

HOME BANCORP, INC.
Form 10-Q
November 09, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended: September 30, 2015

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
(State or Other Jurisdiction of
Incorporation or Organization)

71-1051785
(I.R.S. Employer
Identification Number)

503 Kaliste Saloom Road, Lafayette, Louisiana
(Address of Principal Executive Offices)

70508
(Zip Code)

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

Not Applicable

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

At November 2, 2015, the registrant had 7,233,794 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) September 30, 2015	(Audited) December 31, 2014
Assets		
Cash and cash equivalents	\$ 23,538,879	\$ 29,077,907
Interest-bearing deposits in banks	5,762,285	5,526,000
Investment securities available for sale, at fair value	190,762,087	174,800,516
Investment securities held to maturity (fair values of \$14,609,405 and \$11,889,335, respectively)	14,408,624	11,705,470
Mortgage loans held for sale	7,170,285	4,516,835
Loans, net of unearned income	1,207,709,500	908,967,871
Allowance for loan losses	(8,931,507)	(7,759,500)
Total loans, net of unearned income and allowance for loan losses	1,198,777,993	901,208,371
Office properties and equipment, net	42,264,398	37,964,714
Cash surrender value of bank-owned life insurance	19,543,520	19,163,110
Accrued interest receivable and other assets	55,682,411	37,451,687
Total Assets	\$ 1,557,910,482	\$ 1,221,414,610
Liabilities		
Deposits:		
Noninterest-bearing	\$ 279,573,153	\$ 267,660,145
Interest-bearing	942,114,513	725,912,448
Total deposits	1,221,687,666	993,572,593
Short-term Federal Home Loan Bank (FHLB) advances	77,009,432	31,000,000
Long-term Federal Home Loan Bank (FHLB) advances	76,435,084	16,500,000
Securities sold under repurchase agreements		20,370,892
Accrued interest payable and other liabilities	20,492,194	5,827,369
Total Liabilities	1,395,624,376	1,067,270,854
Shareholders Equity		
Preferred stock, \$0.01 par value - 10,000,000 shares authorized; none issued		
Common stock, \$0.01 par value - 40,000,000 shares authorized; 7,225,311 and 7,123,442 issued and outstanding, respectively	72,252	90,088
Additional paid-in capital	76,486,634	93,332,108
Treasury stock at cost - 0 and 1,885,303 shares, respectively ⁽¹⁾		(28,572,891)
Unallocated common stock held by:		

Employee Stock Ownership Plan (ESOP)	(4,641,940)	(4,909,750)
Recognition and Retention Plan (RRP)	(180,100)	(202,590)
Retained earnings	88,646,324	93,101,915
Accumulated other comprehensive income	1,902,936	1,304,876
Total Shareholders Equity	162,286,106	154,143,756
Total Liabilities and Shareholders Equity	\$ 1,557,910,482	\$ 1,221,414,610

(1) See Note 1 for details on the Louisiana Business Corporation Act.

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 September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Interest Income				
Loans, including fees	\$ 13,435,467	\$ 13,090,209	\$ 38,417,015	\$ 37,497,393
Investment securities	939,090	936,379	2,751,325	2,957,544
Other investments and deposits	50,613	41,723	149,684	119,403
Total interest income	14,425,170	14,068,311	41,318,024	40,574,340
Interest Expense				
Deposits	730,045	718,367	2,115,681	2,044,983
Securities sold under repurchase agreement	2,062	18,838	39,126	54,147
Short-term FHLB advances	9,761	30,655	15,894	99,897
Long-term FHLB advances	152,461	87,867	359,521	250,106
Total interest expense	894,329	855,727	2,530,222	2,449,133
Net interest income	13,530,841	13,212,584	38,787,802	38,125,207
Provision for loan losses	568,665	891,989	1,401,290	1,847,958
Net interest income after provision for loan losses	12,962,176	12,320,595	37,386,512	36,277,249
Noninterest Income				
Service fees and charges	1,027,938	1,008,416	2,874,602	2,781,487
Bank card fees	619,799	576,105	1,823,071	1,601,221
Gain on sale of loans, net	478,380	308,708	1,119,392	909,173
Income from bank-owned life insurance	123,943	116,513	380,410	342,347
Gain on sale of securities, net	3,053		3,053	1,826
Other income	(55,982)	150,873	114,110	432,687
Total noninterest income	2,197,131	2,160,615	6,314,638	6,068,741
Noninterest Expense				
Compensation and benefits	6,267,791	5,785,428	18,091,203	18,292,578
Occupancy	1,218,193	1,213,874	3,556,403	3,419,434
Marketing and advertising	129,197	244,364	352,179	695,823
Data processing and communication	974,099	964,541	2,832,571	3,396,596
Professional services	648,278	210,459	1,361,688	925,961

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Forms, printing and supplies	130,395	135,840	408,233	499,060
Franchise and shares tax	155,872	184,385	450,415	553,156
Regulatory fees	273,754	306,724	851,163	790,763
Foreclosed assets, net	(17,817)	91,836	477,753	772,972
Other expenses	742,347	830,629	2,087,916	2,248,951
Total noninterest expense	10,522,109	9,968,080	30,469,524	31,595,294
Income before income tax expense	4,637,198	4,513,130	13,231,626	10,750,696
Income tax expense	1,737,789	1,636,613	4,644,617	3,688,098
Net Income	\$ 2,899,409	\$ 2,876,517	\$ 8,587,009	\$ 7,062,598
Earnings per share:				
Basic	\$ 0.43	\$ 0.44	\$ 1.28	\$ 1.08
Diluted	\$ 0.41	\$ 0.41	\$ 1.23	\$ 1.02
Cash dividends declared per common share	\$ 0.08	\$	\$ 0.22	\$

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, 2015		For the Nine Months Ended September 30, 2015	
	2015	2014	2015	2014
Net Income	\$ 2,899,409	\$ 2,876,517	\$ 8,587,009	\$ 7,062,598
Other Comprehensive Income (Loss)				
Unrealized gain (loss) on investment securities	\$ 1,209,078	\$ (383,068)	\$ 923,145	\$ 1,141,658
Reclassification adjustment for gains included in net income	(3,053)		(3,053)	(1,826)
Tax effect ⁽¹⁾	(422,109)	134,074	(322,032)	(398,941)
Other comprehensive income (loss), net of taxes	\$ 783,916	\$ (248,994)	\$ 598,060	\$ 740,891
Comprehensive Income	\$ 3,683,325	\$ 2,627,523	\$ 9,185,069	\$ 7,803,489

- (1) The tax effect for the three and nine months ended September 30, 2015 on the change in unrealized gains (losses) on investment securities was \$423,178 and \$323,101, respectively, compared to (\$134,074) and \$399,580, respectively, for the three and nine months ended September 30, 2014. The tax effect for the three and nine months ended September 30, 2015 on the reclassification adjustment for gains included in net income had a tax effect of \$1,069 and \$1,069, respectively, compared to \$0 and \$639, respectively, for the three and nine months ended September 30, 2014.

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

Table of Contents**HOME BANCORP, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)**

	Common Stock	Additional Paid-in Capital	Treasury Stock	Unallocated Common Stock Held by ESOP	Unallocated Common Stock Held by RRP	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2013⁽¹⁾	\$ 89,585	\$ 92,192,410	\$ (28,011,398)	\$ (5,266,830)	\$ (1,018,497)	\$ 83,729,144	\$ 195,115	\$ 141,909,529
Net income						7,062,598		7,062,598
Other comprehensive income							740,891	740,891
Treasury stock acquired at cost, 23,148 shares			(490,800)					(490,800)
Exercise of stock options	383	443,305						443,688
RRP shares released for location		(565,552)			794,383			228,831
ESOP shares released for location		295,634		267,810				563,444
Share-based compensation cost		659,819						659,819
Balance, September 30, 2014	\$ 89,968	\$ 93,025,616	\$ (28,502,198)	\$ (4,999,020)	\$ (224,114)	\$ 90,791,742	\$ 936,006	\$ 151,118,000
Balance, December 31, 2014⁽¹⁾	\$ 90,088	\$ 93,332,108	\$ (28,572,891)	\$ (4,909,750)	\$ (202,590)	\$ 93,101,915	\$ 1,304,876	\$ 154,143,756
Net income						8,587,009		8,587,009
Other comprehensive income							598,060	598,060
Purchase of company's common stock			(3,188,770)					(3,188,770)

cost, 11,298 shares								
reclassification of treasury stock per Louisiana law ⁽²⁾	(20,302)	(20,282,138)	31,761,661		(11,459,221)			
Cash dividends declared, \$0.22 per share					(1,583,379)			(1,583,379)
Exercise of stock options	2,466	2,843,499						2,845,965
RP shares leased for location		(16,042)		22,490				6,448
SOP shares leased for location		459,391	267,810					727,201
Share-based compensation cost		149,816						149,816
Balance, September 30, 2015	\$ 72,252	\$ 76,486,634	\$	\$ (4,641,940)	\$ (180,100)	\$ 88,646,324	\$ 1,902,936	\$ 162,286,106

(1) Balances as of December 31, 2013 and December 31, 2014 are audited.

(2) See Note 1 for details on the Louisiana Business Corporation Act.

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

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	For the Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities, net of effects of acquisitions:		
Net income	\$ 8,587,009	\$ 7,062,598
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,401,290	1,847,958
Depreciation	1,331,635	1,273,030
Amortization of purchase accounting valuations and intangibles	3,273,960	6,953,998
Net amortization of mortgage servicing asset	101,231	120,053
Federal Home Loan Bank stock dividends	(7,300)	(14,400)
Net amortization of premium on investments	1,146,875	965,267
Gain on sale of investment securities, net	(3,053)	(1,826)
Gain on loans sold, net	(1,119,392)	(909,173)
Proceeds, including principal payments, from loans held for sale	106,889,999	77,563,076
Originations of loans held for sale	(108,424,058)	(80,453,596)
Non-cash compensation	726,982	1,223,263
Deferred income tax benefit	(175,272)	(336,852)
Decrease in interest receivable and other assets	7,592,246	7,903,958
Increase in cash surrender value of bank-owned life insurance	(380,410)	(342,347)
Increase (decrease) in accrued interest payable and other liabilities	8,197,772	(590,751)
Net cash provided by operating activities	29,139,514	22,264,256
Cash flows from investing activities, net of effects of acquisitions:		
Purchases of securities available for sale	(18,713,313)	(22,810,016)
Purchases of securities held to maturity	(2,927,988)	(2,442,105)
Proceeds from maturities, prepayments and calls on securities available for sale	22,432,941	22,629,218
Proceeds from maturities, prepayments and calls on securities held to maturity		466,470
Proceeds from sales of securities available for sale	16,694,015	66,905,382
Net increase in loans	(24,444,345)	(53,143,306)
Reimbursement from FDIC for covered assets	403,866	427,897
Decrease in certificates of deposit in other institutions	245,000	992,000
Proceeds from sale of repossessed assets	2,135,948	4,281,287
Purchases of office properties and equipment	(578,097)	(3,094,322)
Proceeds from sale of properties and equipment	1,309,339	61,008
Net cash disbursed in business combination	(56,404,340)	(22,995,649)
Purchases of Federal Home Loan Bank stock	(4,751,000)	(2,742,900)
Proceeds from redemption of Federal Home Loan Bank stock	2,444,900	3,118,300

Net cash used in investing activities	(62,153,074)	(8,346,736)
Cash flows from financing activities, net of effects of acquisitions:		
Increase in deposits	19,400,716	25,575,056
Increase (decrease) in Federal Home Loan Bank advances	30,000,000	(11,149,000)
Decrease in securities sold under repurchase agreements	(20,000,000)	(6,314,674)
Purchase of the Company's common stock	(3,188,770)	(490,800)
Proceeds from exercise of stock options	2,845,965	443,688
Payment of dividends on common stock	(1,583,379)	
Net cash provided by financing activities	27,474,532	8,064,270
Net change in cash and cash equivalents	(5,539,028)	21,981,790
Cash and cash equivalents at beginning of year	29,077,907	32,638,900
Cash and cash equivalents at end of period	\$ 23,538,879	\$ 54,620,690

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

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HOME BANCORP, INC. AND SUBSIDIARY

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Home Bancorp, Inc. (the Company) were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, comprehensive income, changes in shareholders' equity and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the three-month and nine-month periods ended September 30, 2015 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, 2014.

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

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

Louisiana Business Corporation Act

Effective January 1, 2015, companies incorporated under Louisiana law became subject to the Louisiana Business Corporation Act. Provisions of the Louisiana Business Corporation Act eliminate the concept of treasury stock and provide that shares reacquired by a company are to be treated as authorized unissued shares. Accounting principles generally accepted in the United States of America state that accounting for treasury stock shall conform to state law. The Company's Consolidated Financial Statements reflect this change. The cost of shares purchased by the Company has been allocated to common stock, additional paid-in capital and retained earnings.

2. Recent Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. ASU 2014-15 requires companies to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are issued. Management will be required to make the evaluation and disclose for both annual and interim reporting periods. The ASU is effective for interim and annual periods after December 15, 2016. The adoption of this ASU is not expected to have a material effect on our Consolidated Financial Statements.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis, which eliminates the deferral of certain investments in variable interest entities. ASU 2015-02 will allow companies with interests in certain investment funds to follow preceding consolidation guidance and make changes to the variable interest model and the

voting model. The ASU is effective for annual and interim periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material effect on our Consolidated Financial Statements.

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In September 2015, the FASB issued ASU 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*. The guidance eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. The ASU is effective for annual and interim periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material effect on our Consolidated Financial Statements.

3. Acquisition Activity

On September 15, 2015, the Company completed the acquisition of Louisiana Bancorp, Inc. (Louisiana Bancorp), the former holding company of Bank of New Orleans (BNO) of Metairie, Louisiana. Shareholders of Louisiana Bancorp received \$24.25 per share in cash, resulting in aggregate transaction consideration of \$70,021,000.

The acquisition was accounted for under the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. In accordance with ASC 805, the Company recorded goodwill totaling \$10,668,000 from the acquisition as a result of consideration transferred over net assets acquired. Both the assets acquired and liabilities assumed were recorded at their respective acquisition date fair values. Identifiable intangible assets, consisting of core deposit intangible assets, were recorded at fair value.

The fair value estimates of Louisiana Bancorp's assets and liabilities reflected below are preliminary and subject to refinement as additional information become available. Under current accounting principles, the Company's estimates of fair values may be adjusted for a period of up to one year from the acquisition date.

The assets acquired and liabilities assumed, as well as the adjustments to record the assets and liabilities at fair value, are presented in the following table as of September 15, 2015.

<i>(dollars in thousands)</i>	As Acquired	Fair Value Adjustments	As recorded by Home Bancorp
Assets			
Cash and cash equivalents	\$ 14,098	\$	\$ 14,098
Investment securities	35,794	578 ^(a)	36,372
Loans	281,909	(1,554) ^(b)	280,355
Repossessed assets	64	(14) ^(c)	50
Office properties and equipment, net	3,349	3,506 ^(d)	6,855
Core deposit intangible		1,500 ^(e)	1,500
Other assets	10,747	620 ^(f)	11,367
Total assets acquired	\$ 345,961	\$ 4,636	\$ 350,597
Liabilities			
Interest-bearing deposits	\$ 180,318	\$ 37 ^(g)	\$ 180,355
Noninterest-bearing deposits	28,315		28,315
FHLB advances	75,754	203 ^(h)	75,957
Other liabilities	5,993	624	6,617

Total liabilities assumed	\$ 290,380	\$ 864	\$ 291,244
Excess of assets acquired over liabilities assumed			59,353
Cash consideration paid			(70,021)
Total goodwill recorded			\$ 10,668

- (a) The adjustment represents the market value adjustments on investment securities based on their interest rate risk and credit risk.
- (b) The adjustment to reflect the estimated fair value of loans includes:

Adjustment of \$2.4 million to reflect the removal of Louisiana Bancorp's allowance for loan losses in accordance with ASC 805.

Adjustment of (\$4.0 million) for all loans determined not to be within the scope of ASC 310-30. In determining the fair value of the loans which are not within the scope of ASC 310-30, the acquired loan portfolio was evaluated based on risk characteristics and other credit and market criteria to determine a credit quality adjustment to the fair value of the loans acquired. The acquired loan balance was reduced by the aggregate amount of the credit quality adjustment in determining the fair value of the loans.

- (c) The adjustment represents the write down of the book value of repossessed assets to their estimated fair value less estimated costs to sell.

(Footnotes continued on next page.)

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- (d) The adjustment represents the estimated adjustment of office properties and equipment to their estimated fair values.
- (e) The adjustment represents the estimated value of the core deposit base. The core deposit asset was recorded as an identifiable intangible asset and will be amortized on an accelerated basis over the estimated life of the deposit base of 15 years.
- (f) The adjustment is to record the deferred tax asset on the transaction and the estimated fair value of other assets.
- (g) The adjustment represents the estimated fair value of certificates of deposit acquired based on current interest rates for similar instruments. The adjustment will be recognized using a level yield amortization method based on maturities of the deposit liabilities.
- (h) The adjustment is to record the fair value of FHLB advances acquired at various terms and maturities based on market rates at the acquisition date. The adjustment will be recognized using a level yield amortization method based on maturities of the borrowings.

The following pro forma information for the nine months ended September 30, 2015 and September 30, 2014 reflects the Company's estimated consolidated results of operations as if the acquisition of Louisiana Bancorp occurred at January 1, 2014, unadjusted for potential cost savings.

<i>(dollars in thousands except per share information)</i>		2015	2014
Net interest income		\$ 47,305	\$ 46,252
Noninterest income		7,660	7,561
Noninterest expense		36,571	37,553
Net income		11,028	9,467
Earnings per share	basic	\$ 1.65	\$ 1.45
Earnings per share	diluted	1.58	1.37

4. Investment Securities

Summary information regarding the Company's investment securities classified as available for sale and held to maturity as of September 30, 2015 and December 31, 2014 is as follows.

<i>(dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Less Than 1 Year	Over 1 Year	
September 30, 2015					
Available for sale:					
U.S. agency mortgage-backed	\$ 146,509	\$ 2,528	\$ 69	\$ 283	\$ 148,685
Non-U.S. agency mortgage-backed	6,541	55	1	44	6,551
Municipal bonds	22,537	528	26		23,039
U.S. government agency	12,247	240			12,487

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Total available for sale	\$ 187,834	\$ 3,351	\$ 96	\$ 327	\$ 190,762
Held to maturity:					
Municipal bonds	\$ 14,409	\$ 252	\$ 51	\$ 1	\$ 14,609

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<i>(dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Less Than		
			1 Year	Over 1 Year	
December 31, 2014					
Available for sale:					
U.S. agency mortgage-backed	\$ 120,009	\$ 1,984	\$ 10	\$ 485	\$ 121,498
Non-U.S. agency mortgage-backed	7,757	61	28	26	7,764
Municipal bonds	24,388	561	2	51	24,896
U.S. government agency	20,639	190		186	20,643
Total available for sale	\$ 172,793	\$ 2,796	\$ 40	\$ 748	\$ 174,801
Held to maturity:					
Municipal bonds	\$ 11,705	\$ 202	\$ 3	\$ 15	\$ 11,889

The estimated fair value and amortized cost by maturity of the Company's investment securities as of September 30, 2015 are shown in the following tables. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. The expected maturity of a security may differ from its contractual maturity because of prepayments or the exercise of call options. Accordingly, actual maturities may differ from contractual maturities.

<i>(dollars in thousands)</i>	One Year or Less	One Year to Five Years	Five to Ten Years	Over Ten Years	Total
Securities available for sale:					
U.S. agency mortgage-backed	\$ 8	\$ 2,530	\$ 31,528	\$ 114,619	\$ 148,685
Non-U.S. agency mortgage-backed				6,551	6,551
Municipal bonds	939	7,833	11,599	2,668	23,039
U.S. government agency		8,111		4,376	12,487
Total available for sale	\$ 947	\$ 18,474	\$ 43,127	\$ 128,214	\$ 190,762
Securities held to maturity:					
Municipal bonds	\$ 643	\$ 1,115	\$ 8,856	\$ 3,995	\$ 14,609
Total investment securities	\$ 1,590	\$ 19,589	\$ 51,983	\$ 132,209	\$ 205,371

<i>(dollars in thousands)</i>	One Year or Less	One Year to Five Years	Five to Ten Years	Over Ten Years	Total
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Amortized Cost

Securities available for sale:

U.S. agency mortgage-backed	\$ 11	\$ 2,457	\$ 31,162	\$ 112,879	\$ 146,509
Non-U.S. agency mortgage-backed				6,541	6,541
Municipal bonds	935	7,643	11,406	2,553	22,537
U.S. government agency		7,987		4,260	12,247
Total available for sale	\$ 946	\$ 18,087	\$ 42,568	\$ 126,233	\$ 187,834

Securities held to maturity:

Municipal bonds	\$ 636	\$ 1,095	\$ 8,653	\$ 4,025	\$ 14,409
Total investment securities	\$ 1,582	\$ 19,182	\$ 51,221	\$ 130,258	\$ 202,243

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

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

As of September 30, 2015, 30 of the Company's debt securities had unrealized losses totaling 1.3% of the individual securities' amortized cost basis and 0.2% of the Company's total amortized cost basis of the investment securities portfolio. At such date, 14 of the 30 securities had been in a continuous loss position for over 12 months. The 14 securities had an aggregate amortized cost basis of \$17.5 million and unrealized loss of \$328,000 at September 30, 2015. Management has the intent and ability to hold these debt securities until maturity, or until anticipated recovery; hence, no declines in these 14 securities were deemed to be other-than-temporary.

As of September 30, 2015 and December 31, 2014, the Company had \$96,519,000 and \$76,491,000, respectively, of securities pledged to secure public deposits. As of December 31, 2014, the Company had \$21,211,000 of securities pledged to securities sold under repurchase agreements. The securities pledged for securities sold under repurchase agreements were released in July 2015 once the agreements matured.

5. Earnings Per Share

Earnings per common share were computed based on the following:

<i>(in thousands, except per share data)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Numerator:				
Net income available to common shareholders	\$ 2,899	\$ 2,877	\$ 8,587	\$ 7,063
Denominator:				
Weighted average common shares outstanding	6,743	6,577	6,690	6,534
Effect of dilutive securities:				
Restricted stock	5	5	4	32
Stock options	275	369	292	349
Weighted average common shares outstanding assuming dilution	7,023	6,951	6,986	6,915

Basic earnings per common share	\$ 0.43	\$ 0.44	\$ 1.28	\$ 1.08
Diluted earnings per common share	\$ 0.41	\$ 0.41	\$ 1.23	\$ 1.02

Options on 52,258 and 9,500 shares of common stock were not included in the computation of diluted earnings per share for the three months ended September 30, 2015 and September 30, 2014, respectively, because the effect of these shares was anti-dilutive. Options on 39,177 and 34,833 shares of common stock were not included in the computation of diluted earnings per share for the nine months ended September 30, 2015 and September 30, 2014, respectively, because the effect of these shares was anti-dilutive.

6. Credit Quality and Allowance for Loan Losses

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

Table of Contents***Originated Loans***

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

Acquired Loans

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

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

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

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

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

evaluation for impairment and are not reported with impaired loans, even if they would otherwise qualify for such treatment.

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

<i>(dollars in thousands)</i>	As of September 30, 2015			
	Originated Loans		Acquired Loans	Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment		
Allowance for loan losses:				
One- to four-family first mortgage	\$ 1,369	\$	\$ 93	\$ 1,462
Home equity loans and lines	538		236	774
Commercial real estate	3,063	86		3,149
Construction and land	1,186		59	1,245
Multi-family residential	192			192
Commercial and industrial	1,500	33		1,533
Consumer	577			577
Total allowance for loan losses	\$ 8,425	\$ 119	\$ 388	\$ 8,932

<i>(dollars in thousands)</i>	As of September 30, 2015			
	Originated Loans		Acquired Loans ⁽¹⁾	Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment		
Loans:				
One- to four-family first mortgage	\$ 178,206	\$ 78	\$ 213,263	\$ 391,547
Home equity loans and lines	38,348		56,154	94,502
Commercial real estate	288,022	185	121,848	410,055
Construction and land	93,906		8,875	102,781
Multi-family residential	15,623		30,169	45,792
Commercial and industrial	102,127	707	12,339	115,173
Consumer	45,403		2,457	47,860
Total loans	\$ 761,635	\$ 970	\$ 445,105	\$ 1,207,710

<i>(dollars in thousands)</i>	As of December 31, 2014			
	Originated Loans		Acquired Loans	Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment		
Allowance for loan losses:				
One- to four-family first mortgage	\$ 1,136	\$	\$ 174	\$ 1,310
Home equity loans and lines	442		111	553

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Commercial real estate	2,815	107		2,922
Construction and land	968		133	1,101
Multi-family residential	192			192
Commercial and industrial	1,128	33		1,161
Consumer	521			521
Total allowance for loan losses	\$ 7,202	\$ 140	\$ 418	\$ 7,760

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<i>(dollars in thousands)</i>	As of December 31, 2014			Total
	Originated Loans Collectively Evaluated for Impairment	Originated Loans Individually Evaluated for Impairment	Acquired Loans ⁽¹⁾	
Loans:				
One- to four-family first mortgage	\$ 164,450	\$ 78	\$ 68,721	\$ 233,249
Home equity loans and lines	34,485		21,515	56,000
Commercial real estate	279,493	777	72,593	352,863
Construction and land	77,057		12,097	89,154
Multi-family residential	16,507		10,868	27,375
Commercial and industrial	88,411	1,128	14,907	104,446
Consumer	43,049		2,832	45,881
Total loans	\$ 703,452	\$ 1,983	\$ 203,533	\$ 908,968

(1) \$22.1 million and \$31.9 million in acquired loans were accounted for under ASC 310-30 at September 30, 2015 and December 31, 2014, respectively.

A summary of activity in the allowance for loan losses during the nine months ended September 30, 2015 and September 30, 2014 follows.

<i>(dollars in thousands)</i>	For the Nine Months Ended September 30, 2015				
	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 1,136	\$	\$ 30	\$ 203	\$ 1,369
Home equity loans and lines	442	(14)	5	105	538
Commercial real estate	2,922		1	226	3,149
Construction and land	968			218	1,186
Multi-family residential	192				192
Commercial and industrial	1,161	(133)	111	394	1,533
Consumer	521	(79)	1	134	577
Total allowance for loan losses	\$ 7,342	\$ (226)	\$ 148	\$ 1,280	\$ 8,544
Acquired loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 174	\$ (42)	\$	\$ (39)	\$ 93
Home equity loans and lines	111			125	236
Commercial real estate					
Construction and land	133	(109)		35	59
Multi-family residential					

Commercial and industrial
Consumer

Total allowance for loan losses	\$ 418	\$ (151)	\$	\$ 121	\$ 388
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Total loans:

Allowance for loan losses:

One- to four-family first mortgage	\$ 1,310	\$ (42)	\$ 30	\$ 164	\$ 1,462
Home equity loans and lines	553	(14)	5	230	774
Commercial real estate	2,922		1	226	3,149
Construction and land	1,101	(109)		253	1,245
Multi-family residential	192				192
Commercial and industrial	1,161	(133)	111	394	1,533
Consumer	521	(79)	1	134	577

Total allowance for loan losses	\$ 7,760	\$ (377)	\$ 148	\$ 1,401	\$ 8,932
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<i>(dollars in thousands)</i>	For the Nine Months Ended September 30, 2014				
	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 904	\$ (99)	\$	\$ 316	\$ 1,121
Home equity loans and lines	366		4	67	437
Commercial real estate	2,528			175	2,703
Construction and land	977	(20)		221	1,178
Multi-family residential	90			55	145
Commercial and industrial	1,332	(1,183)	79	657	885
Consumer	473	(18)	3	56	514
Total allowance for loan losses	\$ 6,670	\$ (1,320)	\$ 86	\$ 1,547	\$ 6,983
Acquired loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 184	\$ (114)	\$	\$ 104	\$ 174
Home equity loans and lines	58			53	111
Commercial real estate					
Construction and land				133	133
Multi-family residential					
Commercial and industrial	6			11	17
Consumer					
Total allowance for loan losses	\$ 248	\$ (114)	\$	\$ 301	\$ 435
Total loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 1,088	\$ (213)	\$	\$ 420	\$ 1,295
Home equity loans and lines	424		4	120	548
Commercial real estate	2,528			175	2,703
Construction and land	977	(20)		354	1,311
Multi-family residential	90			55	145
Commercial and industrial	1,338	(1,183)	79	668	902
Consumer	473	(18)	3	56	514
Total allowance for loan losses	\$ 6,918	\$ (1,434)	\$ 86	\$ 1,848	\$ 7,418

Credit quality indicators on the Company's loan portfolio as of the dates indicated are as follows.

<i>(dollars in thousands)</i>	September 30, 2015				
	Pass	Special Mention	Substandard	Doubtful	Total
Originated loans:					

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One- to four-family first mortgage	\$ 176,515	\$ 448	\$ 1,321	\$ 178,284
Home equity loans and lines	37,828	398	122	38,348
Commercial real estate	283,037	2,643	2,527	288,207
Construction and land	92,799	87	1,020	93,906
Multi-family residential	15,623			15,623
Commercial and industrial	100,134	26	2,674	102,834
Consumer	44,991	63	349	45,403
Total loans	\$ 750,927	\$ 3,665	\$ 8,013	\$ 762,605

Table of Contents**Acquired loans:**

One- to four-family first mortgage	\$ 207,724	\$ 868	\$ 4,671	\$ 213,263
Home equity loans and lines	55,749	56	349	56,154
Commercial real estate	113,423	2,230	6,195	121,848
Construction and land	5,043	2,378	1,454	8,875
Multi-family residential	29,172	18	979	30,169
Commercial and industrial	9,993	1,181	1,165	12,339
Consumer	2,317	76	64	2,457
Total loans	\$ 423,421	\$ 6,807	\$ 14,877	\$ 445,105

Total:

One- to four-family first mortgage	\$ 384,239	\$ 1,316	\$ 5,992	\$ 391,547
Home equity loans and lines	93,577	454	471	94,502
Commercial real estate	396,460	4,873	8,722	410,055
Construction and land	97,842	2,465	2,474	102,781
Multi-family residential	44,795	18	979	45,792
Commercial and industrial	110,127	1,207	3,839	115,173
Consumer	47,308	139	413	47,860
Total loans	\$ 1,174,348	\$ 10,472	\$ 22,890	\$ 1,207,710

<i>(dollars in thousands)</i>	December 31, 2014				
	Pass	Special Mention	Substandard	Doubtful	Total
Originated loans:					
One- to four-family first mortgage	\$ 161,922	\$ 251	\$ 2,355	\$ 164,528	
Home equity loans and lines	33,731	255	499	34,485	
Commercial real estate	274,878	3,655	1,737	280,270	
Construction and land	75,888	103	1,066	77,057	
Multi-family residential	15,642	865		16,507	
Commercial and industrial	88,309	39	1,191	89,539	
Consumer	42,718	2	329	43,049	
Total loans	\$ 693,088	\$ 5,170	\$ 7,177	\$ 705,435	

Acquired loans:

One- to four-family first mortgage	\$ 62,761	\$ 1,007	\$ 4,953	\$ 68,721
Home equity loans and lines	20,842	57	616	21,515
Commercial real estate	61,172	2,071	9,350	72,593
Construction and land	6,407	1	5,689	12,097
Multi-family residential	8,175	923	1,770	10,868
Commercial and industrial	13,699		1,208	14,907
Consumer	2,741	40	51	2,832

Total loans	\$ 175,797	\$ 4,099	\$ 23,637	\$ 203,533
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Total:					
One- to four-family first mortgage	\$ 224,683	\$ 1,258	\$ 7,308	\$	\$ 233,249
Home equity loans and lines	54,573	312	1,115		56,000
Commercial real estate	336,050	5,726	11,087		352,863
Construction and land	82,295	104	6,755		89,154
Multi-family residential	23,817	1,788	1,770		27,375
Commercial and industrial	102,008	39	2,399		104,446
Consumer	45,459	42	380		45,881
Total loans	\$ 868,885	\$ 9,269	\$ 30,814	\$	\$ 908,968

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.

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

	September 30, 2015			Total Past Due	Current Loans	Total Loans
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due			
<i>(dollars in thousands)</i>						
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 2,686	\$ 368	\$ 627	\$ 3,681	\$ 174,603	\$ 178,284
Home equity loans and lines	137		121	258	38,090	38,348

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Commercial real estate	1,611	617	2,228	285,979	288,207
Construction and land	95		95	93,811	93,906
Multi-family residential				15,623	15,623
Total real estate loans	4,529	368	1,365	6,262	608,106
Other loans:					
Commercial and industrial	1,569	17	84	1,670	101,164
Consumer	717	137	308	1,162	44,241
Total other loans	2,286	154	392	2,832	145,405
Total loans	\$ 6,815	\$ 522	\$ 1,757	\$ 9,094	\$ 753,511

Table of Contents**Acquired loans:**

Real estate loans:

One- to four-family first mortgage	\$ 1,872	\$ 1,409	\$ 3,249	\$ 6,530	\$ 206,733	\$ 213,263
Home equity loans and lines	280	120	122	522	55,632	56,154
Commercial real estate	146		2,092	2,238	119,610	121,848
Construction and land	630	8	50	688	8,187	8,875
Multi-family residential		18	12	30	30,139	30,169
Total real estate loans	2,928	1,555	5,525	10,008	420,301	430,309

Other loans:

Commercial and industrial			768	768	11,571	12,339
Consumer	18	17	49	84	2,373	2,457
Total other loans	18	17	817	852	13,944	14,796

Total loans	\$ 2,946	\$ 1,572	\$ 6,342	\$ 10,860	\$ 434,245	\$ 445,105
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Total loans:

Real estate loans:

One- to four-family first mortgage	\$ 4,558	\$ 1,777	\$ 3,876	\$ 10,211	\$ 381,336	\$ 391,547
Home equity loans and lines	417	120	243	780	93,722	94,502
Commercial real estate	1,757		2,709	4,466	405,589	410,055
Construction and land	725	8	50	783	101,998	102,781
Multi-family residential		18	12	30	45,762	45,792
Total real estate loans	7,457	1,923	6,890	16,270	1,028,407	1,044,677

Other loans:

Commercial and industrial	1,569	17	852	2,438	112,735	115,173
Consumer	735	154	357	1,246	46,614	47,860
Total other loans	2,304	171	1,209	3,684	159,349	163,033

Total loans	\$ 9,761	\$ 2,094	\$ 8,099	\$ 19,954	\$ 1,187,756	\$ 1,207,710
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	December 31, 2014			Total Past Due	Current Loans	Total Loans
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due			
<i>(dollars in thousands)</i>						
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 2,056	\$ 90	\$ 1,058	\$ 3,204	\$ 161,324	\$ 164,528

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Home equity loans and lines	434	65	499	33,986	34,485
Commercial real estate	1,284	829	2,113	278,157	280,270
Construction and land	309		309	76,748	77,057
Multi-family residential				16,507	16,507
Total real estate loans	4,083	90	1,952	6,125	566,722
Other loans:					
Commercial and industrial	271	49	451	771	88,768
Consumer	924	133	329	1,386	41,663
Total other loans	1,195	182	780	2,157	130,431
Total loans	\$ 5,278	\$ 272	\$ 2,732	\$ 8,282	\$ 697,153

Table of Contents**Acquired loans:**

Real estate loans:

One- to four-family first mortgage	\$ 2,323	\$ 1,341	\$ 2,836	\$ 6,500	\$ 62,221	\$ 68,721
Home equity loans and lines	249	97	220	566	20,949	21,515
Commercial real estate	4,551	1	1,840	6,392	66,201	72,593
Construction and land	499	755	702	1,956	10,141	12,097
Multi-family residential	1,052	25	319	1,396	9,472	10,868
Total real estate loans	8,674	2,219	5,917	16,810	168,984	185,794

Other loans:

Commercial and industrial	177	392	336	905	14,002	14,907
Consumer	47	33	41	121	2,711	2,832

Total other loans	224	425	377	1,026	16,713	17,739
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Total loans	\$ 8,898	\$ 2,644	\$ 6,294	\$ 17,836	\$ 185,697	\$ 203,533
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Total loans:

Real estate loans:

One- to four-family first mortgage	\$ 4,379	\$ 1,431	\$ 3,894	\$ 9,704	\$ 223,545	\$ 233,249
Home equity loans and lines	683	97	285	1,065	54,935	56,000
Commercial real estate	5,835	1	2,669	8,505	344,358	352,863
Construction and land	808	755	702	2,265	86,889	89,154
Multi-family residential	1,052	25	319	1,396	25,979	27,375
Total real estate loans	12,757	2,309	7,869	22,935	735,706	758,641

Other loans:

Commercial and industrial	448	441	787	1,676	102,770	104,446
Consumer	971	166	370	1,507	44,374	45,881

Total other loans	1,419	607	1,157	3,183	147,144	150,327
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Total loans	\$ 14,176	\$ 2,916	\$ 9,026	\$ 26,118	\$ 882,850	\$ 908,968
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Excluding Acquired Loans with deteriorated credit quality, as of September 30, 2015 and December 31, 2014, the Company did not have any loans greater than 90 days past due and accruing.

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

As of Period Ended September 30, 2015

(dollars in thousands)

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	\$ 78	\$ 78	\$	\$ 78	\$ 4
Home equity loans and lines					
Commercial real estate					
Construction and land					
Multi-family residential					
Commercial and industrial				393	
Consumer					
Total	\$ 78	\$ 78	\$	\$ 471	\$ 4
With an allowance recorded:					
One- to four-family first mortgage	\$	\$	\$	\$	\$
Home equity loans and lines					
Commercial real estate	185	185	86	695	8
Construction and land					
Multi-family residential					
Commercial and industrial	707	707	33	732	29
Consumer					
Total	\$ 892	\$ 892	\$ 119	\$ 1,427	\$ 37
Total impaired Originate Loans:					
One- to four-family first mortgage	\$ 78	\$ 78	\$	\$ 78	\$ 4
Home equity loans and lines					
Commercial real estate	185	185	86	695	8
Construction and land					
Multi-family residential					
Commercial and industrial	707	707	33	1,125	29
Consumer					
Total	\$ 970	\$ 970	\$ 119	\$ 1,898	\$ 41

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<i>(dollars in thousands)</i>	As of Period Ended December 31, 2014				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	\$ 78	\$ 78	\$	\$ 214	\$
Home equity loans and lines					
Commercial real estate				64	
Construction and land				15	
Multi-family residential					
Commercial and industrial	398	398		494	4
Consumer					
Total	\$ 476	\$ 476	\$	\$ 787	\$ 4
With an allowance recorded:					
One- to four-family first mortgage	\$	\$	\$	\$	\$
Home equity loans and lines					
Commercial real estate	777	777	107	239	10
Construction and land					
Multi-family residential					
Commercial and industrial	730	730	33	923	40
Consumer					
Total	\$ 1,507	\$ 1,507	\$ 140	\$ 1,162	\$ 50
Total impaired Originated Loans:					
One- to four-family first mortgage	\$ 78	\$ 78	\$	\$ 214	\$
Home equity loans and lines					
Commercial real estate	777	777	107	303	10
Construction and land				15	
Multi-family residential					
Commercial and industrial	1,128	1,128	33	1,417	44
Consumer					
Total	\$ 1,983	\$ 1,983	\$ 140	\$ 1,949	\$ 54

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

<i>(dollars in thousands)</i>	September 30, 2015			December 31, 2014		
	Originated	Acquired ⁽¹⁾	Total	Originated	Acquired ⁽¹⁾	Total
Nonaccrual loans:						
One- to four-family first mortgage	\$ 666	\$ 3,745	\$ 4,411	\$ 1,429	\$ 5,072	\$ 6,501
Home equity loans and lines	122	325	447	65	482	547
Commercial real estate	1,701	3,387	5,088	829	5,498	6,327

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Construction and land		130	130		5,356	5,356
Multi-family residential		782	782		1,770	1,770
Commercial and industrial	2,674	1,001	3,675	1,191	1,168	2,359
Consumer	349	125	474	329	92	421
Total	\$ 5,512	\$ 9,495	\$ 15,007	\$ 3,843	\$ 19,438	\$ 23,281

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(1) Nonaccrual acquired loans accounted for under ASC 310-30 totaled \$5.9 million and \$15.1 million as of September 30, 2015 and December 31, 2014, respectively.

As of September 30, 2015, the Company had no outstanding commitments to lend additional funds to any customer whose loan was classified as impaired.

Troubled Debt Restructurings

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

a reduction of the stated interest rate for the remaining original life of the debt,

an extension of the maturity date or dates at an interest rate lower than the current market rate for new debt with similar risk characteristics,

a reduction of the face amount or maturity amount of the debt, or

a reduction of accrued interest receivable on the debt.

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

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

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

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

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

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

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.

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

<i>(dollars in thousands)</i>	As of September 30, 2015			Total TDRs
	Current	Past Due Greater Than 30 Days	Nonaccrual TDRs	
Originated loans:				
Real estate loans:				
One- to four-family first mortgage	\$ 283	\$	\$ 39	\$ 322
Home equity loans and lines	398		3	401
Commercial real estate	109		1,083	1,192
Construction and land		87		87
Multi-family residential				
Total real estate loans	790	87	1,125	2,002
Other loans:				
Commercial and industrial			2,590	2,590
Consumer			41	41
Total other loans			2,631	2,631
Total loans	\$ 790	\$ 87	\$ 3,756	\$ 4,633
Acquired loans:				
Real estate loans:				
One- to four-family first mortgage	\$ 498	\$	\$ 18	\$ 516
Home equity loans and lines				
Commercial real estate			1,214	1,214
Construction and land			61	61
Multi-family residential				
Total real estate loans	498		1,293	1,791
Other loans:				
Commercial and industrial				
Consumer				
Total other loans				
Total loans	\$ 498	\$	\$ 1,293	\$ 1,791
Total loans:				
Real estate loans:				

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One- to four-family first mortgage	\$ 781	\$	\$ 57	\$ 838
Home equity loans and lines	398		3	401
Commercial real estate	109		2,297	2,406
Construction and land		87	61	148
Multi-family residential				
Total real estate loans	1,288	87	2,418	3,793
Other loans:				
Commercial and industrial			2,590	2,590
Consumer			41	41
Total other loans			2,631	2631
Total loans	\$ 1,288	\$ 87	\$ 5,049	\$ 6,424

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<i>(dollars in thousands)</i>	As of December 31, 2014			
	Current	Past Due Greater Than 30 Days	Nonaccrual TDRs	Total TDRs
Originated loans:				
Real estate loans:				
One- to four-family first mortgage	\$	\$	\$ 291	\$ 291
Home equity loans and lines				
Commercial real estate	111			111
Construction and land	103			103
Multi-family residential				
Total real estate loans	214		291	505
Other loans:				
Commercial and industrial			730	730
Consumer				
Total other loans			730	730
Total loans	\$ 214	\$	\$ 1,021	\$ 1,235
Acquired loans:				
Real estate loans:				
One- to four-family first mortgage	\$ 432	\$ 77	\$ 49	\$ 558
Home equity loans and lines				
Commercial real estate			967	967
Construction and land			117	117
Multi-family residential				
Total real estate loans	432	77	1,133	1,642
Other loans:				
Commercial and industrial				
Consumer	2		2	4
Total other loans	2		2	4
Total loans	\$ 434	\$ 77	\$ 1,135	\$ 1,646
Total loans:				
Real estate loans:				
One- to four-family first mortgage	\$ 432	\$ 77	\$ 340	\$ 849
Home equity loans and lines				
Commercial real estate	111		967	1,078
Construction and land	103		117	220

Multi-family residential				
Total real estate loans	646	77	1,424	2,147
Other loans:				
Commercial and industrial			730	730
Consumer	2		2	4
Total other loans	2		732	734
Total loans	\$ 648	\$ 77	\$ 2,156	\$ 2,881

None of the above referenced TDRs defaulted subsequent to the restructuring through the date the financial statements were issued. The Company restructured, as a TDR, loans totaling \$3.3 million during the third quarter of 2015. \$3.2 million of the loans were related to one energy industry relationship.

Table of Contents**7. Fair Value Measurements and Disclosures**

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

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

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

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

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

Recurring Basis***Investment Securities Available for Sale***

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

Management primarily identifies investment securities which may have traded in illiquid or inactive markets by identifying instances of a significant decrease in the volume and frequency of trades, relative to historical levels, as well as instances of a significant widening of the bid-ask spread in the brokered markets. Investment securities that are deemed to have been trading in illiquid or inactive markets may require the use of significant unobservable inputs. For example, management may use quoted prices for similar investment securities in the absence of a liquid and active

market for the investment securities being valued. As of September 30, 2015, management did not make adjustments to prices provided by the third-party pricing service as a result of illiquid or inactive markets.

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The following tables present the balances of assets and liabilities measured for fair value on a recurring basis as of September 30, 2015 and December 31, 2014.

<i>(dollars in thousands)</i>	Fair Value Measurements Using			
	September 30, 2015	Level 1	Level 2	Level 3
Available for sale securities:				
U.S. agency mortgage-backed	\$ 148,685	\$	\$ 148,685	\$
Non-U.S. agency mortgage-backed	6,551		6,551	
Municipal bonds	23,039		23,039	
U.S. government agency	12,487		12,487	
Total	\$ 190,762	\$	\$ 190,762	\$

<i>(dollars in thousands)</i>	Fair Value Measurements Using			
	December 31, 2014	Level 1	Level 2	Level 3
Available for sale securities:				
U.S. agency mortgage-backed	\$ 121,498	\$	\$ 121,498	\$
Non-U.S. agency mortgage-backed	7,764		7,764	
Municipal bonds	24,896		24,896	
U.S. government agency	20,643		20,643	
Total	\$ 174,801	\$	\$ 174,801	\$

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

Nonrecurring Basis

In accordance with the provisions of ASC 310, *Receivables*, the Company records loans considered impaired at fair value. A loan is considered impaired if it is probable the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Fair value is measured at the fair value of the collateral for collateral-dependent loans. For non-collateral-dependent loans, fair value is measured by present valuing expected future cash flows. Impaired loans are classified as Level 3 assets when measured using appraisals from external parties of the collateral less any prior liens and when there is no observable market price. Repossessed assets are initially recorded at fair value less estimated costs to sell. The fair value of repossessed assets is based on property appraisals and an analysis of similar properties available. As such, the Company classifies repossessed assets as Level 3 assets.

Acquired loans and the FDIC loss sharing receivable are measured on a nonrecurring basis using significant unobservable inputs (Level 3).

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

<i>(dollars in thousands)</i>	September 30, 2015	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Assets				
Acquired loans with deteriorated credit quality	\$ 21,929	\$	\$	\$ 21,929
Impaired loans, excluding acquired loans	851			851
Reposessed assets	5,817			5,817
Total	\$ 28,597	\$	\$	\$ 28,597

<i>(dollars in thousands)</i>	December 31, 2014	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Assets				
Acquired loans with deteriorated credit quality	\$ 31,908	\$	\$	\$ 31,908
Impaired loans, excluding acquired loans	1,843			1,843
Reposessed assets	5,214			5,214
Total	\$ 38,965	\$	\$	\$ 38,965

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 statements. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates included herein are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the fair value of assets and liabilities that are not required to be recorded or disclosed at fair value like premises and equipment. In addition, the tax ramifications

related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

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

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

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

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

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

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

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

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

The carrying value of the securities sold under repurchase agreement is its fair value.

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

<i>(dollars in thousands)</i>	Carrying Amount	Fair Value Measurements at September 30, 2015			
		Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	\$ 23,539	\$ 23,539	\$ 23,539	\$	\$
Interest-bearing deposits in banks	5,762	5,762	5,762		
Investment securities available for sale	190,762	190,762		190,762	
Investment securities held to maturity	14,409	14,609		14,609	
Mortgage loans held for sale	7,170	7,170		7,170	
Loans, net	1,198,778	1,208,156			1,208,156
Cash surrender value of BOLI	19,544	19,544	19,544		
Financial Liabilities					
Deposits	\$ 1,221,688	\$ 1,222,429	\$	\$ 1,075,885	\$ 146,544
Short-term FHLB advances	77,009	77,009	77,009		
Long-term FHLB advances	76,435	76,669		27,724	48,945

<i>(dollars in thousands)</i>	Carrying Amount	Fair Value Measurements at December 31, 2014			
		Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	\$ 29,078	\$ 29,078	\$ 29,078	\$	\$
Interest-bearing deposits in banks	5,526	5,526	5,526		
Investment securities available for sale	174,801	174,801		174,801	
Investment securities held to maturity	11,705	11,889		11,889	

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Mortgage loans held for sale	4,517	4,517	4,517	
Loans, net	901,208	908,346		908,346
Cash surrender value of BOLI	19,163	19,163	19,163	
Financial Liabilities				
Deposits	\$ 993,573	\$ 993,994	\$	\$ 924,816 \$ 69,178
Short-term FHLB advances	31,000	31,000	31,000	
Long-term FHLB advances	16,500	16,987		16,987
Securities sold under repurchase agreement	20,371	20,371		20,371

Table of Contents**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The purpose of this discussion and analysis is to focus on significant changes in the financial condition of Home Bancorp, Inc. (the Company) and its wholly owned subsidiary, Home Bank, N. A. (the Bank), from December 31, 2014 through September 30, 2015 and on its results of operations for the three and nine months ended September 30, 2015 and September 30, 2014. This discussion and analysis is intended to highlight and supplement information presented elsewhere in this quarterly report on Form 10-Q, particularly the consolidated financial statements and related notes appearing in Item 1.

Forward-Looking Statements

To the extent that statements in this Form 10-Q relate to future plans, objectives, financial results or performance of the Company or Bank, these statements are deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements, which are based on management's current information, estimates and assumptions and the current economic environment, are generally identified by the use of words such as plan, believe, expect, intend, anticipate, estimate, project or similar expressions, or by future conditional terms such as will, would, should, could, may, likely, probably, or possibly. The Company's actual strategies and results in future periods may differ materially from those currently expected due to various risks and uncertainties. Factors that may cause actual results to differ materially from these forward-looking statements include, but are not limited to, the risk factors described under the heading Risk Factors in the Company's Annual Report on Form 10-K filed with the Securities Exchange Commission (SEC) for the year ended December 31, 2014. 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

The Company's financial condition and income as of September 30, 2015 were impacted by the acquisition of Louisiana Bancorp, Inc. (Louisiana Bancorp), the holding company for Bank of New Orleans (BNO) of Metairie, Louisiana, on September 15, 2015. As a result of the acquisition, the Company acquired assets of \$350.6 million, which included loans of \$280.4 million, and \$291.2 million in deposits and other liabilities. Shareholders of Louisiana Bancorp received \$24.25 per share in cash, resulting in an aggregate transaction consideration of \$70.0 million. The Company incurred \$593,000 in pre-tax merger-related expenses during the third quarter of 2015. See Note 3 to the Unaudited Consolidated Financial Statements for additional information concerning the acquisition.

During the third quarter of 2015, the Company earned \$2.9 million, an increase of \$23,000, or 0.8%, compared to the third quarter of 2014. Diluted earnings per share for the third quarter of 2015 were \$0.41, unchanged compared to the third quarter of 2014. The three and nine months ended September 30, 2015 included \$527,000 and \$759,000, respectively, net of taxes related to the acquisition of Louisiana Bancorp. The nine months ended September 30, 2014 included \$1.5 million of net of taxes related to the acquisition of Britton & Koontz Capital Corporation (Britton & Koontz) in February 2014. Excluding merger-related expenses, net income for the third quarter of 2015 increased 18.9% compared to the third quarter of 2014 (see the Non-GAAP Reconciliation on page 29). Excluding merger-related expenses, diluted earnings per share for the third quarter of 2015 increased 19.5% compared to the third quarter of 2014.

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During the nine months ended September 30, 2015, the Company earned \$8.6 million, an increase of \$1.5 million, or 21.6%, compared to the nine months ended September 30, 2014. Diluted earnings per share for the nine months ended September 30, 2015 were \$1.23, an increase of \$0.21, or 20.6%, compared to the nine months ended September 30, 2014. Excluding merger-related expenses, net income for the nine months ended September 30, 2015 increased 9.1% compared to the nine months ended September 30, 2014. Excluding merger-related expenses, diluted earnings per share for the nine months ended September 30, 2015 increased 8.1% compared to the nine months ended September 30, 2014.

Key components of the Company's performance during the three and nine months ended September 30, 2015 include:

Assets totaled \$1.6 billion as of September 30, 2015, up \$336.5 million, or 27.5%, from December 31, 2014. The increase was primarily the result of the acquisition of Louisiana Bancorp, which had assets of \$350.6 million, on a fair value basis, as of the date of acquisition.

Investment securities totaled \$205.2 million as of September 30, 2015, an increase of \$18.7 million, or 10.0%, from December 31, 2014. The increase was driven by \$36.4 million in securities acquired from Louisiana Bancorp as of the date of acquisition.

Loans as of September 30, 2015 were \$1.2 billion, an increase of \$298.7 million, or 32.9%, from December 31, 2014. The increase in loans was primarily driven by \$280.4 million in loans acquired from Louisiana Bancorp as of the date of acquisition.

Deposits as of September 30, 2015 were \$1.2 billion, an increase of \$228.1 million, or 23.0%, from December 31, 2014. The acquisition of Louisiana Bancorp added \$208.7 million in deposits at acquisition date. Core deposits (i.e., checking, savings, and money market accounts) totaled \$926.4 million as of September 30, 2015, an increase of \$153.6 million, or 19.9%, from December 31, 2014. The increase in core deposits was primarily driven by \$118.1 million in core deposits acquired from Louisiana Bancorp at acquisition date.

Interest income increased \$357,000, or 2.5%, in the third quarter of 2015, compared to the third quarter of 2014. For the nine months ended September 30, 2015, interest income increased \$744,000, or 1.8%, compared to the nine months ended September 30, 2014. Interest income has remained relatively stable primarily because the increase in average loan volume has offset the decrease in the average yield earned on loans.

Interest expense increased \$39,000, or 4.5%, from the third quarter of 2015 compared to the third quarter of 2014. For the nine months ended September 30, 2015, interest expense increased \$81,000, or 3.3%, compared to the nine months ended September 30, 2014. The average cost of interest-bearing liabilities changed slightly while the mix in volume of interest bearing liabilities shifted for the quarter and nine months ended September 30, 2015 compared to the prior comparable period.

The provision for loan losses totaled \$569,000 for the third quarter of 2015, a decrease of \$323,000, or 36.2%, compared to the third quarter of 2014. For the nine months ended September 30, 2015, the provision for loan losses decreased \$447,000, or 24.2%, compared to the nine months ended September 30, 2014. At September 30, 2015, the Company's ratio of allowance for loan losses to total loans was 0.74%, compared to 0.82% at September 30, 2014. Excluding acquired loans, the ratio of the allowance for loan losses to total loans was 1.12% at September 30, 2015, compared to 1.01% at September 30, 2014, respectively. Net loan charge-offs for the first nine months of 2015 were \$229,000 compared to net charge-offs of \$1.3 million during the first nine months of 2014.

Noninterest income for the third quarter of 2015 increased \$37,000, or 1.7%, compared to the third quarter of 2014, due primarily to increased gains on the sale of loans, which was partially offset by decreases in other income. For the nine months ended September 30, 2015, noninterest income increased \$246,000, or 4.1%, compared to the nine months ended September 30, 2014. The increase resulted primarily from increases in bank card fees and gains on the sale of loans, which were partially offset by decreases in other income.

Noninterest expense for the third quarter of 2015 increased \$554,000, or 5.6%, compared to the third quarter of 2014. Noninterest expense for the nine months ended September 30, 2015 decreased 3.6% compared to the nine months ended September 30, 2014. Noninterest expense includes merger-related expenses related to the acquisition of Louisiana Bancorp of \$593,000 and \$848,000 for the three and nine months ended September 30, 2015, respectively, and \$2.3 million for the nine months ended September 30, 2014 due to the Britton & Koontz acquisition. Excluding merger-related expenses, noninterest expense decreased \$35,000, or 0.4%, for the third quarter of 2015 compared to the third quarter of 2014. Excluding merger-related expenses, noninterest expense increased \$316,000, or 1.1%, for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014.

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

Non-GAAP Reconciliation

<i>(dollars in thousands)</i>	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Reported noninterest expense	\$ 10,522	\$ 9,968	\$ 30,470	\$ 31,595
Less: Merger-related expenses	593	4	848	2,290
Non-GAAP noninterest expense	\$ 9,929	\$ 9,964	\$ 29,622	\$ 29,305
Reported net income	\$ 2,899	\$ 2,877	\$ 8,587	\$ 7,063
Add: Merger-related expenses (after tax)	527	4	759	1,505
Non-GAAP net income	\$ 3,426	\$ 2,881	\$ 9,346	\$ 8,567
Diluted EPS	\$ 0.41	\$ 0.41	\$ 1.23	\$ 1.02
Add: Merger-related expenses	0.08		0.11	0.22
Non-GAAP diluted EPS	\$ 0.49	\$ 0.41	\$ 1.34	\$ 1.24
Total shareholders equity	\$ 162,286	\$ 151,118	\$ 162,286	\$ 151,118
Less: Intangible assets	15,911	4,672	15,911	4,672
Non-GAAP tangible book value	\$ 146,375	\$ 146,446	\$ 146,375	\$ 146,446

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

Loans Loans outstanding as of September 30, 2015 were \$1.2 billion, an increase of \$298.7 million, or 32.9%, from December 31, 2014. Growth in the loan portfolio was primarily driven by the acquisition of Louisiana Bancorp, which added \$280.4 million in loans at acquisition date. During the first nine months of 2015, organic loan growth was related primarily to construction and land loans (up \$12.2 million) and commercial and industrial loans (up \$10.5 million).

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

<i>(dollars in thousands)</i>	September 30, 2015	December 31, 2014	Increase/(Decrease)	
			Amount	Percent
Real estate loans:				
One- to four-family first mortgage	\$ 391,547	\$ 233,249	\$ 158,298	67.9%
Home equity loans and lines	94,502	56,000	38,502	68.8
Commercial real estate	410,055	352,863	57,192	16.2
Construction and land	102,781	89,154	13,627	15.3
Multi-family residential	45,792	27,375	18,417	67.3
Total real estate loans	1,044,677	758,641	286,036	37.7
Other loans:				
Commercial and industrial	115,173	104,446	10,727	10.3
Consumer	47,860	45,881	1,979	4.3
Total other loans	163,033	150,327	12,706	8.5
Total loans	\$ 1,207,710	\$ 908,968	\$ 298,742	32.9%

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

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

An impaired loan generally is one for which it is probable, based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Large groups of smaller balance, homogeneous

loans are collectively evaluated for impairment. Loans collectively evaluated for impairment include smaller balance commercial loans, residential real estate loans and consumer loans. These loans are evaluated as a group because they have similar characteristics and performance experience. Larger (i.e., loans with balances of \$100,000 or greater) commercial real estate loans, multi-family residential loans, construction and land loans and commercial and industrial loans are individually evaluated for impairment. Third party property valuations are obtained at the time of origination for real estate secured loans. When a determination is made that a loan has deteriorated to the point of becoming a problem loan, updated valuations may be ordered to help determine if there is impairment, which may lead to a recommendation for partial charge off or appropriate allowance allocation. Property valuations are ordered through, and are reviewed by, an appraisal officer. 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, 2015 and

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December 31, 2014, loans individually evaluated for impairment, excluding acquired loans, amounted to \$970,000 and \$2.0 million, respectively. As of September 30, 2015 and December 31, 2014, substandard loans, excluding acquired loans, amounted to \$8.0 million and \$7.2 million, respectively. The amount of the allowance for loan losses allocated to impaired or substandard loans originated by Home Bank totaled \$119,000 as of September 30, 2015 and \$140,000 as of December 31, 2014. There were no assets classified as doubtful or loss as of September 30, 2015 or December 31, 2014.

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

A bank's determination as to the classification of its assets and the amount of its valuation allowances is subject to review by Federal bank regulators which can order the establishment of additional general or specific loss allowances. The Federal banking agencies have adopted an interagency policy statement on the allowance for loan and lease losses. The policy statement provides guidance for financial institutions on both the responsibilities of management for the assessment and establishment of allowances and guidance for banking agency examiners to use in determining the adequacy of general valuation guidelines. Generally, the policy statement recommends that institutions have effective systems and controls to identify, monitor and address asset quality problems; that management analyzes all significant factors that affect the collectability of the portfolio in a reasonable manner; and that management establishes acceptable allowance evaluation processes that meet the objectives set forth in the policy statement. Our management believes that, based on information currently available, our allowance for loan losses is maintained at a level which covers all known and inherent losses that are both probable and reasonably estimable as of each reporting date. However, actual losses are dependent upon future events and, as such, further additions to the level of allowance for loan losses may become necessary.

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

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

<i>(dollars in thousands)</i>	September 30, 2015			December 31, 2014		
	Originated	Acquired ⁽¹⁾	Total	Originated	Acquired ⁽¹⁾	Total
Nonaccrual loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 666	\$ 3,745	\$ 4,411	\$ 1,429	\$ 5,072	\$ 6,501

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Home equity loans and lines	122	325	447	65	482	547
Commercial real estate	1,701	3,387	5,088	829	5,498	6,327
Construction and land		130	130		5,356	5,356
Multi-family residential		782	782		1,770	1,770
Other loans:						
Commercial and industrial	2,674	1,001	3,675	1,191	1,168	2,359
Consumer	349	125	474	329	92	421
Total nonaccrual loans	5,512	9,495	15,007	3,843	19,438	23,281
Accruing loans 90 days or more past due						
Total nonperforming loans	5,512	9,495	15,007	3,843	19,438	23,281
Foreclosed assets	1,723	4,094	5,817	1,835	3,380	5,215
Total nonperforming assets	7,235	13,589	20,824	5,678	22,818	28,496
Performing troubled debt restructurings	876	498	1,374	214	510	724
Total nonperforming assets and troubled debt restructurings	\$ 8,111	\$ 14,087	\$ 22,198	\$ 5,892	\$ 23,328	\$ 29,220
Nonperforming loans to total loans			1.24%			2.56%
Nonperforming loans to total assets			0.96%			1.91%
Nonperforming assets to total assets			1.34%			2.33%

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- (1) Includes \$5.9 million and \$15.1 million in acquired loans accounted for under ASC 310-30 at September 30, 2015 and December 31, 2014, respectively. Excluding acquired loans and assets, ratios for nonperforming loans to total loans, nonperforming loans to total assets and nonperforming assets to total assets were 0.72%, 0.49% and 0.65%, respectively, at September 30, 2015.

Net loan charge-offs for the third quarter of 2015 were \$103,000, compared to net charge-offs of \$1.2 million for the third quarter of 2014. Net loan charge-offs for the nine months ended September 30, 2015 were \$229,000 compared to \$1.3 million for the nine months ended September 30, 2014.

Allowance for Loan Losses The allowance for loan losses is established through provisions for loan losses. The Company maintains the allowance at a level believed, to the best of management's knowledge, to cover all known and inherent losses in the portfolio that are both probable and reasonable to estimate at each reporting date. Management reviews the allowance for loan losses at least quarterly in order to identify those inherent losses and to assess the overall collection probability for the loan portfolio. The evaluation process includes, among other things, an analysis of delinquency trends, nonperforming loan trends, the level of charge-offs and recoveries, prior loss experience, total loans outstanding, the volume of loan originations, the type, size and geographic concentration of loans, the value of collateral securing loans, the borrower's ability to repay and repayment performance, the number of loans requiring heightened management oversight, economic conditions and industry experience. Based on this evaluation, management assigns risk ratings to segments of the loan portfolio. Such risk ratings are periodically reviewed by management and revised as deemed appropriate. These efforts are supplemented by reviews and validations performed by independent loan reviewers. The results of the reviews are reported to the Audit Committee of the Board of Directors. The establishment of the allowance for loan losses is significantly affected by management judgment. There is likelihood that different amounts would be reported under different conditions or assumptions. Federal regulatory agencies, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require management to make additional provisions for estimated loan losses based upon judgments different from those of management.

With respect to acquired loans, the Company follows the reserve standard set forth in ASC 310, *Receivables*. At acquisition, the Company reviews each loan to determine whether there is evidence of deterioration in credit quality since origination and if it is probable that the Company will be unable to collect all amounts due according to the loan's contractual terms. The Company considers expected prepayments and estimates the amount and timing of undiscounted expected principal, interest and other cash flows for each loan pool meeting the criteria above, and determines the excess of the loan pool's scheduled contractual principal and interest payments in excess of cash flows expected at acquisition as an amount that should not be accreted (nonaccretable difference). The remaining amount, representing the excess of the pool's cash flows expected to be collected over the fair value, is accreted into interest income over the remaining life of the pool (accretable yield). The Company records a discount on these loans at acquisition to record them at their estimated fair values. As a result, acquired loans subject to ASC 310 are excluded from the calculation of the allowance for loan losses as of the acquisition date. See Note 6 to the Unaudited Consolidated Financial Statements for additional information concerning our allowance for acquired loans.

Acquired loans were recorded at their acquisition date fair value, which was based on expected cash flows and included an estimation of expected future loan losses. Under current accounting principles, additional losses after

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the acquisition date are reflected as a provision to the allowance for loan losses. As September 30, 2015 and December 31, 2014, \$128,000 and \$124,000, respectively of our allowance for loan losses was allocated to acquired loans with deteriorated credit quality.

We will continue to monitor and modify our allowance for loan losses as conditions warrant. No assurance can be given that our level of allowance for loan losses will cover all of the inherent losses on our loans or that future adjustments to the allowance for loan losses will not be necessary if economic and other conditions differ substantially from the conditions used by management to determine the current level of the allowance for loan losses.

The following table presents the activity in the allowance for loan losses during the first nine months of 2015.

<i>(dollars in thousands)</i>	Originated	Acquired	Total
Balance, December 31, 2014	\$ 7,342	\$ 418	\$ 7,760
Provision charged to operations	1,280	121	1,401
Loans charged off	(226)	(151)	(377)
Recoveries on charged off loans	148		148
Balance, September 30, 2015	\$ 8,544	\$ 388	\$ 8,932

At September 30, 2015, the Company's ratio of allowance for loan losses to total loans was 0.74%, compared to 0.85% and 0.82% at December 31, 2014 and September 30, 2014, respectively. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.12% at September 30, 2015, compared to 1.04% and 1.01% at December 31, 2014 and September 30, 2014, respectively.

Investment Securities

The Company's investment securities portfolio totaled \$205.2 million as of September 30, 2015, an increase of \$18.7 million, or 10.0%, from December 31, 2014. The increase resulted primarily from securities acquired from Louisiana Bancorp. The Company acquired \$36.4 million at the acquisition date, and subsequently sold \$8.1 million of the acquired investments during the third quarter. As of September 30, 2015, the Company had a net unrealized gain on its available for sale investment securities portfolio of \$2.9 million, compared to \$2.0 million as of December 31, 2014. The investment securities portfolio had a modified duration of 3.5 and 3.8 years at September 30, 2015 and December 31, 2014, respectively.

The following table summarizes activity in the Company's investment securities portfolio during the first nine months of 2015.

<i>(dollars in thousands)</i>	Available for Sale	Held to Maturity
Balance, December 31, 2014	\$ 174,801	\$ 11,705
Purchases	18,713	2,928
Sales	(16,691)	
Principal payments and calls	(22,433)	
	(922)	(224)

Accretion of discounts and amortization of premiums, net			
Acquired from Louisiana Bancorp, at fair value		36,372	
Increase in market value		922	
Balance, September 30, 2015	\$	190,762	\$ 14,409

Funding Sources

Deposits Deposits totaled \$1.2 billion as of September 30, 2015, an increase of \$228.1 million, or 23.0%, compared to December 31, 2014. The acquisition of Louisiana Bancorp added \$208.7 million in deposits. Core

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deposits totaled \$926.4 million as of September 30, 2015, an increase of \$153.6 million, or 19.9%, compared to December 31, 2014. Core deposits acquired from Louisiana Bancorp totaled \$118.1 million at the acquisition date.

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

<i>(dollars in thousands)</i>	September 30,		December 31,		Increase (Decrease)	
	2015	2014	Amount	Percent		
Demand deposit	\$ 279,573	\$ 267,660	\$ 11,913	4.5%		
Savings	109,100	81,145	27,955	34.5		
Money market	286,464	219,456	67,008	30.5		
NOW	251,221	204,536	46,685	22.8		
Certificates of deposit	295,329	220,775	74,554	33.8		
Total deposits	\$ 1,221,687	\$ 993,572	\$ 228,115	23.0%		

Federal Home Loan Bank Advances Short-term FHLB advances increased \$46.0 million, or 148.4% from \$31.0 million as of December 31, 2014 to \$77.0 million as of September 30, 2015. Long-term FHLB advances totaled \$76.4 million as of September 30, 2015, an increase of \$59.9 million, or 363.2% compared December 31, 2014. The increase in FHLB advances was primarily due to two factors: 1) the Company utilized FHLB advances in part to fund the acquisition of Louisiana Bancorp and 2) Louisiana Bancorp had \$76.0 million in advances at acquisition date.

Shareholders Equity Shareholders' equity increased \$8.1 million, or 5.3%, from \$154.1 million as of December 31, 2014 to \$162.3 million as of September 30, 2015.

As of September 30, 2015, the Company had regulatory capital that was well in excess of regulatory requirements. The following table details the Company's actual levels and current regulatory capital requirements as of September 30, 2015.

<i>(dollars in thousands)</i>	Actual		Required for Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tier 1 risk-based capital	\$ 145,497	12.73%	\$ 45,709	4.00%	\$ 68,563	6.00%
Common equity tier 1 capital	145,497	12.73	51,423	4.50	74,277	6.50
Total risk-based capital	154,429	13.51	91,418	8.00	114,272	10.00
Tier 1 leverage capital	145,497	11.47	45,709	4.00	57,136	5.00
Tangible capital	145,497	11.47	17,141	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, 2015, cash and cash equivalents totaled \$23.5 million. At such date, investment securities available for sale totaled \$205.2 million.

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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, 2015, certificates of deposit maturing within the next 12 months totaled \$183.9 million. Based upon historical experience, the Company anticipates that a significant portion of the maturing certificates of deposit will be redeposited with us. For the three months ended September 30, 2015, the average balance of outstanding FHLB advances was \$52.1 million. As of September 30, 2015, the Company had \$153.4 million in total outstanding FHLB advances and had \$336.3 million in additional FHLB advances available.

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

Asset/Liability Management

The objective of asset/liability management is to implement strategies for the funding and deployment of the Company's financial resources that are expected to maximize soundness and profitability over time at acceptable levels of risk. Interest rate sensitivity is the potential impact of changing rate environments on both net interest income and cash flows. The Company measures its interest rate sensitivity over the near term primarily by running net interest income simulations.

Our interest rate sensitivity also is monitored by management through the use of a model which generates estimates of the change in its net interest income over a range of interest rate scenarios. Based on the Company's interest rate risk model, the table below sets forth the results of immediate and sustained changes in interest rates as of September 30, 2015.

Shift in Interest Rates (in bps)	% Change in Projected Net Interest Income
+300	(2.8)%
+200	(1.6)
+100	(0.7)

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.

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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, 2015 and December 31, 2014.

<i>(dollars in thousands)</i>	Contract Amount	
	September 30, 2015	December 31, 2014
Standby letters of credit	\$ 4,413	\$ 5,405
Available portion of lines of credit	129,458	107,242
Undisbursed portion of loans in process	60,976	54,200
Commitments to originate loans	113,131	96,506

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

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

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

RESULTS OF OPERATIONS

During the third quarter of 2015, the Company earned \$2.9 million, an increase of \$23,000, or 0.8%, compared to the third quarter of 2014. The third quarter of 2015 includes \$593,000 of pre-tax merger-related expenses related to the acquisition of Louisiana Bancorp. Excluding merger-related expenses, net income for the third quarter of 2015 increased 18.9% compared to the third quarter of 2014. Diluted earnings per share for the third quarter of 2015 matched the third quarter of 2014. Excluding merger-related expenses, diluted earnings per share for the third quarter of 2015 increased 19.5% compared to the third quarter of 2014.

During the nine months ended September 30, 2015, the Company earned \$8.6 million, an increase of \$1.5 million, or 21.6%, compared to the nine months ended September 30, 2014. The first nine months of 2015 includes \$848,000 of pre-tax merger-related expenses related to the acquisition of Louisiana Bancorp. The first nine months of 2014 includes \$2.3 million of pre-tax merger related expenses related to the acquisition of Britton & Koontz. Excluding merger-related expenses, net income for the nine months ended September 30, 2015 increased 9.1% compared to the nine months ended September 30, 2014. Diluted earnings per share for the nine months ended September 30, 2015 were \$1.23, an increase of \$0.21, or 20.6%, compared to the nine months ended September 30, 2014. Excluding merger-related expenses, diluted earnings per share for the nine months ended September 30, 2015 increased 8.1% compared to the nine months ended September 30, 2014.

Net Interest Income Net interest income is the difference between the interest income earned on interest-earning assets, such as loans and investment securities, and the interest expense paid on interest-bearing liabilities, such as

deposits and borrowings. The Company's net interest income is largely determined by our net interest spread, which is the difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities, and the relative amounts of interest-earning assets and interest-bearing liabilities. The Company's tax-equivalent net interest spread was 4.43% and 4.53% for the three months ended September 30, 2015 and September 30, 2014, respectively, and 4.39% and 4.56% for the nine months ended September 30, 2015 and September 30, 2014, respectively. The Company's tax-equivalent net interest margin, which is net interest income as a percentage of average interest-earning assets, was 4.55% and 4.63% for the three months ended September 30, 2015 and September 30, 2014, respectively, and 4.51% and 4.66% for the nine months ended September 30, 2015 and September 30, 2014, respectively. The decrease in the net interest spread and net interest margin in the 2015 periods related primarily to a decrease in the average yield on loans.

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Net interest income totaled \$13.5 million for the three months ended September 30, 2015, an increase of \$318,000, or 2.4%, compared to the three months ended September 30, 2014. For the nine months ended September 30, 2015, net interest income totaled \$38.8 million, an increase of \$663,000, or 1.7%, compared to the nine months ended September 30, 2014.

Interest income increased \$357,000, or 2.5%, in the third quarter of 2015, compared to the third quarter of 2014. For the nine months ended September 30, 2015, interest income increased \$744,000, or 1.8%, compared to the nine months ended September 30, 2014. Increases in the average balance of loans were partially offset by decreases of 24 basis points and 30 basis points, respectively, in the average yield on loans during the quarter and nine months ended September 30, 2015 from the prior comparable period.

Interest expense increased \$39,000, or 4.5%, from the third quarter of 2015 compared to the third quarter of 2014. For the nine months ended September 30, 2015, interest expense increased \$81,000, or 3.3%, compared to the nine months ended September 30, 2014. The increases primarily were the result of higher levels 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 amount of interest expense on interest-bearing liabilities and the resultant average rate; (iii) net interest income; (iv) net interest spread; and (v) net interest margin. Information is based on average monthly balances during the indicated periods. Taxable equivalent (TE) yields are calculated using a marginal tax rate of 35%.

	Three Months Ended September 30,					
	2015			2014		
	Average		Average	Average		Average
	Balance	Interest	Yield/ Rate (1)	Balance	Interest	Yield/ Rate(1)
<i>(dollars in thousands)</i>						
Interest-earning assets:						
Loans receivable ⁽¹⁾	\$ 969,272	\$ 13,435	5.46%	\$ 904,216	\$ 13,090	5.70%
Investment securities (TE)	192,023	939	2.16	187,201	936	2.20
Other interest-earning assets	18,651	51	1.08	40,094	42	0.41
Total interest-earning assets (TE)	1,179,946	14,425	4.85	1,131,511	14,068	4.93
Noninterest-earning assets	105,356			110,859		
Total assets	\$ 1,285,302			\$ 1,242,370		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	\$ 575,185	\$ 322	0.22%	\$ 505,458	\$ 297	0.23%
Certificates of deposit	224,205	408	0.72	228,446	421	0.73
Total interest-bearing deposits	799,390	730	0.36	733,904	718	0.39
	4,094	2	0.20	20,643	19	0.36

Securities sold under repurchase agreement						
FHLB advances	52,097	162	1.24	92,324	119	0.51
Total interest-bearing liabilities	855,581	894	0.42	846,871	856	0.40
Noninterest-bearing liabilities	268,688			245,412		
Total liabilities	1,124,269			1,092,283		
Shareholders' equity	161,033			150,087		
Total liabilities and shareholders' equity	\$ 1,285,302			\$ 1,242,370		
Net interest-earning assets	\$ 324,365			\$ 284,640		
Net interest spread (TE)		\$ 13,531	4.43%		\$ 13,212	4.53%
Net interest margin (TE)			4.55%			4.63%

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	Nine Months Ended September 30,					
	2015			2014		
	Average		Average	Average		Average
<i>(dollars in thousands)</i>	Balance	Interest	Yield/ Rate (1)	Balance	Interest	Yield/ Rate(1)
Interest-earning assets:						
Loans receivable ⁽¹⁾	\$ 934,752	\$ 38,417	5.44%	\$ 865,283	\$ 37,497	5.74%
Investment securities (TE)	188,012	2,751	2.16	189,650	2,958	2.29
Other interest-earning assets	24,861	150	0.81	37,362	119	0.43
Total interest-earning assets (TE)	1,147,625	41,318	4.80	1,092,295	40,574	4.96
Noninterest-earning assets	105,960			110,048		
Total assets	\$ 1,253,585			\$ 1,202,343		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	\$ 556,545	\$ 930	0.22%	\$ 474,187	\$ 817	0.23%
Certificates of deposit	218,767	1,186	0.72	229,593	1,228	0.72
Total interest-bearing deposits	775,312	2,116	0.36	703,780	2,045	0.39
Securities sold under repurchase agreement	14,839	39	0.35	18,498	54	0.39
FHLB advances	35,554	375	1.41	99,373	350	0.47
Total interest-bearing liabilities	825,705	2,530	0.41	821,651	2,449	0.40
Noninterest-bearing liabilities	269,295			234,618		
Total liabilities	1,095,000			1,056,269		
Shareholders equity	158,585			146,074		
Total liabilities and shareholders equity	\$ 1,253,585			\$ 1,202,343		
Net interest-earning assets	\$ 321,920			\$ 270,644		
Net interest spread (TE)		\$ 38,788	4.39%		\$ 38,125	4.56%
Net interest margin (TE)			4.51%			4.66%

(1) Nonperforming loans are included in the respective average loan balances, net of deferred fees, discounts and loans in process. Acquired loans were recorded at fair value upon acquisition and accrete interest income over the remaining lives of the respective loans.

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

<i>(dollars in thousands)</i>	For the Three Months Ended September 30, 2015 Compared to 2014 Change Attributable To Total Increase			For the Nine Months Ended September 30, 2015 Compared to 2014 Change Attributable To Total Increase		
	Rate	Volume	(Decrease)	Rate	Volume	(Decrease)
Interest income:						
Loans receivable	\$ (354)	\$ 699	\$ 345	\$ (763)	\$ 1,683	\$ 920
Investment securities (TE)	(18)	21	3	(158)	(49)	(207)
Other interest-earning assets	48	(39)	9	64	(33)	31
Total interest income	(324)	681	357	(857)	1,601	744
Interest expense:						
Savings, checking and money market accounts	(12)	37	25	(6)	119	113
Certificates of deposit	(6)	(7)	(13)	(2)	(40)	(42)
Securities sold under repurchase agreement	(5)	(12)	(17)	(6)	(9)	(15)
FHLB advances	(25)	68	43	(58)	83	25
Total interest expense	(48)	86	38	(72)	153	81
Increase (decrease) in net interest income	\$ (276)	\$ 595	\$ 319	\$ (785)	\$ 1,448	\$ 663

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Provision for Loan Losses For the quarter ended September 30, 2015, the Company recorded a provision for loan losses of \$569,000, or 36.2% lower than the \$892,000 recorded for the same period in 2014. For the nine months ended September 30, 2015, the provision for loan losses totaled \$1.4 million, a decrease of \$447,000, or 24.2%, compared to the nine months ended September 30, 2014. Net loan charge-offs amounted to \$103,000 and \$229,000, respectively, during the quarter and nine-months ended September 30, 2015.

As of September 30, 2015, the Company's ratio of allowance for loan losses to total loans was 0.74%, compared to 0.85% and 0.82% at December 31, 2014 and September 30, 2014, respectively. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.12% at September 30, 2015, compared to 1.04% and 1.01% at December 31, 2014 and September 30, 2014, respectively. The ratio of non-performing loans to total assets was 0.96% at September 30, 2015, compared to 1.91% at December 31, 2014.

Noninterest Income Noninterest income was \$2.2 million for the three months ended September 30, 2015, \$37,000, or 1.7%, higher than the \$2.2 million earned for the same period in 2014. Noninterest income was \$6.3 million for the nine months ended September 30, 2015, \$246,000, or 4.1%, higher than the \$6.1 million earned for the same period of 2014.

The increase in noninterest income in the third quarter of 2015 compared to the third quarter of 2014 resulted primarily from increases in gains on the sale of mortgage loans (up \$170,000), bank card fees (up \$44,000) and service fees and charges (up \$20,000), which were partially offset by decreases in other income (down \$207,000 due primarily to a net loss incurred on the sale of a fixed asset).

The increase in noninterest income for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 resulted primarily from increases in bank card fees (up \$222,000), gains on the sale of mortgage loans (up \$210,000) and service fees and charges (up \$93,000), which were partially offset by decreases in other income (down \$319,000) due primarily to a net loss incurred on the sale of a fixed asset).

Noninterest Expense Noninterest expense was \$10.5 million for the three months ended September 30, 2015, \$554,000, or 5.6%, higher than the \$10.0 million recorded for the same period in 2014. Noninterest expense was \$30.5 million for the nine months ended September 30, 2015, \$1.1 million, or 3.6% lower than the \$31.6 million for the same period of 2014. Noninterest expense includes merger-related expenses due to the acquisition of Louisiana Bancorp of \$593,000 and \$848,000 for the three and nine months ended September 30, 2015, respectively, and \$2.3 million for the nine months ended September 30, 2014 due to the Britton & Koontz acquisition. Excluding merger-related expenses, noninterest expense decreased \$35,000, or 0.4%, for the three months ended September 30, 2015 compared to the three months ended September 30, 2014. Excluding merger-related expenses, noninterest expense increased \$316,000, or 1.1%, for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014.

Income Taxes For the quarters ended September 30, 2015 and September 30, 2014, the Company incurred income tax expense of \$1.7 million and \$1.6 million, respectively. The Company's effective tax rate was 37.5% and 36.3% during the third quarters of 2015 and 2014, respectively. For the nine months ended September 30, 2015 and September 30, 2014, the Company incurred income tax expense of \$4.6 million and \$3.7 million, respectively. The Company's effective tax rate amounted to 35.1% and 34.3% during the nine months ended September 30, 2015 and September 30, 2014, respectively. Differences between the effective tax rate and the statutory tax rate primarily relate to variances in items that are non-taxable or non-deductible (e.g., state tax, tax-exempt income, merger-related expenses, etc.).

Table of Contents**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, 2014, 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, 2015 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 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings.**

Not applicable.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for December 31, 2014 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 30, 2015	474	\$ 24.46	474	37,922
August 1 - August 31, 2015	10,700	24.77	10,700	27,222

September 1 2015	September 30,	124	24.80	124	27,098
Total		11,298	\$ 24.76	11,298	27,098

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

Item 3. Defaults Upon Senior Securities.

None.

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Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Financial Statement Schedules.

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

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SIGNATURES

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

HOME BANCORP, INC.

November 9, 2015

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

November 9, 2015

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