

HOME BANCORP, INC.
Form 10-Q
May 09, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended: March 31, 2016

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
(State or Other Jurisdiction of
Incorporation or Organization)

71-1051785
(I.R.S. Employer
Identification Number)

503 Kaliste Saloom Road, Lafayette, Louisiana
(Address of Principal Executive Offices)

70508
(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 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 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

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

At May 3, 2016, the registrant had 7,260,671 shares of common stock, \$0.01 par value, outstanding.

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HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) March 31, 2016	(Audited) December 31, 2015
Assets		
Cash and cash equivalents	\$ 17,960,269	\$ 24,797,599
Interest-bearing deposits in banks	4,653,585	5,143,585
Investment securities available for sale, at fair value	178,533,171	176,762,200
Investment securities held to maturity (fair values of \$14,144,886 and \$14,120,842, respectively)	13,845,761	13,926,861
Mortgage loans held for sale	11,504,158	5,651,250
Loans, net of unearned income	1,218,059,238	1,224,365,916
Allowance for loan losses	(10,397,231)	(9,547,487)
Total loans, net of unearned income and allowance for loan losses	1,207,662,007	1,214,818,429
Office properties and equipment, net	42,190,686	40,815,744
Cash surrender value of bank-owned life insurance	19,787,613	19,666,900
Accrued interest receivable and other assets	47,983,954	50,329,032
Total Assets	\$ 1,544,121,204	\$ 1,551,911,600
Liabilities		
Deposits:		
Noninterest-bearing	\$ 292,410,344	\$ 296,616,693
Interest-bearing	951,288,494	947,599,823
Total deposits	1,243,698,838	1,244,216,516
Short-term Federal Home Loan Bank (FHLB) advances	28,157,593	39,939,375
Long-term Federal Home Loan Bank (FHLB) advances	84,853,020	85,213,222
Accrued interest payable and other liabilities	18,247,985	17,496,133
Total Liabilities	1,374,957,436	1,386,865,246
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; 7,256,671 and 7,239,821 shares issued and outstanding, respectively	72,568	72,399
Additional paid-in capital	77,389,045	76,948,914
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(4,463,400)	(4,552,670)
Recognition and Retention Plan (RRP)	(156,678)	(158,590)
Retained earnings	94,542,265	91,864,543

Accumulated other comprehensive income	1,779,968	871,758
Total Shareholders Equity	169,163,768	165,046,354
Total Liabilities and Shareholders Equity	\$ 1,544,121,204	\$ 1,551,911,600

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

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HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the Three Months Ended March 31,	
	2016	2015
Interest Income		
Loans, including fees	\$ 16,018,095	\$ 12,360,963
Investment securities:		
Taxable interest	798,352	735,637
Tax-exempt interest	172,732	174,484
Other investments and deposits	59,382	33,752
Total interest income	17,048,561	13,304,836
Interest Expense		
Deposits	931,853	684,979
Securities sold under repurchase agreement		18,429
Short-term FHLB advances	43,598	6,071
Long-term FHLB advances	350,629	103,235
Total interest expense	1,326,080	812,714
Net interest income	15,722,481	12,492,122
Provision for loan losses	850,000	538,487
Net interest income after provision for loan losses	14,872,481	11,953,635
Noninterest Income		
Service fees and charges	1,036,410	892,118
Bank card fees	601,201	565,584
Gain on sale of loans, net	300,673	373,173
Income from bank-owned life insurance	120,712	132,359
Other income	508,282	115,450
Total noninterest income	2,567,278	2,078,684
Noninterest Expense		
Compensation and benefits	7,201,036	5,760,787
Occupancy	1,309,597	1,171,280
Marketing and advertising	257,664	110,328
Data processing and communication	1,543,715	943,332
Professional services	294,207	238,175
Forms, printing and supplies	177,292	144,810

Franchise and shares tax	219,773	147,272
Regulatory fees	322,691	280,467
Foreclosed assets, net	118,377	235,782
Other expenses	896,836	686,853
Total noninterest expense	12,341,188	9,719,086
Income before income tax expense	5,098,571	4,313,233
Income tax expense	1,748,893	1,465,469
Net Income	\$ 3,349,678	\$ 2,847,764
Earnings per share:		
Basic	\$ 0.49	\$ 0.43
Diluted	\$ 0.47	\$ 0.41
Cash dividends declared per common share	\$ 0.09	\$ 0.07

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 March 31,	
	2016	2015
Net Income	\$ 3,349,678	\$ 2,847,764
Other Comprehensive Income		
Unrealized gains on investment securities	\$ 1,397,246	\$ 616,469
Tax effect	(489,036)	(215,764)
Other comprehensive income, net of taxes	\$ 908,210	\$ 400,705
Comprehensive Income	\$ 4,257,888	\$ 3,248,469

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

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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 ESO	Unallocated Common Stock Held by RRP	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2014	\$ 90,088	\$ 93,332,108	\$ (28,572,891)	\$ (4,909,750)	\$ (202,590)	\$ 93,101,915	\$ 1,304,876	\$ 154,143,764
Income						2,847,764		2,847,764
Comprehensive income							400,705	400,705
Issuance of Company's common shares at cost, 1,250 shares			(1,800,042)					(1,800,042)
Dividends declared, \$0.50 per share						(500,383)		(500,383)
Exercise of stock options	1,234	1,425,616						1,426,850
Common shares released for employee stock purchase plan		141,619		89,270				230,889
Restricted stock compensation		32,940						32,940
Balance, March 31, 2015	\$ 91,322	\$ 94,932,283	\$ (30,372,933)	\$ (4,820,480)	\$ (202,590)	\$ 95,449,296	\$ 1,705,581	\$ 156,782,203
Balance, December 31, 2015	\$ 72,399	\$ 76,948,914	\$	\$ (4,552,670)	\$ (158,590)	\$ 91,864,543	\$ 871,758	\$ 165,046,144
Income						3,349,678		3,349,678
Comprehensive income							908,210	908,210
Issuance of Company's common shares at cost, 1,250 shares	(13)	(12,488)				(19,949)		(32,550)
Dividends declared, \$0.50 per share						(652,007)		(652,007)
Exercise of stock options	182	207,064						207,246
Common shares released for employee stock purchase plan		180,813		89,270				270,083
Restricted stock vesting		(1,594)			1,912			318
Restricted stock compensation		66,336						66,336
Balance, March 31, 2016	\$ 72,568	\$ 77,389,045	\$	\$ (4,463,400)	\$ (156,678)	\$ 94,542,265	\$ 1,779,968	\$ 169,163,248

(1) Balances as of December 31, 2014 and December 31, 2015 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 Three Months Ended	
	March 31,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 3,349,678	\$ 2,847,764
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	850,000	538,487
Depreciation	456,262	447,898
Amortization of purchase accounting valuations and intangibles	532,980	1,214,457
Net amortization of mortgage servicing asset	65,745	31,270
Federal Home Loan Bank stock dividends	(19,900)	(3,900)
Net amortization of premium on investments	370,778	354,341
Gain on loans sold, net	(300,673)	(373,173)
Proceeds, including principal payments, from loans held for sale	27,923,041	35,200,887
Originations of loans held for sale	(33,475,276)	(35,933,388)
Non-cash compensation	295,441	226,961
Deferred income tax (benefit) provision	117,024	(43,135)
Decrease (increase) in interest receivable and other assets	946,840	(316,553)
Increase in cash surrender value of bank-owned life insurance	(120,713)	(132,359)
Increase (decrease) in accrued interest payable and other liabilities	810,030	(494,581)
Net cash provided by operating activities	1,801,257	3,564,976
Cash flows from investing activities:		
Purchases of securities available for sale	(7,968,779)	(3,126,663)
Purchases of securities held to maturity		(2,273,910)
Proceeds from maturities, prepayments and calls on securities available for sale	7,305,376	6,767,654
Net change in loans	6,303,936	(14,586,858)
Reimbursement from FDIC for covered assets		130,933
Decrease in interest bearing deposits in other banks	490,000	
Proceeds from sale of repossessed assets	105,760	496,798
Purchases of office properties and equipment	(1,831,792)	(67,570)
Proceeds from sale of properties and equipment	595	500
Purchases of Federal Home Loan Bank stock		(722,500)
Proceeds from redemption of Federal Home Loan Bank stock		1,272,900
Net cash provided by (used in) investing activities	4,405,096	(12,108,716)
Cash flows from financing activities:		

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(Decrease) increase in deposits	(483,612)	33,015,266
Borrowings on Federal Home Loan Bank advances	1,176,750,000	1,038,050,000
Repayments of Federal Home Loan Bank advances	(1,188,832,860)	(1,060,550,000)
Purchase of Company's common stock	(32,450)	(1,800,042)
Proceeds from exercise of stock options	207,246	1,426,850
Payment of dividends on common stock	(652,007)	(500,383)
Net cash (used in) provided by financing activities	(13,043,683)	9,641,691
Net change in cash and cash equivalents	(6,837,330)	1,097,951
Cash and cash equivalents at beginning of year	24,797,599	29,077,907
Cash and cash equivalents at end of period	\$ 17,960,269	\$ 30,175,858

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

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HOME BANCORP, INC. AND SUBSIDIARY

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Home Bancorp, Inc. (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, comprehensive income, changes in shareholders' equity and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the three-month period ended March 31, 2016 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, 2015.

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, comprehensive income, changes in shareholders' 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 shareholders' equity or net income.

2. Recent Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities. The ASU amendments include changes related to how certain equity investments are measured, recognize changes in the fair value of certain financial liabilities measured under the fair value option, and disclose and present financial assets and liabilities on the Company's consolidated financial statements. Additionally, the ASU will also require entities to present financial assets and financial liabilities separately, grouped by measurement category and form of financial asset in the statement of financial position or in the accompanying notes to the financial statements. Entities will also no longer have to disclose the methods and significant assumptions for financial instruments measured at amortized cost, but will be required to measure such instruments under the exit price notion for disclosure purposes. The ASU is effective for annual and interim periods beginning after December 15, 2017. The adoption of this ASU is not expected to have a material effect on our Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, Conforming Amendments Related to Leases. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of condition and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual and interim periods beginning after December 15, 2018. The adoption of this ASU is not expected to have a material effect on our Consolidated Financial Statements.

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In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. The ASU amends the codification to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification in the statement of cash flows. This ASU is effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on the Consolidated Financial Statements.

3. Investment Securities

Summary information regarding the Company's investment securities classified as available for sale and held to maturity as of March 31, 2016 and December 31, 2015 is as follows.

<i>(dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Less Than		
			1 Year	Over 1 Year	
March 31, 2016					
Available for sale:					
U.S. agency mortgage-backed	\$ 135,724	\$ 2,161	\$ 38	\$ 150	\$ 137,697
Non-U.S. agency mortgage-backed	5,857	29	8	57	5,821
Municipal bonds	22,131	592	2		22,721
U.S. government agency	12,085	214	5		12,294
Total available for sale	\$ 175,797	\$ 2,996	\$ 53	\$ 207	\$ 178,533
Held to maturity:					
Municipal bonds	\$ 13,846	\$ 316	\$	\$ 17	\$ 14,145

<i>(dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Less Than		
			1 Year	Over 1 Year	
December 31, 2015					
Available for sale:					
U.S. agency mortgage-backed	\$ 134,748	\$ 1,464	\$ 287	\$ 447	\$ 135,478
Non-U.S. agency mortgage-backed	6,055	51		41	6,065
Municipal bonds	22,453	490	10		22,933
U.S. government agency	12,166	145	25		12,286
Total available for sale	\$ 175,422	\$ 2,150	\$ 322	\$ 488	\$ 176,762
Held to maturity:					

Municipal bonds	\$ 13,927	\$ 239	\$ 45	\$ 14,121
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The estimated fair value and amortized cost by maturity of the Company's investment securities as of March 31, 2016 are shown in the following tables. 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.

<i>(dollars in thousands)</i>	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	\$ 1,902	\$ 5,914	\$ 35,834	\$ 94,047	\$ 137,697
Non-U.S. agency mortgage-backed				5,821	5,821
Municipal bonds	2,600	8,235	10,123	1,763	22,721
U.S. government agency		8,114		4,180	12,294
Total available for sale	\$ 4,502	\$ 22,263	\$ 45,957	\$ 105,811	\$ 178,533
Securities held to maturity:					
Municipal bonds	\$ 236	\$ 1,104	\$ 9,350	\$ 3,455	\$ 14,145
Total investment securities	\$ 4,738	\$ 23,367	\$ 55,307	\$ 109,266	\$ 192,678

<i>(dollars in thousands)</i>	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	\$ 1,902	\$ 5,818	\$ 35,405	\$ 92,599	\$ 135,724
Non-U.S. agency mortgage-backed				5,857	5,857
Municipal bonds	2,584	7,987	9,912	1,648	22,131
U.S. government agency		7,989		4,096	12,085
Total available for sale	\$ 4,486	\$ 21,794	\$ 45,317	\$ 104,200	\$ 175,797
Securities held to maturity:					
Municipal bonds	\$ 236	\$ 1,080	\$ 9,100	\$ 3,430	\$ 13,846
Total investment securities	\$ 4,722	\$ 22,874	\$ 54,417	\$ 107,630	\$ 189,643

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 performs 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. When the Company determines that a security is deemed to be other-than-temporarily impaired, an impairment loss is recognized.

As of March 31, 2016, 26 of the Company's debt securities had unrealized losses totaling 0.8% of the individual securities' amortized cost basis and 0.1% of the Company's total amortized cost basis of the investment securities portfolio. At such date, 12 of the 26 securities had been in a continuous loss position for over 12 months. The 12 securities had an aggregate amortized cost basis of \$15.3 million and unrealized loss of \$224,000 at March 31, 2016. Management has the intent and ability to hold these debt securities until maturity, or until anticipated recovery; hence, no declines in these 12 securities were deemed to be other-than-temporary.

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As of March 31, 2016 and December 31, 2015, the Company had \$97,464,000 and \$94,661,000, respectively, of securities pledged to secure public deposits.

4. Earnings Per Share

Earnings per common share were computed based on the following:

<i>(in thousands, except per share data)</i>	Three Months Ended	
	March 31,	
	2016	2015
Numerator:		
Net income available to common shareholders	\$ 3,350	\$ 2,848
Denominator:		
Weighted average common shares outstanding	6,784	6,634
Effect of dilutive securities:		
Restricted stock	3	3
Stock options	265	325
Weighted average common shares outstanding assuming dilution	7,052	6,962
Basic earnings per common share	\$ 0.49	\$ 0.43
Diluted earnings per common share	\$ 0.47	\$ 0.41

Options on 69,096 and 9,500 shares of common stock were not included in the computation of diluted earnings per share for the three months ended March 31, 2016 and March 31, 2015, respectively, because the effect of these shares was anti-dilutive.

5. Credit Quality and Allowance for Loan Losses

The following briefly describes the distinction between originated and acquired loans and certain significant accounting policies relevant to each category.

Originated Loans

Loans originated for investment are reported at the principal balance outstanding net of unearned income. Interest on loans and accretion of unearned income are computed in a manner that approximates a level yield on recorded principal. Interest on loans is recorded as income is earned. The accrual of interest on an originated loan is discontinued when it is probable the borrower will not be able to meet payment obligations as they become due. The Company maintains an allowance for loan losses on originated loans that represents management's estimate of probable losses incurred in this portfolio category.

Acquired Loans

Loans that were acquired as a result of our acquisitions of certain assets and liabilities of Statewide Bank (Statewide) of Covington, Louisiana, on March 12, 2010, and the acquisitions of GS Financial Corp. (GSFC), the former holding company of Guaranty Savings Bank of Metairie, Louisiana, on July 15, 2011, Britton & Koontz Capital Corporation (Britton & Koontz), the former holding company of Britton & Koontz Bank, N.A. (Britton & Koontz Bank) of Natchez, Mississippi on February 14, 2014, and Louisiana Bancorp, Inc. (Louisiana Bancorp), the former holding company of Bank of New Orleans (BNO) of Metairie, Louisiana on September 15, 2015 are referred to as Acquired Loans.

Acquired Loans were recorded at estimated fair value at the acquisition date with no carryover of the related allowance for loan losses. The acquired loans were segregated between those considered to be performing (acquired performing) and those with evidence of credit deterioration (acquired impaired), and then further

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segregated into loan pools designed to facilitate the estimation of expected cash flows. The fair value estimate for each pool of acquired performing and acquired impaired loans was based on the estimate of expected cash flows, both principal and interest, from that pool, discounted at prevailing market interest rates.

The difference between the fair value of an acquired performing loan pool and the contractual amounts due at the acquisition date (the fair value discount) is accreted into income over the estimated life of the pool. Management estimates an allowance for loan losses for acquired performing loans using a methodology similar to that used for originated loans. The allowance determined for each loan pool is compared to the remaining fair value discount for that pool. If the allowance amount calculated under the Company's methodology is greater than the Company's remaining discount, the additional amount called for is added to the reported allowance through a provision for loan losses. If the allowance amount calculated under the Company's methodology is less than the Company's recorded discount, no additional allowance or provision is recognized. Actual losses first reduce any remaining nonaccretable discount for the loan pool. Once the nonaccretable discount is fully depleted, losses are applied against the allowance established for that pool. Acquired performing loans are placed on nonaccrual status and considered and reported as nonperforming or past due using the same criteria applied to the originated portfolio.

The excess of cash flows expected to be collected from an acquired impaired loan pool over the pool's estimated fair value at acquisition is referred to as the accretable yield and is recognized in interest income using an effective yield method over the remaining life of the pool. Each pool of acquired impaired loans is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

Management recasts the estimate of cash flows expected to be collected on each acquired impaired loan pool periodically. If the present value of expected cash flows for a pool is less than its carrying value, an impairment is recognized by an increase in the allowance for loan losses and a charge to the provision for loan losses. If the present value of expected cash flows for a pool is greater than its carrying value, any previously established allowance for loan losses is reversed and any remaining difference increases the accretable yield which will be taken into interest income over the remaining life of the loan pool. Acquired impaired loans are generally not subject to individual evaluation for impairment and are not reported with impaired loans, even if they would otherwise qualify for such treatment.

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

<i>(dollars in thousands)</i>	As of March 31, 2016			
	Originated Loans		Acquired Loans	Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment		
Allowance for loan losses:				
One- to four-family first mortgage	\$ 1,391	\$ 34	\$ 92	\$ 1,517
Home equity loans and lines	575		318	893
Commercial real estate	3,180	86		3,266
Construction and land	1,372		57	1,429
Multi-family residential	175			175
Commercial and industrial	2,031	418	113	2,562
Consumer	555			555

Total allowance for loan losses	\$ 9,279	\$ 538	\$ 580	\$ 10,397
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	As of March 31, 2016			
	Originated Loans			
	Collectively	Individually	Acquired	
<i>(dollars in thousands)</i>	Evaluated for	Evaluated for	Loans⁽¹⁾	Total
	Impairment	Impairment		
Recorded investment in loans:				
One- to four-family first mortgage	\$ 189,371	\$ 81	\$ 198,838	\$ 388,290
Home equity loans and lines	44,527		51,529	96,056
Commercial real estate	294,389	165	113,612	408,166
Construction and land	112,289		4,958	117,247
Multi-family residential	15,141		22,286	37,427
Commercial and industrial	113,564	1,053	9,846	124,463
Consumer	44,486		1,924	46,410
Total loans	\$ 813,767	\$ 1,299	\$ 402,993	\$ 1,218,059

	As of December 31, 2015			
	Originated Loans			
	Collectively	Individually	Acquired	
<i>(dollars in thousands)</i>	Evaluated for	Evaluated for	Loans	Total
	Impairment	Impairment		
Allowance for loan losses:				
One- to four-family first mortgage	\$ 1,338	\$ 34	\$ 92	\$ 1,464
Home equity loans and lines	536		224	760
Commercial real estate	3,066	86		3,152
Construction and land	1,360		57	1,417
Multi-family residential	173			173
Commercial and industrial	1,977	33		2,010
Consumer	571			571
Total allowance for loan losses	\$ 9,021	\$ 153	\$ 373	\$ 9,547

	As of December 31, 2015			
	Originated Loans			
	Collectively	Individually	Acquired	
<i>(dollars in thousands)</i>	Evaluated for	Evaluated for	Loans⁽¹⁾	Total
	Impairment	Impairment		
Recorded investment in loans:				
One- to four-family first mortgage	\$ 185,802	\$ 78	\$ 205,386	\$ 391,266
Home equity loans and lines	40,251		53,809	94,060
Commercial real estate	285,856	181	119,342	405,379
Construction and land	109,007		7,768	116,775
Multi-family residential	14,962		28,901	43,863
Commercial and industrial	115,360	707	9,041	125,108
Consumer	45,641		2,274	47,915

Total loans	\$ 796,879	\$ 966	\$ 426,521	\$ 1,224,366
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- (1) \$17.4 million and \$20.0 million in acquired loans were accounted for under ASC 310-30 at March 31, 2016 and December 31, 2015, respectively.

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A summary of activity in the allowance for loan losses during the three months ended March 31, 2016 and March 31, 2015 follows.

<i>(dollars in thousands)</i>	For the Three Months Ended March 31, 2016				Ending Balance
	Beginning Balance	Charge-offs	Recoveries	Provision	
Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 1,372	\$ (3)	\$	\$ 56	\$ 1,425
Home equity loans and lines	536		1	38	575
Commercial real estate	3,152			114	3,266
Construction and land	1,360			12	1,372
Multi-family residential	173			2	175
Commercial and industrial	2,010	(47)	10	476	2,449
Consumer	571	(56)	1	39	555
Total allowance for loan losses	\$ 9,174	\$ (106)	\$ 12	\$ 737	\$ 9,817
Acquired loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 92	\$	\$	\$	\$ 92
Home equity loans and lines	224			94	318
Commercial real estate					
Construction and land	57				57
Multi-family residential					
Commercial and industrial			94	19	113
Consumer					
Total allowance for loan losses	\$ 373	\$	\$ 94	\$ 113	\$ 580
Total loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 1,464	\$ (3)	\$	\$ 56	\$ 1,517
Home equity loans and lines	760		1	132	893
Commercial real estate	3,152			114	3,266
Construction and land	1,417			12	1,429
Multi-family residential	173			2	175
Commercial and industrial	2,010	(47)	104	495	2,562
Consumer	571	(56)	1	39	555
Total allowance for loan losses	\$ 9,547	\$ (106)	\$ 106	\$ 850	\$ 10,397

For the Three Months Ended March 31, 2015

<i>(dollars in thousands)</i>	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 1,136	\$	\$	\$ 96	\$ 1,232
Home equity loans and lines	442		3	18	463
Commercial real estate	2,922			146	3,068
Construction and land	968			52	1,020
Multi-family residential	192			35	227
Commercial and industrial	1,161	(44)	30	160	1,307
Consumer	521	(15)		31	537
Total allowance for loan losses	\$ 7,342	\$ (59)	\$ 33	\$ 538	\$ 7,854

Table of Contents**Acquired loans:**

Allowance for loan losses:

One- to four-family first mortgage	\$	174	\$	\$	\$	174
Home equity loans and lines		111				111
Commercial real estate						
Construction and land		133				133
Multi-family residential						
Commercial and industrial						
Consumer						
Total allowance for loan losses	\$	418	\$	\$	\$	418

Total loans:

Allowance for loan losses:

One- to four-family first mortgage	\$	1,310	\$	\$	\$	96	\$	1,406		
Home equity loans and lines		553			3	18		574		
Commercial real estate		2,922				146		3,068		
Construction and land		1,101				52		1,153		
Multi-family residential		192				35		227		
Commercial and industrial		1,161	(44)	30		160		1,307		
Consumer		521	(15)			31		537		
Total allowance for loan losses	\$	7,760	\$	(59)	\$	33	\$	538	\$	8,272

The following tables present the Company's loan portfolio by credit quality classification as of the dates indicated.

March 31, 2016

<i>(dollars in thousands)</i>	Pass	Special Mention	Substandard	Doubtful	Total
Originated loans:					
One- to four-family first mortgage	\$ 187,617	\$ 427	\$ 1,408	\$	\$ 189,452
Home equity loans and lines	43,689	367	471		44,527
Commercial real estate	291,532	974	2,048		294,554
Construction and land	111,583	30	676		112,289
Multi-family residential	15,141				15,141
Commercial and industrial	112,312		2,305		114,617
Consumer	44,020	64	402		44,486
Total originated loans	\$ 805,894	\$ 1,862	\$ 7,310	\$	\$ 815,066

Acquired loans:

One- to four-family first mortgage	\$	194,438	\$	759	\$	3,641	\$	198,838
Home equity loans and lines		51,111		102		316		51,529
Commercial real estate		107,719		4,048		1,845		113,612

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Construction and land	3,828		1,130	4,958
Multi-family residential	21,347	10	929	22,286
Commercial and industrial	7,570		2,276	9,846
Consumer	1,863	30	31	1,924
Total acquired loans	\$ 387,876	\$ 4,949	\$ 10,168	\$ 402,993
Total:				
One- to four-family first mortgage	\$ 382,055	\$ 1,186	\$ 5,049	\$ 388,290
Home equity loans and lines	94,800	469	787	96,056
Commercial real estate	399,251	5,022	3,893	408,166
Construction and land	115,411	30	1,806	117,247
Multi-family residential	36,488	10	929	37,427
Commercial and industrial	119,882		4,581	124,463
Consumer	45,883	94	433	46,410
Total loans	\$ 1,193,770	\$ 6,811	\$ 17,478	\$ 1,218,059

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<i>(dollars in thousands)</i>	December 31, 2015				
	Pass	Special Mention	Substandard	Doubtful	Total
Originated loans:					
One- to four-family first mortgage	\$ 183,863	\$ 439	\$ 1,578	\$	\$ 185,880
Home equity loans and lines	39,736	394	121		40,251
Commercial real estate	282,963	988	2,086		286,037
Construction and land	107,901		1,106		109,007
Multi-family residential	14,962				14,962
Commercial and industrial	113,108	585	2,374		116,067
Consumer	45,133	38	470		45,641
Total originated loans	\$ 787,666	\$ 2,444	\$ 7,735	\$	\$ 797,845
Acquired loans:					
One- to four-family first mortgage	\$ 200,966	\$ 791	\$ 3,629	\$	\$ 205,386
Home equity loans and lines	53,352	20	437		53,809
Commercial real estate	112,802	4,085	2,455		119,342
Construction and land	4,573	1,819	1,376		7,768
Multi-family residential	27,931	12	958		28,901
Commercial and industrial	7,071	1,191	779		9,041
Consumer	2,160	51	63		2,274
Total acquired loans	\$ 408,855	\$ 7,969	\$ 9,697	\$	\$ 426,521
Total:					
One- to four-family first mortgage	\$ 384,829	\$ 1,230	\$ 5,207	\$	\$ 391,266
Home equity loans and lines	93,088	414	558		94,060
Commercial real estate	395,765	5,073	4,541		405,379
Construction and land	112,474	1,819	2,482		116,775
Multi-family residential	42,893	12	958		43,863
Commercial and industrial	120,179	1,776	3,153		125,108
Consumer	47,293	89	533		47,915
Total loans	\$ 1,196,521	\$ 10,413	\$ 17,432	\$	\$ 1,224,366

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.

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Age analysis of past due loans as of the dates indicated are as follows.

<i>(dollars in thousands)</i>	March 31, 2016					
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 1,000	\$ 354	\$ 521	\$ 1,875	\$ 187,577	\$ 189,452
Home equity loans and lines	574	12	195	781	43,746	44,527
Commercial real estate			596	596	293,958	294,554
Construction and land			87	87	112,202	112,289
Multi-family residential					15,141	15,141
Total real estate loans	1,574	366	1,399	3,339	652,624	655,963
Other loans:						
Commercial and industrial	687		754	1,441	113,176	114,617
Consumer	398	41	196	635	43,851	44,486
Total other loans	1,085	41	950	2,076	157,027	159,103
Total originated loans	\$ 2,659	\$ 407	\$ 2,349	\$ 5,415	\$ 809,651	\$ 815,066
Acquired loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 1,805	\$ 693	\$ 1,895	\$ 4,393	\$ 194,445	\$ 198,838
Home equity loans and lines	378	54	96	528	51,001	51,529
Commercial real estate	19		1,449	1,468	112,144	113,612
Construction and land	5		41	46	4,912	4,958
Multi-family residential					22,286	22,286
Total real estate loans	2,207	747	3,481	6,435	384,788	391,223
Other loans:						

Other loans:

Commercial and industrial	7	438	445	9,401	
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