

HOME FEDERAL BANCORP, INC. OF LOUISIANA
Form 10QSB
November 14, 2007

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2007

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File Number: 000-51117

HOME FEDERAL BANCORP, INC. OF LOUISIANA

(Exact name of small business issuer as specified in its charter)

Federal
(State or other jurisdiction of incorporation or
organization)

86-1127166
(IRS Employer Identification No.)

624 Market Street, Shreveport, Louisiana 71101

(Address of principal executive offices)

(318) 222-1145

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

Shares of common stock, par value \$.01 per share, outstanding as of November 13, 2007: The registrant had 3,383,287 shares of common stock outstanding, of which 2,135,375 shares were held by Home Federal Mutual Holding Company of Louisiana, the registrant's mutual holding company, and 1,247,912 shares were held by the public and directors, officers and employees of the registrant, and the registrant's employee benefit plans.

Transitional Small Business Disclosure Format: Yes No

INDEX

| | | Page |
|---------|---|-----------------------------------------------------------------------|
| PART I | - | FINANCIAL INFORMATION |
| Item 1: | | Financial Statements (Unaudited) |
| | | <u>Consolidated Statements of Financial Condition</u> 1 |
| | | <u>Consolidated Statements of Income</u> 2 |
| | | <u>Consolidated Statements of Changes in Stockholders' Equity</u> 3 |
| | | <u>Consolidated Statements of Cash Flows</u> 4 |
| | | <u>Notes to Consolidated Financial Statements</u> 6 |
| Item 2: | | <u>Management's Discussion and Analysis or Plan of Operation</u> 11 |
| Item 3: | | <u>Controls and Procedures</u> 15 |
| PART II | - | OTHER INFORMATION |
| Item 1: | | <u>Legal Proceedings</u> 16 |
| Item 2: | | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 16 |
| Item 3: | | <u>Defaults upon Senior Securities</u> 16 |
| Item 4: | | <u>Submission of Matters to a Vote of Security Holders</u> 16 |
| Item 5: | | <u>Other information</u> 17 |
| Item 6: | | <u>Exhibits</u> 17 |

SIGNATURES

HOME FEDERAL BANCORP, INC. OF LOUISIANA
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

| | September 30, 2007 (Unaudited) | June 30, 2007 (Audited) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------|
| | (In Thousands) | |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 5,924 | \$ 3,972 |
| Securities Available-for-Sale | 87,279 | 83,752 |
| Securities Held-to-Maturity | 1,361 | 1,408 |
| Loans Held-for-Sale | 1,325 | 1,478 |
| Loans Receivable, Net | 27,023 | 25,211 |
| Accrued Interest Receivable | 520 | 499 |
| Premises and Equipment, Net | 921 | 923 |
| Deferred Tax Asset | 840 | 1,476 |
| Other Assets | 26 | 66 |
| Total Assets | \$ 125,219 | \$ 118,785 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Deposits | \$ 78,093 | \$ 77,710 |
| Advances from Borrowers for Taxes and Insurance | 256 | 196 |
| Advances from Federal Home Loan Bank of Dallas | 16,892 | 12,368 |
| Other Accrued Expenses and Liabilities | 748 | 699 |
| Total Liabilities | 95,989 | 90,973 |
| COMMITMENTS | | |
| STOCKHOLDERS' EQUITY | | |
| Preferred Stock – No Par Value; 2,000,000 Shares Authorized; None Issued and Outstanding | - | - |
| Common stock - 8,000,000 shares of \$.01 par value authorized; 3,558,958 shares issued; 3,383,287 shares outstanding and 3,387,202 shares outstanding at September 30, 2007 and June 30, 2007, respectively | 14 | 14 |
| Additional paid-in capital | 13,526 | 13,509 |
| Retained Earnings - Partially Restricted | 20,490 | 20,449 |
| Unearned ESOP Stock | (983) | (997) |
| Unearned RRP Trust Stock | (413) | (551) |
| Accumulated Other Comprehensive Loss | (1,595) | (2,841) |
| Treasury Stock – At Cost | (1,809) | (1,771) |
| Total Stockholders' Equity | 29,230 | 27,812 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 125,219 | \$ 118,785 |

See accompanying notes to consolidated financial statements.

1

Table of Contents**HOME FEDERAL BANCORP, INC. OF LOUISIANA****CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

For the Three Months
 Ended September 30,
 2007 2006
 (In Thousands, Except Per
 Share Data)

INTEREST INCOME

| | | | | |
|-------------------------------|----|-------|----|-------|
| Loans, Including Fees | \$ | 515 | \$ | 370 |
| Investment Securities | | 66 | | 76 |
| Mortgage-Backed Securities | | 1,109 | | 1,069 |
| Other Interest-Earning Assets | | 37 | | 39 |
| Total Interest Income | | 1,727 | | 1,554 |

INTEREST EXPENSE

| | | | | |
|-----------------------------------|--|-----|--|-----|
| Deposits | | 770 | | 626 |
| Federal Home Loan Bank Borrowings | | 196 | | 145 |
| Total Interest Expense | | 966 | | 771 |
| Net Interest Income | | 761 | | 783 |

PROVISION FOR LOAN LOSSES

| | | | | |
|--------------------------------------------------------|--|-----|--|-----|
| Net Interest Income after Provision for Loan Losses | | -- | | -- |
| | | 761 | | 783 |

NON-INTEREST INCOME

| | | | | |
|-----------------------------|--|----|--|----|
| Gain on Sale of Loans | | 1 | | -- |
| Gain on Sale of Investments | | 22 | | -- |
| Other Income | | 15 | | 57 |
| Total Non-Interest Income | | 38 | | 57 |

NON-INTEREST EXPENSE

| | | | | |
|-------------------------------|--|-----|--|-----|
| Compensation and Benefits | | 394 | | 368 |
| Occupancy and Equipment | | 44 | | 46 |
| Data Processing | | 17 | | 17 |
| Audit and Professional Fees | | 41 | | 55 |
| Franchise and Bank Shares Tax | | 38 | | 39 |
| Other Expense | | 95 | | 76 |
| Total Non-Interest Expense | | 629 | | 601 |
| Income Before Income Taxes | | 170 | | 239 |

PROVISION FOR INCOME TAX EXPENSE

| | | | | |
|------------|----|-----|----|-----|
| Net Income | \$ | 112 | \$ | 158 |
|------------|----|-----|----|-----|

INCOME PER COMMON SHARE:

| | | | | |
|---------|----|------|----|------|
| Basic | \$ | 0.03 | \$ | 0.05 |
| Diluted | \$ | 0.03 | \$ | 0.05 |

DIVIDENDS DECLARED

| | | | | |
|--|----|------|----|------|
| | \$ | 0.06 | \$ | 0.06 |
|--|----|------|----|------|

See accompanying notes to consolidated financial statements.

Table of Contents**HOME FEDERAL BANCORP, INC. OF LOUISIANA****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006**

| | Common Stock | Additional Paid-in Capital | Unearned ESOP Stock | Unearned RRP Trust Stock | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|----------------------------------------------------------------------------------------------|-----------------|----------------------------------|---------------------------|-----------------------------------|----------------------|-------------------|-----------------------------------------------------------|----------------------------------|
| | (In Thousands) | | | | | | | |
| BALANCE – JUNE 30, 2006 | \$ 14 | \$ 13,445 | \$ (1,053) | \$ (688) | \$ 20,149 | \$ (211) | \$ (3,116) | \$ 28,540 |
| Net Income | -- | -- | -- | -- | 158 | -- | -- | 158 |
| Other Comprehensive Loss: | | | | | | | | |
| Changes in Unrealized Gain on Securities Available-for- Sale, Net of Tax Effects | -- | -- | -- | -- | -- | -- | 1,813 | 1,813 |
| RRP Shares Earned | -- | -- | -- | 137 | -- | -- | -- | 137 |
| Stock Options Vested | -- | 15 | -- | -- | -- | -- | -- | 15 |
| ESOP Compensation Earned | -- | 1 | 14 | -- | -- | -- | -- | 15 |
| Dividends Declared | -- | -- | -- | -- | (85) | -- | -- | (85) |
| Acquisition Treasury Stock | -- | -- | -- | -- | -- | (38) | -- | (38) |
| BALANCE – SEPTEMBER 30, 2006 | \$ 14 | \$ 13,461 | \$ (1,039) | \$ (551) | \$ 20,222 | \$ (249) | \$ (1,303) | \$ 30,555 |
| BALANCE – JUNE 30, 2007 | \$ 14 | \$ 13,509 | \$ (997) | \$ (551) | \$ 20,449 | \$ (1,771) | \$ (2,841) | \$ 27,812 |
| Net Income | -- | -- | -- | -- | 112 | -- | -- | 112 |
| Other Comprehensive | | | | | | | | |

| | | | | | | | | | |
|----------------------------------------------------------------------------------------------|-------|-----------|----------|----------|-----------|------------|------------|-----------|--|
| Loss: | | | | | | | | | |
| Changes in Unrealized Gain on Securities Available-for- Sale, Net of Tax Effects | -- | -- | -- | -- | -- | -- | 1,246 | 1,246 | |
| RRP Shares Earned | -- | -- | -- | 138 | -- | -- | -- | 138 | |
| Stock Options Vested | -- | 17 | -- | -- | -- | -- | -- | 17 | |
| ESOP Compensation Earned | -- | -- | 14 | -- | -- | -- | -- | 14 | |
| Dividends Declared | -- | -- | -- | -- | (71) | -- | -- | (71) | |
| Acquisition Treasury Stock | -- | -- | -- | -- | -- | (38) | -- | (38) | |
| BALANCE – SEPTEMBER 30, 2007 | \$ 14 | \$ 13,526 | \$ (983) | \$ (413) | \$ 20,490 | \$ (1,809) | \$ (1,595) | \$ 29,230 | |

See accompanying notes to consolidated financial statements.

Table of Contents**HOME FEDERAL BANCORP, INC. OF LOUISIANA****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

| | Three Months Ended | |
|-----------------------------------------------------------------------------------------------|-----------------------|-------------|
| | September 30, 2007 | 2006 |
| | (In Thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | \$ 112 | \$ 158 |
| Adjustments to Reconcile Net Income to Net Cash (Used in) Provided by Operating Activities | | |
| Net Amortization and Accretion on Securities | (34) | (65) |
| Gain on Sale of Investments | (22) | -- |
| Amortization of Deferred Loan Fees | (4) | (2) |
| Depreciation of Premises and Equipment | 14 | 16 |
| ESOP Expense | 14 | 15 |
| Stock Option Expense | 17 | 15 |
| Recognition and Retention Plan Expense | 37 | 34 |
| Deferred Income Tax | (6) | (5) |
| Changes in Assets and Liabilities | | |
| Loans Held-for-Sale – Originations | (5,358) | -- |
| Loans Held-for-Sale – Principal Repayments | 5,511 | -- |
| Accrued Interest Receivable | (21) | (13) |
| Other Operating Assets | 39 | 26 |
| Other Operating Liabilities | 149 | 134 |
| Net Cash Provided by Operating Activities | 448 | 313 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Loan Originations and Purchases, Net of Principal Collections | (1,811) | 219 |
| Deferred Loan Fees Collected | 4 | 2 |
| Acquisition of Premises and Equipment | (12) | (26) |
| Activity in Available-for-Sale Securities: | | |
| Proceeds from Sales of Securities | 1,913 | -- |
| Principal Payments on Mortgage-backed Securities | 3,929 | 4,361 |
| Purchases of Securities | (7,423) | (4,538) |
| Activity in Held-to-Maturity Securities | | |
| Proceeds from Redemption or Maturity of Investments | -- | -- |
| Principal Payments on Mortgage-Backed Securities | 47 | 34 |
| Purchases of Securities | -- | (68) |
| Net Cash Used in Investing Activities | (3,353) | (16) |

See accompanying notes to consolidated financial statements.

Table of Contents**HOME FEDERAL BANCORP, INC. OF LOUISIANA****CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

(Unaudited)

| | Three Months Ended September 30, | |
|----------------------------------------------------------------------|-------------------------------------|----------|
| | 2007 | 2006 |
| | (In Thousands) | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net Increase in Deposits | 383 | 2,157 |
| Proceeds from Federal Home Loan Bank Advances | 5,500 | 2,750 |
| Repayments of Advances from Federal Home Loan Bank | (976) | (857) |
| Net Increase in Mortgage-Escrow Funds | 59 | 38 |
| Dividends Paid | (71) | (85) |
| Acquisition of Treasury Stock | (38) | (38) |
| Net Cash Provided by Financing Activities | 4,857 | 3,965 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,952 | 4,262 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD | 3,972 | 4,930 |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | \$ 5,924 | \$ 9,192 |
| SUPPLEMENTARY CASH FLOW INFORMATION | | |
| Interest Paid on Deposits and Borrowed Funds | \$ 914 | \$ 748 |
| Income Taxes Paid | -- | 1 |
| Market Value Adjustment for Gain on Securities Available-for-Sale | | |