

HOME BANCSHARES INC

Form 11-K

June 15, 2011

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 11-K**

(Mark One)

**Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934  
For the Fiscal Year Ended December 31, 2010**

**or**

**Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 000-51904**

**A. Full title of the plan and the address of the plan, if different from that of the issuer named below:**

**HOME BANCSHARES, INC. 401(K) PLAN**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

**Home BancShares, Inc.  
719 Harkrider, Suite 100  
Conway, Arkansas 72032**

---

**Home BancShares, Inc. 401(k) Plan  
Form 11-K  
Index**

	Page No.
<u>Report of Independent Registered Public Accounting Firm</u>	1
<u>Statements of Net Assets Available for Plan Benefits</u>	2
<u>Statement of Changes in Net Assets Available for Plan Benefits</u>	3
<u>Notes to Financial Statements and Schedule</u>	4
<u>Schedule H, Line 4i Schedule of Assets (held at end of year)</u>	10
<u>Signature</u>	11

EX-23.1 Consent of Hancock, Askew & Co., LLP  
EX-23.1

---

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of  
Home BancShares, Inc. 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of the Home BancShares, Inc. 401(k) Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Hancock Askew & Co., LLP  
Hancock Askew & Co., LLP

Savannah, Georgia  
June 15, 2011

**Table of Contents**

**Home BancShares, Inc. 401(k) Plan  
Statements of Net Assets Available for Benefits**

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
<b>Investments, at fair value:</b>		
Cash	\$ 529,312	\$ 489,455
Mutual funds	9,190,462	7,769,347
Guaranteed investment contracts	191,645	228,067
Home BancShares, Inc. Common Stock	4,190,239	4,225,729
Total investments	14,101,658	12,712,598
<b>Net assets available for benefits</b>	<b>\$ 14,101,658</b>	<b>\$ 12,712,598</b>

See accompanying notes.

**Table of Contents**

**Home BancShares, Inc. 401(k) Plan**  
**Statement of Changes in Net Assets Available for Benefits**

	<b>Year Ended December 31, 2010</b>
<b>Additions to net assets attributed to:</b>	
Net appreciation in fair value of investments	\$ 858,855
Interest and dividends	255,785
 Total investment income	 1,114,640
 Contributions:	
Employer s	464,303
Participants	1,225,152
Rollovers	244,445
 Total contributions	 1,933,900
 Total additions	 3,048,540
 <b>Deductions from net assets attributed to:</b>	
Benefit payments to participants	1,560,458
Administrative expenses and fees	99,022
 Total deductions	 1,659,480
 <b>Net increase</b>	 1,389,060
 <b>Net assets available for benefits beginning of year</b>	 12,712,598
 <b>Net assets available for benefits end of year</b>	 \$ 14,101,658
 See accompanying notes.	

**Table of Contents**

**Home BancShares, Inc. 401(k) Plan  
Notes to Financial Statements  
December 31, 2010**

**1. Description of the Plan**

The following description of Home BancShares, Inc. 401(k) Plan (the Plan ) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

***General***

The Plan is a defined contribution plan which covers substantially all employees of Home BancShares, Inc. and its subsidiary (the Employer ) who has attained age 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

***Contributions***

Each year participants may contribute a portion of their annual compensation, as defined by the Plan and subject to IRS limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants are eligible to receive discretionary matching contributions upon meeting eligibility requirements to participate in the Plan. During the year ended December 31, 2010, participants received a match of 50% of the first 6% of their deferrals.

The Employer may also make a discretionary contribution on behalf of eligible participants based on the classification of the employees of each participating employer and determined by management. The Employer did not make a discretionary contribution for 2010. Participants are eligible to share in the allocation of employer contributions, if during the year the participant has been credited with at least 1,000 hours of service and is employed on the last day of the year, (unless termination of employment was a result of retirement, disability, or death).

Participants direct their contributions into various investment options offered by the Plan. One of the investment options is the Employer s common stock.

***Participant Accounts***

Each participant s account is credited with the participant s contributions and allocations of (a) the Employer s contribution and (b) Plan earnings and losses, and charged with any benefit payments and administrative expenses, for which they are directly responsible. Plan earnings and losses are allocated based on participant account balances, as defined by the Plan. A participant is entitled to the benefit that can be provided from the individual participant s vested account.

***Payment of Benefits***

Upon retirement, disability, death, or termination of service, a participant may elect to receive a payment in a lump-sum amount equal to the vested value of his or her account. If the value of a participant s vested balance does not exceed \$1,000, the distribution is automatically made. The Plan also has provisions for withdrawals for certain hardships, subject to approval.

**Table of Contents**

***Vesting***

Participants are always fully vested in their contributions plus actual earnings thereon. Employer contributions become fully vested after a participant has completed his or her fifth year of service based on a graduated vesting schedule as follows:

<b>Years of Service</b>	<b>Employer Contributions Vested Percentage</b>
Less than 1	0%
2	25%
3	50%
4	75%
5	100%

***Administrative Expenses***

Processing fees of the Plan are charged against the individual participant account balance that was responsible for the expense. Administrative expenses are paid by the Plan or may be paid by the Employer at the Employer's discretion. Administrative expenses paid by the Plan may be allocated to participants on a Pro Rata or Pro Capita basis, at the Plan Administrator's discretion.

***Forfeitures***

Forfeitures of matching contributions are available to be reallocated as an offset to future discretionary matching contributions or to pay plan administration expenses. Forfeitures of profit sharing contributions are available to be reallocated as additional profit sharing contributions. Unallocated forfeitures at December 31, 2010 and 2009 are \$55,867 and \$131,027, respectively. Forfeitures used during 2010 were \$106,953, of which \$75,963 was used to offset discretionary matching contributions and \$30,990 to pay plan expenses.

***Plan Termination***

Although it has not been expressed any intent to do so, the Plan Sponsor had the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, all participants would become fully vested in the employer's matching portion of their account. Employee contributions and their related earnings are always 100% vested.

**2. Summary of Significant Accounting Policies**

***Basis of Accounting***

The accompanying financial statements were prepared on the accrual basis of accounting.

***Payment of Benefits***

Benefit payments were recorded when paid.



**Table of Contents**

***Valuation of Investments***

Investments are stated at fair value. Investments in registered investment companies (mutual funds) are based upon quoted prices. Investments in the common stock of Home BancShares, Inc. are valued at their closing price on an established exchange as of December 31, 2010.

Certain investment contracts held in the Plan are required to be reported at fair value. Fair value for investment contracts is based upon the fair value of the underlying assets, including insurance contracts and wraps. However, contract value is the relevant measurement for that portion of the net assets available for benefits attributable to fully benefit responsive investment contracts in defined contribution plans. Contract value, as reported to the Plan, represents contributions made under the contract, plus earnings less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of the investment at contract value. Investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit responsive investment contracts recognized at fair value. The fair value of such contracts was not materially different from the contract value.

Purchases and sales of securities were recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

***Use of Estimates***

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management of the Plan 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.

***Recent Accounting Pronouncements***

In January 2010, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, to clarify certain existing fair value disclosures and require a number of additional disclosures. The adoption did not have an effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In September 2010, the FASB issues Accounting Standards Update 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*, which requires participant loans to be measured at their unpaid principal balance plus any unpaid interest and classified as notes receivable from participants. Previously, participant loans were measured at fair value and classified as investments. This update is effective for fiscal years ending after December 15, 2010. The Plan does not allow participant loans.

In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS*, to converge the fair value measurement guidance in U.S. generally accepted accounting principles and International Financial Reporting Standards. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a principal in the original Accounting Standard. In addition, this update required additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The Plan Administrator is currently evaluating the effect of Accounting Standards Update 2011-04 on the Plan's financial statements.

**Table of Contents****3. Investments**

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

Home BancShares, Inc. Common Stock	\$ 2,926
Mutual Funds	855,929
Net appreciation in fair value of investments	\$ 858,855

Investments with fair values that represent 5% or more of the Plan's net assets for 2010 and/or 2009 are as follows:

	2010	2009
<b>Mutual funds</b>		
Manning & Napier Moderate Term	4,038,423	
Manning & Napier Extended Term	1,418,295	
Balanced Strategy Fund		2,761,754
Growth Strategy Fund		1,173,501
Moderate Strategy Fund		980,021
<b>Employer stock</b>	4,190,239	4,225,729

**4. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and is measured according to a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**Table of Contents**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

	<b>Investment Assets at Fair Value as of December 31, 2010</b>			<b>Total Assets</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Mutual funds:				
International stock funds	\$ 412,081	\$	\$	\$ 412,081
Domestic stock funds	2,112,092			2,112,092
Bond funds	601,498			601,498
Blended funds	6,064,791			6,064,791
Total mutual funds	9,190,462			9,190,462
Interest bearing cash	529,312			529,312
Home BancShares Inc. Common Stock	4,190,239			4,190,239
Investment contracts		191,645		191,645
Total assets	\$ 13,910,013	\$ 191,645	\$	\$ 14,101,658

	<b>Investment Assets at Fair Value as of December 31, 2009</b>			<b>Total Assets</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Mutual funds:				
International stock funds	\$ 390,268	\$	\$	\$ 390,268
Domestic stock funds	1,833,818			1,833,818
Bond funds	322,282			322,282
Blended funds	5,222,979			5,222,979
Total mutual funds	7,769,347			7,769,347
Interest bearing cash	489,455			489,455
Home BancShares Inc. Common Stock	4,225,729			4,225,729
Investment contracts		228,067		228,067
Total assets	\$ 12,484,531	\$ 228,067	\$	\$ 12,712,598

**5. Investment Contracts**

The Plan, through the ABN AMRO Income Plus Fund (the Fund) invests in fixed income securities which consist of common collective trusts, short-term securities and bonds. To reduce the risk of market losses on these investments, the Fund enters into guaranteed investment contracts (GICs) or wrapper contracts with financial institutions or insurance companies, which enable the participants to transact at a specified contract value by protecting the principal amount invested over a specified period of time. There are no reserves against contract value for credit risk of a contract issuer or otherwise.

**Table of Contents**

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include termination of participating plans, or a material adverse change to the provisions of participating plans. The Plan administrator does not believe that the occurrence of any of these events is probable. The investment contracts earn interest at interest crediting rates that are typically reset on a monthly or quarterly basis. These interest crediting rates use a formula that is based on the characteristics of the underlying fixed income portfolio. The minimum interest crediting rate for all investment contracts is zero percent. Factors that can influence the future average crediting rates are (i) the level of market interest rates; (ii) the amount and timing of participant contributions, transfers and withdrawals into/out of the investment contracts; (iii) the investment returns generated by the fixed income investments that underlie the investment contracts; and (iv) the duration of the investments underlying the investment contracts. The crediting rate formula amortizes the realized and unrealized market value gains and losses over the duration of the underlying investments.

The crediting yield earned by the participants was 2.19% and 2.37% during the year ended December 31, 2010 and 2009, respectively. The average yield of the underlying assets was 2.60% and 2.85% during the year ended December 31, 2010 and 2009, respectively.

**6. Income Tax Status**

The prototype Plan, adopted by the Employer, obtained its latest determination letter on March 31, 2008, in which the Internal Revenue Service has stated that the prototype Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

**7. Risks and Uncertainties**

The Plan primarily invests in various investment securities which are exposed to various risks, such as market and credit risk. Due to the level of risk associated with such investment securities and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect the participants' account balances and the amount reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

**8. Related-Party Transactions**

The Plan's investments in pooled separate accounts are managed by the Trustee. The transactions qualify as party-in-interest transactions. FirsTrust, the trustee of the Plan, is an affiliate of the sponsor. Additionally, the Plan holds an investment in the common stock of the sponsor.

**9. Plan Amendments**

As of December 29, 2009, the Plan adopted a required amendment under the Pension Protection Act of 2006 (PPA), which could increase the vesting of certain participants on military leave of absence. As of December 7, 2010, the Plan adopted a required amendment under the PPA which further defines benefit accruals, eligible wages and required minimum distributions for these participants. There was no material impact to the financial statements of the Plan upon adoption of these amendments.

**Table of Contents**

**Home BancShares, Inc. 401(k) Plan**  
**Schedule H, Line 4i Schedule of Assets (Held at End of Year)**  
**December 31, 2010**

Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest collateral, par or maturity value	Cost	Current Value
<b>Cash</b>			
* Fidelity Money Market	Interest-bearing cash	**	\$ 4,242
* Fidelity Retirement Money Market	Interest-bearing cash	**	525,070
			529,312
<b>Mutual funds</b>			
* American Funds Growth Fund of America	Value of interest in registered investment companies	**	303,117
* ARTIO International Equity Fund	Value of interest in registered investment companies	**	394,554
* Fidelity Institutional Short Int Govt	Value of interest in registered investment companies	**	80,404
* Manning & Napier Conservative	Value of interest in registered investment companies	**	397,555
* Manning & Napier Extended Term	Value of interest in registered investment companies	**	1,418,295
* Manning & Napier Max Term	Value of interest in registered investment companies	**	210,518
* Manning & Napier Moderate Term	Value of interest in registered investment companies	**	4,038,423
* Morgan Stanley Mid Cap Growth	Value of interest in registered investment companies	**	304,811
* Perkins Mid Cap Value	Value of interest in registered investment companies	**	53,060
* Perkins Small Cap Value	Value of interest in registered investment companies	**	10,031
* PIMCO Total Return	Value of interest in registered investment companies	**	521,094
* Royce Premier Fund	Value of interest in registered investment companies	**	577,463
* Selected American Shares	Value of interest in registered investment companies	**	85,624
* Sentinel Small Company	Value of interest in registered investment companies	**	210,343
* T. Rowe Price Equity Income	Value of interest in registered investment companies	**	534,459
* Vanguard Small Cap Index	Value of interest in registered investment companies	**	33,184
* Vanguard Total International Stock	Value of interest in registered investment companies	**	154
* Vanguard 500 Index	Value of interest in registered investment companies	**	17,373
			9,190,462
<b>Employer stock</b>			
* Home BancShares, Inc. Common Stock	Employer securities	**	4,190,239
<b>Investment contracts</b>			
* ABN AMRO Income Plus	Value of interest in guaranteed investment contracts	**	191,645
			\$ 14,101,658

\* Indicates party-in-interest to the Plan

\*\* Cost is not applicable for participant-directed investments

**Table of Contents**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other person who administers the employee benefit plan) has duly caused this annual report to be signed by the undersigned hereunto duly authorized.

Home BancShares, Inc. 401(k) Plan

By: /s/ Randy E. Mayor  
Chief Financial Officer and Treasurer of  
Home BancShares, Inc.

Date: June 15, 2011

11