

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: September 30, 2024

or

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

For the transition period from _____ to _____

Commission file number: 001-35019

HOME FEDERAL BANCORP, INC. OF LOUISIANA

(Exact name of registrant as specified in its charter)

Louisiana

(State or other jurisdiction of incorporation or organization)

02-0815311

(IRS Employer Identification No.)

624 Market Street, Shreveport, Louisiana

(Address of principal executive offices)

71101

(Zip Code)

(318) 222-1145

(Registrant's telephone number, including area code)

N/A

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (par value \$0.01 per share)	HFBL	Nasdaq Stock Market, LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 \$0.01 per share, outstanding as of November 12, 2024: The registrant had 3,131,668 shares of common stock outstanding.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED BALANCE SHEET
(In thousands except share and per share data)September 30, 2024 June 30, 2024
(Unaudited)

ASSETS

Cash and Cash Equivalents (Includes Interest-Bearing Deposits with Other Banks of \$ 32,743 and \$25,505 at September 30, 2024 and June 30, 2024, Respectively)	\$	41,044	\$	34,948
Securities Available-for-Sale (amortized cost September 30, 2024: \$31,977; June 30, 2024: \$30,347, Respectively)		29,934		27,037
Securities Held-to-Maturity (fair value September 30, 2024: \$56,584; June 30, 2024: \$54,450, Respectively)		65,800		67,302
Other Securities		1,633		1,614
Loans Held-for-Sale		2,268		1,733
Loans Receivable, Net of Allowance for Credit Losses (September 30, 2024: \$4,703; June 30, 2024: \$4,574, Respectively)		454,039		470,852
Accrued Interest Receivable		1,761		1,775
Premises and Equipment, Net		18,065		18,303
Bank Owned Life Insurance		6,839		6,810
Goodwill		2,990		2,990
Core Deposit Intangible		1,125		1,199
Deferred Tax Asset		1,210		1,181
Real Estate Owned		122		418
Other Assets		1,574		1,350
Total Assets	\$	628,404	\$	637,512

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Deposits:				
Non-interest bearing	\$	133,293	\$	130,334
Interest-bearing		431,267		443,673
Total Deposits		564,560		574,007
Advances from Borrowers for Taxes and Insurance		644		521
Other Borrowings		5,500		7,000
Other Accrued Expenses and Liabilities		3,433		3,181
Total Liabilities		574,137		584,709

STOCKHOLDERS' EQUITY

Preferred Stock - \$0.01 Par Value; 10,000,000 Shares Authorized; None Issued and Outstanding		-		-
Common Stock - \$0.01 Par Value; 40,000,000 Shares Authorized: 3,129,668 and 3,142,168 Shares Issued and Outstanding at September 30, 2024 and June 30, 2024, Respectively		32		32
Additional Paid-in Capital		41,822		41,739
Unearned ESOP Stock		(379)		(408)
Retained Earnings		14,405		14,055
Accumulated Other Comprehensive Loss		(1,613)		(2,615)
Total Stockholders' Equity		54,267		52,803

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY **\$** **628,404** **\$** **637,512**

See accompanying notes to consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands except share and per share data)

	Three Months Ended September 30,	
	2024	2023
INTEREST INCOME	(Unaudited)	
Loans, including fees	\$ 6,895	\$ 7,274
Investment securities	67	150
Mortgage-backed securities	443	473
Other interest-earning assets	336	177
Total Interest Income	<u>7,741</u>	<u>8,074</u>
INTEREST EXPENSE		
Deposits	3,197	2,592
Federal Home Loan Bank borrowings	-	15
Other bank borrowings	117	183
Total Interest Expense	<u>3,314</u>	<u>2,790</u>
Net Interest Income	4,427	5,284
RECOVERY OF CREDIT LOSSES	(223)	-
Net Interest Income After Recovery of Credit Losses	<u>4,650</u>	<u>5,284</u>
NON-INTEREST INCOME		
Gain on sale of loans	96	38
Loss on sale of real estate	(254)	(34)
Income on bank owned life insurance	28	26
Service charges on deposit accounts	391	391
Other income	39	13
Total Non-Interest Income	<u>300</u>	<u>434</u>
NON-INTEREST EXPENSE		
Compensation and benefits	2,302	2,356
Occupancy and equipment	564	549
Data processing	219	245
Audit and examination fees	132	102
Franchise and bank shares tax	168	156
Advertising	57	143
Professional fees	117	160
Loan and collection	28	60
Amortization core deposit intangible	74	94
Deposit insurance premium	90	91
Other expenses	260	232
Total Non-Interest Expense	<u>4,011</u>	<u>4,188</u>
Income Before Income Taxes	939	1,530
PROVISION FOR INCOME TAX (BENEFIT) EXPENSE	<u>(2)</u>	<u>310</u>
NET INCOME	<u>\$ 941</u>	<u>\$ 1,220</u>
EARNINGS PER SHARE		
Basic	\$ 0.31	\$ 0.40
Diluted	\$ 0.31	\$ 0.39

See accompanying notes to consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	For the Three Months Ended September 30,	
	2024	2023
	(Unaudited)	
Net Income	\$ 941	\$ 1,220
Other Comprehensive Income (Loss), Net of Tax		
Unrealized gains (losses) on securities available for sale:		
Unrealized holding gains (losses) arising during the period	1,268	(1,028)
Income tax effect	(266)	216
Total Other Comprehensive Income (Loss), Net of Tax	<u>1,002</u>	<u>(812)</u>
Total Comprehensive Income	<u>\$ 1,943</u>	<u>\$ 408</u>

See accompanying notes to consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands)

	Common Stock	Additional Paid-in Capital	Unearned ESOP Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCE – June 30, 2023	\$ 31	\$ 40,981	\$ (523)	\$ 12,707	\$ (2,654)	\$ 50,542
			(Unaudited)			
Cumulative Effect of Change in Accounting Principle-ASU 2016-13	-	-	-	(189)	-	(189)
ESOP Compensation Earned	-	53	28	-	-	81
Stock Options Exercised	-	-	-	-	-	-
Dividends Paid	-	-	-	(392)	-	(392)
Stock Options Vested	-	23	-	-	-	23
Company Stock Purchased	-	-	-	-	-	-
Changes in Unrealized Loss on Securities Available-for-Sale, Net of Tax Effects	-	-	-	-	(812)	(812)
Net Income	-	-	-	1,220	-	1,220
BALANCE – September 30, 2023	<u>\$ 31</u>	<u>\$ 41,057</u>	<u>\$ (495)</u>	<u>\$ 13,346</u>	<u>\$ (3,466)</u>	<u>\$ 50,473</u>
BALANCE – June 30, 2024	\$ 32	\$ 41,739	\$ (408)	\$ 14,055	\$ (2,615)	\$ 52,803
Cumulative Effect of Change in Accounting Principle-ASU 2016-13	-	-	-	-	-	-
ESOP Compensation Earned	-	40	29	-	-	69
Stock Options Exercised	-	19	-	-	-	19
Dividends Paid	-	-	-	(409)	-	(409)
Stock Options Vested	-	24	-	-	-	24
Company Stock Purchased	-	-	-	(182)	-	(182)
Net Income	-	-	-	941	-	941
Other Comprehensive Income, Unrealized Gain on Debt Securities, Net of Tax	-	-	-	-	1,002	(1,002)
BALANCE – September 30, 2024	<u>\$ 32</u>	<u>\$ 41,822</u>	<u>\$ (379)</u>	<u>\$ 14,405</u>	<u>\$ (1,613)</u>	<u>\$ 54,267</u>

See accompanying notes to consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Three Months Ended September 30,	
	2024	2023
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 941	\$ 1,220
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Gain on Sale of Loans	(96)	(38)
Net Amortization and Accretion on Securities	417	107
Amortization of Deferred Loan Fees	(15)	(33)
Amortization of Purchased Loans	(75)	(419)
Recovery of Loan Losses	(223)	-
Depreciation of Premises and Equipment	206	224
Loss on Sales of Real Estate and Fixed Assets	254	34
ESOP Compensation Expense	69	81
Stock Option Expense	24	23
Deferred Income Tax Benefit	(295)	(147)
Federal Home Loan Bank Stock Dividend	-	17
Share Awards Expense	-	28
Increase in Cash Surrender Value on Bank Owned Life Insurance	(29)	(26)
Bad Debt Recovery	-	362
Amortization Core Deposit Intangible	74	-
Changes in Assets and Liabilities:		
Origination and Purchase of Loans Held-for-Sale	(6,152)	(1,807)
Sale and Principal Repayments on Loans Held-for-Sale	5,713	1,222
Accrued Interest Receivable	14	(117)
Other Operating Assets	(224)	163
Other Operating Liabilities	252	1,551
Net Cash Provided by Operating Activities	871	2,445
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Originations and Purchases, Net	17,122	(17,659)
Deferred Loan Fees Collected	4	16
Acquisition of Premises and Equipment	(12)	(656)
Disposal of Premises and Equipment	28	-
Proceeds from Sale of Real Estate and Fixed Assets	70	276
Improvements to Real Estate Owned Prior to Disposition	(28)	(38)
Changes in Federal Home Loan Bank Stock	(19)	-
Activity in Available-for-Sale Securities:		
Principal Payments on Securities	1,977	952
Purchase of Mortgage-Backed Securities	(4,016)	(2,667)
Activity in Held-to-Maturity Securities:		
Principal Payments on Mortgage-Backed Securities	1,495	1,631
Net Cash Provided by (Used in) Investing Activities	16,621	(18,145)

See accompanying notes to consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In Thousands)

	Three Months Ended September 30,	
	2024	2023
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Decrease in Deposits	\$ (9,447)	\$ (4,856)
Proceeds from Advances from Federal Home Loan Bank	-	77,100
Repayments of Advances from Federal Home Loan Bank	-	(72,500)
Dividends Paid	(409)	(392)
Company Stock Purchased	(182)	-
Net Increase in Advances from Borrowers for Taxes and Insurance	123	161
Proceeds from Other Bank Borrowings	-	300
Repayments of Other Bank Borrowings	(1,500)	-
Proceeds from Stock Options Exercised	19	-
Net Cash Used in Financing Activities	(11,396)	(187)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,096	(15,887)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	\$ 34,948	\$ 24,765
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 41,044	\$ 8,878
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest Paid on Deposits and Borrowed Funds	\$ 3,291	\$ 2,772
Market Value Adjustment for Loss on Securities Available-for-Sale	(1,268)	(812)
Transfer from Loans to Other Real Estate Owned	-	465

See accompanying notes to consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

1. **Summary of Accounting Policies**

Basis of Presentation

The consolidated financial statements include the accounts of Home Federal Bancorp, Inc. of Louisiana (the "Company") and its subsidiary, Home Federal Bank ("Home Federal Bank" or the "Bank"). These consolidated financial statements were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the three month period ended September 30, 2024 are not necessarily indicative of the results which may be expected for the fiscal year ending June 30, 2025.

The Company follows accounting standards set by the Financial Accounting Standards Board (the "FASB"). The FASB sets generally accepted accounting principles ("GAAP") that we follow to ensure we consistently report our financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (the "Codification" or the "ASC").

In accordance with the subsequent events topic of the ASC, the Company evaluates events and transactions that occur after the statement of financial condition date for potential recognition in the consolidated financial statements. The effect of all subsequent events that provide additional evidence of conditions that existed at the statement of financial condition date are recognized in the consolidated financial statements as of September 30, 2024. In preparing these consolidated financial statements, the Company evaluated the events and transactions that occurred through the date these consolidated financial statements were issued.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Consolidated Statements of Financial Condition and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the allowance for credit losses.

Nature of Operations

Home Federal Bancorp, Inc. of Louisiana, a Louisiana corporation, is the fully public stock holding company for Home Federal Bank located in Shreveport, Louisiana. The Bank is a federally chartered stock savings and loan association and is subject to federal regulation by the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. The Company is a savings and loan holding company regulated by the Board of Governors of the Federal Reserve System. Services are provided to the Bank's customers by ten full-service banking offices and home office, located in Caddo, Bossier and Webster Parishes, Louisiana. The area served by the Bank is primarily the Shreveport-Bossier City-Minden combined statistical area; however, loan and deposit customers are found dispersed in a wider geographical area covering much of northwest Louisiana. As of September 30, 2024, the Bank had one wholly-owned subsidiary, Metro Financial Services, Inc., which previously engaged in the sale of annuity contracts and does not currently engage in a meaningful amount of business.

Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand, balances due from banks, and federal funds sold, all of which mature within ninety days.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies (continued)**Securities**

Securities are being accounted for in accordance with FASB ASC 320's, *Investments*, which requires the classification of securities into one of three categories: Trading, Available-for-Sale, or Held-to-Maturity. Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates this classification periodically.

Investments in debt securities, in which the Company has the positive intent and ability to hold to maturity, are classified as held-to-maturity and carried at cost, adjusted for amortization of the related premiums and accretion of discounts, using the interest method. Investments in debt securities that are not classified as held-to-maturity are classified as either trading or available-for-sale securities.

Securities that are acquired and held principally for the purpose of selling in the near term are classified as trading securities. Investments in securities not classified as trading or held-to-maturity are classified as available-for-sale. Trading account and available-for-sale securities are carried at fair value. Unrealized holding gains and losses on trading securities are included in earnings, while net unrealized holding gains and losses on available-for-sale debt securities are excluded from earnings and reported in other comprehensive income.

The Company held no trading securities as of September 30, 2024 and June 30, 2024.

Purchase premiums and discounts are recognized in interest income using the interest method over the term of the securities. Securities are periodically reviewed for impairment. For debt securities in an unrealized loss position, the Company evaluates the securities to determine whether the decline in the fair value below amortized cost basis (impairment) is due to credit or non-credit related factors. Any impairment that is not credit related is recognized in other comprehensive income, net of applicable taxes. For available for sale investments, credit related impairment is recognized as an ACL on the balance sheet, limited to the amount by which the amortized cost basis exceeds to the fair value, with a corresponding adjustment to earnings. For held to maturity investments, credit related impairment is recognized as an ACL on the balance sheet, for the entire amount of credit loss, with a corresponding adjustment to earnings. Both the ACL and the adjustment to net income may be reversed if conditions change. However, if the Company intends to sell an impaired available for sale security, or more likely than not will be required to sell such security before recovering the amortized cost basis, the entire impairment amount must be recognized in earnings with a corresponding adjustment to the security's amortized cost basis. Because the security's amortized cost basis is adjusted to fair value, there is no ACL in such situation. Accrued interest is receivable is excluded from the estimate of credit losses.

In evaluating securities in unrealized loss positions, for impairment and the criteria regarding intent or requirement to sell such securities, the Company considers the extent to which fair value is less than amortized cost, whether the securities are issued by federal governments or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial conditions, among other factors.

The Bank has invested in Federal Home Loan Bank ("FHLB") stock, and other similar correspondent banks, which is reflected at cost in these consolidated financial statements. As a member of the FHLB System, the Bank is required to purchase and maintain stock in an amount determined by the FHLB. The FHLB stock is redeemable at par value at the discretion of the FHLB.

Loans Held-for-Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies (continued)**Loans Receivable**

Loans receivable are stated as unpaid principal balances less allowance for credit losses ("ACL") and unamortized deferred loan fees. Net nonrefundable fees (loan origination fees, commitment fees, discount points) and costs associated with lending activities are being deferred and subsequently amortized into income as an adjustment of yield on the related interest earning assets using the interest method. Interest income on contractual loans receivable is recognized on the accrual method. Unearned discount on property improvement and automobile loans is deferred and amortized on the interest method over the life of the loan.

Allowance for Credit Losses

The discussion that follows describes the methodology for determining the ACL under the new current expected credit loss ("CECL") model that was implemented effective July 1, 2023 in accordance with ASU No. 2016-13 and subsequent ASUs issued to amend ASC Topic 326.

The Company has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

The ACL for loans is an estimate of the expected losses to be realized over the life of the loans in the portfolio. The ACL is determined for two distinct categories of loans: 1) loans evaluated collectively for expected credit losses and 2) loans evaluated individually for expected credit losses. The ACL also includes certain qualitative adjustments to the ASU 2016-13 model.

Loans Evaluated Collectively. Homogeneous loans are evaluated collectively for expected credit losses. The loan pools/segments with similar risk characteristics were determined by Call Report codes.

Loans Evaluated Individually. Loans evaluated individually for expected credit losses could include loans on non-accrual status.

Management estimates the allowance balance using relevant available information from internal and external sources relating to past events, current conditions and reasonable and supportable forecasts. Adjustments to historical loss information are made to incorporate our reasonable and supportable forecast of future losses at the portfolio segment level, as well as any necessary qualitative adjustments, including, but not limited to, changes in current and expected future economic conditions, changes in industry experience and industry loan concentrations, changes in the volume and severity of nonperforming assets, changes in lending policies and personnel and changes in the competitive and regulatory environment of the banking industry. Loans that do not share similar risk characteristics are individually evaluated and are excluded from the pooled loan analysis.

Loans evaluated individually may have specific allocations assigned if the measured value of the loan using one of the noted techniques is less than its current carrying value. For loans measured using the fair value of collateral, if the analysis determines that sufficient collateral value would be available for repayment of the debt, then no allocations would be assigned to those loans. Collateral could be in the form of real estate or business assets, such as accounts receivable or inventory, in the case of commercial and industrial loans. Commercial and industrial loans may also be secured by real estate.

Management regularly reviews loans in the portfolio to assess credit quality indicators and to determine appropriate loan classification. For all loans, an internal risk rating process is used. The Company believes that internal risk ratings are the most relevant credit quality indicator for these types of loans. Assigning risk ratings involves judgment. Risk ratings may be changed based on ongoing monitoring procedures, or if specific loan review assessments identify a deterioration or an improvement in the loan.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies (continued)**Allowance for Credit Losses (continued)**

The following is a summary of the Company's internal risk rating categories:

- **Pass:** Loans classified as pass are well protected by the current net worth or paying capacity of the obligor or by the fair value, less costs to acquire and sell the underlying collateral in a timely manner.
- **Pass Watch -** Loans are considered marginal, meaning some weakness has been identified which could cause future impairment of repayment. However, these relationships are currently protected from any apparent loss by collateral.
- **Special Mention:** Loans identified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date.
- **Substandard:** Loans classified as substandard are inadequately protected by the current net worth and payment capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.
- **Doubtful:** Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.
- **Loss:** This classification includes those loans which are considered uncollectible and of such little value that their continuance as loans is not warranted. Even though partial recovery may be possible in the future, it is not practical or desirable to defer writing off these basically worthless loans. Accordingly, these loans are charged-off before period end.

The allocation of the ACL is reviewed to evaluate its appropriateness in relation to the overall risk profile of the loan portfolio. The Company considers risk factors such as: local and national economic conditions; trends in delinquencies and non-accrual loans; the diversity of borrower industry types; and the composition of the portfolio by loan type.

Qualitative and Other Adjustments to Allowance for Credit Losses: In addition to the quantitative credit loss estimates for loans evaluated collectively, qualitative factors that may not be fully captured in the quantitative results are also evaluated. These include changes in lending policy, the nature and volume of the portfolio, overall business conditions in the economy, credit concentrations, competition, model imprecision, and legal and regulatory requirements. Qualitative adjustments are judgmental and are based on Management's knowledge of the portfolio and the markets in which the Company operates. Qualitative adjustments are evaluated and approved on a quarterly basis. Additionally, the ACL includes other allowance categories that are not directly incorporated in the quantitative results. These include but are not limited to loans-in-process, trade acceptances and overdrafts.

Off Balance Sheet Credit Exposures. The ACL for off balance sheet credit exposures is recorded in other liabilities on the Consolidated Balance Sheet. This ACL represents management's estimate of expected losses in its unfunded loan commitments and other off balance sheet credit exposures, such as letters of credit and credit recourse on sold residential mortgage loans. The allowance for credit losses specific to unfunded commitments is determined by estimating future draws and applying the expected loss rates on those draws. Future draws are based on historical averages of utilization rates (i.e., the likelihood of draws taken). The ACL for off balance sheet credit exposures is increased or decreased by charges or reductions to expense, through the provision for credit losses. In addition to the ACL on loans held for investment, CECL requires a balance sheet liability for unfunded commitments, which is recognized if both of the following conditions are met: (1) the Company has a present contractual obligation to extend credit; and (2) the obligation is not unconditionally cancellable by the Company. Based on the language

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies (continued)**Allowance for Credit Losses (continued)**

within the standard loan documents prepared for each HFB commitment, all unfunded commitments are considered unconditionally cancellable and thus no CECL ACL is allocated for the quarter.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held-for-sale and are transferred to other real estate owned at the lower of cost or current fair value minus estimated costs to sell as of the date of foreclosure. Cost is defined as the lower of the fair value of the property or the recorded investment in the loan. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings and Improvements	10 - 40 Years
Furniture and Equipment	3 - 10 Years

Bank-Owned Life Insurance

The Bank has purchased life insurance contracts on the lives of certain key employees. The Bank is the beneficiary of these policies. These contracts are reported at their cash surrender value and changes in the cash surrender value are included in non-interest income.

Income Taxes

The Company and its wholly-owned subsidiary file a consolidated Federal income tax return on a fiscal year basis. Each entity pays its pro-rata share of income taxes in accordance with a written tax-sharing agreement.

The Company accounts for income taxes on the asset and liability method. Deferred tax assets and liabilities are recorded based on the difference between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the expected amount most likely to be realized. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income and recoverable taxes paid in prior years. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets will be realized. Current taxes are measured by applying the provisions of enacted tax laws to taxable income to determine the amount of taxes receivable or payable.

The Company follows the provisions of the *Income Taxes* Topic of the FASB ASC 740. ASC 740 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies (continued)**Income Taxes (continued)**

While the Company is exempt from Louisiana income tax, it is subject to the Louisiana Ad Valorem Tax, commonly referred to as the Louisiana Shares Tax, which is based on stockholders' equity and net income.

Earnings per Share

Earnings per share are computed based upon the weighted average number of common shares outstanding during the period. The Company's basic and diluted earnings per share were \$0.31 for the three months ended September 30, 2024 compared to basic and diluted earnings per share of \$0.40 and \$0.39, respectively, for the three months ended September 30, 2023.

Stock-Based Compensation

GAAP requires all share-based payments to employees, including grants of employee stock options and recognition and retention share awards, to be recognized as expense in the consolidated statements of income based on their fair values. The amount of compensation is measured at the fair value of the options or recognition and retention share awards when granted, and this cost is expensed over the required service period, which is normally the vesting period of the options or recognition and retention awards.

Reclassification

Certain financial statement balances included in the prior year consolidated financial statements have been reclassified to conform to the current period presentation.

Comprehensive Income

Accounting principles generally accepted in the United States of America require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale debt securities, are reported as a separate component of the equity section of the consolidated statements of financial conditions along with net income, they are components of comprehensive income.

Recent Accounting Pronouncements

ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." In June 2016, the FASB issued ASU 2016-13 which requires earlier measurement of credit losses and enhances disclosures. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The Company formed a cross-functional working group, who have worked through an implementation plan which includes assessment, review and documentation of various aspects of the implementation plan. After significant evaluation of approved methodologies, the Company determined to utilize a third-party vendor model, in which a weighted average remaining maturity methodology was appropriate for the size and complexity of the Company. ASU 2016-13 is effective for the Company for annual and interim periods beginning on July 1, 2023. The Company adopted ASU 2016-13 in the first quarter of fiscal 2024. The adoption of the ASU 2016-13 resulted in an increase in the allowance for credit losses as a result of changing from an incurred loss model, which encompasses allowances for current known and inherent losses within the portfolio, to an expected loss model, which encompasses allowances for losses expected to be incurred over the life of the portfolio. Upon adoption on July 1, 2023, the Company recorded an increase in the allowance for credit losses of \$359,000 and decrease to retained earnings of \$189,000. Subsequent to the adoption of ASU 2016-13, acquired loans are segregated between those purchased with credit deterioration ("PCD") and those that are not ("non-PCD"). Loans considered PCD include those individual loans (or groups of loans with similar risk characteristics) that as of the date of acquisition are assessed as having experienced a more-than-insignificant deterioration in credit quality since origination. The assessment of what is more-than-insignificant credit deterioration since origination considers information including, but not limited to, financial assets that are delinquent, on nonaccrual and/or otherwise adversely risk rated as of the acquisition date, those that have been downgraded since origination, and those for which, after origination, credit spreads have widened

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies (continued)**Recent Accounting Pronouncements (continued)**

beyond the threshold specified in policy. The Company bifurcates the fair value discount between the credit and noncredit components and records an allowance for credit losses for PCD loans by adding the credit portion of the fair value discount to the initial amortized cost basis and increasing the allowance for credit losses at the date of acquisition. Any noncredit discount or premium resulting from acquiring loans with credit deterioration is allocated to each individual asset. All non-PCD loans acquired are recorded at the estimated fair value of the loan at acquisition, with the estimated allowance for credit loss recorded as a provision for credit losses through earnings in the period in which the acquisition has occurred. The noncredit discount or premium for PCD loans and full discount for non-PCD loans will be accreted to interest income using the interest method based on the effective interest rate at the acquisition date. Under the transition provisions of ASU 2016-13, the Company classified all purchased credit impaired loans ("PCI") previously accounted for under Financial Accounting Standard Subtopic 310-30 to be classified as PCD, without reassessing whether the financial assets meet the criteria of PCD as of the date of adoption. The application of these provisions resulted in an adjustment to the amortized cost basis of the financial asset to reflect the addition of the allowance for credit losses at the date of adoption. The Company elected not to maintain pools of loans accounted for under Subtopic 310-30 at adoption. The Company was also not required to reassess whether modifications to individual acquired financial assets accounted for in pools were troubled debt restructurings as of the date of adoption. The noncredit discount, after the adjustment for the allowance for credit losses, is accreted to interest income using the interest method based on the effective interest rate determined at the adoption date.

Accounting Standards Update 2022-02 ("ASU 2022-02"), "Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." In March 2022, the FASB issued ASU 2022-02 which eliminates the TDR recognition and measurement guidance and instead requires that an entity evaluate whether the modification represents a new loan or a continuation of an existing loan. ASU 2022-02 also enhances existing disclosure requirements and introduces new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. For public business entities, these amendments require that an entity disclose current period gross write-offs by year of origination for financing receivables and net investment in leases within the scope of Subtopic 326-20. Gross write-off information must be included in the vintage disclosures required for public business entities in accordance with paragraph 326-20-50-6, which requires that an entity disclose the amortized cost basis of financing receivables by credit quality indicator and class of financing receivable by year of origination. ASU 2022-02 is effective for the Company for annual and interim periods beginning on July 1, 2023. The adoption of ASU 2022-02 did not have a significant impact on the Company's consolidated financial statements other than the required disclosures. The Company adopted ASU 2016-13 using the weighted average maturity method (WARM) for all financial assets measured at amortized cost, net of investments in leases and off balance sheet credit exposures. Results for reporting periods beginning after July 1, 2023 are presented under ASU 2016-13, while prior period results are reported in accordance with the previously applicable incurred loss methodology.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

2. Securities

The amortized cost and fair value of securities with gross unrealized gains and losses follows:

	September 30, 2024			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Securities Available-for-Sale				
	<i>(In Thousands)</i>			
Mortgage-Backed Securities				
FHLMC Mortgage-Backed Certificates	\$ 7,309	\$ 13	\$ 483	\$ 6,839
FNMA Mortgage-Backed Certificates	19,329	24	926	18,427
GNMA Mortgage-Backed Certificates	3,974	1	665	3,310
Total Mortgage-Backed Securities	30,612	38	2,074	28,576
US Treasury Securities	1,000	-	10	990
Municipals	365	3	-	368
Total Securities Available-for-Sale	\$ 31,977	\$ 41	\$ 2,084	\$ 29,934
Securities Held-to-Maturity				
Mortgage-Backed Securities				
FHLMC Mortgage-Backed Certificates	\$ 26,936	\$ -	\$ 3,978	\$ 22,958
FNMA Mortgage-Backed Certificates	36,984	-	5,144	31,840
GNMA Mortgage-Backed Certificates	601	-	42	559
Total Mortgage-Backed Securities	64,521	-	9,164	55,357
Municipals	1,279	-	52	1,227
Total Securities Held-to-Maturity	\$ 65,800	\$ -	\$ 9,216	\$ 56,584

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

2. Securities (continued)

	June 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<i>(In Thousands)</i>				
Securities Available-for-Sale				
Mortgage-Backed Securities				
FHLMC Mortgage-Backed Certificates	\$ 6,681	\$ 1	\$ 732	\$ 5,950
FNMA Mortgage-Backed Certificates	17,227	-	1,753	15,474
GNMA Mortgage-Backed Certificates	4,074	-	827	3,247
Total Mortgage-Backed Securities	27,982	1	3,312	24,671
US Treasury Securities	2,000	-	-	2,000
Municipal Bonds	365	1	-	366
Total Securities Available-for-Sale	\$ 30,347	\$ 2	\$ 3,312	\$ 27,037
Securities Held-to-Maturity				
Mortgage-Backed Securities				
GNMA Mortgage-Backed Certificates	\$ 27,604	\$ -	\$ 5,572	\$ 22,032
FHLMC Mortgage-Backed Certificates	37,807	-	7,146	30,661
FNMA Mortgage-Backed Certificates	606	-	69	537
Total Mortgage-Backed Securities	66,017	-	12,787	53,230
Municipals	1,285	-	65	1,220
Total Securities Held-to-Maturity	\$ 67,302	\$ -	\$ 12,852	\$ 54,450

The amortized cost and fair value of securities by contractual maturity at September 30, 2024 follows:

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<i>(In Thousands)</i>				
Mortgage-Backed Securities				
Within One Year or Less	\$ -	\$ -	\$ -	\$ -
One through Five Years	4	4	-	-
After Five through Ten Years	3,900	3,889	507	497
Over Ten Years	26,708	24,683	64,014	54,860
	30,612	28,576	64,521	55,357
US Treasury Securities				
Within One Year or Less	\$ 1,000	\$ 990	\$ -	\$ -
One through Five Years	-	-	-	-
After Five through Ten Years	-	-	-	-
Over Ten Years	-	-	-	-
	1,000	990	-	-
Municipals				
Within One Year or Less	\$ 365	\$ 368	\$ -	\$ -
One through Five Years	-	-	211	207
After Five through Ten Years	-	-	-	-
Over Ten Years	-	-	1,068	1,020
	365	368	1,279	1,227
Total	\$ 31,977	\$ 29,934	\$ 65,800	\$ 56,584

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

2. Securities (continued)

The amortized cost and fair value of securities by contractual maturity at June 30, 2024 follows:

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<i>(In Thousands)</i>				
Mortgage-Backed Securities				
Within One Year or Less	\$ -	\$ -	\$ -	\$ -
One through Five Years	4	4	-	-
After Five through Ten Years	2,237	2,148	525	495
Over Ten Years	25,741	22,519	65,492	52,735
	<u>27,982</u>	<u>24,671</u>	<u>66,017</u>	<u>53,230</u>
US Treasury Securities				
Within One Year or Less	2,000	2,000	-	-
	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Municipals				
One through Five Years	365	366	213	205
Over Ten Years	-	-	1,072	1,015
	<u>365</u>	<u>366</u>	<u>1,285</u>	<u>1,220</u>
Total	<u>\$ 30,347</u>	<u>\$ 27,037</u>	<u>\$ 67,302</u>	<u>\$ 54,450</u>

The following tables show information pertaining to gross unrealized losses on securities available-for-sale and held-to-maturity at September 30, 2024 and June 30, 2024 aggregated by investment category and length of time that individual securities have been in a continuous loss position.

	September 30, 2024			
	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
<i>(In Thousands)</i>				
Securities Available-for-Sale				
Mortgage-Backed Securities	\$ -	\$ -	\$ 2,074	\$ 20,169
US Treasury Securities	\$ -	\$ -	10	990
Total Securities Available-for-Sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,084</u>	<u>\$ 21,159</u>

HOME FEDERAL BANCORP, INC. OF LOUISIANA
NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

2. Securities (continued)

	September 30, 2024			
	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	<i>(In Thousands)</i>			
Securities Held-to-Maturity				
Mortgage-Backed Securities	\$ -	\$ -	\$ 9,164	\$ 55,357
Municipals	-	-	52	1,227
Total Securities Held-to-Maturity	\$ -	\$ -	\$ 9,216	\$ 56,584

The number of debt securities in an unrealized loss position was 51 at September 30, 2024.

	June 30, 2024			
	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	<i>(In Thousands)</i>			
Securities Available-for-Sale				
Mortgage-Backed Securities	\$ -	\$ -	\$ 3,312	\$ 24,332
Total Securities Available-for-Sale	\$ -	\$ -	\$ 3,312	\$ 24,332

	June 30, 2024			
	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	<i>(In Thousands)</i>			
Securities Held-to-Maturity				
Mortgage-Backed Securities	\$ -	\$ -	\$ 12,787	\$ 53,230
Municipals	-	-	65	1,220
Total Securities Held-to-Maturity	\$ -	\$ -	\$ 12,852	\$ 54,450

The unrealized losses on the Company's investment in mortgage-backed securities at September 30, 2024 and June 30, 2024 were caused by interest rate changes. The contractual cash flows of these investments are guaranteed by agencies of the U.S. Government. Accordingly, it is expected that these securities would not be settled at a price less than the amortized cost of the Company's investment. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, the Company does not have an allowance for credit losses for these investments at September 30, 2024.

The Company's investment in equity securities consists primarily of FHLB stock and shares of First National Bankers Bankshares, Inc. ("FNBB"). Management monitors its investment portfolio to determine whether any investment securities which have unrealized losses should be considered other than temporarily impaired.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

2. Securities (continued)

At September 30, 2024, securities with a carrying value of \$404,000 were pledged to secure public deposits and securities and mortgage loans with a carrying value of \$255.0 million were pledged to secure FHLB and FRB advances.

3. Loans Receivable

Loans receivable are summarized as follows:

	September 30, 2024	June 30, 2024
	<i>(In Thousands)</i>	
Loans Secured by Mortgages on Real Estate		
One-to-Four Family Residential	\$ 177,728	\$ 178,347
Commercial	140,554	143,460
Multi-Family Residential	34,388	37,092
Land	28,257	30,737
Construction	7,848	15,704
Equity and Second Mortgage	2,602	2,634
Equity Lines of Credit	18,804	17,046
Total Mortgage Loans	410,181	425,020
Commercial Loans	47,216	49,256
Consumer Loans		
Loans on Savings Accounts	414	393
Other Consumer Loans	1,018	855
Total Consumer Other Loans	1,432	1,248
Total Loans	458,829	475,524
Less: Allowance for Credit Losses	(4,703)	(4,574)
Unamortized Loan Fees	(87)	(98)
Net Loans Receivable	\$ 454,039	\$ 470,852

Credit Quality Indicators

The Company segregates loans into risk categories based on the pertinent information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans according to credit risk. Once a loan has been classified as substandard or identified as special mention, management will conduct a quarterly review to evaluate the level of deterioration, improvement, and impairment, if any, as well as assign the appropriate risk category. The delinquent loan report is monitored monthly to determine if any loan needs to be evaluated for classification or impairment.

Loans excluded from the scope of the quarterly review process above are generally identified as pass credits until: (a) they become past due; (b) management becomes aware of deterioration in the credit worthiness of the borrower; or (c) the customer contacts the Company for a modification. In these circumstances, the loan is specifically evaluated for potential classification and the need to allocate reserves or charge-off. All loans greater than 90 days past due are generally placed on nonaccrual status. The Company uses the following definitions for risk ratings:

Pass - Loans classified as pass are well protected by the current net worth or paying capacity of the obligor or by the fair value, less costs to acquire and sell the underlying collateral in a timely manner.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

Pass Watch - Loans are considered marginal, meaning some weakness has been identified which could cause future impairment of repayment. However, these relationships are currently protected from any apparent loss by collateral.

Special Mention - Loans identified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and payment capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss - This classification includes those loans which are considered uncollectible and of such little value that their continuance as loans is not warranted. Even though partial recovery may be possible in the future, it is not practical or desirable to defer writing off these basically worthless loans. Accordingly, these loans are charged-off before period end.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The following table summarizes designated internal risk categories by portfolio segment and loan class, by origination year, as of September 30, 2024:

As of September 30, 2024	Term Loans Amortized Cost by Origination Year					Prior	Revolving Lines	Total
	2024	2023	2022	2021	2020			
	<i>(In Thousands)</i>							
One-to-four family residential								
Risk rating								
Pass	\$ 16,058	\$ 44,659	\$ 40,829	\$ 34,795	\$ 20,814	\$ 15,622	\$ -	\$ 172,777
Pass watch	342	743	341	76	391	342	-	2,235
Special mention	197	291	-	495	-	545	-	1,528
Substandard	42	957	128	-	61	-	-	1,188
Total one-to-four family residential	\$ 16,639	\$ 46,650	\$ 41,298	\$ 35,366	\$ 21,266	\$ 16,509	\$ -	\$ 177,728
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial								
Risk rating								
Pass	\$ 10,419	\$ 25,935	\$ 37,954	\$ 41,070	\$ 19,562	\$ 1,632	\$ -	\$ 136,572
Pass watch	2,278	98	-	1,035	119	-	-	3,530
Special mention	-	323	109	-	-	-	-	432
Substandard	-	-	20	-	-	-	-	20
Total commercial	\$ 12,697	\$ 26,356	\$ 38,083	\$ 42,105	\$ 19,681	\$ 1,632	\$ -	\$ 140,554
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi-family residential								
Risk rating								
Pass	\$ 2,437	\$ 3,242	\$ 8,578	\$ 984	\$ 6,907	\$ 11,029	\$ -	\$ 33,177
Pass watch	-	-	-	1,211	-	-	-	1,211
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total multi-family residential	\$ 2,437	\$ 3,242	\$ 8,578	\$ 2,195	\$ 6,907	\$ 11,029	\$ -	\$ 34,388
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land								
Risk rating								
Pass	\$ 8,124	\$ 7,509	\$ 5,249	\$ 6,071	\$ 968	\$ 247	\$ -	\$ 28,168
Pass watch	-	-	-	-	16	1	-	17
Special mention	-	72	-	-	-	-	-	72
Substandard	-	-	-	-	-	-	-	-
Total land	\$ 8,124	\$ 7,581	\$ 5,249	\$ 6,071	\$ 984	\$ 248	\$ -	\$ 28,257
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

As of September 30, 2024	Term Loans Amortized Cost by Origination Year						Revolving Lines	Total
	2024	2023	2022	2021	2020	Prior		
	(In Thousands)							
Construction								
Risk rating								
Pass	\$ 4,236	\$ 3,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,698
Pass watch	150	-	-	-	-	-	-	150
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total construction	\$ 4,386	\$ 3,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,848
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity loans and lines of credit								
Risk rating								
Pass	\$ 519	\$ 806	\$ 666	\$ 103	\$ 369	\$ 70	\$ 18,579	\$ 21,112
Pass watch	-	11	-	-	-	-	-	11
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	7	51	-	225	283
Total home equity and lines of credit	\$ 519	\$ 817	\$ 666	\$ 110	\$ 420	\$ 70	\$ 18,804	\$ 21,406
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial loans								
Risk rating								
Pass	\$ 13,162	\$ 14,150	\$ 7,825	\$ 5,242	\$ 4,039	\$ 1,815	\$ -	\$ 46,233
Pass watch	750	-	-	-	-	-	-	750
Special mention	-	60	34	-	-	-	-	94
Substandard	-	77	30	32	-	-	-	139
Total commercial loans	\$ 13,912	\$ 14,287	\$ 7,889	\$ 5,274	\$ 4,039	\$ 1,815	\$ -	\$ 47,216
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer loans								
Risk rating								
Pass	\$ 553	\$ 437	\$ 167	\$ 12	\$ 195	\$ 20	\$ -	\$ 1,384
Pass watch	1	-	32	-	-	-	-	33
Special mention	-	-	-	-	-	-	-	-
Substandard	-	15	-	-	-	-	-	15
Total consumer loans	\$ 554	\$ 452	\$ 199	\$ 12	\$ 195	\$ 20	\$ -	\$ 1,432
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total								
Risk rating								
Pass	\$ 55,508	\$ 100,200	\$ 101,268	\$ 88,277	\$ 52,854	\$ 30,435	\$ 18,579	\$ 447,121
Pass watch	3,521	852	373	2,322	526	343	-	7,937
Special mention	197	746	143	495	-	545	-	2,126
Substandard	42	1,049	178	39	112	-	225	1,645
Total	\$ 59,268	\$ 102,847	\$ 101,962	\$ 91,133	\$ 53,492	\$ 31,323	\$ 18,804	\$ 458,829
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The following table summarizes designated internal risk categories by portfolio segment and loan class, by origination year, as of June 30, 2024:

As of June 30, 2024	Term Loans Amortized Cost by Origination Year						Revolving Lines	Total
	2024	2023	2022	2021	2020	Prior		
	<i>(In Thousands)</i>							
One-to-four family residential								
Risk rating								
Pass	\$ 9,120	\$ 48,035	\$ 43,055	\$ 36,495	\$ 21,911	\$ 17,047	\$ -	\$ 175,663
Special mention	-	385	-	363	-	450	-	1,198
Substandard	-	1,224	123	-	-	139	-	1,486
Total one-to-four family residential	\$ 9,120	\$ 49,644	\$ 43,178	\$ 36,858	\$ 21,911	\$ 17,636	\$ -	\$ 178,347
Current period gross charge-offs	\$ -	\$ -	\$ 483	\$ -	\$ 463	\$ -	\$ -	\$ 946
Commercial								
Risk rating								
Pass	\$ 10,011	\$ 28,924	\$ 38,897	\$ 43,251	\$ 20,118	\$ 1,825	\$ -	\$ 143,026
Special mention	-	324	110	-	-	-	-	434
Substandard	-	-	-	-	-	-	-	-
Total commercial	\$ 10,011	\$ 29,248	\$ 39,007	\$ 43,251	\$ 20,118	\$ 1,825	\$ -	\$ 143,460
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi-family residential								
Risk rating								
Pass	\$ 3,300	\$ 3,265	\$ 10,232	\$ 2,216	\$ 6,972	\$ 11,107	\$ -	\$ 37,092
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total multi-family residential	\$ 3,300	\$ 3,265	\$ 10,232	\$ 2,216	\$ 6,972	\$ 11,107	\$ -	\$ 37,092
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land								
Risk rating								
Pass	\$ 8,615	\$ 7,493	\$ 7,054	\$ 6,175	\$ 1,010	\$ 317	\$ -	\$ 30,664
Special mention	-	73	-	-	-	-	-	73
Substandard	-	-	-	-	-	-	-	-
Total land	\$ 8,615	\$ 7,566	\$ 7,054	\$ 6,175	\$ 1,010	\$ 317	\$ -	\$ 30,737
Current period gross charge-offs	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ 7
Construction								
Risk rating								
Pass	\$ 3,758	\$ 9,801	\$ 2,145	\$ -	\$ -	\$ -	\$ -	\$ 15,704
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total construction	\$ 3,758	\$ 9,801	\$ 2,145	\$ -	\$ -	\$ -	\$ -	\$ 15,704
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity loans and lines of credit								
Risk rating								
Pass	\$ 436	\$ 1,017	\$ 550	\$ 106	\$ 379	\$ 89	\$ 16,821	\$ 19,398
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	7	50	-	225	282
Total home equity and lines of credit	\$ 436	\$ 1,017	\$ 550	\$ 113	\$ 429	\$ 89	\$ 17,046	\$ 19,680
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

Note 3. Loans Receivable (Continued)

Credit Quality Indicators (Continued)

As of June 30, 2024	Term Loans Amortized Cost by Origination Year						Revolving Lines	Total
	2024	2023	2022	2021	2020	Prior		
	<i>(In Thousands)</i>							
Commercial loans								
Risk rating								
Pass	\$ 8,840	\$ 19,521	\$ 8,507	\$ 5,864	\$ 4,345	\$ 1,891	\$ -	\$ 48,968
Special mention	-	109	33	-	-	-	-	142
Substandard	-	78	32	36	-	-	-	146
Total commercial loans	\$ 8,840	\$ 19,708	\$ 8,572	\$ 5,900	\$ 4,345	\$ 1,891	\$ -	\$ 49,256
Current period gross charge-offs	\$ -	\$ 1	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ 41
Consumer loans								
Risk rating								
Pass	\$ 237	\$ 518	\$ 222	\$ 17	\$ 216	\$ 22	\$ -	\$ 1,232
Special mention	-	-	-	-	-	-	-	-
Substandard	-	16	-	-	-	-	-	16
Total consumer loans	\$ 237	\$ 534	\$ 222	\$ 17	\$ 216	\$ 22	\$ -	\$ 1,248
Current period gross charge-offs	\$ -	\$ 6	\$ 3	\$ 3	\$ -	\$ 5	\$ -	\$ 17
Total								
Pass	\$ 44,317	\$ 118,574	\$ 110,662	\$ 94,124	\$ 54,951	\$ 32,298	\$ 16,821	\$ 471,747
Special mention	-	891	143	363	-	450	-	1,847
Substandard	-	1,318	155	43	50	139	225	1,930
Total	\$ 44,317	\$ 120,783	\$ 110,960	\$ 94,530	\$ 55,001	\$ 32,887	\$ 17,046	\$ 475,524
Current period gross charge-offs	\$ -	\$ 7	\$ 533	\$ 3	\$ 463	\$ 5	\$ -	\$ 1,011

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The following tables present an aging analysis of past due loans, segregated by class of loans, as of September 30, 2024 and June 30, 2024:

September 30, 2024	30-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due <i>(In Thousands)</i>	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
Real Estate Loans:							
One-to-Four Family Residential	\$ 691	\$ 688	\$ 1,474	\$ 2,853	\$ 174,875	\$ 177,728	\$ 329
Commercial	117	-	-	117	140,437	140,554	-
Multi-Family Residential	-	-	-	-	34,388	34,388	-
Land	-	-	-	-	28,257	28,257	-
Construction	-	-	-	-	7,848	7,848	-
Equity and Second Mortgage	11	-	58	69	2,533	2,602	-
Equity Lines of Credit	73	-	225	298	18,506	18,804	-
Commercial Loans	105	-	62	167	47,049	47,216	-
Consumer Loans	16	-	-	16	1,416	1,432	-
Total	\$ 1,013	\$ 688	\$ 1,819	\$ 3,520	\$ 455,309	\$ 458,829	\$ 329

June 30, 2024	30-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due <i>(In Thousands)</i>	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
Real Estate Loans:							
One-to-Four Family Residential	\$ 599	\$ 720	\$ 1,189	\$ 2,508	\$ 175,839	\$ 178,347	\$ 116
Commercial	-	-	-	-	143,460	143,460	-
Multi-Family Residential	-	-	-	-	37,092	37,092	-
Land	-	-	-	-	30,737	30,737	-
Construction	-	-	-	-	15,704	15,704	-
Equity and Second Mortgage	-	-	15	15	2,619	2,634	-
Equity Lines of Credit	57	-	225	282	16,764	17,046	-
Commercial Loans	-	-	90	90	49,166	49,256	-
Consumer Loans	5	-	-	5	1,243	1,248	-
Total	\$ 661	\$ 720	\$ 1,519	\$ 2,900	\$ 472,624	\$ 475,524	\$ 116

There was no interest income recognized on non-accrual loans during the three months ended September 30, 2024 or the year ended June 30, 2024. If the non-accrual loans had been accruing interest at their original contracted rates, gross interest income that would have been recorded for the three months ended September 30, 2024 and the year ended June 30, 2024 was approximately \$24,000 and \$96,000, respectively.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The change in the allowance for credit losses by loan portfolio class and recorded investment in loans for the three months ended September 30, 2024 and year ended June 30, 2024 was as follows:

Real Estate Loans									
September 30, 2024	1-4 Family Residential	Commercial	Multi-Family	Land	Construction	Home Equity Loans and Lines of Credit	Commercial Loans	Consumer Loans	Total
<i>(In Thousands)</i>									
Allowance for credit losses:									
Beginning Balances	\$ 2,346	\$ 1,088	\$ 130	\$ 175	\$ 103	\$ 165	\$ 548	\$ 19	\$ 4,574
Recoveries	350	-	-	1	-	1	-	-	352
Current Provision	(7)	(28)	(10)	(19)	(51)	12	(125)	5	(223)
Ending Balances	<u>\$ 2,689</u>	<u>\$ 1,060</u>	<u>\$ 120</u>	<u>\$ 157</u>	<u>\$ 52</u>	<u>\$ 178</u>	<u>\$ 423</u>	<u>\$ 24</u>	<u>\$ 4,703</u>

Real Estate Loans									
June 30, 2024	1-4 Family Residential	Commercial	Multi-Family	Land	Construction	Home Equity Loans and Lines of Credit	Commercial Loans	Consumer Loans	Total
<i>(In Thousands)</i>									
Allowance for credit losses:									
Beginning Balances	\$ 1,900	\$ 1,673	\$ 228	\$ 274	\$ 254	\$ 251	\$ 588	\$ 5	\$ 5,173
Impact of ASU 2016-13	688	(119)	(139)	(85)	(44)	30	24	4	359
Charge-Offs	(946)	-	-	(7)	-	-	(41)	(17)	(1,011)
Recoveries	4	-	-	1	-	7	-	1	13
Current Provision	700	(466)	41	(8)	(107)	(123)	(23)	26	40
Ending Balances	<u>\$ 2,346</u>	<u>\$ 1,088</u>	<u>\$ 130</u>	<u>\$ 175</u>	<u>\$ 103</u>	<u>\$ 165</u>	<u>\$ 548</u>	<u>\$ 19</u>	<u>\$ 4,574</u>

HOME FEDERAL BANCORP, INC. OF LOUISIANA**Notes to Consolidated Financial Statements****3. Loans Receivable (continued)****Credit Quality Indicators (continued)**

The Company held loans that were individually evaluated for credit losses at September 30, 2024 and June 30, 2024 for which the repayment, on the basis of our assessment at the reporting date, is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. The ACL for these collateral-dependent loans is primarily based on the fair value of the underlying collateral at the reporting date. The following describes the types of collateral that secure collateral dependent loans:

- One-to four-family first mortgages are primarily secured by first liens on residential real estate.
- Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, retail shopping facilities and various special purpose properties, including self-storage facilities, hotels and restaurants.
- Multi-family loans are primarily secured by residential property that include five or more housing units.
- Construction and land loans are primarily secured by residential and commercial properties, which are under construction and/or redevelopment, and by raw land.
- Home equity loans and lines are primarily secured by first and junior liens on residential real estate.
- Commercial and industrial loans considered collateral dependent are primarily secured by accounts receivable, inventory and equipment.
- Consumer loans considered collateral dependent are primarily secured by titled vehicles.

The following tables present loans individually evaluated for impairment, segregated by class of loans, as of September 30, 2024 and June 30, 2024:

September 30, 2024	<u>Loan Balance</u>	<u>Specific Allocations</u>
	<i>(In Thousands)</i>	
Real Estate Loans:		
One-to-Four Family Residential	\$ 2,624	\$ 73
Commercial	139	5
Land	126	4
Equity and Second Mortgage	58	3
Equity Lines of Credit	225	-
Commercial Loans	67	2
Consumer Loans	<u>66</u>	<u>4</u>
Total	\$ 3,305	\$ 91

June 30, 2024	<u>Loan Balance</u>	<u>Specific Allocations</u>
	<i>(In Thousands)</i>	
Real Estate Loans:		
One-to-Four Family Residential	\$ 2,693	\$ 77
Commercial	122	5
Land	145	5
Home Equity Loans and Lines of Credit	283	3
Commercial Loans	74	2
Consumer Loans	<u>72</u>	<u>4</u>
Total	\$ 3,389	\$ 96

The Bank has no commitments to loan additional funds to borrowers whose loans were previously in non-accrual status. As of September 30, 2024, there were no residential loans in the process of foreclosure.

As of September 30, 2024, there were no loans whose terms were modified for borrowers who may be experiencing financial difficulties.

At September 30, 2024 and June 30, 2024, accrued interest receivable on loans was \$1.6 million and \$1.8 million, respectively, and included within accrued interest receivable on the consolidated balance sheets.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

4. Deposits

Deposits at September 30, 2024 and June 30, 2024 consist of the following classifications:

	September 30, 2024	June 30, 2024
	<i>(In Thousands)</i>	
Non-Interest Bearing	\$ 133,293	\$ 130,334
NOW Accounts	68,475	66,613
Money Markets	79,643	85,525
Passbook Savings	85,802	76,643
	<u>367,213</u>	<u>359,115</u>
Certificates of Deposit	<u>197,347</u>	<u>214,892</u>
Total Deposits	\$ <u>564,560</u>	\$ <u>574,007</u>

5. Earnings Per Share

Basic earnings per common share is computed based on the weighted average number of shares outstanding. Diluted earnings per share is computed based on the weighted average number of shares outstanding and common share equivalents that would arise from the exercise of dilutive securities. Earnings per share for the three months ended September 30, 2024 and 2023 were calculated as follows:

	Three Months Ended September 30,	
	2024	2023
	<i>(In Thousands, Except Per Share Data)</i>	
Net income	\$ 941	\$ 1,220
Weighted average shares outstanding – basic	3,058	3,029
Effect of dilutive common stock equivalents	14	79
Adjusted weighted average shares outstanding – diluted	<u>3,072</u>	<u>3,108</u>
Basic earnings per share	\$ 0.31	\$ 0.40
Diluted earnings per share	\$ 0.31	\$ 0.39

For the three months ended September 30, 2024 and 2023, there were outstanding options to purchase 317,852 and 364,916 shares, respectively, at a weighted average exercise price of \$11.85 and \$11.65 per share, respectively. For the quarter ended September 30, 2024 and 2023, 13,430 options and 79,237 options, respectively, were included in the computation of diluted earnings per share.

The following table presents the components of weighted average outstanding shares for purposes of calculating earnings per share:

	Three Months Ended September 30,	
	2024	2023
	<i>(In Thousands)</i>	
Average common shares issued	6,125	6,125
Average unearned ESOP shares	(79)	(102)
Average Company stock purchased	<u>(2,988)</u>	<u>(2,994)</u>
Weighted average shares outstanding	<u>3,058</u>	<u>3,029</u>

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

6. Stock-Based Compensation

Stock Incentive Plans

On November 12, 2014, the stockholders of the Company approved the adoption of the Company's 2014 Stock Incentive Plan (the "2014 Stock Incentive Plan") for the benefit of employees and non-employee directors as an incentive to contribute to the success of the Company and reward employees for outstanding performance and the attainment of targeted goals. The 2014 Stock Incentive Plan covers a total of 300,000 shares (as adjusted), of which no more than 74,000 shares (as adjusted), or 25% of the plan, may be share awards. The balance of the plan is reserved for stock option awards which would total 225,000 stock options (as adjusted), assuming all the share awards are issued. All incentive stock options granted under the 2014 Stock Incentive Plan are intended to comply with the requirements of Section 422 of the Internal Revenue Code. The 2014 Stock Incentive Plan terminated on August 13, 2024, however, the 140,600 outstanding options as of September 30, 2024 will remain in effect for the remainder of their original ten year term.

On November 13, 2019, the stockholders of the Company approved the adoption of the Company's 2019 Stock Incentive Plan (the "2019 Stock Incentive Plan," together with the 2014 Stock Incentive Plan, the "Stock Incentive Plans") which provides for a total of 250,000 shares (as adjusted) reserved for future issuance as stock awards or stock options. No more than 62,500 shares (as adjusted), or 25%, may be granted as stock awards. The balance of the plan is reserved for stock option awards. The Stock Incentive Plans costs are recognized over the five year vesting period. As of September 30, 2023, there are no plan share awards and 800 stock options available for future grants under the 2019 Stock Incentive Plan.

For both the three months ended September 30, 2024 and 2023, compensation expense charged to operations for stock options granted under the Stock Incentive Plans was \$26,000.

7. Related Party Transactions

Certain directors and executive officers were indebted to the Bank in the approximate aggregate amount of \$ 4.3 million at September 30, 2024 and June 30, 2024.

8. Fair Value Disclosures

The following disclosure is made in accordance with the requirements of ASC 825, *Financial Instruments*. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. In cases where quoted market prices are not available, fair values have been estimated using the present value of future cash flows or other valuation techniques. The results of these techniques are highly sensitive to the assumptions used, such as those concerning appropriate discount rates and estimates of future cash flows, which require considerable judgment. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current settlement of the underlying financial instruments.

ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. These disclosures should not be interpreted as representing an aggregate measure of the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating fair values of financial instruments:

Cash and Cash Equivalents

The carrying amount approximates the fair value of cash and cash equivalents.

Investment Securities

Fair values for investment securities, including mortgage-backed securities, are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The carrying values of restricted or non-marketable equity securities approximate their fair values. The carrying amount of accrued investment income approximates its fair value.

HOME FEDERAL BANCORP, INC. OF LOUISIANA**Notes to Consolidated Financial Statements****8. Fair Value Disclosures (continued)****Mortgage Loans Held-for-Sale**

Because these loans are normally disposed of within ninety days of origination, their carrying value closely approximates the fair value of such loans.

Loans Receivable

For variable-rate loans that re-price frequently and with no significant changes in credit risk, fair value approximates the carrying value. Fair values for other loans are estimated using the discounted value of expected future cash flows. Interest rates used are those being offered currently for loans with similar terms to borrowers of similar credit quality. The carrying amount of accrued interest receivable approximates its fair value.

Deposit Liabilities

The fair values for demand deposit accounts are, by definition, equal to the amount payable on demand at the reporting date, that is, their carrying amounts. Fair values for other deposit accounts are estimated using the discounted value of expected future cash flows. The discount rate is estimated using the rates currently offered for deposits of similar maturities.

Advances from Federal Home Loan Bank

The carrying amount of short-term borrowings approximates their fair value. The fair value of long-term debt is estimated using discounted cash flow analyses based on current incremental borrowing rates for similar borrowing arrangements.

Off-Balance Sheet Credit-Related Instruments

Fair values for outstanding mortgage loan commitments to lend are based on fees currently charged to enter into similar agreements, taking into account the remaining term of the agreements, customer credit quality, and changes in lending rates.

The fair value of interest rate floors and caps contained in some loan servicing agreements and variable rate mortgage loan contracts are considered immaterial within the context of fair value disclosure requirements. Accordingly, no fair value estimate is provided for these instruments.

At September 30, 2024 and June 30, 2024, the carrying amount and estimated fair values of the Company's financial instruments were as follows:

	September 30, 2024		June 30, 2024	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	<i>(In Thousands)</i>			
Financial Assets				
Cash and Cash Equivalents	\$ 41,044	\$ 41,044	\$ 34,948	\$ 34,948
Securities Available-for-Sale	29,934	29,934	27,037	27,037
Securities to be Held-to-Maturity	65,800	56,584	67,302	54,450
Other Securities	1,633	1,633	1,614	1,614
Loans Held-for-Sale	2,268	2,268	1,733	1,733
Loans Receivable	454,039	419,441	470,852	437,845
Financial Liabilities				
Deposits	\$ 564,560	\$ 562,727	\$ 574,007	\$ 572,159
Other Borrowings	5,500	5,500	7,000	7,000
Off-Balance Sheet Items				
Mortgage Loan Commitments	\$ 13,644	\$ 13,644	\$ 14,748	\$ 14,748

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

8. Fair Value Disclosures (continued)

The Company follows the guidance of FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 affirms a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 was issued to establish a uniform definition of fair value. The definition of fair value is market-based as opposed to company-specific and includes the following:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in either case, through an orderly transaction between market participants at a measurement date and establishes a framework for measuring fair value;
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date;
- Nullifies the guidance in EITF 02-3, which required the deferral of profit at inception of a transaction involving a derivative financial instrument in the absence of observable data supporting the valuation technique;
- Eliminates large position discounts for financial instruments quoted in active markets and requires consideration of the company's creditworthiness when valuing liabilities; and
- Expands disclosures about instruments that are measured at fair value.

The standard establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy favors the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Fair value is based upon quoted prices unadjusted for identical assets or liabilities in active markets in which the Company can participate.
- Level 2 – Fair value is based upon (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Fair value is based upon inputs that are unobservable for the asset or liability. These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs are adjusted if information indicates that market participants would use different assumptions.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used during the three months ended September 30, 2024.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Notes to Consolidated Financial Statements

8. Fair Value Disclosures (continued)

Fair values of assets and liabilities measured on a recurring basis at September 30, 2024 and June 30, 2024 are as follows:

September 30, 2024	Fair Value Measurements			
	(Level 1)	(Level 2)	(Level 3)	Total
	(In Thousands)			
Available-for-Sale Debt Securities				
FHLMC	\$ -	\$ 6,839	\$ -	\$ 6,839
FNMA	-	18,427	-	18,427
GNMA	-	3,310	-	3,310
US Treasury Notes	-	990	-	990
Municipal Bonds	-	368	-	368
Total	\$ -	\$ 29,934	\$ -	\$ 29,934

June 30, 2024	Fair Value Measurements			
	(Level 1)	(Level 2)	(Level 3)	Total
	(In Thousands)			
Available-for-Sale Debt Securities				
FHLMC	\$ -	\$ 5,950	\$ -	\$ 5,950
FNMA	-	15,474	-	15,474
GNMA	-	3,247	-	3,247
US Treasury Notes	-	2,000	-	2,000
Municipal Bonds	-	366	-	366
Total	\$ -	\$ 27,037	\$ -	\$ 27,037

Fair values of assets and liabilities measured on a non-recurring basis at September 30, 2024 and June 30, 2024 are as follows:

September 30, 2024	Fair Value Measurements			
	(Level 1)	(Level 2)	(Level 3)	Total
	(In Thousands)			
Assets:				
Impaired Loans, Net of Allowance	\$ -	\$ -	\$ 1,792	\$ 1,792
Other Real Estate Owned, Net of Allowance	\$ -	\$ -	\$ 122	\$ 122
Total	\$ -	\$ -	\$ 1,914	\$ 1,914

June 30, 2024	Fair Value Measurements			
	(Level 1)	(Level 2)	(Level 3)	Total
	(In Thousands)			
Assets:				
Impaired Loans, Net of Allowance	\$ -	\$ -	\$ 1,970	\$ 1,970
Other Real Estate Owned, Net of Allowance	\$ -	\$ -	\$ 418	\$ 418
Total	\$ -	\$ -	\$ 2,388	\$ 2,388

HOME FEDERAL BANCORP, INC. OF LOUISIANA**Notes to Consolidated Financial Statements****9. Leases**

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Substantially all of the leases in which the Company is the lessee are comprised of real estate property for branches with terms extending through 2058. Substantially all of the Company's leases are classified as operating leases, and therefore, were previously not recognized on the Company's consolidated statements of condition. Right-of-use ("ROU") assets and corresponding lease liabilities are recognized on the consolidated statements of condition under other assets and other accrued expenses and liabilities, respectively.

At September 30, 2024 and June 30, 2024, the carrying amounts of the ROU assets and corresponding lease liabilities were as follows:

<i>(In Thousands)</i>		<u>September 30, 2024</u>	<u>June 30, 2024</u>
Lease Right-of-Use Assets	Classification		
Operating lease right-of-use assets	Other Assets	\$ 810	\$ 818
Total Lease Right-of-Use Assets		<u>\$ 810</u>	<u>\$ 818</u>
Lease Liabilities			
Operating lease liabilities	Other Accrued Expenses and Liabilities	\$ 860	\$ 861
Total Lease Liabilities		<u>\$ 860</u>	<u>\$ 861</u>

The calculated amount of the ROU assets and lease liabilities in the table above are impacted by the length of the lease term and the discount rate used to present value the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion. If at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability. Regarding the discount rate, Topic 842 requires the use of the rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Company utilizes its incremental borrowing rate at lease inception, on a collateralized basis, over a similar term.

	<u>September 30, 2024</u>	<u>June 30, 2024</u>
Weighted-average remaining lease term		
Operating leases	34.1 years	34.4 years
Weighted-average discount rate		
Operating leases	3.00%	3.00%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**General**

The Company's results of operations are primarily dependent on the results of Home Federal Bank (the "Bank"), its wholly owned subsidiary. The Bank's results of operations depend, to a large extent, on net interest income, which is the difference between the income earned on its loan and investment portfolios and the cost of funds, consisting of the interest paid on deposits and borrowings. Results of operations are also affected by provisions for loan losses and loan sale activities. Non-interest expense principally consists of compensation and employee benefits, office occupancy and equipment expense, data processing, and other expenses. Our results of operations are also significantly affected by general economic and competitive conditions, particularly changes in interest rates, government policies, and actions of regulatory authorities. Future changes in applicable law, regulations, or government policies may materially impact our financial condition and results of operations.

The Bank operates from its main office in Shreveport, Louisiana and ten full-service branch offices located in Shreveport, Bossier City, Benton and Minden, Louisiana. The Company's primary market area is the Shreveport-Bossier City-Minden combined statistical area.

Critical Accounting Policies

The accounting and financial reporting policies of the Company conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry. Accordingly, the consolidated financial statements require certain estimates, judgments, and assumptions, which are believed to be reasonable, based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the periods presented. Critical accounting policies comprise those that management believes are the most critical to aid in fully understanding and evaluating our reported financial results. These policies require numerous estimates or economic assumptions that may prove inaccurate or may be subject to variations which may significantly affect our reported results and financial condition for the period or in future periods.

There were no changes made to the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2024 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Allowance for Credit Losses. The Company has identified the calculation of the allowance for credit losses as a critical accounting policy, due to the higher degree of judgment and complexity than its other significant accounting policies.

Income Taxes. Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various assets and liabilities and gives current recognition to changes in tax rates and laws. The realization of our deferred tax assets principally depends upon our achieving projected future taxable income. We may change our judgments regarding future profitability due to future market conditions and other factors. We may adjust our deferred tax asset balances, if our judgments change.

Discussion of Financial Condition Changes from June 30, 2024 to September 30, 2024General

At September 30, 2024, the Company reported total assets of \$628.4 million, a decrease of \$9.1 million, or 1.4%, compared to total assets of \$637.5 million at June 30, 2024. The decrease in assets was comprised of decreases in net loans receivable of \$16.8 million, or 3.6%, from \$470.9 million at June 30, 2024 to \$454.0 million at September 30, 2024, real estate owned of \$296,000, or 70.8% from \$418,000 at June 30, 2024 to \$122,000 at September 30, 2024, premises and equipment of \$238,000, or 1.3%, from \$18.3 million at June 30, 2024 to \$18.1 million at September 30, 2024, core deposit intangible of \$74,000, or 6.2%, from \$1.2 million at June 30, 2024 to \$1.1 million at September 30, 2024, and accrued interest receivable of \$14,000, or 0.8%, from \$1.78 million at June 30, 2024 to \$1.76 million at September 30, 2024, partially offset by increases in cash and cash equivalents of \$6.1 million, or 17.4%, from \$34.9 million at June 30, 2024 to \$41.0 million at September 30, 2024, investment securities of \$1.4 million, or 1.5%, from \$96.0 million at June 30, 2024 to \$97.4 million at September 30, 2024, loans-held-for-sale of \$535,000, or 30.9%, from \$1.7 million at June 30, 2024 to \$2.3 million at September 30, 2024, other assets of \$224,000, or 16.6%, from \$1.4 million at June 30, 2024 to \$1.6 million at September 30, 2024, deferred tax asset of \$29,000, or 2.5%, from \$1.18 million at June 30, 2024 to \$1.21 million at September 30, 2024, and bank owned life insurance of \$29,000, or 0.4%, from \$6.81 million at June 30, 2024 to \$6.84 million at September 30, 2024. The increase in investment securities was primarily due to \$4.0 million in security purchases and a \$1.3 million reduction in unrealized losses on available for sale securities, partially offset by \$3.5 million in principal payments.

Cash and Cash Equivalents

Cash and cash equivalents increased \$6.1 million, or 17.4%, from \$34.9 million at June 30, 2024 to \$41.0 million at September 30, 2024. The increase in cash and cash equivalents was primarily due to decreases in loans receivable.

Loans Receivable, Net

Loans receivable, net, decreased by \$16.8 million, or 3.6%, to \$454.0 million at September 30, 2024 compared to \$470.9 million at June 30, 2024. The decrease in loans receivable, net was primarily due to decreases in construction loans of \$7.9 million, commercial real estate loans of \$2.9 million, multi-family residential loans of \$2.7 million, land loans of \$2.5 million, commercial non-real estate loans of \$2.0 million, one-to-four-family residential loans of \$619,000, and equity and second mortgage loans of \$32,000, partially offset by decreases in equity line-of-credit loans of \$1.8 million and consumer loans of \$184,000.

Loans Held-for-Sale

Loans held-for-sale increased \$535,000, from \$1.7 million at June 30, 2024 to \$2.3 million at September 30, 2024. The increase in loans held-for-sale results primarily from the increase in the origination volume during the first three months of fiscal year end 2025.

Investment Securities

Investment securities amounted to \$97.4 million at September 30, 2024, compared to \$96.0 million at June 30, 2024, an increase of \$1.4 million, or 1.5%. The increase in investment securities was primarily due to security purchases of \$4.0 million and a \$1.3 decrease in market value losses on available-for-sale securities, partially offset by \$3.5 million principal repayments on mortgage backed securities.

Discussion of Financial Condition Changes from June 30, 2024 to September 30, 2024 (continued)Premises and Equipment, Net

Premises and equipment, net decreased \$238,000, or 1.3%, to \$18.1 million at September 30, 2024 compared to \$18.3 million at June 30, 2024.

Asset Quality

At September 30, 2024, the Company had \$1.9 million of non-performing assets (defined as non-accruing loans, accruing loans 90 days or more past due, and other real estate owned) compared to \$1.9 million on non-performing assets at June 30, 2024, consisting of two commercial non-real estate loans, five single-family residential loans, four home equity line-of-credit loans, and one single-family residence in other real estate owned at September 30, 2024, compared to five single-family residential loans, three commercial non-real estate loans, four home equity line-of-credit loans and three single-family residences in other real estate owned at June 30, 2024. At September 30, 2024 the Company had five commercial non-real-estate loans, one commercial real-estate loan, six single family residential loans, four home-equity line-of-credit loans, and one auto loan classified as substandard, compared to six single family residential loans, five commercial non-real-estate loans, four home equity line-of-credit loans and one auto loan classified as substandard at June 30, 2024. There were no loans classified as doubtful at September 30, 2024 or June 30, 2024.

Total Liabilities

Total liabilities decreased \$10.6 million, or 1.8%, from \$584.7 million at June 30, 2024 to \$574.1 million at September 30, 2024. The decrease in liabilities was comprised of decreases in total deposits of \$9.4 million, or 1.6%, from \$574.0 million at June 30, 2024 to \$564.6 million at September 30, 2024, and other borrowings of \$1.5 million, or 21.4%, from \$7.0 million at June 30, 2024 to \$5.5 million at September 30, 2024, partially offset by increases in other accrued expenses and liabilities of \$252,000, or 7.9%, from \$3.2 million at June 30, 2024 to \$3.4 million at September 30, 2024, and advances from borrowers for taxes and insurance of \$123,000, or 23.6%, from \$521,000 at June 30, 2024 to \$644,000 at September 30, 2024. The decrease in deposits resulted from decreases in certificates of deposit of \$17.5 million, or 8.2%, from \$214.9 million at June 30, 2024 to \$197.3 million at September 30, 2024, and money market deposits of \$5.9 million, or 6.9%, from \$85.5 million at June 30, 2024 to \$79.6 million at September 30, 2024, partially offset by increases in savings deposits of \$9.2 million, or 12.0%, from \$76.6 million at June 30, 2024 to \$85.8 million at September 30, 2024, non-interest deposits of \$3.0 million, or 2.3%, from \$130.3 million at June 30, 2024 to \$133.3 million at September 30, 2024, and NOW accounts of \$1.9 million, or 2.8%, from \$66.6 million at June 30, 2024 to \$68.5 million at September 30, 2024. The Company had no balances in brokered deposits at September 30, 2024 or June 30, 2024.

Stockholders' Equity

Stockholders' equity increased \$1.5 million, or 2.8%, from \$52.8 million at June 30, 2024 to \$54.3 million at September 30, 2024. The increase in stockholders' equity was comprised of net income for the three month period of \$941,000, the vesting of restricted stock awards, stock options, and the release of employee stock ownership plan shares totaling \$93,000, proceeds from the issuance of common stock from the exercise of stock options of \$19,000, and a decrease in the Company's accumulated other comprehensive loss of \$1.0 million, partially offset by dividends paid totaling \$409,000, and stock repurchases of \$182,000.

Discussion of Financial Condition Changes from June 30, 2024 to September 30, 2024 (continued)Regulatory Capital

The Bank is required to meet minimum capital standards promulgated by the Office of the Comptroller of the Currency ("OCC"). At September 30, 2024, Home Federal Bank's regulatory capital was well in excess of the minimum capital requirements. At September 30, 2024, Home Federal Bank exceeded each of its capital requirements with common equity tier 1, tier 1 capital, total capital, leverage, and tangible capital ratios of 13.19%, 13.19%, 14.29%, 9.02%, and 9.02%, respectively.

Comparison of Operating Results for the Three Months Ended September 30, 2024 and 2023General

The decrease in net income for the three months ended September 30, 2024, compared to the same period in 2023, resulted from a decrease in net interest income of \$857,000, or 16.2%, and a decrease in non-interest income of \$134,000, or 30.9%, partially offset by a decrease in non-interest expense of \$177,000, or 4.2%, a decrease in provision for income taxes of \$312,000, or 100.6%, and a recovery in the provision for credit losses of \$223,000.

Net Interest Income

The decrease in net interest income for the three months ended September 30, 2024, compared to the same period in 2023, resulted from an increase in total interest expense of \$524,000, or 18.8%, and a decrease in total interest income of \$333,000, or 4.1%. The Company's average interest rate spread was 2.23% for the three months ended September 30, 2024, compared to 2.68% for the three months ended September 30, 2023. The Company's net interest margin was 2.98% for the three months ended September 30, 2024, compared to 3.37% for the three months ended September 30, 2023.

Provision for Credit Losses

The \$223,000 recovery in the provision for credit losses for the three months ended September 30, 2024 over the three months ended September 30, 2023 was due to a decrease in loans receivable, net.

HOME FEDERAL BANCORP, INC. OF LOUISIANA**Comparison of Operating Results for the Three Months Ended September 30, 2024 and 2023 (continued)**Non-interest Income

The \$134,000 decrease in non-interest income for the three months ended September 30, 2024, compared to the same period in 2023, resulted from an increase in loss on sale of real estate of \$220,000, partially offset by an increase in gain on sale of loans of \$58,000, an increase in other non-interest income of \$26,000, and an increase in income on bank owned life insurance of \$2,000.

Non-interest Expense

The \$177,000 decrease in non-interest expense for the three months ended September 30, 2024, compared to the same period in 2023, resulted from decreases in advertising expense of \$86,000, compensation and benefits expense of \$54,000, professional fees of \$43,000, loan and collection expense of \$32,000, data processing expense of \$26,000, amortization of core deposit intangible expense of \$20,000, and deposit insurance premium expense of \$1,000, partially offset by increases in audit and examination fees of \$30,000, other non-interest expense of \$28,000, occupancy and equipment expense of \$15,000, and franchise and bank shares tax expense of \$12,000.

The decrease in other non-operating expense was primarily due to communication expense, correspondent bank fees, and fraud expense related to deposit checking accounts. The aggregate compensation expense recognized by the Company for its Stock Options, Share Awards and employee stock ownership plan, amounted to \$122,000 and \$132,000 for the three months ended September 30, 2024 and September 30, 2023, respectively.

The Louisiana bank shares tax is assessed on the Bank's equity and earnings. For the three months ended September 30, 2024, the Company recognized franchise and bank shares tax expense of \$168,000 compared to \$156,000, for the same period in 2023.

Income Taxes

The \$2,000 recovery for income taxes for the three months ended September 30, 2024, was due to an audit adjustment for the year ending June 30, 2024. Income taxes amounted to \$310,000 for the three months ended September 30, 2023, resulting in an effective tax rate of 20.3%.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Comparison of Operating Results for the Three Months Ended September 30, 2024 and 2023 (continued)

Average Balances, Net Interest Income, Yields Earned, and Rates Paid. The following tables show for the periods indicated the total dollar amount of interest from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Tax-exempt income and yields have not been adjusted to a tax-equivalent basis. All average balances are based on monthly balances. Management does not believe that the monthly averages differ significantly from what the daily averages would be.

	Three Months Ended September 30,					
	2024			2023		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
	(Dollars In Thousands)					
Interest-earning assets:						
Loans receivable	\$ 466,170	\$ 6,895	5.87%	\$ 498,242	\$ 7,274	5.79%
Investment securities	96,749	510	2.09	113,584	623	2.18
Interest-earning deposits	25,617	336	5.20	10,066	177	6.98
Total interest-earning assets	588,536	7,741	5.22%	621,892	8,074	5.15%
Non-interest-earning assets	39,968			40,584		
Total assets	\$ 628,504			\$ 662,476		
Interest-bearing liabilities:						
Savings accounts	\$ 82,556	336	1.61%	\$ 78,572	75	0.38%
NOW accounts	72,787	201	1.10	55,900	67	0.48
Money market accounts	75,216	449	2.37	108,891	621	2.26
Certificate accounts	204,019	2,211	4.30	194,785	1,829	3.73
Total interest-bearing deposits	434,578	3,197	2.92	438,148	2,592	2.35
Other Borrowings	5,989	117	7.75	8,654	183	8.39
FHLB advances	-	-	-	1,138	15	5.23
Total interest-bearing liabilities	\$ 440,567	3,314	2.98%	\$ 447,940	2,790	2.47%
Non-interest-bearing liabilities:						
Non-interest-bearing demand accounts	131,407			158,973		
Other liabilities	4,926			4,384		
Total liabilities	576,900			611,297		
Total Stockholders' Equity(1)	51,604			51,179		
Total liabilities and stockholders' equity	\$ 628,504			\$ 662,476		
Net interest-earning assets	\$ 147,969			\$ 173,952		
Net interest income; average interest rate spread(2)		\$ 4,427	2.23%		\$ 5,284	2.68%
Net interest margin(3)			2.98%			3.37%
Average interest-earning assets to average interest-bearing liabilities			133.59%			138.83%

(1) Includes retained earnings and accumulated other comprehensive loss.

(2) Interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average rate on interest-bearing liabilities.

(3) Net interest margin is net interest income divided by net average interest-earning assets.

Liquidity and Capital Resources

The Bank maintains levels of liquid assets deemed adequate by management. The Bank adjusts its liquidity levels to fund deposit outflows, repay its borrowings, and to fund loan commitments. The Bank also adjusts liquidity as appropriate to meet asset and liability management objectives.

The Bank's primary sources of funds are deposits, amortization and prepayment of loans and mortgage-backed securities, maturities of investment securities and other short-term investments, loan sales, and earnings and funds provided from operations. While scheduled principal repayments on loans and mortgage-backed securities are a relatively predictable source of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. The Bank sets the interest rates on its deposits to maintain a desired level of total deposits. In addition, the Bank invests excess funds in short-term interest-earning accounts and other assets which provide liquidity to meet lending requirements. The Bank's deposit accounts with the Federal Home Loan Bank of Dallas amounted to \$1.4 million at September 30, 2024.

A significant portion of the Bank's liquidity consists of securities classified as available-for-sale and cash and cash equivalents. The Bank's primary sources of cash are net income, principal repayments on loans and mortgage-backed securities, and increases in deposit accounts. If the Bank requires funds beyond its ability to generate them internally, borrowing agreements exist with the Federal Home Loan Bank of Dallas which provides an additional source of funds. At September 30, 2024, The Bank had no advances from the Federal Home Loan Bank of Dallas and had \$179.4 million in borrowing capacity. Additionally, at September 30, 2024, the Bank was a party to a Master Purchase Agreement with First National Bankers Bank whereby Home Federal Bank may purchase Federal Funds from First National Bankers Bank in an amount not to exceed \$20.4 million. There were no amounts purchased under this agreement as of September 30, 2024. In addition, the Company had available an \$11.0 million line of credit agreement at September 30, 2024 with First National Bankers Bank. At September 30, 2024, there was an \$5.5 million balance in the credit line.

At September 30, 2024, the Bank had outstanding loan commitments of \$35.7 million to originate loans and commitments under unused lines of credit of \$13.6 million. At September 30, 2024, certificates of deposit scheduled to mature in less than one year totaled \$167.7 million. Based on prior experience, management believes that a significant portion of such deposits will remain with us, although there can be no assurance that this will be the case. In addition, the cost of such deposits could be significantly higher upon renewal in a rising interest rate environment. The Bank intends to utilize its high levels of liquidity to fund its lending activities. If additional funds are required to fund lending activities, Home Federal Bank intends to sell its securities classified as available-for-sale, as needed.

At September 30, 2024, Home Federal Bank exceeded each of its capital requirements with common equity tier 1, tier 1 capital, total capital, leverage, and tangible capital ratios of 13.19%, 13.19%, 14.29%, 9.02%, and 9.02%, respectively.

Off-Balance Sheet Arrangements

At September 30, 2024, the Company did not have any off-balance sheet arrangements as defined by Securities and Exchange Commission rules.

Impact of Inflation and Changing Prices

The financial statements and related financial data presented herein have been prepared in accordance with instructions to Form 10-Q which require the measurement of financial position and operating results in terms of historical dollars without considering changes in relative purchasing power over time due to inflation.

Unlike most industrial companies, virtually all of the Company's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on a financial institution's performance than does the effect of inflation.

Forward-Looking Statements

This Form 10-Q contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management, as well as assumptions made by and information currently available to management. In addition, in those and other portions of this document the words “anticipate”, “believe”, “estimate”, “except”, “intend”, “should”, and similar expressions, or the negative thereof, as they relate to the Company or the Company’s management are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future looking events and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary from those described herein as anticipated, believed, estimated, expected, or intended. The Company does not intend to update these forward-looking statements.

In addition to factors previously disclosed in the reports filed by the Company with the Securities and Exchange Commission and those identified elsewhere in this Form 10-Q, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: the strength of the United States economy in general and the strength of the local economies in which the Company conducts its operations; general economic conditions; legislative and regulatory changes; monetary and fiscal policies of the federal government; changes in tax policies, rates and regulations of federal, state and local tax authorities including the effects of the Tax Reform Act; changes in interest rates, deposit flows, the cost of funds, demand for loan products and the demand for financial services, competition, changes in the quality or composition of the Company’s loans, investment and mortgage-backed securities portfolios; geographic concentration of the Company’s business; fluctuations in real estate values; the adequacy of loan loss reserves; the risk that goodwill and intangibles recorded in the Company’s financial statements will become impaired; changes in accounting principles, policies or guidelines and other economic, competitive, governmental and technological factors affecting the Company’s operations, markets, products, services and fees.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosures Controls and Procedures. Under the supervision and with the participation of our management including our President and Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial officer), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the applicable time periods specified by the Securities and Exchange Commission’s rules and forms.

Changes in Internal Control over Financial Reporting. There has been no change in the Company’s internal control over financial reporting during the Company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

PART II

ITEM 1. LEGAL PROCEEDINGS

The Company is not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business which involve amounts in the aggregate believed by management to be immaterial to the financial condition of the Company.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

- (a) Not applicable.
- (b) Not applicable.
- (c) Purchases of Equity Securities

The table below sets forth the Company's repurchases any of its common stock during the quarter ended September 30, 2024, including stock-for-stock option exercises.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (a)
July 1, 2024 – July 31, 2024	--	\$ --	--	21,035
August 1, 2024 – August 31, 2024	--	--	--	21,035
September 1, 2024 – September 30, 2024	12,500	12.75	12,500	8,535
Total	12,500	\$ 12.75	12,500	8,535

Notes to this table:

- (a) On March 7, 2024, the Company announced that its Board of Directors approved the twelfth stock repurchase program for the repurchase of up to 60,000 shares. The twelfth stock repurchase program does not have an expiration date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

No.	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.0	Certification Pursuant to 18 U.S.C Section 1350
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

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

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Date: November 13, 2024

By: /s/ Glen W. Brown

Glen W. Brown

Senior Vice President and Chief Financial Officer

*(Duly authorized officer and principal financial and
accounting officer)*

CERTIFICATIONS

I, James R. Barlow, Chairman of the Board, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Home Federal Bancorp, Inc. of Louisiana;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2024

/s/ James R. Barlow
James R. Barlow
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Glen W. Brown, Senior Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Home Federal Bancorp, Inc. of Louisiana;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2024

/s/ Glen W. Brown
Glen W. Brown
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

SECTION 1350 CERTIFICATIONS

The undersigned executive officers of Home Federal Bancorp, Inc. of Louisiana (the "Registrant") hereby certify that the Registrant's Form 10-Q for the quarter ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained therein fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 13, 2024

/s/ James R. Barlow

Name: James R. Barlow

Title: Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)

Date: November 13, 2024

/s/ Glen W. Brown

Name: Glen W. Brown

Title: Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act has been provided to Home Federal Bancorp, Inc. of Louisiana and will be retained by Home Federal Bancorp, Inc. of Louisiana and furnished to the Securities and Exchange Commission or its staff upon request.
