HOME BANCORP, INC.
Form 10-Q
August 08, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended: June 30, 2012

or

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission File Number: 001-34190

HOME BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Louisiana	**71-1051785**
(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**Identification Number)**
503 Kaliste Saloom Road, Lafayette, Louisiana	**70508**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant s telephone number, including area code: (337) 237-1960

Not Applicable

(Former Name, Former Address and Former Fiscal Year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES x NO ¨

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ¨

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

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ¨ NO x

At August 1, 2012, the registrant had 7,665,668 shares of common stock, $0.01 par value, outstanding.

Table of Contents

HOME BANCORP, INC. and SUBSIDIARY

TABLE OF CONTENTS

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
Assets		
Cash and cash equivalents	$ 51,211,525	$ 31,272,508
Interest-bearing deposits in banks	4,509,000	5,583,000
Investment securities available for sale, at fair value	152,718,411	155,259,978
Investment securities held to maturity (fair values of $2,517,333 and $3,574,684, respectively)	2,422,574	3,461,717
Mortgage loans held for sale	4,832,498	1,672,597
Loans covered by loss sharing agreements	46,827,556	61,070,360
Noncovered loans, net of unearned income	632,944,049	605,301,127
Total loans, net of unearned income	679,771,605	666,371,487
Allowance for loan losses	(5,314,386)	(5,104,363)
Total loans, net of unearned income and allowance for loan losses	674,457,219	661,267,124
Office properties and equipment, net	30,618,073	31,763,692
Cash surrender value of bank-owned life insurance	17,033,380	16,771,174
FDIC loss sharing receivable	22,827,051	24,222,190
Accrued interest receivable and other assets	27,885,771	32,515,158
Total Assets	$ 988,515,502	$ 963,789,138
Liabilities		
Deposits:		
Noninterest-bearing	$ 151,769,758	$ 127,827,509
Interest-bearing	627,464,180	602,906,246
Total deposits	779,233,938	730,733,755
Short-term Federal Home Loan Bank (FHLB) advances	15,251,316	52,634,218
Long-term Federal Home Loan Bank (FHLB) advances	39,623,329	40,988,736
Accrued interest payable and other liabilities	15,375,621	5,147,595
Total Liabilities	849,484,204	829,504,304
Shareholders Equity		
Preferred stock, $0.01 par value - 10,000,000 shares authorized; none issued		
Common stock, $0.01 par value - 40,000,000 shares authorized; 8,945,175 and 8,933,435 shares issued; 7,693,769 and 7,759,954 shares outstanding, respectively	89,453	89,335
Additional paid-in capital	90,069,141	89,741,406
Treasury stock at cost - 1,251,406 and 1,173,481 shares, respectively	(17,208,855)	(15,892,315)
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(5,802,450)	(5,980,990)
Recognition and Retention Plan (RRP)	(1,863,646)	(2,644,523)
Retained earnings	71,058,483	67,245,350
Accumulated other comprehensive income	2,689,172	1,726,571

Total Shareholders Equity	139,031,298	134,284,834
Total Liabilities and Shareholders Equity	$ 988,515,502	$ 963,789,138

The accompanying Notes are an integral part of these Consolidated Financial Statements.

1

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the Three Months Ended June 30, 2012	For the Three Months Ended June 30, 2011	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011
Interest Income				
Loans, including fees	$ 10,383,044	$ 7,265,525	$ 20,754,401	$ 14,426,178
Investment securities	812,148	817,359	1,671,631	1,778,180
Other investments and deposits	35,068	34,542	69,466	71,263
Total interest income	11,230,260	8,117,426	22,495,498	16,275,621
Interest Expense				
Deposits	1,084,579	1,035,004	2,216,427	2,212,053
Short-term FHLB advances	15,608	7,143	31,450	8,055
Long-term FHLB advances	162,158	107,944	327,152	207,671
Total interest expense	1,262,345	1,150,091	2,575,029	2,427,779
Net interest income	9,967,915	6,967,335	19,920,469	13,847,842
Provision for loan losses	1,160,326	264,673	1,872,226	366,949
Net interest income after provision for loan losses	8,807,589	6,702,662	18,048,243	13,480,893
Noninterest Income				
Service fees and charges	583,916	545,599	1,153,858	1,020,423
Bank card fees	484,408	444,093	952,692	842,188
Gain on sale of loans, net	417,934	121,293	744,105	225,687
Income from bank-owned life insurance	130,927	146,937	262,206	292,356
Gain/(loss) on sale of securities, net	59,079		59,247	(166,082)
Discount accretion of FDIC loss sharing receivable	175,622	231,263	353,131	469,932
Settlement of litigation		525,000		525,000
Other income	47,773	87,323	74,335	113,906
Total noninterest income	1,899,659	2,101,508	3,599,574	3,323,410
Noninterest Expense				
Compensation and benefits	4,826,649	3,915,112	9,522,358	7,913,520
Occupancy	702,003	559,165	1,396,945	1,124,426
Marketing and advertising	184,890	215,145	336,364	376,195
Data processing and communication	666,999	572,000	1,339,340	1,113,507
Professional services	255,483	427,520	487,736	847,252
Forms, printing and supplies	140,449	147,093	266,715	261,074
Franchise and shares tax	175,651	180,501	351,302	361,001
Regulatory fees	213,018	200,642	411,175	430,382
Foreclosed assets, net	242,726	105,766	510,724	153,900
Other expenses	635,046	488,152	1,229,077	936,963
Total noninterest expense	8,042,914	6,811,096	15,851,736	13,518,220

Income before income tax expense	2,664,334	1,993,074	5,796,081	3,286,083
Income tax expense	911,659	725,627	1,982,948	1,223,952
Net Income	$ 1,752,675	$ 1,267,447	$ 3,813,133	$ 2,062,131
Earnings per share:				
Basic	$ 0.25	$ 0.18	$ 0.55	$ 0.29
Diluted	$ 0.24	$ 0.17	$ 0.53	$ 0.28

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Net Income	$ 1,752,675	$ 1,267,447	$ 3,813,133	$ 2,062,131
Other Comprehensive Income				
Unrealized gains on investment securities (net of taxes, $73,016, $69,026, $539,060 and $215,757, respectively)	$ 135,602	$ 133,992	$ 1,001,112	$ 418,822
Reclassification adjustment for losses (gains) included in net income, (net of taxes, $20,678, $0, $20,736 and $56,468, respectively)	(38,401)		(38,511)	109,614
Other comprehensive income, net of taxes	$ 97,201	$ 133,992	$ 962,601	$ 528,436
Comprehensive Income	$ 1,849,876	$ 1,401,439	$ 4,775,734	$ 2,590,567

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Unallocated Common Stock Held by ESOP	Unallocated Common Stock Held by RRP	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2010[1]	$ 89,270	$ 88,818,862	$ (10,425,725)	$ (6,338,070)	$ (3,432,486)	$ 62,125,568	$ 692,523	$ 131,529,942
Comprehensive income:								
Net income						2,062,131		2,062,131
Other Comprehensive income							528,436	528,436
Treasury stock acquired at cost, 99,798 shares			(1,424,207)					(1,424,207)
Exercise of stock options	42	48,048						48,090
RRP shares released for allocation		(702,485)			778,515			76,030
ESOP shares released for allocation		80,486		178,540				259,026
Share-based compensation cost		677,548						677,548
Balance, June 30, 2011	$ 89,312	$ 88,922,459	$ (11,849,932)	$ (6,159,530)	$ (2,653,971)	$ 64,187,699	$ 1,220,959	$ 133,756,996
Balance, December 31, 2011[1]	$ 89,335	$ 89,741,406	$ (15,892,315)	$ (5,980,990)	$ (2,644,523)	$ 67,245,350	$ 1,726,571	$ 134,284,834
Comprehensive income:								
Net income						3,813,133		3,813,133
Other Comprehensive income							962,601	962,601
Treasury stock acquired at cost, 77,925 shares			(1,316,540)					(1,316,540)
Exercise of stock options	118	135,606						135,724
RRP shares released for allocation		(650,966)			780,877			129,911
ESOP shares released for allocation		117,370		178,540				295,910
Share-based compensation cost		725,725						725,725
Balance, June 30, 2012	$ 89,453	$ 90,069,141	$ (17,208,855)	$ (5,802,450)	$ (1,863,646)	$ 71,058,483	$ 2,689,172	$ 139,031,298

(1) Balances as of December 31, 2010 and December 31, 2011 are audited.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011
Cash flows from operating activities, net of effects of acquisition:		
Net income	$ 3,813,133	$ 2,062,131
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,872,226	366,949
Depreciation	728,844	612,622
Amortization of purchase accounting valuations and intangibles	513,692	2,918,441
Net amortization of mortgage servicing asset	70,220	18,020
Federal Home Loan Bank stock dividends	(9,800)	(2,300)
Net amortization of discount on investments	(391,479)	(212,342)
Loss (gain) on sale of investment securities, net	(59,247)	166,082
Gain on loans sold, net	(666,078)	(121,293)
Proceeds, including principal payments, from loans held for sale	16,317,991	13,008,932
Originations of loans held for sale	(13,714,739)	(13,137,317)
Non-cash compensation	1,021,635	936,574
Deferred income tax provision (benefit)	202,102	(989,264)
(Increase) decrease in interest receivable and other assets	(2,219,162)	1,632,634
Increase in cash surrender value of bank-owned life insurance	(262,206)	(292,356)
Increase in accrued interest payable and other liabilities	262,653	1,088,041
Net cash provided by operating activities	7,479,785	8,055,554
Cash flows from investing activities, net of effects of acquisition:		
Purchases of securities available for sale	(16,615,599)	(60,585,865)
Purchases of securities held to maturity		(3,000,000)
Proceeds from maturities, prepayments and calls on securities available for sale	18,595,696	28,638,650
Proceeds from maturities, prepayments and calls on securities held to maturity	1,038,819	10,966,171
Proceeds from sales on securities available for sale	12,497,315	3,675,141
Net increase in loans	(21,777,565)	(15,306,490)
Reimbursement from FDIC for covered assets	1,748,270	1,772,878
(Increase) decrease in certificates of deposit in other institutions	1,074,000	(406,000)
Proceeds from sale of repossessed assets	4,850,102	419,997
Purchases of office properties and equipment	(544,775)	(256,059)
Proceeds from sale of properties and equipment	1,048,771	
Proceeds from redemption of Federal Home Loan Bank stock	1,396,100	
Purchases of Federal Home Loan Bank stock		(1,493,300)
Net cash provided by (used in) investing activities	3,311,134	(35,574,877)
Cash flows from financing activities, net of effects of acquisition:		
Increase (decrease) in deposits	48,799,017	(25,987,130)
Increase (decrease) in Federal Home Loan Bank advances	(38,470,103)	39,500,000
Purchase of treasury stock	(1,316,540)	(1,424,207)
Proceeds from exercise of stock options	135,724	48,090
Net cash provided by financing activities	9,148,098	12,136,753

Net change in cash and cash equivalents	19,939,017	(15,382,570)
Cash and cash equivalents at beginning of year	31,272,508	36,970,638
Cash and cash equivalents at end of period	$ 51,211,525	$ 21,588,068

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited financial statements of the Company were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the six-month period ended June 30, 2012 are not necessarily indicative of the results which may be expected for the entire fiscal year. These statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) for the year ended December 31, 2011.

In preparing the financial statements, the Company is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the Company s financial condition, results of operations, changes in equity and cash flows for the interim periods presented. These adjustments are of a normal recurring nature and include appropriate estimated provisions.

Certain amounts reported in prior periods have been reclassified to conform to the current period presentation. Such reclassifications had no effect on previously reported equity or net income.

2. Accounting Developments

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement*. ASU 2011-04 amends the fair value measurement and disclosure requirements in order to gain consistency between the generally accepted accounting principles in the United States and the International Financial Reporting Standards. The guidance, which became effective on January 1, 2012, did not have a material impact on the Company s results of operations, financial position or disclosures.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income*. ASU 2011-05 requires entities to present the total of comprehensive income, the components of net income and the components of other comprehensive income in a single continuous statement of comprehensive income or in two separate consecutive statements. The revised financial statement presentation for comprehensive income became effective on January 1, 2012 and has been incorporated into this quarterly report on Form 10-Q.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles Goodwill and Other*. ASU 2011-08 amends the accounting guidance on goodwill impairment testing. The amendments in this accounting standard update are intended to reduce complexity and costs by allowing an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. The amendments also improve previous guidance by expanding upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The adoption of ASU 2011-08 became effective on January 1, 2012. The adoption of the guidance did not have a material impact on the Company s results of operations, financial position or disclosures.

Table of Contents

3. Investment Securities

Summary information regarding investment securities classified as available for sale and held to maturity as of June 30, 2012 and December 31, 2011 is as follows.

(dollars in thousands) June 30, 2012	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less Than 1 Year	Gross Unrealized Losses Over 1 Year	Fair Value
Available for sale:					
U.S. agency mortgage-backed	$ 106,150	$ 3,224	$ 5	$	$ 109,369
Non-U.S. agency mortgage-backed	13,746	126	8	236	13,628
Municipal bonds	11,542	651			12,193
U.S. government agency	17,143	387	2		17,528
Total available for sale	$ 148,581	$ 4,388	$ 15	$ 236	$ 152,718
Held to maturity:					
U.S. agency mortgage-backed	$ 1,451	$ 23	$	$	$ 1,474
Municipal bonds	972	71			1,043
Total held to maturity	$ 2,423	$ 94	$	$	$ 2,517

(dollars in thousands) December 31, 2011	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less Than 1 Year	Gross Unrealized Losses Over 1 Year	Fair Value
Available for sale:					
U.S. agency mortgage-backed	$ 113,692	$ 2,879	$ 42	$	$ 116,529
Non-U.S. agency mortgage-backed	14,833	37	766	425	13,679
Municipal bonds	11,598	623			12,221
U.S. government agency	12,521	310			12,831
Total available for sale	$ 152,644	$ 3,849	$ 808	$ 425	$ 155,260
Held to maturity:					
U.S. agency mortgage-backed	$ 2,289	$ 49	$	$	$ 2,338
Municipal bonds	1,173	64			1,237
Total held to maturity	$ 3,462	$ 113	$	$	$ 3,575

Table of Contents

The amortized cost and estimated fair value by maturity of the Company s investment securities as of June 30, 2012 are shown in the following table. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. The expected maturity of a security may differ from its contractual maturity because of prepayments or the exercise of call options. Accordingly, actual maturities may differ from contractual maturities.

(dollars in thousands)	One Year or Less	One Year to Five Years	Five to Ten Years	Over Ten Years	Total
Fair Value					
Securities available for sale:					
U.S. agency mortgage-backed	$	$ 1,256	$ 8,788	$ 99,325	$ 109,369
Non-U.S. agency mortgage-backed				13,628	13,628
Municipal bonds		3,238	6,032	2,923	12,193
U.S. government agency		5,912	6,117	5,499	17,528
Total available for sale	$	$ 10,406	$ 20,937	$ 121,375	$ 152,718
Securities held to maturity:					
U.S. agency mortgage-backed	$ 17	$ 1,017	$ 440	$	$ 1,474
Municipal bonds		1,043			1,043
Total held to maturity	17	2,060	440		2,517
Total investment securities	$ 17	$ 12,466	$ 21,377	$ 121,375	$ 155,235

(dollars in thousands)	One Year or Less	One Year to Five Years	Five to Ten Years	Over Ten Years	Total
Amortized Cost					
Securities available for sale:					
U.S. agency mortgage-backed	$	$ 1,184	$ 8,666	$ 96,300	$ 106,150
Non-U.S. agency mortgage-backed				13,746	13,746
Municipal bonds		3,148	5,649	2,745	11,542
U.S. government agency		5,863	5,975	5,305	17,143
Total available for sale	$	$ 10,195	$ 20,290	$ 118,096	$ 148,581
Securities held to maturity:					
U.S. agency mortgage-backed	$ 17	$ 997	$ 437	$	$ 1,451
Municipal bonds		972			972
Total held to maturity	17	1,969	437		2,423
Total investment securities	$ 17	$ 12,164	$ 20,727	$ 118,096	$ 151,004

Management evaluates securities for other-than-temporary impairment at least quarterly, and more frequently when economic and market conditions warrant such evaluations. Consideration is given to (1) the extent and length of time the fair value has been below cost; (2) the reasons for the decline in value; and (3) the Company s intent to sell a security or whether it is more likely than not the Company will be required to sell the security before the recovery of its amortized cost, which may extend to maturity.

The Company has developed a process to identify securities that could potentially have a credit impairment that is other-than-temporary. This process involves evaluating each security for impairment by monitoring credit performance, collateral type, collateral geography, bond credit support, loan-to-value ratios, credit scores, loss severity levels, pricing levels, downgrades by rating agencies, cash flow projections and other factors as indicators of potential credit issues. The Company performs a credit analysis based on different credit scenarios at least quarterly to detect impairment on its investment securities. When the Company determines that a security is deemed to be other-than-temporarily impaired, an impairment loss is recognized.

Table of Contents

As of June 30, 2012 and December 31, 2011, the Company had $38,795,000 and $20,912,000, respectively, of securities pledged to secure public deposits.

4. Earnings Per Share

Earnings per common share were computed based on the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share data)	2012	2011	2012	2011
Numerator:				
Operating income available to common shareholders	$ 1,753	$ 1,267	$ 3,813	$ 2,062
Denominator:				
Weighted average common shares outstanding	6,972	7,191	6,963	7,184
Effect of dilutive securities:				
Restricted stock	77	78	87	85
Stock options	186	68	166	38
Weighted average common shares outstanding assuming dilution	7,235	7,337	7,216	7,307
Earnings per common share	$ 0.25	$ 0.18	$ 0.55	$ 0.29
Earnings per common share assuming dilution	$ 0.24	$ 0.17	$ 0.53	$ 0.28

Options on 42,764 and 14,429 shares of common stock were not included in computing diluted earnings per share for the three months ended June 30, 2012 and June 30, 2011, respectively, because the effect of these shares was anti-dilutive. Options on 39,797 and 12,714 shares of common stock were not included in computing diluted earnings per share for the six months ended June 30, 2012 and June 30, 2011, respectively, because the effect of these shares was anti-dilutive.

5. Credit Quality and Allowance for Loan Losses

The allowance for loan losses and recorded investment in loans as of the dates indicated are as follows.

	As of June 30, 2012			
(dollars in thousands)	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	Total
Allowance for loan losses:				
One- to four-family first mortgage	$ 756	$ 46	$	$ 802
Home equity loans and lines	336			336
Commercial real estate	1,929	89		2,018
Construction and land	702	135		837
Multi-family residential	103			103
Commercial and industrial	792		50	842
Consumer	376			376
Total allowance for loan losses	$ 4,994	$ 270	$ 50	$ 5,314

Table of Contents

(dollars in thousands)	As of June 30, 2012 Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	Total
Loans:				
One- to four-family first mortgage	$ 160,749	$ 1,415	$ 11,063	$ 173,227
Home equity loans and lines	37,441	77	4,017	41,535
Commercial real estate	232,542	7,364	28,539	268,445
Construction and land	59,781	2,130	4,131	66,042
Multi-family residential	17,189	528	2,424	20,141
Commercial and industrial	76,278	70	1,603	77,951
Consumer	31,802		629	32,431
Total loans	$ 615,782	$ 11,584	$ 52,406	$ 679,772

(dollars in thousands)	As of December 31, 2011 Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	Total
Allowance for loan losses:				
One- to four-family first mortgage	$ 706	$ 72	$	$ 778
Home equity loans and lines	321	15		336
Commercial real estate	1,626	129		1,755
Construction and land	708	196		904
Multi-family residential	64			64
Commercial and industrial	806	66	50	922
Consumer	345			345
Total allowance for loan losses	$ 4,576	$ 478	$ 50	$ 5,104
Loans:				
One- to four-family first mortgage	$ 168,943	$ 1,090	$ 12,784	$ 182,817
Home equity loans and lines	38,406	94	5,165	43,665
Commercial real estate	190,553	2,249	34,197	226,999
Construction and land	71,207	2,305	5,481	78,993
Multi-family residential	16,392	529	3,204	20,125
Commercial and industrial	78,495	136	4,350	82,981
Consumer	29,529		1,262	30,791
Total loans	$ 593,525	$ 6,403	$ 66,443	$ 666,371

A summary of the activity in the allowance for loan losses during the six months ended June 30, 2012 and June 30, 2011 is as follows.

(dollars in thousands)	For the Six Months Ended June 30, 2012 Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Allowance for loan losses:					
One- to four-family first mortgage	$ 778	$	$	$ 24	$ 802
Home equity loans and lines	336	(15)	12	3	336
Commercial real estate	1,755	(1,452)		1,715	2,018
Construction and land	904	(151)		84	837
Multi-family residential	64			39	103

Commercial and industrial	922	(55)	4	(29)	842
Consumer	345	(11)	6	36	376
Total allowance for loan losses	$ 5,104	$ (1,684)	$ 22	$ 1,872	$ 5,314

Table of Contents

(dollars in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
	For the Six Months Ended June 30, 2011				
Allowance for loan losses:					
One- to four-family first mortgage	$ 641	$	$ 10	$ (43)	$ 608
Home equity loans and lines	296			13	309
Commercial real estate	1,258		4	209	1,471
Construction and land	666			(7)	659
Multi-family residential	46			1	47
Commercial and industrial	746	(244)	13	161	676
Consumer	267	(16)	3	33	287
Total allowance for loan losses	$ 3,920	$ (260)	$ 30	$ 367	$ 4,057

On March 12, 2010, the Bank acquired certain assets and liabilities of the former Statewide Bank in a Federal Deposit Insurance Corporation (FDIC) assisted transaction. In connection with the transaction, Home Bank entered into loss sharing agreements with the FDIC which cover the acquired loan portfolio (Covered Loans) and repossessed assets (collectively referred to as Covered Assets). Under the terms of the loss sharing agreements, the FDIC will, subject to the terms and conditions of the agreements, absorb 80% of the first $41,000,000 of losses incurred on Covered Assets and 95% of losses on Covered Assets exceeding $41,000,000 during the periods specified in the loss sharing agreements.

On July 15, 2011, the Company acquired GS Financial Corp. (GSFC), the former holding company of Guaranty Savings Bank of Metairie, Louisiana. Loans acquired in the transaction were accounted for under the purchase method of accounting. A portion of the GSFC loan portfolio was determined to have deteriorated credit quality and was recorded at their aggregate fair value of $6.2 million at the date of acquisition.

Over the life of the loans acquired with deteriorated credit quality, the Company continues to estimate cash flows expected to be collected on individual loans or on pools of loans sharing common risk characteristics. The Company evaluates whether the present values of such loans have decreased and if so, a provision for loan loss is recognized. For any increases in cash flows expected to be collected, the Company adjusts the amount of accretable yield recognized on a prospective basis over the remaining life of the applicable pool of loans.

Credit quality indicators on the Company s loan portfolio, excluding loans acquired with deteriorated credit quality, as of the dates indicated are as follows.

(dollars in thousands)	Pass	Special Mention	Substandard	Doubtful	Total
			June 30, 2012		
One- to four-family first mortgage	$ 156,056	$ 2,365	$ 3,743	$	$ 162,164
Home equity loans and lines	36,773	209	536		37,518
Commercial real estate	225,015	3,695	11,196		239,906
Construction and land	58,518	651	2,742		61,911
Multi-family residential	16,906	227	584		17,717
Commercial and industrial	72,975	3,280	93		76,348
Consumer	31,734	56	12		31,802
Total loans	$ 597,977	$ 10,483	$ 18,906	$	$ 627,366

11

Table of Contents

(dollars in thousands)	December 31, 2011 Pass	Special Mention	Substandard	Doubtful	Total
One- to four-family first mortgage	$ 165,997	$ 2,595	$ 1,441	$	$ 170,033
Home equity loans and lines	37,849	320	331		38,500
Commercial real estate	176,651	11,435	4,716		192,802
Construction and land	69,537	1,595	2,380		73,512
Multi-family residential	16,164	228	529		16,921
Commercial and industrial	74,823	3,621	187		78,631
Consumer	29,429	22	78		29,529
Total loans	$ 570,450	$ 19,816	$ 9,662	$	$ 599,928

The above classifications follow regulatory guidelines and can generally be described as follows:

Pass loans are of satisfactory quality.

Special mention loans have an existing weakness that could cause future impairment, including the deterioration of financial ratios, past due status, questionable management capabilities and possible reduction in the collateral values.

Substandard loans have an existing specific and well-defined weakness that may include poor liquidity and deterioration of financial performance. Such loans may be past due and related deposit accounts experiencing overdrafts. Immediate corrective action is necessary.

Doubtful loans have specific weaknesses that are severe enough to make collection or liquidation in full highly questionable and improbable.

In addition, residential loans are classified using an inter-agency regulatory methodology that incorporates the extent of delinquencies and loan-to-value ratios. These classifications were the most current available as of the dates indicated and were generally updated within the quarter. Loans acquired with deteriorated credit quality are excluded from the schedule of credit quality indicators.

Age analysis of past due loans, excluding loans acquired with deteriorated credit quality, as of the dates indicated is as follows.

(dollars in thousands)	June 30, 2012 30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
Real estate loans:						
One- to four-family first mortgage	$ 4,185	$ 986	$ 1,797	$ 6,968	$ 155,196	$ 162,164
Home equity loans and lines	42		272	314	37,204	37,518
Commercial real estate	271		7,797	8,068	231,838	239,906
Construction and land	165		1,347	1,512	60,399	61,911
Multi-family residential	921		584	1,505	16,212	17,717
Total real estate loans	5,584	986	11,797	18,367	500,849	519,216
Other loans:						
Commercial and industrial	308	75		383	75,965	76,348

Consumer	104	92	12	208	31,594	31,802
Total other loans	412	167	12	591	107,559	108,150
Total loans	$ 5,996	$ 1,153	$ 11,809	$ 18,958	$ 608,408	$ 627,366

Table of Contents

(dollars in thousands)	December 31, 2011 30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
Real estate loans:						
One- to four-family first mortgage	$ 3,740	$ 451	$ 2,053	$ 6,244	$ 163,789	$ 170,033
Home equity loans and lines	242		171	413	38,087	38,500
Commercial real estate	1,384	704	1,862	3,950	188,852	192,802
Construction and land	1,376	13	812	2,201	71,311	73,512
Multi-family residential	944		707	1,651	15,270	16,921
Total real estate loans	7,686	1,168	5,605	14,459	477,309	491,768
Other loans:						
Commercial and industrial	309	95		404	78,227	78,631
Consumer	216	38	50	304	29,225	29,529
Total other loans	525	133	50	708	107,452	108,160
Total loans	$ 8,211	$ 1,301	$ 5,655	$ 15,167	$ 584,761	$ 599,928

Excluding acquired loans, as of June 30, 2012 and December 31, 2011, the Company did not have any loans greater than 90 days past due and accruing.

The following is a summary of information pertaining to impaired loans excluding acquired loans as of the dates indicated.

(dollars in thousands)	For the Six Months Ended June 30, 2012 Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	$ 1,044	$ 1,044	$	$ 829	$ 28
Home equity loans and lines	77	77		78	2
Commercial real estate	7,221	7,221		2,329	92
Construction and land	1,001	1,001		546	29
Multi-family residential	528	528		528	
Commercial and industrial	70	70		60	1
Consumer					
Total	$ 9,941	$ 9,941	$	$ 4,370	$ 152
With an allowance recorded:					
One- to four-family first mortgage	$ 371	$ 371	$ 46	$ 522	$ 12
Home equity loans and lines				6	
Commercial real estate	143	143	89	447	
Construction and land	1,129	1,129	135	1,469	22
Multi-family residential					
Commercial and industrial				55	
Consumer					
Total	$ 1,643	$ 1,643	$ 270	$ 2,499	$ 34

Total impaired loans:					
One- to four-family first mortgage	$ 1,415	$ 1,415	$ 46	$ 1,351	$ 40
Home equity loans and lines	77	77		84	2
Commercial real estate	7,364	7,364	89	2,776	92
Construction and land	2,130	2,130	135	2,015	51
Multi-family residential	528	528		528	
Commercial and industrial	70	70		115	1
Consumer					
Total	$ 11,584	$ 11,584	$ 270	$ 6,869	$ 186

Table of Contents

	For the Year Ended December 31, 2011				
(dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	$ 540	$ 540	$	$ 745	$ 28
Home equity loans and lines	79	79		58	3
Commercial real estate	1,747	1,747		996	60
Construction and land	734	734		672	40
Multi-family residential	529	529		41	25
Commercial and industrial	70	70		55	4
Consumer					
Total	$ 3,699	$ 3,699	$	$ 2,567	$ 160
With an allowance recorded:					
One- to four-family first mortgage	$ 550	$ 550	$ 72	$ 78	$ 38
Home equity loans and lines	15	15	15	10	1
Commercial real estate	501	501	129	301	14
Construction and land	1,572	1,572	196	510	88
Multi-family residential				25	
Commercial and industrial	66	66	66	130	3
Consumer				2	
Total	$ 2,704	$ 2,704	$ 478	$ 1,056	$ 144
Total impaired loans:					
One- to four-family first mortgage	$ 1,090	$ 1,090	$ 72	$ 823	$ 66
Home equity loans and lines	94	94	15	68	4
Commercial real estate	2,249	2,249	129	1,297	74
Construction and land	2,305	2,305	196	1,182	128
Multi-family residential	529	529		66	25
Commercial and industrial	136	136	66	185	7
Consumer				2	
Total	$ 6,403	$ 6,403	$ 478	$ 3,623	$ 304

Table of Contents

A summary of information pertaining to nonaccrual Noncovered Loans as of dates indicated is as follows.

(dollars in thousands)	**June 30, 2012**	**December 31, 2011**
Nonaccrual loans[1]:		
One- to four-family first mortgage	$ 2,977	$ 4,298
Home equity loans and lines	272	191
Commercial real estate	9,658	4,194
Construction and land	1,470	813
Multi-family residential	1,383	1,322
Commercial and industrial	70	139
Consumer	12	50
Total	$ 15,842	$ 11,007

(1) Includes $8.8 million and $7.2 million in acquired loans from GSFC as of June 30, 2012 and December 31, 2011, respectively.

As of June 30, 2012, the Company was not committed to lend additional funds to any customer whose loan was classified as impaired.

Troubled Debt Restructurings

During the course of its lending operations, the Company periodically grants concessions to its customers in an attempt to protect as much of its investment as possible and to minimize risk of loss. These concessions may include restructuring the terms of a customer loan to alleviate the burden of the customer s near-term cash requirements. Effective January 1, 2011, the Company adopted the provisions of ASU No. 2011-02, *Receivables* (Topic 310): *A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring*, which provides clarification on the determination of whether loan restructurings are considered troubled debt restructurings (TDRs). In accordance with the ASU, in order to be considered a TDR, the Company must conclude that the restructuring of a loan to a borrower who is experiencing financial difficulties constitutes a concession . The Company defines a concession as a modification of existing terms granted to a borrower for economic or legal reasons related to the borrower s financial difficulties that the Company would otherwise not consider. The concession is either granted through an agreement with the customer or is imposed by a court or law. Concessions include modifying original loan terms to reduce or defer cash payments required as part of the loan agreement, including but not limited to:

- a reduction of the stated interest rate for the remaining original life of the debt,
- an extension of the maturity date or dates at an interest rate lower than the current market rate for new debt with similar risk characteristics,
- a reduction of the face amount or maturity amount of the debt, or
- a reduction of accrued interest receivable on the debt.

In its determination of whether the customer is experiencing financial difficulties, the Company considers numerous indicators, including, but not limited to:

- whether the customer is currently in default on its existing loan, or is in an economic position where it is probable the customer will be in default on its loan in the foreseeable future without a modification,
- whether the customer has declared or is in the process of declaring bankruptcy,
- whether there is substantial doubt about the customer s ability to continue as a going concern,
- whether, based on its projections of the customer s current capabilities, the Company believes the customer s future cash flows will be insufficient to service the debt, including interest, in accordance with the contractual terms of the existing agreement for the foreseeable future, and
- whether, without modification, the customer cannot obtain sufficient funds from other sources at an effective interest rate equal to the current market rate for similar debt for a non-troubled debtor.

If the Company concludes that both a concession has been granted and the concession was granted to a customer experiencing financial difficulties, the Company identifies the loan as a TDR. For purposes of the determination

15

Table of Contents

of an allowance for loan losses on TDRs, such loans are reviewed for specific impairment in accordance with the Company s allowance for loan loss methodology. If it is determined that losses are probable on such TDRs, either because of delinquency or other credit quality indicators, the Company specifically allocates a portion of the allowance for loan losses to these loans.

Information about the Company s TDRs is presented in the following tables.

	As of June 30, 2012			
(dollars in thousands)	**Current**	**Past Due Greater Than 30 Days**	**Nonaccrual TDRs**	**Total TDRs**
Real estate loans:				
One- to four-family first mortgage	$ 303	$	$	$ 303
Home equity loans and lines				
Commercial real estate	308		1,274	1,582
Construction and land	191			191
Multi-family residential			678	678
Total real estate loans	802		1,952	2,754
Other loans:				
Commercial and industrial	12			12
Consumer	37			37
Total other loans	49			49
Total loans	$ 851	$	$ 1,952	$ 2,803

	As of December 31, 2011			
(dollars in thousands)	**Current**	**Past Due Greater Than 30 Days**	**Nonaccrual TDRs**	**Total TDRs**
Real estate loans:				
One- to four-family first mortgage	$	$	$	$
Home equity loans and lines	15			15
Commercial real estate	319		117	436
Construction and land	198			198
Multi-family residential				
Total real estate loans	532		117	649
Other loans:				
Commercial and industrial	22			22
Consumer	44			44
Total other loans	66			66
Total loans	$ 598	$	$ 117	$ 715

None of the TDRs defaulted subsequent to the restructuring through the date the financial statements were issued. The Company restructured as TDRs three loans totaling $2.3 million during the second quarter of 2012.

6. Fair Value Disclosures

The Company groups its financial assets and liabilities measured at fair value in three levels as required by ASC 820, *Fair Value Measurements and Disclosures*. Under this guidance, fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure fair value. The hierarchy requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Table of Contents

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

An asset s or liability s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Management reviews and updates the fair value hierarchy classifications of the Company s assets and liabilities quarterly.

Recurring Basis

Investment Securities Available for Sale

Fair values of investment securities available for sale are primarily measured using information from a third-party pricing service. This pricing service provides pricing information by utilizing evaluated pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data from market research publications. If quoted prices are available in an active market, investment securities are classified as Level 1 measurements. If quoted prices are not available in an active market, fair values are estimated primarily by the use of pricing models. Level 2 investment securities are primarily comprised of mortgage-backed securities issued by government agencies and U.S. government-sponsored enterprises. In certain cases, where there is limited or less transparent information provided by the Company s third-party pricing service, fair value is estimated by the use of secondary pricing services or through the use of non-binding third-party broker quotes. Investment securities are classified within Level 3 when little or no market activity supports the fair value.

Management primarily identifies investment securities which may have traded in illiquid or inactive markets by identifying instances of a significant decrease in the volume and frequency of trades, relative to historical levels, as well as instances of a significant widening of the bid-ask spread in the brokered markets. Investment securities that are deemed to have been trading in illiquid or inactive markets may require the use of significant unobservable inputs. For example, management may use quoted prices for similar investment securities in the absence of a liquid and active market for the investment securities being valued. As of June 30, 2012, management did not make adjustments to prices provided by the third-party pricing service as a result of illiquid or inactive markets.

The following tables present the balances of assets and liabilities measured on a recurring basis as of June 30, 2012 and December 31, 2011.

		Fair Value Measurements Using		
(dollars in thousands)	**June 30, 2012**	**Level 1**	**Level 2**	**Level 3**
Available for sale securities:				
U.S. agency mortgage-backed	$ 109,369	$	$ 109,369	$
Non-U.S. agency mortgage-backed	13,628		13,628	
Municipal bonds	12,193		12,193	
U.S. government agency	17,528		17,528	
Total	$ 152,718	$	$ 152,718	$

Table of Contents

(dollars in thousands)	December 31, 2011	Fair Value Measurements Using Level 1	Level 2	Level 3
Available for sale securities:				
U.S. agency mortgage-backed	$ 116,529	$	$ 116,529	$
Non-U.S. agency mortgage-backed	13,679		13,679	
Municipal bonds	12,221		12,221	
U.S. government agency	12,831		12,831	
Total	$ 155,260	$	$ 155,260	$

The Company did not record any liabilities at fair value for which measurement of the fair value was made on a recurring basis.

Nonrecurring Basis

In accordance with the provisions of ASC 310, *Receivables*, the Company records loans considered impaired at fair value. A loan is considered impaired if it is probable the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Fair value is measured at the fair value of the collateral for collateral-dependent loans. For non-collateral-dependent loans, fair value is measured by present valuing expected future cash flows. Impaired loans are classified as Level 3 assets when measured using appraisals from external parties of the collateral less any prior liens and there is no observable market price. Repossessed assets are initially recorded at fair value less estimated costs to sell. The fair value of repossessed assets is based on property appraisals and an analysis of similar properties available. As such, the Company classifies repossessed assets as Level 3 assets. Repossessed assets are classified as Level 3 assets when an appraised value is not available or management determines the fair value of the property is further impaired below the appraised value and there is no observable market price.

Acquired loans, the FDIC loss sharing receivable, acquired FHLB advances, and acquired interest-bearing deposit liabilities are measured on a nonrecurring basis using significant unobservable inputs (Level 3).

The Company has segregated all financial assets and liabilities that are measured at fair value on a nonrecurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below.

(dollars in thousands)	June 30, 2012	Fair Value Measurements Using Level 1	Level 2	Level 3
Assets				
Acquired loans with deteriorated credit quality	$ 52,356	$	$	$ 52,356
Acquired loans without deteriorated credit quality	127,762			127,762
Impaired loans, excluding acquired loans	11,314			11,314
Repossessed assets	4,867			4,867
FDIC loss sharing receivable	22,827			22,827
Total	$ 219,126	$	$	$ 219,126
Liabilities				
Deposits acquired through business combinations	$ 99,581	$	$	$ 99,581
FHLB advances acquired through business combinations	19,875			19,875
Total	$ 119,456	$	$	$ 119,456

Table of Contents

(dollars in thousands)	December 31, 2011	Fair Value Measurements Using Level 1	Level 2	Level 3
Assets				
Acquired loans with deteriorated credit quality	$ 66,393	$	$	$ 66,393
Acquired loans without deteriorated credit quality	155,064			155,064
Impaired loans, excluding acquired loans	5,925			5,925
Repossessed assets	8,964			8,964
FDIC loss sharing receivable	24,222			24,222
Total	$ 260,568	$	$	$ 260,568
Liabilities				
Deposits acquired through business combinations	$ 129,034	$	$	$ 129,034
FHLB advances acquired through business combinations	34,123			34,123
Total	$ 163,157	$	$	$ 163,157

ASC 820, *Fair Value Measurements and Disclosures*, requires the disclosure of each class of financial instruments for which it is practicable to estimate. The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. ASC 820 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial statement. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates included herein are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the fair value of assets and liabilities that are not required to be recorded or disclosed at fair value like premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

The carrying value of cash and cash equivalents and interest-bearing deposits in banks approximate their fair value.

Table of Contents

The fair value for investment securities is determined from quoted market prices when available. If a quoted market price is not available, fair value is estimated using third party pricing services or quoted market prices of securities with similar characteristics.

The fair value of mortgage loans held for sale and loans are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturity.

The cash surrender value of bank-owned life insurance (BOLI) approximates its fair value.

The fair value of the FDIC loss sharing receivable is determined by discounting projected cash flows from loss sharing agreements based on expected reimbursements for losses at the applicable loss sharing percentages based on the terms of the loss sharing agreements.

The fair value of customer deposits, excluding certificates of deposit, is the amount payable on demand. The fair value of fixed-maturity certificates of deposit is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities.

The fair value of short-term FHLB advances is the amount payable at maturity. The fair value of long-term FHLB advances is estimated using the rates currently offered for advances of similar maturities.

Fair Value Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect the premium or discount on any particular financial instrument that could result from the sale of the Company s entire holdings. Fair value estimates are based on many judgments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Fair value estimates are based on existing balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include deferred income taxes, premises and equipment and goodwill. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

The following table presents estimated fair values of the Company s financial instruments as of the dates indicated.

		Fair Value Measurements at June 30, 2012			
(dollars in thousands)	**Carrying Amount**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial Assets					
Cash and cash equivalents	$ 51,212	$ 51,212	$ 51,212	$	$
Interest-bearing deposits in banks	4,509	4,509	4,509		
Investment securities available for sale	152,718	152,718		152,718	
Investment securities held to maturity	2,423	2,517		2,517	
Mortgage loans held for sale	4,832	4,832			4,832
Loans, net	674,457	686,178			686,178
Cash surrender value of BOLI	17,033	17,033	17,033		
FDIC loss sharing receivable	22,827	22,827			22,827
Financial Liabilities					
Deposits	$ 779,234	$ 781,844	$	$ 682,263	$ 99,581
Short-term FHLB advances	15,251	15,251	14,000		1,251
Long-term FHLB advances	39,623	41,699		23,076	18,623

Table of Contents

(dollars in thousands)	Carrying Amount	Fair Value Measurements at December 31, 2011 Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 31,273	$ 31,273	$ 31,273	$	$
Interest-bearing deposits in banks	5,583	5,583	5,583		
Investment securities available for sale	155,260	155,260		155,260	
Investment securities held to maturity	3,462	3,575		3,575	
Mortgage loans held for sale	1,673	1,673			1,673
Loans, net	661,267	686,538			686,538
Cash surrender value of BOLI	16,771	16,771	16,771		
FDIC loss sharing receivable	24,222	24,222			24,222
Financial Liabilities					
Deposits	$ 730,734	$ 732,266	$	$ 603,232	$ 129,034
Short-term FHLB advances	52,634	52,634	37,500		15,134
Long-term FHLB advances	40,989	42,465		23,476	18,989

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

The purpose of this discussion and analysis is to focus on significant changes in the financial condition of Home Bancorp, Inc. and its subsidiary, Home Bank, from December 31, 2011 to June 30, 2012 and on its results of operations for the three and six months ended June 30, 2012 and June 30, 2011. This discussion and analysis is intended to highlight and supplement information presented elsewhere in this quarterly report on Form 10-Q, particularly the financial statements and related notes appearing in Item 1.

Forward-Looking Statements

To the extent that statements in this Form 10-Q relate to future plans, objectives, financial results or performance of the Company or Bank, these statements are deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements, which are based on management s current information, estimates and assumptions and the current economic environment, are generally identified by the use of words such as plan , believe , expect , intend , anticipate , estimate , project or similar expressions, or by conditional terms such as will , would , should , could , may , likely , probably , or possibly . The Company s or the Bank s actual strat in future periods may differ materially from those currently expected due to various risks and uncertainties. Factors that may cause actual results to differ materially from these forward-looking statements include, but are not limited to, the risk factors described under the heading Risk Factors in the Company s Annual Report on Form 10-K filed with the Securities Exchange Commission (SEC) for the year ended December 31, 2011. The Company undertakes no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

Table of Contents

EXECUTIVE OVERVIEW

During the second quarter of 2012, the Company earned $1.8 million, an increase of $485,000, or 38.3%, compared to the second quarter of 2011. Diluted earnings per share for the second quarter of 2012 were $0.24, an increase of $0.07, or 41.2%, compared to the second quarter of 2011. During the six months ended June 30, 2012, the Company earned $3.8 million, an increase $1.8 million, or 84.9%, compared to the six months ended June 30, 2011. Diluted earnings per share for the six months ended June 30, 2012 were $0.53, an increase of $0.25, or 89.3%, compared to the six months ended June 30, 2011.

Key components of the Company s performance during the three and six months ended June 30, 2012 are summarized below.

Assets totaled $988.5 million as of June 30, 2012, up $24.7 million, or 2.6%, from December 31, 2011.

Net loans as of June 30, 2012 were $674.5 million, an increase of $13.2 million, or 2.0%, from December 31, 2011. The increase in loans was primarily driven by commercial real estate loans, which increased $41.4 million. This increase was partially offset by decreases in construction and land (down $13.0 million), one- to four-family first mortgage (down $9.6 million), commercial and industrial (down $5.0 million) and home equity (down $2.1 million) loans. As of June 30, 2012, Covered Loans totaled $46.8 million, a decrease of $14.2 million, or 23.3%, from December 31, 2011.

Core deposits (i.e., checking, savings, and money market accounts) grew for the twelfth consecutive quarter, increasing $57.1 million, or 12.8%, from December 31, 2011. Core deposits totaled $503.1 million as of June 30, 2012. Total customer deposits as of June 30, 2012 were $779.2 million, an increase of $48.5 million, or 6.6%, from December 31, 2011.

Interest income increased $3.1 million, or 38.3%, in the second quarter of 2012 compared to the second quarter of 2011. For the six months ended June 30, 2012, interest income increased $6.2 million, or 38.2%, compared to the six months ended June 30, 2011. The increases were driven by the GSFC acquisition and organic loan growth, which were partially offset by lower yields on average interest-earning assets.

Interest expense increased $112,000, or 9.8%, for the second quarter of 2012 compared to the second quarter of 2011. For the six months ended June 30, 2012, interest expense increased $147,000, or 6.1%, compared to the six months ended June 30, 2011. The increases were primarily the result of higher average balances of interest-bearing liabilities due to the GSFC acquisition, which were partially offset by reduced market rates and changes in the composition of interest-bearing liabilities.

The provision for loan losses totaled $1.2 million for the second quarter of 2012, an increase of $896,000, or 338.4%, compared to the second quarter of 2011. For the six months ended June 30, 2012, the provision for loan losses totaled $1.9 million, an increase of $1.5 million, or 410.2%, compared to the six months ended June 30, 2011. The elevated levels of provision resulted primarily from a $1.4 million partial charge-off on a $5.4 million commercial real estate loan which was deemed impaired at June 30, 2012 and was placed on nonaccrual during the first quarter of 2012. As of June 30, 2012, the Company s ratio of allowance for loan losses to total loans was 0.78%, compared to 0.77% at December 31, 2011. Excluding acquired loans, the ratio of the allowance for loan losses to total loans was 1.05% at June 30, 2012, compared to 1.14% at December 31, 2011. Net charge-offs for the first six months of 2012 and 2011 were $1.7 million and $230,000, respectively. The increase in net charge-off for 2012 resulted primarily from the partial charge-offs on the commercial real estate loan mentioned above.

Noninterest income for the second quarter of 2012 decreased $202,000, or 9.6%, compared to the second quarter of 2011. The decrease resulted primarily from a litigation settlement of $525,000 received in the second quarter of 2011. Excluding the litigation settlement and securities gains, noninterest income increased 17% compared to the same quarter last year due primarily to higher gains on the sale of mortgage loans. For the six months ended June 30, 2012, noninterest income increased $276,000, or 8.3%, compared to the six months ended June 30, 2011. The increase resulted primarily from higher gains on the sale of mortgage loans, securities and increased service fees and charges and bank card fees resulting from the acquisition of GSFC and organic customer growth.

Table of Contents

Noninterest expense for the second quarter of 2012 increased $1.2 million, or 18.1%, compared to the second quarter of 2011. For the six months ended June 30, 2012, noninterest expense increased $2.3 million, or 17.3%, compared to the six months ended June 30, 2011. The increase in noninterest expense was primarily due to higher compensation and benefits, occupancy and data processing and communication expenses primarily reflecting our increase in offices and employees as a result of the GSFC acquisition. Additionally, expenses related to foreclosed assets increased primarily due to resolution costs related to nonperforming assets (NPAs) acquired from GSFC.

FINANCIAL CONDITION

Loans, Asset Quality and Allowance for Loan Losses

Loans Loans, net, totaled $679.8 million as of June 30, 2012, an increase of $13.4 million, or 2.0%, from December 31, 2011. The increase in loans was primarily driven by commercial real estate loans, which increased $41.4 million. This increase was partially offset by decreases in construction and land (down $13.0 million), one- to four-family first mortgage (down $9.6 million), commercial and industrial (down $5.0 million) and home equity (down $2.1 million) loans. Covered Loans totaled $46.8 million as of June 30, 2012, a decrease of $14.2 million, or 23.3%, compared to December 31, 2011. The decrease in the Covered Loan portfolio was primarily the result of principal repayments and foreclosures.

The following table summarizes the composition of the Company s loan portfolio as of the dates indicated.

(dollars in thousands)	June 30, 2012	December 31, 2011	Increase/(Decrease) Amount	Percent
Real estate loans:				
One- to four-family first mortgage	$ 173,227	$ 182,817	$ (9,590)	(5.2)%
Home equity loans and lines	41,535	43,665	(2,130)	(4.9)
Commercial real estate	268,445	226,999	41,446	18.3
Construction and land	66,042	78,993	(12,951)	(16.4)
Multi-family residential	20,141	20,125	16	0.1
Total real estate loans	569,390	552,599	16,791	3.0
Other loans:				
Commercial and industrial	77,951	82,981	(5,030)	(6.1)
Consumer	32,431	30,791	1,640	5.3
Total other loans	110,382	113,772	(3,390)	(3.0)
Total loans	$ 679,772	$ 666,371	$ 13,401	2.0%

Asset Quality One of management s key objectives has been, and continues to be, maintaining a high level of asset quality. In addition to maintaining credit standards for new loan originations, we proactively monitor loans and collection and workout processes of delinquent or problem loans. When a borrower fails to make a scheduled payment, we attempt to cure the deficiency by making personal contact with the borrower. Initial contacts are generally made within 10 days after the date the payment is due. In most cases, deficiencies are promptly resolved. If the delinquency continues, late charges are assessed and additional efforts are made to collect the deficiency. All loans which are designated as special mention, classified or which are delinquent 90 days or more are reported to the Board of Directors of the Bank monthly. For loans where the collection of principal or interest payments is doubtful, the accrual of interest income ceases. It is our policy, with certain limited exceptions, to discontinue accruing interest and reverse any interest accrued on any loan which is 90 days or more past due. On occasion, this action may be taken earlier if the financial condition of the borrower raises significant concern with regard to his/her ability to service the debt in accordance with the terms of the loan agreement. Interest income is not accrued on these loans until the borrower s financial condition and payment record demonstrate an ability to service the debt.

Table of Contents

Repossessed assets which are acquired as a result of foreclosure are classified as repossessed assets until sold. Third party property valuations are obtained at the time the asset is repossessed and periodically until the property is liquidated. Repossessed assets are recorded at the lesser of the balance of the loan or fair value less estimated selling costs, at the date acquired or upon receiving new property valuations. Costs associated with acquiring and improving a foreclosed property are usually capitalized to the extent that the carrying value does not exceed fair value less estimated selling costs. Holding costs are charged to expense. Gains and losses on the sale of repossessed assets are charged to operations, as incurred.

An impaired loan generally is one for which it is probable, based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Large groups of smaller balance, homogeneous loans are collectively evaluated for impairment. Loans collectively evaluated for impairment include smaller balance commercial loans, residential real estate loans and consumer loans. These loans are evaluated as a group because they have similar characteristics and performance experience. Larger (i.e., loans with balances of $100,000 or greater) commercial real estate, multi-family residential, construction and land loans and commercial and industrial loans are individually evaluated for impairment. Third party property valuations are obtained at the time of origination for real estate secured loans. When a determination is made that a loan has deteriorated to the point of becoming a problem loan, updated valuations may be ordered to help determine if there is impairment, which may lead to a recommendation for partial charge off or appropriate allowance allocation. Property valuations are ordered through, and are reviewed by, an appraisal officer. The Company typically orders an as is valuation for collateral property if the loan is in a criticized loan classification. The Board of Directors is provided with monthly reports on impaired loans. As of June 30, 2012 and December 31, 2011, loans individually evaluated for impairment, excluding Covered Loans, amounted to $17.2 million and $11.8 million, respectively. The impaired loans include loans acquired from GSFC, which totaled $5.6 million and $5.4 million at June 30, 2012 and December 31, 2011, respectively. As of June 30, 2012 and December 31, 2011, substandard loans, excluding Covered Loans, amounted to $24.5 million and $15.0 million, respectively. The increase in substandard loans for 2012 includes a $5.4 million commercial real estate loan which was placed on nonaccrual status during the first quarter and $5.3 million relating to the former GSFC portfolio. The amount of the allowance for loan losses allocated to impaired or substandard loans, excluding Covered Loans, totaled $270,000 and $478,000 as of June 30, 2012 and December 31, 2011, respectively. There were no assets classified as doubtful or loss as of June 30, 2012 and December 31, 2011.

Federal regulations and our policies require that we utilize an internal asset classification system as a means of reporting problem and potential problem assets. We have incorporated an internal asset classification system, substantially consistent with Federal banking regulations, as a part of our credit monitoring system. Federal banking regulations set forth a classification scheme for problem and potential problem assets as substandard, doubtful or loss assets. An asset is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

A savings institution s determination as to the classification of its assets and the amount of its valuation allowances is subject to review by Federal bank regulators which can order the establishment of additional general or specific loss allowances. The Federal banking agencies have adopted an interagency policy statement on the allowance for loan and lease losses. The policy statement provides guidance for financial institutions on both the responsibilities of management for the assessment and establishment of allowances and guidance for banking agency examiners to use in determining the adequacy of general valuation guidelines. Generally, the policy statement recommends that institutions have effective systems and controls to identify, monitor and address asset quality problems; that management analyze all significant factors that affect the collectability of the portfolio in a reasonable manner; and that management establish acceptable allowance evaluation processes that meet the objectives set forth in the policy statement. Our management believes that, based on information currently available, our allowance for loan losses is maintained at a level which covers all known and inherent losses that are both probable and reasonably estimable as of each reporting date. However, actual losses are dependent upon future events and, as such, further additions to the level of allowance for loan losses may become necessary.

Nonperforming assets defined as nonaccrual loans, accruing loans past due 90 days or more and foreclosed assets, excluding Covered Assets, amounted to $17.5 million, or 1.86% of total assets, as of June 30, 2012, compared to $13.9 million, or 1.6% of total assets, as of December 31, 2011. The increase in NPAs relates primarily to a $5.4 million commercial real estate loan mentioned previously. Total nonperforming assets, including Covered Assets, amounted to $30.3 million, or 3.06% of total assets as of June 30, 2012, compared to $30.4 million, or 3.16% of total assets as of December 31, 2011.

Real estate, or other collateral, which is acquired as a result of foreclosure is classified as a foreclosed asset until sold. Foreclosed assets are recorded at the lesser of the balance of the loan or fair value less estimated selling costs, at the date acquired or upon receiving new property valuations. Holding costs are charged to expense. Gains and losses on the sale of real estate owned are charged to operations, as incurred.

The following table sets forth the composition of the Company s nonperforming assets and troubled debt restructurings as of the dates indicated.

(dollars in thousands)	**June 30, 2012**(1)	**December 31, 2011**(2)
Nonaccrual loans:		
Real estate loans:		
One- to four-family first mortgage	$ 6,816	$ 8,526
Home equity loans and lines	616	857
Commercial real estate	10,242	6,570
Construction and land	4,250	2,624
Multi-family residential	1,383	1,321
Other loans:		
Commercial and industrial	1,984	1,382
Consumer	136	187
Total nonaccrual loans	25,427	21,467
Accruing loans 90 days or more past due		
Total nonperforming loans	25,427	21,467
Foreclosed assets	4,867	8,964
Total nonperforming assets	30,294	30,431
Performing troubled debt restructurings	851	598
Total nonperforming assets and troubled debt restructurings	$ 31,145	$ 31,029
Nonperforming loans to total loans	3.74%	3.22%
Nonperforming loans to total assets	2.57%	2.23%
Nonperforming assets to total assets	3.06%	3.16%

(1) Includes $12.8 million in Covered Assets acquired from Statewide and $10.3 million of assets acquired from GSFC. Excluding acquired loans and assets, ratios for nonperforming loans to total loans, nonperforming loans to total assets and nonperforming assets to total assets were 1.42%, 0.88% and 0.90%, respectively, at June 30, 2012.

2) Includes $16.6 million in Covered Assets acquired from Statewide and $9.9 million of assets acquired from GSFC. Excluding acquired loans and assets, ratios for nonperforming loans to total loans, nonperforming loans to total assets and nonperforming assets to total assets were 0.85%, 0.51% and 0.54%, respectively, at December 31, 2011.

25

Table of Contents

Net loan charge-offs for the second quarter of 2012 were $1.7 million compared to $227,000 for the second quarter of 2011. Net loan charge-offs for the six months ended June 30, 2012 were $1.7 million compared to $230,000 for the six months ended June 30, 2011. The increase in net charge-offs for the second quarter of 2012 resulted primarily from a $1.4 million partial charge-off on a $5.4 million commercial real estate loan.

Allowance for Loan Losses The allowance for loan losses is established through provisions for loan losses. The Company maintains the allowance at a level believed, to the best of management s knowledge, to cover all known and inherent losses in the portfolio that are both probable and reasonable to estimate at each reporting date. Management reviews the allowance for loan losses at least quarterly in order to identify those inherent losses and to assess the overall collection probability for the loan portfolio. The evaluation process includes, among other things, an analysis of delinquency trends, nonperforming loan trends, the level of charge-offs and recoveries, prior loss experience, total loans outstanding, the volume of loan originations, the type, size and geographic concentration of loans, the value of collateral securing loans, the borrower s ability to repay and repayment performance, the number of loans requiring heightened management oversight, economic conditions and industry experience. Based on this evaluation, management assigns risk rankings to segments of the loan portfolio. Such risk ratings are periodically reviewed by management and revised as deemed appropriate. These efforts are supplemented by reviews and validations performed by independent loan reviewers. The results of the reviews are reported to the Audit Committee of the Board of Directors. The establishment of the allowance for loan losses is significantly affected by management judgment. There is a likelihood that different amounts would be reported under different conditions or assumptions. Federal regulatory agencies, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require management to make additional provisions for estimated loan losses based upon judgments different from those of management.

With respect to acquired loans, the Company follows the reserve standard set forth in ASC 310, *Receivables*. At acquisition, the Company reviews each loan to determine whether there is evidence of deterioration in credit quality since origination and if it is probable that the Company will be unable to collect all amounts due according to the loan s contractual terms. The Company considers expected prepayments and estimates the amount and timing of undiscounted expected principal, interest and other cash flows for each loan pool meeting the criteria above, and determines the excess of the loan pool s scheduled contractual principal and interest payments in excess of cash flows expected at acquisition as an amount that should not be accreted (nonaccretable difference). The remaining amount, representing the excess of the pool s cash flows expected to be collected over the fair value, is accreted into interest income over the remaining life of the pool (accretable yield). The Company records a discount on these loans at acquisition to record them at their estimated fair values. As a result, acquired loans subject to ASC 310 are excluded from the calculation of the allowance for loan losses as of the acquisition date.

Acquired loans were recorded as of their acquisition date fair value, which was based on expected cash flows and included an estimation of expected future loan losses. Under current accounting principles, if the Company determines that losses arose after the acquisition date, the additional losses will be reflected as a provision for loan losses. As of June 30, 2012, $50,000 of our allowance for loan losses was allocated to acquired loans.

We will continue to monitor and modify our allowance for loan losses as conditions warrant. No assurance can be given that our level of allowance for loan losses will cover all of the inherent losses on our loans or that future adjustments to the allowance for loan losses will not be necessary if economic and other conditions differ substantially from the conditions used by management to determine the current level of the allowance for loan losses.

The following table presents the activity in the allowance for loan losses during the first six months of 2012.

(dollars in thousands)	**Amount**
Balance, December 31, 2011	$ 5,104
Provision charged to operations	1,872
Loans charged off	(1,684)
Recoveries on charged off loans	22
Balance, June 30, 2012	$ 5,314

Table of Contents

At June 30, 2012, the Company s ratio of allowance for loan losses to total loans was 0.78%, compared to 0.77% and 0.90% at December 31, 2011 and June 30, 2011, respectively. The decrease in the ratio of the allowance for loan losses to total loans as of June 30, 2012 compared to June 30, 2011 relates to the accounting for acquired loans. Under accounting principles generally accepted in the United States, an acquirer may not carry over the acquiree s allowance for loan losses. Instead, the acquirer must fair value the cash flows expected to be derived from the acquired loan portfolio. Management has included its credit loss expectations in the acquired loan portfolios cash flow assumptions used to derive the portfolios fair value. Hence, management believes that expected credit losses in the acquired loan portfolios were appropriately addressed in the fair value adjustments recorded on the acquired loan portfolios. Ongoing evaluations of the acquired loan portfolios may result in additional provisions for acquired loans. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.05% at June 30, 2012, compared to 1.14% and 1.06% at December 31, 2011 and June 30, 2011, respectively.

Investment Securities

The Company s investment securities portfolio totaled $155.1 million as of June 30, 2012, a decrease of $3.6 million, or 2.3%, from December 31, 2011. As of June 30, 2012, the Company had a net unrealized gain on its available for sale investment securities portfolio of $4.1 million, compared to $2.6 million as of December 31, 2011. At June 30, 2012, the investment securities portfolio had a modified duration of 3.6 years.

During the second quarter of 2012, the Company sold securities with an aggregate book value of $11.2 million and realized a gain of $59,000 on the transactions. The securities were sold due to their low book yields and prepayment risk.

The following table summarizes activity in the Company s investment securities portfolio during the first six months of 2012.

(dollars in thousands)	Available for Sale	Held to Maturity
Balance, December 31, 2011	$ 155,260	$ 3,462
Purchases	26,579	
Sales	(12,438)	
Principal payments and calls	(18,596)	(1,039)
Accretion of discounts and amortization of premiums, net	392	
Increase in market value	1,521	
Balance, June 30, 2012	$ 152,718	$ 2,423

The Company holds no Federal National Mortgage Association (Fannie Mae) or Federal Home Loan Mortgage Corporation (Freddie Mac) preferred stock, equity securities, corporate bonds, trust preferred securities, hedge fund investments, or collateralized debt obligations.

Funding Sources

Deposits Deposits totaled $779.2 million as of June 30, 2012, an increase of $48.5 million, or 6.6%, compared to December 31, 2011. The Company experienced its twelfth consecutive quarter of core deposit (i.e., checking, savings, and money market accounts) growth during the second quarter of 2012. Core deposits totaled $503.1 million as of June 30, 2012, an increase of $57.1 million, or 12.8 %, compared to December 31, 2011.

Table of Contents

The following table sets forth the composition of the Company s deposits at the dates indicated.

(dollars in thousands)	June 30, 2012	December 31, 2011	Increase (Decrease) Amount	Percent
Demand deposit	$ 151,770	$ 127,828	$ 23,942	18.7%
Savings	47,018	43,671	3,347	7.7
Money market	185,768	180,790	4,978	2.8
NOW	118,550	93,679	24,871	26.5
Certificates of deposit	276,128	284,766	(8,638)	(3.0)
Total deposits	$ 779,234	$ 730,734	$ 48,500	6.6%

Federal Home Loan Bank Advances Short-term FHLB advances totaled $15.3 million as of June 30, 2012, compared to $52.6 million as of December 31, 2011. The average rates paid on short-term FHLB advances were 0.18% and 0.13% for the three and six months ended June 30, 2012, respectively, compared to 0.11% and 0.12% for the three and six months ended June 30, 2011.

Long-term FHLB advances totaled $39.6 million as of June 30, 2012, compared to $41.0 million as of December 31, 2011. The average rates paid on long-term FHLB advances were 1.63% for the three and six months ended June 30, 2012, respectively, compared to 2.64% and 2.83% for the three and six months ended June 30, 2011, respectively.

Shareholders Equity Shareholders equity provides a source of permanent funding that allows for future growth and provides the Company with a cushion to withstand unforeseen adverse developments. Shareholders equity increased $4.7 million, or 3.5%, from $134.3 million as of December 31, 2011 to $139.0 million as of June 30, 2012.

As of June 30, 2012, the Bank had regulatory capital that was well in excess of regulatory requirements. The following table details the Bank s actual levels and current regulatory capital requirements as of June 30, 2012.

(dollars in thousands)	Actual Amount	Ratio	Required for Capital Adequacy Purposes Amount	Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
Tier 1 risk-based capital	$ 123,798	19.85%	$ 24,952	4.00%	$ 37,428	6.00%
Total risk-based capital	129,112	20.70	49,904	8.00	62,379	10.00
Tier 1 leverage capital	123,798	12.72	38,936	4.00	48,670	5.00
Tangible capital	123,798	12.72	14,601	1.50	N/A	N/A

LIQUIDITY AND ASSET/LIABILITY MANAGEMENT

Liquidity Management

Liquidity management encompasses our ability to ensure that funds are available to meet the cash flow requirements of depositors and borrowers, while also ensuring adequate cash flow exists to meet the Company s needs, including operating, strategic and capital. The Company develops its liquidity management strategies as part of its overall asset/liability management process. Our primary sources of funds are from deposits, amortization of loans, loan prepayments and the maturity of loans, investment securities and other investments, and other funds provided from operations. While scheduled payments from the amortization of loans and investment securities and maturing investment securities are relatively predictable sources of funds, deposit flows and loan prepayments can be greatly influenced by general interest rates, economic conditions and competition.

Table of Contents

The Company also maintains excess funds in short-term, interest-bearing assets that provide additional liquidity. As of June 30, 2012, cash and cash equivalents totaled $51.2 million. At such date, investment securities available for sale totaled $152.7 million.

The Company uses its liquidity to fund existing and future loan commitments, to fund maturing certificates of deposit and demand deposit withdrawals, to invest in other interest-earning assets, and to meet operating expenses. As of June 30, 2012, certificates of deposit maturing within the next 12 months totaled $166.5 million. Based upon historical experience, the Company anticipates that a significant portion of the maturing certificates of deposit will be redeposited with us. For the three months ended June 30, 2012, the average balance of our outstanding FHLB advances was $73.5 million. As of June 30, 2012, the Company had $54.9 million in outstanding FHLB advances and had $286.8 million in additional FHLB advances available.

In addition to cash flow from loan and securities payments and prepayments as well as from sales of securities available for sale, the Company has significant borrowing capacity available to fund liquidity needs. In recent years, the Company has utilized borrowings as a cost efficient addition to deposits as a source of funds. Our borrowings consist of advances from the FHLB of Dallas, of which the Company is a member. Under terms of the collateral agreement with the FHLB, the Company pledges residential mortgage loans and investment securities as well as the Company s stock in the FHLB as collateral for such advances.

Asset/Liability Management

The objective of asset/liability management is to implement strategies for the funding and deployment of the Company s financial resources that are expected to maximize soundness and profitability over time at acceptable levels of risk. Interest rate sensitivity is the potential impact of changing rate environments on both net interest income and cash flows. The Company measures its interest rate sensitivity over the near term primarily by running net interest income simulations.

Our interest rate sensitivity also is monitored by management through the use of a model which generates estimates of the change in its net interest income over a range of interest rate scenarios. Based on the Company s interest rate risk model, the table below sets forth the results of immediate and sustained changes in interest rates as of June 30, 2012.

Shift in Interest Rates (in bps)	**% Change in Projected Net Interest Income**
+300	2.3%
+200	1.7
+100	1.0

The actual impact of changes in interest rates will depend on many factors. These factors include the Company s ability to achieve expected growth in earning assets and maintain a desired mix of earning assets and interest-bearing liabilities, the actual timing of asset and liability repricings, the magnitude of interest rate changes and corresponding movement in interest rate spreads, and the level of success of asset/liability management strategies.

Off-Balance Sheet Activities

To meet the financing needs of its customers, the Bank issues financial instruments which represent conditional obligations that are not recognized, wholly or in part, in the statements of financial condition. These financial instruments include commitments to extend credit and standby letters of credit. Such instruments expose the Company to varying degrees of credit and interest rate risk in much the same way as funded loans. The same credit policies are used in these commitments as for on-balance sheet instruments. The Company s exposure to credit losses from these financial instruments is represented by their contractual amounts.

Table of Contents

The following table summarizes our outstanding commitments to originate loans and to advance additional amounts pursuant to outstanding letters of credit, lines of credit and undisbursed construction loans as of June 30, 2012 and December 31, 2011.

	Contract Amount	
(dollars in thousands)	**June 30, 2012**	**December 31, 2011**
Standby letters of credit	$ 1,426	$ 1,626
Available portion of lines of credit	59,907	60,675
Undisbursed portion of loans in process	35,533	37,840
Commitments to originate loans	91,926	53,711

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to be drawn upon, the total commitment amounts generally represent future cash requirements.

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

The Company is subject to certain claims and litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the financial condition or results of operations of the Company.

RESULTS OF OPERATIONS

The Company reported net income for the second quarter of 2012 of $1.8 million, an increase of $485,000, or 38.3%, compared to the second quarter of 2011. For the six months ended June 30, 2012, the Company s net income was $3.8 million, an increase of $1.8 million, or 84.9%, compared to the six months ended June 30, 2011. Diluted earnings per share were $0.24 for the second quarter of 2012, an increase of $0.07, or 41.2%, compared to the second quarter of 2011. Diluted earnings per share for the six months ended June 30, 2012 were $0.53, an increase of $0.25, or 89.3%, compared to the six months ended June 30, 2011.

Net Interest Income Net interest income is the difference between the interest income earned on interest-earning assets, such as loans and investment securities, and the interest expense paid on interest-bearing liabilities, such as deposits and borrowings. The Company s net interest income is largely determined by our net interest spread, which is the difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities, and the relative amounts of interest-earning assets and interest-bearing liabilities. The Company s net interest spread was 4.54% and 4.34% for the three months ended June 30, 2012 and June 30, 2011, respectively, and 4.55% and 4.39% for the six months ended June 30, 2012 and June 30, 2011, respectively. The Company s net interest margin, which is net interest income as a percentage of average interest-earning assets, was 4.70% and 4.56% for the three months ended June 30, 2012 and June 30, 2011, respectively, and 4.69% and 4.63% for the six months ended June 30, 2012 and June 30, 2011, respectively. The increase in net interest margin was primarily due to the asset and liability mix changes resulting from the GSFC acquisition and organic loan and deposit growth.

Net interest income totaled $10.0 million for the three months ended June 30, 2012; an increase of $3.0 million, or 43.1%, compared to the three months ended June 30, 2011. For the six months ended June 30, 2012, net interest income totaled $19.9 million, an increase of $6.1 million, or 43.9%, compared to the six months ended June 30, 2011.

Interest income increased $3.1 million, or 38.3%, in the second quarter of 2012, compared to the second quarter of 2011. For the six months ended June 30, 2012, interest income increased $6.2 million, or 38.2%, compared to

Table of Contents

the six months ended June 30, 2011. The increase was primarily due to a higher average volume of loans receivable as the result of the GSFC acquisition and organic loan growth, which more than offset a decrease in the average yield on interest-earning assets.

Interest expense increased $112,000, or 9.8%, in the second quarter of 2012 compared to the second quarter of 2011. For the six months ended June 30, 2012, interest expense increased $147,000, or 6.1%, compared to the six months ended June 30, 2011. The increase was primarily due to a higher average volume of interest-bearing liabilities as the result of the GSFC acquisition, which was partially offset by a decrease in the average rate paid on interest-bearing liabilities as the result of reduced market rates.

The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest income of the Company from interest-earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rate; (iii) net interest income; (iv) net interest spread; and (v) net interest margin. Information is based on average monthly balances during the indicated periods.

	Three Months Ended June 30,					
	2012			2011		
(dollars in thousands)	**Average Balance**	**Interest**	**Average Yield/ Rate (1)**	**Average Balance**	**Interest**	**Average Yield/ Rate(1)**
Interest-earning assets:						
Loans receivable(1)	$ 674,244	$ 10,383	6.19%	$ 445,947	$ 7,266	6.53%
Investment securities	152,916	812	2.12	145,624	817	2.25
Other interest-earning assets	26,504	35	0.53	21,371	35	0.65
Total interest-earning assets	853,664	11,230	5.29	612,942	8,118	5.31
Noninterest-earning assets	109,606			96,418		
Total assets	$ 963,270			$ 709,360		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	$ 329,371	$ 321	0.39%	$ 241,960	$ 300	0.50%
Certificates of deposit	276,800	763	1.11	191,038	735	1.54
Total interest-bearing deposits	606,171	1,084	0.72	432,998	1,035	0.96
FHLB advances	73,488	178	0.97	41,010	115	1.12
Total interest-bearing liabilities	679,659	1,262	0.75	474,008	1,150	0.97
Noninterest-bearing liabilities	144,498			101,768		
Total liabilities	824,157			575,776		
Shareholders equity	139,113			133,584		
Total liabilities and shareholders equity	$ 963,270			$ 709,360		
Net interest-earning assets	$ 174,005			$ 138,934		
Net interest spread		$ 9,968	4.54%		$ 6,968	4.34%
Net interest margin			4.70%			4.56%

31

Table of Contents

	Six Months Ended June 30,					
	2012			2011		
(dollars in thousands)	Average Balance	Interest	Average Yield/ Rate [(1)]	Average Balance	Interest	Average Yield/ Rate[(1)]
Interest-earning assets:						
Loans receivable[(1)]	$ 673,478	$ 20,754	6.20%	$ 442,684	$ 14,426	6.57%
Investment securities	154,196	1,672	2.14	138,064	1,779	2.58
Other interest-earning assets	25,832	69	0.54	22,907	71	0.63
Total interest-earning assets	853,506	22,495	5.30	603,655	16,276	5.44
Noninterest-earning assets	110,970			97,330		
Total assets	$ 964,476			$ 700,985		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	$ 322,687	$ 673	0.42%	$ 237,678	$ 610	0.52%
Certificates of deposit	279,638	1,544	1.11	200,379	1,602	1.61
Total interest-bearing deposits	602,325	2,217	0.74	438,057	2,212	1.02
FHLB advances	87,481	358	0.82	28,109	216	1.53
Total interest-bearing liabilities	689,806	2,575	0.75	466,166	2,428	1.05
Noninterest-bearing liabilities	137,126			102,032		
Total liabilities	826,932			568,198		
Shareholders equity	137,544			132,787		
Total liabilities and shareholders equity	$ 964,476			$ 700,985		
Net interest-earning assets	$ 163,700			$ 137,489		
Net interest spread		$ 19,920	4.55%		$ 13,848	4.39%
Net interest margin			4.69%			4.63%

(1) Nonperforming loans are included in the respective average loan balances, net of deferred fees, discounts and loans in process. Acquired loans were recorded at fair value upon acquisition and accrete interest income over the remaining lives of the respective loans.

Provision for Loan Losses For the quarter ended June 30, 2012, the Company recorded a provision for loan losses of $1.2 million, 338.4% higher than the $265,000 for the same period in 2011. The elevated level of provision during the second quarter of 2012 relates primarily to a $5.4 million non-performing commercial real estate loan on which we charged-off $1.4 million during the quarter ended June 30, 2012 upon the receipt of an updated appraisal. As of June 30, 2012, the Company s ratio of allowance for loan losses to total loans was 0.78%, compared to 0.77% as of December 31, 2011. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.05% at June 30, 2012, compared to 1.14% at December 31, 2011.

Noninterest Income The Company s noninterest income was $1.9 million for the three months ended June 30, 2012, $202,000, or 9.6%, lower than the $2.1 million earned for the same period in 2011. Noninterest income was $3.6 million for the six months ended June 30, 2012, $276,000, or 8.3%, higher than the $3.3 million earned for the same period of 2011.

The decrease in noninterest income for the three months ended June 30, 2012 compared to the three months ended June 30, 2011 resulted primarily from a litigation settlement of $525,000 received in the second quarter of 2011. Excluding the litigation settlement and securities gains, noninterest income increased 17% compared to the same quarter last year due primarily to higher gains on the sale of mortgage loans.

The increase in noninterest income for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 was attributable to higher levels of gains on the sale of mortgage loans, gains on the sale of securities, service fees and charges and bank card fees as a result of the GSFC acquisition.

Table of Contents

Noninterest Expense The Company s noninterest expense was $8.0 million for the three months ended June 30, 2012, $1.2 million, or 18.1%, higher than the $6.8 million recorded for the same period in 2011. Noninterest expense was $15.9 million for the six months ended June 30, 2012, $2.3 million, or 17.3%, higher than the $13.5 million recorded for the same period of 2011.

The increase in noninterest expense in the second quarter of 2012 compared to the second quarter of 2011 was primarily due to higher compensation and benefits, occupancy and data processing and communication expenses primarily reflecting our increase in offices and employees as a result of the GSFC acquisition. Additionally, expenses related to foreclosed assets increased during the second quarter of 2012 compared to the same quarter a year ago due primarily to resolution costs related to NPAs added in the GSFC acquisition.

The increase in noninterest expense for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 was primarily due to higher compensation and benefits, occupancy, data processing and communications and foreclosed assets expenses related to the GSFC acquisition.

Income Taxes For the quarters ended June 30, 2012 and June 30, 2011, the Company incurred income tax expense of $912,000 and $726,000, respectively. The Company s effective tax rate amounted to 34.2% and 36.4% during the second quarters of 2012 and 2011, respectively. For the six months ended June 30, 2012 and June 30, 2011, the Company incurred income tax expense of $2.0 million and $1.2 million, respectively. The Company s effective tax rate amounted to 34.2% and 37.2% during the six months ended June 30, 2012 and June 30, 2011, respectively. The effective tax rate during 2011 was higher than the statutory rate due primarily to certain non-deductible merger-related expenses. Other differences between the effective tax rate and the statutory tax rate primarily relate to variances in items that are non-taxable or non-deductible (e.g., state tax, tax-exempt income, tax credits, etc.).

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Quantitative and qualitative disclosures about market risk are presented in the Company s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2011, under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations Asset/ Liability Management and Market Risk . Additional information at June 30, 2012 is included herein under Item 2, Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Asset/Liability Management .

Item 4. Controls and Procedures.

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and regulations and are operating in an effective manner.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) occurred during the second quarter of 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable.

Table of Contents

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in the Company s Annual Report on Form 10-K for December 31, 2011 filed with the Securities and Exchange Commission.

Item 2. Unregistered Sales of Equity Securities and the Use of Proceeds.

The Company s purchases of its common stock made during the quarter consisted of stock repurchases under the Company s approved plan and are set forth in the following table.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plan or Programs(1)
April 1 - April 30, 2012	6,165	$ 17.21	6,165	88,970
May 1 - May 31, 2012	33,967	17.06	33,967	55,003
June 1 - June 30, 2012	33,203	16.81	33,203	21,800
Total	73,335	$ 16.96	73,335	21,800

(1) On May 23, 2011, the Company s Board of Directors approved a share repurchase program. Under the plan, the Company can repurchase up to 402,835 shares, or 5% of its common stock outstanding, through open market or privately negotiated transactions. On July 24, 2012, the Company announced the commencement of a new 5% stock repurchase program. Under the plan the Company can repurchase up to 383,598 shares, or 5% of its common stock outstanding, through open market or privately negotiated transactions.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosure.

None.

Item 5. Other Information.

None.

Table of Contents

Item 6. Exhibits and Financial Statement Schedules.

No.	Description
31.1	Rule 13(a)-14(a) Certification of the Chief Executive Officer
31.2	Rule 13(a)-14(a) Certification of the Chief Financial Officer
32.0	Section 1350 Certification
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document*

* These interactive data files are being furnished as part of this Quarterly Report, and, in accordance with Rule 402 of Regulation S-T, shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

Table of Contents

SIGNATURES

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

		HOME BANCORP, INC.
August 8, 2012	By:	/s/ John W. Bordelon John W. Bordelon *President, Chief Executive Officer and Director*
August 8, 2012	By:	/s/ Joseph B. Zanco Joseph B. Zanco *Executive Vice President and Chief Financial Officer*
August 8, 2012	By:	/s/ Mary H. Hopkins Mary H. Hopkins *Home Bank First Vice President and Director of Financial Reporting*