

BofA Finance LLC
Form 424B2
February 20, 2018
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Registration Statement No. 333-213265

Pricing Supplement dated February 15, 2018.

BofA Finance LLC

\$5,700,000

Leveraged Buffered Russell 2000®
Index-Linked Notes due February 20, 2020

Fully and Unconditionally Guaranteed by

Bank of America Corporation

The notes do not bear interest. The amount that you will be paid on your notes on the stated maturity date (February 20, 2020) is based on the performance of the Russell 2000® Index (which we refer to as the “underlier”), as measured from the trade date (February 15, 2018) to and including the determination date (February 18, 2020, subject to adjustment). If the final underlier level on the determination date is greater than the initial underlier level (1,537.197, which was the closing level of the underlier on the trade date), the return on your notes will be positive, subject to the maximum settlement amount of \$1,210.75 for each \$1,000 face amount of your notes. If the final underlier level declines by up to 10.00% from the initial underlier level, you will receive the face amount of your notes. **If the final underlier level declines by more than 10.00% from the initial underlier level, you will be exposed on a leveraged basis to any decrease in the final underlier level beyond 10.00%. In this case, the return on your notes will be negative. You may lose some or all of your investment in the notes.**

To determine your payment at maturity, we will calculate the underlier return, which is the percentage increase or decrease in the final underlier level from the initial underlier level. On the stated maturity date, for each \$1,000 face amount of your notes, you will receive an amount in cash equal to:

if the underlier return is *positive* (the final underlier level is *greater than* the initial underlier level), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) 1.5 *times* (c) the underlier return, subject to the maximum settlement amount;

if the underlier return is *zero* or *negative* but *not below* -10.00% (the final underlier level is *equal to* the initial underlier level or is *less than* the initial underlier level, but not by more than 10.00%), \$1,000; or

if the underlier return is *negative* and is *below* -10.00% (the final underlier level is *less than* the initial underlier level by more than 10.00%), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) approximately 1.1111 *times* (b) the *sum* of the underlier return *plus* 10.00% *times* (c) \$1,000.

The notes will not be listed on any securities exchange. Investment in the notes involves certain risks, including the credit risk of BofA Finance LLC (“BofA Finance”), as issuer of the notes, and the credit risk of Bank of America Corporation (“BAC” or the “Guarantor”), as guarantor of the notes. Potential purchasers of the notes should consider the information in “Risk Factors” beginning on page PS-12 of this pricing supplement, page PS-5 of the accompanying product supplement, page S-4 of the accompanying prospectus supplement, and page 7 of the accompanying prospectus.

As of the trade date, the initial estimated value of the notes is \$970.70 per \$1,000 in face amount. See “Summary Information” beginning on page PS-5 of this pricing supplement, “Risk Factors” beginning on page PS-12 of this

pricing supplement and “Structuring the Notes” on page PS-22 of this pricing supplement for additional information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

Original issue date: February 23, 2018 **Price to public⁽²⁾:** 100.00% of the face amount

Underwriting discount ⁽¹⁾⁽²⁾: 2.00% of the face amount **Net proceeds to the issuer:** 98.00% of the face amount

⁽¹⁾ Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), an affiliate of BofA Finance, will participate as selling agent in the distribution of the notes. See “Supplemental Plan of Distribution—Conflicts of Interest” on page PS-21 of this pricing supplement.

⁽²⁾ The price to public for certain investors will be 98.00% of the face amount, reflecting a foregone underwriting discount with respect to such notes; see “Supplemental Plan of Distribution—Conflicts of Interest” on page PS-21 of this pricing supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this pricing supplement or the accompanying prospectus, prospectus supplement or product supplement. Any representation to the contrary is a criminal offense. The notes and the related guarantee of the notes by the Guarantor are unsecured and are not savings accounts, deposits, or other obligations of a bank. The notes are not guaranteed by Bank of America, N.A. or any other bank, are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

BofA Merrill Lynch

Selling Agent

The price to public, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this pricing supplement, at prices to public and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in notes will depend in part on the price to public you pay for such notes.

MLPF&S and any of our other broker-dealer affiliates may use this pricing supplement in the initial sale of the notes. In addition, MLPF&S and any of our other broker-dealer affiliates may use this pricing supplement in a market-making transaction in a note after its initial sale. ***Unless MLPF&S or any of our other broker-dealer affiliates informs the purchaser otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.***

About Your Prospectus

The notes are unsecured senior notes issued by BofA Finance, a direct, wholly-owned subsidiary of BAC. Payments on the notes are fully and unconditionally guaranteed by the Guarantor. This prospectus includes this pricing supplement and the accompanying documents listed below. This pricing supplement constitutes a supplement to the documents listed below and should be read in conjunction with those documents:

Product supplement EQUITY-1 dated January 24, 2017:

<https://www.sec.gov/Archives/edgar/data/70858/000119312517016445/d331325d424b5.htm>

Series A MTN prospectus supplement dated November 4, 2016 and prospectus dated November 4, 2016:

<https://www.sec.gov/Archives/edgar/data/70858/000119312516760144/d266649d424b3.htm>

The information in this pricing supplement supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

Leveraged Buffered Russell 2000® Index-Linked Notes due February 20, 2020

INVESTMENT THESIS

You should be willing to:

forgo gains greater than a Maximum Settlement Amount of 121.075% of the face amount in exchange for (i) 1.5x leveraged upside participation if the Underlier Return is positive and (ii) a buffer against loss of principal in the event of a decline of up to 10.00% in the Final Underlier Level relative to the Initial Underlier Level.

forgo interest payments and accept the risk of losing your entire investment in exchange for the potential to earn 150.00% of any positive Underlier Return up to a Maximum Settlement Amount of 121.075% of the face amount. Your maximum return on your notes will not be greater than the return represented by the Maximum Settlement Amount, which such return is 21.075%. You could lose all or a portion of your investment if the Underlier Return is less than -10.00%.

DETERMINING THE CASH SETTLEMENT AMOUNT

At maturity, for each \$1,000 face amount, the investor will receive (in each case as a percentage of the face amount):

if the Final Underlier Level is greater than 100.00% of the Initial Underlier Level, 100.00% *plus* 150.00% *times* the Underlier Return, subject to a Maximum Settlement Amount of 121.075%;

if the Final Underlier Level is between 90.00% and 100.00% of the Initial Underlier Level, 100.00%; or

if the Final Underlier Level is less than 90.00% of the Initial Underlier Level, 100.00% *minus* approximately 1.1111% for every 1.00% that the Final Underlier Level is less than 90.00% of the Initial Underlier Level.

If the Final Underlier Level declines by more than 10.00% from the Initial Underlier Level, the return on the notes will be negative, and the investor could lose their entire investment in the notes.

KEY TERMS

Issuer:	BofA Finance LLC (“BofA Finance”)
Guarantor:	Bank of America Corporation (“BAC”)
Underlier:	The Russell 2000® Index (Bloomberg symbol, “RTY Index”)
Face Amount:	\$5,700,000 in the aggregate; each note will have a face amount equal to \$1,000
Trade Date:	February 15, 2018
Settlement Date:	February 23, 2018
Determination Date:	February 18, 2020
Stated Maturity Date:	February 20, 2020
Initial Underlier Level:	1,537.197, which was the closing level of the Underlier on the Trade Date
Final Underlier Level:	The closing level of the Underlier on the Determination Date
Underlier Return:	The <i>quotient</i> of (i) the Final Underlier Level <i>minus</i> the Initial Underlier Level <i>divided by</i> (ii) the Initial Underlier Level, expressed as a positive or negative percentage
Upside Participation Rate:	150.00%
Buffer Level:	90.00% of the Initial Underlier Level (equal to a -10.00% Underlier Return)
Buffer Amount:	10.00%
Buffer Rate:	The <i>quotient</i> of the Initial Underlier Level <i>divided by</i> the Buffer Level, which equals approximately 111.11%
Maximum Settlement Amount:	\$1,210.75 for each \$1,000 face amount of your notes
Cap Level:	114.05% of the Initial Underlier Level
CUSIP/ISIN:	09709TDH1 / US09709TDH14

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HYPOTHETICAL PAYMENT AT MATURITY

Hypothetical Final Underlier Level (as % of Initial Underlier Level)	Hypothetical Cash Settlement Amount (as % of Face Amount)
150.00%	121.075%
140.00%	121.075%
130.00%	121.075%
120.00%	121.075%
114.05 %	121.075 %
105.00%	107.500%
102.00%	103.000%
100.00 %	100.000 %
98.00%	100.000%
95.00%	100.000%
90.00 %	100.000 %
85.00%	94.444%
75.00%	83.333%
50.00%	55.556%
25.00%	27.778%
0.00 %	0.000 %

RISKS

Please read the section entitled “Risk Factors” of this pricing supplement as well as the risks and considerations described in “Risk Factors” beginning on page PS-5 of the accompanying product supplement, page S-4 of the accompanying prospectus supplement, and page 7 of the accompanying prospectus.

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SUMMARY INFORMATION

We refer to the notes we are offering by this pricing supplement as the “offered notes” or the “notes”. Each of the offered notes has the terms described below. Capitalized terms used but not defined in this pricing supplement have the meanings set forth in the accompanying product supplement, prospectus supplement and prospectus. Unless otherwise indicated or unless the context requires otherwise, all references in this pricing supplement to “we,” “us,” “our,” or similar references are to BofA Finance, and not to BAC (or any other affiliate of BofA Finance).

This section is meant as a summary and should be read in conjunction with the accompanying product supplement, prospectus supplement and prospectus. This pricing supplement supersedes any conflicting provisions of the documents listed above.

Key Terms

Issuer: BofA Finance LLC (“BofA Finance”)

Guarantor: Bank of America Corporation (“BAC”)

Underlier: The Russell 2000® Index (Bloomberg symbol, “RTY Index”), as published by FTSE Russell (the “Underlier Sponsor”)

Specified Currency: U.S. dollars (“\$”)

Face Amount: Each note will have a face amount of \$1,000; \$5,700,000 in the aggregate for all the offered notes; the aggregate face amount of the offered notes may be increased if we, at our sole option, decide to sell an additional amount of the offered notes on a date subsequent to the date of this pricing supplement.

The amount we will pay you at the stated maturity date for your notes will not be adjusted based on the price to public you pay for your notes, so if you acquire notes at a premium (or discount) to face amount and hold them to the stated maturity date, it could affect your investment in a number of ways.

Purchase at Amount Other Than the Face Amount: The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at face amount. Also, the stated Buffer Level would not offer the same measure of protection to your investment as would be the case if you had purchased the notes at face amount.

Additionally, the Cap Level would be triggered at a lower (or higher) percentage return than indicated below, relative to your initial investment. See “Risk Factors — If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected” on page PS-14 of this pricing supplement.

Cash Settlement Amount: For each \$1,000 face amount of your notes, we will pay you on the stated maturity date an amount in cash equal to:

if the Final Underlier Level is *greater than* or *equal to* the Cap Level, the Maximum Settlement Amount;

if the Final Underlier Level is *greater than* the Initial Underlier Level but *less than* the Cap Level, the *sum* of (1) \$1,000 *plus* (2) the *product* of (i) \$1,000 *times* (ii) the Upside Participation Rate *times* (iii) the Underlier Return;

if the Final Underlier Level is *equal to* or *less than* the Initial Underlier Level but *greater than* or *equal to* the Buffer Level, \$1,000; or

if the Final Underlier Level is *less than* the Buffer Level, the *sum* of (1) \$1,000 *plus* (2) the *product* of (i) \$1,000 *times* (ii) the Buffer Rate *times* (iii) the *sum* of the Underlier Return *plus* the Buffer Amount. In this case, the cash settlement amount will be less than the face amount of the notes,

and you will lose some or all of the face amount.

**Initial
Underlier
Level:**

1,537.197

**Final
Underlier
Level:**

The closing level of the Underlier on the Determination Date, except in the limited circumstances described under “—Market Disruption Events” below and “Description of the Notes—Certain Terms of the Notes—Events Relating to Calculation Days,” “—Adjustments to an Index” and “—Discontinuance of an Index” in the accompanying product supplement

**Underlier
Return:**

The *quotient* of (1) the Final Underlier Level *minus* the Initial Underlier Level *divided* by (2) the Initial Underlier Level, expressed as a percentage

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Upside Participation Rate:	150.00%
Cap Level: Maximum Settlement Amount:	114.05% of the Initial Underlier Level
Buffer Level:	90.00% of the Initial Underlier Level
Buffer Amount:	10.00%
Buffer Rate:	The <i>quotient</i> of the Initial Underlier Level <i>divided</i> by the Buffer Level, which equals approximately 111.11%
Trade Date:	February 15, 2018
Original Issue Date (Settlement Date):	February 23, 2018
Determination Date:	February 18, 2020, subject to postponement of up to five scheduled trading days, as set forth in the section “Description of the Notes—Certain Terms of the Notes—Events Relating to Calculation Days” of the accompanying product supplement
Stated Maturity Date:	February 20, 2020, subject to postponement as set forth below and in the section “Description of the Notes— Certain Terms of the Notes—Events Relating to Calculation Days” of the accompanying product supplement
Business Day:	As described under “Description of the Notes—Certain Terms of the Notes—Business Days” in the accompanying product supplement
Trading Day:	As described under “Description of the Notes—Certain Terms of the Notes—Trading Days” in the accompanying product supplement
Closing Level of the Underlier:	The official closing level of the Underlier or any successor index published by the Underlier Sponsor on such trading day for that Underlier
Market Disruption Events:	The following replaces in its entirety the section entitled “Description of the Notes—Market Disruption Events—Indices” in the accompanying product supplement:

With respect to any given trading day, any of the following will be a Market Disruption Event with respect to the Underlier:

- a suspension, absence or material limitation of trading in Underlier Stocks (as defined below) constituting 20% or more, by weight, of the Underlier on their respective primary markets, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion,
- a suspension, absence or material limitation of trading in option or futures contracts, if available, relating to the Underlier or to Underlier Stocks constituting 20% or more, by weight, of the Underlier in their respective primary markets for those contracts, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion, or
- Underlier Stocks constituting 20% or more, by weight, of the Underlier, or option or futures contracts, if available, relating to the Underlier or to Underlier Stocks constituting 20% or more, by weight, of the Underlier do not trade on what were the respective primary markets for those Underlier Stocks or contracts, as determined by the calculation agent in its sole discretion,

and, in the case of any of these events, the calculation agent determines in its sole discretion that the event could materially interfere with the ability of us or any of our affiliates or a similarly situated party to unwind all or a material portion of a hedge that could be effected with respect to the notes. For more information about hedging by us and/or any of our affiliates, see “Supplemental Use of Proceeds” on page PS-16 of product supplement EQUITY-1.

The following events will not be Market Disruption Events with respect to the Underlier:

- a limitation on the hours or numbers of days of trading, but only if the limitation results

from an announced change in the regular business hours of the relevant market, and

- a decision to permanently discontinue trading in the option or futures contracts relating to the Underlier or to any Underlier Stock.

For this purpose, an “absence of trading” in the primary securities market on which an Underlier Stock, or on which option or futures contracts, if available, relating to the Underlier or to any Underlier Stock are traded will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a suspension or limitation of trading in an Underlier Stock or in option or futures contracts, if available, relating to the Underlier or to any Underlier Stock in the primary market for that stock or those contracts, by reason of:

- a price change exceeding limits set by that market,
- an imbalance of orders relating to that Underlier Stock or those contracts, or
- a disparity in bid and ask quotes relating to that Underlier Stock or those contracts,

will constitute a suspension or material limitation of trading in the Underlier or those contracts in that market.

If the Determination Date is postponed due to a Market Disruption Event, the payment due at maturity may be postponed by the same number of business days, as set forth in the section “Description of the Notes—Certain Terms of the Notes—Events Relating to Calculation Days” of the accompanying product supplement.

No Listing: The notes will not be listed on any securities exchange or interdealer quotation system

No Interest: The notes do not bear interest

No Redemption: The notes will not be subject to any optional redemption right or price dependent redemption right

Events of Default: If an Event of Default, as defined in the Senior Indenture and in the section entitled “Events of Default and Rights of Acceleration” beginning on page 35 of the accompanying prospectus, with respect to the notes occurs and is continuing, the amount payable to a holder of the notes upon any acceleration permitted under the Senior Indenture will be equal to the amount described under the caption “—Cash Settlement Amount,” calculated as though the date of acceleration were the maturity date of the notes and as though the determination date were the fifth trading day prior to the date of acceleration. In case of a default in the payment of the notes, the notes will not bear a default interest rate.

Calculation Agent: MLPF&S, an affiliate of BofA Finance.

Selling Agent: MLPF&S, an affiliate of BofA Finance. See “Supplemental Plan of Distribution —Conflicts of Interest” on page PS-21 of this pricing supplement.

CUSIP/ISIN: 09709TDH1 / US09709TDH14

Initial Estimated Value: The initial estimated value of the notes as of the trade date is set forth on the cover page of this pricing supplement.

Payments on the notes, including the Maximum Settlement Amount, depend on the credit risk of BofA Finance and BAC and on the performance of the Underlier. The economic terms of the notes are based on BAC’s internal funding rate, which is the rate it would pay to borrow funds through the issuance of

market-linked notes and the economic terms of certain related hedging arrangements it enters into. BAC's internal funding rate is typically lower than the rate it would pay when it issues conventional fixed or floating rate debt securities. This difference in funding rate, as well as the underwriting discount and the hedging related charges described below, reduced the economic terms of the notes to you and the initial estimated value of the notes. Due to these factors, the public offering price to purchase the notes is greater than the initial estimated value of the notes as of the trade date.

For more information about the initial estimated value and the structuring of the notes, see "Risk Factors" beginning on page PS-12 and "Structuring the Notes" on page PS-22.

Supplemental Terms of the Notes

For purposes of the notes offered by this pricing supplement, all references to each of the following terms used in the accompanying product supplement will be deemed to refer to the corresponding term used in this pricing supplement, as set forth in the table below:

Product Supplement Term Pricing Supplement Term

pricing date	trade date
maturity date	stated maturity date
calculation day	Determination Date
principal amount	face amount
Market Measure	Underlier
Index	Underlier

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HYPOTHETICAL EXAMPLES

The following table and chart are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and merely are intended to illustrate the impact that the various hypothetical levels of the Underlier on the Determination Date could have on the Cash Settlement Amount at maturity assuming all other variables remain constant.

The examples below are based on a range of Final Underlier Levels that are entirely hypothetical; the level of the Underlier on any day throughout the life of the notes, including the Final Underlier Level on the Determination Date, cannot be predicted. The Underlier has been highly volatile in the past — meaning that the level of the Underlier has changed considerably in relatively short periods — and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date. If you sell your notes in a secondary market prior to the stated maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the table below, such as interest rates, the volatility of the Underlier, the creditworthiness of BofA Finance, as issuer, and the creditworthiness of BAC, as guarantor. In addition, the initial estimated value of your notes as of the trade date (as determined by reference to pricing models used by us and our affiliates) is less than the original price to public of your notes. For more information on the estimated value of your notes, see “Risk Factors — The Public Offering Price for the Notes Exceeds Their Initial Estimated Value” on page PS-13 of this pricing supplement. The information in the table also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions

Face Amount	\$1,000
Upside Participation Rate	150.00%
Cap Level	114.05% of the Initial Underlier Level
Maximum Settlement Amount	\$1,210.75 per note
Buffer Level	90.00% of the Initial Underlier Level
Buffer Rate	Approximately 111.11%
Buffer Amount	10.00%

Neither a Market Disruption Event nor a non-trading day occurs on the originally scheduled Determination Date, and the Underlier is not discontinued on or prior to such date

No change in or affecting any of the stocks included in the Underlier (the “Underlier Stocks”) or the method by which the Underlier Sponsor calculates the Underlier

Notes purchased on original issue date at the face amount and held to the stated maturity date

For these reasons, the actual performance of the Underlier over the life of your notes, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical levels of the Underlier shown elsewhere in this pricing supplement. For information about the historical levels of the Underlier during recent periods, see “The Underlier — Historical Closing Levels of the Underlier” below. Before investing in the offered notes, you should consult publicly available information to determine the levels of the Underlier between the date of this pricing supplement and the date of your purchase of the offered notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the Underlier Stocks.

The levels in the left column of the table below represent hypothetical Final Underlier Levels and are expressed as percentages of the Initial Underlier Level. The amounts in the right column represent the hypothetical Cash Settlement Amounts, based on the corresponding hypothetical Final Underlier Level, and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical Cash Settlement Amount of 100.000% means that the value of the cash payment that we would deliver for each \$1,000 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical Final Underlier Level and the assumptions noted above.

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Hypothetical Final Underlier Level (as Percentage of Initial Underlier Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)
150.00%	121.075%
140.00%	121.075%
130.00%	121.075%
120.00%	121.075%
114.05%	121.075%
105.00%	107.500%
102.00%	103.000%
100.00%	100.000%
98.00%	100.000%
95.00%	100.000%
90.00%	100.000%
85.00%	94.444%
75.00%	83.333%
50.00%	55.556%
25.00%	27.778%
0.00%	0.000%

If, for example, the Final Underlier Level were determined to be 25.00% of the Initial Underlier Level, the Cash Settlement Amount that we would deliver on your notes at maturity would be approximately 27.778% of the face amount of your notes (which would be equal to a Cash Settlement Amount of approximately \$277.78), as shown in the table above. As a result, if you purchased your notes on the original issue date at the face amount and held them to the stated maturity date, you would lose approximately 72.222% of your investment (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment). If the Final Underlier Level were determined to be 0.000% of the Initial Underlier Level, you would lose your entire investment in the notes. In addition, if the Final Underlier Level were determined to be 150.000% of the Initial Underlier Level, the Cash Settlement Amount that we would deliver on your notes at maturity would be capped at the Maximum Settlement Amount of \$1,210.75, or 121.075% of each \$1,000 face amount of your notes, as shown in the table above. As a result, if you held your notes to the stated maturity date, you would not benefit from any increase in the Final Underlier Level of greater than 114.05% of the Initial Underlier Level.

The following chart shows a graphical illustration of the hypothetical Cash Settlement Amounts that we would pay on your notes on the stated maturity date, if the Final Underlier Level were any of the hypothetical levels shown on the horizontal axis. The hypothetical Cash Settlement Amounts in the chart are expressed as percentages of the face amount of your notes and the hypothetical Final Underlier Levels are expressed as percentages of the Initial Underlier Level. The chart shows that any hypothetical Final Underlier Level of less than 90.00% (the section left of the 90.00% marker on the horizontal axis) would result in a hypothetical Cash Settlement Amount of less than 100.00% of the face amount of your notes (the section below the 100.00% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical Final Underlier Level of greater than or equal to 114.05% of the Initial Underlier Level (the section right of the 114.05% marker on the horizontal axis) would result in a capped return on your investment.

The Cash Settlement Amounts shown above are entirely hypothetical; they are based on market prices for the Underlier Stocks that may not be achieved on the Determination Date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical Cash Settlement Amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical Cash Settlement Amounts on notes held to the stated maturity date in the examples above assume you purchased your notes at their face amount and have not been adjusted to reflect the actual price to public you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read “Risk Factors — If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected” below.

Payments on the notes are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the notes are economically equivalent to a combination of an interest-bearing bond bought by the holder and one or more options entered into between the holder and us (with one or more implicit option premiums paid over time). The discussion in this paragraph does not modify or affect the terms of the notes or the U.S. federal income tax treatment of the notes, as described elsewhere in this pricing supplement.

We cannot predict the actual Final Underlier Level or what the market value of your notes will be on any particular trading day, nor can we predict the relationship between the level of the Underlier and the market value of your notes at any time prior to the stated maturity date. The actual amount that you will receive, if any, at maturity and the rate of return on the offered notes will depend on the actual Final Underlier Level determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your notes, if any, on the stated maturity date may be very different from the information reflected in the table and chart above.

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RISK FACTORS

An investment in your notes is subject to the risks described below, as well as the risks and considerations described in the accompanying prospectus, prospectus supplement and product supplement. You should carefully review these risks and considerations as well as the terms of the notes described herein and in the accompanying prospectus, prospectus supplement and product supplement. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the Underlier Stocks, i.e., the stocks comprising the Underlier to which your notes are linked. You should carefully consider whether the offered notes are suited to your particular circumstances.

You May Lose Your Entire Investment in the Notes

You can lose your entire investment in the notes. The cash payment on your notes, if any, on the stated maturity date will be based on the performance of the Underlier as measured from the Initial Underlier Level to the closing level on the Determination Date. If the Final Underlier Level is *less than* the Buffer Level, you will have a loss for each \$1,000 of the face amount of your notes equal to the *product* of (i) the Buffer Rate *times* (ii) the *sum* of the Underlier Return *plus* the Buffer Amount *times* (iii) \$1,000. Thus, you will be exposed on a leveraged basis to any decrease in the Final Underlier Level beyond the Buffer Amount, and the return on your investment will be negative. You may lose your entire investment in the notes, which would include any premium to face amount you paid when you purchased the notes.

Also, the market price of your notes prior to the stated maturity date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

The Return on Your Notes Will Be Limited to the Maximum Settlement Amount

Your ability to participate in any appreciation in the level of the Underlier over the life of your notes will be limited because of the Cap Level. The Maximum Settlement Amount will limit the Cash Settlement Amount you may receive for each of your notes at maturity, no matter how much the level of the Underlier increases beyond the Cap Level over the life of your notes. Accordingly, the amount payable for each of your notes may be significantly less than it would have been had you invested directly in the Underlier Stocks.

Any Payment on the Notes Is Subject to Our Credit Risk and the Credit Risk of the Guarantor, and Actual or Perceived Changes in Our or the Guarantor's Creditworthiness Are Expected to Affect the Value of the Notes

The notes are our senior unsecured debt securities. Any payment on the notes will be fully and unconditionally guaranteed by the Guarantor. The notes are not guaranteed by any entity other than the Guarantor. As a result, your receipt of the Cash Settlement Amount at maturity will be dependent upon our ability and the ability of the Guarantor to repay our obligations under the notes on the stated maturity date, regardless of the level of the Underlier. No assurance can be given as to what our financial condition or the financial condition of the Guarantor will be on the stated maturity date. If we and the Guarantor become unable to meet our respective financial obligations as they become due, you may not receive the amounts payable under the terms of the notes.

In addition, our credit ratings and the credit ratings of the Guarantor are assessments by ratings agencies of our respective abilities to pay our obligations. Consequently, our or the Guarantor's perceived creditworthiness and actual or anticipated decreases in our or the Guarantor's credit ratings or increases in the spread between the yield on our respective securities and the yield on U.S. Treasury securities (the "credit spread") prior to the stated maturity date may adversely affect the market value of the notes. However, because your return on the notes depends upon factors in

addition to our ability and the ability of the Guarantor to pay our respective obligations, such as the level of the Underlier, an improvement in our or the Guarantor's credit ratings will not reduce the other investment risks related to the notes.

We Are a Finance Subsidiary and, as Such, Will Have Limited Assets and Operations

We are a finance subsidiary of BAC and will have no assets, operations or revenues other than those related to the issuance, administration and repayment of our debt securities that are guaranteed by the Guarantor. As a finance subsidiary, to meet our obligations under the notes, we are dependent upon payment or contribution of funds and/or repayment of outstanding loans from the Guarantor and/or its other subsidiaries. Therefore, our ability to make payments on the notes may be limited. In addition, we will have no independent assets available for distributions to holders of the notes if they make claims in respect of the notes in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders may be limited to those available under the related guarantee by the Guarantor, and that guarantee will rank equally with all other unsecured senior obligations of the Guarantor.

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The Public Offering Price for the Notes Exceeds Their Initial Estimated Value

The initial estimated value of the notes that is provided in this pricing supplement is an estimate only, determined as of the trade date by reference to our and our affiliates' pricing models. These pricing models consider certain assumptions and variables, including our credit spreads and those of the Guarantor, the Guarantor's internal funding rate, mid-market terms on hedging transactions, expectations on interest rates, dividends and volatility, price-sensitivity analysis, and the expected term of the notes. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect.

The initial estimated value does not represent a minimum or maximum price at which we, the Guarantor, MLPF&S or any other entities would be willing to purchase your notes in any secondary market (if any exists) at any time. The value of your notes at any time after the date of this pricing supplement will vary based on many factors that cannot be predicted with accuracy, including our and the Guarantor's creditworthiness and changes in market conditions.

If you attempt to sell the notes prior to maturity, their market value may be lower than the price you paid for them and lower than their initial estimated value. This is due to, among other things, changes in the level of the Underlier, the Guarantor's internal funding rate, and the inclusion in the public offering price of the underwriting discount and the hedging related charges, all as further described in "Structuring the Notes" below. These factors, together with various credit, market and economic factors over the term of the notes, are expected to reduce the price at which you may be able to sell the notes in any secondary market and will affect the value of the notes in complex and unpredictable ways.

The Price of the Notes That May Be Paid by MLPF&S (and Which May Be Reflected on Customer Account Statements) May Be Higher than the Then-Current Estimated Value of the Notes for a Limited Time Period After the Trade Date

As agreed by MLPF&S and the distribution participants, for approximately a three-month period after the trade date, MLPF&S expects to offer to buy the notes in the secondary market at a price that will exceed the estimated value of the notes at that time. The amount of this excess, which represents a portion of the underwriting discount and the hedging-related charges expected to be realized by MLPF&S and the distribution participants over the term of the notes, will decline to zero on a straight line basis over that three-month period. Accordingly, the estimated value of your notes during this initial three-month period may be lower than the value shown on your customer account statements. Thereafter, if MLPF&S buys or sells your notes, it will do so at prices that reflect the estimated value determined by reference to its pricing models at that time. Any price at any time after the trade date will be based on then-prevailing market conditions and other considerations, including the performance of the Underlier and the remaining term of the notes. However, none of us, the Guarantor, MLPF&S or any other party is obligated to purchase your notes at any price or at any time, and we cannot assure you that any party will purchase your notes at a price that equals or exceeds the initial estimated value of the notes.

We Cannot Assure You that a Trading Market for Your Notes Will Ever Develop or Be Maintained

We will not list the notes on any securities exchange. We cannot predict how the notes will trade in any secondary market or whether that market will be liquid or illiquid.

The development of a trading market for the notes will depend on the Guarantor's financial performance and other factors, including changes in the level of the Underlier. The number of potential buyers of your notes in any secondary market may be limited. We anticipate that MLPF&S will act as a market-maker for the notes, but none of us, the Guarantor or MLPF&S is required to do so. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market. MLPF&S may discontinue its market-making activities as to the notes at any time. To the extent that MLPF&S engages in any market-making activities, it may bid for or offer the notes. Any price at which MLPF&S may bid for, offer, purchase, or sell any notes may differ from the values determined by pricing

models that it may use, whether as a result of dealer discounts, mark-ups, or other transaction costs. These bids, offers, or completed transactions may affect the prices, if any, at which the notes might otherwise trade in the market.

In addition, if at any time MLPF&S were to cease acting as a market-maker as to the notes, it is likely that there would be significantly less liquidity in the secondary market. In such a case, the price at which the notes could be sold likely would be lower than if an active market existed.

The Amount Payable on Your Notes Is Not Linked to the Level of the Underlier at Any Time Other Than the Determination Date

The Final Underlier Level will be the closing level of the Underlier on the Determination Date (subject to adjustment as described elsewhere in this pricing supplement). Therefore, if the closing level of the Underlier decreased significantly on the Determination Date, the Cash Settlement Amount for your notes may be significantly less than it would have been had the Cash Settlement Amount been linked to the closing level of the Underlier prior to such decrease in the level of the Underlier. Although the actual level of the Underlier on the stated maturity date or at other times during the

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life of your notes may be higher than the Final Underlier Level, you will not benefit from the closing level of the Underlier at any time other than on the Determination Date.

Your Notes Will Not Bear Interest

You will not receive any interest payments on your notes. As a result, even if the Cash Settlement Amount payable for your notes on the stated maturity date exceeds the face amount of your notes, the overall return you earn on your notes may be less than you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate.

The Probability that the Final Underlier Level Will Be Less Than the Buffer Level Will Depend in Part on the Volatility of the Underlier

“Volatility” refers to the frequency and magnitude of changes in the level of the Underlier. The greater the expected volatility with respect to the Underlier on the trade date, the higher the expectation as of the trade date that the Final Underlier Level could be less than the Buffer Level, indicating a higher expected risk of loss on the notes. The terms of the notes are set, in part, based on expectations about the volatility of the Underlier as of the trade date. The volatility of the Underlier can change significantly over the term of the notes. The level of the Underlier could fall sharply, which could result in a significant loss of principal. You should be willing to accept the downside market risk of the Underlier and the potential to lose a significant amount of your principal at maturity.

You Have No Shareholder Rights or Rights to Receive Any Underlier Stock

Investing in your notes will not make you a holder of any of the Underlier Stocks. Neither you nor any other holder or owner of your notes will have any rights with respect to the Underlier Stocks, including voting rights, any right to receive dividends or other distributions, any rights to make a claim against the Underlier Stocks or any other rights of a holder of the Underlier Stocks. Your notes will be paid in cash and you will have no right to receive delivery of any Underlier Stocks.

The Publisher of the Underlier May Adjust the Underlier in a Way that Affects Its Levels, and the Publisher Has No Obligation to Consider Your Interests

The publisher of the Underlier can add, delete, or substitute the components included in the Underlier or make other methodological changes that could change its level. A new security included in the Underlier may perform significantly better or worse than the replaced security, and the performance will impact the level of the Underlier. Additionally, the publisher of the Underlier may alter, discontinue, or suspend calculation or dissemination of the Underlier. Any of these actions could adversely affect the value of your notes. The publisher of the Underlier will have no obligation to consider your interests in calculating or revising the Underlier.

We May Sell Additional Notes at a Different Issue Price

At our sole option, we may decide to sell an additional aggregate face amount of the notes subsequent to the date of this pricing supplement. The price to public of the notes in the subsequent sale may differ substantially (higher or lower) from the original price to public you paid as provided on the cover of this pricing supplement.

If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected

The Cash Settlement Amount will not be adjusted based on the price to public you pay for the notes. If you purchase notes at a price that differs from the face amount of the notes, then the return on your investment in such notes held to

the stated maturity date will differ from, and may be substantially less than, the return on notes purchased at face amount. If you purchase your notes at a premium to face amount and hold them to the stated maturity date, the return on your investment in the notes will be lower than it would have been had you purchased the notes at face amount or a discount to face amount. In addition, the impact of the Buffer Level and the Cap Level on the return on your investment will depend upon the price you pay for your notes relative to face amount. For example, if you purchase your notes at a premium to face amount, the Cap Level will only permit a lower positive return in your investment in the notes than would have been the case for notes purchased at face amount or a discount to face amount. Similarly, the Buffer Level, while still providing some protection for the return on the notes, will allow a greater percentage decrease in your investment in the notes than would have been the case for notes purchased at face amount or a discount to face amount.

If the Level of the Underlier Changes, the Market Value of Your Notes May Not Change in the Same Manner

Your notes may trade quite differently from the performance of the Underlier. Changes in the levels of the Underlier may not result in a comparable change in the market value of your notes. We discuss some of the reasons for this

PS-14panies. The Committee considers comparative salaries paid by other financial institutions when establishing salaries and benefits for a given position and intends to consider similar data when considering awards. Under the structure of the recognition plan, the Committee may consider, among other things, individual or company performance in making grants or as a condition of vesting for any grant. The recognition plan provides the Committee with flexibility to structure awards in a manner that it believes will be in the best interest of Home Federal. The ten year term of the recognition plan, coupled with the flexibility for structuring awards for different individuals over that time, enables the Committee to make grants over a period of time with such terms and conditions it deems appropriate in light of economic conditions, corporate changes, management restructuring and other factors.

Vote Required for Approval

The affirmative vote of a majority of the outstanding shares present in person or by proxy at the annual meeting, excluding votes eligible to be cast by Home Federal MHC, is required to approve the recognition plan.

Your Board of Directors recommends that you vote "FOR" the approval of the Home Federal Bancorp, Inc. 2005 Recognition and Retention Plan.

PROPOSAL 4 - RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

Appointment of Independent Auditors

The Audit Committee of the Board of Directors has appointed Moss Adams, LLP as the independent public accounting firm to audit Home Federal's financial statements for the fiscal year ending September 30, 2005. Moss Adams served as Home Federal's independent auditors for the fiscal year ended September 30, 2004. In making its determination to appoint Moss Adams as the independent auditors for the 2005 fiscal year, the Audit Committee considered whether the providing of services (and the aggregate fees billed for those services) by Moss Adams, other than audit services, is compatible with maintaining the independence of the independent auditors. You are asked to ratify this appointment at the annual meeting. If the appointment of Moss Adams is not ratified by our stockholders, the Audit Committee may appoint other independent auditors or may decide to maintain its appointment of Moss Adams.

The Audit Committee operates under a written charter adopted by the Board of Directors. In fulfilling its oversight responsibility of reviewing the services performed by Home Federal's independent auditors, the Committee carefully reviews the policies and procedures for the engagement of the independent auditors. The Audit Committee

also discussed with Moss Adams the overall scope and plans for the audit, and the results of its audit. The Committee also reviewed and discussed with Moss Adams the fees paid, as described below.

A representative of Moss Adams is expected to attend the meeting to respond to appropriate questions and will have an opportunity to make a statement if he or she so desires.

The Board of Directors of the Company unanimously recommends that you vote "FOR" the ratification of the appointment of Moss Adams, LLP as independent auditors for the Company for the fiscal year ending September 30, 2005.

Audit Fees

The following table sets forth the aggregate fees billed to Home Federal and Home Federal Bank by Moss Adams for professional services rendered for the fiscal years ended September 30, 2004 and 2003.

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	Years Ended September 30,	
	2004	2003
Audit Fees	\$ 68,121	\$48,460
Audit-Related Fees	160,380 ⁽¹⁾	--
Tax Fees	3,500	5,765
All Other Fees	--	--

⁽¹⁾ Consists primarily of review of documents filed in connection with our initial public offering.

Pre-approval Policy

The Audit Committee pre-approves all audit and permissible non-audit services to be provided by the independent auditors and the estimated fees for these services. All of the services provided by Moss Adams after the date of Home Federal's registration with the SEC described above were approved by the Audit Committee. Services provided prior to the date of registration did not require pre-approval.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act requires our directors and executive officers, and persons who own more than 10% of Home Federal's common stock to report their initial ownership of the common stock and any subsequent changes in that ownership to the SEC. Specific due dates for these reports have been established by the SEC and we are required to disclose in this proxy statement any late filings or failures to file.

Home Federal did not become a public company until December 6, 2004, upon completion of its minority stock offering in connection with the mutual holding company reorganization of Home Federal Bank. Prior to that time, none of our executive officers, directors and greater than 10% beneficial owners were subject to the reporting requirements of Section 16(a) of the Securities Exchange Act.

TRANSACTIONS WITH MANAGEMENT

We have followed a policy of granting loans to our officers and directors, which fully complies with all applicable federal regulations. Loans to directors and executive officers are made in the ordinary course of business and on the same terms and conditions as those of comparable transactions with non-insider employees prevailing at the time, in accordance with our underwriting guidelines, and do not involve more than the normal risk of collectibility or present other unfavorable features. However, employees, directors and officers receive a preferred rate on six-month and one-year adjustable rate mortgages, and on certain types of consumer loans.

All loans we make to our directors and executive officers are subject to federal regulations restricting loans and other transactions with affiliated persons of Home Federal. Loans and available lines of credit to all directors and executive officers and their associates totaled approximately \$930,000 at September 30, 2004, which was 2.1% of our equity at that date. All loans to directors and executive officers were performing in accordance with their terms at September 30, 2004. Total deposits of directors and executive officers were approximately \$1.5 million at September 30, 2004.

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STOCKHOLDER PROPOSALS

In order to be eligible for inclusion in the proxy materials for next year's annual meeting of stockholders, any stockholder proposal to take action at such meeting must be received at the executive office at 500 12th Avenue South, Nampa, Idaho 83651, no later than August 12, 2005. Any such proposals shall be subject to the requirements of the proxy rules adopted under the Securities Exchange Act, and as with any stockholder proposal (regardless of whether included in our proxy materials), our charter and bylaws.

To be considered for presentation at next year's annual meeting, although not included in the proxy materials for that meeting, any stockholder proposal must be stated in writing and received at our executive office at least five days prior to next year's annual meeting of stockholders. All business so stated, proposed and filed shall be considered at the annual meeting, but no other proposal shall be acted upon at the annual meeting. Any stockholder may make any other proposal at the annual meeting and the same may be discussed and considered, but unless stated in writing and filed with the secretary at least 60 days before the meeting, the proposal will be laid over for action at an adjourned, special or annual meeting of the stockholders taking place 30 days or more thereafter.

MISCELLANEOUS

Proxy Solicitation Costs

We will pay the cost of soliciting proxies. In addition to this mailing, our directors, officers and employees may also solicit proxies personally, electronically or by telephone. We will also reimburse brokers and other nominees for their expenses in sending these materials to you and obtaining your voting instructions. We have engaged Regan & Associates, Inc. to assist in distributing proxy materials and contacting record and beneficial owners of Home Federal common stock, and have agreed to pay a fee of \$8,000, including out-of-pocket expenses, for its services to be rendered on behalf of Home Federal.

Annual Reports and Financial Statements

Our annual report to stockholders, including financial statements, has been mailed to all stockholders of record as of the close of business on the record date. Any stockholder who has not received a copy of the annual report may obtain a copy by writing to the Secretary, Home Federal Bancorp, Inc., 500 12th Avenue South, Nampa, Idaho 83651. The annual report is not to be treated as part of the proxy solicitation material or as having been incorporated herein by reference.

In addition, a copy our Annual Report on Form 10-K for the fiscal year ended September 30, 2004 is available to each record and beneficial owner of Home Federal's common stock without charge upon written request to the Secretary at the address given above.

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OTHER MATTERS

We are not aware of any business to come before the annual meeting other than those matters described in this proxy statement. However, if any other matter should properly come before the meeting, it is intended that holders of the proxies will act in accordance with their best judgment.

BY ORDER OF THE BOARD OF DIRECTORS

/s/Roger D. Eisenbarth
Roger D. Eisenbarth
Secretary

Nampa, Idaho
May 23, 2005

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APPENDIX A

HOME FEDERAL BANCORP, INC.

AUDIT COMMITTEE CHARTER

Objective

The objective of the Audit Committee is to assist the Board of Directors of Home Federal Bancorp, Inc. (the Company) in fulfilling its fiduciary and oversight responsibilities for the internal and external audit functions; administrative, operating and internal accounting controls; financial reporting process; and process for monitoring compliance with laws, regulations, policies and procedures. The Audit Committee shall give reasonable assurance regarding the quality and integrity of financial and other data provided by the Company.

Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- * Retain outside counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- * Seek any information it requires from employees - all of whom are directed to cooperate with the Committee's requests - or external parties.
- * Meet with company officers, external auditors, or outside counsel, as necessary.

Committee Membership

The Audit Committee shall consist of three or more independent members of the Board of Directors. The Board or its nominating committee will appoint Committee members and the Committee chair.

Each Committee member will be both independent and financially literate, as defined by applicable regulations of the Securities and Exchange Commission and the National Association of Securities Dealers, and the Board of Directors. At least one member shall have expertise in accounting or financial reporting, as defined by the National Association of Securities Dealers.

Members of the Audit Committee will be considered independent if they have no relationship to the Company or the Company's subsidiary, Home Federal Bank (the "Bank"), that may interfere with the exercise of their independent judgment. Examples of such relationships include, but are not limited to:

- * Being employed by the Company or the Bank for the current year or any of the past five years.
- * Accepting any compensation from the Company or the Bank other than compensation for services as a Board member.
- * Serving or having served in any of the past five years as a consultant, advisor, promoter, or legal counsel of or to the Company or the Bank.
- * Being an immediate family member of an individual who is, or has been in any of the past five years, employed as an officer of the Company or the Bank.

Meetings

The Audit Committee shall meet at least four times per year, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting, in person or via tele-conference. The Committee will invite members of the Board, management, auditors, or others to attend meetings and provide pertinent information, as necessary. As part of its job to foster open communication, the Committee should meet at least annually with management, the Director of Internal Audit, and the external auditors in separate executive sessions to discuss any matters that the Committee or any of these parties believes should be discussed privately. In addition, the Committee or at least its Chair should meet with the external auditors and management quarterly to review the Company's

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quarterly and annual financial statements. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

Responsibilities

The Audit Committee will carry out the following responsibilities:

Financial Statements

- * Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- * Review with management and the external auditors the results of the audit, including any difficulties encountered.
- * Review the Company's annual financial statements and any financial statements submitted to the public, including any certification, report, opinion, or review rendered by the external auditor.
- * Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards
- * Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement.
- * Review with financial management and the external auditors the financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Company's reports on Forms 10-Q and 10-K and annual report to stockholders prior to the filing of the report or prior to the release of earnings. The Committee shall recommend to the Board whether or not the audited financial statements should be included in the Company's Form 10-K.
- * Review disclosures made by the Company's chief executive officer and chief financial officer regarding compliance with their certification obligations as required under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder, including the Company's disclosure controls and procedures and internal control over financial reporting and evaluations thereof.

Internal Control

- * Ensure that management has established and maintains an adequate system of internal controls and performs risk assessments of each significant function.
- * Consider the effectiveness of the company's internal control over annual and interim financial reporting, including information technology security and control
- * Evaluate security for computer systems, facilities, and back-up systems.
- * Understand the scope of internal and external auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- * Review with management and the Director of Internal Audit the charter, Audit Policy, risk assessment, audit plan, audit schedule, activities, staffing, and organizational structure of the internal audit function at least annually.
- * Review Audit Reports submitted by the Director of Internal Audit at least quarterly, evaluate management's response to audit findings, and ascertain that appropriate implementation of significant recommendations is undertaken.
- * As necessary, meet separately with the Director of Internal Audit to discuss any matters that the Committee or internal audit believes should be discussed privately.
- * Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Director of Internal Audit, who is ultimately accountable to the Committee and the Board.

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- * Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.

External Audit

- * Be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report, or performing other audit, review, or attest services for the Company, and each such registered accounting firm shall report directly to the Audit Committee.
- * Review the external auditors' annual engagement letter, including proposed audit scope and approach, coordination of audit effort with internal audit, and estimated fees as proposed.
- * Pre-approve all audit engagement fees and terms and all non-audit engagements with the external auditors. The Committee may delegate authority to pre-approve non-audit services to one or more members of the Committee, provided that the delegatee must present all approved non-audit services to the Committee at its next meeting.
- * Ensure the external auditors' ultimate accountability to the Audit Committee and the Board of Directors, as representatives of the stockholders, receiving reports directly from the auditors.
- * Ensure receipt from the external auditors of a formal written statement delineating all relationships between the auditors and the Company, consistent with Independence Standards Board Standard 1. On an annual basis, review and discuss with the auditors any such relationships to determine the auditors' independence and objectivity. The Committee should take, or recommend to the Board that it take, appropriate action to oversee the independence of the auditors.
- * Discuss with the external auditors all matters required to be communicated to audit

committees in accordance with Statement of Auditing Standards No. 61.

- * Review significant accounting policies, significant risks and exposures, audit activities, and audit findings.
- * As necessary, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately, such as internal controls and the completeness and accuracy of the Company's financial statements.
- * Ensure that the lead audit partner of the external auditors and the concurring audit partner are rotated at least every five years, and that all other audit partners are rotated at least every seven years.

Compliance

- * Review the effectiveness of the system for monitoring compliance with laws, regulations, and internal policies and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- * Review the findings of any examinations by regulatory agencies and any auditor observations.
- * Review the process for communicating the code of conduct to company personnel and for monitoring compliance therewith.
- * Coordinate the investigation of conflicts of interest and unethical conduct.
- * On an ongoing basis, review all related party transactions for potential conflict of interest situations. Approve related party transactions when warranted.
- * Obtain regular updates from management and/or company legal counsel regarding compliance matters.

Reporting Responsibilities

- * Regularly report the results of audits, findings, related recommendations, and Committee activities to the Board of Directors.
- * Provide an independent, direct communication channel between the Board of Directors and the Company's internal auditors, external auditors, and regulators.
- * Prepare the Audit Committee Report for inclusion in the Company's annual proxy statement, consulting with the Company's legal counsel, if necessary.
- * Review any other reports the Company issues that relate to Committee responsibilities.

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Other Responsibilities

- * Review (and in the case of the external auditors, settle) any disagreement among management and the external auditors or the internal auditors in connection with the preparation of financial statements.
- * Establish procedures that allow employees of the Company or any of its subsidiaries to submit confidential and anonymous concerns regarding questionable accounting or auditing matters.
- * Establish procedures for the receipt, retention, and treatment of complaints received by the

Company regarding accounting, internal accounting controls, or auditing matters.

- * Ensure policies in place are reasonably designed to achieve disclosure and clarity regarding the Company's true financial performance and business strategy.
- * Perform other activities related to this Charter as requested by the Board of Directors.
- * Institute and oversee special investigations, examinations, or reviews as the Committee deems advisable to ensure the adequacy of the systems of internal controls and accounting practices.
- * Review and assess the adequacy of this Charter annually, requesting Board approval for proposed changes.
- * Determine the appropriate funding for payment of (i) compensation to the external auditors, (ii) compensation to any advisers employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- * Confirm annually that all responsibilities outlined in this charter have been carried out.
- * Evaluate the Committee's and individual members' performance on a regular basis.

Limitations of the Audit Committee's Roles

While the Committee has the responsibilities and powers set forth in this Audit Committee Charter, it is not the duty of the Committee to prepare financial statements, plan or conduct audits, or determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the external auditors.

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Standards for the Professional Practice of Internal Auditing

Summary

The Standards address the following areas:

- 1000 Purpose, Authority, and Responsibility
- 1100 Independence and Objectivity
 - Organizational Independence
 - Individual Objectivity
 - Impairments to Independence or Objectivity
- 1200 Proficiency and Due Professional Care
 - Proficiency
 - Due Professional Care
 - Continuing Professional Development
- 1300 Quality Assurance and Improvement Program
 - Quality Program Assessments
 - Internal Assessments
 - External Assessments
 - Reporting on the Quality Program
 - Use of "Conducted in Accordance with Standards"

- Disclosure of Noncompliance
- 2000 Managing the Internal Audit Activity
 - Planning
 - Communication and Approval
 - Resource Management
 - Policies and Procedures
 - Coordination
 - Reporting to the Board and Senior Management
- 2100 Nature of Work
 - Risk Management
 - Control
 - Governance
- 2200 Engagement Planning
 - Planning Considerations
 - Engagement Objectives
 - Engagement Scope
 - Engagement Resource Allocation
 - Engagement Work Program
- 2300 Performing the Engagement
 - Identifying Information
 - Analysis and Evaluation
 - Recording Information
 - Engagement Supervision
- 2400 Communicating Results
 - Criteria for Communicating
 - Quality of Communications
 - Engagement Disclosure of Noncompliance with the Standards
 - Disseminating Results
- 2500 Monitoring Progress
- 2600 Management's Acceptance of Risk

Complete standards can be found at www.theiia.org/ecm/guidance

Approved: April 2004

Reviewed: October 2004

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APPENDIX B

HOME FEDERAL BANCORP, INC.

NOMINATING COMMITTEE CHARTER

I. Purpose

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The Nominating Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Home Federal Bancorp, Inc. (the "Company"):

- to assist the Board, on an annual basis, by identifying individuals qualified to become Board members, and to nominate the director nominees for the elections to be held at the next annual meeting of shareholders;
- to assist the Board in filling any vacancy that may arise on the Board by identifying individuals qualified to become Board members, and to recommend to the Board qualified individuals to fill any such vacancies; and
- to lead the Board in its periodic evaluation of the performance of the Board.

II. Composition and Qualifications

The Committee shall be comprised of three (3) or more directors as determined by the Board, all of whom shall be independent non-executive directors, who are not employees of the Company, its subsidiaries or affiliates, and meet the "independent" definition of the NASD (Rule 4200). Members of the Committee shall be appointed and removed only by the Board. The Board shall appoint one member of the Committee as its Chair. A majority of the members of the Committee present at any of its meetings shall constitute a quorum.

III. Meetings

The Committee shall meet at least once annually, and at such other times as it deems necessary to fulfill its responsibilities and duties set forth in this Charter.

IV. Responsibilities and Duties

The Committee shall have the primary responsibility to develop the criteria for the selection of new directors to the Board, including, but not limited to skills, experience, diversity, age, time availability, and such other criteria set forth in corporate policies or as the Committee shall determine to be relevant at the time. The Committee shall have the authority to apply such criteria in connection with the identification of individuals to be Board members, as well as to apply all applicable federal laws and the underlying purpose and intent thereof in connection with such identification process.

In addition, the Committee is responsible for establishing and administering the necessary processes associated with nominating potential directors, including, but not limited to, applications, screening, and interviewing prospective candidates; and finalizing its slate of candidates for recommendation to the Board. These processes will apply to the filling of vacancies that may occur on the Board from time to time, and the election of directors at the annual meeting of shareholders.

The Committee is also responsible for the development and administration of the internal evaluation of the Board's performance and any related individual Board member performance. Such evaluations shall be used by the Committee in carrying out its nominating responsibilities.

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Duties

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1. When Board vacancies occur, or otherwise at the direction of the Board, the Committee shall actively identify, recruit, interview, and evaluate individuals whom the Committee determines meet its criteria and standards for recommendation to the Board.
2. The Committee shall be responsible for reviewing all candidates nominated by shareholders, and determining whether or not to include the candidate as a nominee in the Company's proxy materials.
3. The Committee shall nominate, on an annual basis, nominees for election as directors for the next annual meeting of shareholders and shall be responsible for administering the Company's compliance with the election provisions of its Articles of Incorporation, Bylaws, and related policies.
4. The Committee shall monitor the independence of the Board, to the extent that its nomination process ensures that the majority of the Board consists of independent directors as set forth in the Company's policies.
5. The Committee will establish, or identify and provide access to, appropriate orientation programs, sessions, or materials for newly elected directors of the Company for their benefit either prior to or within a reasonable period of time after their nomination or election as a director.
6. The Committee will provide a report of the Company's nomination process, activities, and resulting nominations in connection with the proxy materials associated with the Company's annual meeting of shareholders.
7. The Committee shall annually review its own performance, as well as the adequacy of this Charter and related corporate policies. Any proposed changes shall be recommended to the Board for approval.
8. Minutes of each meeting will be provided to the Board of Directors on a timely basis. In addition, the Committee will make from time-to-time, special presentations to the Board of Directors on topics related to Committee activities or responsibilities.

V. Authority

The Committee has the authority to implement the provisions of this Charter. Furthermore, the Committee shall have the authority to retain any outside advisors at the Company's expense, as the Committee may deem appropriate in its sole discretion, to assist it in carrying out its responsibilities and duties.

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Date Approved: July 21, 2004

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APPENDIX C

HOME FEDERAL BANCORP, INC.

2005 STOCK OPTION AND INCENTIVE PLAN

1. Plan Purpose. The purpose of the Plan is to foster and promote the long-term success of the Corporation and its stockholders by a means of attracting and retaining directors, advisory directors, directors emeriti and employees of the Corporation and its Affiliates and aligning the interests of Participants with stockholders.

2. Definitions. The following definitions are applicable to the Plan:

"Affiliate" -- means any "parent corporation" or "subsidiary corporation" of the Corporation, as such terms are defined in Section 424(e) and (f), respectively, of the Code.

"Award" -- means the grant by the Committee of an Incentive Stock Option, a Non-Qualified Stock Option, a Right, or any combination thereof, as provided in the Plan.

"Award Agreement" -- means the agreement evidencing the grant of an Award made under the Plan.

"Board" -- means the board of directors of the Corporation.

"Cause" -- means Termination of Service by reason of personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties or gross negligence.

"Code" -- means the Internal Revenue Code of 1986, as amended.

"Committee" -- means the committee referred to in Section 3 hereof.

"Corporation" -- means Home Federal Bancorp, Inc., a federal corporation, and any successor thereto.

"Financial Institution" -- means Home Federal Bank or any successor entity.

"Incentive Stock Option" -- means an option to purchase Shares granted by the Committee which is intended to qualify as an incentive stock option under Section 422(b) of the Code. Unless otherwise set forth in the Award Agreement, any Option which does not qualify as an Incentive Stock Option for any reason shall be deemed *ab initio* to be a Non-Qualified Stock Option.

"Market Value" -- means, as of any applicable date, the value of a Share determined as follows:

(a) If the Shares are traded or quoted on the Nasdaq Stock Market or other national securities exchange on any date, then the Market Value shall be the average of the highest and lowest selling price on such exchange on such date or, if there were no sales on such date, then on the next prior business day on which there was a sale.

(b) If the Shares are not traded or quoted on the Nasdaq Stock Market or other national securities exchange, then the Market Value shall be a value determined by the Board in good faith on such reasonable basis as it deems appropriate (including but not limited to the valuation method described in Section 20.2031-2 of the Federal Estate Tax Regulations).

"Non-Qualified Stock Option" -- means an option to purchase Shares granted by the Committee which does not qualify, for any reason, as an Incentive Stock Option.

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"Option" -- means an Incentive Stock Option or a Non-Qualified Stock Option.

"OTS" -- means the Office of Thrift Supervision of the Department of the Treasury or any successor administrative agency.

"Participant" -- means any director, advisory director, director emeritus or employee of the Corporation or any Affiliate who is selected by the Committee to receive an Award.

"Plan" -- means this Home Federal Bancorp, Inc. 2005 Stock Option and Incentive Plan.

"Related" -- means (i) in the case of a Right, a Right which is granted in connection with, and to the extent exercisable, in whole or in part, in lieu of, an Option or another Right and (ii) in the case of an Option, an Option with respect to which and to the extent a Right is exercisable, in whole or in part, in lieu thereof.

"Right" -- means a stock appreciation right with respect to Shares granted by the Committee pursuant to the Plan.

"Section 409A" -- means Section 409A of the Code and any guidance issued thereunder.

"Shares" -- means the shares of common stock of the Corporation.

"Termination of Service" -- means cessation of service, for any reason, whether voluntary or involuntary, so that the affected individual is not either (i) an employee of the Corporation or any Affiliate for purposes of an Incentive Stock Option, or (ii) a director (including an advisory director or director emeritus) or employee of the Corporation or any Affiliate for purposes of any other Award.

3. Administration. The Plan shall be administered by the Company's Compensation Committee consisting of two or more members of the Board, each of whom shall be (i) an "outside director," as defined under Section 162(m) of the Code and the Treasury regulations thereunder and (ii) a "non-employee director," as defined under Rule 16(b) of the Securities Exchange Act of 1934 or any similar or successor provision. The members of the Committee shall be appointed by the Board. Except as limited by the express provisions of the Plan or by resolutions adopted by the

Board, the Committee shall have sole and complete authority and discretion to: (i) select Participants and grant Awards; (ii) determine the number of Shares to be subject to types of Awards generally, as well as to individual Awards granted under the Plan; (iii) determine the terms and conditions upon which Awards shall be granted under the Plan; (iv) prescribe the form and terms of Award Agreements; (v) establish from time to time regulations for the administration of the Plan; and (vi) interpret the Plan and make all determinations deemed necessary or advisable for the administration of the Plan.

A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by a majority of the Committee without a meeting, shall be acts of the Committee.

The Plan is intended to provide benefits that are not deferred compensation within the meaning of Section 409A and the Plan shall be administered and interpreted accordingly.

4. Shares Subject to Plan.

(a) Options

(i) Subject to adjustment by the operation of Section 6, the maximum number of Shares with respect to which Awards may be made under the Plan is 745,229. As long as the Plan is subject to the requirements of the OTS regulations, no Participant shall receive Awards under the Plan that represent more than 25% of the Shares with respect to which Awards may be made under the Plan, and directors who are not employees of the Corporation or any affiliate shall not receive Awards that represent, for any one such director, more than 5%,

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or, for all such directors in the aggregate, more than 30% of the Shares with respect to which Awards may be made under the Plan.

(ii) During any calendar year, no Participant may be granted Awards under the Plan with respect to more than 200,000 Shares, subject to adjustment as provided in Section 6.

(b) The Shares with respect to which Awards may be made under the Plan may be either authorized and unissued Shares or previously issued Shares reacquired and held as treasury stock. Shares which are subject to Related Rights and Related Options shall be counted only once in determining whether the maximum number of Shares with respect to which Awards may be granted under the Plan has been exceeded. An Award shall not be considered to have been made under the Plan with respect to any Option or Right which terminates, and new Awards may be granted under the Plan with respect to the number of Shares as to which such termination has occurred.

5. Terms and Condition of Option Awards.

(a) Options. The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan and the requirements of applicable law and OTS regulations as the Committee shall determine, including the granting of Options in tandem with other Awards under the Plan:

(i) *Exercise Price.* The exercise price per Share for an Option shall be determined by the Committee; *provided, however,* that such exercise price shall not be less than 100% of the Market Value of a Share on the date of grant of such Option.

(ii) *Option Term.* The term of each Option shall be fixed by the Committee, but shall be no greater than ten (10) years for either an Incentive Stock Option or a Non-Qualified Stock Option.

(iii) *Time and Method of Exercise.* The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms (including, without limitation, cash, Shares, other Awards or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(iv) *Incentive Stock Options.* Incentive Stock Options may be granted by the Committee only to employees of the Corporation or its Affiliates.

(v) *Termination of Service.* Unless otherwise determined by the Committee and set forth in the Award Agreement evidencing the grant of the Option, upon Termination of Service of the Participant for any reason other than for Cause, all Options then currently exercisable shall remain exercisable for the lesser of (A) three years following such Termination of Service or (B) until the expiration of the Option by its terms. Upon Termination of Service for Cause, all Options not previously exercised shall immediately be forfeited.

(b) *Rights.* A Right shall, upon its exercise, entitle the Participant to whom such Right was granted to receive a number of Shares or cash or combination thereof, as the Committee in its discretion shall determine (unless the provision of cash or a combination of cash and Shares would cause the Rights to be subject to Section 409A, in which case the Participant shall only receive Shares), the aggregate value of which (i.e., the sum of the amount of cash and/or Market Value of such Shares on date of exercise) shall equal (as nearly as possible, it being understood that the Corporation shall not issue any fractional Shares) the amount by which the Market Value per Share on the date of such exercise shall exceed the exercise price of such Right, multiplied by the number of Shares with respect to which such Right shall have been exercised. A Right may be Related to an Option or may be granted independently of any Option as the Committee shall from time to time in each case determine. In the case of a Related Option, such Related Option shall cease to be exercisable to the extent of the Shares with respect to which the Related Right was exercised. Upon the exercise or termination of a Related Option, any Related Right shall terminate to the extent of the Shares with respect

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to which the Related Option was exercised or terminated. Notwithstanding anything herein to the contrary, no Right, Related Right or Related Option shall be issued or granted that would cause the Plan or any benefit issued hereunder to be subject to Section 409A.

(c) Additional Terms of Awards

(i) *Vesting.* As long as the Plan is subject to the requirements of the OTS regulations, every Award granted pursuant to this Plan shall vest, beginning not earlier than the one year anniversary of the date on which the Plan is approved by the stockholders of the Corporation, in annual installments of not more than 20%, and the vesting of an Award shall not be

accelerated except in the event of the Participant's death or disability or in connection with a change in control (as set forth in Section 8 of the Plan).

(ii) *Regulatory Action.* Plan Participants that are executive officers or directors must exercise or forfeit their Award in the event the Financial Institution becomes critically undercapitalized (as defined in 12 C.F.R. Section 565.4 or any successor law or regulation), is subject to an OTS enforcement action, or receives a capital directive under 12 C.F.R. Section 565.7 or any successor law or regulation.

6. Adjustments Upon Changes in Capitalization. In the event of any change in the outstanding Shares subsequent to the effective date of the Plan by reason of any reorganization, recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation or any change in the corporate structure or Shares of the Corporation, the maximum aggregate number and class of shares and exercise price of the Award, if any, as to which Awards may be granted under the Plan and the number and class of shares and exercise price of the Award, if any, with respect to which Awards have been granted under the Plan shall be appropriately adjusted by the Committee, whose determination shall be conclusive. Except as otherwise provided herein, any Award which is adjusted as a result of this Section 6 shall be subject to the same terms and conditions as the original Award.

7. Effect of Merger on Options or Rights. In the case of any merger, consolidation or combination of the Corporation (other than a merger, consolidation or combination in which the Corporation is the continuing corporation and which does not result in the outstanding Shares being converted into or exchanged for different securities, cash or other property, or any combination thereof), any Participant to whom an Option or Right has been granted shall have the additional right (subject to the provisions of the Plan and any limitation applicable to such Option or Right), thereafter and during the term of each such Option or Right, to receive upon exercise of any such Option an amount equal to the excess of the fair market value on the date of such exercise of the securities, cash or other property, or combination thereof, receivable upon such merger, consolidation or combination in respect of a Share over the exercise price of such Option or Right, multiplied by the number of Shares with respect to which such Option shall have been exercised. Such amount may be payable fully in cash, fully in one or more of the kind or kinds of property payable in such merger, consolidation or combination, or partly in cash and partly in one or more of such kind or kinds of property, all in the discretion of the Committee. The rights provided for in this Section 8 shall be limited to the extent necessary to avoid having the Plan or any benefit provided hereunder subject to Section 409A.

8. Effect of Change in Control. Each of the events specified in the following clauses (i) through (iii) of this Section 8 shall be deemed a "change in control": (i) any third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, shall become the beneficial owner of shares of the Corporation with respect to which 25% or more of the total number of votes for the election of the Board may be cast; (ii) as a result of, or in connection with, any cash tender offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of the Corporation shall cease to constitute a majority of the Board; or (iii) the stockholders of the Corporation shall approve an agreement providing either for a transaction in which the Corporation will cease to be an independent publicly-owned corporation or for a sale or other disposition of all or substantially all the assets of the Corporation. If a tender offer or exchange offer for Shares (other than such an offer by the Corporation) is commenced, or if a change in control shall occur, unless the Committee shall have otherwise provided in the Award Agreement, all Options and Rights granted and not fully exercisable shall become exercisable in full upon the happening of such event. Provided, however, that no Option which has previously been exercised or otherwise terminated shall become exercisable.

9. Assignments and Transfers. No Incentive Stock Option granted under the Plan shall be transferable other than by will or the laws of descent and distribution. Any other Award shall be transferable by will, the laws of descent and distribution, a "domestic relations order," as defined in Section 414(p)(1)(B) of the Code, or a gift to any member of the Participant's immediate family or to a trust for the benefit of one or more of such immediate family members. During the lifetime of an Award recipient, an Award shall be exercisable only by the Award recipient unless it has been transferred as permitted hereby, in which case it shall be exercisable only by such transferee. For the purpose of this Section 9, a Participant's "immediate family" shall mean the Participant's spouse, children and grandchildren.

10. Employee Rights Under the Plan. No person shall have a right to be selected as a Participant nor, having been so selected, to be selected again as a Participant, and no employee or other person shall have any claim or right to be granted an Award under the Plan or under any other incentive or similar plan of the Corporation or any Affiliate. Neither the Plan nor any action taken thereunder shall be construed as giving any employee any right to be retained in the employ of the Corporation or any Affiliate.

11. Delivery and Registration of Stock. The Corporation's obligation to deliver Shares with respect to an Award shall, if the Committee so requests, be conditioned upon the receipt of a representation as to the investment intention of the Participant to whom such Shares are to be delivered, in such form as the Committee shall determine to be necessary or advisable to comply with the provisions of the Securities Act of 1933 or any other federal, state or local securities legislation. It may be provided that any representation requirement shall become inoperative upon a registration of the Shares or other action eliminating the necessity of such representation under such Securities Act or other securities legislation. The Corporation shall not be required to deliver any Shares under the Plan prior to (i) the admission of such Shares to listing on any stock exchange on which Shares may then be listed and (ii) the completion of such registration or other qualification of such Shares under any state or federal law, rule or regulation, as the Committee shall determine to be necessary or advisable.

12. Withholding Tax. The Corporation shall have the right to deduct from all amounts paid in cash with respect to the exercise of a Right under the Plan any taxes required by law to be withheld with respect to such cash payments. Where a Participant or other person is entitled to receive Shares pursuant to the exercise of an Option as provided for in the Plan, the Corporation shall have the right to require the Participant or such other person to pay the Corporation the amount of any taxes which the Corporation is required to withhold with respect to such Shares, or, in lieu thereof, to retain, or sell without notice, a number of such Shares sufficient to cover the amount required to be withheld. All withholding decisions pursuant to this Section 12 shall be at the sole discretion of the Committee or the Corporation.

13. Amendment or Termination.

(a) The Board may amend, alter, suspend, discontinue, or terminate the Plan without the consent of stockholders or Participants, except that any such action will be subject to the approval of the Corporation's stockholders if, when and to the extent such stockholder approval is necessary or required, for purposes of any applicable federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted, or if the Board, in its discretion, determines to seek such stockholder approval.

(b) The Committee may waive any conditions of, or rights of, the Corporation or modify or amend the terms of any outstanding Award. The Committee may not, however, amend, alter, suspend, discontinue or terminate any outstanding Award without the consent of the Participant or holder thereof, except as otherwise provided herein.

(c) The Committee shall not, without the further approval of the stockholders of the Corporation, authorize the amendment of any outstanding Option to reduce the exercise price of the Option. Furthermore, no Option shall be canceled and replaced with awards having a lower exercise price without further approval of the stockholders of the Corporation. This Section 13(c) is not intended to permit (1) the repricing of "underwater" Options, and (2) the modification of any Option so that it becomes subject to Section 409A, but this Section 13(c) shall not be construed to

prohibit or in any way restrict the adjustments provided for in Section 6 of this Plan.

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(d) No amendment of the Plan or any Award shall be permitted that would cause the Plan or any benefit provided for hereunder to be subject to Section 409A.

14. Effective Date and Term of Plan. The Plan shall become effective upon the later of its adoption by the Board or its approval by the stockholders of the Corporation. It shall continue in effect for a term of ten years thereafter unless sooner terminated under Section 13 hereof.

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APPENDIX D

HOME FEDERAL BANCORP, INC.

2005 RECOGNITION AND RETENTION PLAN

1. Plan Purpose. The purpose of the Plan is to promote the long-term interests of the Corporation and its stockholders by providing a means for attracting and retaining directors, advisory directors, directors emeritus and employees of the Corporation and its Affiliates.

2. Definitions. The following definitions are applicable to the Plan:

"Affiliate" -- means any "parent corporation" or "subsidiary corporation" of the Corporation, as such terms are defined in Section 424(e) and (f), respectively, of the Code.

"Award" -- means the grant by the Committee of Restricted Stock, as provided in the Plan.

"Award Agreement" -- means the agreement evidencing the grant of an Award made under the Plan.

"Board" -- means the board of directors of the Corporation.

"Code" -- means the Internal Revenue Code of 1986, as amended.

"Committee" -- means the committee referred to in Section 3 hereof.

"Corporation" -- means Home Federal Bancorp, Inc., a federal corporation, and any successor thereto.

"Financial Institution " -- means Home Federal Bank or any successor entity.

"OTS" -- means the Office of Thrift Supervision of the Department of the Treasury or any successor administrative agency.

"Participant" -- means any director, advisory director, emeritus director or employee of the Corporation or any Affiliate who is selected by the Committee to receive an Award.

"Plan" -- means this Home Federal Bancorp, Inc. 2005 Recognition and Retention Plan.

"Restricted Period" -- means the period of time selected by the Committee for the purpose of determining when restrictions are in effect under Section 5 hereof with respect to Restricted Stock awarded under the Plan.

"Restricted Stock" -- means Shares awarded to a Participant by the Committee pursuant to Section 5 hereof.

"Section 409A" -- means Section 409A of the Code and any guidance issued thereunder.

"Shares" -- means the shares of common stock of the Corporation.

"Termination of Service" -- means cessation of service, for any reason, whether voluntary or involuntary, so that the affected individual is not a director, emeritus director or employee of the Corporation or any Affiliate. Service shall not be considered to have ceased in the case of sick leave, military leave or any other leave of absence approved by the Corporation or any Affiliate or in the case of transfers between payroll locations of the Corporation or between the Corporation, its subsidiaries or its successor.

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3. Administration. The Plan shall be administered by the Company's Compensation Committee consisting of two or more members of the Board, each of whom (i) shall be an "outside director," as defined under Section 162(m) of the Code and the Treasury regulations thereunder, and (ii) shall be a "non-employee director," as defined under Rule 16(b) of the Securities Exchange Act of 1934 or any similar or successor provision. The members of the Committee shall be appointed by the Board. Except as limited by the express provisions of the Plan or by resolutions adopted by the Board, the Committee shall have sole and complete authority and discretion to: (i) select Participants and grant Awards; (ii) determine the number of Shares to be subject to types of Awards generally, as well as to individual Awards granted under the Plan; (iii) determine the terms and conditions upon which Awards shall be granted under the Plan; (iv) prescribe the form and terms of Award Agreements; (v) establish from time to time regulations for the administration of the Plan; and (vi) interpret the Plan and make all determinations deemed necessary or advisable for the administration of the Plan.

A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by a majority of the Committee without a meeting, shall be acts of the Committee.

The Plan is intended to provide benefits that are not deferred compensation within the meaning of Section 409A and the Plan shall be administered and interpreted accordingly.

4. Shares Subject to Plan. Subject to adjustment by the operation of Section 6, the maximum number of Shares with respect to which Awards may be made under the Plan is 298,092 Shares. The Shares with respect to which Awards may be made under the Plan may be either authorized and unissued Shares or previously issued Shares reacquired and held as treasury stock. An Award shall not be considered to have been made under the Plan with respect to Restricted Stock which is forfeited, and new Awards may be granted under the Plan with respect to the number of Shares as to which such forfeiture has occurred.

5. Terms and Conditions of Restricted Stock. The Committee is hereby authorized to grant Awards of Restricted Stock to Participants with the following terms and conditions and with such additional terms and conditions as the Committee shall determine:

(a) At the time of an Award of Restricted Stock, the Committee shall establish for each Participant a Restricted Period, during which or at the expiration of which, as the Committee shall determine and provide in the Award Agreement, the Shares awarded as Restricted Stock shall no longer be subject to restriction. Subject to any such other terms and conditions as the Committee shall provide, Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, except as hereinafter provided, during the Restricted Period. Except for such restrictions, and subject to paragraph (c) of this Section 5 and Section 6 hereof, the Participant as owner of such shares shall have all the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends with respect to the Restricted Stock. No director who is not an employee of the Corporation shall be granted Awards with respect to more than 5% of the total Shares subject to the Plan.

All non-employee directors of the Corporation, in the aggregate, may not be granted Awards with respect to more than 30% of the total Shares subject to the Plan, and no individual shall be granted Awards with respect to more than 25% of the total Shares subject to the Plan. No Awards shall begin vesting earlier than one year from the date the Plan is ratified by stockholders of the Corporation, no Awards shall vest at a rate in excess of 20% per year beginning from the date of grant, and such vesting shall not be accelerated except in the event of the Participant's death or disability, or in connection with a change of control (as set forth in Section 8 of this Plan).

Subject to compliance with OTS regulations, the Committee shall have the authority, in its discretion, to accelerate the time at which any or all of the restrictions shall lapse with respect thereto, or to remove any or all of such restrictions; whenever it may determine that such action is appropriate by reason of changes in applicable tax or other laws or other changes in circumstances occurring after the commencement of such Restricted Period.

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(b) If a Participant incurs a Termination of Service for any reason (other than death, disability or in connection with a change in control), all Shares of Restricted Stock awarded to such Participant and which at the time of such Termination of Service are subject to the restrictions imposed pursuant to paragraph (a) of this Section 5 shall upon such Termination of Service be forfeited and returned to the Corporation. If a Participant incurs a Termination of Service by reason of death or disability, the Restricted Period with respect to the Participant's Restricted Stock then still subject to restrictions shall thereupon lapse.

(c) Each certificate in respect of Shares of Restricted Stock awarded under the Plan shall be registered in the name of the Participant and deposited by the Participant, together with a stock power endorsed in blank, with the

Corporation and shall bear the following (or a similar) legend:

The transferability of this certificate and the Shares of stock represented hereby are subject to the terms and conditions (including forfeiture) contained in the Home Federal Bancorp, Inc. 2005 Recognition and Retention Plan. Copies of such Plan are on file in the office of the Secretary of Home Federal Bancorp, Inc., 500 12th Avenue South, Nampa, Idaho 83653.

(d) At the time of any Award, the Participant shall enter into an Award Agreement with the Corporation in a form specified by the Committee, agreeing to the terms and conditions of the Award and such other matters as the Committee, in its sole discretion, shall determine.

(e) Upon the lapse of the Restricted Period, the Corporation shall redeliver to the Participant (or where the relevant provision of paragraph (b) of this Section 5 applies in the case of a deceased Participant, to his legal representative, beneficiary or heir) the certificate(s) and stock power deposited with it pursuant to paragraph (c) of this Section 5, and the Shares represented by such certificate(s) shall be free of the restrictions imposed pursuant to paragraph (a) of this Section 5.

(f) No term or condition of any Restricted Stock shall be included that would cause the Restricted Stock to be subject to Section 409A. Any such term or condition shall be void *ab initio*.

6. Adjustments Upon Changes in Capitalization. In the event of any change in the outstanding Shares subsequent to the effective date of the Plan by reason of any reorganization, recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation or any change in the corporate structure or Shares of the Corporation, the maximum aggregate number and class of Shares as to which Awards may be granted under the Plan and the number and class of Shares with respect to which Awards have been granted under the Plan shall be appropriately adjusted by the Committee, whose determination shall be conclusive. Any Award which is adjusted as a result of this Section 6 shall be subject to the same restrictions as the original Award, and the certificate[s] or other instruments representing or evidencing such Restricted Stock shall be legended and deposited with the Corporation in the manner provided in Section 5(c) hereof.

7. Effect of Change in Control. Each of the events specified in the following clauses (i) through (iii) of this Section 7 shall be deemed a "change in control": (i) any third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, shall become the beneficial owner of shares of the Corporation with respect to which 25% or more of the total number of votes for the election of the Board may be cast; (ii) as a result of, or in connection with, any cash tender offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of the Corporation shall cease to constitute a majority of the Board; or (iii) the stockholders of the Corporation shall approve an agreement providing either for a transaction in which the Corporation will cease to be an independent publicly-owned corporation or for a sale or other disposition of all or substantially all the assets of the Corporation. If a tender offer or exchange offer for Shares (other than such an offer by the Corporation) is commenced, or if a change in control shall occur, unless the Committee shall have otherwise provided in the Award Agreement, the Restricted Period with respect to Restricted Stock theretofore awarded to such Participant shall lapse and all Shares awarded hereunder as Restricted Stock shall become fully vested in the Participant to whom such Shares were awarded; provided, however, that no Award which has previously been forfeited shall become vested.

8. Assignments and Transfers. During the Restricted Period, no Award nor any right or interest of a Participant in any instrument evidencing an Award may be assigned, encumbered or transferred other than by will, the laws of descent and distribution or pursuant to a "domestic relations order," as defined in Section 414(p)(1)(B) of the Code.

9. Employee Rights Under the Plan. No person shall have a right to be selected as a Participant nor, having been so selected, to be selected again as a Participant, and no employee or other person shall have any claim or right to be granted an Award under the Plan or under any other incentive or similar plan of the Corporation or any Affiliate. Neither the Plan nor any action taken thereunder shall be construed as giving any employee any right to be retained in the employ of the Corporation or any Affiliate.

10. Delivery and Registration of Stock. The Corporation's obligation to deliver Shares with respect to an Award shall, if the Committee so requests, be conditioned upon the receipt of a representation as to the investment intention of the Participant to whom such Shares are to be delivered, in such form as the Committee shall determine to be necessary or advisable to comply with the provisions of the Securities Act of 1933 or any other federal, state or local securities legislation. It may be provided that any representation requirement shall become inoperative upon a registration of the Shares or other action eliminating the necessity of such representation under such Securities Act or other securities legislation. The Corporation shall not be required to deliver any Shares under the Plan prior to (i) the admission of such Shares to listing on any stock exchange on which Shares may then be listed and (ii) the completion of such registration or other qualification of such Shares under any state or federal law, rule or regulation, as the Committee shall determine to be necessary or advisable.

11. Withholding Tax. Upon the termination of the Restricted Period with respect to any Shares of Restricted Stock (or at any such earlier time, if any, that an election is made by the Participant under Section 83(b) of the Code, or any successor provision thereto, to include the value of such Shares in taxable income), the Corporation shall have the right to require the Participant or other person receiving such Shares to pay the Corporation the amount of any taxes which the Corporation is required to withhold with respect to such Shares, or, in lieu thereof, to retain or sell without notice, a sufficient number of Shares held by it to cover the amount required to be withheld. The Corporation shall have the right to deduct from all dividends paid with respect to Shares of Restricted Stock the amount of any taxes which the Corporation is required to withhold with respect to such dividend payments.

12. Amendment or Termination.

(a) Except to the extent prohibited by OTS regulations, the Board may amend, alter, suspend, discontinue, or terminate the Plan without the consent of stockholders or Participants, except that any such action will be subject to the approval of the Corporation's stockholders if, when and to the extent (i) such stockholder approval is necessary or required for purposes of any applicable federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted, (ii) such amendment or alteration is deemed by the Board to be of a material nature or (iii) if the Board, in its discretion, determines to seek such stockholder approval.

(b) Except to the extent prohibited by OTS regulations, the Committee may waive any conditions of or rights of the Corporation or modify or amend the terms of any outstanding Award. The Committee may not, however, amend, alter, suspend, discontinue or terminate any outstanding Award without the consent of the Participant or holder thereof, except as otherwise provided herein.

(c) No amendment of the Plan or any Award shall be permitted that would cause the Plan or any benefit provided for hereunder to be subject to Section 409A.

13. Effective Date and Term of Plan. The Plan shall become effective upon the later of its adoption by the Board or its approval by the stockholders of the Corporation. It shall continue in effect for a term of ten years thereafter unless sooner terminated under Section 12 of this Plan.

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REVOCABLE PROXY

HOME FEDERAL BANCORP, INC.

ANNUAL MEETING OF STOCKHOLDERS

JUNE 23, 2005

The undersigned hereby appoints the Board of Directors of Home Federal Bancorp, Inc. (the "Company") with full powers of substitution to act as attorneys and proxies for the undersigned, to vote all shares of common stock of the Company which the undersigned is entitled to vote at the Annual Meeting of Stockholders, to be held at the Nampa Civic Center located at 311 3rd Street South, Nampa, Idaho, on Thursday, June 23, 2005, at 3:00 p.m., local time, and at any and all adjournments thereof, as follows:

	<u>FOR</u>	<u>WITHHELD</u>
1. The election as director of the nominees listed below for a three-year term (except as marked to the contrary below).	[]	[]

N. Charles Hedemark
Thomas W. Malson

INSTRUCTIONS: To withhold your vote for any individual nominee, write the nominee's name on the line below.

	<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>
2. The approval of the Home Federal Bancorp, Inc. 2005 Stock Option and Incentive Plan.	[]	[]	[]
3. The approval of the Home Federal Bancorp, Inc. 2005 Recognition and Retention Plan.	[]	[]	[]
4. The ratification of the appointment of Moss Adams LLP as auditors for the fiscal year ending September 30, 2005.	[]	[]	[]
5. In their discretion, upon such other matters as may properly come before the meeting.			

The Board of Directors recommends a vote "FOR" the listed propositions.

This proxy also provides voting instructions to the trustees of the Home Federal Bancorp, Inc. 401(k) Savings Plan and Trust and the Employee Stock Ownership Plan for participants with shares allocated to their accounts.

This proxy will be voted as directed, but if no instructions are specified, this proxy will be voted for the propositions stated. If any other business is presented at such meeting, this proxy will be voted by the Board of Directors in its best judgment. At the present time, the Board of Directors knows of no other business to be presented at the annual meeting. This proxy also confers discretionary authority on the Board of Directors to vote with respect to the election of any person as director where the nominees are unable to serve or for good cause will not serve and matters incident to the conduct of the annual meeting.

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THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

Should the undersigned be present and elect to vote at the annual meeting or at any adjournment thereof and after notification to the Secretary of the Company at the annual meeting of the stockholder's decision to terminate this proxy, then the power of said attorneys and proxies shall be deemed terminated and of no further force and effect.

The undersigned acknowledges receipt from the Company prior to the execution of this proxy of the Notice of Annual Meeting of Stockholders, a Proxy Statement dated May 23, 2005 and the 2004 Annual Report to Stockholders.

Dated: _____, 2005

PRINT NAME OF STOCKHOLDER

PRINT NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER

Please sign exactly as your name appears on the enclosed card. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If shares are held jointly, each holder should sign.

PLEASE COMPLETE, DATE, SIGN AND MAIL THIS PROXY PROMPTLY IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE.

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