

HOME BANCORP, INC.
Form 10-Q
November 09, 2011
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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, 2011

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 1, 2011, the registrant had 7,848,254 shares of common stock, \$0.01 par value, outstanding.

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HOME BANCORP, INC. and SUBSIDIARY

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	(Unaudited) September 30, 2011	(Audited) December 31, 2010
Assets		
Cash and cash equivalents	\$ 32,916,713	\$ 36,970,638
Interest-bearing deposits in banks	6,318,000	7,867,000
Investment securities available for sale, at fair value	165,513,687	111,962,331
Investment securities held to maturity (fair values of \$4,063,079 and \$15,400,468, respectively)	3,938,656	15,220,474
Mortgage loans held for sale	8,928,396	2,436,986
Loans covered by loss sharing agreements	67,296,479	80,446,859
Noncovered loans, net of unearned income	586,339,131	359,464,400
Total loans, net of unearned income	653,635,610	439,911,259
Allowance for loan losses	(4,529,834)	(3,919,745)
Total loans, net of unearned income and allowance for loan losses	649,105,776	435,991,514
Office properties and equipment, net	31,314,946	23,371,915
Cash surrender value of bank-owned life insurance	16,628,613	16,192,645
FDIC loss sharing receivable	25,628,190	32,012,783
Accrued interest receivable and other assets	31,880,426	18,396,806
Total Assets	\$ 972,173,403	\$ 700,423,092
Liabilities		
Deposits:		
Noninterest-bearing	\$ 123,544,661	\$ 100,578,700
Interest-bearing	595,915,803	452,639,153
Total deposits	719,460,464	553,217,853
Short-term Federal Home Loan Bank (FHLB) advances	72,332,344	
Long-term Federal Home Loan Bank (FHLB) advances	41,125,788	13,000,000
Accrued interest payable and other liabilities	6,187,858	2,675,297
Total Liabilities	839,106,454	568,893,150
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; 8,933,435 and 8,926,875 shares issued; 7,862,154 and 8,131,002 shares outstanding, respectively	89,497	89,270
Additional paid-in capital	89,336,376	88,818,862
Treasury stock at cost - 1,071,281 and 795,873 shares, respectively	(14,376,355)	(10,425,725)
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(6,070,260)	(6,338,070)
Recognition and Retention Plan (RRP)	(2,644,523)	(3,432,486)
Retained earnings	65,111,098	62,125,568
Accumulated other comprehensive income	1,621,116	692,523
Total Shareholders Equity	133,066,949	131,529,942

Total Liabilities and Shareholders	Equity	\$ 972,173,403	\$ 700,423,092
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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,	
	2011	2010	2011	2010
Interest Income				
Loans, including fees	\$ 9,728,512	\$ 7,549,667	\$ 24,154,691	\$ 21,100,559
Investment securities	1,023,976	1,226,765	2,802,155	3,913,125
Other investments and deposits	36,280	32,899	107,543	94,226
Total interest income	10,788,768	8,809,331	27,064,389	25,107,910
Interest Expense				
Deposits	1,219,492	1,403,060	3,431,545	4,021,924
Short-term FHLB advances	15,294	2,794	23,349	7,382
Long-term FHLB advances	165,545	136,727	373,216	446,189
Total interest expense	1,400,331	1,542,581	3,828,110	4,475,495
Net interest income	9,388,437	7,266,750	23,236,279	20,632,415
Provision for loan losses	525,510	167,580	892,459	717,362
Net interest income after provision for loan losses	8,862,927	7,099,170	22,343,820	19,915,053
Noninterest Income				
Service fees and charges	601,916	541,538	1,622,339	1,535,811
Bank card fees	451,959	343,906	1,294,146	1,012,935
Gain on sale of loans, net	163,986	198,522	389,673	378,817
Income from bank-owned life insurance	143,612	161,540	435,968	473,206
Other-than-temporary impairment of securities		(870,254)		(1,010,771)
Gain (loss) on sale of securities, net			(166,082)	39,131
Discount accretion of FDIC loss sharing receivable	193,349	249,949	663,281	501,537
Settlement of litigation			525,000	
Other income	72,941	(12,582)	210,255	75,616
Total noninterest income	1,627,763	612,619	4,974,580	3,006,282
Noninterest Expense				
Compensation and benefits	5,215,478	3,824,287	13,128,998	10,707,803
Occupancy	709,640	615,972	1,834,066	1,652,035
Marketing and advertising	291,628	184,179	667,824	588,116
Data processing and communication	1,314,568	635,382	2,428,075	1,648,161
Professional services	327,728	198,482	1,174,980	895,433
Forms, printing and supplies	141,008	128,182	402,082	380,917
Franchise and shares tax	221,017	98,397	582,018	441,104
Regulatory fees	258,234	159,026	688,616	392,282
Other expenses	731,654	509,828	1,845,923	1,386,692
Total noninterest expense	9,210,955	6,353,735	22,752,582	18,092,543

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Income before income tax expense	1,279,735	1,358,054	4,565,818	4,828,792
Income tax expense	356,336	447,061	1,580,288	1,605,589
Net Income	\$ 923,399	\$ 910,993	\$ 2,985,530	\$ 3,223,203
Earnings per share:				
Basic	\$ 0.13	\$ 0.12	\$ 0.42	\$ 0.42
Diluted	\$ 0.13	\$ 0.12	\$ 0.41	\$ 0.42

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, 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 (loss) on securities available for sale, net of \$422,952 in taxes							821,025	821,025
Reclassification adjustment for realized gains on securities sold, net of \$13,305 in taxes							(25,826)	(25,826)
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
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						2,985,530		2,985,530
							818,979	818,979

Change in unrealized gain on securities available for sale, net of \$421,898 in taxes									
Reclassification adjustment for realized losses on securities sold, net of \$56,468 in taxes						109,614			109,614
Total comprehensive income									3,914,123
Treasury stock acquired at cost, 275,408 shares			(3,950,630)						(3,950,630)
Exercise of stock options	227	75,624							75,851
RRP shares released for allocation		(712,303)		787,963					75,660
ESOP shares released for allocation		119,500		267,810					387,310
Share-based compensation cost		1,034,693							1,034,693
Balance, September 30, 2011	\$ 89,497	\$ 89,336,376	\$ (14,376,355)	\$ (6,070,260)	\$ (2,644,523)	\$ 65,111,098	\$ 1,621,116	\$ 133,066,949	

(1) Balances as of December 31, 2009 and December 31, 2010 are audited.

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

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	For the Nine Months Ended September 30,	
	2011	2010
Cash flows from operating activities, net of effects of acquisition:		
Net income	\$ 2,985,530	\$ 3,223,203
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	892,459	717,362
Depreciation	946,601	792,136
Amortization of purchase accounting valuations and intangibles	5,226,296	(2,784,958)
Net amortization of mortgage servicing asset	30,320	21,970
Federal Home Loan Bank stock dividends	(5,800)	(7,185)
Net amortization of premium/discount on investments	(1,163,374)	(927,187)
Loss on sale of investment securities, net	166,082	(39,131)
Other-than-temporary impairment of securities		1,010,771
Gain on loans sold, net	(389,673)	(378,817)
Proceeds, including principal payments, from loans held for sale	16,062,499	51,630,902
Originations of loans held for sale	(22,150,906)	(56,070,936)
Non-cash compensation	1,422,003	1,363,191
Goodwill from acquisition	151,405	559,987
Deferred income tax benefit	(989,264)	(490,413)
Decrease in interest receivable and other assets	5,184,237	1,797,498
Increase in cash surrender value of bank-owned life insurance	(435,968)	(771,504)
Increase in accrued interest payable and other liabilities	1,132,590	103,868
Net cash provided by (used in) operating activities	9,065,037	(249,243)
Cash flows from investing activities, net of effects of acquisition:		
Purchases of securities available for sale	(60,580,507)	(25,011,424)
Purchases of securities held to maturity	(3,000,000)	(15,000,000)
Proceeds from maturities, prepayments and calls on securities available for sale	52,416,863	32,180,827
Proceeds from maturities, prepayments and calls on securities held to maturity	14,280,600	7,303,887
Proceeds from sales on securities available for sale	3,498,032	13,978,622
Net decrease (increase) in loans	(37,199,689)	3,416,561
Decrease (increase) in certificates of deposit in other institutions	1,549,000	(2,858,000)
Proceeds from sale of real estate owned	1,049,219	
Purchases of office properties and equipment	(446,762)	(8,216,811)
Net cash acquired (disbursed) in acquisition	(17,154,724)	46,892,158
Purchases of Federal Home Loan Bank stock	(2,668,900)	(871,500)
Proceeds from redemption of Federal Home Loan Bank stock		2,705,500
Net cash provided by (used in) investing activities	(48,256,868)	54,519,820
Cash flows from financing activities, net of effects of acquisition:		
Decrease in deposits	(26,876,400)	(32,523,050)
Net increase (decrease) in Federal Home Loan Bank advances	65,889,085	(17,578,396)
Proceeds from exercise of stock options	75,851	
Purchase of treasury stock	(3,950,630)	(6,106,951)
Net cash provided by (used in) financing activities	35,137,906	(56,208,397)

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Net change in cash and cash equivalents	(4,053,925)	(1,937,820)
Cash and cash equivalents at beginning of year	36,970,638	25,709,597
Cash and cash equivalents at end of period	\$ 32,916,713	\$ 23,771,777

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, 2011 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, 2010.

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 January 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-01, *Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20*. ASU 2011-01 temporarily delayed the effective date of the disclosures surrounding troubled debt restructurings in ASU 2010-20 for public companies. The effective date of the new disclosures is effective for interim and annual periods ending after June 15, 2011. The adoption of ASU 2011-01 did not have a material impact on the Company's results of operations or financial position.

In April 2011, the FASB issued ASU No. 2011-02, *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring*. ASU 2011-02 provides clarification on guidance on a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. The effective date for ASU 2011-02 is for the first interim or annual period beginning on or after June 15, 2011. The adoption of ASU 2011-02 did not have a material impact on the Company's results of operations, financial position, disclosures or level of troubled debt restructurings.

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 effective date for ASU 2011-04 is for the first interim or annual period beginning on or after December 15, 2011. The adoption of ASU 2011-04 is not expected to 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 effective date for ASU 2011-05 is for the first interim or annual period beginning on or after December 15, 2011. The adoption of ASU 2011-05 is not expected to have a material impact on the Company's results of operations or financial position. It will present a change in disclosure as the Company currently presents comprehensive income in its consolidated statement of changes in shareholders' equity.

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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 is effective for interim and annual goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of ASU 2011-08 is not expected to have a material impact on the Company's results of operations, financial position or disclosures.

3. Acquisition Activity

On July 15, 2011, the Company completed the acquisition of GS Financial Corp., the former holding company of Guaranty Savings Bank of Metairie, Louisiana. On the July 15, 2011 acquisition date, Home Bancorp Acquisition Corp., a newly created wholly owned subsidiary of the Company, was merged with and into GS Financial Corp. (GSFC), and immediately thereafter, GSFC was merged with and into the Company, with the Company as the surviving corporation, and Guaranty Savings Bank, the former subsidiary of GSFC, was merged with and into Home Bank, with Home Bank as the surviving institution. Shareholders of GSFC received \$21.00 per share in cash, yielding an aggregate purchase price of \$26,417,000.

The acquisition was accounted for under the purchase method of accounting in accordance with ASC 805, *Business Combinations*. In accordance with ASC 805, the Company recorded goodwill totaling \$151,000 from the acquisition as a result of consideration transferred over net 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 GSFC assets and liabilities 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 from the acquisition date.

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 July 15, 2011.

<i>(dollars in thousands)</i>	As Acquired	Fair Value Adjustments	As recorded by Home Bancorp
Assets			
Cash and cash equivalents	\$ 9,262	\$	\$ 9,262
Investment securities			