

HOME BANCORP, INC.
Form 10-Q
November 09, 2010
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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: September 30, 2010

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)

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Louisiana
(State or Other Jurisdiction of

71-1051785
(I.R.S. Employer

Incorporation or Organization)

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 November 8, 2010, the registrant had 8,224,702 shares of common stock, \$0.01 par value, outstanding.

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HOME BANCORP, INC. and SUBSIDIARY

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

	(Unaudited) September 30, 2010	(Audited) December 31, 2009
Assets		
Cash and cash equivalents	\$ 23,771,777	\$ 25,709,597
Interest-bearing deposits in banks	6,387,000	3,529,000
Investment securities available for sale, at fair value	111,607,433	106,752,131
Investment securities held to maturity (fair values of \$21,040,963 and \$13,176,934, respectively)	20,793,424	13,098,847
Mortgage loans held for sale	6,400,335	719,350
Loans covered by loss sharing agreements	91,346,684	
Noncovered loans, net of unearned income	354,883,203	336,647,292
Total loans, net of unearned income	446,229,887	336,647,292
Allowance for loan losses	(3,923,826)	(3,351,688)
Total loans, net of unearned income and allowance for loan losses	442,306,061	333,295,604
Office properties and equipment, net	23,621,092	16,186,690
Cash surrender value of bank-owned life insurance	16,034,149	15,262,645
FDIC loss sharing receivable	32,262,081	
Accrued interest receivable and other assets	15,297,599	10,081,885
Total Assets	\$ 698,480,951	\$ 524,635,749
Liabilities		
Deposits:		
Noninterest-bearing	\$ 96,733,774	\$ 66,955,475
Interest-bearing	449,923,796	304,637,272
Total deposits	546,657,570	371,592,747
Long-term Federal Home Loan Bank advances	16,000,000	16,773,802
Accrued interest payable and other liabilities	3,744,475	3,519,896
Total Liabilities	566,402,045	391,886,445
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; 8,926,875 shares issued; 8,311,702 and 8,774,975 shares outstanding, respectively	89,270	89,270
Additional paid-in capital	88,437,391	88,072,884
Treasury stock at cost - 615,173 and 151,900 shares, respectively	(7,955,813)	(1,848,862)
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(6,427,340)	(6,695,150)
Recognition and Retention Plan (RRP)	(3,432,486)	(4,218,320)
Retained earnings	60,660,647	57,437,444
Accumulated other comprehensive income (loss)	707,237	(87,962)

Total Shareholders Equity	132,078,906	132,749,304
Total Liabilities and Shareholders Equity	\$ 698,480,951	\$ 524,635,749

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

Table of Contents**HOME BANCORP, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2010	2009	2010	2009
Interest Income				
Loans, including fees	\$ 7,549,667	\$ 5,616,351	\$ 21,100,559	\$ 16,734,665
Investment securities	1,226,765	1,722,460	3,913,125	5,211,929
Other investments and deposits	32,899	296,759	94,226	960,011
Total interest income	8,809,331	7,635,570	25,107,910	22,906,605
Interest Expense				
Deposits	1,403,060	1,371,889	4,021,924	4,219,932
Short-term FHLB advances	2,794	69	7,382	37,749
Long-term FHLB advances	136,727	186,099	446,189	601,594
Total interest expense	1,542,581	1,558,057	4,475,495	4,859,275
Net interest income	7,266,750	6,077,513	20,632,415	18,047,330
Provision for loan losses	167,580	287,061	717,362	709,210
Net interest income after provision for loan losses	7,099,170	5,790,452	19,915,053	17,338,120
Noninterest Income				
Service fees and charges	541,538	471,925	1,535,811	1,370,769
Bank card fees	343,906	277,375	1,012,935	820,635
Gain on sale of loans, net	198,522	105,149	378,817	420,441
Income from bank-owned life insurance	161,540	66,082	473,206	192,845
Other-than-temporary impairment of securities	(870,254)		(1,010,771)	
Gain on sale of securities, net			39,131	
Other income	237,932	29,159	516,689	110,280
Total noninterest income	613,184	949,690	2,945,818	2,914,970
Noninterest Expense				
Compensation and benefits	3,824,287	2,849,756	10,707,803	7,788,637
Occupancy	615,972	325,581	1,652,035	971,983
Marketing and advertising	184,179	131,119	588,116	453,051
Data processing and communication	635,382	328,686	1,648,161	1,048,884
Professional services	198,482	267,118	895,433	729,053
Forms, printing and supplies	128,182	86,300	380,917	290,676
Franchise and shares tax	98,397	226,250	441,104	678,750
Regulatory fees	159,026	155,559	392,282	490,725
Other expenses	510,393	298,092	1,326,228	865,236
Total noninterest expense	6,354,300	4,668,461	18,032,079	13,316,995

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Income before income tax expense	1,358,054	2,071,681	4,828,792	6,936,095
Income tax expense	447,061	574,244	1,605,589	2,278,120
Net Income	\$ 910,993	\$ 1,497,437	\$ 3,223,203	\$ 4,657,975
Earnings per share:				
Basic	\$ 0.12	\$ 0.19	\$ 0.42	\$ 0.57
Diluted	\$ 0.12	\$ 0.19	\$ 0.42	\$ 0.57

The accompanying Notes are an integral part of these 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 (Loss)	Total
Balance, December 31, 2008⁽¹⁾	\$ 89,270	\$ 87,182,281	\$	\$ (7,052,230)	\$	\$ 52,055,071	\$ (5,311,666)	\$ 126,962,726
Comprehensive income:								
Net income						4,657,975		4,657,975
Change in unrealized gain (loss) on securities available for sale, net of taxes							3,526,347	3,526,347
Total comprehensive income								8,184,322
Cumulative effect adjustment for the adoption for the adoption of FSP FAS 115-2 and FAS 124-2						702,772		702,772
Cost of issuance of common stock		(13,895)						(13,895)
Common stock purchased for RRP					(4,057,177)			(4,057,177)
ESOP shares released for allocation		28,011		267,810				295,821
Share-based compensation cost		518,118						518,118
Balance, September 30, 2009	\$ 89,270	\$ 87,714,515	\$	\$ (6,784,420)	\$ (4,057,177)	\$ 57,415,818	\$ (1,785,319)	\$ 132,592,687
Balance, December 31, 2009⁽¹⁾	\$ 89,270	\$ 88,072,884	\$ (1,848,862)	\$ (6,695,150)	\$ (4,218,320)	\$ 57,437,444	\$ (87,962)	\$ 132,749,304
Comprehensive income:								
Net income						3,223,203		3,223,203
Change in unrealized gain							795,199	795,199

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(loss) on securities available for sale, net of taxes									
Total comprehensive income									4,018,402
Treasury stock acquired at cost, 615,173 shares			(6,106,951)						(6,106,951)
RRP shares released for allocation	(730,874)			785,834					54,960
ESOP shares released for allocation	83,730		267,810						351,540
Share-based compensation cost	1,011,651								1,011,651
Balance, September 30, 2010	\$ 89,270	\$ 88,437,391	\$ (7,955,813)	\$ (6,427,340)	\$ (3,432,486)	\$ 60,660,647	\$ 707,237	\$ 132,078,906	

(1) Balances as of December 31, 2008 and December 31, 2009 are audited.

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

Table of Contents**HOME BANCORP, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

	For the Nine Months Ended September 30,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 3,223,203	\$ 4,657,975
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for loan losses	717,362	709,210
Depreciation	792,136	659,362
Amortization of purchase accounting valuations and intangibles	(2,784,958)	
Mortgage servicing amortization	21,970	9,747
Federal Home Loan Bank stock dividends	(7,185)	(3,900)
Net amortization of premium/discount on investments	(927,187)	(567,120)
Gain on sale of investment securities, net	(39,131)	
Other-than-temporary impairment of securities	1,010,771	
Gain on loans sold, net	(378,817)	(420,441)
Proceeds, including principal payments, from loans held for sale	51,630,902	60,360,305
Originations of loans held for sale	(56,070,936)	(61,003,717)
Non-cash compensation	1,363,191	813,939
Goodwill from acquisition	559,987	
Cash retained from tax benefit associated with share-based payment arrangements	(54,960)	
Deferred income tax expense (benefit)	(490,413)	644,912
Decrease (increase) in interest receivable and other assets	1,797,498	(1,753,360)
Increase in cash surrender value of bank-owned life insurance	(771,504)	(192,845)
Increase in accrued interest payable and other liabilities	103,868	1,241,649
Net cash provided by (used in) operating activities	(304,203)	5,155,716
Cash flows from investing activities:		
Purchases of securities available for sale	(25,011,424)	(11,432,148)
Purchases of securities held to maturity	(15,000,000)	(8,150,000)
Proceeds from maturities, prepayments and calls on securities available for sale	32,180,827	27,596,446
Proceeds from sales of securities available for sale	13,978,622	
Proceeds from maturities, prepayments and calls on securities held to maturity	7,303,887	863,387
Increase in certificates of deposit in other institutions	(2,858,000)	(1,465,000)
Decrease in cash invested at other ATM locations		15,441,184
Net decrease (increase) in loans	3,416,561	(4,697,436)
Purchases of office properties and equipment	(8,216,811)	(643,244)
Net cash acquired in FDIC-assisted acquisition	46,892,158	
Purchases of Federal Home Loan Bank stock	(871,500)	
Proceeds from redemption of Federal Home Loan Bank stock	2,705,500	655,900
Net cash provided by investing activities	54,519,820	18,169,089
Cash flows from financing activities:		
Increase (decrease) in deposits	(32,523,050)	22,490,408
Proceeds from Federal Home Loan Bank advances	937,800,000	561,600,000
Payments on Federal Home Loan Bank advances	(955,378,396)	(586,141,769)

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Cost of issuance of common stock		(13,895)
Repurchase of common stock for recognition and retention plan		(4,057,177)
Purchases of treasury stock	(6,106,951)	
Cash retained from tax benefit associated with share-based payment arrangements	54,960	
Net cash used in financing activities	(56,153,437)	(6,122,433)
Net change in cash and cash equivalents	(1,937,820)	17,202,372
Cash and cash equivalents at beginning of year	25,709,597	20,150,248
Cash and cash equivalents at end of period	\$ 23,771,777	\$ 37,352,620

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

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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 nine-month period ended September 30, 2010 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, 2009.

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. Acquisition Activity

On March 12, 2010, the Company's subsidiary, Home Bank, entered into a purchase and assumption agreement (the Agreement) with the Federal Deposit Insurance Corporation (FDIC) to purchase certain assets and to assume deposits and certain other liabilities of Statewide Bank (Statewide), a full service community bank headquartered in Covington, Louisiana. As a result of the acquisition, Home Bank now operates six former Statewide branches in the Northshore (of Lake Pontchartrain) region of Louisiana.

In connection with the Agreement, 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 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. The loss sharing agreements for non-residential and residential loans are in effect for five years and 10 years, respectively, from the March 12, 2010 acquisition date and the loss recovery provisions are in effect for eight years and 10 years, respectively, from the acquisition date. The reimbursable losses expected to be received from the FDIC are based on the book value of the Covered Assets as determined by the FDIC at the date of the transaction. Loans made by the Company prior to the acquisition and new loans made after that date are not covered by the provisions of the loss sharing agreements (Noncovered Loans). Home Bank recorded a receivable from the FDIC that represents the estimated fair value of the FDIC's portion of the losses that are expected to be incurred and reimbursed to the Company. The ultimate collectability of this asset is dependent upon the performance of the underlying Covered Assets, the passage of time and claims paid by the FDIC. As of September 30, 2010, the FDIC loss sharing receivable was \$32,262,000.

The FDIC granted Home Bank an option to purchase the premises, furniture, fixtures, and equipment of Statewide and assume the leases associated with leased offices. During the third quarter, the Company finalized its acquisition of six former Statewide branch locations.

The acquisition was accounted for under the purchase method of accounting in accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*. In accordance with ASC 805, the Company

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recorded goodwill totaling \$560,000 from the acquisition as a result of an excess of liabilities assumed over assets acquired. Both the assets acquired and liabilities assumed were recorded at their respective acquisition date fair values. Identifiable intangible assets, including core deposit intangible assets, were recorded at fair value.

The fair value estimates of the Statewide assets and liabilities acquired from the FDIC recorded are preliminary and subject to refinement as additional information becomes available. Under current accounting principles, the Company's estimates of fair values may be adjusted for a period of up to one year.

The Company's operating results for the nine months ended September 30, 2010 include the operating results of Statewide from the date of acquisition to September 30, 2010. Due to the significance of the amounts of the fair value adjustments, as well as the nature of the FDIC loss sharing agreements, Statewide's historical results are not believed to be relevant to the Company's results; thus, no pro forma information is presented.

The assets acquired and liabilities assumed, as well as the adjustments to record the assets and liabilities at fair value, are presented in the following table as of March 12, 2010.

<i>(dollars in thousands)</i>	Acquired from the FDIC	Fair Value Adjustments	As recorded by Home Bank
Assets			
Cash and cash equivalents	\$ 11,569	\$	\$ 11,569
Investment securities	24,974	(133) ^(a)	24,841
Loans	157,016	(46,601) ^(b)	110,415
Reposessed assets	2,545	(207) ^(c)	