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, 2017

or

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

Commission File Number: 001-34190

HOME BANCORP, INC.

(Exact name of Registrant as specified in its charter)

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

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

Not Applicable

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES 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, smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

At July 31, 2017, the registrant had 7,402,376 shares of common stock, $0.01 par value, outstanding.

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) June 30, 2017	(Audited) December 31, 2016
Assets		
Cash and cash equivalents	$ 51,702,408	$ 29,314,741
Interest-bearing deposits in banks	1,391,000	1,884,000
Investment securities available for sale, at fair value	197,376,270	183,729,857
Investment securities held to maturity (fair values of $13,321,862 and $13,362,062, respectively)	13,201,149	13,365,479
Mortgage loans held for sale	4,297,920	4,156,186
Loans, net of unearned income	1,218,762,771	1,227,833,309
Allowance for loan losses	(13,009,695)	(12,510,708)
Total loans, net of unearned income and allowance for loan losses	1,205,753,076	1,215,322,601
Office properties and equipment, net	38,532,534	39,566,639
Cash surrender value of bank-owned life insurance	20,389,918	20,149,553
Accrued interest receivable and other assets	41,536,229	49,242,977
Total Assets	$ 1,574,180,504	$ 1,556,732,033
Liabilities		
Deposits:		
Noninterest-bearing	$ 306,674,160	$ 296,519,496
Interest-bearing	1,002,563,337	951,552,957
Total deposits	1,309,237,497	1,248,072,453
Short-term Federal Home Loan Bank (FHLB) advances		40,000,000
Long-term Federal Home Loan Bank (FHLB) advances	67,493,057	78,533,173
Accrued interest payable and other liabilities	8,511,085	10,283,383
Total Liabilities	1,385,241,639	1,376,889,009
Shareholders Equity		
Preferred stock, $0.01 par value -10,000,000 shares authorized; none issued		
Common stock, $0.01 par value - 40,000,000 shares authorized; 7,401,396 and 7,350,102 shares issued and outstanding, respectively	74,015	73,502
Additional paid-in capital	80,765,704	79,425,604
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(4,017,050)	(4,195,590)
Recognition and Retention Plan (RRP)	(111,985)	(119,633)
Retained earnings	112,110,694	104,647,375

Accumulated other comprehensive income	117,487	11,766
Total Shareholders Equity	188,938,865	179,843,024
Total Liabilities and Shareholders Equity	$ 1,574,180,504	$ 1,556,732,033

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

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Interest Income				
Loans, including fees	$ 16,167,363	$ 15,852,931	$ 32,410,631	$ 31,871,027
Investment securities:				
Taxable interest	958,583	775,042	1,824,496	1,573,395
Tax-exempt interest	156,297	170,794	319,017	343,525
Other investments and deposits	116,526	67,207	207,891	126,589
Total interest income	17,398,769	16,865,974	34,762,035	33,914,536
Interest Expense				
Deposits	1,149,489	919,152	2,141,929	1,851,004
Short-term FHLB advances	30,628	45,985	94,606	89,583
Long-term FHLB advances	321,201	348,200	658,848	698,829
Total interest expense	1,501,318	1,313,337	2,895,383	2,639,416
Net interest income	15,897,451	15,552,637	31,866,652	31,275,120
Provision for loan losses	150,000	1,050,000	456,832	1,900,000
Net interest income after provision for loan losses	15,747,451	14,502,637	31,409,820	29,375,120
Noninterest Income				
Service fees and charges	990,432	1,001,856	1,927,361	2,038,266
Bank card fees	766,607	676,305	1,450,121	1,277,506
Gain on sale of loans, net	327,549	486,866	615,612	787,539
Income from bank-owned life insurance	121,649	119,967	240,365	240,679
(Loss) gain on the closure or sale of assets, net	(460,029)	640,573	(104,489)	640,580
Other income	417,739	521,946	860,784	1,030,221
Total noninterest income	2,163,947	3,447,513	4,989,754	6,014,791
Noninterest Expense				
Compensation and benefits	6,892,412	6,920,908	13,667,861	14,121,944
Occupancy	1,272,246	1,322,342	2,492,129	2,631,939
Marketing and advertising	287,807	198,351	514,403	456,015
Data processing and communication	1,073,303	1,147,318	2,148,510	2,691,033
Professional services	181,517	259,344	412,887	553,551
Forms, printing and supplies	155,144	173,165	290,443	350,457

Franchise and shares tax	191,816	219,773	393,782	439,546
Regulatory fees	312,437	329,024	635,275	651,715
Foreclosed assets, net	(101,096)	307,425	(159,871)	425,802
Other expenses	785,290	977,858	1,686,170	1,874,695
Total noninterest expense	11,050,876	11,855,508	22,081,589	24,196,697
Income before income tax expense	6,860,522	6,094,642	14,317,985	11,193,214
Income tax expense	2,374,725	2,078,148	4,826,487	3,827,041
Net Income	$ 4,485,797	$ 4,016,494	$ 9,491,498	$ 7,366,173
Earnings per share:				
Basic	$ 0.64	$ 0.59	$ 1.36	$ 1.08
Diluted	$ 0.62	$ 0.57	$ 1.31	$ 1.04
Cash dividends declared per common share	$ 0.14	$ 0.10	$ 0.27	$ 0.19

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

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Net Income	$ 4,485,797	$ 4,016,494	$ 9,491,498	$ 7,366,173
Other Comprehensive Income				
Unrealized gain on investment securities	$ 57,467	$ 356,059	$ 162,647	$ 1,753,305
Tax effect	(20,113)	(124,621)	(56,926)	(613,657)
Other comprehensive income, net of taxes	$ 37,354	$ 231,438	$ 105,721	$ 1,139,648
Comprehensive Income	$ 4,523,151	$ 4,247,932	$ 9,597,219	$ 8,505,821

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

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

	Common Stock	Additional Paid-in Capital	Unallocated Common Stock Held by ESOP	Unallocated Common Stock Held by RRP	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2015[1]	$ 72,399	$ 76,948,914	$ (4,552,670)	$ (158,590)	$ 91,864,543	$ 871,758	$ 165,046,354
Net income					7,366,173		7,366,173
Other comprehensive income						1,139,648	1,139,648
Purchase of Company s common shares at cost, 10,500 shares	(105)	(105,265)			(184,706)		(290,076)
Cash dividends declared, $0.19 per share					(1,377,674)		(1,377,674)
Common stock issued under incentive plans, net of shares surrendered in payment, including tax benefit 3,877 shares	39	3,442			(9,221)		(5,740)
Exercise of stock options	735	969,856					970,591
ESOP shares released for allocation		381,974	178,540				560,514
Restricted stock vesting		(7,912)		9,679			1,767
Share-based compensation cost		155,870					155,870
Balance, June 30, 2016	$ 73,068	$ 78,346,879	$ (4,374,130)	$ (148,911)	$ 97,659,115	$ 2,011,406	$ 173,567,427

Balance, December 31, 2016[(1)]	$ 73,502	$ 79,425,604	$ (4,195,590)	$ (119,633)	$ 104,647,375	$ 11,766	$ 179,843,024
Net income					9,491,498		9,491,498
Other comprehensive income						105,721	105,721
Purchase of Company s common shares at cost, 91 shares	(1)	(539)			(1,684)		(2,224)
Cash dividends declared, $0.27 per share					(1,991,459)		(1,991,459)
Common stock issued under incentive plans, net of shares surrendered in payment, including tax benefit 7,805 shares	78	17,055			(35,036)		(17,903)
Exercise of stock options	436	508,205					508,641
ESOP shares released for allocation		578,954	178,540				757,494
Restricted stock vesting		(3,553)		7,648			4,095
Share-based compensation cost		239,978					239,978
Balance, June 30, 2017	$ 74,015	$ 80,765,704	$ (4,017,050)	$ (111,985)	$ 112,110,694	$ 117,487	$ 188,938,865

(1) Balances as of December 31, 2015 and December 31, 2016 are audited.

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

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the Six Months Ended June 30, 2017	2016
Cash flows from operating activities:		
Net income	$ 9,491,498	$ 7,366,173
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	456,832	1,900,000
Depreciation	957,910	891,134
Amortization of purchase accounting valuations and intangibles	2,348,298	1,556,694
Net amortization of mortgage servicing asset	100,009	127,038
Federal Home Loan Bank stock dividends	(53,300)	(41,200)
Net amortization of premium on investments	827,562	757,273
Gain on loans sold, net	(615,612)	(787,539)
Proceeds, including principal payments, from loans held for sale	64,813,882	73,726,398
Originations of loans held for sale	(64,340,005)	(78,904,339)
Non-cash compensation	997,472	629,870
Deferred income tax benefit	(183,150)	(572,122)
Decrease (increase) in interest receivable and other assets	607,288	(1,201,300)
Increase in cash surrender value of bank-owned life insurance	(240,365)	(200,567)
Decrease in accrued interest payable and other liabilities	(1,772,297)	(5,993,749)
Net cash provided by (used in) operating activities	13,396,022	(746,236)
Cash flows from investing activities:		
Purchases of securities available for sale	(33,716,007)	(13,339,070)
Proceeds from maturities, prepayments and calls on securities available for sale	19,569,009	16,309,127
Proceeds from maturities, prepayments and calls on securities held to maturity		235,000
Net decrease in loans	7,216,038	5,428,115
Decrease in interest bearing deposits in other banks	493,000	2,713,000
Proceeds from sale of repossessed assets	2,632,000	146,760
Purchases of office properties and equipment	(667,584)	(2,603,508)
Proceeds from sale of properties and equipment	639,290	3,746,095
Proceeds from redemption of Federal Home Loan Bank stock	4,180,100	
Net cash provided by investing activities	345,846	12,635,519
Cash flows from financing activities:		
Increase (decrease) in deposits	61,170,327	(19,153,324)

Borrowings on Federal Home Loan Bank advances	130,750,000	1,952,400,000
Repayments of Federal Home Loan Bank advances	(181,771,583)	(1,942,377,387)
Purchase of Company s common stock	(2,224)	(290,076)
Proceeds from exercise of stock options	508,641	970,591
Issuance of stock under incentive plans	(17,903)	(5,740)
Payment of dividends on common stock	(1,991,459)	(1,377,674)
Net cash provided by (used in) financing activities	8,645,799	(9,833,610)
Net change in cash and cash equivalents	22,387,667	2,055,673
Cash and cash equivalents at beginning of year	29,314,741	24,797,599
Cash and cash equivalents at end of period	$ 51,702,408	$ 26,853,272

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

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HOME BANCORP, INC. AND SUBSIDIARY

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Home Bancorp, Inc. (the Company) were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, comprehensive income, changes in shareholders equity and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the three month and six month periods ended June 30, 2017 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, 2016.

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

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

2. Recent Accounting Pronouncements

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

In February 2016, the FASB issued ASU 2016-02, Conforming Amendments Related to Leases . This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of condition and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual and interim periods beginning after December 15, 2018. The Company is currently assessing the amendment but does not anticipate it will have a material impact on our Consolidated Financial Statements. Based on the Company s preliminary assessment of its current leases, the impact to the Company s consolidated balance sheet is estimated to be less than a 1% increase in assets and liabilities.

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In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments . The ASU requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net carrying value at the amount expected to be collected on the financial assets. The income statement reflects the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount of financial assets. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. The allowance for credit losses for purchased financial assets with a more-than-insignificant amount of credit deterioration since origination that are measured at amortized cost basis is determined in a similar manner to other financial assets measured at amortized cost basis; however, the initial allowance for credit losses is added to the purchase price rather than being reported as a credit loss expense. Only subsequent changes in the allowance for credit losses are recorded as a credit loss expense for these assets. Off-balance-sheet arrangements such as commitments to extend credit, guarantees, and standby letters of credit that and are not unconditionally cancellable are also within the scope of this amendment. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. This ASU is effective for fiscal years beginning after December 31, 2019. An entity will apply the amendments in this update on a modified retrospective basis, through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company is currently assessing the implementation of this accounting standard. It is too early to assess the impact that this guidance will have on our Consolidated Financial Statements.

In August 2016, FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments . The amendments in this ASU clarify the proper classification for certain cash receipts and cash payments, including clarification on debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, and proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, among others. The amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently assessing the amendment but does not anticipate it will have a material impact on our Consolidated Financial Statements.

In January 2017, FASB issued ASU No. 2017-04, Intangibles Goodwill and Other, Simplifying the Test for Goodwill Impairment . The amendment in this ASU eliminates the requirement to calculate the implied fair value of goodwill in order to measure a goodwill impairment charge. An entity will record an impairment charge based on the excess of the carrying amount over its fair value. This ASU is effective for fiscal and interim testing periods beginning after December 15, 2019. The Company is currently assessing the amendment but does not anticipate it will have a material impact on our Consolidated Financial Statements.

In April 2017, FASB issued ASU No. 2017-8, Receivables- Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities . This ASU shortens the amortization period for the premium on certain purchased callable debt securities to the earliest call date. The accounting for purchased callable debt securities held at a discount does not change under the new guidance. This ASU is effective for fiscal and interim periods beginning after December 15, 2018. The Company is currently assessing the amendment but does not anticipate it will have a material impact on our Consolidated Financial Statements.

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3. Investment Securities

Summary information regarding the Company s investment securities classified as available for sale and held to maturity as of June 30, 2017 and December 31, 2016 is as follows.

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
June 30, 2017			Less Than 1 Year	Over 1 Year	
Available for sale:					
U.S. agency mortgage-backed	$ 75,257	$ 819	$ 278	$ 19	$ 75,779
Collateralized mortgage obligations	94,570	130	588	274	93,838
Municipal bonds	18,548	304	2		18,850
U.S. government agency	8,821	88			8,909
Total available for sale	$ 197,196	$ 1,341	$ 868	$ 293	$ 197,376
Held to maturity:					
Municipal bonds	$ 13,201	$ 139	$ 18	$	$ 13,322
Total held to maturity	$ 13,201	$ 139	$ 18	$	$ 13,322

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
December 31, 2016			Less Than 1 Year	Over 1 Year	
Available for sale:					
U.S. agency mortgage-backed	$ 78,361	$ 938	$ 368	$	$ 78,931
Collateralized mortgage obligations	75,193	84	613	334	74,330
Municipal bonds	21,212	260	44		21,428
U.S. government agency	8,946	95			9,041
Total available for sale	$ 183,712	$ 1,377	$ 1,025	$ 334	$ 183,730
Held to maturity:					
Municipal bonds	$ 13,365	$ 69	$ 72	$	$ 13,362
Total held to maturity	$ 13,365	$ 69	$ 72	$	$ 13,362

The estimated fair value and amortized cost by contractual maturity of the Company s investment securities as of June 30, 2017 are shown in the following tables. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. The expected maturity of a security may differ from its contractual maturity because of prepayments or the exercise of call options. Accordingly, actual maturities may differ from contractual maturities.

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(dollars in thousands)	One Year or Less	One Year to Five Years	Five to Ten Years	Over Ten Years	Total
Fair Value					
Securities available for sale:					
U.S. agency mortgage-backed	$ 123	$ 5,525	$ 32,337	$ 37,794	$ 75,779
Collateralized mortgage obligations		1,835	4,990	87,013	93,838
Municipal bonds	1,549	9,295	7,475	531	18,850
U.S. government agency	1,005	5,011	2,893		8,909
Total available for sale	$ 2,677	$ 21,666	$ 47,695	$ 125,338	197,376
Securities held to maturity:					
Municipal bonds	$	$ 4,900	$ 6,773	$ 1,649	$ 13,322
Total investment securities	$ 2,677	$ 26,566	$ 54,468	$ 126,987	$ 210,698

(dollars in thousands)	One Year or Less	One Year to Five Years	Five to Ten Years	Over Ten Years	Total
Amortized Cost					
Securities available for sale:					
U.S. agency mortgage-backed	$ 120	$ 5,490	$ 32,345	$ 37,302	$ 75,257
Collateralized mortgage obligations		1,825	5,006	87,739	94,570
Municipal bonds	1,541	9,146	7,355	506	18,548
U.S. government agency	1,000	4,994	2,827		8,821
Total available for sale	$ 2,661	$ 21,455	$ 47,533	$ 125,547	$ 197,196
Securities held to maturity:					
Municipal bonds	$	$ 4,852	$ 6,705	$ 1,644	$ 13,201
Total investment securities	$ 2,661	$ 26,307	$ 54,238	$ 127,191	$ 210,397

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

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

As of June 30, 2017, 64 of the Company s debt securities had unrealized losses totaling 1.2% of the individual securities amortized cost basis and 0.6% of the Company s total amortized cost basis of the investment securities portfolio. At such date, 12 of the 64 securities had been in a continuous loss position for over 12 months. The 12 securities had an aggregate amortized cost basis of $10.9 million and an unrealized loss of $293,000 at June 30, 2017. Management has the intent and ability to hold these debt securities until maturity, or until anticipated recovery; hence, no declines in these 64 securities were deemed other-than-temporary at June 30, 2017.

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As of June 30, 2017 and December 31, 2016, the Company had $105,495,000 and $91,773,000, respectively, of securities pledged to secure public deposits.

4. Earnings Per Share

Earnings per common share were computed based on the following:

	Three Months Ended		**Six Months Ended**	
	June 30,		**June 30,**	
(in thousands, except per share data)	**2017**	**2016**	**2017**	**2016**
Numerator:				
Net income available to common shareholders	$ 4,486	$ 4,016	$ 9,491	$ 7,366
Denominator:				
Weighted average common shares outstanding	6,972	6,816	6,954	6,800
Effect of dilutive securities:				
Restricted stock	3	4	3	4
Stock options	259	268	264	266
Weighted average common shares outstanding assuming dilution	7,234	7,088	7,221	7,070
Basic earnings per common share	$ 0.64	$ 0.59	$ 1.36	$ 1.08
Diluted earnings per common share	$ 0.62	$ 0.57	$ 1.31	$ 1.04

Options on 62,196 and 33,180 shares of common stock were not included in the computation of diluted earnings per share for the three months ended June 30, 2017 and June 30, 2016, respectively, because the effect of these shares was anti-dilutive. Options on 52,761 and 51,138 shares of common stock were not included in the computation of diluted earnings per share for the six months ended June 30, 2017 and June 30, 2016, respectively, because the effect of these shares was anti-dilutive.

5. Credit Quality and Allowance for Loan Losses

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

Originated Loans

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

Acquired Loans

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

Acquired Loans were recorded at estimated fair value at the acquisition date with no carryover of the related allowance for loan losses. The acquired loans were segregated between those considered to be performing (acquired performing) and those with evidence of credit deterioration (acquired impaired), and then further segregated into loan pools designed to facilitate the estimation of expected cash flows. The fair value estimate for each pool of acquired performing and acquired impaired loans was based on the estimate of expected cash flows, both principal and interest, from that pool, discounted at prevailing market interest rates.

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

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

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

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

	As of June 30, 2017			
	Originated Loans			
(dollars in thousands)	**Collectively Evaluated for Impairment**	**Individually Evaluated for Impairment**	**Acquired Loans**	**Total**
Allowance for loan losses:				
One- to four-family first mortgage	$ 1,503	$	$ 59	$ 1,562
Home equity loans and lines	681	348	62	1,091
Commercial real estate	4,441	6		4,447
Construction and land	1,540		7	1,547
Multi-family residential	373			373
Commercial and industrial	2,416	934	153	3,503
Consumer	485		2	487
Total allowance for loan losses	$ 11,439	$ 1,288	$ 283	$ 13,010

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	As of June 30, 2017			
	Originated Loans			
(dollars in thousands)	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Acquired Loans[1]	Total
Recorded investment in loans:				
One- to four-family first mortgage	$ 188,799	$	$ 148,915	$ 337,714
Home equity loans and lines	50,361	937	36,094	87,392
Commercial real estate	352,879	458	101,217	454,554
Construction and land	117,407		1,819	119,226
Multi-family residential	32,096		16,380	48,476
Commercial and industrial	119,482	5,286	7,164	131,932
Consumer	38,203		1,266	39,469
Total loans	$ 899,227	$ 6,681	$ 312,855	$ 1,218,763

	As of December 31, 2016			
	Originated Loans			
(dollars in thousands)	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Acquired Loans	Total
Allowance for loan losses:				
One- to four-family first mortgage	$ 1,397	$ 39	$ 75	$ 1,511
Home equity loans and lines	654		74	728
Commercial real estate	4,158	19		4,177
Construction and land	1,763		19	1,782
Multi-family residential	361			361
Commercial and industrial	2,579	737	123	3,439
Consumer	513			513
Total allowance for loan losses	$ 11,425	$ 795	$ 291	$ 12,511

	As of December 31, 2016			
	Originated Loans			
(dollars in thousands)	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Acquired Loans[1]	Total
Recorded investment in loans:				
One- to four-family first mortgage	$ 176,392	$ 252	$ 165,239	$ 341,883
Home equity loans and lines	47,865		40,956	88,821
Commercial real estate	321,361	462	105,692	427,515
Construction and land	138,955		2,212	141,167
Multi-family residential	26,941		19,428	46,369
Commercial and industrial	126,791	4,844	8,175	139,810
Consumer	40,827		1,441	42,268

Total loans	$ 879,132	$ 5,558	$ 343,143	$ 1,227,833

(1) $10.7 million and $13.1 million in acquired loans were deemed to be acquired impaired loans and were accounted for under ASC 310-30 at June 30, 2017 and December 31, 2016, respectively.

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A summary of activity in the allowance for loan losses for the six months ended June 30, 2017 and June 30, 2016 follows.

	For the Six Months Ended June 30, 2017				
(dollars in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 1,436	$	$	$ 67	$ 1,503
Home equity loans and lines	654	(10)	16	369	1,029
Commercial real estate	4,177			270	4,447
Construction and land	1,763			(223)	1,540
Multi-family residential	361			12	373
Commercial and industrial	3,316	(58)	113	(21)	3,350
Consumer	513	(23)	4	(9)	485
Total allowance for loan losses	$ 12,220	$ (91)	$ 133	$ 465	$ 12,727
Acquired loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 75	$	$	$ (16)	$ 59
Home equity loans and lines	74			(12)	62
Commercial real estate					
Construction and land	19			(12)	7
Multi-family residential					
Commercial and industrial	123			30	153
Consumer				2	2
Total allowance for loan losses	$ 291	$	$	$ (8)	$ 283
Total loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 1,511	$	$	$ 51	$ 1,562
Home equity loans and lines	728	(10)	16	357	1,091
Commercial real estate	4,177			270	4,447
Construction and land	1,782			(235)	1,547
Multi-family residential	361			12	373
Commercial and industrial	3,439	(58)	113	9	3,503
Consumer	513	(23)	4	(7)	487
Total allowance for loan losses	$ 12,511	$ (91)	$ 133	$ 457	$ 13,010

	For the Six Months Ended June 30, 2016				
(dollars in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance

Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 1,372	$	$	$ 108	$ 1,480
Home equity loans and lines	536	(9)	1	121	649
Commercial real estate	3,152		1	643	3,796
Construction and land	1,360		52	53	1,465
Multi-family residential	173			21	194
Commercial and industrial	2,010	(78)	28	975	2,935
Consumer	571	(99)	10	75	557
Total allowance for loan losses	$ 9,174	$ (186)	$ 92	$ 1,996	$ 11,076

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Acquired loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 92	$	$	$ 8	$ 100
Home equity loans and lines	224			(150)	74
Commercial real estate					
Construction and land	57			17	74
Multi-family residential					
Commercial and industrial			94	29	123
Consumer					
Total allowance for loan losses	$ 373	$	$ 94	$ (96)	$ 371
Total loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 1,464	$	$	$ 116	$ 1,580
Home equity loans and lines	760	(9)	1	(29)	723
Commercial real estate	3,152		1	643	3,796
Construction and land	1,417		52	70	1,539
Multi-family residential	173			21	194
Commercial and industrial	2,010	(78)	122	1,004	3,058
Consumer	571	(99)	10	75	557
Total allowance for loan losses	$ 9,547	$ (186)	$ 186	$ 1,900	$ 11,447

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

	June 30, 2017				
(dollars in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Total**
Originated loans:					
One- to four-family first mortgage	$ 186,816	$ 430	$ 1,553	$	$ 188,799
Home equity loans and lines	49,080	304	1,914		51,298
Commercial real estate	343,249	772	9,316		353,337
Construction and land	116,324	217	866		117,407
Multi-family residential	32,096				32,096
Commercial and industrial	108,487	5,670	10,611		124,768
Consumer	37,688	175	340		38,203
Total originated loans	$ 873,740	$ 7,568	$ 24,600	$	$ 905,908
Acquired loans:					
One- to four-family first mortgage	$ 145,941	$ 226	$ 2,748	$	$ 148,915
Home equity loans and lines	35,959	44	91		36,094
Commercial real estate	98,146	1,716	1,355		101,217
Construction and land	1,274		545		1,819
Multi-family residential	16,049		331		16,380

Commercial and industrial	4,358		2,806		7,164
Consumer	1,232	34			1,266
Total acquired loans	$ 302,959	$ 2,020	$ 7,876	$	$ 312,855

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Total:					
One- to four-family first mortgage	$ 332,757	$ 656	$ 4,301	$	$ 337,714
Home equity loans and lines	85,039	348	2,005		87,392
Commercial real estate	441,395	2,488	10,671		454,554
Construction and land	117,598	217	1,411		119,226
Multi-family residential	48,145		331		48,476
Commercial and industrial	112,845	5,670	13,417		131,932
Consumer	38,920	209	340		39,469
Total loans	$ 1,176,699	$ 9,588	$ 32,476	$	$ 1,218,763

	December 31, 2016				
(dollars in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Total**
Originated loans:					
One- to four-family first mortgage	$ 175,045	$ 276	$ 1,323	$	$ 176,644
Home equity loans and lines	46,536	331	998		47,865
Commercial real estate	311,517	822	9,484		321,823
Construction and land	138,000	22	933		138,955
Multi-family residential	26,941				26,941
Commercial and industrial	114,962	5,979	10,694		131,635
Consumer	40,369	98	360		40,827
Total originated loans	$ 853,370	$ 7,528	$ 23,792	$	$ 884,690
Acquired loans:					
One- to four-family first mortgage	$ 162,037	$ 245	$ 2,957	$	$ 165,239
Home equity loans and lines	40,812	47	97		40,956
Commercial real estate	101,546	2,758	1,388		105,692
Construction and land	1,537	71	604		2,212
Multi-family residential	19,250		178		19,428
Commercial and industrial	4,843		3,332		8,175
Consumer	1,401	38	2		1,441
Total acquired loans	$ 331,426	$ 3,159	$ 8,558	$	$ 343,143
Total:					
One- to four-family first mortgage	$ 337,082	$ 521	$ 4,280	$	$ 341,883
Home equity loans and lines	87,348	378	1,095		88,821
Commercial real estate	413,063	3,580	10,872		427,515
Construction and land	139,537	93	1,537		141,167
Multi-family residential	46,191		178		46,369
Commercial and industrial	119,805	5,979	14,026		139,810
Consumer	41,770	136	362		42,268
Total loans	$ 1,184,796	$ 10,687	$ 32,350	$	$ 1,227,833

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.

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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.

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

	June 30, 2017					
(dollars in thousands)	**30-59 Days Past Due**	**60-89 Days Past Due**	**Greater Than 90 Days Past Due**	**Total Past Due**	**Current Loans**	**Total Loans**
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	$ 1,485	$ 276	$ 228	$ 1,989	$ 186,810	$ 188,799
Home equity loans and lines	18		937	955	50,343	51,298
Commercial real estate	786		23	809	352,528	353,337
Construction and land	7			7	117,400	117,407
Multi-family residential					32,096	32,096
Total real estate loans	2,296	276	1,188	3,760	739,177	742,937
Other loans:						
Commercial and industrial	1,584	55	1,545	3,184	121,584	124,768
Consumer	250	50	138	438	37,765	38,203
Total other loans	1,834	105	1,683	3,622	159,349	162,971
Total originated loans	$ 4,130	$ 381	$ 2,871	$ 7,382	$ 898,526	$ 905,908
Acquired loans:						
Real estate loans:						
One- to four-family first mortgage	$ 1,101	$ 332	$ 1,654	$ 3,087	$ 145,828	$ 148,915
Home equity loans and lines	136	33	20	189	35,905	36,094
Commercial real estate	70		363	433	100,784	101,217
Construction and land	1	3		4	1,815	1,819
Multi-family residential			164	164	16,216	16,380
Total real estate loans	1,308	368	2,201	3,877	300,548	304,425

Other loans:						
Commercial and industrial					7,164	7,164
Consumer	9			9	1,257	1,266
Total other loans	9			9	8,421	8,430
Total acquired loans	$ 1,317	$ 368	$ 2,201	$ 3,886	$ 308,969	$ 312,855
Total loans:						
Real estate loans:						
One- to four-family first mortgage	$ 2,586	$ 608	$ 1,882	$ 5,076	$ 332,638	$ 337,714
Home equity loans and lines	154	33	957	1,144	86,248	87,392
Commercial real estate	856		386	1,242	453,312	454,554
Construction and land	8	3		11	119,215	119,226
Multi-family residential			164	164	48,312	48,476
Total real estate loans	3,604	644	3,389	7,637	1,039,725	1,047,362
Other loans:						
Commercial and industrial	1,584	55	1,545	3,184	128,748	131,932
Consumer	259	50	138	447	39,022	39,469
Total other loans	1,843	105	1,683	3,631	167,770	171,401
Total loans	$ 5,447	$ 749	$ 5,072	$ 11,268	$ 1,207,495	$ 1,218,763

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	December 31, 2016					
(dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	$ 651	$	$ 563	$ 1,214	$ 175,430	$ 176,644
Home equity loans and lines	37	29		66	47,799	47,865
Commercial real estate	475		587	1,062	320,761	321,823
Construction and land	467		12	479	138,476	138,955
Multi-family residential					26,941	26,941
Total real estate loans	1,630	29	1,162	2,821	709,407	712,228
Other loans:						
Commercial and industrial	656	706	650	2,012	129,623	131,635
Consumer	531	97	192	820	40,007	40,827
Total other loans	1,187	803	842	2,832	169,630	172,462
Total originated loans	$ 2,817	$ 832	$ 2,004	$ 5,653	$ 879,037	$ 884,690
Acquired loans:						
Real estate loans:						
One- to four-family first mortgage	$ 1,471	$ 969	$ 2,025	$ 4,465	$ 160,774	$ 165,239
Home equity loans and lines	136	27	38	201	40,755	40,956
Commercial real estate			1,164	1,164	104,528	105,692
Construction and land	21		30	51	2,161	2,212
Multi-family residential	19			19	19,409	19,428
Total real estate loans	1,647	996	3,257	5,900	327,627	333,527
Other loans:						
Commercial and industrial					8,175	8,175
Consumer	2	8	2	12	1,429	1,441
Total other loans	2	8	2	12	9,604	9,616
Total acquired loans	$ 1,649	$ 1,004	$ 3,259	$ 5,912	$ 337,231	$ 343,143
Total loans:						
Real estate loans:						
One- to four-family first mortgage	$ 2,122	$ 969	$ 2,588	$ 5,679	$ 336,204	$ 341,883
Home equity loans and lines	173	56	38	267	88,554	88,821
Commercial real estate	475		1,751	2,226	425,289	427,515
Construction and land	488		42	530	140,637	141,167

Multi-family residential	19			19	46,350	46,369
Total real estate loans	3,277	1,025	4,419	8,721	1,037,034	1,045,755
Other loans:						
Commercial and industrial	656	706	650	2,012	137,798	139,810
Consumer	533	105	194	832	41,436	42,268
Total other loans	1,189	811	844	2,844	179,234	182,078
Total loans	$ 4,466	$ 1,836	$ 5,263	$ 11,565	$ 1,216,268	$ 1,227,833

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Excluding Acquired Loans with deteriorated credit quality, as of June 30, 2017 and December 31, 2016, the Company did not have any loans greater than 90 days past due and accruing.

The following table summarize the accretable yield on loans accounted for under ASC 310-30 as of the dates indicated.

	For the Six Months Ended	
(dollars in thousands)	June 30, 2017	June 30, 2016
Balance at beginning of period	$ (11,091)	$ (16,792)
Accretion	1,746	3,437
Transfers from nonaccretable difference to accretable yield	(1,538)	(586)
Balance at end of period	$ (10,883)	$ (13,941)

The following is a summary of information pertaining to Originated Loans, which were deemed to be impaired loans as of the dates indicated.

	As of June 30, 2017				
(dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	$	$	$	$	$
Home equity loans and lines	476	476		317	12
Commercial real estate	22	23		15	1
Construction and land					
Multi-family residential					
Commercial and industrial	3,203	3,336		3,359	95
Consumer					
Total	$ 3,701	$ 3,835	$	$ 3,691	$ 108
With an allowance recorded:					
One- to four-family first mortgage	$	$	$	$ 83	$
Home equity loans and lines	461	461	348	307	11
Commercial real estate	435	470	6	448	10
Construction and land					
Multi-family residential					
Commercial and industrial	2,083	2,170	934	1,967	56
Consumer					
Total	$ 2,979	$ 3,101	$ 1,288	$ 2,805	$ 77

Total impaired Originated Loans:					
One- to four-family first mortgage	$	$	$	$ 83	$
Home equity loans and lines	937	937	348	624	23
Commercial real estate	457	493	6	463	11
Construction and land					
Multi-family residential					
Commercial and industrial	5,286	5,506	934	5,326	151
Consumer					
Total	$ 6,680	$ 6,936	$ 1,288	$ 6,496	$ 185

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	As of December 31, 2016				
(dollars in thousands)	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Recorded Investment**	**Interest Income Recognized**
With no related allowance recorded:					
One- to four-family first mortgage	$	$	$	$	$
Home equity loans and lines					
Commercial real estate					
Construction and land					
Multi-family residential					
Commercial and industrial	3,144	3,178		262	166
Consumer					
Total	$ 3,144	$ 3,178	$	$ 262	$ 166
With an allowance recorded:					
One- to four-family first mortgage	$ 252	$ 260	$ 39	$ 93	$ 13
Home equity loans and lines					
Commercial real estate	462	483	19	423	14
Construction and land					
Multi-family residential					
Commercial and industrial	1,700	1,737	737	1,635	87
Consumer					
Total	$ 2,414	$ 2,480	$ 795	$ 2,151	$ 114
Total impaired loans:					
One- to four-family first mortgage	$ 252	$ 260	$ 39	$ 93	$ 13
Home equity loans and lines					
Commercial real estate	462	483	19	423	14
Construction and land					
Multi-family residential					
Commercial and industrial	4,844	4,915	737	1,897	253
Consumer					
Total	$ 5,558	$ 5,658	$ 795	$ 2,413	$ 280

	As of June 30, 2016				
(dollars in thousands)	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Recorded Investment**	**Interest Income Recognized**
With no related allowance recorded:					
One- to four-family first mortgage	$	$	$	$	$
Home equity loans and lines					
Commercial real estate					
Construction and land					
Multi-family residential					

Commercial and industrial					
Consumer					
Total	$	$	$	$	$
With an allowance recorded:					
One- to four-family first mortgage	$ 77	$ 81	$ 35	$ 81	$ 3
Home equity loans and lines					
Commercial real estate	624	650	124	252	12
Construction and land					
Multi-family residential					
Commercial and industrial	1,139	1,170	442	965	32
Consumer					
Total	$ 1,840	$ 1,901	$ 601	$ 1,298	$ 47

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Total impaired loans:					
One- to four-family first mortgage	$ 77	$ 81	$ 35	$ 81	$ 3
Home equity loans and lines					
Commercial real estate	624	650	124	252	12
Construction and land					
Multi-family residential					
Commercial and industrial	1,139	1,170	442	965	32
Consumer					
Total	$ 1,840	$ 1,901	$ 601	$ 1,298	$ 47

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

	June 30, 2017			December 31, 2016		
(dollars in thousands)	**Originated**	**Acquired(1)**	**Total**	**Originated**	**Acquired(1)**	**Total**
Nonaccrual loans:						
One- to four-family first mortgage	$ 1,130	$ 944	2,074	$ 891	$ 833	$ 1,724
Home equity loans and lines	1,848	86	1,934	998	90	1,088
Commercial real estate	2,961	164	3,125	1,799	164	1,963
Construction and land				12	63	75
Multi-family residential		164	164			
Commercial and industrial	8,007	260	8,267	8,230	312	8,542
Consumer	340		340	360	1	361
Total	$ 14,286	$ 1,618	$ 15,904	$ 12,290	$ 1,463	$ 13,753

(1) Table excludes acquired loans which were being accounted for under ASC 310-30 because they continue to earn interest from accretable yield regardless of their status as past due or otherwise not in compliance with their contractual terms. Acquired loans with deteriorated credit quality, which were being accounted for under ASC 310-30 and which were 90 days or more past due, totaled $1.7 million and $2.7 million as of June 30, 2017 and December 31, 2016, respectively.

As of June 30, 2017, the Company had no outstanding commitments 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. 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 either is granted through an agreement with the customer or is imposed by a court or by 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.

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

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

If the Company concludes that both a concession has been granted and the concession was granted to a customer experiencing financial difficulties, the Company identifies the loan as a TDR. For purposes of the determination of an allowance for loan losses on TDRs, such loans are reviewed for specific impairment in accordance with the Company s allowance for loan loss methodology. If it is determined that losses are probable on such TDRs, either because of delinquency or other credit quality indicators, the Company specifically allocates a portion of the allowance for loan losses to these loans.

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

	As of June 30, 2017			
(dollars in thousands)	**Current**	**Past Due Greater Than 30 Days and Accruing**	**Nonaccrual TDRs**	**Total TDRs**
Originated loans:				
Real estate loans:				
One- to four-family first mortgage	$ 430	$	$ 426	$ 856
Home equity loans and lines	369		868	1,237
Commercial real estate	99		1,558	1,657
Construction and land	186			186
Multi-family residential				

Total real estate loans	1,084		2,852	3,936
Other loans:				
Commercial and industrial			6,399	6,399
Consumer			202	202
Total other loans			6,601	6,601
Total originated loans	$ 1,084	$	$ 9,453	$ 10,537
Acquired loans:				
Real estate loans:				
One- to four-family first mortgage	$ 220	$ 71	$ 124	$ 415
Home equity loans and lines			73	73
Commercial real estate	1,128			1,128
Construction and land				
Multi-family residential				
Total real estate loans	1,348	71	197	1,616
Other loans:				
Commercial and industrial	1,644		260	1,904
Consumer				
Total other loans	1,644		260	1,904
Total acquired loans	$ 2,992	$ 71	$ 457	$ 3,520

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Total loans:				
Real estate loans:				
One- to four-family first mortgage	$ 650	$ 71	$ 550	$ 1,271
Home equity loans and lines	369		941	1,310
Commercial real estate	1,227		1,558	2,785
Construction and land	186			186
Multi-family residential				
Total real estate loans	2,432	71	3,049	5,552
Other loans:				
Commercial and industrial	1,644		6,659	8,303
Consumer			202	202
Total other loans	1,644		6,861	8,505
Total loans	$ 4,076	$ 71	$ 9,910	$ 14,057

	As of December 31, 2016			
(dollars in thousands)	**Current**	**Past Due Greater Than 30 Days and Accruing**	**Nonaccrual TDRs**	**Total TDRs**
Originated loans:				
Real estate loans:				
One- to four-family first mortgage	$ 276	$	$ 327	$ 603
Home equity loans and lines	331		988	1,319
Commercial real estate	102		1,717	1,819
Construction and land	562			562
Multi-family residential				
Total real estate loans	1,271		3,032	4,303
Other loans:				
Commercial and industrial			6,775	6,775
Consumer			168	168
Total other loans			6,943	6,943
Total originated loans	$ 1,271	$	$ 9,975	$ 11,246
Acquired loans:				
Real estate loans:				
One- to four-family first mortgage	$ 292	$ 86	$ 60	$ 438
Home equity loans and lines			62	62
Commercial real estate	288	860		1,148

Construction and land				
Multi-family residential				
Total real estate loans	580	946	122	1,648
Other loans:				
Commercial and industrial	1,853		313	2,166
Consumer				
Total other loans	1,853		313	2,166
Total acquired loans	$ 2,433	$ 946	$ 435	$ 3,814
Total loans:				
Real estate loans:				
One- to four-family first mortgage	$ 568	$ 86	$ 387	$ 1,041
Home equity loans and lines	331		1,050	1,381
Commercial real estate	390	860	1,717	2,967
Construction and land	562			562
Multi-family residential				
Total real estate loans	1,851	946	3,154	5,951
Other loans:				
Commercial and industrial	1,853		7,088	8,941
Consumer			168	168
Total other loans	1,853		7,256	9,109
Total loans	$ 3,704	$ 946	$ 10,410	$ 15,060

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A summary of information pertaining to loans modified as of the periods indicated is as follows.

	For the Six Months Ended					
	June 30, 2017			June 30, 2016		
(dollars in thousands)	Number of Contracts	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment	Number of Contracts	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
Troubled debt restructurings:						
One- to four-family first mortgage	5	$ 275	$ 272	8	$ 1,345	$ 891
Home equity loans and lines	1	15	14	3	1,191	1,191
Commercial real estate	1	448	448	4	1,259	1,209
Construction and land				3	546	315
Multi-family residential						
Commercial and industrial	1	1,461	1,169	16	3,753	3,752
Other consumer	2	60	57	1	51	44
Total	10	$ 2,259	$ 1,960	35	$ 8,145	$ 7,402

None of the performing troubled debt restructurings as of June 30, 2017 had defaulted subsequent to the restructuring through the date the financial statements were available to be issued.

6. Fair Value Measurements and Disclosures

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Company groups assets and liabilities measured or disclosed 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 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 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, 2017, management did not make adjustments to prices provided by the third-party pricing service as a result of illiquid or inactive markets.

The following tables present the balances of assets measured for fair value on a recurring basis as of June 30, 2017 and December 31, 2016.

		Fair Value Measurements Using		
(dollars in thousands)	**June 30, 2017**	**Level 1**	**Level 2**	**Level 3**
Available for sale securities:				
U.S. agency mortgage-backed	$ 75,779	$	$ 75,779	$
Collateralized mortgage obligations	93,838		93,838	
Municipal bonds	18,850		18,850	
U.S. government agency	8,909		8,909	
Total	$ 197,376	$	$ 197,376	$

		Fair Value Measurements Using		
(dollars in thousands)	**December 31, 2016**	**Level 1**	**Level 2**	**Level 3**
Available for sale securities:				
U.S. agency mortgage-backed	$ 78,931	$	$ 78,931	$
Collateralized mortgage obligations	74,330		74,330	
Municipal bonds	21,428		21,428	

U.S. government agency		9,041		9,041		
Total	$	183,730	$	$ 183,730	$	

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

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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.

The Company has segregated all financial assets 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.

		Fair Value Measurements Using		
(dollars in thousands)	**June 30, 2017**	**Level 1**	**Level 2**	**Level 3**
Repossessed assets	$ 587	$	$	$ 587
Impaired loans	6,680			6,680
Total	$ 7,267	$	$	$ 7,267

		Fair Value Measurements Using		
(dollars in thousands)	**December 31, 2016**	**Level 1**	**Level 2**	**Level 3**
Repossessed assets	$ 2,893	$	$	$ 2,893
Impaired loans	4,763			4,763
Total	$ 7,656	$	$	$ 7,656

The following table shows significant observable inputs used in the fair value measurement of Level 3 assets.

(dollars in thousands)	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	**Range of Discounts**	**Weighted Average Discount**
As of June 30, 2017					
Repossessed assets	$ 587	Third party appraisals, sales contracts, broker price opinions	Collateral discounts and estimated costs to sell	6% - 100%	15%
Impaired loans	$ 6,680	Third party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 100%	19%
As of December 31, 2016					
Repossessed assets	$ 2,893	Third party appraisals, sales contracts, Broker	Collateral discounts and estimated costs to	6% - 96%	19%

		price opinions	sell		
Impaired loans	$ 4,763	Third party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 100%	15%

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

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based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. ASC 820 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial statements. These estimates are subjective in nature, 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 first party pricing services or quoted market prices of securities with similar characteristics.

The carrying value of mortgage loans held for sale approximates their fair value.

The fair value of loans is 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 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 by discounting the future cash flows 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.

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(dollars in thousands)	Carrying Amount	Fair Value Measurements at June 30, 2017 Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 51,702	$ 51,702	$ 51,702	$	$
Interest-bearing deposits in banks	1,391	1,391	1,391		
Investment securities available for sale	197,376	197,376		197,376	
Investment securities held to maturity	13,201	13,322		13,322	
Mortgage loans held for sale	4,298	4,298		4,298	
Loans, net	1,205,753	1,206,984		1,200,304	6,680
Cash surrender value of BOLI	20,390	20,390	20,390		
Financial Liabilities					
Deposits	$ 1,309,237	$ 1,309,351	$	$ 1,309,351	$
Short-term FHLB advances					
Long-term FHLB advances	67,493	67,274		67,274	

(dollars in thousands)	Carrying Amount	Fair Value Measurements at December 31, 2016 Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 29,315	$ 29,315	$ 29,315	$	$
Interest-bearing deposits in banks	1,884	1,884	1,884		
Investment securities available for sale	183,730	183,730		183,730	
Investment securities held to maturity	13,365	13,362		13,362	
Mortgage loans held for sale	4,156	4,156		4,156	
Loans, net	1,215,323	1,205,538		1,200,775	4,763
Cash surrender value of BOLI	20,150	20,150	20,150		
Financial Liabilities					
Deposits	$ 1,248,072	$ 1,247,526	$	$ 1,247,526	$
Short-term FHLB advances	40,000	40,000	40,000		
Long-term FHLB advances	78,533	78,039		78,039	

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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. (the Company) and its wholly owned subsidiary, Home Bank, N. A. (the Bank), from December 31, 2016 through June 30, 2017 and on its results of operations for the three and six months ended June 30, 2017 and June 30, 2016. 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 futur conditional terms such as will , would , should , could , may , likely , probably , or possibly . The Company actual strategies and 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, 2016. 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.

EXECUTIVE OVERVIEW

During the second quarter of 2017, the Company earned $4.5 million, an increase of $469,000, or 11.7%, compared to the second quarter of 2016. Diluted earnings per share for the second quarter of 2017 were $0.62, an increase of $0.05, or 8.8%, compared to the second quarter of 2016. The second quarter of 2017 includes a write down of $292,000, net of taxes, taken upon the closure of a banking center. The second quarter of 2016 includes merger-related expenses related to the acquisition of Louisiana Bancorp, Inc. (Louisiana Bancorp) totaling $143,000, net of taxes and a gain on the sale of a banking center totaling $416,000, net of taxes. Excluding merger-related expenses and the banking centers loss and gain, net income for the second quarter of 2017 increased 27.6% compared to the second quarter of 2016 (see the Non-GAAP Reconciliation on page 29).

During the six months ended June 30, 2017, the Company earned $9.5 million, an increase of $2.1 million, or 28.9%, compared to the six months ended June 30, 2016. Diluted earnings per share for the six months ended June 30, 2017 were $1.31, an increase of $0.27, or 26.0%, compared to the six months ended June 30, 2016. Excluding merger-related expenses and banking centers loss and gains, net income for the six months ended June 30, 2017 increased 27.3% compared to the six months ended June 30, 2016. Diluted earnings per share, excluding merger-related expenses and the banking centers loss and gains, for the six months ended June 30, 2017 increased 24.5% compared to the six months ended June 30, 2016.

Key components of the Company s performance during the three and six months ended June 30, 2017 include:

- Assets totaled $1.6 billion as of June 30, 2017, an increase of $17.4 million, or 1.1%, from December 31, 2016.

- Investment securities totaled $210.6 million as of June 30, 2017, an increase of $13.5 million, or 6.8% from December 31, 2016.

- Loans as of June 30, 2017 were $1.2 billion, a decrease of $9.1 million, or 0.7%, from December 31, 2016.

- Deposits as of June 30, 2017 were $1.3 billion, an increase of $61.2 million, or 4.9%, from December 31, 2016. Core deposits (i.e., checking, savings, and money market accounts) totaled $1.0 billion as of June 30, 2017, an increase of $33.8 million, or 3.5%, from December 31, 2016.

Federal Home Loan Bank advances totaled $67.5 million as of June 30, 2017, a decrease of $51.0 million, or 43.1%, from December 31, 2016.

Interest income increased $533,000, or 3.2%, in the second quarter of 2017, compared to the second quarter of 2016. For the six months ended June 30, 2017, interest income increased $848,000, or 2.5%, compared to the six months ended June 30, 2016. The increase was due primarily to an increase in accretion income on acquired loans for the comparative three and six month periods totaling $273,000 and $617,000, respectively.

The provision for loan losses totaled $150,000 for the second quarter of 2017, a decrease of $900,000, or 85.7%, compared to the second quarter of 2016. For the six months ended June 30, 2017, the provision for loan losses totaled $457,000, a decrease of $1.4 million, or 76.0%, from the six months ended June 30, 2016.

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At June 30, 2017, the Company s ratio of the allowance for loan losses to total loans was 1.07%, compared to 0.94% at June 30, 2016. Excluding acquired loans, the ratio of the allowance for loan losses to total loans was 1.40% at June 30, 2017, compared to 1.33% at June 30, 2016. The Company recorded $42,000 in net loan recoveries during the first six months of 2017, compared to virtually no net loan charge-offs during the first six months of 2016.

Noninterest income for the second quarter of 2017 decreased $1.3 million, or 37.2%, compared to the second quarter of 2016. For the six months ended June 30, 2017, noninterest income decreased $1.0 million, or 17.0%, compared to the six months ended June 30, 2016. The second quarter of 2017 includes a $449,000 write down on a closed banking center in Vicksburg, Mississippi, while noninterest income in the second quarter of 2016 includes a gain on the sale of a banking center totaling $641,000. Excluding the loss and gain recorded on the closure or sale of banking centers, noninterest income totaled $2.6 million in the second quarter of 2017, a decrease of $194,000, or 6.9%, compared to the second quarter of 2016. The six months ended June 30, 2017 includes a net loss of $69,000 resulting from the write down on the closed banking center previously discussed and a gain on the sale of a banking center in the first quarter of 2017, while the six months ending June 30, 2016 includes a gain on a sale of a banking center totaling $641,000. Excluding the loss and gains on the banking centers, noninterest income totaled $5.1 million, a decrease of $315,000, or 5.9%, during the comparative six months.

Noninterest expense for the second quarter of 2017 decreased $805,000, or 6.8%, compared to the second quarter of 2016. Noninterest expense for the six months ended June 30, 2017 decreased $2.1 million, or 8.7%, compared to the six months ended June 30, 2016. Noninterest expense includes merger-related expenses totaling $214,000 for the second quarter of 2016 and $827,000 for the six months ended June 30, 2016. Excluding merger-related expenses, noninterest expense decreased $591,000, or 5.1%, for the second quarter of 2017 compared to the second quarter of 2016, and decreased $1.3 million, or 5.5%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016.

This discussion and analysis contains financial information prepared other than in accordance with generally accepted accounting principles (GAAP). The Company uses these non-GAAP financial measures in its analysis of the Company s performance. Management believes that the non-GAAP information provides useful data in understanding the Company s operations and in comparing the Company s results to peers. This non-GAAP information should be considered in addition to the Company s financial information prepared in accordance with GAAP, and is not a substitute for, or superior to, GAAP results. A reconciliation of GAAP to non-GAAP disclosures is included in the table below.

Non-GAAP Reconciliation

	For the Three Months Ended		**For the Six Months Ended**	
(dollars in thousands)	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Reported noninterest income	$ 2,164	$ 3,448	$ 4,990	$ 6,015
Less: (Loss) gain on closure or sale of banking center(s)	(449)	641	(69)	641
Non-GAAP noninterest income	$ 2,613	$ 2,807	$ 5,059	$ 5,374

Reported noninterest expense	$ 11,051	$ 11,856	$ 22,082	$ 24,197
Less: Merger-related expenses		214		827
Non-GAAP noninterest expense	$ 11,051	$ 11,642	$ 22,082	$ 23,370
Reported net income	$ 4,486	$ 4,016	$ 9,491	$ 7,366
Less: (Loss) gain on closure or sale of banking center(s), net of tax	(292)	416	(45)	416
Add: Merger-related expenses, net of tax		143		542
Non-GAAP net income	$ 4,778	$ 3,743	$ 9,536	$ 7,492
Diluted EPS	$ 0.62	$ 0.57	$ 1.31	$ 1.04
Less: (Loss) gain on closure or sale of banking center(s)	(0.04)	0.06	(0.01)	0.06
Add: Merger-related expenses		0.02		0.08
Non-GAAP diluted EPS	$ 0.66	$ 0.53	$ 1.32	$ 1.06

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FINANCIAL CONDITION

Loans, Asset Quality and Allowance for Loan Losses

Loans Loans outstanding as of June 30, 2017 were $1.2 billion, a decrease of $9.1 million, or 0.7%, from December 31, 2016. Growth in originated loans of 2.4% was offset by paydowns in acquired loans.

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

(dollars in thousands)	June 30, 2017	December 31, 2016	Increase/(Decrease) Amount	Percent
Real estate loans:				
One- to four-family first mortgage	$ 337,714	$ 341,883	$ (4,169)	(1.2)%
Home equity loans and lines	87,392	88,821	(1,429)	(1.6)
Commercial real estate	454,554	427,515	27,039	6.3
Construction and land	119,226	141,167	(21,941)	(15.5)
Multi-family residential	48,476	46,369	2,107	4.5
Total real estate loans	1,047,362	1,045,755	1,607	0.2
Other loans:				
Commercial and industrial	131,932	139,810	(7,878)	(5.6)
Consumer	39,469	42,268	(2,799)	(6.6)
Total other loans	171,401	182,078	(10,677)	(5.9)
Total loans	$ 1,218,763	$ 1,227,833	$ (9,070)	(0.7)%

The outstanding balance of direct loans to borrowers in the energy sector totaled $33.4 million, or 2.7% of total outstanding loans, at June 30, 2017, compared to $34.0 million at December 31, 2016. We also had unfunded loan commitments to customers in the energy sector amounting to $5.0 million at June 30, 2017, compared to $6.7 million at December 31, 2016. At June 30, 2017, loans constituting 94.7% of the balance of our direct energy-related loans were performing in accordance with their original loan agreements. The remaining 5.3%, or $1.8 million, had been restructured and were paying in accordance with the restructured terms as of June 30, 2017. The Company holds no shared national credits.

In addition to our exposure on direct energy-related loans, given the effect of the energy sector on the overall economy in several of our markets, we also have indirect exposure in making loans to borrowers who are not themselves in the energy sector but whose customers include energy sector entities.

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 payment is due. In most cases, deficiencies are promptly resolved. If the delinquency continues, late charges are assessed and additional efforts are made to collect the deficiency. All loans which are designated as special mention, classified or which are delinquent 90 days or more are reported to the Board of Directors of the Bank monthly. For loans where the collection of principal or interest payments is doubtful, the accrual of interest income ceases. It is our policy, with certain limited exceptions, to discontinue accruing interest and reverse any interest accrued on any loan which is 90 days or more past due. On occasion, this action may be taken earlier if the financial condition of the borrower raises significant concern with regard to their 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.

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

An impaired loan generally is one for which it is probable, based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Large groups of smaller balance, homogeneous loans are collectively evaluated for impairment. Loans collectively evaluated for impairment include smaller balance commercial loans, residential real estate loans and consumer loans. These loans are evaluated as a group because they have similar characteristics and performance experience. Larger (i.e., loans with balances of $100,000 or greater) commercial real estate loans, multi-family residential loans, 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 at the bank. The Company typically orders an as is valuation for collateral property if a loan is in a criticized loan classification. The Board of Directors is provided with monthly reports on impaired loans. As of June 30, 2017 and December 31, 2016, loans individually evaluated for impairment, excluding acquired loans, amounted to $6.7 million and $5.6 million, respectively. As of June 30, 2017 and December 31, 2016, acquired impaired loans, loans considered to have deteriorated credit quality at the time of acquisition, amounted to $10.7 million and $13.1 million, respectively. As of June 30, 2017 and December 31, 2016, substandard loans, excluding acquired loans, amounted to $24.6 million and $23.8 million, respectively. The amount of the allowance for loan losses allocated to substandard loans originated by Home Bank totaled $1.3 million as of June 30, 2017 and $795,000 as of December 31, 2016. The amount of allowance for loan losses allocated to acquired loans totaled $283,000 and $291,000, respectively, at such dates. There were no assets classified as doubtful or loss as of June 30, 2017 or December 31, 2016.

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

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

	June 30, 2017			December 31, 2016		
(dollars in thousands)	**Originated**	**Acquired(1)**	**Total**	**Originated**	**Acquired(1)**	**Total**
Nonaccrual loans:						
Real estate loans:						
One- to four-family first mortgage	$ 1,130	$ 944	$ 2,074	$ 891	$ 833	$ 1,724
Home equity loans and lines	1,848	86	1,934	998	90	1,088
Commercial real estate	2,961	164	3,125	1,799	164	1,963
Construction and land				12	63	75
Multi-family residential		164	164			
Other loans:						
Commercial and industrial	8,007	260	8,267	8,230	312	8,542
Consumer	340		340	360	1	361
Total nonaccrual loans	14,286	1,618	15,904	12,290	1,463	13,753
Accruing loans 90 days or more past due						
Total nonperforming loans	14,286	1,618	15,904	12,290	1,463	13,753
Foreclosed assets	87	500	587	722	2,171	2,893
Total nonperforming assets	14,373	2,118	16,491	13,012	3,634	16,646
Performing troubled debt restructurings	1,084	3,063	4,147	1,270	3,380	4,650
Total nonperforming assets and troubled debt restructurings	$ 15,457	$ 5,181	$ 20,638	$ 14,282	$ 7,014	$ 21,296
Nonperforming loans to total loans			1.30%			1.12%
Nonperforming loans to total assets			1.01%			0.88%
Nonperforming assets to total assets			1.05%			1.07%

(1) Table excludes acquired loans which were being accounted for under ASC 310-30 because they continue to earn interest from accretable yield regardless of their status as past due or otherwise not in compliance with their contractual terms. Acquired loans with deteriorated credit quality, which were being accounted for under ASC 310-30 and which were 90 days or more past due, totaled $1.7 million and $2.7 million as of June 30, 2017 and December 31, 2016, respectively.

The Company recorded net loan charge-offs for the second quarter of 2017 of $58,000 and net loan recoveries for the six months ended June 30, 2017 of $42,000. The Company recorded virtually no net loan charge-offs for the second quarter of 2016 and for the six months ended June 30, 2016.

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

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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 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. See Note 5 to the Unaudited Consolidated Financial Statements for additional information concerning our allowance for acquired loans.

Acquired loans were recorded at their acquisition date fair value, which was based on expected cash flows and included an estimation of expected future loan losses. If the present value of expected cash flows for a pool is less than its carrying value, an impairment is recognized by an increase in the allowance for loan losses and a charge to the provision for loan losses. As of June 30, 2017 and December 31, 2016, $283,000 and $291,000, respectively, 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 2017.

(dollars in thousands)	Originated	Acquired	Total
Balance, December 31, 2016	$ 12,220	$ 291	$ 12,511
Provision charged to operations	465	(8)	457
Loans charged off	(91)		(91)
Recoveries on charged off loans	133		133
Balance, June 30, 2017	12,727	283	13,010

At June 30, 2017, the Company s ratio of allowance for loan losses to total loans was 1.07%, compared to 1.02% and 0.94% at December 31, 2016 and June 30, 2016, respectively. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.40% at June 30, 2017, compared to 1.38% and 1.33% at December 31, 2016 and June 30, 2016, respectively.

The allowance for loan losses attributable to direct energy-related loans totaled 3.39% of the outstanding balance of energy-related loans at June 30, 2017, compared to 3.35% and 3.29% at December 31, 2016 and June 30, 2016, respectively.

Investment Securities

The Company s investment securities portfolio totaled $210.6 million as of June 30, 2017, an increase of $13.5 million, or 6.8%, from December 31, 2016. As of June 30, 2017, the Company had a net unrealized gain on its available for sale investment securities portfolio of $181,000, compared to $18,000 as of December 31, 2016. The investment securities portfolio had a modified duration of 3.0 and 3.6 years at June 30, 2017 and December 31, 2016, respectively.

The following table summarizes activity in the Company s investment securities portfolio during the first six months of 2017.

(dollars in thousands)	Available for Sale	Held to Maturity
Balance, December 31, 2016	$ 183,730	$ 13,365
Purchases	33,716	
Principal payments and calls	(19,569)	
Accretion of discounts and amortization of premiums, net	(663)	(164)
Increase in market value	162	
Balance, June 30, 2017	197,376	13,201

Funding Sources

Deposits Deposits totaled $1.3 billion as of June 30, 2017, an increase of $61.2 million, or 4.9%, compared to December 31, 2016. Core deposits (which the Company defines as all deposits other than certificates of deposit) totaled $1.0 billion as of June 30, 2017, an increase of $33.8 million, or 3.5%, compared to December 31, 2016. Certificates of deposit totaled $299.6 million as of June 30, 2017, an increase of $27.3 million, or 10.0%, compared to December 31, 2016 due primarily to special promotions.

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

			Increase (Decrease)	
(dollars in thousands)	June 30, 2017	December 31, 2016	Amount	Percent
Demand deposit	$ 306,674	$ 296,519	$ 10,155	3.4%
Savings	109,018	109,414	(396)	(0.4)
Money market	255,776	264,784	(9,008)	(3.4)
NOW	338,166	305,092	33,074	10.8
Certificates of deposit	299,603	272,263	27,340	10.0
Total deposits	$ 1,309,237	$ 1,248,072	$ 61,165	4.9%

Federal Home Loan Bank Advances The Company had no short-term FHLB advances as of June 30, 2017. This represents a decrease of $40.0 million in such advances during 2017. Long-term FHLB advances totaled $67.5 million as of June 30, 2017, a decrease of $11.0 million, or 14.1%, compared December 31, 2016.

Shareholders Equity Shareholders equity increased $9.1 million, or 5.1%, from $179.8 million as of December 31, 2016 to $188.9 million as of June 30, 2017.

As of June 30, 2017, the Company and the Bank had regulatory capital that were well in excess of regulatory requirements. The following table presents actual and required capital ratios for the Company and the Bank under the Basel III Capital Rules. The minimum required capital amounts presented include the minimum required capital levels as of June 30, 2017 based on the phase-in provisions of the Basel III Capital Rules and the minimum required capital levels as of January 1, 2019 when the Basel III Capital Rules have been fully phased-in. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Capital Rules.

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(dollars in thousands)	Actual Amount	Actual Ratio	Minimum Capital Required Basel III Phase-In Schedule Amount	Minimum Capital Required Basel III Phase-In Schedule Ratio	Minimum Capital Required Basel III Fully Phased-In Amount	Minimum Capital Required Basel III Fully Phased-In Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	To Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
Company:								
Tier 1 risk-based capital	$ 177,029	15.13%	$ 84,803	7.25%	$ 99,425	8.50%	N/A	N/A
Total risk-based capital	190,038	16.25	108,197	9.25	122,819	10.50	N/A	N/A
Tier 1 leverage capital	177,029	11.42	62,025	4.00	62,025	4.00	N/A	N/A

(dollars in thousands)	Actual Amount	Actual Ratio	Minimum Capital Required Basel III Phase-In Schedule Amount	Minimum Capital Required Basel III Phase-In Schedule Ratio	Minimum Capital Required Basel III Fully Phased-In Amount	Minimum Capital Required Basel III Fully Phased-In Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	To Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
Bank:								
Common equity Tier 1 capital (to risk-weighted assets)	$ 161,946	13.86%	$ 67,164	5.75%	$ 81,765	7.00%	$ 75,924	6.50%
Tier 1 risk-based capital	161,946	13.86	84,685	7.25	99,286	8.50	93,445	8.00
Total risk-based capital	174,956	14.98	108,046	9.25	122,647	10.50	116,807	10.00
Tier 1 leverage capital	161,946	10.45	61,968	4.00	61,968	4.00	77,460	5.00

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, 2017, cash and cash equivalents totaled $51.7 million. At such date, investment securities available for sale totaled $197.4 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, 2017, certificates of deposit maturing within the next 12 months totaled $177.9 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, 2017, the average balance of outstanding FHLB advances was $84.8 million. As of June 30, 2017, the Company had $67.5 million in total outstanding FHLB advances and had $563.8 million in additional FHLB advances available.

In addition to cash flow from loan and securities payments and prepayments as well as from sales of securities available for sale, the Company has significant borrowing capacity available to fund liquidity needs. In recent years, the Company has utilized borrowings as a cost efficient addition to deposits as a source of funds. 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.

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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, 2017.

Shift in Interest Rates (in bps)	% Change in Projected Net Interest Income
+300	1.9%
+200	1.6
+100	1.0

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

Off-Balance Sheet Activities

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

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, 2017 and December 31, 2016.

	Contract Amount	
(dollars in thousands)	**June 30, 2017**	**December 31, 2016**
Standby letters of credit	$ 3,981	$ 5,233
Available portion of lines of credit	138,584	141,968
Undisbursed portion of loans in process	47,894	62,791
Commitments to originate loans	104,064	98,714

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

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

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

RESULTS OF OPERATIONS

During the second quarter of 2017, the Company earned $4.5 million, an increase of $469,000, or 11.7%, compared to the second quarter of 2016. Diluted earnings per share for the second quarter of 2017 were $0.62, an increase of $0.05, or 8.8%, compared to the second quarter of 2016. The second quarter of 2017 includes a write down of $292,000, net of taxes, taken upon the closing of a banking center, while the second quarter of 2016 included a gain on the sale of a banking center, net of taxes, totaling $ $416,000. The second quarter of 2016 also included merger-related expenses totaling $143,000, net of taxes, related to the acquisition of Louisiana Bancorp, Inc. (Louisiana Bancorp). Excluding the banking centers loss and gain and merger-related expenses, net income for the second quarter 2017 totaled $4.8 million, an increase of $1.0 million, or 27.6%, compared to the second quarter of 2016. (See the Non-GAAP Reconciliation on page 29).

During the six months ended June 30, 2017, the Company earned $9.5 million, an increase of $2.1 million, or 28.9%, compared to the six months ended June 30, 2016. Diluted earnings per share for the six months ended June 30, 2017 were $1.31, an increase of $0.27, or 26.0%, compared to the six months ended June 30, 2016. The six months ended June 30, 2017 includes a net loss totaling $45,000, net of taxes, resulting from a write down on a banking center, which closed in the second quarter of 2017 and a gain on the sale of a banking center in the first quarter of 2017. The six months ended June 30, 2016 includes a gain on the sale of a banking center, net of taxes, totaling $416,000 and merger-related expenses totaling $542,000, net of taxes. Excluding merger-related expenses and the gains and loss on banking centers closure and sales, net income totaled $9.5 million, an increase of $2.0 million, or 27.3%, compared to the six months ended June 30, 2016. Diluted earnings per share for the six months ended June 30, 2017 increased 24.5% compared to the six months ended June 30, 2016, excluding merger-related expenses and the gains and loss on the closure and sale of banking centers.

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 4.20% and 4.22% for the three months ended June 30, 2017 and June 30, 2016, respectively, and 4.24% and 4.25% for the six months ended June 30, 2017 and June 30, 2016, respectively. The Company s tax-equivalent net interest margin, which is net interest income as a percentage of average interest-earning assets, was 4.35% for the three months ended June 30, 2017 and June 30, 2016, and 4.38% and 4.37% six months ended June 30, 2017 and June 30, 2016, respectively.

Net interest income totaled $15.9 million for the three months ended June 30, 2017, an increase of $345,000, or 2.2%, compared to the three months ended June 30, 2016. For the six months ended June 30, 2017, net interest income totaled $31.9 million, an increase of $592,000, or 1.9%, compared to the six months ended June 30, 2016. The increase in net interest income was due primarily to an increase of $273,000 and $617,000, for the three and six months ended June 30, 2017, respectively, in accretion income on acquired loans and higher yields on investment securities, which were partially offset with higher funding costs. The increase in funding cost for the three and six months ended June 30, 2017, resulted from an increase in the average volume of deposits with an increase in funding cost resulting primarily from special promotions of higher yielding certificates of deposit in the 2017 periods.

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The following tables set 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%.

	Three Months Ended June 30,					
	2017			2016		
(dollars in thousands)	Average Balance	Interest	Average Yield/ Rate [1]	Average Balance	Interest	Average Yield/ Rate [1]
Interest-earning assets:						
Loans receivable[1]						
Originated loans	$ 908,958	$ 11,502	5.03%	$ 827,702	$ 10,599	5.09%
Acquired loans	313,367	4,665	5.93	397,460	5,254	5.27
Total loans receivable[1]	1,222,325	16,167	5.26	$ 1,225,162	$ 15,853	5.15
Investment securities						
Taxable	174,638	959	2.20	153,731	775	2.02
Tax-exempt (TE)	30,937	156	3.11	34,354	171	3.06
Total investment securities	205,575	1,115	2.33	188,085	946	2.21
Other interest-earning assets	32,744	117	1.43	18,943	67	1.43
Total interest-earning assets (TE)	1,460,644	17,399	4.76	1,432,190	16,866	4.71
Noninterest-earning assets	101,766			112,650		
Total assets	$ 1,562,410			$ 1,544,840		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	$ 695,828	$ 486	0.28%	$ 670,019	$ 390	0.23%
Certificates of deposit	290,032	663	0.92	270,147	529	0.79
Total interest-bearing deposits	985,860	1,149	0.47	940,166	919	0.39
Short-term FHLB advances	14,498	31	0.84	45,727	46	0.40
Long term FHLB advances	70,325	321	1.83	83,697	348	1.66
Total interest-bearing liabilities	1,070,683	1,501	0.56	1,069,590	1,313	0.49
Noninterest-bearing liabilities	304,096			303,493		

Total liabilities	1,374,779			1,373,083		
Shareholders equity	187,631			171,757		
Total liabilities and shareholders equity	$ 1,562,410			$ 1,544,840		
Net interest-earning assets	$ 389,961			$ 362,600		
Net interest spread (TE)		$ 15,898	4.20%		$ 15,553	4.22%
Net interest margin (TE)			4.35%			4.35%

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	Six Months Ended June 30,					
	2017			2016		
(dollars in thousands)	**Average Balance**	**Interest**	**Average Yield/ Rate (1)**	**Average Balance**	**Interest**	**Average Yield/ Rate(1)**
Interest-earning assets:						
Loans receivable(1)						
Originated loans	$ 904,950	$ 22,824	5.03%	$ 824,473	$ 21,045	5.08%
Acquired loans	321,416	9,587	5.96	400,896	10,826	5.38
Loans receivable(1)	1,226,366	32,411	5.28	$ 1,225,369	$ 31,871	5.17%
Investment securities						
Taxable	171,198	1,824	2.13	153,533	1,573	2.05
Tax-exempt (TE)	31,818	319	3.08	34,784	343	3.04
Total investment securities	203,016	2,143	2.28	188,317	1,916	2.23
Other interest-earning assets	28,838	208	1.46	17,559	127	1.45
Total interest-earning assets (TE)	1,458,220	34,762	4.78	1,431,245	33,914	4.74
Noninterest-earning assets	103,626			113,630		
Total assets	$ 1,561,846			$ 1,544,875		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	$ 690,350	$ 901	0.26%	$ 674,350	$ 790	0.24%
Certificates of deposit	283,470	1,241	0.88	271,952	1,061	0.78
Total interest-bearing deposits	973,820	2,142	0.44	946,302	1,851	0.39
Short-term FHLB advances	27,249	94	0.69	43,366	89	0.41
Long term FHLB advances	74,316	659	1.77	84,342	699	1.66
Total interest-bearing liabilities	1,075,385	2,895	0.54	1,074,010	2,639	0.49
Noninterest-bearing liabilities	301,211			300,967		
Total liabilities	1,376,596			1,374,977		
Shareholders equity	185,250			169,898		
Total liabilities and shareholders equity	$ 1,561,846			$ 1,544,875		
Net interest-earning assets	$ 382,835			$ 357,235		
Net interest spread (TE)		$ 31,867	4.24%		$ 31,275	4.25%
Net interest margin (TE)			4.38%			4.37%

(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).

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(dollars in thousands)	For the Three Months Ended June 30, 2017 Compared to 2016 Change Attributable To Rate	Volume	Total Increase (Decrease)	For the Six Months Ended June 30, 2017 Compared to 2016 Change Attributable To Rate	Volume	Total Increase (Decrease)
Interest income:						
Loans receivable	$ 289	$ 25	$ 314	$ 390	$ 150	$ 540
Investment securities (TE)	81	88	169	81	146	227
Other interest-earning assets		50	50		81	81
Total interest income	370	163	533	471	377	848
Interest expense:						
Savings, checking and money market accounts	75	21	96	84	27	111
Certificates of deposit	91	43	134	134	46	180
FHLB advances	66	(108)	(42)	96	(131)	(35)
Total interest expense	232	(44)	188	314	(58)	256
Increase (decrease) in net interest income	$ 138	$ 207	$ 345	$ 157	$ 435	$ 592

Provision for Loan Losses For the quarter ended June 30, 2017, the Company recorded a provision for loan losses of $150,000, which was 85.7% lower than the $1.1 million recorded for the same period in 2016. For the six months ended June 30, 2017, the provision for loan losses totaled $457,000, which was 76.0% lower than the $1.9 million recorded for the same period in 2016. The Company recorded net loan charge-offs of $58,000 during the second quarter of 2017, compared to virtually no net loan charge-offs in the second quarter of 2016. The Company recorded net loan recoveries of $42,000 during the six months ended June 30, 2017 and virtually no net loan charge-offs during the six months ended June 30, 2016.

As of June 30, 2017, the Company s ratio of allowance for loan losses to total loans was 1.07%, compared to 1.02% and 0.94% at December 31, 2016 and June 30, 2016, respectively. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.40% at June 30, 2017, compared to 1.38% and 1.33% at December 31, 2016 and June 30, 2016, respectively. The ratio of non-performing loans to total assets was 1.01% at June 30, 2017, compared to 0.88% at December 31, 2016.

Noninterest Income The Company s noninterest income was $2.2 million for the quarter ended June 30, 2017, $1.3 million, or 37.2%, lower than the $3.4 million earned for the same period in 2016. The second quarter of 2017 includes a $449,000 write down on a closed banking center in Vicksburg, Mississippi, while the second quarter of 2016 includes a gain on the sale of a banking center totaling $641,000. Excluding the banking center loss and gain in the comparative quarters, noninterest income totaled $2.6 million, a decrease of $194,000, or 6.9% compared to the second quarter of 2016. The decrease in noninterest income in the second quarter of 2017, excluding the loss and gain on the closure or sale of banking center(s), for the comparative periods resulted primarily from lower gains on the sale of mortgage loans (down $159,000) and other income (down $104,000), which were partially offset by higher bank card fees (up $90,000).

Noninterest income was $5.0 million for the six months ended June 30, 2017, $1.0 million, or 17.0%, lower than the $6.0 million earned for the same period of 2016. The six months ended June 30, 2017 includes a net loss of $69,000 resulting from a $449,000 write down on a closed banking center in Vicksburg, Mississippi and a

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$380,000 gain on the sale of a banking center in the first quarter of 2017, while the six months ending June 30, 2016 includes a gain on a sale of a banking center totaling $641,000. Excluding the loss and gains on the banking center transactions, noninterest income totaled $5.1 million, a decrease of $315,000, or 5.9%, during the comparative six months period. In the comparative six months period, noninterest income reflected lower gains on the sale of mortgage loans (down $172,000), other income (down $169,000) and service fees and charges (down $111,000), which were partially offset by higher bank card fees (up $173,000).

Noninterest Expense The Company s noninterest expense was $11.1 million for the three months ended June 30, 2017, $805,000, or 6.8%, lower than the $11.9 million recorded for the same period in 2016. Noninterest expense for the second quarter of 2016 includes merger-related expenses totaling $214,000. Excluding merger-related expenses, noninterest expense decreased $591,000, or 5.1%, for the second quarter of 2017 compared to the second quarter of 2016. The decrease in noninterest expense, excluding merger-related expenses, for the comparative three months period resulted primarily from reduced expenses on foreclosed assets (down $409,000), other expenses (down $93,000) and data processing and communications (down $63,000).

Noninterest expense was $22.1 million for the six months ended June 30, 2017, $2.1 million, or 8.7% lower than the $24.2 million for the same period of 2016. Noninterest expense for the six-month period of 2016 includes merger-related expenses totaling $827,000. Excluding merger-related expenses, noninterest expense decreased $1.3 million, or 5.5%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Excluding merger-related expenses, the decrease in noninterest expense for the six-month period of 2017 compared to the same period in 2016 resulted primarily from reduced expenses on foreclosed assets (down $586,000), compensation and benefits (down $352,000), occupancy (down $126,000) professional services (down $119,000) and data processing and communications (down $115,000).

Income Taxes For the quarters ended June 30, 2017 and June 30, 2016, the Company incurred income tax expense of $2.4 million and $2.1 million, respectively. The Company s effective tax rate was 34.6% and 34.1% during the second quarters of 2017 and 2016, respectively. For the six months ended June 30, 2017 and June 30, 2016, the Company incurred income tax expense of $4.8 million and $3.8 million, respectively. The Company s effective tax rate amounted to 33.7% and 34.2% during the six months ended June 30, 2017 and June 30, 2016, 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, merger-related expenses, 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, 2016, 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, 2017 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 2017 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.

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, 2016 filed with the Securities and Exchange Commission.

Item 2. Unregistered Sales of Equity Securities and the Use of Proceeds.
The Company made no purchases of its common stock during the second quarter of 2017. There are 368,654 shares available for purchase under the Company s plans. (On June 7, 2013, the Company announced the commencement of a 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. On April 26, 2016, the Company announced a new stock repurchase program. Under the plan, the Company can repurchase up to 365,000 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 Disclosures.
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
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

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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, 2017	By:	/s/ John W. Bordelon John W. Bordelon *President, Chief Executive Officer and Director*
August 8, 2017	By:	/s/ Joseph B. Zanco Joseph B. Zanco *Executive Vice President and Chief Financial Officer*
August 8, 2017	By:	/s/ Mary H. Hopkins Mary H. Hopkins *Home Bank, N.A. First Vice President and Director of Financial Management*

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