

HOME BANCORP, INC.
Form 10-Q
November 08, 2016
Table of Contents

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, 2016

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

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 3, 2016, the registrant had 7,322,320 shares of common stock, \$0.01 par value, outstanding.

Table of Contents

HOME BANCORP, INC. and SUBSIDIARY

TABLE OF CONTENTS

	Page
PART I	
Item 1. Financial Statements (unaudited)	
<u>Consolidated Statements of Financial Condition</u>	1
<u>Consolidated Statements of Income</u>	2
<u>Consolidated Statements of Comprehensive Income</u>	3
<u>Consolidated Statements of Changes in Shareholders' Equity</u>	4
<u>Consolidated Statements of Cash Flows</u>	5
<u>Notes to Unaudited Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	40
Item 4. <u>Controls and Procedures</u>	40
PART II	
Item 1. <u>Legal Proceedings</u>	40
Item 1A. <u>Risk Factors</u>	41
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
Item 3. <u>Defaults Upon Senior Securities</u>	41
Item 4. <u>Mine Safety Disclosures</u>	41
Item 5. <u>Other Information</u>	41
Item 6. <u>Exhibits</u>	41
<u>SIGNATURES</u>	42

Table of Contents**HOME BANCORP, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	(Unaudited) September 30, 2016	(Audited) December 31, 2015
Assets		
Cash and cash equivalents	\$ 23,953,080	\$ 24,797,599
Interest-bearing deposits in banks	2,129,000	5,143,585
Investment securities available for sale, at fair value	170,992,673	176,762,200
Investment securities held to maturity (fair values of \$13,736,492 and \$14,120,842, respectively)	13,448,484	13,926,861
Mortgage loans held for sale	10,643,389	5,651,250
Loans, net of unearned income	1,233,369,734	1,224,365,916
Allowance for loan losses	(12,193,181)	(9,547,487)
Total loans, net of unearned income and allowance for loan losses	1,221,176,553	1,214,818,429
Office properties and equipment, net	39,359,536	40,815,744
Cash surrender value of bank-owned life insurance	20,028,198	19,666,900
Accrued interest receivable and other assets	47,810,976	50,329,032
Total Assets	\$ 1,549,541,889	\$ 1,551,911,600
Liabilities		
Deposits:		
Noninterest-bearing	\$ 289,835,449	\$ 296,616,693
Interest-bearing	930,994,779	947,599,823
Total deposits	1,220,830,228	1,244,216,516
Short-term Federal Home Loan Bank (FHLB) advances	59,200,000	39,939,375
Long-term Federal Home Loan Bank (FHLB) advances	79,629,490	85,213,222
Accrued interest payable and other liabilities	12,520,553	17,496,133
Total Liabilities	1,372,180,271	1,386,865,246
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; 7,321,837 and 7,239,821 shares issued and outstanding, respectively	73,219	72,399
Additional paid-in capital	78,853,758	76,948,914
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(4,284,860)	(4,552,670)
Recognition and Retention Plan (RRP)	(141,741)	(158,590)
Retained earnings	101,257,222	91,864,543

Accumulated other comprehensive income	1,604,020	871,758
Total Shareholders Equity	177,361,618	165,046,354
Total Liabilities and Shareholders Equity	\$ 1,549,541,889	\$ 1,551,911,600

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest Income				
Loans, including fees	\$ 15,889,132	\$ 13,435,467	\$ 47,760,159	\$ 38,417,015
Investment securities:				
Taxable interest	722,238	757,385	2,295,632	2,214,227
Tax-exempt interest	166,968	181,705	510,493	537,098
Other investments and deposits	68,860	50,613	195,449	149,684
Total interest income	16,847,198	14,425,170	50,761,733	41,318,024
Interest Expense				
Deposits	912,756	730,045	2,763,761	2,115,681
Securities sold under repurchase agreement		2,062		39,126
Short-term FHLB advances	53,829	9,761	143,412	15,894
Long-term FHLB advances	341,693	152,461	1,040,522	359,521
Total interest expense	1,308,278	894,329	3,947,695	2,530,222
Net interest income	15,538,920	13,530,841	46,814,038	38,787,802
Provision for loan losses	800,000	568,665	2,700,000	1,401,290
Net interest income after provision for loan losses	14,738,920	12,962,176	44,114,038	37,386,512
Noninterest Income				
Service fees and charges	1,045,591	1,027,938	3,083,858	2,874,602
Bank card fees	658,799	619,799	1,936,305	1,823,071
Gain on sale of loans, net	418,276	478,380	1,205,815	1,119,392
Income from bank-owned life insurance	120,618	123,943	361,297	380,410
Gain (loss) on sale of properties and equipment, net		(358,653)	640,580	(492,268)
Gain on sale of investment securities, net		3,053		3,053
Other income	271,391	302,671	1,301,616	606,378
Total noninterest income	2,514,675	2,197,131	8,529,471	6,314,638
Noninterest Expense				
Compensation and benefits	6,723,365	6,267,791	20,845,310	18,091,203
Occupancy	1,307,336	1,218,193	3,939,275	3,556,403
Marketing and advertising	193,483	129,197	649,498	352,179

Edgar Filing: HOME BANCORP, INC. - Form 10-Q

Data processing and communication	1,133,136	974,099	3,824,169	2,832,571
Professional services	244,278	648,278	797,829	1,361,688
Forms, printing and supplies	137,336	130,395	487,794	408,233
Franchise and shares tax	219,773	155,872	659,318	450,415
Regulatory fees	319,482	273,754	971,197	851,163
Foreclosed assets, net	(472,275)	(17,817)	(46,472)	477,753
Other expenses	836,706	742,347	2,711,401	2,087,916
Total noninterest expense	10,642,620	10,522,109	34,839,319	30,469,524
Income before income tax expense	6,610,975	4,637,198	17,804,190	13,231,626
Income tax expense	2,250,866	1,737,789	6,077,908	4,644,617
Net Income	\$ 4,360,109	\$ 2,899,409	\$ 11,726,282	\$ 8,587,009
Earnings per share:				
Basic	\$ 0.63	\$ 0.43	\$ 1.72	\$ 1.28
Diluted	\$ 0.61	\$ 0.41	\$ 1.65	\$ 1.23
Cash dividends declared per common share	\$ 0.12	\$ 0.08	\$ 0.32	\$ 0.23

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

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Net Income	\$ 4,360,109	\$ 2,899,409	\$ 11,726,282	\$ 8,587,009
Other Comprehensive Income				
Unrealized gain (loss) on investment securities	\$ (626,747)	\$ 1,209,078	\$ 1,126,558	\$ 923,145
Reclassification adjustment for gains included in net income		(3,053)		(3,053)
Tax effect	219,361	(422,109)	(394,296)	(322,032)
Other comprehensive income, net of taxes	\$ (407,386)	\$ 783,916	\$ 732,262	\$ 598,060
Comprehensive Income	\$ 3,952,723	\$ 3,683,325	\$ 12,458,544	\$ 9,185,069

- (1) The tax effect for the three and nine months ended September 30, 2016 on the change in unrealized gains (losses) on investment securities was \$(219,361) and \$394,296, respectively, compared to \$423,178 and \$323,101, respectively, for the three and nine months ended September 30, 2015. 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.

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, 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 shares at cost, 11,298 shares			(3,188,770)					(3,188,770)
Reclassification of treasury stock per Louisiana law	(20,302)	(20,282,138)	31,761,661			(11,459,221)		
Cash dividends declared, \$0.23 per share						(1,583,379)		(1,583,379)
Exercise of stock options	2,466	2,843,499						2,845,965
Restricted stock vesting ESOP shares released for allocation		(16,042)			22,490			6,448
Share-based compensation cost		459,391		267,810				727,201
		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
Balance, December 31, 2015⁽¹⁾	\$ 72,399	\$ 76,948,914	\$	\$ (4,552,670)	\$ (158,590)	\$ 91,864,543	\$ 871,758	\$ 165,046,354

Net income						11,726,282		11,726,282
Other comprehensive income							732,262	732,262
Purchase of Company's common shares at cost, 12,091 shares	(126)	(125,944)				(223,814)		(349,884)
Cash dividends declared, \$0.32 per share						(2,109,789)		(2,109,789)
Exercise of stock options	902	1,175,117						1,176,019
ESOP shares released for allocation		591,341	267,810					859,151
Restricted stock vesting	44	(3,083)		16,849				13,810
Share-based compensation cost		267,413						267,413
Balance, September 30, 2016	\$ 73,219	\$ 78,853,758	\$ (4,284,860)	\$ (141,741)	\$ 101,257,222	\$ 1,604,020	\$ 177,361,618	

(1) Balances as of December 31, 2014 and December 31, 2015 are audited.

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

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

	For the Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities, net of effect of acquisition:		
Net income	\$ 11,726,282	\$ 8,587,009
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	2,700,000	1,401,290
Depreciation	1,334,181	1,331,635
Amortization of purchase accounting valuations and intangibles	2,409,426	3,273,960
Net amortization of mortgage servicing asset	190,558	101,231
Federal Home Loan Bank stock dividends	(63,200)	(7,300)
Net amortization of premium on investments	1,185,643	1,146,875
Gain on sale of investment securities, net		(3,053)
Gain on loans sold, net	(1,205,815)	(1,119,392)
Proceeds, including principal payments, from loans held for sale	119,140,089	106,889,999
Originations of loans held for sale	(122,926,413)	(108,424,058)
Non-cash compensation	994,511	726,982
Deferred income tax provision (benefit)	809,823	(175,272)
(Increase) decrease in interest receivable and other assets	(1,211,900)	7,592,246
Increase in cash surrender value of bank-owned life insurance	(361,298)	(380,410)
(Decrease) increase in accrued interest payable and other liabilities	(4,893,141)	8,197,772
Net cash provided by operating activities	9,828,746	29,139,514
Cash flows from investing activities, net of effect of acquisition:		
Purchases of securities available for sale	(21,751,932)	(18,713,313)
Purchases of securities held to maturity		(2,927,988)
Proceeds from maturities, prepayments and calls on securities available for sale	27,705,751	22,432,941
Proceeds from maturities, prepayments and calls on securities held to maturity	235,000	
Proceeds from sales of securities available for sale		16,694,015
Net change in loans	(10,845,158)	(24,444,345)
Reimbursement from FDIC for covered assets	51,128	403,866
Decrease in interest bearing deposits in other banks	3,014,585	245,000
Proceeds from sale of repossessed assets	883,798	2,135,948
Purchases of office properties and equipment	(3,399,917)	(578,097)
Proceeds from sale of properties and equipment	4,335,095	1,309,339
Net cash disbursed in business combination		(56,404,340)
Purchases of Federal Home Loan Bank stock		(4,751,000)
Proceeds from redemption of Federal Home Loan Bank stock		2,444,900

Net cash provided by (used in) investing activities	228,350	(62,153,074)
Cash flows from financing activities, net of effect of acquisition:		
(Decrease) increase in deposits	(23,308,435)	19,400,716
Borrowings on Federal Home Loan Bank advances	2,496,429,496	2,060,550,000
Repayments of Federal Home Loan Bank advances	(2,482,629,802)	(2,030,550,000)
Decrease in securities sold under repurchase agreements		(20,000,000)
Purchase of Company's common stock	(349,884)	(3,188,770)
Proceeds from exercise of stock options	1,066,800	2,845,965
Payment of dividends on common stock	(2,109,790)	(1,583,379)
Net cash (used in) provided by financing activities	(10,901,615)	27,474,532
Net change in cash and cash equivalents	(844,519)	(5,539,028)
Cash and cash equivalents at beginning of year	24,797,599	29,077,907
Cash and cash equivalents at end of period	\$ 23,953,080	\$ 23,538,879

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

Table of Contents

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, 2016 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, 2015.

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

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

2. Recent Accounting Pronouncements

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

In February 2016, the FASB issued ASU 2016-02, Conforming Amendments Related to Leases. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of condition and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual and interim periods beginning after December 15, 2018. The adoption of this ASU is not expected to have a material effect on our Consolidated Financial Statements.

Table of Contents

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. The ASU amends the codification to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification in the statement of cash flows. This ASU is effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on our Consolidated Financial Statements.

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

3. Investment Securities

Summary information regarding the Company's investment securities classified as available for sale and held to maturity as of September 30, 2016 and December 31, 2015 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, 2016					
Available for sale:					
U.S. agency mortgage-backed	\$ 132,206	\$ 1,925	\$ 81	\$ 113	\$ 133,937
Non-U.S. agency mortgage-backed	5,370	41	1	47	5,363
Municipal bonds	21,292	555	1		21,846

Edgar Filing: HOME BANCORP, INC. - Form 10-Q

U.S. government agency	9,657	190			9,847
Total available for sale	\$ 168,525	\$ 2,711	\$ 83	\$ 160	\$ 170,993
Held to maturity:					
Municipal bonds	\$ 13,448	\$ 288	\$	\$	\$ 13,736

Table of Contents

<i>(dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less Than 1 Year		Over 1 Year	Fair Value
December 31, 2015						
Available for sale:						
U.S. agency mortgage-backed	\$ 134,748	\$ 1,464	\$ 287	\$ 447		\$ 135,478
Non-U.S. agency mortgage-backed	6,055	51		41		6,065
Municipal bonds	22,453	490	10			22,933
U.S. government agency	12,166	145	25			12,286
Total available for sale	\$ 175,422	\$ 2,150	\$ 322	\$ 488		\$ 176,762
Held to maturity:						
Municipal bonds	\$ 13,927	\$ 239	\$ 45			\$ 14,121

The estimated fair value and amortized cost by contractual maturity of the Company's investment securities as of September 30, 2016 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
Fair Value					
Securities available for sale:					
U.S. agency mortgage-backed	\$ 65	\$ 4,778	\$ 35,022	\$ 94,072	\$ 133,937
Non-U.S. agency mortgage-backed				5,363	5,363
Municipal bonds	1,890	10,203	8,931	822	21,846
U.S. government agency		6,105		3,742	9,847
Total available for sale	\$ 1,955	\$ 21,086	\$ 43,953	\$ 103,999	\$ 170,993
Securities held to maturity:					
Municipal bonds	\$	\$ 2,774	\$ 8,182	\$ 2,780	\$ 13,736
Total investment securities	\$ 1,955	\$ 23,860	\$ 52,135	\$ 106,779	\$ 184,729

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

Amortized Cost

Securities available for sale:

U.S. agency mortgage-backed	\$ 63	\$ 4,722	\$ 34,551	\$ 92,870	\$ 132,206
Non-U.S. agency mortgage-backed				5,370	5,370
Municipal bonds	1,885	9,960	8,686	761	21,292
U.S. government agency		5,991		3,666	9,657
Total available for sale	\$ 1,948	\$ 20,673	\$ 43,237	\$ 102,667	\$ 168,525

Securities held to maturity:

Municipal bonds	\$	\$ 2,745	\$ 7,946	\$ 2,757	\$ 13,448
Total investment securities	\$ 1,948	\$ 23,418	\$ 51,183	\$ 105,424	\$ 181,973

Table of Contents

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, 2016, 26 of the Company's debt securities had unrealized losses totaling 0.7% of the individual securities' amortized cost basis and 0.1% of the Company's total amortized cost basis of the investment securities portfolio. At such date, 10 of the 26 securities had been in a continuous loss position for over 12 months. The 10 securities had an aggregate amortized cost basis of \$24.3 million and unrealized loss of \$83,000 at September 30, 2016. Management has the intent and ability to hold these debt securities until maturity, or until anticipated recovery; hence, no declines in these 10 securities were deemed to be other-than-temporary at September 30, 2016.

As of September 30, 2016 and December 31, 2015, the Company had \$89,360,000 and \$94,661,000, respectively, of securities pledged to secure public deposits.

4. Earnings Per Share

Earnings per common share were computed based on the following:

	Three Months Ended		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
<i>(in thousands, except per share data)</i>				
Numerator:				
Net income available to common shareholders	\$ 4,360	\$ 2,899	\$ 11,726	\$ 8,587
Denominator:				
Weighted average common shares outstanding	6,872	6,743	6,824	6,690
Effect of dilutive securities:				
Restricted stock	4	5	4	4
Stock options	248	275	260	292
Weighted average common shares outstanding assuming dilution	7,124	7,023	7,088	6,986
Basic earnings per common share	\$ 0.63	\$ 0.43	\$ 1.72	\$ 1.28
Diluted earnings per common share	\$ 0.61	\$ 0.41	\$ 1.65	\$ 1.23

Options on 91,372 and 52,258 shares of common stock were not included in the computation of diluted earnings per share for the three months ended September 30, 2016 and September 30, 2015, respectively, because the effect of these shares was anti-dilutive. Options on 64,549 and 39,177 shares of common stock were not included in the computation of diluted earnings per share for the nine months ended September 30, 2016 and September 30, 2015, respectively, because the effect of these shares was anti-dilutive.

5. Credit Quality and Allowance for Loan Losses

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

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, and the acquisitions of GS Financial Corp. (GSFC), the former holding company of Guaranty Savings Bank of Metairie, Louisiana, on July 15, 2011, Britton & Koontz Capital Corporation (Britton & Koontz), the former holding company of Britton & Koontz Bank, N.A. (Britton & Koontz Bank) of Natchez, Mississippi on February 14, 2014, and Louisiana Bancorp, Inc. (Louisiana Bancorp), the former holding company of Bank of New Orleans (BNO) of Metairie, Louisiana on September 15, 2015 are referred to as Acquired Loans.

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

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.

Table of Contents

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, 2016			
	Originated Loans		Acquired Loans	Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment		
Allowance for loan losses:				
One- to four-family first mortgage	\$ 1,375	\$ 29	\$ 100	\$ 1,504
Home equity loans and lines	662		74	736
Commercial real estate	3,972	64		4,036
Construction and land	1,671		74	1,745
Multi-family residential	342			342
Commercial and industrial	2,628	547	123	3,298
Consumer	532			532
Total allowance for loan losses	\$ 11,182	\$ 640	\$ 371	\$ 12,193

<i>(dollars in thousands)</i>	As of September 30, 2016			
	Originated Loans		Acquired Loans ⁽¹⁾	Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment		
Recorded investment in loans:				
One- to four-family first mortgage	\$ 176,137	\$ 75	\$ 176,881	\$ 353,093
Home equity loans and lines	48,364		44,944	93,308
Commercial real estate	311,551	619	110,265	422,435
Construction and land	132,976		2,286	135,262
Multi-family residential	25,776		21,000	46,776
Commercial and industrial	127,060	3,554	8,247	138,861
Consumer	42,041		1,594	43,635
Total loans	\$ 863,905	\$ 4,248	\$ 365,217	\$ 1,233,370

<i>(dollars in thousands)</i>	As of December 31, 2015			
	Originated Loans		Acquired Loans	Total
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment		
Allowance for loan losses:				
One- to four-family first mortgage	\$ 1,338	\$ 34	\$ 92	\$ 1,464
Home equity loans and lines	536		224	760

Edgar Filing: HOME BANCORP, INC. - Form 10-Q

Commercial real estate	3,066	86		3,152
Construction and land	1,360		57	1,417
Multi-family residential	173			173
Commercial and industrial	1,977	33		2,010
Consumer	571			571
Total allowance for loan losses	\$ 9,021	\$ 153	\$ 373	\$ 9,547

Table of Contents

As of December 31, 2015				
Originated Loans				
<i>(dollars in thousands)</i>	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Acquired Loans⁽¹⁾	Total
Recorded investment in loans:				
One- to four-family first mortgage	\$ 165,774	\$ 78	\$ 205,386	\$ 371,238
Home equity loans and lines	40,251		53,809	94,060
Commercial real estate	285,856	181	119,342	405,379
Construction and land	129,035		7,768	136,803
Multi-family residential	14,962		28,901	43,863
Commercial and industrial	115,360	707	9,041	125,108
Consumer	45,641		2,274	47,915
Total loans	\$ 796,879	\$ 966	\$ 426,521	\$ 1,224,366

⁽¹⁾ \$15.9 million and \$20.0 million in acquired loans were deemed to be acquired impaired loans and were accounted for under ASC 310-30 at September 30, 2016 and December 31, 2015, respectively.

A summary of activity in the allowance for loan losses during the nine months ended September 30, 2016 and September 30, 2015 follows.

For the Nine Months Ended September 30, 2016					
<i>(dollars in thousands)</i>	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 1,372	\$	\$	\$ 32	\$ 1,404
Home equity loans and lines	536	(9)	2	133	662
Commercial real estate	3,152		1	883	4,036
Construction and land	1,360		51	260	1,671
Multi-family residential	173			169	342
Commercial and industrial	2,010	(128)	43	1,250	3,175
Consumer	571	(112)	4	69	532
Total allowance for loan losses	\$ 9,174	\$ (249)	\$ 101	\$ 2,796	\$ 11,822
Acquired loans:					
Allowance for loan losses:					
One- to four-family first mortgage	\$ 92	\$	\$	\$ 8	\$ 100
Home equity loans and lines	224			(150)	74
Commercial real estate					
Construction and land	57			17	74
Multi-family residential					
Commercial and industrial			94	29	123

Consumer

Total allowance for loan losses	\$ 373	\$	\$ 94	\$ (96)	\$ 371
---------------------------------	--------	----	-------	---------	--------

Total loans:

Allowance for loan losses:

One- to four-family first mortgage	\$ 1,464	\$	\$	\$ 40	\$ 1,504
Home equity loans and lines	760	(9)	2	(17)	736
Commercial real estate	3,152		1	883	4,036
Construction and land	1,417		51	277	1,745
Multi-family residential	173			169	342
Commercial and industrial	2,010	(128)	137	1,279	3,298
Consumer	571	(112)	4	69	532

Total allowance for loan losses	\$ 9,547	\$ (249)	\$ 195	\$ 2,700	\$ 12,193
---------------------------------	----------	----------	--------	----------	-----------

Table of Contents

	For the Nine Months Ended September 30, 2015				
<i>(dollars in thousands)</i>	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
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

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

	September 30, 2016				
<i>(dollars in thousands)</i>	Pass	Special Mention	Substandard	Doubtful	Total
Originated loans:					
One- to four-family first mortgage	\$ 174,806	\$ 291	\$ 1,115	\$	\$ 176,212

Edgar Filing: HOME BANCORP, INC. - Form 10-Q

Home equity loans and lines	47,016	407	941	48,364
Commercial real estate	299,625	951	11,594	312,170
Construction and land	132,318		658	132,976
Multi-family residential	25,776			25,776
Commercial and industrial	114,783	5,346	10,485	130,614
Consumer	41,503	105	433	42,041
Total originated loans	\$ 835,827	\$ 7,100	\$ 25,226	\$ 868,153

Table of Contents

September 30, 2016					
<i>(dollars in thousands)</i>	Pass	Special Mention	Substandard	Doubtful	Total
Acquired loans:					
One- to four-family first mortgage	\$ 173,657	\$ 265	\$ 2,959	\$	\$ 176,881
Home equity loans and lines	44,762	49	133		44,944
Commercial real estate	104,399	4,191	1,675		110,265
Construction and land	1,620	103	563		2,286
Multi-family residential	20,082	5	913		21,000
Commercial and industrial	4,844		3,403		8,247
Consumer	1,541	31	22		1,594
Total acquired loans	\$ 350,905	\$ 4,644	\$ 9,668	\$	\$ 365,217
Total:					
One- to four-family first mortgage	\$ 348,463	\$ 556	\$ 4,074	\$	\$ 353,093
Home equity loans and lines	91,778	456	1,074		93,308
Commercial real estate	404,024	5,142	13,269		422,435
Construction and land	133,938	103	1,221		135,262
Multi-family residential	45,858	5	913		46,776
Commercial and industrial	119,627	5,346	13,888		138,861
Consumer	43,044	136	455		43,635
Total loans	\$ 1,186,732	\$ 11,744	\$ 34,894	\$	\$ 1,233,370
December 31, 2015					
<i>(dollars in thousands)</i>	Pass	Special Mention	Substandard	Doubtful	Total
Originated loans:					
One- to four-family first mortgage	\$ 163,835	\$ 439	\$ 1,578	\$	\$ 165,852
Home equity loans and lines	39,736	394	121		40,251
Commercial real estate	282,963	988	2,086		286,037
Construction and land	127,929		1,106		129,035
Multi-family residential	14,962				14,962
Commercial and industrial	113,108	585	2,374		116,067
Consumer	45,133	38	470		45,641
Total originated loans	\$ 787,666	\$ 2,444	\$ 7,735	\$	\$ 797,845
Acquired loans:					
One- to four-family first mortgage	\$ 200,966	\$ 791	\$ 3,629	\$	\$ 205,386
Home equity loans and lines	53,352	20	437		53,809
Commercial real estate	112,802	4,085	2,455		119,342
Construction and land	4,573	1,819	1,376		7,768
Multi-family residential	27,931	12	958		28,901
Commercial and industrial	7,071	1,191	779		9,041
Consumer	2,160	51	63		2,274

Total acquired loans	\$ 408,855	\$ 7,969	\$ 9,697	\$ 426,521
Total:				
One- to four-family first mortgage	\$ 364,801	\$ 1,230	\$ 5,207	\$ 371,238
Home equity loans and lines	93,088	414	558	94,060
Commercial real estate	395,765	5,073	4,541	405,379
Construction and land	132,502	1,819	2,482	136,803
Multi-family residential	42,893	12	958	43,863
Commercial and industrial	120,179	1,776	3,153	125,108
Consumer	47,293	89	533	47,915
Total loans	\$ 1,196,521	\$ 10,413	\$ 17,432	\$ 1,224,366

Table of Contents

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, 2016					
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
<i>(dollars in thousands)</i>						
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 1,813	\$ 30	\$ 226	\$ 2,069	\$ 174,143	\$ 176,212
Home equity loans and lines	247		1	248	48,116	48,364
Commercial real estate			282	282	311,888	312,170
Construction and land	796	108	87	991	131,985	132,976
Multi-family residential					25,776	25,776
Total real estate loans	2,856	138	596	3,590	691,908	695,498
Other loans:						
Commercial and industrial	131	33	1,367	1,531	129,083	130,614
Consumer	668	137	253	1,058	40,983	42,041
Total other loans	799	170	1,620	2,589	170,066	172,655

Edgar Filing: HOME BANCORP, INC. - Form 10-Q

Total originated loans	\$ 3,655	\$ 308	\$ 2,216	\$ 6,179	\$ 861,974	\$ 868,153
Acquired loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 3,573	\$ 661	\$ 1,753	\$ 5,987	\$ 170,894	\$ 176,881
Home equity loans and lines	95	55	103	253	44,691	44,944
Commercial real estate	7		1,403	1,410	108,855	110,265
Construction and land	18	29		47	2,239	2,286
Multi-family residential					21,000	21,000
Total real estate loans	3,693	745	3,259	7,697	347,679	355,376
Other loans:						
Commercial and industrial	105			105	8,142	8,247
Consumer	3	7	11	21	1,573	1,594
Total other loans	108	7	11	126	9,715	9,841
Total acquired loans	\$ 3,801	\$ 752	\$ 3,270	\$ 7,823	\$ 357,394	\$ 365,217

Table of Contents

<i>(dollars in thousands)</i>	September 30, 2016					
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
Total loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 5,386	\$ 691	\$ 1,979	\$ 8,056	\$ 345,037	\$ 353,093
Home equity loans and lines	342	55	104	501	92,807	93,308
Commercial real estate	7		1,685	1,692	420,743	422,435
Construction and land	814	137	87	1,038	134,224	135,262
Multi-family residential					46,776	46,776
Total real estate loans	6,549	883	3,855	11,287	1,039,587	1,050,874
Other loans:						
Commercial and industrial	236	33	1,367	1,636	137,225	138,861
Consumer	671	144	264	1,079	42,556	43,635
Total other loans	907	177	1,631	2,715	179,781	182,496
Total loans	\$ 7,456	\$ 1,060	\$ 5,486	\$ 14,002	\$ 1,219,368	\$ 1,233,370

<i>(dollars in thousands)</i>	December 31, 2015					
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 2,174	\$ 435	\$ 890	\$ 3,499	\$ 162,353	\$ 165,852
Home equity loans and lines	87		121	208	40,043	40,251
Commercial real estate	438		602	1,040	284,997	286,037
Construction and land	117		87	204	128,831	129,035
Multi-family residential					14,962	14,962
Total real estate loans	2,816	435	1,700	4,951	631,186	636,137
Other loans:						
Commercial and industrial	411	15	707	1,133	114,934	116,067
Consumer	533	277	358	1,168	44,473	45,641
Total other loans	944	292	1,065	2,301	159,407	161,708
Total originated loans	\$ 3,760	\$ 727	\$ 2,765	\$ 7,252	\$ 790,593	\$ 797,845

Acquired loans:

Real estate loans:

One- to four-family first mortgage	\$ 1,976	\$ 885	\$ 2,582	\$ 5,443	\$ 199,943	\$ 205,386
Home equity loans and lines	327	40	317	684	53,125	53,809
Commercial real estate	140	6	1,441	1,587	117,755	119,342
Construction and land	592	7	48	647	7,121	7,768
Multi-family residential		14	12	26	28,875	28,901
Total real estate loans	3,035	952	4,400	8,387	406,819	415,206

Other loans:

Commercial and industrial	14	7	429	450	8,591	9,041
Consumer	64	4	48	116	2,158	2,274
Total other loans	78	11	477	566	10,749	11,315
Total acquired loans	\$ 3,113	\$ 963	\$ 4,877	\$ 8,953	\$ 417,568	\$ 426,521

Table of Contents

<i>(dollars in thousands)</i>	December 31, 2015					
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
Total loans:						
Real estate loans:						
One- to four-family first mortgage	\$ 4,150	\$ 1,320	\$ 3,472	\$ 8,942	\$ 362,296	\$ 371,238
Home equity loans and lines	414	40	438	892	93,168	94,060
Commercial real estate	578	6	2,043	2,627	402,752	405,379
Construction and land	709	7	135	851	135,952	136,803
Multi-family residential		14	12	26	43,837	43,863
Total real estate loans	5,851	1,387	6,100	13,338	1,038,005	1,051,343
Other loans:						
Commercial and industrial	425	22	1,136	1,583	123,525	125,108
Consumer	597	281	406	1,284	46,631	47,915
Total other loans	1,022	303	1,542	2,867	170,156	173,023
Total loans	\$ 6,873	\$ 1,690	\$ 7,642	\$ 16,205	\$ 1,208,161	\$ 1,224,366

Excluding Acquired Loans with deteriorated credit quality, as of September 30, 2016 and December 31, 2015, 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.

<i>(dollars in thousands)</i>	As of Period Ended September 30, 2016				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	\$	\$	\$	\$	\$
Home equity loans and lines					
Commercial real estate					
Construction and land					
Multi-family residential					
Commercial and industrial					
Consumer					
Total	\$	\$	\$	\$	\$
With an allowance recorded:					
One- to four-family first mortgage	\$ 75	\$ 81	\$ 28	\$ 79	\$ 4

Edgar Filing: HOME BANCORP, INC. - Form 10-Q

Home equity loans and lines					
Commercial real estate	619	650	64	375	17
Construction and land					
Multi-family residential					
Commercial and industrial	3,554	3,593	547	1,290	149
Consumer					
Total	\$ 4,248	\$ 4,324	\$ 639	\$ 1,744	\$ 170
Total impaired Originated Loans:					
One- to four-family first mortgage	\$ 75	\$ 81	\$ 28	\$ 79	\$ 4
Home equity loans and lines					
Commercial real estate	619	650	64	375	17
Construction and land					
Multi-family residential					
Commercial and industrial	3,554	3,593	547	1,290	149
Consumer					
Total	\$ 4,248	\$ 4,324	\$ 639	\$ 1,744	\$ 170

Table of Contents

<i>(dollars in thousands)</i>	As of Period Ended December 31, 2015				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	\$	\$	\$	\$ 72	\$
Home equity loans and lines					
Commercial real estate					
Construction and land					
Multi-family residential					
Commercial and industrial				213	
Consumer					
Total	\$	\$	\$	\$ 285	\$
With an allowance recorded:					
One- to four-family first mortgage	\$ 78	\$ 78	\$ 34	\$ 6	\$ 5
Home equity loans and lines					
Commercial real estate	181	181	86	461	11
Construction and land					
Multi-family residential					
Commercial and industrial	707	707	33	729	39
Consumer					
Total	\$ 966	\$ 966	\$ 153	\$ 1,196	\$ 55
Total impaired Originated Loans:					
One- to four-family first mortgage	\$ 78	\$ 78	\$ 34	\$ 78	\$ 5
Home equity loans and lines					
Commercial real estate	181	181	86	461	11
Construction and land					
Multi-family residential					
Commercial and industrial	707	707	33	942	39
Consumer					
Total	\$ 966	\$ 966	\$ 153	\$ 1,481	\$ 55

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

<i>(dollars in thousands)</i>	September 30, 2016			December 31, 2015		
	Originated	Acquired ⁽¹⁾	Total	Originated	Acquired ⁽¹⁾	Total
Nonaccrual loans:						
One- to four-family first mortgage	\$ 553	\$ 622	\$ 1,175	\$ 928	\$ 530	\$ 1,458
Home equity loans and lines	941	95	1,036	121	139	260
Commercial real estate	4,737	419	5,156	1,671	1,013	2,684
Construction and land	87		87	86	69	155

Multi-family residential					763	763
Commercial and industrial	10,404	321	10,725	2,374	84	2,458
Consumer	433		433	471	6	477
Total	\$ 17,155	\$ 1,457	\$ 18,612	\$ 5,651	\$ 2,604	\$ 8,255

(1) Table excludes acquired loans which were being accounted for under ASC 310-30 because they continue to earn interest from accretable yield regardless of their status as past due or otherwise not in compliance with their contractual terms. Acquired loans with deteriorated credit quality, which were being accounted for under ASC 310-30 and which were 90 days or more past due, totaled \$2.6 million and \$4.0 million as of September 30, 2016 and December 31, 2015, respectively.

As of September 30, 2016, the Company had no outstanding commitments to lend additional funds to any customer whose loan was classified as impaired.

Table of Contents