HOME BANCORP, INC.
Form 10-Q
November 08, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended: September 30, 2012

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 x 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 x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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

At November 1, 2012, the registrant had 7,513,760 shares of common stock, $0.01 par value, outstanding.

HOME BANCORP, INC. and SUBSIDIARY

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) September 30, 2012	(Audited) December 31, 2011
Assets		
Cash and cash equivalents	$ 52,307,703	$ 31,769,438
Interest-bearing deposits in banks	4,019,000	5,583,000
Investment securities available for sale, at fair value	153,006,535	155,259,978
Investment securities held to maturity (fair values of $2,138,371 and $3,574,684, respectively)	2,049,718	3,461,717
Mortgage loans held for sale	5,572,587	1,672,597
Loans covered by loss sharing agreements	49,500,917	61,070,360
Noncovered loans, net of unearned income	621,157,286	605,301,127
Total loans, net of unearned income	670,658,203	666,371,487
Allowance for loan losses	(4,906,292)	(5,104,363)
Total loans, net of unearned income and allowance for loan losses	665,751,911	661,267,124
Office properties and equipment, net	30,910,746	31,763,692
Cash surrender value of bank-owned life insurance	17,157,946	16,771,174
FDIC loss sharing receivable	16,813,909	24,222,190
Accrued interest receivable and other assets	26,720,243	32,018,228
Total Assets	$ 974,310,298	$ 963,789,138
Liabilities		
Deposits:		
Noninterest-bearing	$ 161,118,912	$ 127,827,509
Interest-bearing	623,822,955	602,906,246
Total deposits	784,941,867	730,733,755
Short-term Federal Home Loan Bank (FHLB) advances	4,000,000	52,634,218
Long-term Federal Home Loan Bank (FHLB) advances	39,440,343	40,988,736
Accrued interest payable and other liabilities	5,717,129	5,147,595
Total Liabilities	834,099,339	829,504,304
Shareholders Equity		
Preferred stock, $0.01 par value - 10,000,000 shares authorized; none issued		
Common stock, $0.01 par value - 40,000,000 shares authorized; 8,948,195 and 8,933,435 shares issued; 7,512,360 and 7,759,954 shares outstanding, respectively	89,483	89,335
Additional paid-in capital	90,513,760	89,741,406
Treasury stock at cost -1,435,835 and 1,173,481 shares, respectively	(20,365,995)	(15,892,315)
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(5,713,180)	(5,980,990)
Recognition and Retention Plan (RRP)	(1,831,759)	(2,644,523)
Retained earnings	74,110,812	67,245,350
Accumulated other comprehensive income	3,407,838	1,726,571
Total Shareholders Equity	140,210,959	134,284,834

Total Liabilities and Shareholders Equity	$ 974,310,298	$ 963,789,138

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

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the Three Months Ended September 30, 2012	For the Three Months Ended September 30, 2011	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011
Interest Income				
Loans, including fees	$ 11,309,112	$ 9,728,512	$ 32,063,514	$ 24,154,691
Investment securities	769,202	1,023,976	2,440,833	2,802,155
Other investments and deposits	41,404	36,280	110,870	107,543
Total interest income	12,119,718	10,788,768	34,615,217	27,064,389
Interest Expense				
Deposits	1,036,707	1,219,492	3,253,133	3,431,545
Short-term FHLB advances	4,830	15,294	36,281	23,349
Long-term FHLB advances	162,154	165,545	489,306	373,216
Total interest expense	1,203,691	1,400,331	3,778,720	3,828,110
Net interest income	10,916,027	9,388,437	30,836,497	23,236,279
Provision for loan losses	55,736	525,510	1,927,962	892,459
Net interest income after provision for loan losses	10,860,291	8,862,927	28,908,535	22,343,820
Noninterest Income				
Service fees and charges	535,016	601,916	1,688,874	1,622,339
Bank card fees	443,986	451,959	1,396,678	1,294,146
Gain on sale of loans, net	651,457	163,986	1,395,561	389,673
Income from bank-owned life insurance	124,566	143,612	386,772	435,968
Gain/(loss) on sale of securities, net	162,534		221,781	(166,082)
Discount accretion of FDIC loss sharing receivable	108,762	193,349	461,893	663,281
Settlement of litigation				525,000
Other income	60,537	44,379	134,870	158,288
Total noninterest income	2,086,858	1,599,201	5,686,429	4,922,613
Noninterest Expense				
Compensation and benefits	5,046,836	5,215,478	14,569,194	13,128,998
Occupancy	722,320	709,640	2,119,265	1,834,066
Marketing and advertising	202,400	291,628	538,764	667,824
Data processing and communication	694,440	1,314,568	2,033,779	2,428,075
Professional services	213,294	327,728	701,030	1,174,980
Forms, printing and supplies	111,203	141,008	377,918	402,082
Franchise and shares tax	305,889	221,017	657,191	582,018
Regulatory fees	218,193	258,234	629,368	688,616
Foreclosed assets, net	248,089	75,147	758,813	229,047
Other expenses	626,409	627,945	1,855,486	1,564,909
Total noninterest expense	8,389,073	9,182,393	24,240,808	22,700,615
Income before income tax expense	4,558,076	1,279,735	10,354,156	4,565,818

Income tax expense	1,505,746	356,336	3,488,694	1,580,288
Net Income	$ 3,052,330	$ 923,399	$ 6,865,462	$ 2,985,530
Earnings per share:				
Basic	$ 0.44	$ 0.13	$ 0.99	$ 0.42
Diluted	$ 0.42	$ 0.13	$ 0.95	$ 0.41

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 September 30, 2012	For the Three Months Ended September 30, 2011	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011
Net Income	$ 3,052,330	$ 923,399	$ 6,865,462	$ 2,985,530
Other Comprehensive Income				
Unrealized gains on investment securities (net of taxes, $430,030, $206,141, $951,753 and $421,898, respectively)	$ 825,532	$ 400,157	$ 1,827,087	$ 818,979
Reclassification adjustment for losses (gains) included in net income (net of taxes, $55,668, $0, $75,960 and $56,468, respectively)	(106,866)		(145,820)	109,614
Other comprehensive income, net of taxes	$ 718,666	$ 400,157	$ 1,681,267	$ 928,593
Comprehensive Income	$ 3,770,996	$ 1,323,556	$ 8,546,729	$ 3,914,123

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

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Unallocated Common Stock Held by ESOP	Unallocated Common Stock Held by RRP	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2010[1]	$ 89,270	$ 88,818,862	$ (10,425,725)	$ (6,338,070)	$ (3,432,486)	$ 62,125,568	$ 692,523	$ 131,529,942
Comprehensive income:								
Net income						2,985,530		2,985,530
Other Comprehensive income							928,593	928,593
Treasury stock acquired at cost, 275,408 shares			(3,950,630)					(3,950,630)
Exercise of stock options	227	75,624						75,851
RRP shares released for allocation		(712,303)			787,963			75,660
ESOP shares released for allocation		119,500		267,810				387,310
Share-based compensation cost		1,034,693						1,034,693
Balance, September 30, 2011	$ 89,497	$ 89,336,376	$ (14,376,355)	$ (6,070,260)	$ (2,644,523)	$ 65,111,098	$ 1,621,116	$ 133,066,949
Balance, December 31, 2011[1]	$ 89,335	$ 89,741,406	$ (15,892,315)	$ (5,980,990)	$ (2,644,523)	$ 67,245,350	$ 1,726,571	$ 134,284,834
Comprehensive income:								
Net income						6,865,462		6,865,462
Other Comprehensive income							1,681,267	1,681,267
Treasury stock acquired at cost, 184,429 shares			(4,473,680)					(4,473,680)
Exercise of stock options	148	175,577						175,725
RRP shares released for allocation		(680,600)			812,764			132,164
ESOP shares released for allocation		181,413		267,810				449,223

Share-based compensation cost		1,095,964						1,095,964
Balance, September 30, 2012	$ 89,483	$ 90,513,760	$ (20,365,995)	$ (5,713,180)	$ (1,831,759)	$ 74,110,812	$ 3,407,838	$ 140,210,959

(1) Balances as of December 31, 2010 and December 31, 2011 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 Nine Months Ended September 30, 2012	2011
Cash flows from operating activities, net of effects of acquisition:		
Net income	$ 6,865,462	$ 2,985,530
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,927,962	892,459
Depreciation	1,089,025	946,601
Amortization of purchase accounting valuations and intangibles	(115,098)	5,226,296
Net amortization of mortgage servicing asset	124,858	30,320
Federal Home Loan Bank stock dividends	(13,700)	(5,800)
Net amortization of discount on investments	(447,561)	(1,163,374)
(Gain) loss on sale of investment securities, net	(221,781)	166,082
Gain on loans sold, net	(1,395,561)	(389,673)
Proceeds, including principal payments, from loans held for sale	21,371,657	16,062,499
Originations of loans held for sale	(18,585,639)	(22,150,906)
Non-cash compensation	1,545,187	1,422,003
Goodwill from acquisition		151,405
Deferred income tax provision (benefit)	468,208	(989,264)
Decrease in interest receivable and other assets	456,365	2,982,140
Increase in cash surrender value of bank-owned life insurance	(386,772)	(435,968)
Increase in accrued interest payable and other liabilities	626,452	1,132,590
Net cash provided by operating activities	13,309,064	6,862,940
Cash flows from investing activities, net of effects of acquisition:		
Purchases of securities available for sale	(35,069,223)	(60,580,507)
Purchases of securities held to maturity		(3,000,000)
Proceeds from maturities, prepayments and calls on securities available for sale	27,899,692	52,416,863
Proceeds from maturities, prepayments and calls on securities held to maturity	1,411,471	14,280,600
Proceeds from sales on securities available for sale	12,659,849	3,498,032
Net increase in loans	(11,266,490)	(37,199,689)
Reimbursement from FDIC for covered assets	1,748,270	2,514,238
Decrease in certificates of deposit in other institutions	1,564,000	1,549,000
Proceeds from sale of repossessed assets	5,164,085	1,049,219
Purchases of office properties and equipment	(1,197,629)	(446,762)
Proceeds from sale of properties and equipment	1,048,771	
Net cash disbursed in business combination		(17,154,724)
Purchases of Federal Home Loan Bank stock		(2,668,900)
Proceeds from redemption of Federal Home Loan Bank stock	2,792,000	
Net cash provided by (used in) investing activities	6,754,796	(45,742,630)
Cash flows from financing activities, net of effects of acquisition:		
Increase (decrease) in deposits	54,594,797	(26,876,400)
Increase (decrease) in Federal Home Loan Bank advances	(49,822,437)	65,889,085
Purchase of treasury stock	(4,473,680)	(3,950,630)
Proceeds from exercise of stock options	175,725	75,851
Net cash provided by financing activities	474,405	35,137,906

Net change in cash and cash equivalents	20,538,265	(3,741,784)
Cash and cash equivalents at beginning of year	31,769,438	36,970,638
Cash and cash equivalents at end of period	$ 52,307,703	$ 33,228,854

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 financial statements of the Company were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the nine-month period ended September 30, 2012 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, 2011.

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

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

2. Accounting Developments

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement*. ASU 2011-04 amends the fair value measurement and disclosure requirements in order to gain consistency between the generally accepted accounting principles in the United States and the International Financial Reporting Standards. The guidance, which became effective on January 1, 2012, did not have a material impact on the Company s results of operations, financial position or disclosures.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income*. ASU 2011-05 requires entities to present the total of comprehensive income, the components of net income and the components of other comprehensive income in a single continuous statement of comprehensive income or in two separate consecutive statements. The revised financial statement presentation for comprehensive income became effective on January 1, 2012 and has been incorporated into this quarterly report on Form 10-Q.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles Goodwill and Other*. ASU 2011-08 amends the accounting guidance on goodwill impairment testing. The amendments in this accounting standard update are intended to reduce complexity and costs by allowing an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. The amendments also improve previous guidance by expanding upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The adoption of ASU 2011-08 became effective on January 1, 2012. The adoption of the guidance did not have a material impact on the Company s results of operations, financial position or disclosures.

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3. Investment Securities

Summary information regarding investment securities classified as available for sale and held to maturity as of September 30, 2012 and December 31, 2011 is as follows.

(dollars in thousands)			Gross Unrealized Losses		
September 30, 2012	Amortized Cost	Gross Unrealized Gains	Less Than 1 Year	Over 1 Year	Fair Value
Available for sale:					
U.S. agency mortgage-backed	$ 97,397	$ 3,629	$ 1	$	$ 101,025
Non-U.S. agency mortgage-backed	13,040	286		38	13,288
Municipal bonds	15,345	774	12		16,107
U.S. government agency	22,042	545			22,587
Total available for sale	$ 147,824	$ 5,234	$ 13	$ 38	$ 153,007
Held to maturity:					
U.S. agency mortgage-backed	$ 1,078	$ 18	$	$	$ 1,096
Municipal bonds	972	70			1,042
Total held to maturity	$ 2,050	$ 88	$	$	$ 2,138

(dollars in thousands)			Gross Unrealized Losses		
December 31, 2011	Amortized Cost	Gross Unrealized Gains	Less Than 1 Year	Over 1 Year	Fair Value
Available for sale:					
U.S. agency mortgage-backed	$ 113,692	$ 2,879	$ 42	$	$ 116,529
Non-U.S. agency mortgage-backed	14,833	37	766	425	13,679
Municipal bonds	11,598	623			12,221
U.S. government agency	12,521	310			12,831
Total available for sale	$ 152,644	$ 3,849	$ 808	$ 425	$ 155,260
Held to maturity:					
U.S. agency mortgage-backed	$ 2,289	$ 49	$	$	$ 2,338
Municipal bonds	1,173	64			1,237
Total held to maturity	$ 3,462	$ 113	$	$	$ 3,575

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The amortized cost and estimated fair value by maturity of the Company s investment securities as of September 30, 2012 are shown in the following table. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. The expected maturity of a security may differ from its contractual maturity because of prepayments or the exercise of call options. Accordingly, actual maturities may differ from contractual maturities.

(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	$	$ 1,006	$ 11,162	$ 88,857	$ 101,025
Non-U.S. agency mortgage-backed				13,288	13,288
Municipal bonds		3,234	9,935	2,938	16,107
U.S. government agency		5,902	11,228	5,457	22,587
Total available for sale	$	$ 10,142	$ 32,325	$ 110,540	$ 153,007
Securities held to maturity:					
U.S. agency mortgage-backed	$ 8	$ 822	$ 266	$	$ 1,096
Municipal bonds		1,042			1,042
Total held to maturity	8	1,864	266		2,138
Total investment securities	$ 8	$ 12,006	$ 32,591	$ 110,540	$ 155,145

(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	$	$ 950	$ 10,995	$ 85,452	$ 97,397
Non-U.S. agency mortgage-backed				13,040	13,040
Municipal bonds		3,134	9,470	2,741	15,345
U.S. government agency		5,841	10,976	5,225	22,042
Total available for sale	$	$ 9,925	$ 31,441	$ 106,458	$ 147,824
Securities held to maturity:					
U.S. agency mortgage-backed	$ 8	$ 806	$ 264	$	$ 1,078
Municipal bonds		972			972
Total held to maturity	8	1,778	264		2,050
Total investment securities	$ 8	$ 11,703	$ 31,705	$ 106,458	$ 149,874

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 has developed 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. The Company performs a credit analysis based on different credit scenarios at least quarterly to detect impairment on its investment securities. When the Company determines that a security is deemed to be other-than-temporarily impaired, an impairment loss is recognized.

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As of September 30, 2012 and December 31, 2011, the Company had $43,185,000 and $20,912,000, 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		Nine Months Ended	
	September 30,		September 30,	
(in thousands, except per share data)	2012	2011	2012	2011
Numerator:				
Operating income available to common shareholders	$ 3,052	$ 923	$ 6,865	$ 2,986
Denominator:				
Weighted average common shares outstanding	6,951	7,173	6,959	7,181
Effect of dilutive securities:				
Restricted stock	60	55	78	74
Stock options	201	47	178	41
Weighted average common shares outstanding assuming dilution	7,212	7,275	7,215	7,296
Earnings per common share	$ 0.44	$ 0.13	$ 0.99	$ 0.42
Earnings per common share assuming dilution	$ 0.42	$ 0.13	$ 0.95	$ 0.41

Options on 40,478 and 46,429 shares of common stock were not included in computing diluted earnings per share for the three months ended September 30, 2012 and September 30, 2011, respectively, because the effect of these shares was anti-dilutive. Options on 40,024 and 23,952 shares of common stock were not included in computing diluted earnings per share for the nine months ended September 30, 2012 and September 30, 2011, respectively, because the effect of these shares was anti-dilutive.

5. Credit Quality and Allowance for Loan Losses

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

	As of September 30, 2012			
(dollars in thousands)	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	Total
Allowance for loan losses:				
One- to four-family first mortgage	$ 734	$ 49	$	$ 783
Home equity loans and lines	318			318
Commercial real estate	1,931	88		2,019
Construction and land	629	20		649
Multi-family residential	79			79
Commercial and industrial	674			674
Consumer	384			384
Total allowance for loan losses	$ 4,749	$ 157	$	$ 4,906

(dollars in thousands)	As of September 30, 2012 Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	Total
Loans:				
One- to four-family first mortgage	$ 161,530	$ 1,550	$ 11,614	$ 174,694
Home equity loans and lines	35,977	57	3,751	39,785
Commercial real estate	235,899	3,644	29,129	268,672
Construction and land	56,251	1,268	5,801	63,320
Multi-family residential	17,008	528	2,193	19,729
Commercial and industrial	68,984	46	1,740	70,770
Consumer	32,690		998	33,688
Total loans	$ 608,339	$ 7,093	$ 55,226	$ 670,658

(dollars in thousands)	As of December 31, 2011 Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	Total
Allowance for loan losses:				
One- to four-family first mortgage	$ 706	$ 72	$	$ 778
Home equity loans and lines	321	15		336
Commercial real estate	1,626	129		1,755
Construction and land	708	196		904
Multi-family residential	64			64
Commercial and industrial	806	66	50	922
Consumer	345			345
Total allowance for loan losses	$ 4,576	$ 478	$ 50	$ 5,104
Loans:				
One- to four-family first mortgage	$ 168,943	$ 1,090	$ 12,784	$ 182,817
Home equity loans and lines	38,406	94	5,165	43,665
Commercial real estate	190,553	2,249	34,197	226,999
Construction and land	71,207	2,305	5,481	78,993
Multi-family residential	16,392	529	3,204	20,125
Commercial and industrial	78,495	136	4,350	82,981
Consumer	29,529		1,262	30,791
Total loans	$ 593,525	$ 6,403	$ 66,443	$ 666,371

A summary of the activity in the allowance for loan losses during the nine months ended September 30, 2012 and September 30, 2011 is as follows.

(dollars in thousands)	For the Nine Months Ended September 30, 2012 Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Allowance for loan losses:					
One- to four-family first mortgage	$ 778	$	$	$ 5	$ 783
Home equity loans and lines	336	(15)	13	(16)	318
Commercial real estate	1,756	(1,836)		2,100	2,020
Construction and land	904	(215)		(41)	648

Multi-family residential	63			16	79
Commercial and industrial	922	(56)	5	(197)	674
Consumer	345	(29)	7	61	384
Total allowance for loan losses	$ 5,104	$ (2,151)	$ 25	$ 1,928	$ 4,906

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(dollars in thousands)	For the Nine Months Ended September 30, 2011 Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Allowance for loan losses:					
One- to four-family first mortgage	$ 641	$	$ 13	$ 14	$ 668
Home equity loans and lines	296			17	313
Commercial real estate	1,258		5	311	1,574
Construction and land	666			41	707
Multi-family residential	46			(10)	36
Commercial and industrial	746	(272)	16	436	926
Consumer	267	(48)	4	83	306
Total allowance for loan losses	$ 3,920	$ (320)	$ 38	$ 892	$ 4,530

On March 12, 2010, the Bank acquired certain assets and liabilities of the former Statewide Bank in a Federal Deposit Insurance Corporation (FDIC) assisted transaction. In connection with the transaction, Home Bank entered into loss sharing agreements with the FDIC which cover the acquired loan portfolio (Covered Loans) and repossessed assets (collectively referred to as Covered Assets). Under the terms of the loss sharing agreements, the FDIC will, subject to the terms and conditions of the agreements, absorb 80% of the first $41,000,000 of losses incurred on Covered Assets and 95% of losses on Covered Assets exceeding $41,000,000 during the periods specified in the loss sharing agreements.

On July 15, 2011, the Company acquired GS Financial Corp. (GSFC), the former holding company of Guaranty Savings Bank of Metairie, Louisiana. Loans acquired in the transaction were accounted for under the purchase method of accounting. A portion of the GSFC loan portfolio was determined to have deteriorated credit quality and was recorded at their aggregate fair value of $6.2 million at the date of acquisition.

Over the life of the loans acquired with deteriorated credit quality, the Company continues to estimate cash flows expected to be collected on individual loans or on pools of loans sharing common risk characteristics. The Company evaluates whether the present values of such loans have decreased and if so, a provision for loan loss is recognized. For any increases in cash flows expected to be collected, the Company adjusts the amount of accretable yield recognized on a prospective basis over the remaining life of the applicable pool of loans.

Credit quality indicators on the Company s loan portfolio, excluding loans acquired with deteriorated credit quality, as of the dates indicated are as follows.

(dollars in thousands)	September 30, 2012 Pass	Special Mention	Substandard	Doubtful	Total
One- to four-family first mortgage	$ 155,823	$ 2,341	$ 4,916	$	$ 163,080
Home equity loans and lines	35,391	221	422		36,034
Commercial real estate	228,176	3,951	7,416		239,543
Construction and land	54,773	611	2,135		57,519
Multi-family residential	15,834	1,173	529		17,536
Commercial and industrial	68,740	221	69		69,030
Consumer	32,623	63	4		32,690
Total loans	$ 591,360	$ 8,581	$ 15,491	$	$ 615,432

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	December 31, 2011				
(dollars in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Total**
One- to four-family first mortgage	$ 165,997	$ 2,595	$ 1,441	$	$ 170,033
Home equity loans and lines	37,849	320	331		38,500
Commercial real estate	176,651	11,435	4,716		192,802
Construction and land	69,537	1,595	2,380		73,512
Multi-family residential	16,164	228	529		16,921
Commercial and industrial	74,823	3,621	187		78,631
Consumer	29,429	22	78		29,529
Total loans	$ 570,450	$ 19,816	$ 9,662	$	$ 599,928

The above classifications follow regulatory guidelines and can generally be described as follows:

Pass loans are of satisfactory quality.

Special mention loans have an existing weakness that could cause future impairment, including the deterioration of financial ratios, past due status, questionable management capabilities and possible reduction in the collateral values.

Substandard loans have an existing specific and well-defined weakness that may include poor liquidity and deterioration of financial performance. Such loans may be past due and related deposit accounts experiencing overdrafts. Immediate corrective action is necessary.

Doubtful loans have specific weaknesses that are severe enough to make collection or liquidation in full highly questionable and improbable.

In addition, residential loans are classified using an inter-agency regulatory methodology that incorporates the extent of delinquencies and loan-to-value ratios. These classifications were the most current available as of the dates indicated and were generally updated within the quarter. Loans acquired with deteriorated credit quality are excluded from the schedule of credit quality indicators.

Age analysis of past due loans, excluding loans acquired with deteriorated credit quality, as of the dates indicated is as follows.

	September 30, 2012					
(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**
Real estate loans:						
One- to four-family first mortgage	$ 2,572	$ 1,277	$ 2,925	$ 6,774	$ 156,306	$ 163,080
Home equity loans and lines	249	15	179	443	35,591	36,034
Commercial real estate	1,435		3,987	5,422	234,121	239,543
Construction and land	490	361	776	1,627	55,892	57,519
Multi-family residential			529	529	17,007	17,536
Total real estate loans	4,746	1,653	8,396	14,795	498,917	513,712
Other loans:						
Commercial and industrial	244	75	51	370	68,660	69,030
Consumer	493	19	4	516	32,174	32,690

Total other loans	737	94	55	886	100,834	101,720
Total loans	$ 5,483	$ 1,747	$ 8,451	$ 15,681	$ 599,751	$ 615,432

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(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
	December 31, 2011					
Real estate loans:						
One- to four-family first mortgage	$ 3,740	$ 451	$ 2,053	$ 6,244	$ 163,789	$ 170,033
Home equity loans and lines	242		171	413	38,087	38,500
Commercial real estate	1,384	704	1,862	3,950	188,852	192,802
Construction and land	1,376	13	812	2,201	71,311	73,512
Multi-family residential	944		707	1,651	15,270	16,921
Total real estate loans	7,686	1,168	5,605	14,459	477,309	491,768
Other loans:						
Commercial and industrial	309	95		404	78,227	78,631
Consumer	216	38	50	304	29,225	29,529
Total other loans	525	133	50	708	107,452	108,160
Total loans	$ 8,211	$ 1,301	$ 5,655	$ 15,167	$ 584,761	$ 599,928

Excluding acquired loans, as of September 30, 2012 and December 31, 2011, the Company did not have any loans greater than 90 days past due and accruing.

The following is a summary of information pertaining to impaired loans excluding acquired loans as of the dates indicated.

(dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
	For the Nine Months Ended September 30, 2012				
With no related allowance recorded:					
One- to four-family first mortgage	$ 1,200	$ 1,200	$	$ 908	$ 50
Home equity loans and lines	57	57		75	1
Commercial real estate	3,501	3,501		3,431	109
Construction and land	1,109	1,109		708	46
Multi-family residential	528	528		529	
Commercial and industrial	46	46		58	
Consumer					
Total	$ 6,441	$ 6,441	$	$ 5,709	$ 206
With an allowance recorded:					
One- to four-family first mortgage	$ 351	$ 351	$ 49	$ 474	$ 17
Home equity loans and lines				4	
Commercial real estate	143	143	88	356	
Construction and land	158	158	20	1,203	9
Multi-family residential					
Commercial and industrial				38	
Consumer					
Total	$ 652	$ 652	$ 157	$ 2,075	$ 26

Total impaired loans:					
One- to four-family first mortgage	$ 1,550	$ 1,550	$ 49	$ 1,382	$ 67
Home equity loans and lines	57	57		80	1
Commercial real estate	3,644	3,644	88	3,787	109
Construction and land	1,268	1,268	20	1,911	55
Multi-family residential	528	528		528	
Commercial and industrial	46	46		96	
Consumer					
Total	$ 7,093	$ 7,093	$ 157	$ 7,784	$ 232

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(dollars in thousands)	For the Year Ended December 31, 2011 Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	$ 540	$ 540	$	$ 745	$ 28
Home equity loans and lines	79	79		58	3
Commercial real estate	1,747	1,747		996	60
Construction and land	734	734		672	40
Multi-family residential	529	529		41	25
Commercial and industrial	70	70		55	4
Consumer					
Total	$ 3,699	$ 3,699	$	$ 2,567	$ 160
With an allowance recorded:					
One- to four-family first mortgage	$ 550	$ 550	$ 72	$ 78	$ 38
Home equity loans and lines	15	15	15	10	1
Commercial real estate	501	501	129	301	14
Construction and land	1,572	1,572	196	510	88
Multi-family residential				25	
Commercial and industrial	66	66	66	130	3
Consumer				2	
Total	$ 2,704	$ 2,704	$ 478	$ 1,056	$ 144
Total impaired loans:					
One- to four-family first mortgage	$ 1,090	$ 1,090	$ 72	$ 823	$ 66
Home equity loans and lines	94	94	15	68	4
Commercial real estate	2,249	2,249	129	1,297	74
Construction and land	2,305	2,305	196	1,182	128
Multi-family residential	529	529		66	25
Commercial and industrial	136	136	66	185	7
Consumer				2	
Total	$ 6,403	$ 6,403	$ 478	$ 3,623	$ 304

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

(dollars in thousands)	**September 30, 2012**	**December 31, 2011**
Nonaccrual loans[1]:		
One- to four-family first mortgage	$ 4,330	$ 4,298
Home equity loans and lines	179	191
Commercial real estate	5,819	4,194
Construction and land	898	813
Multi-family residential	1,327	1,322
Commercial and industrial	51	139
Consumer	4	50
Total	$ 12,608	$ 11,007

[1] Includes $10.0 million and $7.2 million in acquired loans from GSFC as of September 30, 2012 and December 31, 2011, respectively.

As of September 30, 2012, the Company was not committed to lend additional funds to any customer whose loan was classified as impaired.

Troubled Debt Restructurings

During the course of its lending operations, the Company periodically grants concessions to its customers in an attempt to protect as much of its investment as possible and to minimize risk of loss. These concessions may include restructuring the terms of a customer loan to alleviate the burden of the customer s near-term cash requirements. Effective January 1, 2011, the Company adopted the provisions of ASU No. 2011-02, Receivables (Topic 310): A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring, which provides clarification on the determination of whether loan restructurings are considered troubled debt restructurings (TDRs). In accordance with the ASU, in order to be considered a TDR, the Company must conclude that the restructuring of a loan to a borrower who is experiencing financial difficulties constitutes a concession . The Company defines a concession as a modification of existing terms granted to a borrower for economic or legal reasons related to the borrower s financial difficulties that the Company would otherwise not consider. The concession is either granted through an agreement with the customer or is imposed by a court or law. Concessions include modifying original loan terms to reduce or defer cash payments required as part of the loan agreement, including but not limited to:

- a reduction of the stated interest rate for the remaining original life of the debt,
- an extension of the maturity date or dates at an interest rate lower than the current market rate for new debt with similar risk characteristics,
- a reduction of the face amount or maturity amount of the debt, or
- a reduction of accrued interest receivable on the debt.

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

whether the customer is currently in default on its existing loan, or is in an economic position where it is probable the customer will be in default on its loan in the foreseeable future without a modification,

whether the customer has declared or is in the process of declaring bankruptcy,

whether there is substantial doubt about the customer s ability to continue as a going concern,

whether, based on its projections of the customer s current capabilities, the Company believes the customer s future cash flows will be insufficient to service the debt, including interest, in accordance with the contractual terms of the existing agreement for the foreseeable future, and

whether, without modification, the customer cannot obtain sufficient funds from other sources at an effective interest rate equal to the current market rate for similar debt for a non-troubled debtor.

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

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

	As of September 30, 2012			
(dollars in thousands)	Current	Past Due Greater Than 30 Days	Nonaccrual TDRs	Total TDRs
Real estate loans:				
One- to four-family first mortgage	$	$ 302	$ 55	$ 357
Home equity loans and lines				
Commercial real estate	303		1,256	1,559
Construction and land	844			844
Multi-family residential			678	678
Total real estate loans	1,147	302	1,989	3,438
Other loans:				
Commercial and industrial	8		912	920
Consumer	34			34
Total other loans	42		912	954
Total loans	$ 1,189	$ 302	$ 2,901	$ 4,392

	As of December 31, 2011			
(dollars in thousands)	Current	Past Due Greater Than 30 Days	Nonaccrual TDRs	Total TDRs
Real estate loans:				
One- to four-family first mortgage	$	$	$	$
Home equity loans and lines	15			15
Commercial real estate	319		117	436
Construction and land	198			198
Multi-family residential				
Total real estate loans	532		117	649
Other loans:				
Commercial and industrial	22			22
Consumer	44			44
Total other loans	66			66
Total loans	$ 598	$	$ 117	$ 715

None of the TDRs defaulted subsequent to the restructuring through the date the financial statements were issued. The Company restructured, as TDRs, three loans totaling $1,623,000 during the third quarter of 2012.

6. Fair Value Disclosures

The Company groups its financial assets and liabilities measured at fair value in three levels as required by ASC 820, *Fair Value Measurements and Disclosures*. Under this guidance, fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure fair value. The hierarchy requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

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An asset s or liability s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Management reviews and updates the fair value hierarchy classifications of the Company s assets and liabilities quarterly.

Recurring Basis

Investment Securities Available for Sale

Fair values of investment securities available for sale are primarily measured using information from a third-party pricing service. This pricing service provides pricing information by utilizing pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities bids, offers and other reference data from market research publications. If quoted prices are available in an active market, investment securities are classified as Level 1 measurements. If quoted prices are not available in an active market, fair values are estimated primarily by the use of pricing models. Level 2 investment securities are primarily comprised of mortgage-backed securities issued by government agencies and U.S. government-sponsored enterprises. In certain cases, where there is limited or less transparent information provided by the Company s third-party pricing service, fair value is estimated by the use of secondary pricing services or through the use of non-binding third-party broker quotes. Investment securities are classified within Level 3 when little or no market activity supports the fair value.

Management primarily identifies investment securities which may have traded in illiquid or inactive markets by identifying instances of a significant decrease in the volume and frequency of trades, relative to historical levels, as well as instances of a significant widening of the bid-ask spread in the brokered markets. Investment securities that are deemed to have been trading in illiquid or inactive markets may require the use of significant unobservable inputs. For example, management may use quoted prices for similar investment securities in the absence of a liquid and active market for the investment securities being valued. As of September 30, 2012, 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 and liabilities measured for fair value on a recurring basis as of September 30, 2012 and December 31, 2011.

		Fair Value Measurements Using		
(dollars in thousands)	**September 30, 2012**	**Level 1**	**Level 2**	**Level 3**
Available for sale securities:				
U.S. agency mortgage-backed	$ 101,025	$	$ 101,025	$
Non-U.S. agency mortgage-backed	13,288		13,288	
Municipal bonds	16,107		16,107	
U.S. government agency	22,587		22,587	
Total	$ 153,007	$	$ 153,007	$

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		Fair Value Measurements Using		
(dollars in thousands)	**December 31, 2011**	**Level 1**	**Level 2**	**Level 3**
Available for sale securities:				
U.S. agency mortgage-backed	$ 116,529	$	$ 116,529	$
Non-U.S. agency mortgage-backed	13,679		13,679	
Municipal bonds	12,221		12,221	
U.S. government agency	12,831		12,831	
Total	$ 155,260	$	$ 155,260	$

The Company did not record any liabilities at fair value for which measurement of the fair value was made on a recurring basis.

Nonrecurring Basis

In accordance with the provisions of ASC 310, *Receivables*, the Company records loans considered impaired at fair value. A loan is considered impaired if it is probable the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Fair value is measured at the fair value of the collateral for collateral-dependent loans. For non-collateral-dependent loans, fair value is measured by present valuing expected future cash flows. Impaired loans are classified as Level 3 assets when measured using appraisals from external parties of the collateral less any prior liens and 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. Repossessed assets are classified as Level 3 assets when an appraised value is not available or management determines the fair value of the property is further impaired below the appraised value and there is no observable market price.

Acquired loans, the FDIC loss sharing receivable, acquired FHLB advances, and acquired interest-bearing deposit liabilities are measured on a nonrecurring basis using significant unobservable inputs (Level 3).

The Company has segregated all financial assets and liabilities that are measured at fair value on a nonrecurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below.

		Fair Value Measurements Using		
(dollars in thousands)	**September 30, 2012**	**Level 1**	**Level 2**	**Level 3**
Assets				
Acquired loans with deteriorated credit quality	$ 55,226	$	$	$ 55,226
Acquired loans without deteriorated credit quality	130,568			130,568
Impaired loans, excluding acquired loans	6,936			6,936
Repossessed assets	8,443			8,443
FDIC loss sharing receivable	16,814			16,814
Total	$ 217,987	$	$	$ 217,987
Liabilities				
Deposits acquired through business combinations	$ 115,296	$	$	$ 115,296
FHLB advances acquired through business combinations	18,406			18,406
Total	$ 133,702	$	$	$ 133,702

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		Fair Value Measurements Using		
(dollars in thousands)	December 31, 2011	Level 1	Level 2	Level 3
Assets				
Acquired loans with deteriorated credit quality	$ 66,393	$	$	$ 66,393
Acquired loans without deteriorated credit quality	155,064			155,064
Impaired loans, excluding acquired loans	5,925			5,925
Repossessed assets	8,964			8,964
FDIC loss sharing receivable	24,222			24,222
Total	$ 260,568	$	$	$ 260,568
Liabilities				
Deposits acquired through business combinations	$ 129,034	$	$	$ 129,034
FHLB advances acquired through business combinations	34,123			34,123
Total	$ 163,157	$	$	$ 163,157

ASC 820, *Fair Value Measurements and Disclosures*, requires the disclosure of each class of financial instruments for which it is practicable to estimate. The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for 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 statement. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates included herein are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the fair value of assets and liabilities that are not required to be recorded or disclosed at fair value like premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

The carrying value of cash and cash equivalents and interest-bearing deposits in banks approximate their fair value.

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The fair value for investment securities is determined from quoted market prices when available. If a quoted market price is not available, fair value is estimated using third party pricing services or quoted market prices of securities with similar characteristics.

The fair value of mortgage loans held for sale and loans are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturity.

The cash surrender value of bank-owned life insurance (BOLI) approximates its fair value.

The fair value of the FDIC loss sharing receivable is determined by discounting projected cash flows from loss sharing agreements based on expected reimbursements for losses at the applicable loss sharing percentages based on the terms of the loss sharing agreements.

The fair value of customer deposits, excluding certificates of deposit, is the amount payable on demand. The fair value of fixed-maturity certificates of deposit is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities.

The fair value of short-term FHLB advances is the amount payable at maturity. The fair value of long-term FHLB advances is estimated using the rates currently offered for advances of similar maturities.

Fair Value Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect the premium or discount on any particular financial instrument that could result from the sale of the Company s entire holdings. Fair value estimates are based on many judgments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Fair value estimates are based on existing balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include deferred income taxes, premises and equipment and goodwill. 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.

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

		Fair Value Measurements at September 30, 2012			
(dollars in thousands)	Carrying Amount	Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 52,308	$ 52,308	$ 52,308	$	$
Interest-bearing deposits in banks	4,019	4,019	4,019		
Investment securities available for sale	153,007	153,007		153,007	
Investment securities held to maturity	2,050	2,138		2,138	
Mortgage loans held for sale	5,573	5,573			5,573
Loans, net	665,752	678,586			678,586
Cash surrender value of BOLI	17,158	17,158	17,158		
FDIC loss sharing receivable	16,814	16,814			16,814
Financial Liabilities					
Deposits	$ 784,942	$ 788,101	$	$ 672,805	$ 115,296
Short-term FHLB advances	4,000	4,000	4,000		
Long-term FHLB advances	39,440	40,923		22,517	18,406

		Fair Value Measurements at December 31, 2011			
(dollars in thousands)	Carrying Amount	Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 31,769	$ 31,769	$ 31,769	$	$
Interest-bearing deposits in banks	5,583	5,583	5,583		
Investment securities available for sale	155,260	155,260		155,260	
Investment securities held to maturity	3,462	3,575		3,575	
Mortgage loans held for sale	1,673	1,673			1,673
Loans, net	661,267	686,538			686,538
Cash surrender value of BOLI	16,771	16,771	16,771		
FDIC loss sharing receivable	24,222	24,222			24,222
Financial Liabilities					
Deposits	$ 730,734	$ 732,266	$	$ 603,232	$ 129,034
Short-term FHLB advances	52,634	52,634	37,500		15,134
Long-term FHLB advances	40,989	42,465		23,476	18,989

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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. and its subsidiary, Home Bank, from December 31, 2011 to September 30, 2012 and on its results of operations for the three and nine months ended September 30, 2012 and September 30, 2011. This discussion and analysis is intended to highlight and supplement information presented elsewhere in this quarterly report on Form 10-Q, particularly the financial statements and related notes appearing in Item 1.

Forward-Looking Statements

To the extent that statements in this Form 10-Q relate to future plans, objectives, financial results or performance of the Company or Bank, these statements are deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements, which are based on management s current information, estimates and assumptions and the current economic environment, are generally identified by the use of words such as plan , believe , expect , intend , anticipate , estimate , project or similar expressions, or by conditional terms such as will , would , should , could , may , likely , probably , or possibly . The Company s or the Bank s actual strat 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, 2011. 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 third quarter of 2012, the Company earned $3.1 million, an increase of $2.1 million, or 230.6%, compared to the third quarter of 2011. Third quarter 2011 results include $1.4 million of pre-tax expenses related to the acquisition of GS Financial Corp. (GSFC). Excluding those merger-related expenses, net income for the third quarter of 2012 increased $1.2 million, or 62.4%, compared to the third quarter of 2011. Diluted earnings per share for the third quarter of 2012 were $0.42, an increase of $0.29, or 223.1%, compared to the third quarter of 2011. Excluding third quarter 2011 merger-related expenses, diluted earnings per share for the third quarter of 2012 increased $0.16, or 61.5%, compared to the third quarter of 2011. During the nine months ended September 30, 2012, the Company earned $6.9 million, an increase $3.9 million, or 130.0%, compared to the nine months ended September 30, 2011. 2011 results included $1.8 million of pre-tax expenses related to the acquisition of GSFC. Excluding those merger-related expenses, net income for the nine months of 2012 increased $2.7 million, or 63.6% compared to the nine months in 2011. Diluted earnings per share for the nine months ended September 30, 2012 were $0.95, an increase of $0.54, or 131.7%, compared to the nine months ended September 30, 2011. Excluding merger-related expenses for the nine months in 2011, diluted earnings per share for the nine months of 2012 increased $0.37, or 63.8%, compared to the third quarter of 2011.

Key components of the Company s performance during the three and nine months ended September 30, 2012 are summarized below.

Loans as of September 30, 2012 were $670.7 million, an increase of $4.3 million, or 0.6%, from December 31, 2011. The increase in loans was primarily driven by commercial real estate loans, which increased $41.7 million. This increase was partially offset by decreases in construction and land (down $15.7 million), one- to four-family first mortgage (down $8.1 million), commercial and industrial (down $12.2 million) and home equity (down $3.9 million) loans. As of September 30, 2012, Covered Loans totaled $49.5 million, a decrease of $11.6 million, or 18.9%, from December 31, 2011.

Core deposits (i.e., checking, savings, and money market accounts) grew for the thirteenth consecutive quarter, increasing $75.1 million, or 16.8%, from December 31, 2011. Core deposits totaled $521.1 million as of September 30, 2012. Total customer deposits as of September 30, 2012 were $784.9 million, an increase of $54.2 million, or 7.4%, from December 31, 2011.

Interest income increased $1.3 million, or 12.3%, in the third quarter of 2012 compared to the third quarter of 2011. This increase related primarily to organic loan growth and an increase in the yield earned on Covered Loans, which were partially offset by lower yields on interest-earning assets. For the nine months ended September 30, 2012, interest income increased $7.6 million, or 27.9%, compared to the nine months ended September 30, 2011. The increases related primarily to the acquisition of the GSFC loan portfolio in July 2011 as well as the factors noted for the quarterly increase.

Interest expense decreased $197,000, or 14.0%, for the third quarter of 2012 compared to the third quarter of 2011. For the nine months ended September 30, 2012, interest expense decreased $49,000, or 1.3%, compared to the nine months ended September 30, 2011. The decreases were primarily the result of reduced market rates and changes in the composition of interest-bearing liabilities, partially offset by higher average balances of interest-bearing liabilities.

The provision for loan losses totaled $56,000 for the third quarter of 2012, a decrease of $470,000, or 89.4%, compared to the third quarter of 2011. The decrease was primarily the result of decrease in loan balances and no additional deterioration in nonperforming loans. For the nine months ended September 30, 2012, the provision for loan losses totaled $1.9 million, an increase of $1.0 million, or 116.0%, compared to the nine months ended September 30, 2011. The elevated level of provision in the nine month comparative resulted primarily from a $1.7 million partial charge-off on a $5.4 million commercial real estate loan which was transferred into repossessed assets during the third quarter of 2012. As of September 30, 2012, the Company s ratio of allowance for loan losses to total loans was 0.73%, compared to 0.77% at December 31, 2011. Excluding acquired loans, the ratio of the allowance for loan losses to total loans was 1.01% at September 30, 2012, compared to 1.14% at December 31, 2011.

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Net charge-offs for the first nine months of 2012 and 2011 were $2.1 million and $282,000, respectively. The increase in net charge-offs during 2012 resulted primarily from a $1.7 million partial charge-off on the commercial real estate loan mentioned above.

Noninterest income for the third quarter of 2012 increased $488,000, or 30.5%, compared to the third quarter of 2011. This increase resulted primarily from higher gains on the sale of mortgage loans (up $487,000) and gains on the sale of securities (up $163,000), which were partially offset by decreases in discount accretion on the FDIC loss sharing receivable, service fees and charges and bank card fees. For the nine months ended September 30, 2012, noninterest income increased $764,000, or 15.5%, compared to the nine months ended September 30, 2011. This increase resulted primarily from higher gains on the sale of mortgage loans (up $1 million) and gains on the sale of securities (up $388,000), which were partially offset by decreases in discount accretion of the FDIC loss sharing receivable and the absence of a payment received in the fiscal 2011 period upon the settlement of certain litigation.

Noninterest expense for the third quarter of 2012 decreased $793,000, or 8.6%, compared to the third quarter of 2011. Noninterest expense for the third quarter of 2011 included $1.4 million of expenses related to the acquisition of GSFC. Excluding merger-related expenses, noninterest expense for the third quarter of 2012 increased $655,000, or 8.5%, compared to the third quarter of 2011. The increase resulted primarily from higher compensation and benefits (up $598,000) and expenses related to foreclosed assets as a result of resolution costs related to NPAs acquired from GSFC (up $173,000). For the nine months ended September 30, 2012, noninterest expense increased $1.5 million, or 6.8%, compared to the nine months ended September 30, 2011. Noninterest expense for the nine months in 2011 included $1.8 million of expenses related to the acquisition of GSFC. Excluding merger-related expenses, noninterest expense for the nine months of 2012 increased $3.4 million, or 16.2%, compared to the same period in 2011. The increase was primarily due to higher compensation and benefits, occupancy, data processing and communications and foreclosed assets expenses related to the GSFC acquisition.

FINANCIAL CONDITION

Loans, Asset Quality and Allowance for Loan Losses

Loans Loans, totaled $670.7 million as of September 30, 2012, an increase of $4.3 million, or 0.6%, from December 31, 2011. The increase in loans was primarily driven by commercial real estate loans, which increased $41.7 million. This increase was partially offset by decreases in construction and land (down $15.7 million), one- to four-family first mortgage (down $8.1 million), commercial and industrial (down $12.2 million) and home equity (down $3.9 million) loans. Covered Loans totaled $49.5 million as of September 30, 2012, a decrease of $11.6 million, or 18.9%, compared to December 31, 2011. The decrease in the Covered Loan portfolio was primarily the result of principal repayments.

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

(dollars in thousands)	September 30, 2012	December 31, 2011	Increase/(Decrease) Amount	Percent
Real estate loans:				
One- to four-family first mortgage	$ 174,694	$ 182,817	$ (8,123)	(4.4)%
Home equity loans and lines	39,785	43,665	(3,880)	(8.9)
Commercial real estate	268,672	226,999	41,673	18.4
Construction and land	63,320	78,993	(15,673)	(19.8)
Multi-family residential	19,729	20,125	(396)	(2.0)
Total real estate loans	566,200	552,599	13,601	2.5
Other loans:				
Commercial and industrial	70,770	82,981	(12,211)	(14.7)
Consumer	33,688	30,791	2,897	9.4
Total other loans	104,458	113,772	(9,314)	(8.2)
Total loans	$ 670,658	$ 666,371	$ 4,287	0.6%

Asset Quality One of management s key objectives has been, and continues to be, maintaining a high level of asset quality. In addition to maintaining credit standards for new loan originations, we proactively monitor loans and collection and workout processes of delinquent or problem loans. When a borrower fails to make a scheduled payment, we attempt to cure the deficiency by making personal contact with the borrower. Initial contacts are generally made within 10 days after the date the payment is due. In most cases, deficiencies are promptly resolved. If the delinquency continues, late charges are assessed and additional efforts are made to collect the deficiency. All loans which are designated as special mention, classified or which are delinquent 90 days or more are reported to the Board of Directors of the Bank monthly. For loans where the collection of principal or interest payments is doubtful, the accrual of interest income ceases. It is our policy, with certain limited exceptions, to discontinue accruing interest and reverse any interest accrued on any loan which is 90 days or more past due. On occasion, this action may be taken earlier if the financial condition of the borrower raises significant concern with regard to his/her ability to service the debt in accordance with the terms of the loan agreement. Interest income is not accrued on these loans until the borrower s financial condition and payment record demonstrate an ability to service the debt.

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, multi-family residential, construction and land loans and commercial and industrial loans are individually evaluated for impairment. Third party property valuations are obtained at the time of origination for real estate secured loans. When a determination is made that a loan has deteriorated to the point of becoming a problem loan, updated valuations may be ordered to help determine if there is impairment, which may lead to a recommendation for partial charge off or appropriate allowance allocation. Property valuations are ordered through, and are reviewed by, an appraisal officer. The Company typically orders an as is valuation for collateral property if the loan is in a criticized loan classification. The Board of Directors is provided with monthly reports on impaired loans. As of September 30, 2012 and

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December 31, 2011, loans individually evaluated for impairment, excluding Covered Loans, amounted to $12.8 million and $11.8 million, respectively. The impaired loans include loans acquired from GSFC, which totaled $5.7 million and $5.4 million at September 30, 2012 and December 31, 2011, respectively. As of September 30, 2012 and December 31, 2011, substandard loans, excluding Covered Loans, amounted to $21.2 million and $15.0 million, respectively. The increase in substandard loans for 2012 includes $6.8 million relating to the former GSFC portfolio. The amount of the allowance for loan losses allocated to impaired or substandard loans, excluding acquired loans, totaled $157,000 and $478,000 as of September 30, 2012 and December 31, 2011, respectively. There were no assets classified as doubtful or loss as of September 30, 2012 and December 31, 2011.

Federal regulations and our policies require that we utilize an internal asset classification system as a means of reporting problem and potential problem assets. We have incorporated an internal asset classification system, substantially consistent with Federal banking regulations, as a part of our credit monitoring system. Federal banking regulations set forth a classification scheme for problem and potential problem assets as substandard, doubtful or loss assets. An asset is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

A savings institution s determination as to the classification of its assets and the amount of its valuation allowances is subject to review by Federal bank regulators which can order the establishment of additional general or specific loss allowances. The Federal banking agencies have adopted an interagency policy statement on the allowance for loan and lease losses. The policy statement provides guidance for financial institutions on both the responsibilities of management for the assessment and establishment of allowances and guidance for banking agency examiners to use in determining the adequacy of general valuation guidelines. Generally, the policy statement recommends that institutions have effective systems and controls to identify, monitor and address asset quality problems; that management analyze all significant factors that affect the collectability of the portfolio in a reasonable manner; and that management establish 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.

Nonperforming assets (NPAs) defined as nonaccrual loans, accruing loans past due 90 days or more and foreclosed assets, excluding Covered Assets, amounted to $17.9 million, or 1.9% of total assets, as of September 30, 2012, compared to $13.9 million, or 1.6% of total assets, as of December 31, 2011. The increase in NPAs relates primarily to a $3.2 million commercial real estate loan, net of write down, mentioned previously. Total NPAs, including Covered Assets, amounted to $30.2 million, or 3.1% of total assets as of September 30, 2012, compared to $30.4 million, or 3.2% of total assets as of December 31, 2011.

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.

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The following table sets forth the composition of the Company s NPAs and troubled debt restructurings as of the dates indicated.

(dollars in thousands)	September 30, 2012[1]	December 31, 2011[2]
Nonaccrual loans:		
Real estate loans:		
One- to four-family first mortgage	$ 7,053	$ 8,526
Home equity loans and lines	292	857
Commercial real estate	7,438	6,570
Construction and land	3,662	2,624
Multi-family residential	1,327	1,321
Other loans:		
Commercial and industrial	1,856	1,382
Consumer	86	187
Total nonaccrual loans	21,714	21,467
Accruing loans 90 days or more past due		
Total nonperforming loans	21,714	21,467
Foreclosed assets	8,443	8,964
Total nonperforming assets	30,157	30,431
Performing troubled debt restructurings	1,491	598
Total nonperforming assets and troubled debt restructurings	$ 31,648	$ 31,029
Nonperforming loans to total loans	3.24%	3.22%
Nonperforming loans to total assets	2.23%	2.23%
Nonperforming assets to total assets	3.10%	3.16%

(1) Includes $12.9 million in Covered Assets acquired from Statewide and $11.2 million of assets acquired from GSFC. Excluding acquired loans and assets, ratios for nonperforming loans to total loans, nonperforming loans to total assets and nonperforming assets to total assets were 0.55%, 0.34% and 0.86%, respectively, at September 30, 2012.

(2) Includes $16.6 million in Covered Assets acquired from Statewide and $9.9 million of assets acquired from GSFC. Excluding acquired loans and assets, ratios for nonperforming loans to total loans, nonperforming loans to total assets and nonperforming assets to total assets were 0.85%, 0.51% and 0.54%, respectively, at December 31, 2011.

Net loan charge-offs for the third quarter of 2012 were $464,000, compared to $53,000 for the third quarter of 2011. Net loan charge-offs for the nine months ended September 30, 2012 were $2.1 million compared to $282,000 for the nine months ended September 30, 2011. The increase in net charge-offs for the third quarter of 2012 and for the nine months of 2012 resulted primarily from a $1.7 million partial charge-off on a $5.4 million commercial real estate loan. The collateral underlying the original loan was transferred into repossessed assets during the third quarter of 2012.

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 rankings to segments of the loan portfolio. Such risk ratings are periodically reviewed by management and revised as deemed appropriate. These efforts are supplemented by reviews and validations performed by independent loan reviewers. The results of the reviews are reported to the Audit Committee of the Board of Directors. The establishment of the allowance for loan losses is significantly affected by management judgment. There is a likelihood that different amounts would be reported under different conditions or assumptions. Federal regulatory agencies, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require management to make additional provisions for estimated loan losses based upon judgments different from those of management.

With respect to acquired loans, the Company follows the reserve standard set forth in ASC 310, *Receivables*. At acquisition, the Company reviews each loan to determine whether there is evidence of deterioration in credit quality since origination and if it is probable that the Company will be unable to collect all amounts due according to the loan s contractual terms. The Company considers expected prepayments and estimates the amount and timing of undiscounted expected principal, interest and other cash flows for each loan pool meeting the criteria above, and determines the excess of the loan pool s scheduled contractual principal and interest payments in excess of cash flows expected at acquisition as an amount that should not be accreted (nonaccretable difference). The remaining amount, representing the excess of the pool s cash flows expected to be collected over the fair value, is accreted into interest income over the remaining life of the pool (accretable yield). The Company records a discount on these loans at acquisition to record them at their estimated fair values. As a result, acquired loans subject to ASC 310 are excluded from the calculation of the allowance for loan losses as of the acquisition date.

Acquired loans were recorded as of their acquisition date fair value, which was based on expected cash flows and included an estimation of expected future loan losses. Under current accounting principles, if the Company determines that losses arose after the acquisition date, the additional losses will be reflected as a provision for loan losses. As of September 30, 2012, the Company did not have any allowance for loan losses allocated to acquired loans.

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 nine months of 2012.

(dollars in thousands)	**Amount**
Balance, December 31, 2011	$ 5,104
Provision charged to operations	1,928
Loans charged off	(2,151)
Recoveries on charged off loans	25
Balance, September 30, 2012	$ 4,906

At September 30, 2012, the Company s ratio of allowance for loan losses to total loans was 0.73%, compared to 0.77% and 0.69% at December 31, 2011 and September 30, 2011, respectively. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.01% at September 30, 2012, compared to 1.14% and 1.09% at December 31, 2011 and September 30, 2011, respectively. The decrease in the ratio of the allowance for loan losses to total loans as of September 30, 2012 compared to September 30, 2011 primarily reflects the $1.7 million charge-off on the commercial real estate loan described above.

Investment Securities

The Company s investment securities portfolio totaled $155.1 million as of September 30, 2012, a decrease of $3.7 million, or 2.3%, from December 31, 2011. As of September 30, 2012, the Company had a net unrealized gain on its available for sale investment securities portfolio of $5.2 million, compared to $2.6 million as of December 31, 2011. At September 30, 2012, the investment securities portfolio had a modified duration of 3.7 years compared to 3.2 years at December 31, 2011.

During the third quarter of 2012, the Company sold one security with an aggregate book value of $2.4 million and realized a gain of $163,000 on the transaction.

The following table summarizes activity in the Company s investment securities portfolio during the first nine months of 2012.

(dollars in thousands)	**Available for Sale**	**Held to Maturity**
Balance, December 31, 2011	$ 155,260	$ 3,462
Purchases	35,069	
Sales	(12,438)	
Principal payments and calls	(27,899)	(1,411)
Accretion of discounts and amortization of premiums, net	448	(1)
Increase in market value	2,567	
Balance, September 30, 2012	$ 153,007	$ 2,050

Funding Sources

Deposits Deposits totaled $784.9 million as of September 30, 2012, an increase of $54.2 million, or 7.4%, compared to December 31, 2011. The Company experienced its thirteenth consecutive quarter of core deposit (i.e., checking, savings, and money market accounts) growth during the third quarter of 2012. Core deposits totaled $521.1 million as of September 30, 2012, an increase of $75.1 million, or 16.8 %, compared to December 31, 2011.

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

	September 30,	**December 31,**	**Increase (Decrease)**	
(dollars in thousands)	**2012**	**2011**	**Amount**	**Percent**
Demand deposit	$ 161,119	$ 127,828	$ 33,291	26.0%
Savings	48,432	43,671	4,761	10.9
Money market	194,125	180,790	13,335	7.4
NOW	117,435	93,679	23,756	25.4
Certificates of deposit	263,831	284,766	(20,935)	(7.4)
Total deposits	$ 784,942	$ 730,734	$ 54,208	7.4%

Federal Home Loan Bank Advances Short-term FHLB advances totaled $4.0 million as of September 30, 2012, compared to $52.6 million as of December 31, 2011. The average rates paid on short-term FHLB advances were 0.22% and 0.14% for the three and nine months ended September 30, 2012, respectively, compared to 0.09% and 0.10% for the three and nine months ended September 30, 2011.

Long-term FHLB advances totaled $39.4 million as of September 30, 2012, compared to $41.0 million as of December 31, 2011. The average rates paid on long-term FHLB advances were 1.64% and 1.63% for the three and nine months ended September 30, 2012, respectively, compared to 1.74% and 2.20% for the three and nine months ended September 30, 2011, respectively.

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Shareholders Equity Shareholders equity provides a source of permanent funding that allows for future growth and provides the Company with a cushion to withstand unforeseen adverse developments. Shareholders equity increased $5.9 million, or 4.4%, from $134.3 million as of December 31, 2011 to $140.2 million as of September 30, 2012.

As of September 30, 2012, the Bank had regulatory capital that was well in excess of regulatory requirements. The following table details the Bank s actual levels and current regulatory capital requirements as of September 30, 2012.

(dollars in thousands)	Actual		Required for Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tier 1 risk-based capital	$ 127,215	20.60%	$ 24,702	4.00%	$ 37,052	6.00%
Total risk-based capital	132,121	21.39	49,403	8.00	61,754	10.00
Tier 1 leverage capital	127,215	13.23	38,464	4.00	48,080	5.00
Tangible capital	127,215	13.23	14,424	1.50	N/A	N/A

LIQUIDITY AND ASSET/LIABILITY MANAGEMENT

Liquidity Management

Liquidity management encompasses our ability to ensure that funds are available to meet the cash flow requirements of depositors and borrowers, while also ensuring adequate cash flow exists to meet the Company s needs, including operating, strategic and capital. The Company develops its liquidity management strategies as part of its overall asset/liability management process. Our primary sources of funds are from deposits, amortization of loans, loan prepayments and the maturity of loans, investment securities and other investments, and other funds provided from operations. While scheduled payments from the amortization of loans and investment securities and maturing investment securities are relatively predictable sources of funds, deposit flows and loan prepayments can be greatly influenced by general interest rates, economic conditions and competition. The Company also maintains excess funds in short-term, interest-bearing assets that provide additional liquidity. As of September 30, 2012, cash and cash equivalents totaled $52.3 million. At such date, investment securities available for sale totaled $153.0 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 September 30, 2012, certificates of deposit maturing within the next 12 months totaled $166.2 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 September 30, 2012, the average balance of our outstanding FHLB advances was $48.2 million. As of September 30, 2012, the Company had $43.4 million in outstanding FHLB advances and had $326.5 million in additional FHLB advances available.

In addition to cash flow from loan and securities payments and prepayments as well as from sales of securities available for sale, the Company has significant borrowing capacity available to fund liquidity needs. In recent years, the Company has utilized borrowings as a cost efficient addition to deposits as a source of funds. Our borrowings consist of advances from the FHLB of Dallas, of which the Company is a member. Under terms of the collateral agreement with the FHLB, the Company pledges residential mortgage loans and investment securities as well as the Company s stock in the FHLB as collateral for such advances.

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.

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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 September 30, 2012.

Shift in Interest Rates (in bps)	**% Change in Projected Net Interest Income**
+300	(1.4)%
+200	(0.5)
+100	0.2

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 September 30, 2012 and December 31, 2011.

	Contract Amount	
(dollars in thousands)	**September 30, 2012**	**December 31, 2011**
Standby letters of credit	$ 1,447	$ 1,626
Available portion of lines of credit	66,978	60,675
Undisbursed portion of loans in process	36,953	37,840
Commitments to originate loans	76,076	53,711

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.

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RESULTS OF OPERATIONS

The Company reported net income for the third quarter of 2012 of $3.1 million, an increase of $1.3 million, or 74.2%, compared to the second quarter of 2012 and an increase of $2.1 million, or 230.6%, compared to the third quarter of 2011. Third quarter 2011 results include $1.4 million of pre-tax expenses related to the acquisition of GS Financial Corp. (GSFC). Excluding those merger-related expenses, net income for the third quarter of 2012 increased $1.2 million, or 62.4%, compared to the third quarter of 2011. Diluted earnings per share were $0.42 for the third quarter of 2012, an increase of $0.18, or 75.0%, compared to the second quarter of 2012 and an increase of $0.29, or 223.1%, compared to the third quarter of 2011. Excluding third quarter 2011 merger-related expenses, diluted earnings per share for the third quarter of 2012 increased $0.16, or 61.5%, compared to the third quarter of 2011. 2011 results included $1.8 million of pre-tax expenses related to the acquisition of GSFC. Excluding those merger-related expenses, net income for the nine months of 2012 increased $3.4 million, or 16.2%, compared to the nine months in 2011. Diluted earnings per share for the nine months ended September 30, 2012 were $0.95, an increase of $0.54, or 131.7%, compared to the nine months ended September 30, 2011. Excluding merger-related expenses for the nine months in 2011, diluted earnings per share for the nine months of 2012 increased $0.37, or 63.8%, compared to the third quarter of 2011.

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 net interest spread was 4.78% and 4.40% for the three months ended September 30, 2012 and September 30, 2011, respectively, and 4.59% and 4.37% for the nine months ended September 30, 2012 and September 30, 2011, respectively. The Company s net interest margin, which is net interest income as a percentage of average interest-earning assets, was 4.94% and 4.54% for the three months ended September 30, 2012 and September 30, 2011, respectively, and 4.74% and 4.56% for the nine months ended September 30, 2012 and September 30, 2011, respectively.

The increase in the net interest spread and net interest margin related primarily to an increase in the yield earned on Covered Loans. In accordance with ASC 310, Receivables, the Company evaluates the expected cash flows of acquired loans throughout the year. As a result of improved cash flow expectations related to Covered Loans, the Company adjusted the accretable yield recognized on Covered Loans during the 2012 quarter. Excluding such adjustments, the yield on loans receivable would have been 6.25%, the net interest spread would have been 4.54% and the net interest margin would have been 4.70% during the third quarter of 2012.

Net interest income totaled $10.9 million for the three months ended September 30, 2012; an increase of $1.5 million, or 16.3%, compared to the three months ended September 30, 2011. For the nine months ended September 30, 2012, net interest income totaled $30.8 million, an increase of $7.6 million, or 32.7%, compared to the nine months ended September 30, 2011.

Interest income increased $1.3 million, or 12.3%, in the third quarter of 2012, compared to the third quarter of 2011. The increase in interest income for the third quarter of 2012 related primarily to an increase in the yield earned on Covered Loans described above and a higher average balance of interest-earning assets. For the nine months ended September 30, 2012, interest income increased $7.6 million, or 27.9%, compared to the nine months ended September 30, 2011. The increase was primarily due to a higher average volume of loans receivable as the result of organic loan growth and the acquisition of GSFC loans.

Interest expense decreased $197,000, or 14.0%, in the third quarter of 2012 compared to the third quarter of 2011. For the nine months ended September 30, 2012, interest expense decreased $49,000, or 1.3%, compared to the nine months ended September 30, 2011. The decreases were primarily the result of reduced market rates and changes in the composition of interest-bearing liabilities, partially offset by higher average balances of interest-bearing liabilities.

The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest income of the Company from interest-earning assets and the resultant average yields; (ii) the total dollar

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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.

	Three Months Ended September 30,					
	2012			2011		
(dollars in thousands)	Average Balance	Interest	Average Yield/ Rate (1)	Average Balance	Interest	Average Yield/ Rate(1)
Interest-earning assets:						
Loans receivable(1)	$ 678,936	$ 11,309	6.55%	$ 612,416	$ 9,729	6.25%
Investment securities	149,472	769	2.06	174,208	1,024	2.35
Other interest-earning assets	41,373	42	0.40	28,447	36	0.51
Total interest-earning assets	869,781	12,120	5.49	815,071	10,789	5.22
Noninterest-earning assets	104,980			111,030		
Total assets	$ 974,761			$ 926,101		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	$ 355,107	$ 302	0.34%	$ 300,000	$ 395	0.52%
Certificates of deposit	269,840	735	1.08	273,407	824	1.20
Total interest-bearing deposits	624,947	1,037	0.66	573,407	1,219	0.84
FHLB advances	48,175	167	1.39	105,828	181	0.68
Total interest-bearing liabilities	673,122	1,204	0.71	679,235	1,400	0.82
Noninterest-bearing liabilities	161,091			119,116		
Total liabilities	834,213			798,351		
Shareholders equity	140,548			127,750		
Total liabilities and shareholders equity	$ 974,761			$ 926,101		
Net interest-earning assets	$ 196,659			$ 135,836		
Net interest spread		$ 10,916	4.78%		$ 9,389	4.40%
Net interest margin			4.94%			4.54%

	Nine Months Ended September 30,					
	2012			2011		
(dollars in thousands)	Average Balance	Interest	Average Yield/ Rate (1)	Average Balance	Interest	Average Yield/ Rate(1)
Interest-earning assets:						
Loans receivable(1)	$ 675,297	$ 32,063	6.27%	$ 499,261	$ 24,154	6.40%
Investment securities	152,622	2,441	2.13	150,112	2,802	2.49
Other interest-earning assets	31,012	111	0.48	24,754	108	0.58
Total interest-earning assets	858,931	34,615	5.32	674,127	27,064	5.32

Noninterest-earning assets	108,974			101,897		
Total assets	$ 967,905			$ 776,024		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	$ 333,494	$ 974	0.39%	$ 258,452	$ 1,005	0.52%
Certificates of deposit	276,372	2,279	1.10	224,721	2,426	1.44
Total interest-bearing deposits	609,866	3,253	0.71	483,173	3,431	0.95
FHLB advances	74,379	526	0.94	54,015	397	0.98
Total interest-bearing liabilities	684,245	3,779	0.74	537,188	3,828	0.95
Noninterest-bearing liabilities	145,115			107,727		
Total liabilities	829,360			644,915		
Shareholders equity	138,545			131,109		
Total liabilities and shareholders equity	$ 967,905			$ 776,024		
Net interest-earning assets	$ 174,686			$ 136,939		
Net interest spread		$ 30,836	4.59%		$ 23,236	4.37%
Net interest margin			4.74%			4.56%

(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.

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

	For the Three Months Ended September 30, 2012 Compared to 2011 Change Attributable To			For the Nine Months Ended September 30, 2012 Compared to 2011 Change Attributable To		
(dollars in thousands)	**Rate**	**Volume**	**Total Increase (Decrease)**	**Rate**	**Volume**	**Total Increase (Decrease)**
Interest income:						
Loans receivable	$ 535	$ 1,045	$ 1,580	$ (325)	$ 8,234	$ 7,909
Investment securities	(139)	(116)	(255)	(444)	83	(361)
Other interest-earning assets	(7)	13	6	(19)	22	3
Total interest income	389	942	1,331	(788)	8,339	7,551
Interest expense:						
Savings, checking and money market accounts	(140)	47	(93)	(457)	426	(31)
Certificates of deposit	(78)	(11)	(89)	(574)	427	(147)
FHLB advances	13	(27)	(14)	(88)	217	129
Total interest expense	(205)	9	(196)	(1,119)	1,070	(49)
Increase (decrease) in net interest income	$ 594	$ 933	$ 1,527	$ 331	$ 7,269	$ 7,600

Provision for Loan Losses For the quarter ended September 30, 2012, the Company recorded a provision for loan losses of $56,000, 89.4% lower than the $526,000 for the same period in 2011. The decrease was primarily the result of a decrease in loan balances and no additional deterioration in nonperforming loans during the third quarter of 2012. As of September 30, 2012, the Company s ratio of allowance for loan losses to total loans was 0.73%, compared to 0.77% as of December 31, 2011. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.01% at September 30, 2012, compared to 1.14% at December 31, 2011.

Noninterest Income The Company s noninterest income was $2.1 million for the three months ended September 30, 2012, $488,000, or 30.5%, higher than the $1.6 million earned for the same period in 2011. Noninterest income was $5.7 million for the nine months ended September 30, 2012, $764,000, or 15.5%, higher than the $5.0 million earned for the same period of 2011.

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The increase in noninterest income in the third quarter of 2012 compared to the third quarter of 2011 resulted primarily from higher gains on the sale of mortgage loans (up $487,000) due to elevated levels of refinance activity and gains on the sale of securities (up $163,000), which were partially offset by decreases in discount accretion on the FDIC loss sharing receivable, service fees and charges and bank card fees.

The increase in noninterest income for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 was attributable to higher levels of gains on the sale of mortgage loans (up $1.0 million) due to elevated levels of refinance activity, gains on the sale of securities (up $388,000), service fees and charges (up $67,000) and bank card fees (up $103,000), which were partially offset by decreases in discount accretion on the FDIC loss sharing receivable and the absence in the 2012 period of the $525,000 payment received by the Company in the 2011 period upon the settlement of litigation. The increase in service fees and charges and band card fees were primarily the result of the GSFC acquisition.

Noninterest Expense The Company s noninterest expense was $8.4 million for the three months ended September 30, 2012, $793,000, or 8.6%, lower than the $9.2 million recorded for the same period in 2011. Noninterest expense for the third quarter of 2011 included $1.4 million of expenses related to the acquisition of GSFC. Excluding merger-related expenses, noninterest expense for the third quarter of 2012 increased $655,000, or 8%, compared to the third quarter of 2011. The increase resulted primarily from higher compensation and benefits (up $598,000) and expenses related to foreclosed assets (up $173,000).

Noninterest expense was $24.2 million for the nine months ended September 30, 2012, $1.5 million, or 6.8%, higher than the $22.7 million recorded for the same period of 2011. Excluding merger-related expenses, noninterest expense for the nine months ended September 30, 2012 increased $3.4 million, or 16.2%, compared to the nine months ended September 30, 2011. The increase was primarily due to higher compensation and benefits, occupancy, data processing and communications and foreclosed assets expenses.

Income Taxes For the quarters ended September 30, 2012 and September 30, 2011, the Company incurred income tax expense of $1.5 million and $356,000, respectively. The Company s effective tax rate amounted to 33.0% and 27.8% during the third quarters of 2012 and 2011, respectively. For the nine months ended September 30, 2012 and September 30, 2011, the Company incurred income tax expense of $3.5 million and $1.6 million, respectively. The Company s effective tax rate amounted to 33.7% and 34.6% during the nine months ended September 30, 2012 and September 30, 2011, respectively. The effective tax rate during 2011 was higher than the statutory rate due primarily to certain non-deductible merger-related expenses. Other differences between the effective tax rate and the statutory tax rate primarily relate to variances in items that are non-taxable or non-deductible (e.g., state tax, tax-exempt income, tax credits, etc.).

Non-GAAP Reconciliation

	For the Three Months Ended	
(dollars in thousands)	**September 30, 2012**	**September 30, 2011**
Reported noninterest expense	$ 8,389	$ 9,182
Less: Merger-related expenses		(1,449)
Non-GAAP noninterest expense	$ 8,389	$ 7,733
Reported net income	$ 3,052	$ 923
Add: Merger-related expenses (after tax)		956
Non-GAAP net income	$ 3,052	$ 1,879

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(dollars in thousands)	For the Nine Months Ended September 30, 2012	September 30, 2011
Reported noninterest expense	$ 24,241	$ 22,701
Less: Merger-related expenses		(1,834)
Non-GAAP noninterest expense	$ 24,241	$ 20,867
Reported net income	$ 6,865	$ 2,986
Add: Merger-related expenses (after tax)		1,211
Non-GAAP net income	$ 6,865	$ 4,197

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, 2011, under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations Asset/ Liability Management and Market Risk . Additional information at September 30, 2012 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 third quarter of 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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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, 2011 filed with the Securities and Exchange Commission.

Item 2. Unregistered Sales of Equity Securities and the Use of Proceeds.

The Company s purchases of its common stock made during the quarter consisted of stock repurchases under the Company s approved plan and are set forth in the following table.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plan or Programs[1]
July 1 - July 31, 2012	26,321	$ 17.18	26,321	379,077
August 1 - August 31, 2012	38,908	16.97	38,908	340,169
September 1 - September 30, 2012	119,200	17.16	119,200	220,969
Total	184,429	$ 17.12	184,429	220,969

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

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosure.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Financial Statement Schedules.

No.	Description
31.1	Rule 13(a)-14(a) Certification of the Chief Executive Officer
31.2	Rule 13(a)-14(a) Certification of the Chief Financial Officer
32.0	Section 1350 Certification
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document*

* These interactive data files are being furnished as part of this Quarterly Report, and, in accordance with Rule 402 of Regulation S-T, shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HOME BANCORP, INC.

November 8, 2012	By:	/s/ John W. Bordelon John W. Bordelon *President, Chief Executive Officer and Director*
November 8, 2012	By:	/s/ Joseph B. Zanco Joseph B. Zanco *Executive Vice President and Chief Financial Officer*
November 8, 2012	By:	/s/ Mary H. Hopkins Mary H. Hopkins *Home Bank First Vice President and Director of Financial Reporting*