Home Federal Bancorp, Inc. of Louisiana
Form 10-Q
February 11, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q
(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: December 31, 2018

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	02-0815311
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

624 Market Street, Shreveport, Louisiana	71101
(Address of principal executive offices)	(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)

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.
[X] 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).
[X] 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.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[X]	Smaller reporting company	[X]
		Emerging growth company	[ ]

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

Shares of common stock, par value $.01 per share, outstanding as of February 8, 2019: The registrant had 1,853,035 shares of common stock outstanding.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

	December 31, 2018	June 30, 2018
	(In Thousands)	
ASSETS		
Cash and Cash Equivalents (Includes Interest-Bearing Deposits with Other Banks of $7,817 and $11,974 for December 31, 2018 and June 30, 2018, Respectively)	$10,874	$15,867
Securities Available-for-Sale	38,638	29,324
Securities Held-to-Maturity (Fair Value of $25,751 and $27,818, Respectively)	26,510	28,888
Loans Held-for-Sale	3,858	6,762
Loans Receivable, Net of Allowance for Loan Losses of $3,479 and $3,425, Respectively	322,072	317,493
Accrued Interest Receivable	1,164	1,146
Premises and Equipment, Net	13,160	12,243
Bank Owned Life Insurance	6,878	6,808
Deferred Tax Asset	1,081	1,102
Foreclosed Assets	747	1,177
Other Assets	587	840
Total Assets	$425,569	$421,650
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits	$373,407	$360,260
Advances from Borrowers for Taxes and Insurance	328	725
Short-term Federal Home Loan Bank advances	288	5,282
Long-term Federal Home Loan Bank advances	1,209	6,355
Other Borrowings	450	300
Other Accrued Expenses and Liabilities	1,249	1,691
Total Liabilities	376,931	374,613
STOCKHOLDERS' EQUITY		
Preferred Stock – $.01 Par Value; 10,000,000 Shares Authorized; None Issued and Outstanding	--	--
Common Stock – $.01 Par Value; 40,000,000 Shares Authorized; 1,881,735 and 1,894,081 Shares Issued and Outstanding at December 31, 2018 and June 30, 2018, Respectively	23	23
Additional Paid-in Capital	35,586	35,057
Unearned ESOP Stock	(1,042)	(1,100)
Unearned RRP Trust Stock	2	(22)
Retained Earnings	14,952	14,125
Accumulated Other Comprehensive Income	(883)	(1,046)
Total Stockholders' Equity	48,638	47,037

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$425,569	$421,650

See accompanying notes to unaudited consolidated financial statements.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2018	2017	2018	2017
	(In Thousands, Except per Share Data)			
INTEREST INCOME				
Loans, Including Fees	$4,569	$4,280	$9,063	$8,564
Investment Securities	15	12	29	23
Mortgage-Backed Securities	318	268	616	528
Other Interest-Earning Assets	94	27	174	65
Total Interest Income	4,996	4,587	9,882	9,180
INTEREST EXPENSE				
Deposits	1,030	738	1,959	1,445
Other Borrowings	3	1	4	1
Federal Home Loan Bank Borrowings	42	117	110	261
Total Interest Expense	1,075	856	2,073	1,707
Net Interest Income	3,921	3,731	7,809	7,473
PROVISION FOR LOAN LOSSES	100	200	350	500
Net Interest Income after Provision for Loan Losses	3,821	3,531	7,459	6,973
NON-INTEREST INCOME				
Gain on Sale of Loans	374	430	766	1,035
Loss on Sale of Real Estate and Fixed Assets	(230)	(1)	(228)	(1)
Gain on Sale of Securities	--	--	--	95
Income on Bank Owned Life Insurance	35	35	70	71
Service Charges on Deposit Accounts	238	221	465	437
Other Income	22	12	35	28
Total Non-Interest Income	439	697	1,108	1,665
NON-INTEREST EXPENSE				
Compensation and Benefits	1,547	1,581	3,163	3,296
Occupancy and Equipment	329	361	649	671
Data Processing	147	165	297	332
Audit and Examination Fees	73	77	127	126
Franchise and Bank Shares Tax	97	103	197	201
Advertising	84	30	142	70
Legal Fees	158	143	297	289
Loan and Collection	64	73	126	153
Deposit Insurance Premium	22	40	52	68
Valuation Adjustment Real Estate Owned	--	--	75	--
Other Expense	201	182	372	380
Total Non-Interest Expense	2,722	2,755	5,497	5,586
Income Before Income Taxes	1,538	1,473	3,070	3,052

PROVISION FOR INCOME TAX EXPENSE	363	1,112	677	1,683
Net Income	$1,175	$361	$2,393	$1,369
EARNINGS PER COMMON SHARE:				
Basic	$0.66	$0.20	$1.34	$0.76
Diluted	$0.62	$0.19	$1.25	$0.72
DIVIDENDS DECLARED	$0.14	$0.12	$0.28	$0.24

See accompanying notes to unaudited consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2018	2017	2018	2017
	(In Thousands)		(In Thousands)	
Net Income	$1,175	$361	$2,393	$1,369
Other Comprehensive Income (Loss), Net of Tax				
Unrealized Holding Gain (Loss) on Securities Available-for-Sale, Net of Tax of $63 and $43 in 2018 and $78 and $124 in 2017	238	(153)	163	(239)
Total Comprehensive Income	$1,413	$208	$2,556	$1,130

See accompanying notes to unaudited consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017
(Unaudited)

	Common Stock	Additional Paid-in Capital	Unearned ESOP Stock	Unearned RRP Trust Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
			(In Thousands)				
BALANCE – June 30, 2017	$ 23	$ 34,516	$ (1,215)	$ (46)	$ 13,320	$ (352)	$ 46,246
Net Income	--	--	--	--	1,369	--	1,369
Changes in Unrealized Gain on Securities Available-for-Sale, Net of Tax Effects	--	--	--	--	--	(239)	(239)
RRP Shares Earned	--	--	--	24	--	--	24
Stock Options Vested	--	68	--	--	--	--	68
Common Stock Issuance for Stock Option Exercises	--	191	--	--	--	--	191
ESOP Compensation Earned	--	99	57	--	--	--	156
Company Stock Purchased	--	--	--	--	(1,417)	--	(1,417)
Dividends Declared	--	--	--	--	(466)	--	(466)
BALANCE – December 31, 2017	$ 23	$ 34,874	$ (1,158)	$ (22)	$ 12,806	$ (591)	$ 45,932
BALANCE – June 30, 2018	$ 23	$ 35,057	$ (1,100)	$ (22)	$ 14,125	$ (1,046)	$ 47,037
Net Income	--	--	--	--	2,393	--	2,393
Changes in Unrealized Gain on Securities Available-for-Sale, Net of Tax Effects	--	--	--	--	--	163	163
Share Awards Earned	--	135	--	--	--	--	135
RRP Shares Earned	--	--	--	24	--	--	24
Stock Options Vested	--	68	--	--	--	--	68
	--	198	--	--	--	--	198

Common Stock Issuance for Stock Option Exercises							
ESOP Compensation Earned	--	128	58	--	--	--	186
Company Stock Purchased	--	--	--	--	(1,037)	--	(1,037)
Dividends Declared	--	--	--	--	(529)	--	(529)
BALANCE – December 31, 2018	$ 23	$ 35,586	$ (1,042)	$ 2	$ 14,952	$ (883)	$ 48,638

See accompanying notes to unaudited consolidated financial statements.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended December 31,	
	2018	2017
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$2,393	$1,369
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Bad Debt Recovery	1	5
Net Amortization and Accretion on Securities	57	96
Loss on Sale of Real Estate	228	1
Gain on Sale of Loans	(766)	(1,035)
Gain on Sale of Securities	--	(95)
Amortization of Deferred Loan Fees	(97)	(72)
Depreciation of Premises and Equipment	241	254
ESOP Expense	186	156
Stock Option Expense	68	68
Recognition and Retention Plan Expense	14	14
Deferred Income Tax	(26)	610
Valuation Adjustment Real Estate Owned	75	--
Provision for Loan Losses	350	500
Increase in Cash Surrender Value on Bank Owned Life Insurance	(70)	(71)
Share Awards Expense	68	68
Changes in Assets and Liabilities:		
Loans Held-for-Sale – Originations and Purchases	(28,395)	(44,573)
Loans Held-for-Sale – Sale and Principal Repayments	32,065	56,531
Accrued Interest Receivable	(18)	(79)
Other Operating Assets	253	428
Other Operating Liabilities	(442)	(471)
Net Cash Provided by Operating Activities	6,185	13,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Originations and Purchases, Net of Principal Collections	(4,646)	(3,920)
Deferred Loan Fees Collected	85	169
Acquisition of Premises and Equipment	(1,923)	(114)
Proceeds from Sale of Real Estate	536	--
Activity in Available-for-Sale Securities:		
Principal Payments on Mortgage-Backed Securities	3,369	4,479
Purchases of Securities	(12,522)	(4,947)
Sale of Securities	--	3,555
Activity in Held-to-Maturity Securities:		
Principal Payments on Mortgage-Backed Securities	2,396	1,466
Purchase of Securities	--	(1,174)

Net Cash Used in Investing Activities	(12,705)	(486)

See accompanying notes to unaudited consolidated financial statements.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	Six Months Ended December 31,	
	2018	2017
	(In Thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Deposits	$13,147	$13,180
Proceeds from Federal Home Loan Bank Advances	--	61,675
Repayments of Advances from Federal Home Loan Bank	(10,140)	(88,808)
Repayments of Other Borrowings	(300)	--
Net Decrease in Advances from Borrowers for Taxes and Insurance	(397)	(384)
Dividends Paid	(529)	(466)
Company Stock Purchased	(1,037)	(1,417)
Proceeds from Stock Options Exercised	198	191
Proceeds from Other Bank Borrowings	450	350
Plan Share Distributions	135	--
Net Cash Provided by (Used in) Financing Activities	1,527	(15,679)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,993)	(2,461)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	15,867	11,905
CASH AND CASH EQUIVALENTS - END OF PERIOD	$10,874	$9,444
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest Paid on Deposits and Borrowed Funds	$1,403	$1,614
Income Taxes Paid	787	1,101
Market Value Adjustment for Gain (Loss) on Securities Available-for-Sale	206	(363)

See accompanying notes to unaudited consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO 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 six month period ended December 31, 2018 are not necessarily indicative of the results which may be expected for the fiscal year ending June 30, 2019.

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 balance sheet date for potential recognition in the financial statements. The effect of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date are recognized in the financial statements as of December 31, 2018. In preparing these financial statements, the Company evaluated the events and transactions that occurred through the date these 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 loan 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 six full-service banking offices and home office, located in Caddo and Bossier Parishes, Louisiana. The Bank expects to open its seventh full-service banking office during the quarter ended March 31, 2019. The area served by the Bank is primarily the Shreveport-Bossier City metropolitan area; however, loan and deposit customers are found dispersed in a wider geographical area covering much of northwest Louisiana. As of December 31, 2018, 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Securities

The Company classifies its debt and equity investment securities into one of three categories: held-to-maturity, available-for-sale, or trading. Investments in nonmarketable equity securities and 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 amortized cost. Investments in debt securities that are not classified as held-to-maturity and marketable equity securities that have readily determinable fair values 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 securities are excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the term of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

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.

Loans

Loans receivable are stated as unpaid principal balances less allowances for loan losses 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 Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management’s periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of the underlying collateral, and prevailing economic conditions. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Allowance for Loan Losses (continued)

A loan is considered impaired when, based on current information or events, it is probable that the Bank will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. When a loan is impaired, the measurement of such impairment is based upon the fair value of the collateral of the loan. If the fair value of the collateral is less than the recorded investment in the loan, the Bank will recognize the impairment by creating a valuation allowance with a corresponding charge against earnings. A loan is considered a troubled debt restructuring ("TDR") if the Company, for economic or legal reasons related to a debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. Concessions granted under a TDR typically involve a temporary or permanent reduction in payments or interest rate or an extension of a loan's stated maturity date at less than a current market rate of interest. Loans identified as TDRs are designated as impaired.

An allowance is also established for uncollectible interest on loans classified as substandard. The allowance is established by a charge to interest income equal to all interest previously accrued and income is subsequently recognized only to the extent that cash payments are received. When, in management's judgment, the borrower's ability to make periodic interest and principal payments is back to normal, the loan is returned to accrual status.

It should be understood that estimates of future loan losses involve an exercise of judgment. While it is possible that in particular periods the Company may sustain losses which are substantial relative to the allowance for loan losses, it is the judgment of management that the allowance for loan losses reflected in the accompanying statements of condition is adequate to absorb known and inherent losses in the existing loan portfolio both probable and reasonable to estimate.

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 cost 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 Company 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.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Allowance for Loan Losses (continued)

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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.

While the Bank 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.

Non-Direct Response Advertising

The Company expenses all advertising costs, except for direct-response advertising, as incurred. Non-direct response advertising costs were $142,000 and $70,000 for the six months ended December 31, 2018 and 2017, respectively.

In the event the Company incurs expense for material direct-response advertising, it will be amortized over the estimated benefit period. Direct-response advertising consists of advertising whose primary purpose is to elicit sales to customers who could be shown to have responded specifically to the advertising and results in probable future benefits. For the six months ended December 31, 2018 and 2017, the Company did not incur any amount of direct-response advertising.

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 statement of operations 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.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

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 securities, are reported as a separate component of the equity section of the consolidated balance sheets along with net income, they are components of comprehensive income (loss).

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The amendments in ASU 2014-09 supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The general principle of ASU 2014-09 requires an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration of which the entity expects to be entitled in exchange for those goods or services. The guidance sets forth a five step approach to be utilized for revenue recognition. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 making it effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. In April 2016, the FASB issued ASU 2016-10 which does not change the core principle of the guidance in Topic 606. The amendments in this Update clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. In May 2016, the FASB issued ASU 2016-12 which does not change the core principle of the guidance in Topic 606. The amendments in this Update affect only certain narrow aspects of Topic 606. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments. The amendments in this Update supersede the guidance to classify equity securities with readily determinable fair values into different categories and require equity securities to be measured at fair value with changes in the fair value recognized through net income. The amendments allow equity investments that do not have readily determinable fair values to be remeasured at fair value either upon the occurrence of an observable price change or upon identification of impairment. The amendments in this Update also simplify the impairment assessment of equity investments without readily determinable fair values by requiring assessment for impairment qualitatively at each reporting period. In addition, the amendments in this Update exempt all entities that are not public business entities from disclosing fair value information for financial instruments measured at amortized cost. In addition, for public business entities, the amendments supersede the requirement to disclose the methods and significant assumptions used in calculating the fair value of financial instruments required to be disclosed for financial instruments measured at amortized cost on the balance sheet. The amendments in this Update require public business entities that are required to disclose fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion consistent with Topic 820, Fair Value Measurement.

The provisions within this Update require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. This amendment excludes from net income gains or losses that the entity may not realize because those financial liabilities are not usually transferred or settled at their fair values before maturity. The amendments in this Update require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or in the accompanying notes to the financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

For public business entities, the amendments in ASU 2016-01 are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. From the lessee's perspective, the new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting pattern of expense recognition in the income statement for a lessee.

The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The adoption of this guidance is not expected to have a material effect on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For public business entities that are SEC filers, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods with those fiscal years. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In March 2017, the FASB issued ASU 2017-08, Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20). This Update was issued in response to diversity in practice in the amortization period for premiums of callable debt securities and in how the potential for exercise of a call is factored into current impairment assessments. As such, these amendments reduce the amortization period for certain callable debt securities carried at a premium and require the premium to be amortized over the period not to exceed the earliest call date. These amendments do not apply to securities carried at a discount. The effective date of this Update is for fiscal years beginning on or after December 15, 2018. The Company does not expect ASU 2017-08 to have a material impact on its consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation – Stock Compensation (Topic 718). The amendments in this ASU provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in FASB ASC 718. The effective date of this Update is for fiscal years beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period. The Company does not expect ASU 2017-09 to have a material impact on its consolidated financial statements.

In November 2017, the FASB issued ASU 2017-14, Income Statement – Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606) (SEC Update). This Update adds, amends, and supersedes SEC paragraphs of the ASC pursuant to Staff Accounting Bulletin No. 116 and SEC Release 33-10403. This ASU is effective upon issuance.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In February 2018, the FASB issued ASU 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. On December 22, 2017, the U.S. Federal Government enacted a tax bill, H.R.1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (Tax Cuts and Jobs Act). The amendments in this Update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. Consequently, the amendments in this Update eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. However, because the amendments in this Update only relate to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. The amendments in this Update are affective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of this Update is permitted, including adoption in any interim period (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this Update should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In May 2018, the FASB issued ASU 2018-06, Codification Improvements to Topic 942, Financial Services – Depository and Lending. The amendments in this Update supersede the guidance in Subtopic 942-740, Financial Services – Depository and Lending – Income Taxes, that is related to Circular 202 because that guidance has been rescinded by the Office of the Comptroller of the Currency (OCC) and is no longer relevant. This ASU is effective upon issuance.

In June 2018, the FASB issued ASU 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. Topic 718 improves several areas of nonemployee share-based payment accounting. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than an entity’s adoption on Topic 606. The Company does expect ASU 2018-07 to have a material impact on its consolidated financial statements.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Securities

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

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Securities Available-for-Sale				
Debt Securities				
FHLMC Mortgage-Backed Certificates	$8,775	$ 1	$ 389	$8,387
FNMA Mortgage-Backed Certificates	21,469	1	474	20,996
GNMA Mortgage-Backed Certificates	9,512	1	258	9,255
Total Debt Securities	39,756	3	1,121	38,638
Total Securities Available-for-Sale	$39,756	$ 3	$ 1,121	$38,638
Securities Held-to-Maturity				
Debt Securities				
GNMA Mortgage-Backed Certificates	$1,147	$ --	$ 50	$1,097
FNMA Mortgage-Backed Certificates	22,488	--	709	21,779
Total Debt Securities	23,635	--	759	22,876
Equity Securities (Non-Marketable)				
26,249 Shares – Federal Home Loan Bank	2,625	--	--	2,625
630 Shares – First National Bankers Bankshares, Inc.	250	--	--	250
Total Equity Securities	2,875	--	--	2,875
Total Securities Held-to-Maturity	$26,510	$ --	$ 759	$25,751

	June 30, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Securities Available-for-Sale				
Debt Securities				
FHLMC Mortgage-Backed Certificates	$7,601	$ 2	$ 518	$7,085
FNMA Mortgage-Backed Certificates	12,465	1	554	11,912
GNMA Mortgage-Backed Certificates	10,581	2	256	10,327

Total Debt Securities	30,647	5	1,328	29,324
Total Securities Available-for-Sale	$30,647	$ 5	$ 1,328	$29,324
Securities Held-to-Maturity				
Debt Securities				
GNMA Mortgage-Backed Securities	$1,160	$ --	$ 45	$1,115
FNMA Mortgage-Backed Securities	24,882	--	1,025	23,857
Total Debt Securities	26,042	--	1,070	24,972
Equity Securities (Non-Marketable)				
25,959 Shares – Federal Home Loan Bank	2,596	--	--	2,596
630 Shares – First National Bankers Bankshares, Inc.	250	--	--	250
Total Equity Securities	2,846	--	--	2,846
Total Securities Held-to-Maturity	$28,888	$ --	$ 1,070	$27,818

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Securities (continued)

The amortized cost and fair value of securities by contractual maturity at December 31, 2018 follows:

	Available-for-Sale Amortized Cost	Available-for-Sale Fair Value	Held-to-Maturity Amortized Cost	Held-to-Maturity Fair Value
	(In Thousands)			
Debt Securities				
Within One Year or Less	$4	$4	$--	$--
One through Five Years	16,497	16,078	--	--
After Five through Ten Years	7,859	7,572	--	--
Over Ten Years	15,396	14,984	23,635	22,876
	39,756	38,638	23,635	22,876
Other Equity Securities	--	--	2,875	2,875
Total	$39,756	$38,638	$26,510	$25,751

Securities available-for-sale totaling $12.5 million were purchased during the six months ended December 31, 2018.

The following tables show information pertaining to gross unrealized losses on securities available-for-sale at December 31, 2018 and June 30, 2018 aggregated by investment category and length of time that individual securities have been in a continuous loss position.

	December 31, 2018			
	Less Than Twelve Months Gross Unrealized Losses	Less Than Twelve Months Fair Value	Over Twelve Months Gross Unrealized Losses	Over Twelve Months Fair Value
	(In Thousands)			
Securities Available-for-Sale				
Mortgage-Backed Securities	$184	$16,737	$937	$21,792
Total Securities Available-for-Sale	$184	$16,737	$937	$21,792

	June 30, 2018			
	Less Than Twelve Months Gross Unrealized	Less Than Twelve Months Fair	Over Twelve Months Gross Unrealized	Over Twelve Months Fair

	Losses	Value	Losses	Value
	(In Thousands)			
Securities Available-for-Sale				
Mortgage-Backed Securities	$71	$4,709	$1,257	$24,547
Total Securities Available-for-Sale	$71	$4,709	$1,257	$24,547

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Securities (continued)

The unrealized losses on the Company's investment in mortgage-backed securities at December 31, 2018 and June 30, 2018 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 consider these investments to be other-than-temporarily impaired at December 31, 2018.

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.

At December 31, 2018, securities with a carrying value of $2.4 million were pledged to secure public deposits, and securities and mortgage loans with a carrying value of $150.0 million were pledged to secure FHLB advances.

3. Loans Receivable

Loans receivable are summarized as follows:

	December 31, 2018	June 30, 2018
	(In Thousands)	
Loans Secured by Mortgages on Real Estate		
One-to-Four Family Residential	$119,448	$121,257
Commercial	81,348	74,416
Multi-Family Residential	43,095	38,079
Land	20,072	20,474
Construction	9,272	11,921
Equity and Second Mortgage	1,387	1,541
Equity Lines of Credit	16,876	17,387
Total Mortgage Loans	291,498	285,075
Commercial Loans	33,533	35,458
Consumer Loans		
Loans on Savings Accounts	421	462
Other Consumer Loans	349	185
Total Consumer Loans	770	647
Total Loans	325,801	321,180
Less: Allowance for Loan Losses	(3,479)	(3,425)
Unamortized Loan Fees	(250)	(262)

Net Loans Receivable	$322,072	$317,493

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Following is a summary of changes in the allowance for loan losses:

	Six Months Ended December 31,	
	2018	2017
	(In Thousands)	
Balance - Beginning of Period	$3,425	$3,729
Provision for Loan Losses	350	500
Loan Charge-Offs	(297)	(851)
Recoveries	1	5
Balance - End of Period	$3,479	$3,383

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. Loans classified as substandard or identified as special mention are reviewed quarterly by management to evaluate the level of deterioration, improvement, and impairment, if any, as well as assign the appropriate risk category.

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. 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 cost 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 institution’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 institution 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The following tables present the grading of loans, segregated by class of loans, as of December 31, 2018 and June 30, 2018:

December 31, 2018	Pass	Special Mention	Substandard	Doubtful	Total
			(In Thousands)		
Real Estate Loans:					
One-to-Four Family Residential	$118,955	$ 19	$ 474	$ --	$119,448
Commercial	77,288	--	4,060	--	81,348
Multi-Family Residential	43,095	--	--	--	43,095
Land	16,802	3,270	--	--	20,072
Construction	9,272	--	--	--	9,272
Equity and Second Mortgage	1,387	--	--	--	1,387
Equity Lines of Credit	16,876	--	--	--	16,876
Commercial Loans	32,954	--	579	--	33,533
Consumer Loans	770	--	--	--	770
Total	$317,399	$ 3,289	$ 5,113	$ --	$325,801

June 30, 2018	Pass	Special Mention	Substandard	Doubtful	Total
	(In Thousands)				
Real Estate Loans:					
One-to-Four Family Residential	$120,317	$ 652	$ 996	$ --	$121,257
Commercial	74,416	--	4,060	--	74,416
Multi-Family Residential	38,079	--	--	--	38,079
Land	20,474	--	--	--	20,474
Construction	11,921	--	--	--	11,921
Equity and Second Mortgage	1,541	--	--	--	1,541
Equity Lines of Credit	17,300	--	87	--	17,387
Commercial Loans	29,817	--	873	--	35,458
Consumer Loans	647	--	--	--	647
Total	$314,512	$ 652	$ 6,016	$ --	$321,180

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when contractually due. Loans that experience insignificant payment delays or payment shortfalls are generally not classified as impaired. On a case-by-case basis, management determines the significance of payment delays and payment shortfalls, taking into consideration all of the circumstances related to the loan, including the length of the payment delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 December 31, 2018 and June 30, 2018:

December 31, 2018	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
	(In Thousands)						
Real Estate Loans:							
One-to-Four Family Residential	$1,269	$2,244	$1,174	$4,687	$114,761	$ 119,448	$ 298
Commercial	--	--	--	--	81,348	81,348	--
Multi-Family Residential	--	--	--	--	43,095	43,095	--
Land	--	--	--	--	20,072	20,072	--
Construction	--	--	--	--	9,272	9,272	--
Equity and Second Mortgage	--	--	--	--	1,387	1,387	--
Equity Lines of Credit	--	483	--	483	16,393	16,876	--
Commercial Loans	--	49	122	171	33,362	33,533	--
Consumer Loans	--	--	--	--	770	770	--
Total	$1,269	$2,776	$1,296	$5,341	$320,460	$ 325,801	$ 298

June 30, 2018	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
	(In Thousands)						
Real Estate Loans:							
One-to-Four Family Residential	$1,481	$230	$1,954	$3,665	$117,592	$ 121,257	$ 680
Commercial	--	--	--	--	74,416	74,416	--
Multi-Family Residential	--	--	--	--	38,079	38,079	--
Land	--	--	--	--	20,474	20,474	--
Construction	--	--	--	--	11,921	11,921	--
Equity and Second Mortgage	--	--	--	--	1,541	1,541	--
Equity Lines of Credit	134	59	117	310	17,077	17,387	30
Commercial Loans	--	--	416	416	35,042	35,458	--
Consumer Loans	--	--	--	--	647	647	--

Total	$1,615	$289	$2,487	$4,391	$316,789	$321,180	$ 710

There was no interest income recognized on non-accrual loans during the six months ended December 31, 2018 or year ended June 30, 2018. If the non-accrual loans had been accruing interest at their original contracted rates, gross interest income that would have been recorded for the six months ended December 31, 2018 and the year ended June 30, 2018 was approximately $71,000 and $126,000, respectively.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The change in the allowance for loan losses by loan portfolio class and recorded investment in loans for the three months ended December 31, 2018 was as follows:

December 31, 2018	Real Estate Loans 1-4 Family Residential	Commercial	Multi-Family	Land	Construction	Home Equity Loans and Lines of Credit	Commercial Loans	Consumer Loans	Total
	(In Thousands)								
Allowance for loan losses:									
Beginning Balances	$1,166	$ 436	$256	$161	$ 163	$311	$ 929	$ 3	$3,425
Charge-Offs	(277)	--	--	--	--	(20)	--	--	(297)
Recoveries	--	--	--	--	--	1	--	--	1
Current Provision	134	107	--	(4)	24	(137)	226	--	350
Ending Balances	$1,023	$ 543	$256	$157	$ 187	$155	$ 1,155	$ 3	$3,479
Evaluated for Impairment:									
Individually	--	443	--	--	--	--	--	--	--
Collectively	1,023	100	256	157	187	155	1,155	3	3,479
Loans Receivable:									
Ending Balances - Total	$119,448	$ 81,348	$43,095	$20,072	$ 9,272	$18,263	$ 33,533	$ 770	$325,801
Ending Balances:									
Evaluated for Impairment:									
Individually	493	4,060	--	3,270	--	--	579	--	8,402
Collectively	$118,955	$ 77,288	$43,095	$16,802	$ 9,272	$18,263	$ 32,954	$ 770	$317,399

The change in the allowance for loan losses by loan portfolio class and recorded investment in loans for the year ended June 30, 2018 was as follows:

June 30, 2018	Real Estate Loans 1-4 Family Residential	Commercial	Multi-Family	Land	Construction	Home Equity Loans	Commercial Loans	Consumer Loans	Total

						and Lines of Credit			
(In Thousands)									
Allowance for loan losses:									
Beginning Balances	$1,822	$ 353	$73	$203	$ 147	$142	$ 979	$ 10	$3,729
Charge-Offs	(797)	--	--	(109)	--	(217)	(250)	(7)	(1,380)
Recoveries	5	--	--	20	--	1	--	--	26
Current Provision	136	83	183	47	16	385	200	--	1,050
Ending Balances	$1,166	$ 436	$256	$161	$ 163	$311	$ 929	$ 3	$3,425
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	1,166	436	256	161	163	311	929	3	3,425
Loans Receivable:									
Ending Balances - Total	$121,257	$ 74,416	$38,079	$20,474	$ 11,921	$18,928	$ 35,458	$ 647	$321,180
Ending Balances:									
Evaluated for Impairment:									
Individually	1,648	4,060	--	--	--	87	873	--	6,668
Collectively	$119,609	$ 70,356	$38,079	$20,474	$ 11,921	$18,841	$ 34,585	$ 647	$314,512

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The change in the allowance for loan losses by loan portfolio class and recorded investment in loans for the six months ended December 31, 2017 was as follows:

December 31, 2017	Real Estate Loans 1-4 Family Residential	Commercial	Multi-Family	Land	Construction	Home Equity Loans and Lines of Credit	Commercial Loans	Consumer Loans	Total
	(In Thousands)								
Allowance for loan losses:									
Beginning Balances	$1,822	$ 353	$ 73	$203	$ 147	$142	$ 979	$ 10	$3,729
Charge-Offs	--	--	--	(49)	--	(5)	(797)	--	(851)
Recoveries	5	--	--	--	--	--	--	--	5
Current Provision	(543)	138	99	9	20	66	718	(7)	500
Ending Balances	$1,284	$ 491	$ 172	$163	$ 167	$203	$ 900	$ 3	$3,383
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	1,284	491	172	163	167	203	900	3	3,383
Loans Receivable:									
Ending Balances – Total	$129,053	$ 73,044	$ 30,844	$20,657	$ 8,724	$21,952	$ 34,979	$ 513	$319,766
Ending Balances Evaluated for Impairment:									
Individually	1,225	4,211	--	--	--	39	2,076	--	7,551
Collectively	$127,828	$ 68,833	$ 30,844	$20,657	$ 8,724	$21,913	$ 32,903	$ 513	$312,215

The following tables present loans individually evaluated for impairment, segregated by class of loans, as of December 31, 2018 and June 30, 2018:

December 31, 2018	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(In Thousands)					

Real Estate Loans:						
One-to-Four Family Residential	$493	$ 493	$ --	$ 493	$ --	$ 496
Commercial	4,060	--	4,060	4,060	443	4,060
Multi-Family Residential	--	--	--	--	--	--
Land	3,270	3,270	--	3,270	--	3,227
Construction	--	--	--	--	--	--
Equity and Second Mortgage	--	--	--	--	--	--
Equity Lines of Credit	--	--	--	--	--	--
Commercial Loans	579	579	--	579	--	670
Consumer Loans	--	--	--	--	--	--
Total	$8,402	$ 4,342	$ 4,060	$ 8,402	$ 443	$ 8,453

June 30, 2018	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(In Thousands)					
Real Estate Loans:						
One-to-Four Family Residential	$1,648	$ 1,648	$ --	$ 1,648	$ --	$ 1,687
Commercial	4,060	4,060	--	4,060	--	4,186
Multi-Family Residential	--	--	--	--	--	--
Land	--	--	--	--	--	--
Construction	--	--	--	--	--	--
Equity and Second Mortgage	--	--	--	--	--	--
Equity Lines of Credit	87	87	--	87	--	87
Commercial Loans	873	873	--	873	--	877
Consumer Loans	--	--	--	--	--	--
Total	$6,668	$ 6,668	$ --	$ 6,668	$ --	$ 6,837

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The Bank has no commitments to loan additional funds to borrowers whose loans were previously in non-accrual status.

A troubled debt restructuring ("TDR") is a restructuring of a debt made by the Company to a debtor for economic or legal reasons related to the debtor's financial difficulties that it would not otherwise consider. The Company grants the concession in an attempt to protect as much of its investment as possible.

Information about the Company's TDRs is as follows (in thousands):

	December 31, 2018			
	Current	Past Due Greater Than 30 Days	Nonaccrual TDRs	Total TDRs
Commercial business	$457	$ 122	$ 122	$579
1-4 Family Residential	349	--	--	349
Commercial real estate	4,060	--	--	4,060

	June 30, 2018			
	Current	Past Due Greater Than 30 Days	Nonaccrual TDRs	Total TDRs
Commercial business	$4,943	$ 416	$ 416	$5,359
1-4 Family Residential	1,943	--	--	1,943

For purposes of the determination of an allowance for loan losses on these TDRs, as an identified TDR, the Company considers a loss probable on the loan and, as a result, the loan is reviewed for specific impairment in accordance with the Company's allowance for loan loss methodology. If it is determined losses are probable on such TDRs, either because of delinquency or other credit quality indicator, the Company establishes specific reserves for these loans. As of December 31, 2018, there were no commitments to lend additional funds to debtors owing sums to the Company whose terms have been modified in TDRs.

4. Deposits

Deposits at December 31, 2018 and June 30, 2018 consist of the following classifications:

December 31,	June 30,

2018 2018