance with its terms.

Construction Loans. We also originate construction loans for one- to four-family residential properties and commercial real estate properties, including multi-family properties. At December 31, 2010, $1.2 million, or 0.5%, of our total loan portfolio, consisted of construction loans, all of which were secured by one- to four-family residential real estate. At December 31, 2010, the unadvanced portion of one- to four-family residential construction loans totaled $454,000.

Construction loans for one- to four-family residential properties are originated with a maximum loan to value ratio of 85% and are generally interest-only loans during the construction period which typically does not exceed 12 months. After this time period, the loan converts to permanent, amortizing financing following the completion of construction. Construction loans for commercial real estate are made in accordance with a schedule reflecting the cost of construction, and are generally limited to an 80% loan-to-completed appraised value ratio. We generally require that a commitment for permanent financing be in place prior to closing the construction loan.

Construction financing generally involves greater credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost (including interest) of construction and other assumptions. If the estimate of construction cost is inaccurate, we may be required to advance additional funds beyond the amount originally committed in order to protect the value of the property. Moreover, if the estimated value of the completed project is inaccurate, the borrower may hold a property with a value that is insufficient to assure full repayment of the construction loan upon the sale of the property. Construction loans also expose us to the risk that improvements will not be completed on time in accordance with specifications and projected costs. In addition, the ultimate sale or rental of the property may not occur as anticipated.

At December 31, 2010, all of our construction loans were for one-to four-family residential properties, and our largest construction loan had a principal balance of $272,000. This loan was performing in accordance with its terms at December 31, 2010.

In addition, in January 2011 we entered into a $5.3 million construction loan participation in a $12.3 million loan for the construction of a multi-family development in Terra Haute, Indiana.

Loan Originations, Purchases, Participations, Sales and Servicing. Lending activities are conducted primarily by our loan personnel operating in each office. All loans that we originate are underwritten pursuant to our standard policies and procedures. In addition, our one- to four-family residential mortgage loans generally incorporate Fannie Mae, Freddie Mac or Federal Home Loan Bank of Chicago underwriting guidelines, as applicable. We originate both adjustable-rate and fixed-rate loans. Our ability to originate fixed- or adjustable-rate loans is dependent upon the relative customer demand for such loans, which is affected by current market interest rates as well as anticipated future market interest rates. Our loan origination and sales activity may be adversely affected by a rising interest rate environment which typically results in decreased loan demand. Most of our commercial real estate and commercial business loans are generated by our internal business development efforts and referrals from professional contacts. Most of our originations of one- to four-family residential mortgage loans,

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consumer loans and home equity loans and lines of credit are generated by existing customers, referrals from realtors, residential home builders, walk-in business and from our website.

Consistent with our interest rate risk strategy, in the low interest rate environment that has existed in recent years, we have sold on a servicing-released basis a substantial majority of the conforming, fixed-rate one- to four-family residential mortgage loans with maturities of 15 years or greater that we have originated.

From time to time, we purchase loan participations in commercial loans in which we are not the lead lender secured by real estate and other business assets, primarily within 100 miles of our primary lending area. In these circumstances, we follow our customary loan underwriting and approval policies. We have sufficient capital to take advantage of these opportunities to purchase loan participations, as well as strong relationships with other community banks in our primary market area and throughout Illinois that may desire to sell participations, and we may increase our purchases of participations in the future as a growth strategy. At December 31, 2010, our loan participations totaled $10.3 million, or 4.2% of our loan portfolio, $4.8 million of which were outside our primary market area.

We sell a portion of our fixed-rate residential mortgage loans to the Federal Home Loan Bank of Chicago under its Mortgage Partnership Finance Xtra Program. We retain servicing on all loans sold under this program. During the six months ended December 31, 2010, and the years ended June 30, 2010 and 2009, we sold $17.6 million, $11.1 million and $21.9 million of loans to the Federal Home Loan Bank of Chicago under the program. Prior to December 2008, we also retained some credit risk associated with loans sold to the Federal Home Loan Bank of Chicago. For additional information regarding retained risk associated with these loans, see Allowance for Loan Losses Other Credit Risk.

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Originations, Purchases, Participations, Sales and Repayments. The following table shows the loan origination, participation, sale and repayment activities of Iroquois Federal, for the periods indicated. There were no whole loans purchased during the periods indicated.

	For the Six Months Ended December 31, 2010	For the Fiscal Year Ended June 30, 2010	2009	2008
		(In thousands)		
Net Loans at beginning of period (1)	$ 233,753	$ 223,656	$ 215,180	$ 206,730
Loans originated:				
Real estate loans:				
One- to four-family (2)	27,647	30,787	48,596	31,742
Multi-family	9,135	3,785	4,817	6,750
Commercial	5,356	4,993	3,767	5,777
Home equity lines of credit	2,955	6,391	4,550	2,092
Construction loans	816	3,250	3,464	3,134
Consumer loans	2,409	10,174	7,476	8,615
Commercial business loans	3,325	8,315	9,087	4,840
Total loans originated	51,643	67,695	81,757	62,950
Participations purchased:				
Real estate loans:				
One- to four-family (2)				
Multi-family		2,500	2,400	
Commercial	400	1,420	2,786	1,600
Home equity lines of credit				
Construction loans				
Consumer loans				
Commercial business loans				
Total participations purchased	400	3,920	5,186	1,600
Loans and participations sold:				
Real estate loans:				
One- to four-family (2)	17,594	11,051	21,894	1,775
Multi-family				
Commercial			2,265	
Home equity lines of credit				
Construction loans				
Consumer loans				
Commercial business loans				
Total loans and participations sold	17,594	11,051	24,159	1,775
Deduct:				
Principal repayments	23,306	45,101	51,497	51,424
Net charge-offs	680	474	92	21
Transfers to foreclosed assets	111	893	414	158
Unpaid principal balances at end of period	244,105	237,752	225,961	217,902
Unearned fees and discount, net	(26)	(35)	(44)	(61)
Loans in process	(642)	(1,197)	(896)	(1,614)
Allowance for loan losses	(2,712)	(2,767)	(1,365)	(1,047)

Net loans at end of period (1)	$ 240,725	$ 233,753	$ 223,656	$ 215,180

(1) Excludes loans held for sale.
(2) Includes home equity loans.

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Loan Approval Procedures and Authority. Our lending activities follow written, non-discriminatory underwriting standards and loan origination procedures established by our Board of Directors. The loan approval process is intended to assess the borrower s ability to repay the loan and the value of the collateral that will secure the loan. To assess the borrower s ability to repay, we review the borrower s employment and credit history and information on the historical and projected income and expenses of the borrower. We will also evaluate a guarantor when a guarantee is provided as part of the loan.

Iroquois Federal s policies and loan approval limits are established by our Board of Directors. Our loan officers generally have authority to approve one- to four-family residential mortgage loans up to $100,000, other secured loans up to $50,000, and unsecured loans up to $10,000. Managing Officers (those with designated loan approval authority) generally have authority to approve one- to four-family residential mortgage loans and other secured loans up to $300,000, and unsecured loans up to $150,000. In addition, any two individual officers may combine their loan authority limits to approve a loan. Our Loan Committee may approve one- to four-family residential mortgage loans, commercial real estate loans, multi-family real estate loans and land loans up to $1,000,000 in aggregate loans or $750,000 for individual loans, and unsecured loans up to $500,000. All loans above these limits must be approved by the Operating Committee, consisting of the Chairman, the President, and up to four other Board members.

We generally require appraisals by a rotating list of independent, licensed, third-party appraisers of all real property securing loans. All appraisers are approved by the Board of Directors annually.

Non-performing and Problem Assets

For all of our loans, once a loan is 15 days delinquent, a past due notice is mailed. Past due notices continue to be mailed monthly in the event the account is not brought current. Prior to the time a loan is 30 days past due, we attempt to contact the borrower by telephone. Thereafter we continue with follow-up calls. Generally, once a loan becomes 90 days delinquent, if no work-out efforts have been pursued, we commence the foreclosure or repossession process. A summary report of all loans 60 days or more past due and all criticized and classified loans is provided monthly to our Board of Directors.

Loans are evaluated for non-accrual status when payment of principal and/or interest is 90 days or more past due. Loans are also placed on non-accrual status when it is determined collection of principal or interest is in doubt or if the collateral is in jeopardy. When loans are placed on non-accrual status, unpaid accrued interest is fully reversed, and further income is recognized only to the extent received and only after the loan is returned to accrual status. The loans are typically returned to accrual status if unpaid principal and interest are repaid so that the loan is current.

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Non-Performing Assets. The table below sets forth the amounts and categories of our non-performing assets at the dates indicated. At December 31, 2010 and June 30, 2010, 2009, 2008, 2007 and 2006, we had troubled debt restructurings (loans for which a portion of interest or principal has been forgiven and loans modified at interest rates materially less than current market rates) of approximately $1.5 million, $782,000, $951,000, $128,000, $252,000 and $16,000, respectively. At the dates presented, we had no loans that were delinquent 120 days or greater and that were still accruing interest.

	At December 31,	At June 30,				
	2010	2010	2009	2008	2007	2006
	(Dollars in thousands)					
Non-accrual loans:						
Real estate loans:						
One- to four-family (1)	$ 3,386	$ 3,056	$ 3,490	$ 1,096	$ 344	$ 328
Multi-family						
Commercial	129					
Home equity lines of credit						
Construction loans						
Consumer loans	25		14		28	1
Commercial business loans						
Total non-accrual loans	3,540	3,056	3,504	1,096	372	329
Loans delinquent 90 days or greater and still accruing:						
Real estate loans:						
One- to four-family (1)	507	733	372	138	77	59
Multi-family						
Commercial				48		
Home equity line of credit		36				
Construction loans						
Consumer loans	4	8	20	3	15	12
Commercial business loans					7	9
Total loans delinquent 90 days or greater and still accruing	511	777	392	189	99	80
Total non-performing loans	4,051	3,833	3,896	1,285	471	409
Other real estate owned and foreclosed assets:						
Real estate loans:						
One- to four-family (1)	369	497	113	56	58	507
Multi-family						
Commercial						
Home equity lines of credit						
Construction loans						
Consumer loans	17		13	16	1	19
Commercial business loans						
Total other real estate owned and foreclosed assets	386	497	126	72	59	526
Total non-performing assets	$ 4,437	$ 4,330	$ 4,022	$ 1,357	$ 530	$ 935
Ratios:						
Non-performing loans to total loans	1.82%	1.61%	1.72%	0.59%	0.22%	0.20%

Non-performing assets to total assets	1.10%	1.13%	1.07%	0.40%	0.16%	0.28%

(1) Includes home equity loans.

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For the six months ended December 31, 2010 and for the year ended June 30, 2010, gross interest income that would have been recorded had our non-accruing loans been current in accordance with their original terms was $123,000 and $214,000, respectively. We recognized interest income of $71,000 and $101,000 on such loans for the six months ended December 31, 2010 and for the year ended June 30, 2010, respectively.

At December 31, 2010, our non-accrual loans totaled $3.5 million. These non-accrual loans consisted primarily of 19 one- to four-family residential loans with principal balances of $3.4 million and specific allowances of $569,000, and two commercial real estate relationships with principal balances totaling $129,000 and specific allowances of $54,000. The commercial real estate loans are secured by commercial rental properties.

Other than as disclosed in the above tables, there are no other loans at December 31, 2010 that management has serious doubts about the ability of the borrowers to comply with the present loan repayment terms.

Troubled Debt Restructurings. Troubled debt restructurings are defined under ASC 310-40 to include loans for which either a portion of interest or principal has been forgiven, or for loans modified at interest rates or on terms materially less favorable than current market rates. We periodically modify loans to extend the term or make other concessions to help borrowers stay current on their loans and to avoid foreclosure. At December 31, 2010 and June 30, 2010, we had $1.5 million and $782,000, respectively, of troubled debt restructurings. At December 31, 2010 our troubled debt restructuring of approximately $881,000 of residential one- to four-family mortgages, $34,000 of commercial loans and $129,000 of commercial real estate loans were impaired.

For the six months ended December 31, 2010 and for the year ended June 30, 2010, gross interest income that would have been recorded had our troubled debt restructurings been performing in accordance with their original terms was $38,000 and $40,000, respectively. We recognized interest income of $30,000 and $43,000 on such modified loans for the six months ended December 31, 2010 and for the year ended June 30, 2010, respectively.

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Delinquent Loans. The following table sets forth certain information with respect to our loan portfolio delinquencies at the dates indicated.

	Loans Delinquent For					
	60 to 89 Days		90 Days or Greater		Total	
	Number	Amount	Number	Amount	Number	Amount
			(Dollars in thousands)			
At December 31, 2010						
Real estate loans:						
One- to four-family (1)	18	$ 1,332	26	$ 3,893	44	$ 5,225
Multi-family						
Commercial			2	129	2	129
Home equity lines of credit	1	36			1	36
Construction loans						
Commercial business loans						
Consumer loans	5	68	4	29	9	97
Total loans	24	$ 1,436	32	$ 4,051	56	$ 5,487
At June 30, 2010						
Real estate loans:						
One- to four-family (1)	6	$ 325	21	$ 3,789	27	$ 4,114
Multi-family						
Commercial						
Home equity lines of credit			1	36	1	36
Construction loans						
Commercial business loans						
Consumer loans	4	41	1	8	5	49
Total loans	10	$ 366	23	$ 3,833	33	$ 4,199
At June 30, 2009						
Real estate loans:						
One- to four-family (1)	13	$ 938	27	$ 3,862	40	$ 4,800
Multi-family						
Commercial						
Home equity lines of credit	1	14			1	14
Construction loans						
Commercial business loans						
Consumer loans	4	23	4	34	8	57
Total loans	18	$ 975	31	$ 3,896	49	$ 4,871
At June 30, 2008						
Real estate loans:						
One- to four-family (1)	17	$ 678	15	$ 1,234	32	$ 1,912
Multi-family						
Commercial	1	46	1	48	2	94
Home equity lines of credit						
Construction loans						
Commercial business loans	1	9			1	9
Consumer loans	1	17	2	3	3	20
Total loans	20	$ 750	18	$ 1,285	38	$ 2,035

At June 30, 2007								
Real estate loans:								
One- to four-family (1)	12	$	793	8	$	421	20	$ 1,214
Multi-family								
Commercial	1		268				1	268
Home equity lines of credit								
Construction loans								
Commercial business loans				1		7	1	7
Consumer loans	9		47	7		43	16	90
Total loans	22	$	1,108	16	$	471	38	$ 1,579
At June 30, 2006								
Real estate loans:								
One- to four-family (1)	5	$	164	6	$	387	11	$ 551
Multi-family								
Commercial								
Home equity lines of credit								
Construction loans								
Commercial business loans				1		9	1	9
Consumer loans	5		56	5		13	10	69
Total loans	10	$	220	12	$	409	22	$ 629

(1) Includes home equity loans.

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Total delinquent loans increased by $1.3 million to $5.5 million at December 31, 2010 from $4.2 million at June 30, 2010. The increase in delinquent loans was due primarily to an increase of $1.1 million in one- to four-family mortgage loans delinquent 90 days or more.

Real Estate Owned and Foreclosed Assets. Real estate acquired by us as a result of foreclosure or by deed in lieu of foreclosure is classified as real estate owned. When property is acquired it is recorded at the lower of cost or estimated fair market value at the date of foreclosure, establishing a new cost basis. Estimated fair value generally represents the sale price a buyer would be willing to pay on the basis of current market conditions, including normal terms from other financial institutions, less the estimated costs to sell the property. Holding costs and declines in estimated fair market value result in charges to expense after acquisition. In addition, we could repossess certain collateral, including automobiles and other titled vehicles, called other repossessed assets. At December 31, 2010, we had $386,000 in foreclosed assets.

Classification of Assets. Our policies, consistent with regulatory guidelines, provide for the classification of loans and other assets that are considered to be of lesser quality as substandard, doubtful, or loss assets. An asset is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets include those assets characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Assets (or portions of assets) classified as loss are those considered uncollectible and of such little value that their continuance as assets is not warranted. Assets that do not expose us to risk sufficient to warrant classification in one of the afore-mentioned categories, but which possess potential weaknesses that deserve our close attention, are required to be designated as special mention.

When we classify assets as either substandard or doubtful, we undertake an impairment analysis which may result in allocating a portion of our general loss allowances to a specific allowance for such assets as we deem prudent. The allowance for loan losses is the amount estimated by management as necessary to absorb credit losses incurred in the loan portfolio that are both probable and reasonably estimable at the balance sheet date. When we classify a problem asset as loss, we charge the asset off. For other classified assets, we provide a specific allowance for that portion of the asset that is considered uncollectible. Our determination as to the classification of our assets and the amount of our loss allowances are subject to review by our principal federal regulator, the Office of Thrift Supervision, which can require that we establish additional loss allowances. We regularly review our asset portfolio to determine whether any assets require classification in accordance with applicable regulations.

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The following table sets forth our amounts of classified assets, assets designated as special mention and criticized assets (classified assets and loans designated as special mention) as of the date indicated. Amounts shown at December 31, 2010 and June 30, 2010 and 2009, include approximately $3.5 million, $3.1 million and $3.5 million of nonperforming loans, respectfully. The related specific valuation allowance in the allowance for loan losses for such nonperforming loans was $682,000, $898,000, and $183,000 at December 31, 2010 and June 30, 2010, and June 30, 2009, respectively. Substandard assets shown include foreclosed assets.

	At December 31,	At June 30,	
	2010	2010	2009
		(In thousands)	
Classified assets:			
Substandard	$ 4,979	$ 5,039	$ 4,067
Doubtful	210		
Loss	1		
Total classified assets	5,190	5,039	4,067
Special mention	4,389	2,126	1,106
Total criticized assets	$ 9,579	$ 7,165	$ 5,173

At December 31, 2010, substandard assets consisted of $4.4 million of one- to four-family residential mortgage loans, $129,000 of commercial real estate loans, $36,000 of home equity lines of credit, $34,000 of commercial loans, $42,000 of consumer loans, $369,000 of other real estate owned and $17,000 of other repossessed assets. At December 31, 2010, special mention assets consisted of $1.5 million of multi-family residential real estate loans, $1.3 million of commercial business loans, $928,000 of one- to four-family residential mortgage loans, $559,000 of commercial real estate loans, and $29,000 of consumer loans. At December 31, 2010, all assets classified as doubtful were one- to four-family residential mortgage loans, and assets classified as loss consisted of one consumer loan.

Allowance for Loan Losses

The allowance for loan losses represents one of the most significant estimates within our financial statements and regulatory reporting. Because of this, we have developed, maintained, and documented a comprehensive, systematic, and consistently applied process for determining the allowance for loan losses, in accordance with GAAP, our stated policies and procedures, management s best judgment and relevant supervisory guidance.

Our allowance for loan losses is the amount considered necessary to reflect probable incurred losses in our loan portfolio. We evaluate the need to establish allowances against losses on loans on a quarterly basis, and more frequently if warranted. We analyze the collectability of loans held for investment and maintain an allowance that is appropriate and determined in accordance with GAAP. When additional allowances are necessary, a provision for loan losses is charged to earnings.

Our methodology for assessing the appropriateness of the allowance for loan losses consists of two key elements: (1) specific allowances for estimated credit losses on individual loans that are determined to be impaired through our review for identified problem loans; and (2) a general allowance based on estimated credit losses inherent in the remainder of the loan portfolio.

In performing the allowance for loan loss review, we have divided our credit portfolio into several separate homogeneous categories within the following groups:

Mortgage Loans: one- to four-family residential first lien loans originated by Iroquois Federal; one- to four-family residential first lien loans purchased from a separate

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origination company; one- to four-family residential junior lien loans; home equity lines of credit; multi-family residential loans on properties with five or more units; non-residential real estate loans; and loans on land under current development or for future development.

Consumer Loans (unsecured or secured by other than real estate): loans secured by deposit accounts; loans for home improvement; educational loans; automobile loans; mobile home loans; loans on other security; and unsecured loans.

Commercial Loans (unsecured or secured by other than real estate): secured loans and unsecured loans.

Mortgage Partnership Finance Program (MPFP): retained risk associated with loans originated for sale under the MPFP.

Determination of Specific Allowances for Identified Problem Loans. We establish a specific allowance when loans are determined to be impaired. Loss is measured by determining the present value of expected future cash flows, the loan s observable market value, or, for collateral-dependant loans, the fair value of the collateral adjusted for market conditions and selling expenses. Factors used in identifying a specific problem loan include: (1) the strength of the customer s personal or business cash flows; (2) the availability of other sources of repayment; (3) the amount due or past due; (4) the type and value of collateral; (5) the strength of our collateral position; (6) the estimated cost to sell the collateral; and (7) the borrower s effort to cure the delinquency. In addition, for loans secured by real estate, we consider the extent of any past due and unpaid property taxes applicable to the property serving as collateral on the mortgage.

Determination of General Allowance for Remainder of the Loan Portfolio. We establish a general allowance for loans that are not deemed impaired to recognize the inherent losses associated with lending activities, but which, unlike specific allowances, has not been allocated to particular problem assets. This general valuation allowance is determined by segregating the loans by loan category and assigning allowance percentages based on our historical loss experience, delinquency trends and management s evaluation of the collectability of the loan portfolio. The allowance is then adjusted for significant factors that, in management s judgment, affect the collectability of the portfolio as of the evaluation date. These significant factors may include: (1) Management s assumptions regarding the minimal level of risk for a given loan category; (2) changes in lending policies and procedures, including changes in underwriting standards, and charge-off and recovery practices not considered elsewhere in estimating credit losses; (3) changes in international, national, regional and local economics and business conditions and developments that affect the collectability of the portfolio, including the conditions of various market segments; (4) changes in the nature and volume of the portfolio and in the terms of loans; (5) changes in the experience, ability, and depth of the lending officers and other relevant staff; (6) changes in the volume and severity of past due loans, the volume of non-accrual loans, and the volume and severity of adversely classified loans; (7) changes in the quality of the loan review system; (8) changes in the value of the underlying collateral for collateral-dependant loans; (9) the existence and effect of any concentrations of credit, and changes in the level of such concentrations; and (10) the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing portfolio. The applied loss factors are re-evaluated quarterly to ensure their relevance in the current environment.

Although our policy allows for a general valuation allowance on certain smaller-balance, homogenous pools of loans classified as substandard, we have historically evaluated every loan classified as substandard, regardless of size, for impairment as part of our review for establishing specific

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allowances. Our policy also allows for a general valuation allowance on certain smaller-balance, homogenous pools of loans which are loans criticized as special mention or watch. A separate general allowance calculation is made on these loans based on historical measured weakness, and which is no less than twice the amount of general allowances calculated on our non-classified loans.

In addition, as an integral part of their examination process, the Office of Thrift Supervision will periodically review our allowance for loan losses. Such agency may require that we recognize additions to the allowance based on their judgments of information available to them at the time of their examination.

We periodically evaluate the carrying value of loans and the allowance is adjusted accordingly. While we use the best information available to make evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the information used in making the evaluations.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. Loans are placed on nonaccrual status or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans, including troubled debt restructurings, that are placed on nonaccrual status or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Generally, loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Other Credit Risk. We also have some credit risk associated with fixed-rate residential loans that we sold to the Federal Home Loan Bank of Chicago prior to December 2008 under its Mortgage Partnership Finance Program (MPFP). However, while we retain the servicing of these loans and receive both service fees and credit enhancement fees, they are not our assets. We continue to service approximately $17.6 million of these loans, for which our maximum potential credit risk is approximately $790,000. Since June 2000, we have experienced only $12,000 in actual losses under the MPFP. Loans that we have sold to the Federal Home Loan Bank of Chicago since December 2008 are sold under its Mortgage Partnership Finance Xtra Program, rather than the MPFP. Unlike loans sold under the MPFP, we do not retain any credit risk with respect to loans sold under the Mortgage Partnership Finance Xtra Program.

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The following table sets forth activity in our allowance for loan losses at and for the periods indicated.

	At or For the Six Months Ended December 31,		At or For the Fiscal Years Ended June 30,				
	2010	**2009**	**2010**	**2009**	**2008**	**2007**	**2006**
	(Dollars in thousands)						
Balance at beginning of period	$ 2,767	$ 1,365	$ 1,365	$ 1,052	$ 1,021	$ 865	$ 860
Charge-offs:							
Real estate loans:							
One- to four-family (1)	(655)	(376)	(474)	(21)	(23)	(14)	(5)
Multi-family							
Commercial				(10)			
Home equity lines of credit							
Construction loans							
Commercial business loans				(6)			
Consumer loans	(30)	(17)	(35)	(69)	(44)	(18)	(19)
Total charge-offs	(685)	(393)	(509)	(106)	(67)	(32)	(24)
Recoveries:							
Real estate loans:							
One- to four-family (1)	1	1	18	1	35	2	1
Multi-family							
Commercial				1		150	
Home equity lines of credit							
Construction loans							
Commercial business loans		1	1				12
Consumer loans	4	2	17	12	10	11	16
Total recoveries	5	4	36	14	45	163	29
Net (charge-offs) recoveries	(680)	(389)	(473)	(92)	(22)	131	5
Provision for loan losses	625	969	1,875	405	53	25	
Balance at end of period	$ 2,712	$ 1,945	$ 2,767	$ 1,365	$ 1,052	$ 1,021	$ 865
Ratios:							
Net charge-offs to average loans outstanding (annualized)	0.57%	0.34%	0.20%	0.04%	0.01%	%	%
Allowance for loan losses to non-performing loans at end of period	66.95%	55.90%	72.19%	35.04%	81.48%	216.77%	211.49%
Allowance for loan losses to total loans at end of period	1.11%	0.83%	1.16%	0.60%	0.48%	0.49%	0.43%

(1) Includes home equity loans.

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Allocation of Allowance for Loan Losses. The following table sets forth the allowance for loan losses allocated by loan category and the percent of loans in each category to total loans at the dates indicated. The allowance for loan losses allocated to each category is not necessarily indicative of future losses in any particular category and does not restrict the use of the allowance to absorb losses in other categories.

	At December 31, 2010		At June 30, 2010		2009	
	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)					
Real estate loans:						
One- to four-family (1)	$ 1,568	61.0%	$ 1,785	64.5%	$ 938	69.5%
Multi-family	252	10.8	202	8.1	67	6.6
Commercial	235	10.5	175	10.5	127	10.5
Home equity lines of credit	84	4.0	71	3.3	32	2.0
Construction loans		.5		.9		.8
Commercial business loans	432	6.3	400	5.6	85	4.1
Consumer loans	135	6.9	127	7.1	113	6.5
Total allocated allowance	2,706		2,760		1,362	
Unallocated	6		7		3	
Total	$ 2,712	100.00%	$ 2,767	100.00%	$ 1,365	100.00%

	At June 30, 2008		2007		2006	
	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)					
Real estate loans:						
One- to four-family (1)	$ 733	74.6%	$ 679	78.8%	$ 234	77.3%
Multi-family	48	4.9	4	.5	16	1.1
Commercial	97	9.7	94	10.1	121	5.6
Home equity lines of credit	12	.8	4	.3		
Construction loans		.7		1.2		1.4
Commercial business loans	54	2.9	69	2.4	105	3.7
Consumer loans	84	6.3	82	6.7	211	10.9
Total allocated allowance	1,028		932		687	
Unallocated	19		89		178	
Total	$ 1,047	100.00%	$ 1,021	100.00%	$ 865	100.00%

(1) Includes home equity loans.

Net charge-offs increased from $473,000 for the year ended June 30, 2010 to $680,000 for the six months ended December 31, 2010, with most of the charge-offs during both periods involving one- to four-family residential real estate loans. In addition, non-performing loans increased by $218,000 during the six-month period ended December 31, 2010, with one- to four-family residential real estate loans accounting for $104,000 of the increase. Despite increases in non-performing one- to four-family residential real estate loans and charge-offs of such loans, the combined general and specific allowances for one- to four-family residential real estate loans decreased by $217,000 during the six-month period ended

December 31, 2010. Management added $89,000 to the general allowance for one-to four-family residential real estate loans due to the increases in charge-offs and non-performing loans during the six months ended December 31, 2010. However, during the same six-month period, two loans with an aggregate balance of $508,000 and aggregate specific allowances of $508,000 were charged-off, which resulted in a lower overall allowance for one- to four-family residential loans at December 31, 2010.

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The allowance for loan losses remained relatively unchanged, decreasing to $2.7 million at December 31, 2010 from $2.8 million at June 30, 2010 as our loan portfolio mix and delinquent and non-accrual loans remained relatively stable. At December 31, 2010, the allowance for loan losses represented 1.1% of total loans compared to 1.2% of total loans at June 30, 2010.

The allowance for loan losses increased $1.4 million, or 102.7%, to $2.8 million at June 30, 2010 from $1.4 million at June 30, 2009. The increase was based on increases in non-performing loans and general market considerations. At June 30, 2010, the allowance for loan losses represented 1.2% of total loans compared to 0.6% of total loans at June 30, 2009.

Investments

We conduct investment transactions in accordance with our Board-approved investment policy. The investment policy is reviewed at least annually by the Budget and Investment Committee of the Board, and any changes to the policy are subject to ratification by the full Board of Directors. This policy dictates that investment decisions give consideration to the safety of the investment, liquidity requirements, potential returns, the ability to provide collateral for pledging requirements, minimizing exposure to credit risk, potential returns and consistency with our interest rate risk management strategy. Authority to make investments under approved guidelines is delegated to our Investment Committee, comprised of our President and Chief Executive Officer, our Vice President and Chief Financial Officer, our Vice President and Chief Operating Officer, and our Vice President and Chief Retail Banking Officer. All investments are reported to the Board of Directors for ratification at the next regular Board meeting.

Our current investment policy permits us to invest only in investment quality securities permitted by Office of Thrift Supervision regulations, including U.S. Treasury or Government guaranteed securities, U.S. Government agency securities, securities issued or guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae, bank-qualified municipal securities, bank-qualified money market instruments, and bank-qualified corporate bonds. We do not engage in speculative trading. As of December 31, 2010, we held no asset-backed securities other than mortgage-backed securities. As a federal savings and loan association, Iroquois Federal is generally not permitted to invest in equity securities, although this general restriction will not apply to IF Bancorp, Inc., which may acquire up to 5% of voting securities of any company without regulatory approval.

ASC 320-10, Investment Debt and Equity Securities requires that, at the time of purchase, we designate a security as held to maturity, available-for-sale, or trading, depending on our ability and intent. Securities available for sale are reported at fair value, while securities held to maturity are reported at amortized cost. We do not maintain a trading portfolio.

U.S. Government and Agency Debt Securities. While U.S. Government and federal agency securities generally provide lower yields than other investments, including mortgage-backed securities and interest-earning certificates of deposit, we maintain these investments, to the extent appropriate, for liquidity purposes and as collateral for borrowings.

Mortgage-Backed Securities. We invest in mortgage-backed securities insured or guaranteed by the U.S. Government or government sponsored enterprises. Mortgage-backed securities are created by pooling mortgages and issuing a security with an interest rate that is less than the interest rate on the underlying mortgages. Some securities pools are guaranteed as to payment of principal and interest to investors. Mortgage-backed securities generally yield less than the loans that underlie such securities because of the cost of payment guarantees and credit enhancements. However, mortgage-backed securities are more liquid than individual mortgage loans since there is an active trading market for such securities. In addition, mortgage-backed securities may be used to collateralize our specific liabilities and

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obligations. Finally, mortgage-backed securities are assigned lower risk weightings for purposes of calculating our risk-based capital level. Investments in mortgage-backed securities involve a risk that actual payments will be greater or less than the prepayment rate estimated at the time of purchase, which may require adjustments to the amortization of any premium or acceleration of any discount relating to such interests, thereby affecting the net yield on our securities. We periodically review current prepayment speeds to determine whether prepayment estimates require modification that could cause amortization or accretion adjustments.

Municipal Obligations. Iroquois Federal s investment policy allows it to purchase municipal securities of credit-worthy issuers, and does not permit it to invest more than 10% of Iroquois Federal s capital in the bonds of any single issuer. At December 31, 2010, we held $2.5 million of municipal securities primarily issued by local governments and school districts within our market area.

Federal Home Loan Bank Stock. We hold $3.1 million of Federal Home Loan Bank of Chicago common stock in connection with our borrowing activities totaling $31.0 million at December 31, 2010. The common stock of the Federal Home Loan Bank is carried at cost and classified as a restricted equity security.

Bank-Owned Life Insurance. We invest in bank-owned life insurance to provide us with a funding source for our benefit plan obligations. Bank-owned life insurance also generally provides us noninterest income that is non-taxable. Federal regulations generally limit our investment in bank-owned life insurance to 25% of our Tier 1 capital plus our allowance for loan losses. At December 31, 2010, we had invested $7.1 million in bank-owned life insurance.

Investment Securities Portfolio. The following table sets forth the composition of our investment securities portfolio at the dates indicated, excluding Federal Home Loan Bank of Chicago stock, federally insured interest-earning time deposits and bank-owned life insurance. As of December 31, 2010 and June 30, 2010, all of such securities were classified as available for sale.

	At December 31, 2010		At June 30, 2010		2009		2008	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)							
Securities available for sale:								
U.S. government, federal agency and government-sponsored enterprises	$ 122,518	$ 122,340	$ 103,807	$ 106,817	$ 81,294	$ 82,329	$ 51,856	$ 51,135
U.S. government sponsored mortgage-backed securities	12,121	12,927	15,122	16,206	16,418	17,094	18,961	18,797
State and political subdivisions	2,490	2,610	2,576	2,725				
Total	$ 137,129	$ 137,877	$ 121,505	$ 125,748	$ 97,712	$ 99,423	$ 70,817	$ 69,932

	At December 31, 2010		At June 30, 2010		2009		2008	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)							
Securities held to maturity:								
U.S. government, federal agency and government-sponsored enterprises	$	$	$	$	$	$	$	$
U.S. government sponsored mortgage-backed securities					23,322	23,720	30,845	30,311
State and political subdivisions					2,125	2,172	2,255	2,276
Total	$	$	$	$	$ 25,447	$ 25,892	$ 33,100	$ 32,587

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Portfolio Maturities and Yields. The composition and maturities of the investment securities portfolio at December 31, 2010 are summarized in the following table. At such date, all of our securities were available for sale. Maturities are based on the final contractual payment dates, and do not reflect the impact of prepayments or early redemptions that may occur. The yields on municipal securities have not been adjusted to a tax-equivalent basis.