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HOME FEDERAL BANCORP INC
Form 8-K
April 22, 2005

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

FORM 8-K

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

Date of Report: April 22, 2005

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

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

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

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

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

Item 2.02 Results of Operations and Financial Condition

On April 22, 2005, Home Federal Bancorp, Inc. issued its earnings release for the second quarter ended March 31, 2005. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

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(c) Exhibits

99.1 Press release of Home Federal Bancorp, Inc. dated April 22, 2005

SIGNATURES

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

HOME FEDERAL BANCORP, INC.

Date: April 22, 2005

By: /s/ Daniel L. Stevens

Daniel L. Stevens
President and Chief Executive Officer

Exhibit 99.1

[HOME FEDERAL BANCORP, INC. LOGO]

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

PRESS RELEASE - For Immediate Release

HOME FEDERAL BANCORP, INC. ANNOUNCES SECOND QUARTER EARNINGS

Nampa, ID (April 22, 2005) - Home Federal Bancorp, Inc. (the "Company") (Nasdaq: HOME), the parent company of Home Federal Bank (the "Bank"), today reported net income of \$1.7 million, or \$0.11 per share, for the quarter ended March 31, 2005, compared to \$915,000 for the same period a year ago. Results for the quarter ended March 31, 2005 include a \$386,000 pre-tax gain on the sale of a former branch. Excluding the gain on the sale of the branch, the Company had net income of \$1.4 million, or \$0.10 per share for the quarter.

For the first six months ended March 31, 2005 (the first six months of the Company's fiscal year ending September 30, 2005), the Company's net income was \$1.7 million, or \$0.12 per share, compared to \$2.0 million for the same six-month period a year ago. Excluding the gain on the sale of the branch and the \$1.8 million expense for establishing the Home Federal Foundation, Inc. (the "Foundation"), the Company had net income of \$2.6 million, or \$0.18 per share for the six months ended March 31, 2005.

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On December 6, 2004, the Bank completed its mutual holding company reorganization, at which time the Bank converted to stock form and the Company was organized. As a result, comparisons to prior periods refer to the results of the Bank as a federal mutual savings and loan association, and per share data is not applicable. The per share data for the six months ended March 31, 2005 is being reported on shares outstanding from December 6, 2004 through March 31, 2005.

The following table reconciles the Company's actual net income to pro forma net income for the first three and six months ended March 31, 2005, exclusive of the sale of the branch and the contribution to the Foundation and as adjusted for Federal and state taxes (in thousands, except per share data):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2005	2004	2005	2004
Pro forma disclosure			(unaudited)	
Net income, as reported	\$1,674	\$915	\$1,748	\$1,953
Sale of former branch	(386)	-	(386)	-
Contribution to Foundation	-	-	1,825	-
Federal and State income tax benefit (expense)	151	-	(561)	-
Pro forma net income	\$1,439	\$915	\$2,626	\$1,953
Earnings per share				
Basic as reported	\$0.11	nm (1)	\$0.12	nm (1)
Pro forma basic	\$0.10	nm (1)	\$0.18	nm (1)

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

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Revenues for the quarter ended March 31, 2005, which consisted of net interest income before the provision for loan losses and non-interest income, increased 29% to \$8.1 million for the quarter, compared to \$6.3 million in the quarter ended March 31, 2004. Revenues for the six months ended March 31, 2005 increased 19% to \$15.3 million, compared to \$12.9 million for the same period of last year. Net interest income before the provision for loan losses increased 28% to \$5.5 million for the quarter ended March 31, 2005, compared to \$4.3 million for the same quarter of the prior year. For the six months ended March 31, 2005, net interest income before the provision for loan losses increased 24% to \$10.5 million, compared to \$8.5 million for the six months ended March 31, 2004.

For the quarter ended March 31, 2005, net interest income after provision for loan losses grew 32% to \$5.3 million, compared to \$4.0 million for the same quarter a year ago. Net interest income after provision for loan losses for the six months ended March 31, 2005 increased 29% to \$10.2 million, compared to \$7.9 million for the same period of the prior year.

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The Company's net interest margin decreased 20 basis points to 3.67% for the second quarter, from 3.87% for the second quarter last year. The net interest margin for the six months ended March 31, 2005 decreased 32 basis points to 3.59% from 3.91% a year earlier. During the first quarter, the Company invested the majority of the proceeds from the Company's minority stock offering in lower-yielding mortgage-backed securities which was the primary reason for the decrease in the net interest margin for the quarter and the six months ended March 31, 2005.

Non-interest income increased 30% to \$2.6 million for the quarter ended March 31, 2005, compared to \$2.0 million for the same quarter a year ago. For the six months ended March 31, 2005, non-interest income increased 14% to \$4.9 million, compared to \$4.3 million for the same period of the prior year. The increase in non-interest income is primarily attributable to the \$386,000 gain on the sale of a branch.

Non-interest expense for the quarter ended March 31, 2005 increased 13% to \$5.2 million, compared to \$4.6 million for the comparable period a year earlier. The efficiency ratio, excluding the gain on sale of the branch, improved to 67.01% for the quarter, compared to 72.83% for the second quarter last year. Non-interest expense for the six months ended March 31, 2005 increased 32% to \$12.2 million, compared to \$9.2 million for the six months ended March 31, 2004. The \$3.0 million increase was primarily a result of the \$1.8 million contribution to the Foundation, additional employee compensation and professional expenses related to being a publicly held company. Excluding the contribution to the Foundation and the gain on sale of the branch, the efficiency ratio was 69.71% for the first six months of fiscal year end 2005, compared to 71.59% for the same period of last fiscal year. The efficiency ratio indicates how much is spent on non-interest expenses as a percentage of total revenue.

Total assets increased 30% to \$643.4 million at March 31, 2005 compared to \$496.8 million a year earlier. Total assets at March 31, 2005 decreased \$100.5 million, or 14%, from \$743.9 million at September 30, 2004. Assets at September 30, 2004 included cash of \$220.8 million that was received from subscribers in the initial stock offering. These subscription funds were subsequently refunded to subscribers in the quarter ended December 31, 2004 as a result of a change in the appraisal of the Company, which increased the valuation range of the offering. Following the refund to subscribers, the Company conducted a resolicitation and received \$153.1 million from subscribers. The Company's stock offering, however, was oversubscribed and as a result, \$97.2 million of the \$153.1 million of subscription funds received were returned to investors.

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Deposits increased 13% to \$373.1 million at March 31, 2005 compared to \$329.5 million at March 31, 2004. In connection with the mutual holding company reorganization and the minority stock offering, shareholders' equity increased \$55.1 million. In total, shareholders' equity increased \$59.5 million to \$101.9 million at March 31, 2005 compared to \$42.4 million a year earlier. The Company's book value per share as of March 31, 2005 was \$6.70 per share based upon 15,208,750 outstanding shares.

Net loans at March 31, 2005, increased 9% to \$419.1 million, compared to

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\$383.9 million at March 31, 2004. Single family lending represented 62% of the Bank's loan portfolio at March 31, 2005, compared to 64% at March 31, 2004. Commercial real estate loans accounted for 28% of the loan portfolio at March 31, 2005, compared to 27% of the portfolio at March 31, 2004.

Credit quality remains high, as non-performing assets were \$803,000 or 0.12% of total assets, at March 31, 2005, compared to \$723,000, or 0.10% of total assets, at September 30, 2004 and \$566,000, or 0.11% of total assets, at March 31, 2004. The allowance for loan losses was \$2.8 million, or 0.67% of gross loans, including loans held for sale, at March 31, 2005 as compared to \$2.6 million, or 0.66% of gross loans, at September 30, 2004 and \$2.4 million, or 0.62% of gross loans, at March 31, 2004.

About the Company:

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

Forward Looking Statements:

Statements in this report regarding future events, performance or results are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA") and are made pursuant to the safe harbors of the PSLRA. Actual results could be materially different from those expressed or implied by the forward-looking statements. Factors that could cause results to differ include but are not limited to: general economic and banking business conditions, competitive conditions between banks and non-bank financial service providers, interest rate fluctuations, regulatory and accounting changes, the value of mortgage servicing rights, risks related to construction and development, commercial real estate and consumer lending and other risks. Additional factors that could cause actual results to differ materially are disclosed in Home Federal Bancorp, Inc.'s recent filings with the Securities and Exchange Commission, including but not limited to Annual Reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Forward-looking statements are accurate only as of the date released, and we do not undertake any responsibility to update or revise any forward-looking statements to reflect subsequent events or circumstances.

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HOME FEDERAL BANCORP, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS (In thousands, except share data) (Unaudited)	March 31, 2005 ----	September 30, 2004 ----	March 31, 2004 ----
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ASSETS

Cash and amounts due from depository institutions	\$ 11,875	\$215,663	\$ 15,992
Securities available for sale, at fair value	-	-	6,404
Mortgage-backed securities available for sale, at fair value	19,120	871	-
Mortgage-backed securities held to maturity, at cost	155,030	96,595	55,033
Federal Home Loan Bank stock, at cost	8,112	7,317	6,681
Loan receivable, net of allowance for loan losses of \$2,827, \$2,637, and \$2,411	419,146	392,634	383,950
Loans held for sale	1,566	3,577	3,160
Accrued interest receivable	2,261	2,019	1,700
Property and equipment, net	10,992	10,967	10,101
Mortgage servicing rights, net	2,998	3,152	3,016
Bank owned life insurance	10,214	10,052	9,842
Real estate and other property owned	567	113	-
Other assets	1,549	907	894
	-----	-----	-----
TOTAL ASSETS	\$643,430	\$743,867	\$496,773
	=====	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES

Deposit accounts			
Savings deposits	\$ 25,917	\$ 25,453	\$ 24,620
Demand deposits	166,639	153,409	149,299
Certificates of deposit	180,594	164,225	155,596
	-----	-----	-----
Total deposit accounts	373,150	343,087	329,515
Advances by borrowers for taxes and insurance	3,710	3,716	3,458
Interest payable	1,607	1,420	1,191
Deferred compensation	2,796	2,463	1,844
Federal Home Loan Bank advances	154,717	122,797	113,074
Deferred income tax liability	1,317	2,264	2,116
Income taxes payable	207	-	553
Other liabilities	3,984	223,023	2,666
	-----	-----	-----
Total liabilities	541,488	698,770	454,417

SHAREHOLDERS' EQUITY

Serial preferred stock, \$.01 par value; 5,000,000 authorized issued and outstanding, none	-	-	-
Common stock, \$.01 par value; 50,000,000 authorized, issued and outstanding:			
Mar. 31, 2005 - 15,208,750 issued, 15,208,750 outstanding	152	-	-
Sept. 30, 2004 - none issued and outstanding			
Mar. 31, 2004 - none issued and outstanding			
Additional paid-in capital	59,884	-	-
Retained earnings	46,847	45,099	42,368
Unearned shares issued to employee stock ownership plan	(4,784)	-	-
Accumulated other comprehensive loss	(157)	(2)	(12)
	-----	-----	-----
Total shareholders' equity	101,942	45,097	42,356
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$643,430	\$743,867	\$496,773
	=====	=====	=====

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HOME FEDERAL BANCORP, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF INCOME (In thousands, except share data) (Unaudited)	Three Months Ended March 31,		Six Months Ended March 31,	
	2005	2004	2005	2004
Interest and dividend income:				
Loan interest	\$6,315	\$5,965	\$12,384	\$11,941
Investment interest	17	46	260	80
Mortgage-backed security interest	2,045	608	3,408	1,048
Federal Home Loan Bank dividends	30	66	30	148
Total interest and dividend income	8,407	6,685	16,082	13,217
Interest expense:				
Deposits	1,465	1,207	2,890	2,383
Federal Home Loan Bank advances	1,448	1,146	2,709	2,299
Total interest expense	2,913	2,353	5,599	4,682
Net interest income	5,494	4,332	10,483	8,535
Provision for loan losses	236	300	295	600
Net interest income after provision for loan losses	5,258	4,032	10,188	7,935
Non-interest income:				
Service charges and fees	1,952	1,770	3,911	3,475
Gain on sale of loans	72	125	140	344
Increase in cash surrender value of bank owned life insurance	87	124	162	249
Loan servicing fees	168	166	340	332
Mortgage servicing rights, net	(58)	(183)	(154)	(114)
Other	420	12	459	55
Total noninterest income	2,641	2,014	4,858	4,341
Non-interest expense:				
Compensation and benefits	3,096	2,692	6,149	5,340
Occupancy and equipment	682	674	1,401	1,375
Data processing	376	357	819	724
Advertising	310	304	650	515
Postage and supplies	188	214	398	408
Professional services	203	67	422	180
Insurance and taxes	84	111	150	209
Charitable contribution to Foundation	-	-	1,825	-
Other	254	203	436	467
Total noninterest expense	5,193	4,622	12,250	9,218

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Income before income taxes	2,706	1,424	2,796	3,058
Income tax expense	1,032	509	1,048	1,105
NET INCOME	\$1,674	\$ 915	\$ 1,748	\$ 1,953
Earnings per common share:				
Basic	\$0.11	nm (1)	\$0.12	nm (1)
Diluted	\$0.11	nm (1)	\$0.12	nm (1)
Weighted average number of shares outstanding:				
Basic	14,720,524	nm (1)	14,718,364	nm (1)
Diluted	14,720,524	nm (1)	14,718,364	nm (1)

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

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HOME FEDERAL BANCORP, INC. AND SUBSIDIARY ADDITIONAL FINANCIAL INFORMATION (Dollars in thousands, except share data) (Unaudited)	AT OR FOR THE SIX MONTHS ENDED MARCH 31, 2005	AT OR FOR THE YEAR ENDED SEPT. 30, 2004
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FINANCIAL CONDITION DATA

Average interest-earning assets	\$583,760	\$465,384
Average interest-bearing liabilities	491,359	409,591
Net average earning assets	92,401	55,793
Average interest-earning assets to average interest-bearing liabilities	118.81%	113.62%
Shareholders' equity to assets	15.84%	6.06%

ASSET QUALITY

Allowance for loan losses	2,827	2,637
Non-performing loans	236	610
Non-performing assets	803	723
Allowance for loan losses to non-performing loans	1,197.88%	432.30%
Allowance for loan losses to net loans	0.67%	0.66%
Non-performing loans to total net loans	0.06%	0.15%
Non-performing assets to total assets	0.12%	0.10%

AT OR FOR THE THREE MONTHS ENDED MARCH 31,	AT OR FOR THE SIX MONTHS ENDED MARCH 31,
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	2005 -----	2004 -----	2005 -----	2004 -----
SELECTED PERFORMANCE RATIOS				
Return on average assets (1)	1.05%	0.76%	0.56%	0.83%
Return on average equity (1)	6.56%	nm (4)	4.28%	nm (4)
Net interest margin (1)	3.67%	3.87%	3.59%	3.91%
Efficiency ratio (2)	67.01%	72.83%	69.71%	71.59%
PER SHARE DATA				
Basic earnings per share	\$0.11	nm (4)	\$0.12	nm (4)
Diluted earnings per share	\$0.11	nm (4)	\$0.12	nm (4)
Book value per share	6.70	nm (4)	6.70	nm (4)
Cash dividends declared per share	-	nm (4)	-	nm (4)
Average number of shares outstanding:				
Basic (3)	14,720,524	nm (4)	14,718,364	nm (4)
Diluted (3)	14,720,524	nm (4)	14,718,364	nm (4)

(1) Amounts are annualized.

(2) Non-interest expense divided by net interest income plus non-interest income. Amounts calculated exclude the effect of the \$1.8 million contribution to the Foundation and the \$386,000 gain of a branch.

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

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