

HOME BANCORP, INC.
Form 10-Q
August 08, 2013
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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: June 30, 2013

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 August 1, 2013, the registrant had 7,107,336 shares of common stock, \$0.01 par value, outstanding.

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HOME BANCORP, INC. and SUBSIDIARY

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	(Unaudited) June 30, 2013	(Audited) December 31, 2012
Assets		
Cash and cash equivalents	\$ 51,957,884	\$ 39,539,366
Interest-bearing deposits in banks	3,284,000	3,529,000
Investment securities available for sale, at fair value	150,387,103	157,255,828
Investment securities held to maturity (fair values of \$5,397,491 and \$1,746,375, respectively)	5,505,716	1,665,184
Mortgage loans held for sale	4,229,298	5,627,104
Loans covered by loss sharing agreements	27,350,973	45,764,397
Noncovered loans, net of unearned income	648,568,074	627,363,937
Total loans, net of unearned income	675,919,047	673,128,334
Allowance for loan losses	(6,093,556)	(5,319,235)
Total loans, net of unearned income and allowance for loan losses	669,825,491	667,809,099
Office properties and equipment, net	30,473,517	30,777,184
Cash surrender value of bank-owned life insurance	17,523,536	17,286,434
FDIC loss sharing receivable	15,065,655	15,545,893
Accrued interest receivable and other assets	23,511,646	23,891,172
Total Assets	\$ 971,763,846	\$ 962,926,264
Liabilities		
Deposits:		
Noninterest-bearing	\$ 180,375,943	\$ 152,461,606
Interest-bearing	596,860,347	618,967,729
Total deposits	777,236,290	771,429,335
Short-term Federal Home Loan Bank (FHLB) advances	42,500,000	10,000,000
Long-term Federal Home Loan Bank (FHLB) advances	10,000,000	36,256,805
Accrued interest payable and other liabilities	3,868,422	3,666,264
Total Liabilities	833,604,712	821,352,404
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; 8,956,195 and 8,950,495 shares issued; 7,141,691 and 7,439,127 shares outstanding, respectively	89,563	89,506
Additional paid-in capital	91,309,237	90,986,820
Treasury stock at cost 1,814,504 and 1,511,368 shares, respectively	(27,187,845)	(21,719,954)
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(5,445,370)	(5,623,910)
Recognition and Retention Plan (RRP)	(1,042,097)	(1,831,759)
Retained earnings	79,540,747	76,435,222
Accumulated other comprehensive income	894,899	3,237,935

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Total Shareholders Equity	138,159,134	141,573,860
Total Liabilities and Shareholders Equity	\$ 971,763,846	\$ 962,926,264

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	2012	2013	2012
Interest Income				
Loans, including fees	\$ 10,067,629	\$ 10,383,044	\$ 20,140,379	\$ 20,754,401
Investment securities	752,159	812,148	1,523,210	1,671,631
Other investments and deposits	32,299	35,068	63,606	69,466
Total interest income	10,852,087	11,230,260	21,727,195	22,495,498
Interest Expense				
Deposits	799,667	1,084,579	1,680,680	2,216,427
Short-term FHLB advances	11,452	15,608	15,086	31,450
Long-term FHLB advances	111,065	162,158	251,110	327,152
Total interest expense	922,184	1,262,345	1,946,876	2,575,029
Net interest income	9,929,903	9,967,915	19,780,319	19,920,469
Provision for loan losses	2,247,802	1,160,326	2,768,193	1,872,226
Net interest income after provision for loan losses	7,682,101	8,807,589	17,012,126	18,048,243
Noninterest Income				
Service fees and charges	579,594	583,916	1,125,941	1,153,858
Bank card fees	454,123	484,408	868,515	952,692
Gain on sale of loans, net	426,442	417,934	974,861	744,105
Income from bank-owned life insurance	117,551	130,927	237,102	262,206
Gain on sale of securities, net	428,200	59,079	428,200	59,247
Accretion of FDIC loss sharing receivable	111,649	175,622	223,848	353,131
Other income	78,766	47,773	118,132	74,335
Total noninterest income	2,196,325	1,899,659	3,976,599	3,599,574
Noninterest Expense				
Compensation and benefits	4,880,129	4,826,649	9,976,347	9,522,358
Occupancy	759,939	702,003	1,468,725	1,396,945
Marketing and advertising	172,327	184,890	411,523	336,364
Data processing and communication	626,156	666,999	1,267,671	1,339,340
Professional services	193,506	255,483	406,252	487,736
Forms, printing and supplies	136,023	140,449	242,796	266,715
Franchise and shares tax	272,960	175,651	546,580	351,302
Regulatory fees	219,635	213,018	442,884	411,175
Foreclosed assets, net	(32,185)	242,726	145,758	510,724
Other expenses	785,588	635,046	1,401,859	1,229,077
Total noninterest expense	8,014,078	8,042,914	16,310,395	15,851,736
Income before income tax expense	1,864,348	2,664,334	4,678,330	5,796,081

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Income tax expense	620,757	911,659	1,572,805	1,982,948
Net Income	\$ 1,243,591	\$ 1,752,675	\$ 3,105,525	\$ 3,813,133
Earnings per share:				
Basic	\$ 0.19	\$ 0.25	\$ 0.46	\$ 0.55
Diluted	\$ 0.18	\$ 0.24	\$ 0.44	\$ 0.53

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		For the Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net Income	\$ 1,243,591	\$ 1,752,675	\$ 3,105,525	\$ 3,813,133
Other Comprehensive (Loss) Income				
Unrealized (losses) gains on investment securities	\$ (2,773,817)	\$ 208,618	\$ (3,100,994)	\$ 1,540,172
Reclassification adjustment for gains included in net income	(428,200)	(59,079)	(428,200)	(59,247)
Tax effect ⁽¹⁾	1,074,918	(52,338)	1,186,158	(518,324)
Other comprehensive (loss) income, net of taxes	\$ (2,127,099)	\$ 97,201	\$ (2,343,036)	\$ 962,601
Comprehensive (Loss) Income	\$ (883,508)	\$ 1,849,876	\$ 762,489	\$ 4,775,734

⁽¹⁾ The tax effect for the three and six months ended June 30, 2013 on the change in unrealized (losses) gains on investment securities was \$925,048 and \$1,036,288, respectively, compared to \$73,016 and \$539,060, respectively, for the three and six months ended June 30, 2012. The tax effect for the three and six months ended June 30, 2013 on the reclassification adjustment for gains included in net income had a tax effect of \$149,870 and \$149,870, respectively, compared to \$20,087 and \$20,144, respectively, for the three and six months ended June 30, 2012.

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, 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
Balance, December 31, 2012⁽¹⁾	\$ 89,506	\$ 90,986,820	\$ (21,719,954)	\$ (5,623,910)	\$ (1,831,759)	\$ 76,435,222	\$ 3,237,935	\$ 141,573,860
Comprehensive income:								
Net income						3,105,525		3,105,525
Other Comprehensive loss							(2,343,036)	(2,343,036)
Treasury stock acquired at cost, 303,136 shares			(5,467,891)					(5,467,891)
Exercise of stock options	57	65,858						65,915
RRP shares released for allocation		(633,711)			789,662			155,951
ESOP shares released for allocation		150,260		178,540				328,800

Share-based compensation cost	740,010	740,010
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Balance, June 30, 2013	\$ 89,563	\$ 91,309,237	\$ (27,187,845)	\$ (5,445,370)	\$ (1,042,097)	\$ 79,540,747	\$ 894,899	\$ 138,159,134
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(1) Balances as of December 31, 2011 and December 31, 2012 are audited.

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

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	For the Six Months Ended June 30,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 3,105,525	\$ 3,813,133
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	2,768,193	1,872,226
Depreciation	721,627	728,844
(Accretion) amortization of purchase accounting valuations and intangibles	(53,200)	513,692
Net amortization of mortgage servicing asset	96,346	70,220
Federal Home Loan Bank stock dividends	(4,300)	(9,800)
Net amortization of premium on investments	549,384	570,974
Gain on sale of investment securities, net	(428,200)	(59,247)
Gain on loans sold, net	(974,861)	(744,105)
Proceeds, including principal payments, from loans held for sale	49,803,695	16,317,991
Originations of loans held for sale	(47,532,308)	(13,714,739)
Non-cash compensation	1,068,810	1,021,635
Deferred income tax provision	233,532	202,102
Increase in interest receivable and other assets	(945,308)	(2,141,136)
Increase in cash surrender value of bank-owned life insurance	(237,102)	(262,206)
Increase in accrued interest payable and other liabilities	253,051	262,654
Net cash provided by operating activities	8,424,884	8,442,238
Cash flows from investing activities:		
Purchases of securities available for sale	(19,993,714)	(17,818,191)
Purchases of securities held to maturity	(4,184,932)	
Proceeds from maturities, prepayments and calls on securities available for sale	15,514,917	18,595,696
Proceeds from maturities, prepayments and calls on securities held to maturity	336,680	1,038,819
Proceeds from sales on securities available for sale	7,704,863	12,737,454
Net increase in loans	(6,112,822)	(21,777,565)
Reimbursement from FDIC for covered assets	704,086	1,748,270
Decrease in certificates of deposit in other institutions	245,000	1,074,000
Proceeds from sale of repossessed assets	4,155,233	4,850,102
Purchases of office properties and equipment	(417,960)	(544,775)
Proceeds from sale of properties and equipment		1,048,771
Purchases of Federal Home Loan Bank stock	(1,582,700)	
Proceeds from redemption of Federal Home Loan Bank stock	727,100	1,396,100
Net cash (used in) provided by investing activities	(2,904,249)	2,348,681
Cash flows from financing activities:		
Increase in deposits	5,858,879	48,799,017
Increase (decrease) in Federal Home Loan Bank advances	6,440,980	(38,470,103)
Purchase of treasury stock	(5,467,891)	(1,316,540)
Proceeds from exercise of stock options	65,915	135,724
Net cash provided by financing activities	6,897,883	9,148,098

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Net change in cash and cash equivalents	12,418,518	19,939,017
Cash and cash equivalents at beginning of year	39,539,366	31,272,508
Cash and cash equivalents at end of period	\$ 51,957,884	\$ 51,211,525

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, other 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 six-month period ended June 30, 2013 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, 2012.

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, other 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 equity or net income.

2. Accounting Developments

In October 2012, the FASB issued Accounting Standards Update (ASU) No. 2012-06, *Subsequent Accounting for an Indemnification Asset as a result of a Government-Assisted Acquisition of a Financial Institution*. ASU 2012-06 requires the change in measurement of the indemnification asset to be accounted for on the same basis as the change in the indemnified item. Any amortization period for the changes in value would be limited to the shorter of the term of the indemnification agreement or the remaining life of the indemnified assets. The amendments are effective for fiscal years beginning on or after December 15, 2012 and interim periods within those fiscal years. The amendments are applied prospectively to any new indemnification assets acquired after the date of adoption and to indemnification assets existing as of the date of adoption. The Company has adopted ASU 2012-06, and the adoption of the guidance did not have a material impact on the Company's results of operations, financial position or disclosures.

In January 2013, the FASB issued ASU No. 2013-01, *Balance Sheet (Topic 210), Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. The amendments limit the scope of ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*, to certain derivative instruments (including bifurcated embedded derivatives), repurchase agreements and reverse repurchase agreements, and securities borrowing and lending arrangements that are either (1) offset on the balance sheet or (2) subject to an enforceable master netting arrangement or similar agreement. This ASU amends the scope of FASB ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*, which requires additional disclosure regarding the offsetting of assets and liabilities to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The effective date of the amendments coincides with that of ASU 2011-11 (i.e., for fiscal years beginning on or after January 1, 2013, and interim periods within those years). The amendments are applied retrospectively for all comparative periods presented on the balance sheet. The Company has adopted ASU 2013-01, and 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 the Company's investment securities classified as available for sale and held to maturity as of June 30, 2013 and December 31, 2012 is as follows.

(dollars in thousands)

June 30, 2013	Amortized Cost	Gross Unrealized Losses			Fair Value
		Gross Unrealized Gains	Less Than 1 Year	Over 1 Year	
Available for sale:					
U.S. agency mortgage-backed	\$ 93,510	\$ 2,229	\$ 767	\$ 1	\$ 94,971
Non-U.S. agency mortgage-backed	11,236	113	42	23	11,284
Municipal bonds	20,519	347	403		20,463
U.S. government agency	23,745	356	432		23,669
Total available for sale	\$ 149,010	\$ 3,045	\$ 1,644	\$ 24	\$ 150,387
Held to maturity:					
U.S. agency mortgage-backed	\$ 357	\$ 6	\$	\$	\$ 363
Municipal bonds	5,149	52	167		5,034
Total held to maturity	\$ 5,506	\$ 58	\$ 167	\$	\$ 5,397

(dollars in thousands)

December 31, 2012	Amortized Cost	Gross Unrealized Losses			Fair Value
		Gross Unrealized Gains	Less Than 1 Year	Over 1 Year	
Available for sale:					
U.S. agency mortgage-backed	\$ 99,137	\$ 3,391	\$ 14	\$ 1	\$ 102,513
Non-U.S. agency mortgage-backed	12,426	280		38	12,668
Municipal bonds	16,843	774	32		17,585
U.S. government agency	23,944	553	7		24,490
Total available for sale	\$ 152,350	\$ 4,998	\$ 53	\$ 39	\$ 157,256
Held to maturity:					
U.S. agency mortgage-backed	\$ 693	\$ 13	\$	\$	\$ 706
Municipal bonds	972	68			1,040
Total held to maturity	\$ 1,665	\$ 81	\$	\$	\$ 1,746

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The amortized cost and estimated fair value by maturity of the Company's investment securities as of June 30, 2013 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.

<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	\$ 348	\$ 289	\$ 13,431	\$ 80,903	\$ 94,971
Non-U.S. agency mortgage-backed				11,284	11,284
Municipal bonds	513	4,089	10,974	4,887	20,463
U.S. government agency	2,528	4,305	11,594	5,242	23,669
Total available for sale	\$ 3,389	\$ 8,683	\$ 35,999	\$ 102,316	\$ 150,387
Securities held to maturity:					
U.S. agency mortgage-backed	\$ 106	\$ 257	\$	\$	\$ 363
Municipal bonds	219	804	2,559	1,452	5,034
Total held to maturity	325	1,061	2,559	1,452	5,397
Total investment securities	\$ 3,714	\$ 9,744	\$ 38,558	\$ 103,768	\$ 155,784

<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	\$ 331	\$ 269	\$ 13,511	\$ 79,399	\$ 93,510
Non-U.S. agency mortgage-backed				11,236	11,236
Municipal bonds	511	4,019	11,056	4,933	20,519
U.S. government agency	2,500	4,274	11,983	4,988	23,745
Total available for sale	\$ 3,342	\$ 8,562	\$ 36,550	\$ 100,556	\$ 149,010
Securities held to maturity:					
U.S. agency mortgage-backed	\$ 100	\$ 257	\$	\$	\$ 357
Municipal bonds	215	757	2,668	1,509	5,149
Total held to maturity	315	1,014	2,668	1,509	5,506
Total investment securities	\$ 3,657	\$ 9,576	\$ 39,218	\$ 102,065	\$ 154,516

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.

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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.

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As of June 30, 2013 and December 31, 2012, the Company had \$41,979,000 and \$41,462,000, respectively, of securities pledged to secure public deposits.

As of June 30, 2013, 58 debt securities had unrealized losses totaling 2.6% of the individual securities' amortized cost basis and 1.2% of the Company's total amortized cost basis of the investment securities portfolio. Two of the 58 securities had been in a continuous loss position for over 12 months at such date. The two securities had an aggregate amortized cost basis of \$1,208,000 and unrealized loss of \$24,000 at June 30, 2013. Management has the intent and ability to hold these debt securities until maturity, or until anticipated recovery; hence, no declines in these two securities were deemed to be other-than-temporary.

4. Earnings Per Share

Earnings per common share were computed based on the following:

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<i>(in thousands, except per share data)</i>				
Numerator:				
Net income available to common shareholders	\$ 1,244	\$ 1,753	\$ 3,106	\$ 3,813
Denominator:				
Weighted average common shares outstanding	6,652	6,972	6,700	6,963
Effect of dilutive securities:				
Restricted stock	58	77	72	87
Stock options	254	186	260	166
Weighted average common shares outstanding assuming dilution	6,964	7,235	7,032	7,216
Earnings per common share	\$ 0.19	\$ 0.25	\$ 0.46	\$ 0.55
Earnings per common share assuming dilution	\$ 0.18	\$ 0.24	\$ 0.44	\$ 0.53

Options on 51,170 and 42,764 shares of common stock were not included in the computation of diluted earnings per share for the three months ended June 30, 2013 and June 30, 2012, respectively, because the effect of these shares was anti-dilutive. Options on 50,243 and 39,797 shares of common stock were not included in the computation of diluted earnings per share for the six months ended June 30, 2013 and June 30, 2012, 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, 2013			Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	
<i>(dollars in thousands)</i>				
Allowance for loan losses:				
One- to four-family first mortgage	\$ 917	\$	\$ 68	\$ 985
Home equity loans and lines	449			449
Commercial real estate	2,278			2,278

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Construction and land	748				748
Multi-family residential	86				86
Commercial and industrial	826	295			1,121
Consumer	427				427
Total allowance for loan losses	\$ 5,731	\$ 295	\$ 68	\$ 6,094	

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<i>(dollars in thousands)</i>	As of June 30, 2013				Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality		
Loans:					
One- to four-family first mortgage	\$ 172,164	\$ 301	\$ 8,778	\$	181,243
Home equity loans and lines	35,784		2,166		37,950
Commercial real estate	235,781	360	14,645		250,786
Construction and land	67,346	151	3,772		71,269
Multi-family residential	14,321	529	2,025		16,875
Commercial and industrial	78,075	2,478	824		81,377
Consumer	36,214		205		36,419
Total loans	\$ 639,685	\$ 3,819	\$ 32,415	\$	675,919

<i>(dollars in thousands)</i>	As of December 31, 2012				Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality		
Allowance for loan losses:					
One- to four-family first mortgage	\$ 749	\$ 49	\$ 184	\$	982
Home equity loans and lines	322		21		343
Commercial real estate	1,906	134			2,040
Construction and land	785				785
Multi-family residential	86				86
Commercial and industrial	683				683
Consumer	400				400
Total allowance for loan losses	\$ 4,931	\$ 183	\$ 205	\$	5,319

Loans:					
One- to four-family first mortgage	\$ 163,491	\$ 1,464	\$ 12,861	\$	177,816
Home equity loans and lines	36,801	56	3,568		40,425
Commercial real estate	224,127	3,428	25,250		252,805
Construction and land	70,373	60	5,096		75,529
Multi-family residential	16,949	528	2,182		19,659
Commercial and industrial	70,757		1,496		72,253
Consumer	34,036		605		34,641
Total loans	\$ 616,534	\$ 5,536	\$ 51,058	\$	673,128

A summary of the activity in the allowance for loan losses during the six months ended June 30, 2013 and June 30, 2012 is as follows.

<i>(dollars in thousands)</i>	Beginning Balance	For the Six Months Ended June 30, 2013			Ending Balance
		Charge-offs	Recoveries	Provision	
Allowance for loan losses:					
One- to four-family first mortgage	\$ 982	\$ (35)	\$	\$ 38	\$ 985

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Home equity loans and lines	343		5	101	449
Commercial real estate	2,040			238	2,278
Construction and land	785	(26)		(11)	748
Multi-family residential	86				86
Commercial and industrial	683	(1,962)	14	2,386	1,121
Consumer	400	(7)	18	16	427
Total allowance for loan losses	\$ 5,319	\$ (2,030)	\$ 37	\$ 2,768	\$ 6,094

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<i>(dollars in thousands)</i>	For the Six Months Ended June 30, 2012				Ending Balance
	Beginning Balance	Charge-offs	Recoveries	Provision	
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

On March 12, 2010, the Company's wholly owned subsidiary, Home Bank (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 its 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.

<i>(dollars in thousands)</i>	June 30, 2013					Total
	Pass	Special Mention	Substandard	Doubtful		
One- to four-family first mortgage	\$ 165,867	\$ 1,037	\$ 5,561	\$	\$	\$ 172,465
Home equity loans and lines	34,944	406	434			35,784
Commercial real estate	227,610	792	7,739			236,141
Construction and land	65,905	275	1,317			67,497
Multi-family residential	11,589	926	2,335			14,850
Commercial and industrial	74,182	3,805	2,566			80,553
Consumer	35,995	189	30			36,214
Total loans	\$ 616,092	\$ 7,430	\$ 19,982	\$	\$	\$ 643,504

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<i>(dollars in thousands)</i>	December 31, 2012					Total
	Pass	Special Mention	Substandard	Doubtful		
One- to four-family first mortgage	\$ 157,813	\$ 1,659	\$ 5,483	\$		\$ 164,955
Home equity loans and lines	36,330	138	389			36,857
Commercial real estate	214,286	5,605	7,664			227,555
Construction and land	69,458	388	587			70,433
Multi-family residential	15,786	1,163	528			17,477
Commercial and industrial	67,983	2,590	184			70,757
Consumer	33,976	59	1			34,036
Total loans	\$ 595,632	\$ 11,602	\$ 14,836	\$		\$ 622,070

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 above schedules 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.

<i>(dollars in thousands)</i>	June 30, 2013					
	30-59	60-89	Greater Than 90	Total Past Due	Current Loans	Total Loans
	Days Past Due	Days Past Due	Days Past Due			
Real estate loans:						
One- to four-family first mortgage	\$ 1,589	\$ 2,141	\$ 3,413	\$ 7,143	\$ 165,322	\$ 172,465
Home equity loans and lines	471	1	252	724	35,060	35,784
Commercial real estate	976	380	4,143	5,499	230,642	236,141
Construction and land	23		1,317	1,340	66,157	67,497
Multi-family residential	945	1,057	529	2,531	12,319	14,850
Total real estate loans	4,004	3,579	9,654	17,237	509,500	526,737

Other loans:

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Commercial and industrial	500		88	588	79,965	80,553
Consumer	543	277	30	850	35,364	36,214
Total other loans	1,043	277	118	1,438	115,329	116,767
Total loans	\$ 5,047	\$ 3,856	\$ 9,772	\$ 18,675	\$ 624,829	\$ 643,504

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<i>(dollars in thousands)</i>	December 31, 2012			Total Past Due	Current Loans	Total Loans
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due			
Real estate loans:						
One- to four-family first mortgage	\$ 4,509	\$ 672	\$ 3,226	\$ 8,407	\$ 156,548	\$ 164,955
Home equity loans and lines	90	116	149	355	36,502	36,857
Commercial real estate	1,451	854	3,565	5,870	221,685	227,555
Construction and land	956		586	1,542	68,891	70,433
Multi-family residential	531	42	529	1,102	16,375	17,477
Total real estate loans	7,537	1,684	8,055	17,276	500,001	517,277
Other loans:						
Commercial and industrial	110	102	171	383	70,374	70,757
Consumer	478	449	1	928	33,108	34,036
Total other loans	588	551	172	1,311	103,482	104,793
Total loans	\$ 8,125	\$ 2,235	\$ 8,227	\$ 18,587	\$ 603,483	\$ 622,070

Excluding acquired loans with deteriorated credit quality, as of June 30, 2013 and December 31, 2012, 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 with deteriorated credit quality as of the dates indicated.

<i>(dollars in thousands)</i>	As of Period Ended June 30, 2013				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	\$ 301	\$ 301	\$	\$ 992	\$ 1
Home equity loans and lines				47	
Commercial real estate	360	360		2,213	
Construction and land	151	151		116	
Multi-family residential	529	529		528	
Commercial and industrial	1,180	1,180		579	16
Consumer					
Total	\$ 2,521	\$ 2,521	\$	\$ 4,475	\$ 17
With an allowance recorded:					
One- to four-family first mortgage	\$	\$	\$	\$ 233	\$
Home equity loans and lines					
Commercial real estate				190	
Construction and land				10	
Multi-family residential					
Commercial and industrial	1,298	1,298	295	773	20
Consumer					

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Total	\$ 1,298	\$ 1,298	\$ 295	\$ 1,206	\$ 20
Total impaired loans:					
One- to four-family first mortgage	\$ 301	\$ 301	\$	\$ 1,225	\$ 1
Home equity loans and lines				47	
Commercial real estate	360	360		2,403	
Construction and land	151	151		126	
Multi-family residential	529	529		528	
Commercial and industrial	2,478	2,478	295	1,352	36
Consumer					
Total	\$ 3,819	\$ 3,819	\$ 295	\$ 5,681	\$ 37

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<i>(dollars in thousands)</i>	As of Period Ended December 31, 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	\$ 1,117	\$ 1,117	\$	\$ 956	\$ 62
Home equity loans and lines	56	56		71	2
Commercial real estate	2,985	2,985		3,451	100
Construction and land	60	60		631	
Multi-family residential	528	528		528	
Commercial and industrial				48	
Consumer					
Total	\$ 4,746	\$ 4,746	\$	\$ 5,685	\$ 164
With an allowance recorded:					
One- to four-family first mortgage	\$ 347	\$ 347	\$ 49	\$ 445	\$ 23
Home equity loans and lines				3	
Commercial real estate	443	443	134	296	30
Construction and land				950	
Multi-family residential					
Commercial and industrial				29	
Consumer					
Total	\$ 790	\$ 790	\$ 183	\$ 1,723	\$ 53
Total impaired loans:					
One- to four-family first mortgage	\$ 1,464	\$ 1,464	\$ 49	\$ 1,401	\$ 85
Home equity loans and lines	56	56		74	2
Commercial real estate	3,428	3,428	134	3,747	130
Construction and land	60	60		1,581	
Multi-family residential	528	528		528	
Commercial and industrial				77	
Consumer					
Total	\$ 5,536	\$ 5,536	\$ 183	\$ 7,408	\$ 217

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

<i>(dollars in thousands)</i>	June 30, 2013	December 31, 2012
Nonaccrual loans ⁽¹⁾ :		
One- to four-family first mortgage	\$ 4,909	\$ 4,644
Home equity loans and lines	278	149
Commercial real estate	6,199	5,368
Construction and land	1,440	709
Multi-family residential	1,516	1,327
Commercial and industrial	2,566	170
Consumer	30	1
Total	\$ 16,938	\$ 12,368

⁽¹⁾ Includes \$11.3 million and \$10.2 million in acquired loans from GSFC as of June 30, 2013 and December 31, 2012, respectively. As of June 30, 2013, 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 by a 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.

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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 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.

<i>(dollars in thousands)</i>	As of June 30, 2013			
	Current	Past Due Greater Than 30 Days	Nonaccrual TDRs	Total TDRs ⁽¹⁾
Real estate loans:				
One- to four-family first mortgage	\$	\$ 82	\$ 370	\$ 452
Home equity loans and lines				
Commercial real estate	286		1,199	1,485
Construction and land	433		186	619
Multi-family residential			676	676
Total real estate loans	719	82	2,431	3,232
Other loans:				
Commercial and industrial			863	863
Consumer	53			53
Total other loans	53		863	916
Total loans	\$ 772	\$ 82	\$ 3,294	\$ 4,148

<i>(dollars in thousands)</i>	As of December 31, 2012			
	Current	Past Due Greater Than 30 Days	Nonaccrual TDRs	Total TDRs ⁽¹⁾
Real estate loans:				
One- to four-family first mortgage	\$	\$ 310	\$ 51	\$ 361
Home equity loans and lines				
Commercial real estate		299	1,238	1,537
Construction and land	471			471
Multi-family residential			679	679
Total real estate loans	471	609	1,968	3,048
Other loans:				
Commercial and industrial	5		896	901
Consumer	29			29
Total other loans	34		896	930
Total loans	\$ 505	\$ 609	\$ 2,864	\$ 3,978

⁽¹⁾ TDRs include \$3,284,000 and \$3,058,000 at June 30, 2013 and December 31, 2012, respectively, of acquired loans with deteriorated loan quality.

None of the TDRs defaulted subsequent to the restructuring through the date the financial statements were issued. The Company restructured, as a TDR, four loans totaling \$136,000 during the second quarter of 2013.

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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.

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 pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities bids, offers and other 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, 2013, management did not make adjustments to prices provided by the third-party pricing service as a result of illiquid or inactive markets.

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The following tables present the balances of assets and liabilities measured for fair value on a recurring basis as of June 30, 2013 and December 31, 2012.

<i>(dollars in thousands)</i>	June 30, 2013	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Available for sale securities:				
U.S. agency mortgage-backed	\$ 94,971	\$	\$ 94,971	\$
Non-U.S. agency mortgage-backed	11,284		11,284	
Municipal bonds	20,463		20,463	
U.S. government agency	23,669		23,669	
Total	\$ 150,387	\$	\$ 150,387	\$

<i>(dollars in thousands)</i>	December 31, 2012	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Available for sale securities:				
U.S. agency mortgage-backed	\$ 102,513	\$	\$ 102,513	\$
Non-U.S. agency mortgage-backed	12,668		12,668	
Municipal bonds	17,585		17,585	
U.S. government agency	24,490		24,490	
Total	\$ 157,256	\$	\$ 157,256	\$

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 when 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.

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).

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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.

<i>(dollars in thousands)</i>	June 30, 2013	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Assets				
Acquired loans with deteriorated credit quality	\$ 32,347	\$	\$	\$ 32,347
Acquired loans without deteriorated credit quality	101,831			101,831
Impaired loans, excluding acquired loans	3,524			3,524
Repossessed assets	3,643			3,643
FDIC loss sharing receivable	15,066			15,066
Total	\$ 156,411	\$	\$	\$ 156,411
Liabilities				
Deposits acquired through business combinations	\$ 47,610	\$	\$	\$ 47,610
Total	\$ 47,610	\$	\$	\$ 47,610

<i>(dollars in thousands)</i>	December 31, 2012	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Assets				
Acquired loans with deteriorated credit quality	\$ 50,854	\$	\$	\$ 50,854
Acquired loans without deteriorated credit quality	117,536			117,536
Impaired loans, excluding acquired loans	5,353			5,353
Repossessed assets	6,454			6,454
FDIC loss sharing receivable	15,546			15,546
Total	\$ 195,743	\$	\$	\$ 195,743
Liabilities				
Deposits acquired through business combinations	\$ 81,948	\$	\$	\$ 81,948
FHLB advances acquired through business combinations	18,257			18,257
Total	\$ 100,205	\$	\$	\$ 100,205

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

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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

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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.

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 carrying value of mortgage loans held for sale approximates its fair value.

The fair value of 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.

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

<i>(dollars in thousands)</i>	Carrying Amount	Fair Value Measurements at June 30, 2013			
		Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	\$ 51,958	\$ 51,958	\$ 51,958	\$	\$
Interest-bearing deposits in banks	3,284	3,284	3,284		
Investment securities available for sale	150,387	150,387		150,387	
Investment securities held to maturity	5,506	5,397		5,397	
Mortgage loans held for sale	4,229	4,229		4,229	
Loans, net	669,825	676,134			676,134
Cash surrender value of BOLI	17,524	17,524	17,524		
FDIC loss sharing receivable	15,066	15,066			15,066
Financial Liabilities					
Deposits	\$ 777,236	\$ 777,904	\$	\$ 730,294	\$ 47,610
Short-term FHLB advances	42,500	42,500	42,500		
Long-term FHLB advances	10,000	10,542		10,542	

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<i>(dollars in thousands)</i>	Carrying Amount	Fair Value Measurements at December 31, 2012			
		Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	\$ 39,539	\$ 39,539	\$ 39,539	\$	\$
Interest-bearing deposits in banks	3,529	3,529	3,529		
Investment securities available for sale	157,256	157,256		157,256	
Investment securities held to maturity	1,665	1,746		1,746	
Mortgage loans held for sale	5,627	5,627		5,627	
Loans, net	667,809	676,622			676,622
Cash surrender value of BOLI	17,286	17,286	17,286		
FDIC loss sharing receivable	15,546	15,546			15,546
Financial Liabilities					
Deposits	\$ 771,429	\$ 774,325	\$	\$ 692,377	\$ 81,948
Short-term FHLB advances	10,000	10,000	10,000		
Long-term FHLB advances	36,257	37,619		19,362	18,257

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 wholly owned subsidiary, Home Bank, from December 31, 2012 to June 30, 2013 and on its results of operations for the three and six months ended June 30, 2013 and June 30, 2012. This discussion and analysis is intended to highlight and supplement information presented elsewhere in this quarterly report on Form 10-Q, particularly the consolidated 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 results 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, 2012. 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 2013, the Company earned \$1.2 million, a decrease of \$509,000, or 29.0%, compared to the second quarter of 2012. Diluted earnings per share for the second quarter of 2013 were \$0.18, a decrease of \$0.06, or 25.0%, compared to the second quarter of 2012. During the six months ended June 30, 2013, the Company earned \$3.1 million, a decrease of \$708,000, or 18.6%, compared to the six months ended June 30, 2012. Diluted earnings per share for the six months ended June 30, 2013 were \$0.44, a decrease of \$0.09, or 17.0%, compared to the six months ended June 30, 2012.

Key components of the Company's performance during the three months and six months ended June 30, 2013 are summarized below.

Loans as of June 30, 2013 were \$675.9 million, an increase of \$2.8 million, or 0.4%, from December 31, 2012. Increases in the commercial and industrial loans (up \$9.1 million) and one-to-four-family first mortgage loans (up \$3.4 million) were largely offset by decreases in most other segments of the loan portfolio. As of June 30, 2013, Covered Loans totaled \$27.4 million, a decrease of \$18.4 million, or 40.2%, from December 31, 2012.

Core deposits (i.e., checking, savings, and money market accounts) increased \$35.4 million, or 6.8%, from December 31, 2012. Core deposits totaled \$553.8 million as of June 30, 2013. Total customer deposits as of June 30, 2013 were \$777.2 million, an increase of \$5.8 million, or 0.8%, from December 31, 2012.

Interest income decreased \$378,000, or 3.4%, in the second quarter of 2013 compared to the second quarter of 2012. For the six months ended June 30, 2013, interest income decreased \$768,000, or 3.4%, compared to the six months ended June 30, 2012. The decreases relate primarily to a decline in loan interest income as a result of lower average yields earned on loans, reflecting the continuing low interest rate environment as well as the effects of competition for loans.

Interest expense decreased \$340,000, or 26.9%, for the second quarter of 2013 compared to the second quarter of 2012. For the six months ended June 30, 2013, interest expense decreased \$628,000, or 24.4%, compared to the six months ended June 30, 2012. The decreases were primarily the result of reduced market rates and changes in the mix of customer deposits.

The provision for loan losses totaled \$2.2 million for the second quarter of 2013, an increase of \$1.1 million, or 93.7%, compared to the second quarter of 2012. For the six months ended June 30, 2013, the provision for loan losses totaled \$2.8 million, an increase of \$896,000, or 47.9%, compared to the six months ended June 30, 2012. The elevated level of provision during the second quarter of 2013 relates primarily to a \$1.7 million charge off on an accounts receivable line of credit. As of June 30, 2013, the Company's ratio of allowance for loan losses to total loans was 0.90%, compared to 0.79% at December 31, 2012. Excluding acquired loans, the ratio of the allowance for loan losses to total loans was 1.08% at June 30, 2013, compared to 1.01% at December 31, 2012.

Net charge-offs for the first six months of 2013 and 2012 were \$2.0 million and \$1.7 million, respectively. The increase in net charge-offs in 2013 resulted primarily from the charge-off noted above.

Noninterest income for the second quarter of 2013 increased \$297,000, or 15.6%, compared to the second quarter of 2012. The increase in noninterest income in the second quarter of 2013 compared to the second quarter of 2012 resulted primarily from higher gains on the sale of securities (up \$369,000), which was partially offset by decreases in discount accretion on the FDIC loss sharing receivable (down \$64,000), bank card fees (down \$30,000) and income from bank-owned life insurance (down \$13,000). For the six months ended June 30, 2013, noninterest income increased \$377,000, or 10.5%, compared to the six months ended June 30, 2012. The increase resulted primarily from higher gains on the sale of securities (up \$369,000) and the sale of mortgage loans (up \$231,000), which were partially offset by decreases in discount accretion on the FDIC loss sharing receivable (down \$129,000) and bank card fees (down \$84,000).

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Noninterest expense for the second quarter of 2013 decreased \$29,000, or 0.4%, compared to the second quarter of 2012. The decrease in noninterest expense in the second quarter of 2013 compared to the second quarter of 2012 resulted primarily from lower foreclosed asset expenses (down \$275,000 primarily due to a gain of \$194,000 recorded on a disposed asset), which was partially offset by higher other expenses (up \$151,000 primarily due to penalties incurred in prepaying long-term FHLB borrowings) and Louisiana shares taxes (up \$97,000). For the six months ended June 30, 2013, noninterest expense increased \$459,000, or 2.9%, compared to the six months ended June 30, 2012. The increase in noninterest expense resulted primarily from higher compensation and benefits expenses (up \$454,000), Louisiana shares tax (up \$195,000) and other expenses (up \$173,000 primarily due to penalties incurred in prepaying long-term FHLB borrowings), which were partially offset by lower foreclosed asset expenses (down \$365,000 primarily due to a gain of \$194,000 recorded on a disposed asset).

FINANCIAL CONDITION**Loans, Asset Quality and Allowance for Loan Losses**

Loans Loans totaled \$675.9 million as of June 30, 2013, an increase of \$2.8 million, or 0.4%, from December 31, 2012. The increase in loans was primarily driven by commercial and industrial loans (up \$9.1 million) and one-to four-family first mortgage loans (up \$3.4 million), which were largely offset by decreases in most other segments of the loan portfolio. Covered Loans totaled \$27.4 million as of June 30, 2013, a decrease of \$18.4 million, or 40.2%, compared to December 31, 2012. The decrease in the Covered Loan portfolio was primarily the result of principal repayments.

The following table summarizes the composition of the Company's loan portfolio (including loans covered by loss sharing agreements) as of the dates indicated.

<i>(dollars in thousands)</i>	June 30, 2013	December 31, 2012	Increase/(Decrease)	
			Amount	Percent
Real estate loans:				
One- to four-family first mortgage	\$ 181,243	\$ 177,816	\$ 3,427	1.9%
Home equity loans and lines	37,950	40,425	(2,475)	(6.1)
Commercial real estate	250,786	252,805	(2,019)	(0.8)
Construction and land	71,269	75,529	(4,260)	(5.6)
Multi-family residential	16,875	19,659	(2,784)	(14.2)
Total real estate loans	558,123	566,234	(8,111)	(1.4)
Other loans:				
Commercial and industrial	81,377	72,253	9,124	12.6
Consumer	36,419	34,641	1,778	5.1
Total other loans	117,796	106,894	10,902	10.2
Total loans	\$ 675,919	\$ 673,128	\$ 2,791	0.4%

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

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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.

Reposessed assets which are acquired as a result of foreclosure are classified as reposessed assets until sold. Third party property valuations are obtained at the time the asset is reposessed and periodically until the property is liquidated. Reposessed 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 reposessed 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, 2013 and December 31, 2012, loans individually evaluated for impairment, excluding Covered Loans, amounted to \$8.9 million and \$10.8 million, respectively. As of June 30, 2013 and December 31, 2012, substandard loans, excluding Covered Loans, amounted to \$25.0 million and \$21.1 million, respectively. The amount of the allowance for loan losses allocated to impaired or substandard loans, excluding acquired loans, totaled \$295,000 and \$183,000 as of June 30, 2013 and December 31, 2012, respectively. There were no assets classified as doubtful or loss as of June 30, 2013 and December 31, 2012.

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 analyzes all significant factors that affect the collectability of the portfolio in a reasonable manner; and that management establishes 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.

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Nonperforming assets (NPA's) defined as nonaccrual loans, accruing loans past due 90 days or more and foreclosed assets, excluding Covered Assets, amounted to \$17.8 million, or 1.9% of total assets, as of June 30, 2013, compared to \$16.1 million, or 1.8% of total assets, as of December 31, 2012. Total NPAs, including Covered Assets, amounted to \$27.5 million, or 2.8% of total assets as of June 30, 2013, compared to \$28.4 million, or 2.9% of total assets as of December 31, 2012.

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 NPAs and troubled debt restructurings as of the dates indicated.

<i>(dollars in thousands)</i>	June 30, 2013⁽¹⁾	December 31, 2012⁽²⁾
Nonaccrual loans:		
Real estate loans:		
One- to four-family first mortgage	\$ 7,620	\$ 7,260
Home equity loans and lines	427	284
Commercial real estate	7,623	6,984
Construction and land	2,907	4,113
Multi-family residential	1,515	1,327
Other loans:		
Commercial and industrial	3,740	1,916
Consumer	55	63
Total nonaccrual loans	23,887	21,947
Accruing loans 90 days or more past due		
Total nonperforming loans	23,887	21,947
Foreclosed assets	3,643	6,454
Total nonperforming assets	27,530	28,401
Performing troubled debt restructurings	853	1,114
Total nonperforming assets and troubled debt restructurings	\$ 28,383	\$ 29,515
Nonperforming loans to total loans	3.53%	3.26%
Nonperforming loans to total assets	2.46%	2.28%
Nonperforming assets to total assets	2.83%	2.95%

⁽¹⁾ Includes \$9.7 million in Covered Assets acquired from Statewide and \$12.2 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 1.04%, 0.68% and 0.68%, respectively, at June 30, 2013.

⁽²⁾ Includes \$12.3 million in Covered Assets acquired from Statewide and \$11.2 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 0.43%, 0.28% and 0.62%, respectively, at December 31, 2012.

Net loan charge-offs for the second quarter of 2013 were \$1.8 million, compared to \$1.7 million for the second quarter of 2012. Net loan charge-offs for the six months ended June 30, 2013 were \$2.0 million compared to \$1.7 million for the six months ended June 30, 2012. The charge-offs for the second quarter of 2013 resulted primarily from a \$1.7 million charge-off on a \$1.9 million accounts receivable line of credit.

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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 ratings 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 to the allowance for loan losses. As of June 30, 2013, \$195,000 of our allowance for loan losses was allocated to loans acquired without deteriorated credit quality and \$68,000 of our allowance for loan losses was allocated to acquired loans with deteriorated credit quality.

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 2013.

<i>(dollars in thousands)</i>	Amount
Balance, December 31, 2012	\$ 5,319
Provision charged to operations	2,768
Loans charged off	(2,030)
Recoveries on charged off loans	37
Balance, June 30, 2013	\$ 6,094

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At June 30, 2013, the Company's ratio of allowance for loan losses to total loans was 0.90%, compared to 0.79% and 0.78% at December 31, 2012 and June 30, 2012, respectively. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.08% at June 30, 2013, compared to 1.01% and 1.05% at December 31, 2012 and June 30, 2012, respectively.

Investment Securities

The Company's investment securities portfolio totaled \$155.9 million as of June 30, 2013, a decrease of \$3.0 million, or 1.9%, from December 31, 2012. As of June 30, 2013, the Company had a net unrealized gain on its available for sale investment securities portfolio of \$1.4 million, compared to \$4.9 million as of December 31, 2012. The decrease in the unrealized gain primarily reflects increasing long-term market interest rates. The investment securities portfolio had a modified duration of 4.2 and 3.7 years at June 30, 2013 and December 31, 2012, respectively.

The following table summarizes activity in the Company's investment securities portfolio during the first six months of 2013.

<i>(dollars in thousands)</i>	Available for Sale	Held to Maturity
Balance, December 31, 2012	\$ 157,256	\$ 1,665
Purchases	19,994	4,185
Sales	(7,277)	
Principal payments and calls	(15,515)	(336)
Accretion of discounts and amortization of premiums, net	(542)	(8)
Decrease in market value	(3,529)	
Balance, June 30, 2013	\$ 150,387	\$ 5,506

Funding Sources

Deposits Deposits totaled \$777.2 million as of June 30, 2013, an increase of \$5.8 million, or 0.8%, compared to December 31, 2012. Core deposits totaled \$553.8 million as of June 30, 2013, an increase of \$35.4 million, or 6.8%, compared to December 31, 2012.

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

<i>(dollars in thousands)</i>	June 30, 2013	December 31, 2012	Increase (Decrease)	
			Amount	Percent
Demand deposit	\$ 180,376	\$ 152,462	\$ 27,914	18.3%
Savings	54,395	51,515	2,880	5.6
Money market	193,725	191,191	2,534	1.3
NOW	125,344	123,294	2,050	1.7
Certificates of deposit	223,396	252,967	(29,571)	(11.7)
Total deposits	\$ 777,236	\$ 771,429	\$ 5,807	0.8%

Federal Home Loan Bank Advances Short-term FHLB advances totaled \$42.5 million as of June 30, 2013, compared to \$10.0 million as of December 31, 2012. Short-term FHLB advances increased primarily due to the payoff of \$12.6 million in long-term FHLB advances.

Long-term FHLB advances totaled \$10.0 million as of June 30, 2013, compared to \$36.3 million as of December 31, 2012. During the second quarter of 2013, the Company incurred prepayment penalties of \$169,000 in paying off \$12.6 million in long-term FHLB advances. The advances were prepaid as part of the Company's overall balance sheet management strategies.

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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 decreased \$3.4 million, or 2.4%, from \$141.6 million as of December 31, 2012 to \$138.2 million as of June 30, 2013. The decrease was primarily the result of stock repurchases of \$5.5 million and a \$2.3 million decrease in other comprehensive income, which were offset partially by a \$3.1 million increase in retained earnings.

As of June 30, 2013, 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, 2013.

<i>(dollars in thousands)</i>	Actual		Required for Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tier 1 risk-based capital	\$ 134,063	21.18%	\$ 25,321	4.00%	\$ 37,981	6.00%
Total risk-based capital	140,157	22.14	50,641	8.00	63,301	10.00
Tier 1 leverage capital	134,063	13.85	38,706	4.00	48,383	5.00
Tangible capital	134,063	13.85	14,515	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. The Company also maintains excess funds in short-term, interest-bearing assets that provide additional liquidity. As of June 30, 2013, cash and cash equivalents totaled \$52.0 million. At such date, investment securities available for sale totaled \$150.4 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, 2013, certificates of deposit maturing within the next 12 months totaled \$155.5 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, 2013, the average balance of our outstanding FHLB advances was \$50.7 million. As of June 30, 2013, the Company had \$52.5 million in outstanding FHLB advances and had \$312.4 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.

Table of Contents**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, 2013.

Shift in Interest Rates (in bps)	% Change in Projected Net Interest Income
+300	(0.1)%
+200	0.3
+100	0.4

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.

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, 2013 and December 31, 2012.

<i>(dollars in thousands)</i>	Contract Amount	
	June 30, 2013	December 31, 2012
Standby letters of credit	\$ 2,451	\$ 2,907
Available portion of lines of credit	61,064	59,124
Undisbursed portion of loans in process	86,027	47,678
Commitments to originate loans	60,207	77,857

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.

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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

During the second quarter of 2013, the Company earned \$1.2 million, a decrease of \$509,000, or 29.0%, compared to the second quarter of 2012. For the six months ended June 30, 2013, the Company's net income was \$3.1 million, a decrease of \$708,000, or 18.6%, compared to the six months ended June 30, 2012. Diluted earnings per share for the second quarter of 2013 were \$0.18, a decrease of \$0.06, or 25.0%, compared to the second quarter of 2012. Diluted earnings per share for the six months ended June 30, 2013 were \$0.44, a decrease of \$0.09, or 17.0%, compared to the six months ended June 30, 2012.

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 tax-equivalent net interest spread was 4.45% and 4.50% for the three months ended June 30, 2013 and June 30, 2012, respectively, and 4.46% and 4.51% for the six months ended June 30, 2013 and June 30, 2012, respectively. The Company's tax-equivalent net interest margin, which is net interest income as a percentage of average interest-earning assets, was 4.59% and 4.66% for the three months ended June 30, 2013 and June 30, 2012, respectively, and 4.61% and 4.66% for the six months ended June 30, 2013 and June 30, 2012, respectively. The decrease in the net interest spread and net interest margin related primarily to lower average loan yields.

Net interest income totaled \$9.9 million for the three months ended June 30, 2013, a decrease of \$38,000, or 0.4%, compared to the three months ended June 30, 2012. The decline in net interest income in the second quarter of 2013 compared to the second quarter of 2012 was due largely to a decline in loan interest income as a result of lower average yields earned on loans, reflecting the continuing low interest rate environment as well as the effects of competition for loans. For the six months ended June 30, 2013, net interest income totaled \$19.8 million, a decrease of \$140,000, or 0.7%, compared to the six months ended June 30, 2012.

Interest income decreased \$378,000, or 3.4%, in the second quarter of 2013, compared to the second quarter of 2012. For the six months ended June 30, 2013, interest income decreased \$768,000, or 3.4%, compared to the six months ended June 30, 2012. The decline in interest income was due largely to a decline in loan interest income for the reasons described in the preceding paragraph.

Interest expense decreased \$340,000, or 26.9%, in the second quarter of 2013 compared to the second quarter of 2012. For the six months ended June 30, 2013, interest expense decreased \$628,000, or 24.4%, compared to the six months ended June 30, 2012. The decrease was primarily the result of reduced market rates and changes in the mix of customer deposits.

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. Taxable equivalent (TE) yields are calculated using a marginal tax rate of 35%.

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	Three Months Ended June 30,					
	2013			2012		
	Average Balance	Interest	Average Yield/ Rate ⁽¹⁾	Average Balance	Interest	Average Yield/ Rate ⁽¹⁾
<i>(dollars in thousands)</i>						
Interest-earning assets:						
Loans receivable ⁽¹⁾	\$ 683,394	\$ 10,068	5.86%	\$ 674,244	\$ 10,383	6.12%
Investment securities (TE)	154,523	752	2.11	152,916	812	2.24
Other interest-earning assets	28,153	32	0.46	26,504	35	0.53
Total interest-earning assets (TE)	866,070	10,852	5.01	853,664	11,230	5.25
Noninterest-earning assets	101,613			109,606		
Total assets	\$ 967,683			\$ 963,270		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	\$ 372,613	\$ 240	0.26%	\$ 329,371	\$ 321	0.39%
Certificates of deposit	231,824	560	0.97	276,800	763	1.11
Total interest-bearing deposits	604,437	800	0.53	606,171	1,084	0.72
FHLB advances	50,734	122	0.96	73,488	178	0.97
Total interest-bearing liabilities	655,171	922	0.56	679,659	1,262	0.75
Noninterest-bearing liabilities	168,804			144,498		
Total liabilities	823,975			824,157		
Shareholders' equity	143,708			139,113		
Total liabilities and shareholders' equity	\$ 967,683			\$ 963,270		
Net interest-earning assets	\$ 210,899			\$ 174,005		
Net interest spread (TE)		\$ 9,930	4.45%		\$ 9,968	4.50%
Net interest margin (TE)			4.59%			4.66%

	Six Months Ended June 30,					
	2013			2012		
	Average Balance	Interest	Average Yield/ Rate ⁽¹⁾	Average Balance	Interest	Average Yield/ Rate ⁽¹⁾
<i>(dollars in thousands)</i>						
Interest-earning assets:						
Loans receivable ⁽¹⁾	\$ 679,415	\$ 20,140	5.92%	\$ 673,478	\$ 20,754	6.13%
Investment securities (TE)	154,240	1,523	2.13	154,196	1,672	2.28
Other interest-earning assets	28,453	64	0.45	25,832	69	0.54
Total interest-earning assets (TE)	862,108	21,727	5.06	853,506	22,495	5.26
Noninterest-earning assets	102,505			110,970		

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Total assets	\$ 964,613			\$ 964,476		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	\$ 371,103	\$ 509	0.28%	\$ 322,687	\$ 673	0.42%
Certificates of deposit	238,623	1,172	0.99	279,638	1,544	1.11
Total interest-bearing deposits	609,726	1,681	0.56	602,325	2,217	0.74
FHLB advances	45,989	266	1.16	87,481	358	0.82
Total interest-bearing liabilities	655,715	1,947	0.60	689,806	2,575	0.75
Noninterest-bearing liabilities	165,487			137,126		
Total liabilities	821,202			826,932		
Shareholders' equity	143,411			137,544		
Total liabilities and shareholders' equity	\$ 964,613			\$ 964,476		
Net interest-earning assets	\$ 206,393			\$ 163,700		
Net interest spread (TE)		\$ 19,780	4.46%		\$ 19,920	4.51%
Net interest margin (TE)			4.61%			4.66%

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(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. The following table displays the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. The table distinguishes between (i) changes attributable to volume (changes in average volume between periods times prior year rate), (ii) changes attributable to rate (changes in average rate between periods times prior year volume) and (iii) total increase (decrease).

	For the Three Months Ended June 30, 2013 Compared to 2012 Change Attributable To			For the Six Months Ended June 30, 2013 Compared to 2012 Change Attributable To		
	Rate	Volume	Total Increase (Decrease)	Rate	Volume	Total Increase (Decrease)
<i>(dollars in thousands)</i>						
Interest income:						
Loans receivable	\$ (453)	\$ 138	\$ (315)	\$ (768)	\$ 154	\$ (614)
Investment securities (TE)	(91)	31	(60)	(181)	32	(149)
Other interest-earning assets	(5)	2	(3)	(12)	7	(5)
Total interest income	(549)	171	(378)	(961)	193	(768)
Interest expense:						
Savings, checking and money market accounts	(109)	28	(81)	(231)	67	(164)
Certificates of deposit	(88)	(115)	(203)	(156)	(216)	(372)
FHLB advances	46	(102)	(56)	71	(163)	(92)
Total interest expense	(151)	(189)	(340)	(316)	(312)	(628)
Increase (decrease) in net interest income	\$ (398)	\$ 360	\$ (38)	\$ (645)	\$ 505	\$ (140)

Provision for Loan Losses For the quarter ended June 30, 2013, the Company recorded a provision for loan losses of \$2.2 million, 93.7% higher than the \$1.2 million for the same period in 2012. For the six months ended June 30, 2013, the provision for loan losses totaled \$2.8 million, an increase of \$896,000, or 47.9%, compared to the six months ended June 30, 2012. The elevated level of provision for the second quarter of 2013 relates primarily to a \$1.7 million charge off on an accounts receivable line of credit. As of June 30, 2013, the Company's ratio of allowance for loan losses to total loans was 0.90%, compared to 0.79% and 0.78% at December 31, 2012 and June 30, 2012, respectively. Excluding acquired loans, the ratio of the allowance for loan losses to total loans was 1.08% at June 30, 2013, compared to 1.01% at December 31, 2012 and 1.05% at June 30, 2012.

Noninterest Income The Company's noninterest income was \$2.2 million for the three months ended June 30, 2013, \$297,000, or 15.6%, higher than the \$1.9 million earned for the same period in 2012. Noninterest income was \$4.0 million for the six months ended June 30, 2012, \$377,000, or 10.5%, higher than the \$3.6 million earned for the same period of 2012.

The increase in noninterest income in the second quarter of 2013 compared to the second quarter of 2012 resulted primarily from higher gains on the sale of securities (up \$369,000), which was partially offset by decreases in discount accretion on the FDIC loss sharing receivable (down \$64,000), bank card fees (down \$30,000) and income from bank-owned life insurance (down \$13,000).

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The increase in noninterest income for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 resulted primarily from higher gains on the sale of securities (up \$369,000) and the sale of mortgage loans (up \$231,000), which were offset by decreases in discount accretion on the FDIC loss sharing receivable (down \$129,000) and bank card fees (down \$84,000).

Noninterest Expense The Company's noninterest expense was \$8.0 million for the three months ended June 30, 2013, \$29,000, or 0.4%, lower than the \$8.0 million recorded for the same period in 2012. Noninterest expense was \$16.3 million for the six months ended June 30, 2013, \$459,000, or 2.9%, higher than the \$15.9 million for the same period of 2012.

The decrease in noninterest expense in the second quarter of 2013 compared to the second quarter of 2012 resulted primarily from lower foreclosed asset expenses (down \$275,000), which was partially offset by higher other expenses (up \$151,000) and Louisiana shares taxes (up \$97,000).

The increase in noninterest expense for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 resulted primarily from higher compensation and benefits expenses (up \$454,000), Louisiana shares tax (up \$195,000) and other expenses (up \$173,000 primarily due to penalties incurred in prepaying long-term FHLB borrowings), which were offset by lower foreclosed asset expenses (down \$365,000 primarily due to a gain of \$194,000 recorded on a disposed asset).

Income Taxes For the quarters ended June 30, 2013 and June 30, 2012, the Company incurred income tax expense of \$621,000 and \$912,000, respectively. The Company's effective tax rate amounted to 33.3% and 34.2% during the second quarters of 2013 and 2012, respectively. For the six months ended June 30, 2013 and June 30, 2012, the Company incurred income tax expense of \$1.6 million and \$2.0 million, respectively. The Company's effective tax rate amounted to 33.6% and 34.2% during the six months ended June 30, 2013 and June 30, 2012, respectively. 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, 2012, 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, 2013 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 2013 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, 2012 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, 2013	25,285	\$ 18.38	25,285	83,991
May 1 - May 31, 2013	39,582	18.20	39,582	44,409
June 1 - June 30, 2013	202,109	17.87	202,109	212,300
Total	266,976	\$ 17.97	266,976	212,300

⁽¹⁾ On July 24, 2012, the Company announced the commencement of a 5% stock repurchase program. Under the plan, the Company was able to repurchase up to 383,598 shares, or 5% of its common stock outstanding, through open market or privately negotiated transactions. On June 7, 2013, the Company announced the commencement of a new stock repurchase program. Under the plan, the Company can repurchase up to 370,000 shares, or approximately 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.

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

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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.

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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, 2013

By: /s/ John W. Bordelon
John W. Bordelon
President, Chief Executive Officer and Director

August 8, 2013

By: /s/ Joseph B. Zanco
Joseph B. Zanco
Executive Vice President and Chief Financial Officer

August 8, 2013

By: /s/ Mary H. Hopkins
Mary H. Hopkins
Home Bank First Vice President and Director of Financial Reporting