HOME BANCORP, INC.
Form 10-Q
May 09, 2013

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: March 31, 2013

or

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

Commission File Number: 001-34190

HOME BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Louisiana	**71-1051785**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer 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 May 2, 2013, the registrant had 7,377,282 shares of common stock, $0.01 par value, outstanding.

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HOME BANCORP, INC. and SUBSIDIARY

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
Assets		
Cash and cash equivalents	$ 48,271,579	$ 39,539,366
Interest-bearing deposits in banks	3,529,000	3,529,000
Investment securities available for sale, at fair value	158,264,273	157,255,828
Investment securities held to maturity (fair values of $1,536,725 and $1,746,375, respectively)	1,463,543	1,665,184
Mortgage loans held for sale	4,373,926	5,627,104
Loans covered by loss sharing agreements	41,533,637	45,764,397
Noncovered loans, net of unearned income	637,044,534	627,363,937
Total loans, net of unearned income	678,578,171	673,128,334
Allowance for loan losses	(5,674,179)	(5,319,235)
Total loans, net of unearned income and allowance for loan losses	672,903,992	667,809,099
Office properties and equipment, net	30,540,350	30,777,184
Cash surrender value of bank-owned life insurance	17,405,985	17,286,434
FDIC loss sharing receivable	15,658,092	15,545,893
Accrued interest receivable and other assets	24,614,631	23,891,172
Total Assets	$ 977,025,371	$ 962,926,264
Liabilities		
Deposits:		
Noninterest-bearing	$ 172,536,745	$ 152,461,606
Interest-bearing	608,798,723	618,967,729
Total deposits	781,335,468	771,429,335
Short-term Federal Home Loan Bank (FHLB) advances	20,500,000	10,000,000
Long-term Federal Home Loan Bank (FHLB) advances	28,846,176	36,256,805
Accrued interest payable and other liabilities	3,225,771	3,666,264
Total Liabilities	833,907,415	821,352,404
Shareholders Equity		
Preferred stock, $0.01 par value - 10,000,000 shares authorized; none issued		
Common stock, $0.01 par value - 40,000,000 shares authorized; 8,953,295 and 8,950,495 shares issued; 7,405,767 and 7,439,127 shares outstanding, respectively	89,534	89,506
Additional paid-in capital	91,458,193	90,986,820
Treasury stock at cost - 1,547,528 and 1,511,368 shares, respectively	(22,390,786)	(21,719,954)
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(5,534,640)	(5,623,910)
Recognition and Retention Plan (RRP)	(1,823,499)	(1,831,759)
Retained earnings	78,297,156	76,435,222
Accumulated other comprehensive income	3,021,998	3,237,935

Total Shareholders Equity	143,117,956	141,573,860
Total Liabilities and Shareholders Equity	$ 977,025,371	$ 962,926,264

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

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the Three Months Ended March 31, 2013	2012
Interest Income		
Loans, including fees	$ 10,072,750	$ 10,371,357
Investment securities	771,050	859,482
Other investments and deposits	31,306	34,398
Total interest income	10,875,106	11,265,237
Interest Expense		
Deposits	881,014	1,131,848
Short-term FHLB advances	3,634	15,842
Long-term FHLB advances	140,045	164,994
Total interest expense	1,024,693	1,312,684
Net interest income	9,850,413	9,952,553
Provision for loan losses	520,392	711,900
Net interest income after provision for loan losses	9,330,021	9,240,653
Noninterest Income		
Service fees and charges	546,346	569,941
Bank card fees	414,392	468,284
Gain on sale of loans, net	548,419	326,171
Income from bank-owned life insurance	119,551	131,279
Gain on sale of securities, net		168
Accretion of FDIC loss sharing receivable	112,199	177,510
Other income	39,371	26,562
Total noninterest income	1,780,278	1,699,915
Noninterest Expense		
Compensation and benefits	5,096,218	4,695,709
Occupancy	708,786	694,941
Marketing and advertising	239,195	151,474
Data processing and communication	641,515	672,341
Professional services	212,746	232,253
Forms, printing and supplies	106,773	126,266
Franchise and shares tax	273,620	175,651
Regulatory fees	223,249	198,158
Foreclosed assets, net	177,943	267,998
Other expenses	616,271	594,031
Total noninterest expense	8,296,316	7,808,822
Income before income tax expense	2,813,983	3,131,746

Income tax expense	952,049	1,071,289
Net Income	$ 1,861,934	$ 2,060,457
Earnings per share:		
Basic	$ 0.28	$ 0.30
Diluted	$ 0.26	$ 0.29

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 March 31, 2013	For the Three Months Ended March 31, 2012
Net Income	$ 1,861,934	$ 2,060,457
Other Comprehensive (Loss) Income		
Unrealized (losses) gains on investment securities	$ (256,735)	$ 1,371,631
Reclassification adjustment for gains included in net income		(168)
Tax effect[1]	40,798	(506,063)
Other comprehensive (loss) income, net of taxes	$ (215,937)	$ 865,400
Comprehensive Income	$ 1,645,997	$ 2,925,857

(1) The tax effect on the change in unrealized (losses) gains on investment securities was $40,798 and $506,006 for the periods ending March 31, 2013 and 2012, respectively. The reclassification adjustment for gains included in the net income had a tax effect of $57 for the period ending March 31, 2012.

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, 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						2,060,457		2,060,457
Other Comprehensive income							865,400	865,400
Treasury stock acquired at cost, 4,590 shares			(73,004)					(73,004)
Exercise of stock options	69	78,250						78,319
RRP shares released for allocation		(4,198)			4,724			526
ESOP shares released for allocation		55,131		89,270				144,401
Share-based compensation cost		360,159						360,159
Balance, March 31, 2012	$ 89,404	$ 90,230,748	$ (15,965,319)	$ (5,891,720)	$ (2,639,799)	$ 69,305,807	$ 2,591,971	$ 137,721,092
Balance, December 31, 2012[1]	$ 89,506	$ 90,986,820	$ (21,719,954)	$ (5,623,910)	$ (1,831,759)	$ 76,435,222	$ 3,237,935	$ 141,573,860
Comprehensive income:								
Net income						1,861,934		1,861,934
Other Comprehensive loss							(215,937)	(215,937)
Treasury stock acquired at cost, 36,160 shares			(670,832)					(670,832)
Exercise of stock options	28	32,682						32,710
RRP shares released for allocation		(7,141)			8,260			1,119
ESOP shares released for allocation		77,884		89,270				167,154
Share-based compensation cost		367,948						367,948
Balance, March 31, 2013	$ 89,534	$ 91,458,193	$ (22,390,786)	$ (5,534,640)	$ (1,823,499)	$ 78,297,156	$ 3,021,998	$ 143,117,956

(1) Balances as of December 31, 2011 and December 31, 2012 are audited.

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

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HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the Three Months Ended March 31, 2013	2012
Cash flows from operating activities:		
Net income	$ 1,861,934	$ 2,060,457
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	520,392	711,900
Depreciation	360,405	365,689
Amortization of purchase accounting valuations and intangibles	(41,196)	3,284,055
Net amortization of mortgage servicing asset	46,756	39,195
Federal Home Loan Bank stock dividends	(2,100)	(5,000)
Net amortization of premium on investments	273,788	271,416
Gain on sale of investment securities, net		(168)
Gain on loans sold, net	(548,419)	(326,171)
Proceeds, including principal payments, from loans held for sale	25,307,705	10,001,360
Originations of loans held for sale	(23,582,364)	(9,655,739)
Non-cash compensation	535,102	504,560
Deferred income tax provision	222,481	755,430
Increase in interest receivable and other assets	(43,231)	(281,497)
Increase in cash surrender value of bank-owned life insurance	(119,551)	(131,279)
Decrease in accrued interest payable and other liabilities	(484,021)	(332,088)
Net cash provided by operating activities	4,307,681	7,262,120
Cash flows from investing activities:		
Purchases of securities available for sale	(8,107,951)	(14,201,634)
Proceeds from maturities, prepayments and calls on securities available for sale	6,569,144	8,003,212
Proceeds from maturities, prepayments and calls on securities held to maturity	201,480	396,660
Proceeds from sales on securities available for sale		1,558,514
Net increase in loans	(6,934,195)	(16,085,287)
Decrease in certificates of deposit in other institutions		829,000
Proceeds from sale of repossessed assets	642,151	1,363,701
Purchases of office properties and equipment	(123,571)	(288,222)
Proceeds from sale of properties and equipment		1,048,771
Purchases of Federal Home Loan Bank stock	(996,900)	
Proceeds from redemption of Federal Home Loan Bank stock	727,100	
Net cash used in investing activities	(8,022,742)	(17,375,285)
Cash flows from financing activities:		
Increase in deposits	9,939,001	5,254,478
Increase in Federal Home Loan Bank advances	3,146,395	7,381,600
Purchase of treasury stock	(670,832)	(73,004)
Proceeds from exercise of stock options	32,710	78,319
Net cash provided by financing activities	12,447,274	12,641,393
Net change in cash and cash equivalents	8,732,213	2,528,228
Cash and cash equivalents at beginning of year	39,539,366	31,272,508

Cash and cash equivalents at end of period	$ 48,271,579	$ 33,800,736

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, other comprehensive income, changes in shareholders equity and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the three-month period ended March 31, 2013 are not necessarily indicative of the results which may be expected for the entire fiscal year. These statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) for the year ended December 31, 2012.

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

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

2. Accounting Developments

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

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

(dollars in thousands) March 31, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less Than 1 Year	Gross Unrealized Losses Over 1 Year	Fair Value
Available for sale:					
U.S. agency mortgage-backed	$ 98,607	$ 3,409	$ 100	$ 1	$ 101,915
Non-U.S. agency mortgage-backed	11,812	293		56	12,049
Municipal bonds	19,351	685	63		19,973
U.S. government agency	23,845	489	7		24,327
Total available for sale	$ 153,615	$ 4,876	$ 170	$ 57	$ 158,264
Held to maturity:					
U.S. agency mortgage-backed	$ 492	$ 10	$	$	$ 502
Municipal bonds	972	63			1,035
Total held to maturity	$ 1,464	$ 73	$	$	$ 1,537

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

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The amortized cost and estimated fair value by maturity of the Company s investment securities as of March 31, 2013 are shown in the following table. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. The expected maturity of a security may differ from its contractual maturity because of prepayments or the exercise of call options. Accordingly, actual maturities may differ from contractual maturities.

(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	$ 107	$ 733	$ 9,489	$ 91,586	$ 101,915
Non-U.S. agency mortgage-backed				12,049	12,049
Municipal bonds	517	3,774	11,226	4,456	19,973
U.S. government agency		6,931	12,096	5,300	24,327
Total available for sale	$ 624	$ 11,438	$ 32,811	$ 113,391	$ 158,264
Securities held to maturity:					
U.S. agency mortgage-backed	$ 62	$ 440	$	$	$ 502
Municipal bonds		1,035			1,035
Total held to maturity	62	1,475			1,537
Total investment securities	$ 686	$ 12,913	$ 32,811	$ 113,391	$ 159,801

(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	$ 106	$ 680	$ 9,341	$ 88,480	$ 98,607
Non-U.S. agency mortgage-backed				11,812	11,812
Municipal bonds	515	3,630	10,885	4,321	19,351
U.S. government agency		6,795	11,982	5,068	23,845
Total available for sale	$ 621	$ 11,105	$ 32,208	$ 109,681	$ 153,615
Securities held to maturity:					
U.S. agency mortgage-backed	$ 60	$ 432	$	$	$ 492
Municipal bonds		972			972
Total held to maturity	60	1,404			1,464
Total investment securities	$ 681	$ 12,509	$ 32,208	$ 109,681	$ 155,079

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 March 31, 2013 and December 31, 2012, the Company had $42,677,000 and $41,462,000, respectively, of securities pledged to secure public deposits.

As of March 31, 2013, 19 debt securities had unrealized losses totaling 1.1% of the individual securities amortized cost basis and 0.1% of the Company s total amortized cost basis of the investment securities portfolio. Four of the 19 securities had been in a continuous loss position for over 12 months at such date. The four securities had an aggregate amortized cost basis and unrealized loss of $57,000 at March 31, 2013. Management has the intent and ability to hold these debt securities until maturity, or until anticipated recovery, no declines in these five securities were deemed to be other-than-temporary.

4. Earnings Per Share

Earnings per common share were computed based on the following:

	Three Months Ended March 31,	
(in thousands, except per share data)	**2013**	**2012**
Numerator:		
Net income available to common shareholders	$ 1,862	$ 2,060
Denominator:		
Weighted average common shares outstanding	6,749	6,953
Effect of dilutive securities:		
Restricted stock	86	96
Stock options	265	147
Weighted average common shares outstanding - assuming dilution	7,100	7,196
Earnings per common share	$ 0.28	$ 0.30
Earnings per common share - assuming dilution	$ 0.26	$ 0.29

Options on 49,500 and 36,830 shares of common stock were not included in computing diluted earnings per share for the three months ended March 31, 2013 and March 31, 2012, respectively, because the effect of these shares was anti-dilutive.

5. Credit Quality and Allowance for Loan Losses

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

	As of March 31, 2013			
(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	$ 844	$ 39	$ 184	$ 1,067
Home equity loans and lines	316		21	337
Commercial real estate	1,914			1,914
Construction and land	786	14		800
Multi-family residential	80			80
Commercial and industrial	767	301		1,068

Consumer	408			408
Total allowance for loan losses	$ 5,115	$ 354	$ 205	$ 5,674

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(dollars in thousands)	As of March 31, 2013 Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	Total
Loans:				
One- to four-family first mortgage	$ 172,466	$ 1,304	$ 12,505	$ 186,275
Home equity loans and lines	35,073	55	3,415	38,543
Commercial real estate	225,511	2,859	23,286	251,656
Construction and land	70,184	237	3,808	74,229
Multi-family residential	15,814	528	2,158	18,500
Commercial and industrial	70,813	2,335	1,198	74,346
Consumer	34,657		372	35,029
Total loans	$ 624,518	$ 7,318	$ 46,742	$ 678,578

(dollars in thousands)	As of December 31, 2012 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	$ 749	$ 49	$ 184	$ 982
Home equity loans and lines	322		21	343
Commercial real estate	1,906	134		2,040
Construction and land	785			785
Multi-family residential	86			86
Commercial and industrial	683			683
Consumer	400			400
Total allowance for loan losses	$ 4,931	$ 183	$ 205	$ 5,319
Loans:				
One- to four-family first mortgage	$ 163,491	$ 1,464	$ 12,861	$ 177,816
Home equity loans and lines	36,801	56	3,568	40,425
Commercial real estate	224,127	3,428	25,250	252,805
Construction and land	70,373	60	5,096	75,529
Multi-family residential	16,949	528	2,182	19,659
Commercial and industrial	70,757		1,496	72,253
Consumer	34,036		605	34,641
Total loans	$ 616,534	$ 5,536	$ 51,058	$ 673,128

A summary of the activity in the allowance for loan losses during the three months ended March 31, 2013 and March 31, 2012 is as follows.

(dollars in thousands)	For the Three Months Ended March 31, 2013 Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Allowance for loan losses:					
One- to four-family first mortgage	$ 982	$ (19)	$	$ 104	$ 1,067
Home equity loans and lines	343		2	(9)	336
Commercial real estate	2,040			(126)	1,914
Construction and land	785			15	800

Multi-family residential	86			(5)	81
Commercial and industrial	683	(170)	6	549	1,068
Consumer	400		16	(8)	408
Total allowance for loan losses	$ 5,319	$ (189)	$ 24	$ 520	$ 5,674

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	For the Three Months Ended March 31, 2012				
(dollars in thousands)	**Beginning Balance**	**Charge-offs**	**Recoveries**	**Provision**	**Ending Balance**
Allowance for loan losses:					
One- to four-family first mortgage	$ 778	$	$	$ 41	$ 819
Home equity loans and lines	336	(15)	3	(6)	318
Commercial real estate	1,755		2	435	2,192
Construction and land	904		3	251	1,158
Multi-family residential	64			19	83
Commercial and industrial	922			(41)	881
Consumer	345		4	13	362
Total allowance for loan losses	$ 5,104	$ (15)	$ 12	$ 712	$ 5,813

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 its aggregate fair value of $6.2 million at the date of acquisition.

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

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

	March 31, 2013				
(dollars in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Total**
One- to four-family first mortgage	$ 166,642	$ 938	$ 6,190	$	$ 173,770
Home equity loans and lines	34,189	453	486		35,128
Commercial real estate	216,616	5,023	6,731		228,370
Construction and land	68,624	298	1,499		70,421
Multi-family residential	13,072	933	2,337		16,342
Commercial and industrial	64,504	6,192	2,452		73,148
Consumer	34,583	48	26		34,657
Total loans	$ 598,230	$ 13,885	$ 19,721	$	$ 631,836

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

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

Pass loans are of satisfactory quality.

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

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

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

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

	March 31, 2013					
(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	$ 5,856	$ 394	$ 3,474	$ 9,724	$ 164,046	$ 173,770
Home equity loans and lines	51	31	248	330	34,798	35,128
Commercial real estate	721	186	5,210	6,117	222,253	228,370
Construction and land	440		1,335	1,775	68,646	70,421
Multi-family residential	1,759	221	840	2,820	13,522	16,342
Total real estate loans	8,827	832	11,107	20,766	503,265	524,031