# Home Bancorp (HBCP)

*Updated April 29th, 2025 by Aristofanis Papadatos*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $49 | **5 Year CAGR Estimate:** | 8.3% | **Market Cap:** | $392 M |
| **Fair Value Price:** | $55 | **5 Year Growth Estimate:** | 4.0% | **Ex-Dividend Date:** | 5/5/25 |
| **% Fair Value:** | 89% | **5 Year Valuation Multiple Estimate:** | 2.4% | **Dividend Payment Date:** | 5/16/25 |
| **Dividend Yield:** | 2.2% | **5 Year Price Target** | $67 | **Years Of Dividend Growth:** | 11 |
| **Dividend Risk Score:** | C | **Sector:** Financials | | **Rating:** | Hold |

## Overview & Current Events

Home Bancorp (HBCP) is the holding company of Home Bank, National Association, a community bank that was founded in 1908, became public in 2008, and is headquartered in Lafayette, Louisiana. It operates 42 branches across Southern Louisiana, Western Mississippi and Houston and provides a wide range of banking loans and services. Home Bancorp has total assets of $3.4 billion and a market capitalization of $392 million.

Home Bancorp has a diversified loan portfolio. Commercial real estate, residential mortgage and commercial & industrial loans comprise 46%, 17% and 16% of total loans, respectively. Insiders own 14% of the shares of the company.

In late April, Home Bancorp reported (4/21/25) financial results for the first quarter of fiscal 2025. Loans and deposits grew 1% and 2%, respectively, over the previous quarter. In addition, net interest margin expanded from 3.82% to 3.91% and thus net interest income edged up 1%. It was the fourth consecutive quarter of expansion of net interest margin after 5 consecutive quarters of declining net interest margin. Moreover, the bank reduced its provisions for loan losses. As a result, earnings-per-share grew 13%, from $1.21 to $1.37, and exceeded the analysts' consensus by $0.23. Home Bancorp has exceeded the analysts' estimates for 9 consecutive quarters and has not missed the analysts' estimates for 19 consecutive quarters. Moreover, as the Fed reduced interest rates in late 2024, the net interest margin of the bank is likely to somewhat improve this year. We still expect earnings-per-share around $4.75 this year.

## Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $1.79 | $2.25 | $2.28 | $3.40 | $3.05 | $2.85 | $5.77 | $4.20 | $4.99 | $4.55 | ***$4.75*** | ***$5.78*** |
| **DPS** | $0.30 | $0.41 | $0.55 | $0.71 | $0.84 | $0.88 | $0.91 | $0.93 | $1.00 | $1.01 | ***$1.08*** | ***$1.28*** |
| **Shares**[1] | 7.0 | 7.1 | 7.4 | 9.3 | 9.1 | 8.7 | 8.3 | 8.1 | 8.0 | 8.0 | ***8.0*** | ***7.5*** |

Home Bancorp has acquired six smaller banks since it became public, in 2008. Since then, the bank has grown its asset base by 13% per year on average. It has also grown its earnings-per-share by 10.9% per year on average over the last decade and by 8.3% per year on average over the last five years. Moreover, the Fed reduced interest rates late last year and is likely to reduce them further in the upcoming years. As a result, Home Bancorp is likely to enjoy a meaningful expansion of its net interest margin in the upcoming years. Nevertheless, given the increased risk related to the small market cap of the bank and its somewhat volatile performance record, we prefer to be cautious in our growth expectations. We thus assume 4.0% average annual growth of earnings-per-share until 2030.

## Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 13.3 | 12.6 | 17.0 | 12.6 | 12.1 | 9.5 | 6.5 | 9.4 | 7.0 | 9.0 | ***10.3*** | ***11.6*** |
| **Avg. Yld.** | 1.3% | 1.4% | 1.4% | 1.7% | 2.3% | 3.2% | 2.4% | 2.4% | 2.9% | 2.5% | ***2.2%*** | ***1.9%*** |

[1] In millions.

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Home Bancorp has traded at an average price-to-earnings ratio of 11.6 over the last decade. We assume this valuation level as fair for this stock. The stock is currently trading at a price-to-earnings ratio of 10.3, which is lower than the historical average of the bank. If the stock reverts to its average valuation level in five years, it will enjoy a 2.4% annualized valuation gain.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Payout | 17% | 18% | 24% | 21% | 28% | 31% | 16% | 22% | 20% | 22% | ***23%*** | ***22%*** |

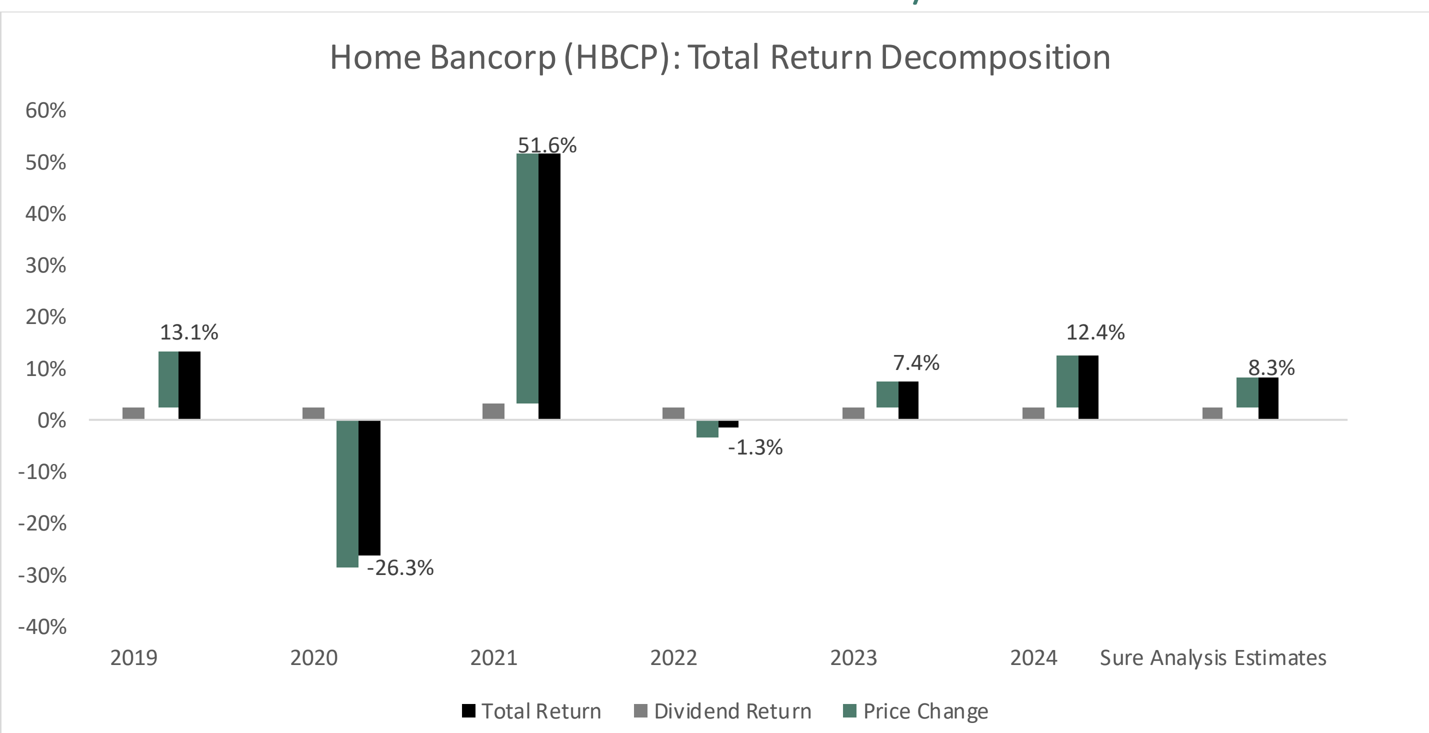
Home Bancorp has raised its dividend by 4% this year and thus it has now raised its dividend for 11 consecutive years. Thanks to its solid payout ratio of 23% and its growth prospects, the bank can keep raising its dividend for years. However, the stock has always offered a lackluster dividend yield. It is currently offering a 2.2% dividend yield, which is much lower than the 3.4% median dividend yield of the financial sector. We also note that the company has grown its dividend by only 3.7% per year over the last five years, less than the 5.6% median dividend growth rate of its peers. Overall, the stock is hardly attractive for income-oriented investors, though it is suitable for growth-oriented investors.

Home Bancorp has a Tier 1 capital ratio of 11.5% and has proved a disciplined acquirer of smaller banks. In addition, while the bank was affected by the pandemic and the downturn caused by the surge of interest rates in 2022, it proved more resilient than the average bank in these crises. Overall, despite the inherent risk related to small-cap stocks, Home Bancorp appears better-than-average in quality of management, growth prospects and resilience to downturns.

## Final Thoughts & Recommendation

The stock of Home Bancorp has rallied 48% in the last 18 months thanks to strong business performance amid lower interest rates. Despite its steep rally, the stock remains attractive. It could still offer an 8.3% average annual return over the next five years thanks to 4.0% growth of earnings-per-share, its 2.2% dividend and a 2.4% valuation tailwind. The stock maintains its hold rating.

## Total Return Breakdown by Year




*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*

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## Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | 63 | 74 | 78 | 105 | 100 | 107 | 117 | 132 | 135 | 135 |
| **SG&A Exp.** | 26 | 29 | 29 | 38 | 40 | 39 | 41 | 50 | 51 | 53 |
| **D&A Exp.** | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 4 | 3 |
| **Net Profit** | 13 | 16 | 17 | 32 | 28 | 25 | 49 | 34 | 40 | 36 |
| **Net Margin** | 19.8% | 21.8% | 21.6% | 30.0% | 27.8% | 23.3% | 41.5% | 25.8% | 29.7% | 27.0% |
| **Free Cash Flow** | 35 | 16 | 23 | 42 | 40 | 47 | 53 | 48 | 39 | 45 |
| **Income Tax** | 7 | 8 | 12 | 7 | 6 | 6 | 12 | 8 | 10 | 9 |

## Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Assets** | 1,552 | 1,557 | 2,228 | 2,154 | 2,200 | 2,592 | 2,938 | 3,228 | 3,320 | 3,444 |
| **Cash & Equivalents** | 30 | 31 | 153 | 61 | 40 | 188 | 602 | 88 | 76 | 99 |
| **Goodwill & Int. Ass.** | | 13 | 68 | 66 | 64 | 63 | 62 | 88 | 86 | 85 |
| **Total Liabilities** | 1,387 | 1,377 | 1,950 | 1,850 | 1,884 | 2,270 | 2,586 | 2,898 | 2,953 | 3,048 |
| **Long-Term Debt** | 125 | 119 | 72 | 64 | 46 | 34 | 32 | 236 | 252 | 236 |
| **Shareholder's Equity** | 165 | 180 | 278 | 304 | 316 | 322 | 352 | 330 | 367 | 396 |
| **LTD/E Ratio** | 0.76 | 0.66 | 0.26 | 0.21 | 0.15 | 0.11 | 0.09 | 0.71 | 0.69 | 0.59 |

## Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Return on Assets** | 0.9% | 1.0% | 0.9% | 1.4% | 1.3% | 1.0% | 1.8% | 1.1% | 1.2% | 1.1% |
| **Return on Equity** | 7.9% | 9.3% | 7.4% | 10.9% | 9.0% | 7.8% | 14.4% | 10.0% | 11.5% | 9.5% |
| **ROIC** | 5.1% | 5.4% | 5.2% | 8.8% | 7.6% | 6.9% | 13.1% | 7.2% | 6.8% | 5.8% |
| **Shares Out.** | 7.0 | 7.1 | 7.4 | 9.3 | 9.1 | 8.7 | 8.3 | 8.1 | 8.0 | 8.0 |
| **Revenue/Share** | 9.04 | 10.35 | 10.53 | 11.34 | 10.98 | 12.24 | 13.91 | 16.10 | 16.78 | 16.85 |
| **FCF/Share** | 5.05 | 2.30 | 3.09 | 4.53 | 4.38 | 5.39 | 6.32 | 5.92 | 4.88 | 5.58 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*