UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2022**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to ________

Commission file number: **001-35593**

HOMETRUST BANCSHARES, INC.
(Exact name of registrant as specified in its charter)

Maryland	**45-5055422**
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

10 Woodfin Street, Asheville, North Carolina 28801
(Address of principal executive offices; Zip Code)

(828) 259-3939
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**HTBI**	**The NASDAQ Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 and 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), 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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 15,628,048 shares of common stock, par value of $0.01 per share, issued and outstanding as of November 2, 2022.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARIES
10-Q
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Glossary of Defined Terms

The following items may be used throughout this Form 10-Q, including the Notes to Consolidated Financial Statements in Item 1 and Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of this Form 10-Q.

Term	Definition
ACL	Allowance for Credit Losses
AFS	Available-For-Sale
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BOLI	Bank Owned Life Insurance
CARES Act	Coronavirus Aid, Relief, and Economic Security Act of 2020
CD	Certificate of Deposit
CDA	Collateral Dependent Asset
CECL	Current Expected Credit Losses
CET1	Common Equity Tier 1
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
DCF	Discounted Cash Flow
EPS	Earnings Per Share
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB or FHLB of Atlanta	Federal Home Loan Bank
FRB	Federal Reserve Bank of Richmond
GSE	Government-Sponsored Enterprises
HELOC	Home Equity Line of Credit
LIBOR	London Interbank Offered Rate
MBS	Mortgage-Backed Securities
NCCOB	North Carolina Office of the Commissioner of Banks
PCD	Purchased Financial Assets with Credit Deterioration
PPP	Paycheck Protection Program
REO	Real Estate Owned
ROU	Right of Use
RSU	Restricted Stock Unit
SBA	U.S. Small Business Administration
SBIC	Small Business Investment Companies
SEC	Securities and Exchange Commission
TDR	Troubled Debt Restructuring
US GAAP	Generally Accepted Accounting Principles in the United States

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY
Consolidated Balance Sheets
(Dollars in thousands, except per share data)

	(Unaudited) September 30, 2022	June 30, 2022
Assets		
Cash	$ 18,026	$ 20,910
Interest-bearing deposits	76,133	84,209
Cash and cash equivalents	94,159	105,119
Commercial paper, net	85,296	194,427
Certificates of deposit in other banks	27,535	23,551
Debt securities available for sale, at fair value (amortized cost of $167,000 and $130,099 at September 30, 2022 and June 30, 2022, respectively)	161,741	126,978
FHLB and FRB stock	9,404	9,326
SBIC investments, at cost	12,235	12,758
Loans held for sale	76,252	79,307
Total loans, net of deferred loan fees and costs	2,867,783	2,769,295
Allowance for credit losses – loans	(38,301)	(34,690)
Loans, net	2,829,482	2,734,605
Premises and equipment, net	68,705	69,094
Accrued interest receivable	9,667	8,573
Deferred income taxes, net	11,838	11,487
BOLI	95,837	95,281
Goodwill	25,638	25,638
Core deposit intangibles, net	58	93
Other assets	47,339	52,967
Total assets	$ 3,555,186	$ 3,549,204
Liabilities and stockholders' equity		
Liabilities		
Deposits	$ 3,102,668	$ 3,099,761
Borrowings	—	—
Other liabilities	56,296	60,598
Total liabilities	3,158,964	3,160,359
Commitments and contingencies – See Note 9		
Stockholders' equity		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, none issued or outstanding	—	—
Common stock, $0.01 par value, 60,000,000 shares authorized, 15,632,348 shares issued and outstanding at September 30, 2022; 15,591,466 at June 30, 2022	156	156
Additional paid in capital	127,153	126,106
Retained earnings	278,120	270,276
Unearned ESOP shares	(5,158)	(5,290)
Accumulated other comprehensive loss	(4,049)	(2,403)
Total stockholders' equity	396,222	388,845
Total liabilities and stockholders' equity	$ 3,555,186	$ 3,549,204

The accompanying notes are an integral part of these consolidated financial statements.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Income
(Dollars in thousands, except per share data)

	(Unaudited) Three Months Ended September 30, 2022	(Unaudited) Three Months Ended September 30, 2021
Interest and dividend income		
Loans	$ 33,245	$ 27,895
Commercial paper	1,116	155
Debt securities available for sale	678	524
Other investments and interest-bearing deposits	888	731
Total interest and dividend income	35,927	29,305
Interest expense		
Deposits	1,395	1,572
Borrowings	12	26
Total interest expense	1,407	1,598
Net interest income	34,520	27,707
Provision (benefit) for credit losses	3,987	(1,460)
Net interest income after provision (benefit) for credit losses	30,533	29,167
Noninterest income		
Service charges and fees on deposit accounts	2,338	2,372
Loan income and fees	570	979
Gain on sale of loans held for sale	1,586	4,057
BOLI income	527	518
Operating lease income	1,585	1,540
Other	804	886
Total noninterest income	7,410	10,352
Noninterest expense		
Salaries and employee benefits	14,815	15,280
Occupancy expense, net	2,408	2,317
Computer services	2,763	2,521
Telephone, postage, and supplies	603	650
Marketing and advertising	590	705
Deposit insurance premiums	542	566
Core deposit intangible amortization	34	93
Merger-related expenses	474	—
Other	3,872	3,884
Total noninterest expense	26,101	26,016
Net income before income taxes	11,842	13,503
Income tax expense	2,643	2,976
Net income	$ 9,199	$ 10,527
Per share data		
Net income per common share		
Basic	$ 0.61	$ 0.66
Diluted	$ 0.60	$ 0.65
Average shares outstanding		
Basic	14,988,006	15,761,247
Diluted	15,130,762	16,146,611

The accompanying notes are an integral part of these consolidated financial statements.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Comprehensive Income
(Dollars in thousands)

	(Unaudited) Three Months Ended September 30,	
	2022	**2021**
Net income	$ 9,199	$ 10,527
Other comprehensive loss		
Unrealized holding losses on debt securities available for sale		
Losses arising during the period	(2,138)	(305)
Deferred income tax benefit	492	70
Total other comprehensive loss	(1,646)	(235)
Comprehensive income	$ 7,553	$ 10,292

The accompanying notes are an integral part of these consolidated financial statements.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity
(Dollars in thousands)

	(Unaudited) Three Months Ended September 30, 2022						
	Common Stock		Additional Paid In Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount					
Balance at June 30, 2022	15,591,466	$ 156	$ 126,106	$ 270,276	$ (5,290)	$ (2,403)	$ 388,845
Net income	—	—	—	9,199	—	—	9,199
Cash dividends declared on common stock, $0.09/ common share	—	—	—	(1,355)	—	—	(1,355)
Forfeited restricted stock	(400)	—	—	—	—	—	—
Retired stock	(4,079)	—	(95)	—	—	—	(95)
Granted restricted stock	4,500	—	—	—	—	—	—
Stock issued for RSUs	13,861	—	—	—	—	—	—
Exercised stock options	27,000	—	388	—	—	—	388
Share-based compensation expense	—	—	567	—	—	—	567
ESOP compensation expense	—	—	187	—	132	—	319
Other comprehensive loss	—	—	—	—	—	(1,646)	(1,646)
Balance at September 30, 2022	15,632,348	$ 156	$ 127,153	$ 278,120	$ (5,158)	$ (4,049)	$ 396,222

	(Unaudited) Three Months Ended September 30, 2021						
	Common Stock		Additional Paid In Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
Balance at June 30, 2021	16,636,483	$ 167	$ 160,582	$ 240,075	$ (5,819)	$ 1,514	$ 396,519
Net income	—	—	—	10,527	—	—	10,527
Cash dividends declared on common stock, $0.08/common share	—	—	—	(1,271)	—	—	(1,271)
Common stock repurchased	(376,435)	(4)	(10,429)	—	—	—	(10,433)
Forfeited restricted stock	(3,000)	—	—	—	—	—	—
Retired stock	(2,708)	—	(75)	—	—	—	(75)
Stock issued for RSUs	7,118	—	—	—	—	—	—
Exercised stock options	46,200	—	700	—	—	—	700
Share-based compensation expense	—	—	415	—	—	—	415
ESOP compensation expense	—	—	232	—	132	—	364
Other comprehensive loss	—	—	—	—	—	(235)	(235)
Balance at September 30, 2021	16,307,658	$ 163	$ 151,425	$ 249,331	$ (5,687)	$ 1,279	$ 396,511

The accompanying notes are an integral part of these consolidated financial statements.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Dollars in thousands)

	(Unaudited) Three Months Ended September 30, 2022	2021
Operating activities		
Net income	$ 9,199	$ 10,527
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision (benefit) for credit losses	3,987	(1,460)
Depreciation and amortization of premises and equipment and equipment for operating leases	2,169	2,279
Deferred income tax expense (benefit)	141	1,249
Net accretion of purchase accounting adjustments on loans	(178)	(428)
Net amortization and accretion	(105)	1,442
Loss from sale of premises and equipment	12	—
Gain on sale of REO	—	(3)
BOLI income	(527)	(518)
Gain on sale of loans held for sale	(1,586)	(4,057)
Origination of loans held for sale	(58,035)	(140,626)
Proceeds from sale of loans held for sale	57,570	129,679
New deferred loan origination fees, net	(1,856)	(971)
Decrease in accrued interest receivable and other assets	1,143	198
ESOP compensation expense	319	364
Share-based compensation expense	567	415
Increase (decrease) in other liabilities	(4,697)	27
Net cash provided by (used in) operating activities	8,123	(1,883)
Investing activities		
Purchases of debt securities available for sale	(48,014)	(5,261)
Proceeds from maturities, calls and paydowns of debt securities available for sale	11,045	36,225
Purchases of commercial paper	(210,292)	(133,901)
Proceeds from maturities and calls of commercial paper	320,689	127,000
Purchases of CDs in other banks	(4,980)	(996)
Proceeds from maturities of CDs in other banks	996	5,623
Net (purchases) redemptions of FHLB and FRB stock	(78)	3,179
Net (purchases) redemptions of SBIC investments, at cost	523	(360)
Net (increase) decrease in loans	(92,109)	17,696
Purchase of BOLI	(29)	(53)
Purchase of equipment for operating leases	(577)	(879)
Payoff of equipment for operating leases	1,239	1,165
Purchase of premises and equipment	(616)	(2,416)
Proceeds from sale of assets held for sale	1,275	634
Proceeds from sale of REO	—	146
Net cash provided by (used in) investing activities	(20,928)	47,802
Financing activities		
Net increase in deposits	2,907	31,743
Net decrease in short-term borrowings	—	(75,000)
Common stock repurchased	—	(10,433)
Cash dividends paid	(1,355)	(1,271)
Retired stock	(95)	(75)
Exercised stock options	388	700
Net cash provided by (used in) financing activities	1,845	(54,336)
Net decrease in cash and cash equivalents	(10,960)	(8,417)
Cash and cash equivalents at beginning of period	105,119	50,990
Cash and cash equivalents at end of period	$ 94,159	$ 42,573

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows (continued)
(Dollars in thousands)

	(Unaudited) Three Months Ended September 30,	
	2022	**2021**
Supplemental disclosures		
Cash paid during the period for:		
Interest	$ 1,296	$ 1,599
Income taxes	127	39
Noncash transactions:		
Unrealized loss in value of debt securities available for sale, net of income taxes	(1,646)	(235)
Transfer of loans held for sale to loans held for investment	5,219	4,094
ROU asset and lease liabilities for operating lease accounting	—	959
Transfer of premises and equipment to assets held for sale (included in other assets)	—	3,229

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of Significant Accounting Policies

The consolidated financial statements presented in this report include the accounts of HomeTrust Bancshares, Inc., a Maryland corporation ("HomeTrust"), and its wholly-owned subsidiary, HomeTrust Bank (the "Bank"). As used throughout this report, the term the "Company" refers to HomeTrust and the Bank, its consolidated subsidiary, unless the context otherwise requires.

The accompanying unaudited consolidated financial statements have been prepared in accordance with US GAAP for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the SEC. Accordingly, they do not include all the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and results of operations for the periods presented have been included. It is recommended that these unaudited interim consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2022 ("2022 Form 10-K") filed with the SEC on September 12, 2022. The results of operations for the three months ended September 30, 2022 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 30, 2023.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Various elements of the Company's accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions, and other subjective assessments. In particular, management has identified the determination of the provision and the ACL on loans as an accounting policy that, due to the judgments, estimates and assumptions inherent in this policy, is critical to an understanding of the Company's financial statements. This policy and the related judgments, estimates and assumptions is described in greater detail in the notes to the Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations (Critical Accounting Policies) in the 2022 Form 10-K. Management believes that the judgments, estimates, and assumptions used in the preparation of the financial statements are appropriate based on the factual circumstances at the time. However, given the sensitivity of the financial statements to this critical accounting policy, the use of other judgments, estimates, and assumptions could result in material differences in the Company's results of operations or financial condition. Further, subsequent changes in economic or market conditions could have a material impact on this estimate and the Company's financial condition and operating results in future periods.

Reclassifications and corrections. To maintain consistency and comparability, certain amounts from prior periods have been reclassified to conform to current period presentation with no effect on net income or stockholders’ equity as previously reported.

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

ASU 2021-05, "Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments." This ASU amended the lease classification requirements for lessors to classify as an operating lease any lease that would otherwise be classified as a sales-type or direct financing lease that would result in the recognition of a day-one loss at lease commencement, provided that the lease includes variable lease payments that do not depend on an index or rate. When a lease is classified as operating, the lessor does not recognize a net investment in the lease, does not derecognize the underlying asset and therefore, does not recognize a selling profit or loss. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The adoption of this standard on July 1, 2022, did not have a material impact on the Company's consolidated financial statements.

Newly Issued but Not Yet Effective Accounting Standards

ASU 2022-02, "Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." This ASU eliminates the TDR recognition and measurement guidance and requires that an entity evaluate whether the modification represents a new loan or a continuation of an existing loan. The amendment also adjusts the disclosures related to modifications and requires entities to disclose current-period gross write-offs by year of origination within the existing vintage disclosures. The amendments in this ASU are effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years and early adoption is permitted. The Company is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

(Dollars in thousands, except per share data)

3. Debt Securities

Debt securities available for sale consist of the following at the dates indicated:

	September 30, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies	$ 17,997	$ —	$ (681)	$ 17,316
MBS, residential	94,178	—	(2,671)	91,507
Municipal bonds	5,533	1	(114)	5,420
Corporate bonds	49,292	—	(1,794)	47,498
Total	$ 167,000	$ 1	$ (5,260)	$ 161,741

	June 30, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies	$ 18,993	$ 5	$ (539)	$ 18,459
MBS, residential	48,377	3	(1,147)	47,233
Municipal bonds	5,545	31	(18)	5,558
Corporate bonds	57,184	1	(1,457)	55,728
Total	$ 130,099	$ 40	$ (3,161)	$ 126,978

Debt securities available for sale by contractual maturity at September 30, 2022 and June 30, 2022 are shown below. MBS are not included in the maturity categories because the borrowers in the underlying pools may prepay without penalty; therefore, it is unlikely that the securities will pay at their stated maturity schedule.

	September 30, 2022	
	Amortized Cost	Estimated Fair Value
Due within one year	$ 34,292	$ 33,933
Due after one year through five years	33,012	31,271
Due after five years through ten years	5,518	5,030
Due after ten years	—	—
MBS, residential	94,178	91,507
Total	$ 167,000	$ 161,741

	June 30, 2022	
	Amortized Cost	Estimated Fair Value
Due within one year	$ 35,350	$ 34,956
Due after one year through five years	40,325	39,018
Due after five years through ten years	6,047	5,771
Due after ten years	—	—
MBS, residential	48,377	47,233
Total	$ 130,099	$ 126,978

The Company had no sales of debt securities available for sale and no gross realized gains or losses were recognized during the three months ended September 30, 2022 and 2021.

Debt securities available for sale with amortized costs totaling $67,877 and $43,187 and market values of $65,439 and $41,876 at September 30, 2022 and June 30, 2022, respectively, were pledged as collateral to secure various public deposits and other borrowings.

(Dollars in thousands, except per share data)

The gross unrealized losses and the fair value for debt securities available for sale aggregated by the length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2022 and June 30, 2022 were as follows:

	September 30, 2022					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government agencies	$ 12,544	$ (446)	$ 4,765	$ (235)	$ 17,309	$ (681)
MBS, residential	84,197	(2,015)	7,281	(656)	91,478	(2,671)
Municipal bonds	4,419	(114)	—	—	4,419	(114)
Corporate bonds	31,983	(809)	14,015	(985)	45,998	(1,794)
Total	$ 133,143	$ (3,384)	$ 26,061	$ (1,876)	$ 159,204	$ (5,260)

	June 30, 2022					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government agencies	$ 14,461	$ (539)	$ —	$ —	$ 14,461	$ (539)
MBS, residential	41,658	(994)	5,269	(153)	46,927	(1,147)
Municipal bonds	1,970	(18)	—	—	1,970	(18)
Corporate bonds	39,454	(730)	14,273	(727)	53,727	(1,457)
Total	$ 97,543	$ (2,281)	$ 19,542	$ (880)	$ 117,085	$ (3,161)

The total number of securities with unrealized losses at September 30, 2022 and June 30, 2022 were 208 and 177, respectively.

Management evaluates securities for impairment where there has been a decline in fair value below the amortized cost basis of a security to determine whether there is a credit loss associated with the decline in fair value on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. All debt securities available for sale in an unrealized loss position as of September 30, 2022 continue to perform as scheduled and management does not believe that there is a credit loss or that a provision for credit losses is necessary. Also, as part of management's evaluation of its intent and ability to hold investments for a period of time sufficient to allow for any anticipated recovery in the market, management considers its investment strategy, cash flow needs, liquidity position, capital adequacy and interest rate risk position. Management does not currently intend to sell the securities within the portfolio and it is not more-likely-than-not that securities will be required to be sold. See "Note 1 – Summary of Significant Accounting Policies" in our 2022 Form 10-K for further discussion.

Management continues to monitor all of its securities with a high degree of scrutiny. There can be no assurance that management will not conclude in future periods that conditions existing at that time indicate some or all of its securities may be sold or would require a charge to earnings as a provision for credit losses in such periods.

Management excludes the accrued interest receivable balance from the amortized cost basis in measuring expected credit losses on investment securities and does not record an ACL on accrued interest receivable. As of September 30, 2022, the accrued interest receivable for debt securities available for sale was $600.

4. Loans Held For Sale

Loans held for sale as of the dates indicated consist of the following:

	September 30, 2022	June 30, 2022
One-to-four family	$ 1,585	$ 4,176
SBA	17,834	14,774
HELOCs	56,833	60,357
Total	$ 76,252	$ 79,307

(Dollars in thousands, except per share data)

5. Loans and Allowance for Credit Losses on Loans

Loans consist of the following at the dates indicated[(1)]:

	September 30, 2022	June 30, 2022
Commercial real estate loans		
Construction and land development	$ 310,985	$ 291,202
Commercial real estate - owner occupied	336,456	335,658
Commercial real estate - non-owner occupied	661,644	662,159
Multifamily	79,082	81,086
Total commercial real estate loans	1,388,167	1,370,105
Commercial loans		
Commercial and industrial	205,606	192,652
Equipment finance	411,012	394,541
Municipal leases	130,777	129,766
PPP loans	238	661
Total commercial loans	747,633	717,620
Residential real estate loans		
Construction and land development	91,488	81,847
One-to-four family	374,849	354,203
HELOCs	164,701	160,137
Total residential real estate loans	631,038	596,187
Consumer loans	100,945	85,383
Total loans, net of deferred loan fees and costs	2,867,783	2,769,295
ACL on loans	(38,301)	(34,690)
Loans, net	$ 2,829,482	$ 2,734,605

(1) At September 30, 2022 and June 30, 2022 accrued interest receivable of $8,890 and $7,969 was accounted for separately from the amortized cost basis.

All qualifying one-to-four family first mortgage loans, HELOCs, commercial real estate loans, and FHLB of Atlanta stock are pledged as collateral by a blanket pledge to secure any outstanding FHLB advances.

Loans are monitored for credit quality on a recurring basis and the composition of the loans outstanding by credit quality indicator is provided below. Loan credit quality indicators are developed through review of individual borrowers on an ongoing basis. Generally, loans are monitored for performance on a quarterly basis with the credit quality indicators adjusted as needed. The indicators represent the rating for loans as of the date presented based on the most recent assessment performed. These credit quality indicators are defined as follows:

Pass—A pass rated asset is not adversely classified because it does not display any of the characteristics for adverse classification.

Special Mention—A special mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, such potential weaknesses may result in deterioration of the repayment prospects or collateral position at some future date. Special mention assets are not adversely classified and do not warrant adverse classification.

Substandard—A substandard asset is inadequately protected by the current net worth and paying capacity of the obligor, or of the collateral pledged, if any. Assets classified as substandard generally have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. These assets are characterized by the distinct possibility of loss if the deficiencies are not corrected.

Doubtful—An asset classified doubtful has all the weaknesses inherent in an asset classified substandard with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions, and values.

Loss—Assets classified loss are considered uncollectible and of such little value that their continuing to be carried as an asset is not warranted. This classification is not necessarily equivalent to no potential for recovery or salvage value, but rather that it is not appropriate to defer a full write-off even though partial recovery may be effected in the future.

(Dollars in thousands, except per share data)

The following table presents the credit risk profile by risk grade for commercial real estate, commercial, residential real estate, and consumer loans by origination year as of September 30, 2022:

	Term Loans By Origination Fiscal Year							
September 30, 2022	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ 8,397	$ 22,819	$ 6,132	$ 618	$ 1,655	$ 6,601	$ 258,421	$ 304,643
Special mention	—	—	—	—	—	—	5,418	5,418
Substandard	—	871	—	—	—	53	—	924
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	8,397	23,690	6,132	618	1,655	6,654	263,839	310,985
Commercial real estate - owner occupied								
Risk rating								
Pass	9,648	57,832	66,926	44,130	42,557	91,104	17,864	330,061
Special mention	—	131	—	391	405	2,366	—	3,293
Substandard	—	—	—	—	—	2,704	398	3,102
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate - owner occupied	9,648	57,963	66,926	44,521	42,962	96,174	18,262	336,456
Commercial real estate - non-owner occupied								
Risk rating								
Pass	25,335	94,508	120,166	91,303	57,136	250,560	8,483	647,491
Special mention	—	—	—	—	—	14,149	—	14,149
Substandard	—	—	—	—	—	4	—	4
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate - non-owner occupied	25,335	94,508	120,166	91,303	57,136	264,713	8,483	661,644
Multifamily								
Risk rating								
Pass	800	11,580	19,788	15,740	4,421	25,244	1,078	78,651
Special mention	—	—	—	—	29	63	—	92
Substandard	—	—	—	—	—	339	—	339
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total multifamily	800	11,580	19,788	15,740	4,450	25,646	1,078	79,082
Total commercial real estate								
Risk rating								
Pass	$ 44,180	$ 186,739 —	$ 213,012	$ 151,791	$ 105,769	$ 373,509	$ 285,846	$ 1,360,846
Special mention	—	131	—	391	434	16,578	5,418	22,952
Substandard	—	871	—	—	—	3,100	398	4,369
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate	$ 44,180	$ 187,741	$ 213,012	$ 152,182	$ 106,203	$ 393,187	$ 291,662	$ 1,388,167

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
September 30, 2022	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Commercial and industrial								
Risk rating								
Pass	$ 20,453	$ 66,197	$ 19,969	$ 14,786	$ 8,270	$ 24,509	$ 43,554	$ 197,738
Special mention	—	148	344	261	362	—	241	1,356
Substandard	—	—	669	341	1,438	47	4,003	6,498
Doubtful	—	—	14	—	—	—	—	14
Loss	—	—	—	—	—	—	—	—
Total commercial and industrial	20,453	66,345	20,996	15,388	10,070	24,556	47,798	205,606
Equipment finance								
Risk rating								
Pass	52,522	173,430	102,095	57,234	21,945	1,391	—	408,617
Special mention	—	247	153	932	487	—	—	1,819
Substandard	—	—	126	33	141	—	—	300
Doubtful	—	31	245	—	—	—	—	276
Loss	—	—	—	—	—	—	—	—
Total equipment finance	52,522	173,708	102,619	58,199	22,573	1,391	—	411,012
Municipal leases								
Risk rating								
Pass	4,865	19,425	23,953	8,763	10,730	49,916	13,125	130,777
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total municipal leases	4,865	19,425	23,953	8,763	10,730	49,916	13,125	130,777
PPP loans								
Risk rating								
Pass	—	—	13	225	—	—	—	238
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total PPP loans	—	—	13	225	—	—	—	238
Total commercial								
Risk rating								
Pass	$ 77,840	$ 259,052	$ 146,030	$ 81,008	$ 40,945	$ 75,816	$ 56,679	$ 737,370
Special mention	—	395	497	1,193	849	—	241	3,175
Substandard	—	—	795	374	1,579	47	4,003	6,798
Doubtful	—	31	259	—	—	—	—	290
Loss	—	—	—	—	—	—	—	—
Total commercial	$ 77,840	$ 259,478	$ 147,581	$ 82,575	$ 43,373	$ 75,863	$ 60,923	$ 747,633

(Dollars in thousands, except per share data)

September 30, 2022	Term Loans By Origination Fiscal Year 2023	2022	2021	2020	2019	Prior	Revolving	Total
Construction and land development								
Risk rating								
Pass	$ —	$ 863	$ —	$ 51	$ —	$ 1,631	$ 88,589	$ 91,134
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	354	—	354
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	—	863	—	51	—	1,985	88,589	91,488
One-to-four family								
Risk rating								
Pass	14,710	61,909	82,573	46,675	28,317	130,596	4,069	368,849
Special mention	—	—	—	—	—	634	—	634
Substandard	—	127	—	57	540	4,601	—	5,325
Doubtful	—	—	—	—	—	41	—	41
Loss	—	—	—	—	—	—	—	—
Total one-to-four family	14,710	62,036	82,573	46,732	28,857	135,872	4,069	374,849
HELOCs								
Risk rating								
Pass	2,513	1,431	675	428	1,007	7,656	150,257	163,967
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	658	48	706
Doubtful	—	—	—	—	—	28	—	28
Loss	—	—	—	—	—	—	—	—
Total HELOCs	2,513	1,431	675	428	1,007	8,342	150,305	164,701
Total residential real estate								
Risk rating								
Pass	$ 17,223	$ 64,203	$ 83,248	$ 47,154	$ 29,324	$ 139,883	$ 242,915	$ 623,950
Special mention	—	—	—	—	—	634	—	634
Substandard	—	127	—	57	540	5,613	48	6,385
Doubtful	—	—	—	—	—	69	—	69
Loss	—	—	—	—	—	—	—	—
Total residential real estate	$ 17,223	$ 64,330	$ 83,248	$ 47,211	$ 29,864	$ 146,199	$ 242,963	$ 631,038

September 30, 2022	Term Loans By Origination Fiscal Year 2023	2022	2021	2020	2019	Prior	Revolving	Total
Total consumer								
Risk rating								
Pass	$ 25,818	$ 23,836	$ 18,648	$ 13,795	$ 9,662	$ 8,062	$ 229	$ 100,050
Special mention	—	—	—	—	—	—	—	—
Substandard	—	114	134	280	105	253	8	894
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	1	—	—	1
Total consumer	$ 25,818	$ 23,950	$ 18,782	$ 14,075	$ 9,768	$ 8,315	$ 237	$ 100,945

(Dollars in thousands, except per share data)

The following table presents the credit risk profile by risk grade for commercial real estate, commercial, residential real estate, and consumer loans by origination year as of June 30, 2022:

	Term Loans By Origination Fiscal Year							
June 30, 2022	**2022**	**2021**	**2020**	**2019**	**2018**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ 21,988	$ 5,686	$ 627	$ 2,089	$ 1,092	$ 5,819	$ 248,189	$ 285,490
Special mention	—	—	—	—	—	97	4,677	4,774
Substandard	871	—	—	—	—	67	—	938
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	22,859	5,686	627	2,089	1,092	5,983	252,866	291,202
Commercial real estate - owner occupied								
Risk rating								
Pass	55,167	71,429	45,665	43,786	21,720	74,602	16,857	329,226
Special mention	—	—	396	418	—	2,416	—	3,230
Substandard	—	—	—	—	577	2,227	398	3,202
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate - owner occupied	55,167	71,429	46,061	44,204	22,297	79,245	17,255	335,658
Commercial real estate - non-owner occupied								
Risk rating								
Pass	97,885	122,975	95,268	56,846	81,037	182,664	7,214	643,889
Special mention	—	—	—	—	13,844	4,421	—	18,265
Substandard	—	—	—	—	—	5	—	5
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate - non-owner occupied	97,885	122,975	95,268	56,846	94,881	187,090	7,214	662,159
Multifamily								
Risk rating								
Pass	10,135	19,985	15,881	8,614	2,796	20,587	2,495	80,493
Special mention	—	—	—	29	—	217	—	246
Substandard	—	—	—	—	—	347	—	347
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total multifamily	10,135	19,985	15,881	8,643	2,796	21,151	2,495	81,086
Total commercial real estate								
Risk rating								
Pass	$ 185,175	$ 220,075 —	$ 157,441	$ 111,335	$ 106,645	$ 283,672	$ 274,755	$ 1,339,098
Special mention	—	—	396	447	13,844	7,151	4,677	26,515
Substandard	871	—	—	—	577	2,646	398	4,492
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate	$ 186,046	$ 220,075	$ 157,837	$ 111,782	$ 121,066	$ 293,469	$ 279,830	$ 1,370,105

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
June 30, 2022	**2022**	**2021**	**2020**	**2019**	**2018**	**Prior**	**Revolving**	**Total**
Commercial and industrial								
Risk rating								
Pass	$ 70,863	$ 21,059	$ 11,361	$ 9,377	$ 6,338	$ 20,856	$ 43,119	$ 182,973
Special mention	—	346	260	364	—	—	1,957	2,927
Substandard	—	770	343	1,152	—	52	4,337	6,654
Doubtful	—	98	—	—	—	—	—	98
Loss	—	—	—	—	—	—	—	—
Total commercial and industrial	70,863	22,273	11,964	10,893	6,338	20,908	49,413	192,652
Equipment finance								
Risk rating								
Pass	186,139	113,363	64,400	26,467	1,755	—	—	392,124
Special mention	200	331	1,002	547	—	—	—	2,080
Substandard	—	123	18	159	—	—	—	300
Doubtful	32	—	—	5	—	—	—	37
Loss	—	—	—	—	—	—	—	—
Total equipment finance	186,371	113,817	65,420	27,178	1,755	—	—	394,541
Municipal leases								
Risk rating								
Pass	19,425	24,480	8,962	11,034	13,584	39,529	12,715	129,729
Special mention	—	37	—	—	—	—	—	37
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total municipal leases	19,425	24,517	8,962	11,034	13,584	39,529	12,715	129,766
PPP loans								
Risk rating								
Pass	—	375	286	—	—	—	—	661
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total PPP loans	—	375	286	—	—	—	—	661
Total commercial								
Risk rating								
Pass	$ 276,427	$ 159,277	$ 85,009	$ 46,878	$ 21,677	$ 60,385	$ 55,834	$ 705,487
Special mention	200	714	1,262	911	—	—	1,957	5,044
Substandard	—	893	361	1,311	—	52	4,337	6,954
Doubtful	32	98	—	5	—	—	—	135
Loss	—	—	—	—	—	—	—	—
Total commercial	$ 276,659	$ 160,982	$ 86,632	$ 49,105	$ 21,677	$ 60,437	$ 62,128	$ 717,620

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
June 30, 2022	**2022**	**2021**	**2020**	**2019**	**2018**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ 864	$ —	$ 53	$ —	$ —	$ 1,783	$ 78,775	$ 81,475
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	372	—	372
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	864	—	53	—	—	2,155	78,775	81,847
One-to-four family								
Risk rating								
Pass	55,415	74,035	47,364	29,075	23,250	113,307	4,077	346,523
Special mention	—	—	—	—	—	835	—	835
Substandard	128	—	1,002	540	430	4,590	—	6,690
Doubtful	—	—	—	—	—	155	—	155
Loss	—	—	—	—	—	—	—	—
Total one-to-four family	55,543	74,035	48,366	29,615	23,680	118,887	4,077	354,203
HELOCs								
Risk rating								
Pass	1,466	458	282	901	107	7,441	148,526	159,181
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	879	49	928
Doubtful	—	—	—	—	—	28	—	28
Loss	—	—	—	—	—	—	—	—
Total HELOCs	1,466	458	282	901	107	8,348	148,575	160,137
Total residential real estate								
Risk rating								
Pass	$ 57,745	$ 74,493	$ 47,699	$ 29,976	$ 23,357	$ 122,531	$ 231,378	$ 587,179
Special mention	—	—	—	—	—	835	—	835
Substandard	128	—	1,002	540	430	5,841	49	7,990
Doubtful	—	—	—	—	—	183	—	183
Loss	—	—	—	—	—	—	—	—
Total residential real estate	$ 57,873	$ 74,493	$ 48,701	$ 30,516	$ 23,787	$ 129,390	$ 231,427	$ 596,187

	Term Loans By Origination Fiscal Year							
June 30, 2022	**2022**	**2021**	**2020**	**2019**	**2018**	**Prior**	**Revolving**	**Total**
Total consumer								
Risk rating								
Pass	$ 25,935	$ 20,443	$ 15,849	$ 11,329	$ 8,235	$ 2,398	$ 277	$ 84,466
Special mention	—	—	—	—	—	—	—	—
Substandard	72	169	274	85	182	100	33	915
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	2	—	—	—	2
Total consumer	$ 26,007	$ 20,612	$ 16,123	$ 11,416	$ 8,417	$ 2,498	$ 310	$ 85,383

(Dollars in thousands, except per share data)

The following tables present aging analyses of past due loans (including nonaccrual loans) by segment and class for the periods indicated below:

	Past Due				Total
	30-89 Days	90 Days+	Total	Current	Loans
September 30, 2022					
Commercial real estate					
Construction and land development	$ —	$ —	$ —	$ 310,985	$ 310,985
Commercial real estate - owner occupied	—	—	—	336,456	336,456
Commercial real estate - non-owner occupied	—	—	—	661,644	661,644
Multifamily	851	—	851	78,231	79,082
Total commercial real estate	851	—	851	1,387,316	1,388,167
Commercial					
Commercial and industrial	671	1	672	204,934	205,606
Equipment finance	624	179	803	410,209	411,012
Municipal leases	328	—	328	130,449	130,777
PPP loans	—	—	—	238	238
Total commercial	1,623	180	1,803	745,830	747,633
Residential real estate					
Construction and land development	2	135	137	91,351	91,488
One-to-four family	1,405	1,200	2,605	372,244	374,849
HELOCs	1,076	114	1,190	163,511	164,701
Total residential real estate	2,483	1,449	3,932	627,106	631,038
Consumer	189	144	333	100,612	100,945
Total loans	$ 5,146	$ 1,773	$ 6,919	$ 2,860,864	$ 2,867,783

	Past Due				Total
	30-89 Days	90 Days+	Total	Current	Loans
June 30, 2022					
Commercial real estate					
Construction and land development	$ —	$ —	$ —	$ 291,202	$ 291,202
Commercial real estate - owner occupied	—	52	52	335,606	335,658
Commercial real estate - non-owner occupied	—	—	—	662,159	662,159
Multifamily	—	—	—	81,086	81,086
Total commercial real estate	—	52	52	1,370,053	1,370,105
Commercial					
Commercial and industrial	255	—	255	192,397	192,652
Equipment finance	186	56	242	394,299	394,541
Municipal leases	—	—	—	129,766	129,766
PPP loans	—	—	—	661	661
Total commercial	441	56	497	717,123	717,620
Residential real estate					
Construction and land development	115	22	137	81,710	81,847
One-to-four family	910	1,394	2,304	351,899	354,203
HELOCs	283	122	405	159,732	160,137
Total residential real estate	1,308	1,538	2,846	593,341	596,187
Consumer	330	177	507	84,876	85,383
Total loans	$ 2,079	$ 1,823	$ 3,902	$ 2,765,393	$ 2,769,295

(Dollars in thousands, except per share data)

The following table presents recorded investment in loans on nonaccrual status, by segment and class, including restructured loans. It also includes interest income recognized on nonaccrual loans for the three months ended September 30, 2022.

	September 30, 2022	June 30, 2022	90 Days+ & Still Accruing as of September 30, 2022	Nonaccrual With No Allowance as of September 30, 2022	Interest Income Recognized
Commercial real estate					
Construction and land development	$ 53	$ 67	$ —	$ —	$ —
Commercial real estate - owner occupied	638	706	—	—	—
Commercial real estate - non-owner occupied	4	5	—	—	6
Multifamily	99	103	—	—	2
Total commercial real estate	794	881	—	—	8
Commercial					
Commercial and industrial	2,500	1,951	—	1	42
Equipment finance	523	270	—	—	21
Total commercial	3,023	2,221	—	1	63
Residential real estate					
Construction and land development	135	137	—	—	1
One-to-four family	1,847	1,773	—	540	15
HELOCs	694	724	—	—	5
Total residential real estate	2,676	2,634	—	540	21
Consumer	333	384	—	—	4
Total loans	$ 6,826	$ 6,120	$ —	$ 541	$ 96

TDRs are loans which have renegotiated loan terms to assist borrowers who are unable to meet the original terms of their loans. Such modifications to loan terms may include a lower interest rate, a reduction in principal, and/or a longer term to maturity. The above table excludes $9,929 and $9,818 of TDRs that were performing under their restructured payment terms as of September 30, 2022 and June 30, 2022, respectively.

The following tables present analyses of the ACL on loans by segment for the period indicated below. In addition to the provision (benefit) for credit losses on loans presented below, provisions (benefits) of $443 and $(125) for off-balance sheet credit exposures and $(150) and $0 for commercial paper were recorded during the three months ended September 30, 2022 and 2021, respectively.

	Three Months Ended September 30, 2022				
	Commercial Real Estate	Commercial	Residential Real Estate	Consumer	Total
Balance at beginning of period	$ 13,414	$ 12,036	$ 7,611	$ 1,629	$ 34,690
Provision (benefit) for credit losses	1,264	1,064	674	692	3,694
Charge-offs	—	(274)	(72)	(101)	(447)
Recoveries	2	152	170	40	364
Net (charge-offs) recoveries	$ 2	$ (122)	$ 98	$ (61)	$ (83)
Balance at end of period	$ 14,680	$ 12,978	$ 8,383	$ 2,260	$ 38,301

	Three Months Ended September 30, 2021				
	Commercial Real Estate	Commercial	Residential Real Estate	Consumer	Total
Balance at beginning of period	$ 15,084	$ 9,663	$ 8,185	$ 2,536	$ 35,468
Provision (benefit) for credit losses	(1,336)	713	(789)	77	(1,335)
Charge-offs	(438)	(181)	(27)	(63)	(709)
Recoveries	684	16	232	50	982
Net (charge-offs) recoveries	246	(165)	205	(13)	273
Balance at end of period	$ 13,994	$ 10,211	$ 7,601	$ 2,600	$ 34,406

(Dollars in thousands, except per share data)

The following tables present ending balances of loans and the related ACL, by segment and class for the periods indicated below:

	Allowance for Credit Losses			Total Loans Receivable		
	Loans Individually Evaluated	Loans Collectively Evaluated	Total	Loans Individually Evaluated	Loans Collectively Evaluated	Total
September 30, 2022						
Commercial real estate						
Construction and land development	$ —	$ 5,374	$ 5,374	$ —	$ 310,985	$ 310,985
Commercial real estate - owner occupied	—	3,134	3,134	—	336,456	336,456
Commercial real estate - non-owner occupied	—	5,764	5,764	—	661,644	661,644
Multifamily	—	408	408	—	79,082	79,082
Total commercial real estate	—	14,680	14,680	—	1,388,167	1,388,167
Commercial						
Commercial and industrial	2,146	3,862	6,008	3,167	202,439	205,606
Equipment finance	—	6,672	6,672	—	411,012	411,012
Municipal leases	—	298	298	—	130,777	130,777
PPP loans	—	—	—	—	238	238
Total commercial	2,146	10,832	12,978	3,167	744,466	747,633
Residential real estate						
Construction and land development	—	1,346	1,346	—	91,488	91,488
One-to-four family	—	5,080	5,080	2,479	372,370	374,849
HELOCs	—	1,957	1,957	—	164,701	164,701
Total residential real estate	—	8,383	8,383	2,479	628,559	631,038
Consumer	—	2,260	2,260	—	100,945	100,945
Total	$ 2,146	$ 36,155	$ 38,301	$ 5,646	$ 2,862,137	$ 2,867,783

	Allowance for Loan Losses			Total Loans Receivable		
	Loans Individually Evaluated	Loans Collectively Evaluated	Total	Loans Individually Evaluated	Loans Collectively Evaluated	Total
June 30, 2022						
Commercial real estate						
Construction and land development	$ —	$ 4,402	$ 4,402	$ —	$ 291,202	$ 291,202
Commercial real estate - owner occupied	—	3,038	3,038	—	335,658	335,658
Commercial real estate - non-owner occupied	—	5,589	5,589	—	662,159	662,159
Multifamily	—	385	385	—	81,086	81,086
Total commercial real estate	—	13,414	13,414	—	1,370,105	1,370,105
Commercial						
Commercial and industrial	2,191	2,892	5,083	2,854	189,798	192,652
Equipment finance	—	6,651	6,651	—	394,541	394,541
Municipal leases	—	302	302	—	129,766	129,766
PPP loans	—	—	—	—	661	661
Total commercial	2,191	9,845	12,036	2,854	714,766	717,620
Residential real estate						
Construction and land development	—	1,052	1,052	—	81,847	81,847
One-to-four family	—	4,673	4,673	2,486	351,717	354,203
HELOCs	—	1,886	1,886	—	160,137	160,137
Total residential real estate	—	7,611	7,611	2,486	593,701	596,187
Consumer	—	1,629	1,629	—	85,383	85,383
Total	$ 2,191	$ 32,499	$ 34,690	$ 5,340	$ 2,763,955	$ 2,769,295

(Dollars in thousands, except per share data)

In estimating expected credit losses, ASC 326 prescribes that if foreclosure is probable, a CDA is required to be measured at the fair value of collateral, but as a practical expedient, if foreclosure is not probable, fair value measurement is optional. For those CDA loans measured at the fair value of collateral, a credit loss expense is recorded for loan amounts in excess of fair value. The following tables provide a breakdown between loans identified as CDAs and non-CDAs, by segment and class, and securing collateral, as well as collateral coverage for those loans for the periods indicated below:

	Type of Collateral and Extent to Which Collateral Secures Financial Assets				Financial Assets Not Considered Collateral Dependent	
September 30, 2022	**Residential Property**	**Investment Property**	**Commercial Property**	**Business Assets**		**Total**
Commercial real estate						
Construction and land development	$ —	$ —	$ —	$ —	$ 310,985	$ 310,985
Commercial real estate - owner occupied	—	—	—	—	336,456	336,456
Commercial real estate - non-owner occupied	—	—	—	—	661,644	661,644
Multifamily	—	—	—	—	79,082	79,082
Total commercial real estate	—	—	—	—	1,388,167	1,388,167
Commercial						
Commercial and industrial	—	—	—	2,479	203,127	205,606
Equipment finance	—	—	—	—	411,012	411,012
Municipal leases	—	—	—	—	130,777	130,777
PPP loans	—	—	—	—	238	238
Total commercial	—	—	—	2,479	745,154	747,633
Residential real estate						
Construction and land development	—	—	—	—	91,488	91,488
One-to-four family	1,311	—	—	—	373,538	374,849
HELOCs	—	—	—	—	164,701	164,701
Total residential real estate	1,311	—	—	—	629,727	631,038
Consumer	—	—	—	—	100,945	100,945
Total	$ 1,311	$ —	$ —	$ 2,479	$ 2,863,993	$ 2,867,783
Total collateral value	$ 2,443	$ —	$ —	$ —		

	Type of Collateral and Extent to Which Collateral Secures Financial Assets				Financial Assets Not Considered Collateral Dependent	
June 30, 2022	**Residential Property**	**Investment Property**	**Commercial Property**	**Business Assets**		**Total**
Commercial real estate						
Construction and land development	$ —	$ —	$ —	$ —	$ 291,202	$ 291,202
Commercial real estate - owner occupied	—	—	—	—	335,658	335,658
Commercial real estate - non-owner occupied	—	—	—	—	662,159	662,159
Multifamily	—	—	—	—	81,086	81,086
Total commercial real estate	—	—	—	—	1,370,105	1,370,105
Commercial						
Commercial and industrial	—	—	—	2,594	190,058	192,652
Equipment finance	—	—	—	—	394,541	394,541
Municipal leases	—	—	—	—	129,766	129,766
PPP loans	—	—	—	—	661	661
Total commercial	—	—	—	2,594	715,026	717,620
Residential real estate						
Construction and land development	—	—	—	—	81,847	81,847
One-to-four family	1,318	—	—	—	352,885	354,203
HELOCs	—	—	—	—	160,137	160,137
Total residential real estate	1,318	—	—	—	594,869	596,187
Consumer	—	—	—	—	85,383	85,383
Total	$ 1,318	$ —	$ —	$ 2,594	$ 2,765,383	$ 2,769,295
Total collateral value	$ 2,443	$ —	$ —	$ 69		

(Dollars in thousands, except per share data)

The following table presents a breakdown of the types of concessions made on TDRs by loan class for the periods indicated below:

	Three Months Ended September 30,					
	2022			2021		
	Number of Loans	Pre Modification Outstanding Recorded Investment	Post Modification Outstanding Recorded Investment	Number of Loans	Pre Modification Outstanding Recorded Investment	Post Modification Outstanding Recorded Investment
Below market interest rate						
Commercial real estate						
Commercial and industrial	5	$ 569	$ 569	—	$ —	$ —
Total below market interest rate	5	569	569	—	—	—
Other TDRs						
Residential real estate						
HELOCs	—	$ —	$ —	1	$ 18	$ 18
Consumer	3	37	31	5	84	83
Total other TDRs	3	37	31	6	102	101
Total	8	$ 606	$ 600	6	$ 102	$ 101

The following table presents loans that were modified as TDRs within the previous 12 months and for which there was a payment default during the periods indicated below:

	Three Months Ended September 30,			
	2022		2021	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Extended payment terms				
Residential real estate loans				
One-to-four family	1	$ 34	—	$ —
Total extended payment terms	1	34	—	—
Other TDRs				
Consumer	1	$ 2	2	$ 44
Total other TDRs	1	$ 2	2	$ 44
Total	2	$ 36	2	$ 44

Other TDRs include TDRs that have a below market interest rate and extended payment terms. The Company does not typically forgive principal when restructuring troubled debt.

In determining the ACL, management considers TDRs for all loan classes, and the subsequent nonperformance in accordance with their modified terms, by measuring a reserve on a loan-by-loan basis based on either the value of the loan's expected future cash flows discounted at the loan's original effective interest rate or on the collateral value, net of the estimated costs of disposal, if the loan is collateral dependent.

Off-Balance-Sheet Credit Exposure

The Company maintains a separate reserve for credit losses on off-balance-sheet credit exposures, including unfunded loan commitments, which is included in other liabilities on the consolidated balance sheet. The reserve for credit losses on off-balance-sheet credit exposures is adjusted as a provision for credit losses in the consolidated statement of income. The estimate includes consideration of the likelihood that funding will occur and an estimate of ECLs on commitments expected to be funded over its estimated life, utilizing the same models and approaches for the Company's other loan portfolio segments described above, as these unfunded commitments share similar risk characteristics as its loan portfolio segments. The Company has identified the unfunded portion of certain lines of credit as unconditionally cancellable credit exposures, meaning the Company can cancel the unfunded commitment at any time. No credit loss estimate is reported for off-balance-sheet credit exposures that are unconditionally cancellable by the Company or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement. At September 30, 2022 and June 30, 2022, the ACL on off-balance-sheet credit exposures included in other liabilities was $3,747 and $3,304, respectively.

(Dollars in thousands, except per share data)

6. Leases

As Lessee - Operating Leases

The Company's operating leases primarily include office space and bank branches. Certain leases include one or more options to renew, with renewal terms that can extend the lease term up to 15 additional years. The exercise of lease renewal options is at management's sole discretion. When it is reasonably certain that the Company will exercise its option to renew or extend the lease term, that option is included in estimating the value of the ROU and lease liability. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Most of the Company's lease agreements include periodic rate adjustments for inflation. The depreciable life of ROU assets and leasehold improvements are limited to the shorter of the useful life or the expected lease term. Leases with an initial term of 12 months or less are not recorded on the Company's Consolidated Balance Sheet. The Company recognizes lease expenses for these leases over the lease term.

The following table presents supplemental balance sheet information related to operating leases.

Supplemental Balance Sheet Information	**September 30, 2022**	**June 30, 2022**
ROU assets (included in other assets)	$ 5,651	$ 5,846
Lease liabilities (included in other liabilities)	6,443	6,641
Weighted-average remaining lease terms (years)	10.8	10.8
Weighted-average discount rate	2.90 %	2.90 %

The following schedule summarizes aggregate future minimum lease payments under these operating leases at September 30, 2022:

Fiscal year ending June 30	
Remaining 2023	$ 1,083
2024	1,002
2025	700
2026	575
2027	593
Thereafter	3,794
Total undiscounted minimum lease payments	7,747
Less: amount representing interest	(1,304)
Total lease liability	$ 6,443

The following table presents components of operating lease expense for the periods indicated:

	Three Months Ended September 30,	
	2022	**2021**
Operating lease cost (included in occupancy expense, net)	$ 347	$ 467
Variable lease cost (included in occupancy expense, net)	2	6
Sublease income (included in other, noninterest income)	(57)	(47)
Total operating lease expense, net	$ 292	$ 426

As Lessee - Finance Lease

The Company currently leases land for one of its branch office locations under a finance lease. The ROU asset for the finance lease totaled $2,052 at September 30, 2022 and June 30, 2022 and is included in other assets. The corresponding lease liability totaled $1,752 and $1,763 at September 30, 2022 and June 30, 2022, respectively, and is included in other liabilities. For the three months ended September 30, 2022 and 2021, interest expense on the lease liability totaled $23. The finance lease has a maturity date of July 2028 and a discount rate of 5.18%.

The following schedule summarizes aggregate future minimum lease payments under this finance lease obligation at September 30, 2022:

Fiscal year ending June 30	
Remaining 2023	$ 100
2024	145
2025	146
2026	146
2027	146
Thereafter	1,557
Total undiscounted minimum lease payments	2,240
Less: amount representing interest	(488)
Total lease liability	$ 1,752

(Dollars in thousands, except per share data)

Supplemental lease cash flow information for the periods indicated:

	Three Months Ended September 30,	
	2022	2021
ROU assets - noncash additions (operating leases)	$ —	$ 959
Cash paid for amounts included in the measurement of lease liabilities (operating leases)	315	628
Cash paid for amounts included in the measurement of lease liabilities (finance leases)	33	33

As Lessor - General

The Company leases equipment to commercial end users under operating and finance lease arrangements. The Company's equipment finance leases consist mainly of construction, transportation, healthcare, and manufacturing equipment. Many of its operating and finance leases offer the lessee the option to purchase the equipment at fair value or for a nominal fixed purchase option; and most of the leases that do not have a nominal purchase option include renewal provisions resulting in some leases continuing beyond initial contractual terms. The Company's leases do not include early termination options, and continued rent payments are due if leased equipment is not returned at the end of the lease.

As Lessor - Operating Leases

Operating lease income is recognized as a component of noninterest income on a straight-line basis over the lease term. Lease terms range from one to five years. Assets related to operating leases are included in other assets and the corresponding depreciation expense is recorded on a straight-line basis as a component of other noninterest expense. The net book value of leased assets totaled $18,568 and $20,075 with a residual value of $12,737 and $12,874 as of September 30, 2022 and June 30, 2022, respectively.

The following table presents total equipment finance operating lease income and depreciation expense for the periods indicated:

	Three Months Ended September 30,	
	2022	2021
Operating lease income	$ 1,585	$ 1,540
Depreciation expense	1,164	1,385

The following schedule summarizes aggregate future minimum lease payments to be received at September 30, 2022:

Fiscal year ending June 30	
Remaining 2023	$ 3,623
2024	2,916
2025	937
2026	355
2027	113
Thereafter	—
Total of future minimum lease payments	$ 7,944

As Lessor - Direct Financing Leases

Finance lease income is recognized as a component of loan interest income over the lease term. The finance leases are included as a component of the equipment finance class of financing receivables under the commercial loan segment of the loan portfolio. For the three months ended September 30, 2022 and 2021, interest income on equipment finance leases totaled $758 and $759, respectively.

The lease receivable component of finance lease net investment included within the equipment finance class of financing receivables was $63.3 million and $62.2 million at September 30, 2022 and June 30, 2022, respectively.

The following schedule summarizes aggregate future minimum finance lease payments to be received at September 30, 2022:

Fiscal year ending June 30	
Remaining 2023	$ 17,066
2024	19,324
2025	14,696
2026	10,338
2027	5,254
Thereafter	3,972
Total undiscounted minimum lease payments	70,650
Less: amount representing interest	(7,305)
Total lease receivable	$ 63,345

(Dollars in thousands, except per share data)

7. Equity Incentive Plan

The Company provides stock-based awards through the 2013 Omnibus Incentive Plan, which provides for awards of restricted stock, restricted stock units, stock options, stock appreciation rights and cash awards to directors, directors emeritus, officers, employees and advisory directors. The cost of equity-based awards under the 2013 Omnibus Incentive Plan generally is based on the fair value of the awards on their grant date. The maximum number of shares that may be utilized for awards under the plan is 2,962,400, including 2,116,000 for stock options and stock appreciation rights and 846,400 for awards of restricted stock and restricted stock units. Shares of common stock issued under the plan would be issued out of authorized but unissued shares, some or all of which may be repurchased shares. The Company repurchased a number of shares on the open market sufficient to cover awards of restricted stock and restricted stock units available to be granted under the 2013 Omnibus Incentive Plan, for $13,297, at an average cost of $15.71 per share during the year ended June 30, 2013.

The table below presents share-based compensation expense and the estimated related tax benefit for stock options and restricted stock for the dates indicated below:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Share-based compensation expense	$ 567	$ 415
Tax benefit	134	98

The table below presents stock option activity and related information for the three months ended September 30, 2022 and 2021:

	Options	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Options outstanding at June 30, 2021	1,319,456	$ 19.07	3.9	$ 11,657
Exercised	(46,200)	15.16	—	—
Forfeited	(2,600)	25.42	—	—
Options outstanding at September 30, 2021	1,270,656	$ 19.19	3.7	$ 11,164
Exercisable at September 30, 2021	1,030,506	$ 17.75	2.9	$ 10,546
Non-vested at September 30, 2021	240,150	$ 25.41	7.3	$ 617
Options outstanding at June 30, 2022	928,870	$ 21.49	4.1	$ 4,036
Granted	5,000	24.07	—	—
Exercised	(27,000)	14.37	—	—
Forfeited	(400)	31.35	—	—
Options outstanding at September 30, 2022	906,470	$ 21.71	3.9	$ 2,633
Exercisable at September 30, 2022	729,720	$ 20.46	3.1	$ 2,633
Non-vested at September 30, 2022	176,750	$ 26.87	7.3	$ —

Assumptions used in estimating the fair value of options granted during the three months ended September 30, 2022 have been detailed below. There were no options granted during the three months ended September 30, 2021.

	September 30, 2022
Weighted-average volatility	27.78 %
Expected dividend yield	1.62 %
Risk-free interest rate	3.11 %
Expected life (years)	6.5
Weighted-average fair value of options granted	$ 6.77

At September 30, 2022, the Company had $800 of unrecognized compensation expense related to 176,750 stock options originally scheduled to vest over a five-year period. The weighted average period over which compensation cost related to non-vested awards expected to be recognized was 1.4 years at September 30, 2022. At September 30, 2021, the Company had $1,083 of unrecognized compensation expense related to 240,150 stock options originally scheduled to vest over a five-year period. The weighted average period over which compensation cost related to non-vested awards expected to be recognized was 1.4 years at September 30, 2021.

(Dollars in thousands, except per share data)

The table below presents restricted stock award activity and related information:

	Restricted Stock Awards	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested at June 30, 2021	151,575	$ 25.06	$ 4,229
Vested	(8,918)	26.93	—
Forfeited	(3,000)	26.31	—
Non-vested at September 30, 2021	139,657	$ 25.00	$ 3,908
Non-vested at June 30, 2022	135,910	$ 27.40	$ 2,345
Granted	7,986	25.32	—
Vested	(13,861)	27.11	—
Forfeited	(400)	31.35	—
Non-vested at September 30, 2022	129,635	$ 27.29	$ 1,943

The table above includes non-vested performance-based restricted stock units totaling 22,843 and 23,662 at September 30, 2022 and 2021, respectively. Each issuance of these stock units is scheduled to vest over 3.0 years assuming the applicable dilutive EPS goals are met.

At September 30, 2022, unrecognized compensation expense was $2,490 related to 129,635 shares of restricted stock originally scheduled to vest over three- and five-year periods. The weighted average period over which compensation cost related to non-vested awards is expected to be recognized was 1.6 years at September 30, 2022. At September 30, 2021, unrecognized compensation expense was $2,483 related to 139,657 shares of restricted stock originally scheduled to vest over three- and five-year periods. The weighted average period over which compensation cost related to non-vested awards is expected to be recognized was 1.5 years at September 30, 2021.

8. Net Income per Share

The following table sets forth the computation of basic and diluted net income per common share for the periods indicated:

	Three Months Ended September 30,	
	2022	**2021**
Numerator		
Net income	$ 9,199	$ 10,527
Allocation of earnings to participating securities	(79)	(92)
Numerator for basic EPS - Net income available to common stockholders	$ 9,120	$ 10,435
Effect of dilutive securities		
Dilutive effect of participating securities	—	2
Numerator for diluted EPS	$ 9,120	$ 10,437
Denominator		
Weighted-average common shares outstanding - basic	14,988,006	15,761,247
Dilutive effect of assumed exercises of stock options	142,756	385,364
Weighted-average common shares outstanding - diluted	15,130,762	16,146,611
Net income per share - basic	$ 0.61	$ 0.66
Net income per share - diluted	$ 0.60	$ 0.65

Potential dilutive shares are excluded from the computation of earnings per share if their effect is anti-dilutive. There were 550,400 and 446,250 of stock options that were anti-dilutive for the three months ended September 30, 2022 and 2021, respectively.

9. Commitments and Contingencies

Loan Commitments – Legally binding 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 commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. In the normal course of business, there are various outstanding commitments to extend credit that are not reflected in the consolidated financial statements. At September 30, 2022 and June 30, 2022, respectively, loan commitments (excluding $301,336 and $312,893 of undisbursed portions of construction loans) totaled $130,492 and $104,745 of which $8,664 and $23,159 were variable rate commitments and $121,828 and $81,586 were fixed rate commitments. The fixed rate loans had interest rates ranging from 1.59% to 8.78% at September 30, 2022 and 1.41% to 9.00% at June 30, 2022, and terms ranging from three to 30 years. Pre-approved but unused lines of credit (principally second mortgage home equity loans and overdraft protection loans) totaled $511,398 and $485,239 at September 30, 2022 and June 30, 2022, respectively. These amounts represent the Company's exposure to credit risk, and in the opinion of management have no more than the normal lending risk that the Company commits to its borrowers. The Company has two types of commitments related to certain one-to-four family loans held for sale: rate lock commitments and forward loan commitments. Rate lock commitments are commitments to extend credit to a customer that has an interest rate lock and are considered derivative instruments. The rate lock commitments do not qualify for hedge accounting. In order to mitigate the risk from interest rate fluctuations, the Company enters into forward loan sale commitments on a “best efforts” basis, which do not meet the definition of a derivative instrument. The fair value of these interest rate lock commitments was not material at September 30, 2022 or June 30, 2022.

The Company grants construction and permanent loans collateralized primarily by residential and commercial real estate to customers throughout its primary market areas. In addition, the Company grants equipment financing throughout the United States and municipal financing to customers throughout North Carolina, South Carolina and, to a lesser extent, Virginia. The Company’s loan portfolio can be affected by the general economic conditions within these market areas. Management believes that the Company has no significant concentration of credit in the loan portfolio.

Restrictions on Cash – In response to COVID-19, the FRB reduced the reserve requirements to zero on March 15, 2020. Prior to this change the Bank was required by regulation to maintain a varying cash reserve balance with the FRB.

Guarantees – Standby letters of credit obligate the Company to meet certain financial obligations of its customers, if, under the contractual terms of the agreement, the customers are unable to do so. The financial standby letters of credit issued by the Company are irrevocable and payment is only guaranteed upon the borrower's failure to perform its obligations to the beneficiary. Total commitments under standby letters of credit as of September 30, 2022 and June 30, 2022 were $19,760 and $18,362, respectively. There was no liability recorded for these letters of credit at September 30, 2022 or June 30, 2022, respectively.

Litigation – From time to time, the Company is involved in litigation matters in the ordinary course of business. These proceedings and the associated legal claims are often contested, and the outcome of individual matters is not always predictable. These claims and counter claims typically arise during the course of collection efforts on problem loans or with respect to actions to enforce liens on properties in which the Company holds a security interest. The Company is not a party to any pending legal proceedings that management believes would have a material adverse effect on the Company’s financial condition or results of operations.

10. Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The methods of determining the fair value of assets and liabilities presented in this note are consistent with the methodologies disclosed in Note 19 of the 2022 Form 10-K.

(Dollars in thousands, except per share data)

Financial Assets Recorded at Fair Value

The following table presents financial assets measured at fair value on a recurring basis at the dates indicated:

	September 30, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
U.S government agencies	$ 17,316	$ —	$ 17,316	$ —
MBS, residential	91,507	—	91,507	—
Municipal bonds	5,420	—	5,420	—
Corporate bonds	47,498	—	47,498	—
Total	$ 161,741	$ —	$ 161,741	$ —

	June 30, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
U.S government agencies	$ 18,459	$ —	$ 18,459	$ —
MBS, residential	47,233	—	47,233	—
Municipal bonds	5,558	—	5,558	—
Corporate bonds	55,728	—	55,728	—
Total	$ 126,978	$ —	$ 126,978	$ —

There were no transfers between levels during the three months ended September 30, 2022 and 2021.

The following table presents financial assets measured at fair value on a non-recurring basis at the dates indicated:

	September 30, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Collateral dependent loans				
Commercial loans				
Commercial and industrial	$ 344	$ —	$ —	$ 344

	June 30, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Collateral dependent loans				
Commercial loans				
Commercial and industrial	$ 415	$ —	$ —	$ 415

A loan is considered to be collateral dependent when, based on current information and events, the Company expects repayment of the financial assets to be provided substantially through the operation or sale of the collateral and the Company has determined that the borrower is experiencing financial difficulty as of the measurement date. For real estate loans, the fair value of the loan's collateral is determined by a third party appraisal, which is then adjusted for the estimated selling and closing costs related to liquidation of the collateral (typically ranging from 8% to 12% of the appraised value). For this asset class, the actual valuation methods (income, sales comparable, or cost) vary based on the status of the project or property. Additional discounts of 5% to 15% may be applied depending on the age of the appraisals. The unobservable inputs may vary depending on the individual asset with no one of the three methods being the predominant approach. For non-real estate loans, the fair value of the loan's collateral may be determined using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the customer and customer's business.

(Dollars in thousands, except per share data)

The stated carrying value and estimated fair value amounts of financial instruments as of September 30, 2022 and June 30, 2022, are summarized below:

	September 30, 2022				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	$ 94,159	$ 94,159	$ 94,159	$ —	$ —
Commercial paper, net	85,296	85,296	85,296	—	—
Certificates of deposit in other banks	27,535	27,535	—	27,535	—
Debt securities available for sale	161,741	161,741	—	161,741	—
Loans held for sale	76,252	77,513	—	—	77,513
Loans, net	2,829,482	2,756,169	—	—	2,756,169
FHLB and FRB stock	9,404	N/A	N/A	N/A	N/A
SBIC investments	12,235	12,235	—	—	12,235
Accrued interest receivable	9,667	9,667	—	777	8,890
Liabilities					
Noninterest-bearing and NOW deposits	1,431,101	1,431,101	—	1,431,101	—
Money market accounts	960,150	960,150	—	960,150	—
Savings accounts	240,412	240,412	—	240,412	—
Certificates of deposit	471,005	462,500	—	462,500	—
Accrued interest payable	193	193	—	193	—

	June 30, 2022				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	$ 105,119	$ 105,119	$ 105,119	$ —	$ —
Commercial paper, net	194,427	194,427	194,427	—	—
Certificates of deposit in other banks	23,551	23,551	—	23,551	—
Debt securities available for sale	126,978	126,978	—	126,978	—
Loans held for sale	79,307	80,489	—	—	80,489
Loans, net	2,734,605	2,687,293	—	—	2,687,293
FHLB and FRB stock	9,326	N/A	N/A	N/A	N/A
SBIC investments	12,758	12,758	—	—	12,758
Accrued interest receivable	8,573	8,573	24	580	7,969
Liabilities					
Noninterest-bearing and NOW deposits	1,400,727	1,400,727	—	1,400,727	—
Money market accounts	969,661	969,661	—	969,661	—
Savings accounts	238,197	238,197	—	238,197	—
Certificates of deposit	491,176	485,452	—	485,452	—
Accrued interest payable	80	80	—	80	—

The Company had off-balance sheet financial commitments, which included approximately $962,986 and $921,239 of commitments to originate loans, undisbursed portions of construction loans, unused lines of credit, and standby letters of credit at September 30, 2022 and June 30, 2022, respectively (see "Note 9 – Commitments and Contingencies"). Since these commitments are based on current rates, the carrying amount approximates the fair value.

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

In November 2020, the SEC adopted amendments to Regulation S-K to eliminate certain disclosure requirements and to revise several others to make the disclosures provided in the management's discussion and analysis section more useful for investors. When providing a discussion and analysis of interim period results, the amendments provide a registrant with the option to discuss its interim results by comparing its most recent quarter to the immediately preceding quarter rather than to the same quarter of the prior year. The Company elected to exercise this option as it believes that the comparison of current quarter results to a linked quarter, rather than the prior year comparable quarter, more accurately reflects management's perspective of the organization and its results. In the first quarter of fiscal year 2023, which is the first period of transition, the Company has provided comparisons to both the immediately preceding quarter and the comparable quarter of the prior year, as required in the amendments.

Forward-Looking Statements

Certain matters in this Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to our financial condition, results of operations, plans, objectives, future performance or business. Forward-looking statements are not statements of historical fact, but instead are based on certain assumptions and are generally identified by use of the words "believes," "expects," "anticipates," "estimates," "forecasts," "intends," "plans," "targets," "potentially," "probably," "projects," "outlook" or similar expressions or future or conditional verbs such as "may," "will," "should," "would," and "could." Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, assumptions, and statements about future economic performance and projections of financial items. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated or implied by our forward-looking statements.

The factors that could result in material differentiation include, but are not limited to:

- the remaining effect of the COVID-19 pandemic, including on our credit quality and business operations, as well as its impact on general economic and financial market conditions and other uncertainties resulting from the COVID-19 pandemic, such as the extent and remaining duration of the impact on public health, the U.S. and global economies, and consumer and corporate customers, including economic activity, employment levels, labor shortages and market liquidity, both nationally and in our market areas;
- expected revenues, cost savings, synergies and other benefits from our merger and acquisition activities, including the proposed acquisition of Quantum Capital Corporation, might not be realized to the extent anticipated, within the anticipated time frames, or at all, and costs or difficulties relating to integration matters, including but not limited to customer and employee retention, might be greater than expected;
- the credit risks of lending activities, including changes in the level and trend of loan delinquencies and write offs and changes in our allowance for credit losses and provision for credit losses that may be impacted by deterioration in the housing and commercial real estate markets;
- changes in general economic conditions, either nationally or in our market areas;
- changes in the levels of general interest rates, and the relative differences between short and long term interest rates, deposit interest rates, our net interest margin and funding sources and the effects of inflation of a potential recession;
- uncertainty regarding the limited future of LIBOR, and the expected transition toward new interest rate benchmarks;
- fluctuations in the demand for loans, the number of unsold homes, land and other properties and fluctuations in real estate values in our market areas;
- decreases in the secondary market for the sale of loans that we originate;
- results of examinations of us by the Federal Reserve, the NCCOB, or other regulatory authorities, including the possibility that any such regulatory authority may, among other things, require us to increase our allowance for credit losses, write-down assets, change our regulatory capital position or affect our ability to borrow funds or maintain or increase deposits, which could adversely affect our liquidity and earnings;
- legislative or regulatory changes that adversely affect our business including the effect of Dodd-Frank Wall Street Reform and Consumer Protection Act, changes in laws or regulations, changes in regulatory policies and principles or the application or interpretation of laws and regulations by regulatory agencies and tax authorities, including changes in deferred tax asset and liability activity, or the interpretation of regulatory capital or other rules, including as a result of Basel III;
- our ability to attract and retain deposits;
- management's assumptions in determining the adequacy of the allowance for credit losses;
- our ability to control operating costs and expenses, especially costs associated with our operation as a public company;
- the use of estimates in determining fair value of certain assets, which estimates may prove to be incorrect and result in significant declines in valuation;
- difficulties in reducing risks associated with the loans on our balance sheet;
- staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our workforce and potential associated charges;
- disruptions, security breaches, or other adverse events, failures or interruptions in, or attacks on, our information technology systems or on the third-party vendors who perform several of our critical processing functions;
- our ability to retain key members of our senior management team;

- costs and effects of litigation, including settlements and judgments;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may in the future acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto;
- increased competitive pressures among financial services companies;
- changes in consumer spending, borrowing and savings habits;
- the availability of resources to address changes in laws, rules, or regulations or to respond to regulatory actions;
- adverse changes in the securities markets;
- inability of key third-party providers to perform their obligations to us;
- changes in accounting principles, policies or guidelines and practices, as may be adopted by the financial institution regulatory agencies, the Public Company Accounting Oversight Board or the FASB;
- other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services including the CARES Act; and
- other risks detailed from time to time in our filings with the SEC, including this report on Form 10-Q.

Many of the forward-looking statements are based upon management's beliefs and assumptions at the time they are made. We undertake no obligation to publicly update or revise any forward-looking statements included in this report or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this report might not occur and you should not put undue reliance on any forward-looking statements.

As used throughout this report, the terms "we," "our," "us," "HomeTrust Bancshares" or the "Company" refer to HomeTrust Bancshares, Inc. and its consolidated subsidiaries, including HomeTrust Bank ("HomeTrust" or "Bank") unless the context indicates otherwise.

Overview

HomeTrust Bancshares, Inc., a Maryland corporation, was formed for the purpose of becoming the holding company for HomeTrust Bank in connection with the Bank's conversion from mutual to stock form, which was completed on July 10, 2012. As a bank holding company and financial holding company, we are regulated by the Federal Reserve. The Company has not engaged in any significant activity other than holding the stock of the Bank. As a North Carolina state-chartered bank, and member of the FRB, the Bank's primary regulators are the NCCOB and the Federal Reserve. The Bank's deposits are federally insured up to applicable limits by the FDIC. The Bank is a member of the FHLB of Atlanta, which is one of the 11 regional banks in the FHLB System. Our headquarters is located in Asheville, North Carolina.

The Bank has more than 30 locations across North Carolina, South Carolina, Tennessee, and Virginia, many of which are located in markets experiencing growth rates above the national average. Historically, our branches and facilities have primarily been located in small- to medium-sized communities, but in recent years we have implemented a strategy of expanding into larger, higher growth markets via business banking centers rather than retail-focused branches.

Our principal business consists of attracting deposits from the general public and investing those funds, along with borrowed funds, in commercial real estate loans, construction and development loans, commercial and industrial loans, equipment finance leases, municipal leases, loans secured by first and second mortgages on one-to-four family residences including home equity and other consumer loans. We also originate one-to-four family loans, SBA loans, and HELOCs to sell to third parties. In addition, we invest in debt securities issued by United States Government agencies and GSEs, corporate bonds, commercial paper, and certificates of deposit in other banks insured by the FDIC. We offer a variety of deposit accounts for individuals, businesses, and nonprofit organizations.

Our primary source of pre-tax income is net interest income. Net interest income is the difference between interest income, which is the income that we earn on our loans and investments, and interest expense, which is the interest that we pay on our deposits and borrowings. Changes in levels of interest rates affect our net interest income.

A secondary source of income is noninterest income, which includes revenue we receive from providing products and services, including service charges and fees on deposit accounts, loan income and fees, gains on the sale of loans held for sale, BOLI income, and operating lease income.

An offset to net interest income is the provision for credit losses which is required to establish the ACL at a level that adequately provides for current expected credit losses inherent in our loan portfolio, off balance sheet credit commitments, and available for sale debt securities. See "Note 1 – Summary of Significant Accounting Policies" in Item 1 of our 2022 Form 10-K for further discussion.

Our noninterest expenses consist primarily of salaries and employee benefits, expenses for occupancy, marketing and computer services, and FDIC deposit insurance premiums. Salaries and benefits consist primarily of the salaries and wages paid to our employees, payroll taxes, expenses for retirement, and other employee benefits. Occupancy expenses, which are the fixed and variable costs of buildings and equipment, consist primarily of lease payments, property taxes, depreciation charges, maintenance, and costs of utilities.

Critical Accounting Policies and Estimates

Certain of our accounting policies are important to the portrayal of our financial condition, since they require management to make difficult, complex, or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates associated with these policies are susceptible to material changes as a result of changes in facts and circumstances which could include, but are not limited to, changes in interest rates, changes in the performance of the economy, and changes in the financial condition of borrowers.

The following represents our critical accounting policy:

Allowance for Credit Losses, or ACL, on Loans. The ACL reflects our estimate of credit losses that will result from the inability of our borrowers to make required loan payments. We charge off loans against the ACL and subsequent recoveries, if any, increase the ACL when they are recognized. We use a systematic methodology to determine our ACL for loans held for investment and certain off-balance-sheet credit exposures. The ACL is a valuation account that is deducted from the amortized cost basis to present the net amount expected to be collected on the loan portfolio. We consider the effects of past events, current conditions, and reasonable and supportable forecasts on the collectability of the loan portfolio. The estimate of our ACL involves a high degree of judgment; therefore, our process for determining expected credit losses may result in a range of expected credit losses. Our ACL recorded in the balance sheet reflects our best estimate within the range of expected credit losses. We recognize in net income the amount needed to adjust the ACL for management's current estimate of expected credit losses. Our ACL is calculated using collectively evaluated and individually evaluated loans.

GAAP Reconciliation of Non-GAAP Financial Measures

We believe the non-GAAP financial measures included within this report provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with US GAAP; however, we acknowledge that our non-GAAP financial measures have a number of limitations. The following reconciliation tables provide detailed analyses of these non-GAAP financial measures.

Set forth below is a reconciliation to US GAAP of tangible book value and tangible book value per share:

(Dollars in thousands, except per share data)	As of September 30, 2022	As of June 30, 2022	As of September 30, 2021
Total stockholders' equity	$ 396,222	$ 388,845	$ 396,511
Less: goodwill, core deposit intangibles, net of taxes	25,683	25,710	25,830
Tangible book value	$ 370,539	$ 363,135	$ 370,681
Common shares outstanding	15,632,348	15,591,466	16,307,658
Book value per share	$ 25.35	$ 24.94	$ 22.73
Tangible book value per share	$ 23.70	$ 23.29	$ 24.31

Set forth below is a reconciliation to US GAAP of tangible equity to tangible assets:

(Dollars in thousands)	As of September 30, 2022	As of June 30, 2022	As of September 30, 2021
Tangible equity [1]	$ 370,539	$ 363,135	$ 370,681
Total assets	3,555,186	3,549,204	3,481,360
Less: goodwill, core deposit intangibles, net of taxes	25,683	25,710	25,830
Total tangible assets	$ 3,529,503	$ 3,523,494	$ 3,455,530
Tangible equity to tangible assets	10.50 %	10.31 %	10.73 %

(1) Tangible equity (or tangible book value) is equal to total stockholders' equity less goodwill and core deposit intangibles, net of related deferred tax liabilities.

Comparison of Results of Operations for the Three Months Ended September 30, 2022 and June 30, 2022

Net Income. Net income totaled $9.2 million, or $0.60 per diluted share, for the three months ended September 30, 2022 compared to net income of $6.0 million, or $0.39 per diluted share, for the three months ended June 30, 2022, an increase of $3.2 million, or 52.7%. The results for the three months ended September 30, 2022 were positively impacted by a $5.7 million increase in net interest income, partially offset by a $2.3 million decrease in noninterest income. Details of the changes in the various components of net income are further discussed below.

Net Interest Income. The following table presents the distribution of average assets, liabilities and equity, as well as interest income on average interest-earning assets and interest expense paid on average interest-bearing liabilities. All average balances are daily average balances. Nonaccruing loans have been included in the table as loans carrying a zero yield.

	Three Months Ended					
	September 30, 2022			June 30, 2022		
(Dollars in thousands)	Average Balance Outstanding	Interest Earned/ Paid[2]	Yield/ Rate[2]	Average Balance Outstanding	Interest Earned/ Paid[2]	Yield/ Rate[2]
Assets						
Interest-earning assets						
Loans receivable[1]	$ 2,880,148	$ 33,522	4.62 %	$ 2,807,969	$ 28,457	4.06 %
Commercial paper	214,214	1,116	2.07	295,485	852	1.16
Debt securities available for sale	135,015	678	1.99	118,075	483	1.64
Other interest-earning assets[3]	113,821	888	3.10	92,026	628	2.74
Total interest-earning assets	3,343,198	36,204	4.30	3,313,555	30,420	3.68
Other assets	243,113			255,596		
Total assets	3,586,311			3,569,151		
Liabilities and equity						
Interest-bearing liabilities						
Interest-bearing checking accounts	$ 654,154	$ 268	0.16 %	$ 664,966	$ 340	0.20 %
Money market accounts	968,084	521	0.21	979,816	350	0.14
Savings accounts	238,992	45	0.07	235,848	42	0.07
Certificate accounts	476,761	561	0.47	485,978	500	0.41
Total interest-bearing deposits	2,337,991	1,395	0.24	2,366,608	1,232	0.21
Borrowings	1,526	12	3.12	26,761	35	0.52
Total interest-bearing liabilities	2,339,517	1,407	0.24	2,393,369	1,267	0.21
Noninterest-bearing deposits	800,912			738,734		
Other liabilities	51,485			46,928		
Total liabilities	3,191,914			3,179,031		
Stockholders' equity	394,397			390,120		
Total liabilities and stockholders' equity	3,586,311			3,569,151		
Net earning assets	$ 1,003,681			$ 920,186		
Average interest-earning assets to average interest-bearing liabilities	142.90 %			138.45 %		
Tax-equivalent						
Net interest income		$ 34,797			$ 29,153	
Interest rate spread			4.06 %			3.47 %
Net interest margin[4]			4.13 %			3.53 %
Non-tax-equivalent						
Net interest income		$ 34,520			$ 28,859	
Interest rate spread			4.02 %			3.43 %
Net interest margin[4]			4.10 %			3.49 %

(1) The average loans receivable balances include loans held for sale and nonaccruing loans.
(2) Interest income used in the average interest earned and yield calculation includes the tax equivalent adjustment of $277 and $294 for the three months ended September 30, 2022 and June 30, 2022, respectively, calculated based on a combined federal and state tax rate of 24%.
(3) The average other interest-earning assets consist of FRB stock, FHLB stock, SBIC investments, and deposits in other banks.
(4) Net interest income divided by average interest-earning assets.

Total interest and dividend income for the three months ended September 30, 2022 increased $5.8 million, or 19.3%, compared to the three months ended June 30, 2022, which was driven by a $5.1 million, or 18.0%, increase in interest income on loans. The overall increase in average yield on interest-earning assets was the result of rising interest rates, while the rate paid on interest-bearing liabilities has not increased as rapidly. Specific to the commercial paper and debt securities available for sale, the Company has intentionally maintained relatively short-term duration portfolios which has allowed, and will continue to allow, the Company to take advantage of rising rates when reinvesting the proceeds of maturing instruments.

Total interest expense for the three months ended September 30, 2022 increased $140,000, or 11.0%, compared to the three months ended June 30, 2022. The increase was driven by a $163,000, or 13.2%, increase in interest expense on deposits as a result of a 3 basis point increase in the associated average cost of funds, offset by a $23,000 decrease in interest expense on borrowings.

The following table shows the effects that changes in average balances (volume), including differences in the number of days in the periods compared, and average interest rates (rate) had on the interest earned on interest-earning assets and interest paid on interest-bearing liabilities:

(Dollars in thousands)	Increase/ (Decrease) Due to		Total Increase/ (Decrease)
	Volume	Rate	
Interest-earning assets			
Loans receivable	$ 1,096	$ 3,969	$ 5,065
Commercial paper	(222)	486	264
Debt securities available for sale	77	118	195
Other interest-earning assets	158	102	260
Total interest-earning assets	1,109	4,675	5,784
Interest-bearing liabilities			
Interest-bearing checking accounts	(3)	(69)	(72)
Money market accounts	1	170	171
Savings accounts	1	2	3
Certificate accounts	(3)	64	61
Borrowings	(33)	10	(23)
Total interest-bearing liabilities	(37)	177	140
Net increase in tax equivalent interest income			$ 5,644

Provision for Credit Losses. The provision for credit losses is the amount of expense that, based on our judgment, is required to maintain the ACL at an appropriate level under the CECL model.

The following table presents a breakdown of the components of the provision for credit losses:

	Three Months Ended			
	September 30, 2022	June 30, 2022	$ Change	% Change
Provision for credit losses				
Loans	$ 3,694	$ 2,942	$ 752	26 %
Off-balance-sheet credit exposure	443	566	(123)	(22)
Commercial paper	(150)	(95)	(55)	(58)
Total provision for credit losses	$ 3,987	$ 3,413	$ 574	17 %

For the quarter ended September 30, 2022, the "loans" portion of the provision for credit losses was the result of the following, offset by net charge-offs of $83,000 during the quarter:

- $1.3 million provision specific to fintech portfolios which have a riskier credit profile than loans originated in-house. The elevated credit risk is offset by the higher yields earned on the portfolios.
- $1.1 million provision driven by a projected worsening of the economic forecast, specifically the national unemployment rate.
- $1.3 million provision driven by loan growth, changes in the loan mix, and qualitative adjustments.

For the quarter ended June 30, 2022, the "loans" portion of the provision for credit losses was the result of the following, offset by net recoveries of $714,000 during the quarter:

- $1.2 million provision specific to fintech portfolios.
- $0.8 million provision driven by a projected worsening of the economic forecast, specifically the national unemployment rate.
- $0.8 million provision driven by loan growth, changes in the loan mix, and qualitative adjustments.
- $0.8 million provision to fully reserve a single individually evaluated commercial loan relationship where the borrower's financial performance deteriorated during the quarter.

For both periods presented, the provision for credit losses for off-balance-sheet credit exposure increased for the same reasons outlined above rather than as a result of significant increases in outstanding commitments.

Noninterest Income. Noninterest income for the three months ended September 30, 2022 decreased $2.3 million, or 23.7%, when compared to the quarter ended June 30, 2022. Changes in selected components of noninterest income are discussed below:

	Three Months Ended			
	September 30, 2022	**June 30, 2022**	**$ Change**	**% Change**
Noninterest income				
Service charges and fees on deposit accounts	$ 2,338	$ 2,361	$ (23)	(1)%
Loan income and fees	570	649	(79)	(12)
Gain on sale of loans held for sale	1,586	1,949	(363)	(19)
BOLI income	527	500	27	5
Operating lease income	1,585	1,472	113	8
Gain on sale of debt securities available for sale	—	1,895	(1,895)	(100)
Other	804	890	(86)	(10)
Total noninterest income	$ 7,410	$ 9,716	$ (2,306)	(24)%

- *Gain on sale of loans held for sale:* The decrease in the gain on sale of loans held for sale was primarily driven by a decrease in volume of residential mortgage loans sold during the period as a result of rising interest rates. During the quarter ended September 30, 2022, $20.9 million of residential mortgage loans originated for sale were sold with gains of $493,000 compared to $38.3 million sold with gains of $835,000 for the quarter ended June 30, 2022. There were $12.1 million of sales of the guaranteed portion of SBA commercial loans with gains of $891,000 in the current quarter compared to $11.2 million sold and gains of $904,000 in the prior quarter. Lastly, the Company sold $22.8 million of HELOCs during the current quarter for a gain of $202,000 compared to $22.8 million sold and gains of $210,000 in the prior quarter.
- *Gain on sale of debt securities available for sale:* The decrease in the gain was driven by the sale of seven trust preferred securities during the quarter ended June 30, 2022 which had previously been written down to zero through purchase accounting adjustments from a merger in a prior period. No other securities were sold during either period presented.

Noninterest Expense. Noninterest expense for the three months ended September 30, 2022 decreased $1.4 million, or 4.9%, when compared to the three months ended June 30, 2022. Changes in selected components of noninterest expense are discussed below:

	Three Months Ended			
	September 30, 2022	**June 30, 2022**	**$ Change**	**% Change**
Noninterest expense				
Salaries and employee benefits	$ 14,815	$ 14,709	$ 106	1 %
Occupancy expense, net	2,408	2,491	(83)	(3)
Computer services	2,763	2,811	(48)	(2)
Telephone, postage and supplies	603	599	4	1
Marketing and advertising	590	473	117	25
Deposit insurance premiums	542	432	110	25
Core deposit intangible amortization	34	42	(8)	(19)
Merger-related expenses	474	—	474	100
Officer transition agreement expense	—	1,795	(1,795)	(100)
Other	3,872	4,107	(235)	(6)
Total noninterest expense	$ 26,101	$ 27,459	$ (1,358)	(5)%

- *Merger-related expenses:* On July 24, 2022, the Company entered into an Agreement and Plan of Merger with Quantum Capital Corp. The expense for the three months ended September 30, 2022 are costs incurred related to due diligence and legal work performed associated with the transaction. No such expense was incurred in the quarter ended June 30, 2022.
- *Officer transition agreement expense:* In May 2022, the Company entered into an amended and restated employment and transition agreement with the Company's Chairman and former CEO. As part of this agreement, the full amount of the estimated separation payment was accrued in the quarter ended June 30, 2022. No such expenses were incurred in the quarter ended September 30, 2022.

Income Taxes. The amount of income tax expense is influenced by the amount of pre-tax income, the amount of tax-exempt income, changes in the statutory rate, and the effect of changes in valuation allowances maintained against deferred tax benefits. Income tax expense for the three months ended September 30, 2022 increased $965,000 as a result of higher taxable income in the current quarter and an increase in the effective tax rate which moved from 21.8% to 22.3% quarter-over-quarter.

Comparison of Results of Operations for the Three Months Ended September 30, 2022 and September 30, 2021

Net Income. Net income totaled $9.2 million, or $0.60 per diluted share, for the three months ended September 30, 2022 compared to net income of $10.5 million, or $0.65 per diluted share, for the three months ended September 30, 2021, a decrease of $1.3 million, or 12.6%. The results for the three months ended September 30, 2022 were negatively impacted by an increase of $5.4 million in the provision for credit losses and a $2.9 million decrease in noninterest income, partially offset by a $6.8 million increase in net interest income. Details of the changes in the various components of net income are further discussed below.

Net Interest Income. The following table presents the distribution of average assets, liabilities and equity, as well as interest income earned on average interest-earning assets and interest expense paid on average interest-bearing liabilities. All average balances are daily average balances. Nonaccruing loans have been included in the table as loans carrying a zero yield.

	Three Months Ended					
	September 30, 2022			September 30, 2021		
(Dollars in thousands)	Average Balance Outstanding	Interest Earned/ Paid[2]	Yield/ Rate[2]	Average Balance Outstanding	Interest Earned/ Paid[2]	Yield/ Rate[2]
Assets						
Interest-earning assets						
Loans receivable[1]	$ 2,880,148	$ 33,522	4.62 %	$ 2,819,716	$ 28,205	3.97 %
Commercial paper	214,214	1,116	2.07	160,857	155	0.38
Debt securities available for sale	135,015	678	1.99	138,435	524	1.50
Other interest-earning assets[3]	113,821	888	3.10	138,438	731	2.09
Total interest-earning assets	3,343,198	36,204	4.30	3,257,446	29,615	3.61
Other assets	243,113			260,976		
Total assets	3,586,311			3,518,422		
Liabilities and equity						
Interest-bearing liabilities						
Interest-bearing checking accounts	$ 654,154	$ 268	0.16 %	$ 635,456	$ 397	0.25 %
Money market accounts	968,084	521	0.21	988,990	367	0.15
Savings accounts	238,992	45	0.07	223,658	41	0.07
Certificate accounts	476,761	561	0.47	457,865	767	0.67
Total interest-bearing deposits	2,337,991	1,395	0.24	2,305,969	1,572	0.27
Borrowings	1,526	12	3.12	55,464	26	0.18
Total interest-bearing liabilities	2,339,517	1,407	0.24	2,361,433	1,598	0.27
Noninterest-bearing deposits	800,912			708,219		
Other liabilities	51,485			52,305		
Total liabilities	3,191,914			3,121,957		
Stockholders' equity	394,397			396,465		
Total liabilities and stockholders' equity	3,586,311			3,518,422		
Net earning assets	$ 1,003,681			$ 896,013		
Average interest-earning assets to average interest-bearing liabilities	142.90 %			137.94 %		
Tax-equivalent						
Net interest income		$ 34,797			$ 28,017	
Interest rate spread			4.06 %			3.34 %
Net interest margin[4]			4.13 %			3.41 %
Non-tax-equivalent						
Net interest income		$ 34,520			$ 27,707	
Interest rate spread			4.02 %			3.30 %
Net interest margin[4]			4.10 %			3.37 %

(1) The average loans receivable balances include loans held for sale and nonaccruing loans.
(2) Interest income used in the average interest earned and yield calculation includes the tax equivalent adjustment of $277 and $310 for the three months ended September 30, 2022 and September 30, 2021, respectively, calculated based on a combined federal and state tax rate of 24%.
(3) The average other interest-earning assets consist of FRB stock, FHLB stock, SBIC investments, and deposits in other banks.
(4) Net interest income divided by average interest-earning assets.

Total interest and dividend income for the three months ended September 30, 2022 increased $6.6 million, or 22.6%, compared to the three months ended September 30, 2021, which was driven by a $5.4 million, or 19.2%, increase in interest income on loans, and a $961,000, or 620.0%, increase in interest income on commercial paper. The overall increase in average yield on interest-earning assets was the result of rising interest rates, while the rate paid on interest-bearing liabilities has not increased as rapidly. Specific to the commercial paper and debt securities available for sale, the Company has intentionally maintained relatively short-term duration portfolios which has allowed, and will continue to allow, the Company to take advantage of rising rates when reinvesting the proceeds of maturing instruments.

Total interest expense for the three months ended September 30, 2022 decreased $191,000, or 12.0%, compared to the three months ended September 30, 2021. The decrease was driven by a $177,000, or 11.3%, decrease in interest expense on deposits as a result of a 3 basis point decrease in the associated average cost of funds.

The following table shows the effects that changes in average balances (volume), including differences in the number of days in the periods compared, and average interest rates (rate) had on the interest earned on interest-earning assets and interest paid on interest-bearing liabilities:

(Dollars in thousands)	Increase/ (Decrease) Due to		Total Increase/ (Decrease)
	Volume	**Rate**	
Interest-earning assets			
Loans receivable	$ 604	$ 4,713	$ 5,317
Commercial paper	51	910	961
Debt securities available for sale	(13)	167	154
Other interest-earning assets	(130)	287	157
Total interest-earning assets	512	6,077	6,589
Interest-bearing liabilities			
Interest-bearing checking accounts	12	(141)	(129)
Money market accounts	(8)	162	154
Savings accounts	3	1	4
Certificate accounts	32	(238)	(206)
Borrowings	(25)	11	(14)
Total interest-bearing liabilities	14	(205)	(191)
Net increase in tax equivalent interest income			$ 6,780

Provision (Benefit) for Credit Losses. The following table presents a breakdown of the components of the provision (benefit) for credit losses:

	Three Months Ended			
	September 30, 2022	**September 30, 2021**	**$ Change**	**% Change**
Provision (benefit) for credit losses				
Loans	$ 3,694	$ (1,335)	$ 5,029	(377)%
Off-balance-sheet credit exposure	443	(125)	568	(454)
Commercial paper	(150)	—	(150)	(100)
Total provision (benefit) for credit losses	$ 3,987	$ (1,460)	$ 5,447	(373)%

For the quarter ended September 30, 2022, the "loans" portion of the provision (benefit) for credit losses was the result of the following, offset by net charge-offs of $83,000 during the quarter:

- $1.3 million provision specific to fintech portfolios which have a riskier credit profile than loans originated in-house. The elevated credit risk is offset by the higher yields earned on the portfolios.
- $1.1 million provision driven by a projected worsening of the economic forecast, specifically the national unemployment rate.
- $1.3 million provision driven by loan growth, changes in the loan mix, and qualitative adjustments.

For the quarter ended September 30, 2021, the "loans" portion of the benefit for credit losses was driven by a slight improvement in the economic forecast, as more clarity was gained regarding the impact of COVID-19 upon the loan portfolio.

Noninterest Income. Noninterest income for the three months ended September 30, 2022 decreased $2.9 million, or 28.4%, when compared to the quarter ended September 30, 2021. Changes in selected components of noninterest income are discussed below:

	Three Months Ended			
	September 30, 2022	**September 30, 2021**	**$ Change**	**% Change**
Noninterest income				
Service charges and fees on deposit accounts	$ 2,338	$ 2,372	$ (34)	(1)%
Loan income and fees	570	979	(409)	(42)
Gain on sale of loans held for sale	1,586	4,057	(2,471)	(61)
BOLI income	527	518	9	2
Operating lease income	1,585	1,540	45	3
Gain on sale of debt securities available for sale	—	—	—	—
Other	804	886	(82)	(9)
Total noninterest income	$ 7,410	$ 10,352	$ (2,942)	(28)%

- *Loan income and fees:* The decrease in loan income and fees during the quarter ended September 30, 2022 was the result of lower prepayment and underwriting fees recognized during the period compared to the same period last year.
- *Gain on sale of loans held for sale:* The decrease in the gain on sale of loans held for sale was primarily driven by a decrease in the volume of residential mortgage loans, SBA commercial loans, and HELOCs sold during the period as a result of rising interest rates. During the quarter ended September 30, 2022, $20.9 million of residential mortgage loans originated for sale were sold with gains of $493,000 compared to $63.8 million sold with gains of $2.1 million for the quarter ended September 30, 2021. There were $12.1 million of sales of the guaranteed portion of SBA commercial loans with gains of $891,000 in the current quarter compared to $14.4 million sold and gains of $1.7 million for the same period in the prior year. Lastly, the Company sold $22.8 million of HELOCs during the quarter for a gain of $202,000 compared to $47.4 million sold and gains of $267,000 in the same period last year.

Noninterest Expense. Noninterest expense for the three months ended September 30, 2022 increased $85,000, or 0.3%, when compared to the three months ended September 30, 2021. Changes in selected components of noninterest expense are discussed below:

	Three Months Ended			
	September 30, 2022	**September 30, 2021**	**$ Change**	**% Change**
Noninterest expense				
Salaries and employee benefits	$ 14,815	$ 15,280	$ (465)	(3)%
Occupancy expense, net	2,408	2,317	91	4
Computer services	2,763	2,521	242	10
Telephone, postage and supplies	603	650	(47)	(7)
Marketing and advertising	590	705	(115)	(16)
Deposit insurance premiums	542	566	(24)	(4)
Core deposit intangible amortization	34	93	(59)	(63)
Merger-related expenses	474	—	474	100
Officer transition agreement expense	—	—	—	—
Other	3,872	3,884	(12)	—
Total noninterest expense	$ 26,101	$ 26,016	$ 85	— %

- *Salaries and employee benefits*: The decrease in salaries and employee benefits expense is primarily the result of branch closures and lower mortgage banking incentive pay as a result of the reduction in the volume of originations, due to rising interest rates.
- *Merger-related expenses:* On July 24, 2022, the Company entered into an Agreement and Plan of Merger with Quantum Capital Corp. The expense for the three months ended September 30, 2022 are costs incurred related to due diligence and legal work performed associated with the transaction. No such expense was incurred in the quarter ended September 30, 2021.

Income Taxes. The amount of income tax expense is influenced by the amount of pre-tax income, the amount of tax-exempt income, changes in the statutory rate, and the effect of changes in valuation allowances maintained against deferred tax benefits. Income tax expense for the three months ended September 30, 2022 decreased $333,000 as a result of lower taxable income in the current quarter compared to the corresponding period in the prior year, partially offset by an increase in the effective tax rate from 22.0% to 22.3% between periods.

Comparison of Financial Condition at September 30, 2022 and June 30, 2022

General. Total assets increased by $5.9 million to $3.6 billion and total liabilities decreased by $1.4 million to $3.2 billion, respectively, at September 30, 2022 as compared to June 30, 2022. The decrease in commercial paper of $109.1 million was used to fund loan growth of $98.5 million and an increase of $34.8 million in available for sale debt securities during the period.

Cash and cash equivalents and commercial paper. Total cash and cash equivalents decreased $11.0 million, or 10.4%, to $94.2 million at September 30, 2022 from $105.1 million at June 30, 2022. Commercial paper decreased $109.1 million, or 56.1%, to $85.3 million at September 30, 2022 from $194.4 million at June 30, 2022.

Debt securities available for sale and other investments. Debt securities available for sale increased $34.8 million, or 27.4%, to $161.7 million at September 30, 2022 from $127.0 million at June 30, 2022, with the majority of the increase being invested in residential MBS.

Loans held for sale. Loans held for sale decreased $3.0 million, or 3.9%, to $76.3 million at September 30, 2022 from $79.3 million at June 30, 2022. This was primarily driven by a combined decrease of $6.1 million, or 9.5%, in mortgage loans held for sale and HELOCs originated for sale, partially offset by a $3.1 million, or 20.7%, increase in SBA loans held for sale.

Loans, net of deferred loan fees and costs. Total loans increased $98.5 million, or 3.6%, to $2.9 billion at September 30, 2022 from $2.8 billion at June 30, 2022, which was funded by the maturation of commercial paper.

The following table illustrates the changes within the portfolio:

	As of		Change		Percent of Total	
(Dollars in thousands)	September 30, 2022	June 30, 2022	$	%	September 30, 2022	June 30, 2022
Commercial real estate loans						
Construction and land development	$ 310,985	$ 291,202	$ 19,783	7 %	11 %	11 %
Commercial real estate - owner occupied	336,456	335,658	798	—	12	12
Commercial real estate - non-owner occupied	661,644	662,159	(515)	—	23	24
Multifamily	79,082	81,086	(2,004)	(2)	3	3
Total commercial real estate loans	1,388,167	1,370,105	18,062	1	49	50
Commercial loans						
Commercial and industrial	205,606	192,652	12,954	7	7	7
Equipment finance	411,012	394,541	16,471	4	14	14
Municipal leases	130,777	129,766	1,011	1	5	5
PPP loans	238	661	(423)	(64)	—	—
Total commercial loans	747,633	717,620	30,013	4	26	26
Residential real estate loans						
Construction and land development	91,488	81,847	9,641	12	2	3
One-to-four family	374,849	354,203	20,646	6	13	13
HELOCs	164,701	160,137	4,564	3	6	6
Total residential real estate loans	631,038	596,187	34,851	6	21	22
Consumer loans	100,945	85,383	15,562	18	4	2
Loans, net of deferred loan fees and costs	$ 2,867,783	$ 2,769,295	$ 98,488	4 %	100 %	100 %

Asset quality. Nonperforming assets increased by $706,000, or 11.2%, to $7.0 million, or 0.20% of total assets, at September 30, 2022 compared to $6.3 million, or 0.18% of total assets, at June 30, 2022. Nonperforming assets included $6.8 million in nonaccruing loans and $200,000 of REO at September 30, 2022, compared to $6.1 million and $200,000 in nonaccruing loans and REO, respectively, at June 30, 2022. Nonperforming loans to total loans was 0.24% at September 30, 2022 and 0.22% at June 30, 2022.

The ratio of classified assets to total assets decreased to 0.54% at September 30, 2022 from 0.61% at June 30, 2022. Classified assets decreased $2.2 million, or 10.2%, to $19.3 million at September 30, 2022 compared to $21.5 million at June 30, 2022, due to loan paydowns.

Our individually evaluated loans include loans on nonaccrual status and all TDRs, whether performing or on nonaccrual status under their restructured terms. Individually evaluated loans may be evaluated for reserve purposes using either the discounted cash flow or the collateral valuation method. As of September 30, 2022, there were $5.6 million in loans individually evaluated compared to $5.3 million at June 30, 2022. For more information on these individually evaluated loans, see "Note 5 – Loans and Allowance for Credit Losses on Loans" in this Quarterly Report on Form 10-Q.

Allowance for credit losses. The ACL on loans was $38.3 million, or 1.34% of total loans, at September 30, 2022 compared to $34.7 million, or 1.25% of total loans, as of June 30, 2022. Net charge-offs as a percentage of average loans was 0.01% for the three months ended September 30, 2022 compared to net recoveries of (0.10)% for the three months ended June 30, 2022. The drivers of these quarter-over-quarter changes are discussed in the "Three Months Ended September 30, 2022 and June 30, 2022" section above.

Other assets. Other assets decreased $5.7 million, or 10.6%, to $47.3 million at September 30, 2022 from $53.0 million at June 30, 2022. The decrease was primarily driven by lower current taxes receivable and the sale of properties held for sale during the period.

Other liabilities. Other liabilities decreased $4.3 million, or 7.1%, during the three months ended September 30, 2022 to $56.3 million, as a result of the payout of annual short-term incentives for the prior fiscal year.

Deposits. The following table summarizes the composition of our deposit portfolio as of the dates indicated:

(Dollars in thousands)	As of September 30, 2022	As of June 30, 2022	Change $	Change %
Core deposits				
Noninterest-bearing accounts	$ 794,242	$ 745,746	$ 48,496	7 %
NOW accounts	636,859	654,981	(18,122)	(3)
Money market accounts	960,150	969,661	(9,511)	(1)
Savings accounts	240,412	238,197	2,215	1
Core deposits	2,631,663	2,608,585	23,078	1
Certificates of deposit	471,005	491,176	(20,171)	(4)
Total	$ 3,102,668	$ 3,099,761	$ 2,907	— %

Liquidity

Management maintains a liquidity position that it believes will adequately provide funding for loan demand and deposit run-off that may occur in the normal course of business. We rely on a number of different sources in order to meet our potential liquidity demands. The primary sources are increases in deposit accounts and cash flows from loan payments and the securities portfolio.

In addition to these primary sources of funds, management has several secondary sources available to meet potential funding requirements. As of September 30, 2022, the Bank had an available borrowing capacity of $211.2 million with the FHLB of Atlanta, a $68.9 million line of credit with the FRB and a line of credit with three unaffiliated banks totaling $120.0 million. Additionally, we classify our securities portfolio as available for sale, providing an additional source of liquidity. Management believes that our securities portfolio is of high quality and the securities would therefore be marketable. In addition, we have historically sold fixed-rate mortgage loans in the secondary market to reduce interest rate risk and to create still another source of liquidity. From time to time we also utilize brokered time deposits to supplement our other sources of funds. Brokered time deposits are obtained by utilizing an outside broker that is paid a fee. This funding requires advance notification to structure the type of deposit desired by us. Brokered deposits can vary in term from one month to several years and have the benefit of being a source of longer-term funding. We also utilize brokered deposits to help manage interest rate risk by extending the term to repricing of our liabilities, enhance our liquidity, and fund asset growth. Brokered deposits are typically from outside our primary market areas, and our brokered deposit levels may vary from time to time depending on competitive interest rate conditions and other factors. At September 30, 2022 brokered deposits totaled $24.0 million, or 0.8%, of total deposits.

Liquidity management is both a daily and long-term function of business management. Excess liquidity is generally invested in short-term investments, such as overnight deposits and federal funds. On a longer term basis, we maintain a strategy of investing in various lending products and debt securities, including MBS. On a stand-alone level we are a separate legal entity from the Bank and must provide for our own liquidity and pay our own operating expenses. Our primary source of funds consists of dividends or capital distributions from the Bank, although there are regulatory restrictions on the ability of the Bank to pay dividends. At September 30, 2022, we (on an unconsolidated basis) had liquid assets of $6.1 million.

At the Bank level, we use our sources of funds primarily to meet our ongoing commitments, pay maturing deposits and fund withdrawals, and fund loan commitments. At September 30, 2022, the total approved loan commitments and unused lines of credit outstanding amounted to $431.8 million and $511.4 million, respectively, as compared to $417.6 million and $485.2 million as of June 30, 2022. Certificates of deposit scheduled to mature in one year or less at September 30, 2022, totaled $389.8 million. It is management's policy to manage deposit rates that are competitive with other local financial institutions. Based on this management strategy, we believe a majority of our maturing deposits will remain with us.

Off-Balance Sheet Activities

In the normal course of operations, we engage in a variety of financial transactions that are not recorded in our financial statements, mainly to manage customers' requests for funding. These transactions primarily take the form of loan commitments and lines of credit and involve varying degrees of off-balance sheet credit, interest rate, and liquidity risks. For further information, see "Note 9 – Commitments and Contingencies" in this Quarterly Report on Form 10-Q.

Capital Resources

At September 30, 2022, stockholders' equity totaled $396.2 million, compared to $388.8 million at June 30, 2022, an increase of $7.4 million which was mainly the result of net income for the quarter. HomeTrust Bancshares, Inc. is a bank holding company subject to regulation by the Federal Reserve. As a bank holding company, we are subject to capital adequacy requirements of the Federal Reserve under the Bank Holding Company Act of 1956, as amended and the regulations of the Federal Reserve. Our subsidiary, the Bank, an FDIC-insured, North Carolina state-chartered bank and a member of the Federal Reserve System, is supervised and regulated by the Federal Reserve and the NCCOB and is subject to minimum capital requirements applicable to state member banks established by the Federal Reserve that are calculated in a manner similar to those applicable to bank holding companies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by bank regulators that, if undertaken, could have a direct material effect on the Company's financial statements.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

At September 30, 2022, HomeTrust Bancshares, Inc. and the Bank each exceeded all regulatory capital requirements. Consistent with our goals to operate a sound and profitable organization, our policy is for the Bank to maintain a "well-capitalized" status under the regulatory capital categories of the Federal Reserve. The Bank was categorized as "well-capitalized" at September 30, 2022 under applicable regulatory requirements.

HomeTrust Bancshares, Inc. and the Bank's actual and required minimum capital amounts and ratios are as follows:

			Regulatory Requirements			
(Dollars in thousands)	Actual		Minimum for Capital Adequacy Purposes		Minimum to Be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
HomeTrust Bancshares, Inc.						
September 30, 2022						
CET1 Capital (to risk-weighted assets)	$ 379,461	11.01 %	$ 155,026	4.50 %	$ 223,927	6.50 %
Tier I Capital (to total adjusted assets)	379,461	10.64	142,626	4.00	178,283	5.00
Tier I Capital (to risk-weighted assets)	379,461	11.01	206,701	6.00	275,602	8.00
Total Risk-based Capital (to risk-weighted assets)	410,419	11.91	275,602	8.00	344,502	10.00
June 30, 2022						
CET1 Capital (to risk-weighted assets)	$ 372,797	10.76 %	$ 155,844	4.50 %	$ 225,108	6.50 %
Tier I Capital (to total adjusted assets)	372,797	10.50	142,028	4.00	177,535	5.00
Tier I Capital (to risk-weighted assets)	372,797	10.76	207,792	6.00	277,057	8.00
Total Risk-based Capital (to risk-weighted assets)	395,962	11.43	277,057	8.00	346,321	10.00
HomeTrust Bank						
September 30, 2022						
CET1 Capital (to risk-weighted assets)	$ 365,963	10.62 %	$ 155,026	4.50 %	$ 223,927	6.50 %
Tier I Capital (to total adjusted assets)	365,963	10.26	142,619	4.00	178,273	5.00
Tier I Capital (to risk-weighted assets)	365,963	10.62	206,701	6.00	275,602	8.00
Total Risk-based Capital (to risk-weighted assets)	396,921	11.52	275,602	8.00	344,502	10.00
June 30, 2022						
CET1 Capital (to risk-weighted assets)	$ 358,600	10.35 %	$ 155,844	4.50 %	$ 225,108	6.50 %
Tier I Capital (to total adjusted assets)	358,600	10.11	141,814	4.00	177,267	5.00
Tier I Capital (to risk-weighted assets)	358,600	10.35	207,792	6.00	277,057	8.00
Total Risk-based Capital (to risk-weighted assets)	381,765	11.02	277,057	8.00	346,321	10.00

As permitted by the interim final rule issued on March 27, 2020 by the federal banking regulatory agencies, the Company elected the option to delay the estimated impact on regulatory capital of ASU 2016-13, which was adopted on July 1, 2020. The initial adoption of ASU 2016-13 as well as 25% of the quarterly increases in the ACL subsequent to adoption (collectively the "transition adjustments") was delayed for two years. Starting July 1, 2022, the cumulative amount of the transition adjustments became fixed and will be phased out of the regulatory capital calculations evenly over a three-year period, with 75% recognized in year three, 50% recognized in year four, and 25% recognized in year five. After five years, the temporary regulatory capital benefits will be fully reversed.

In addition to the minimum CET1, Tier 1 and total risk-based capital ratios, both HomeTrust Bancshares, Inc. and the Bank have to maintain a capital conservation buffer consisting of additional CET1 capital of more than 2.50% above the required minimum levels in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions. As of September 30, 2022, the Company's and Bank's risk-based capital exceeded the required capital contribution buffer.

Dividends paid by HomeTrust Bank are limited, without regulatory approval, to current year earnings less dividends paid during the preceding two years.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

There has not been any material change in the market risk disclosures contained in our 2022 Form 10-K.

Item 4. Controls and Procedures

An evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Act")) as of September 30, 2022, was carried out under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and several other members of the Company's senior management. The Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures in effect as of September 30, 2022, were effective in ensuring that the information required to be disclosed by the Company in the reports it files or submits under the Act is: (i) accumulated and communicated to the Company's management (including the Chief Executive Officer and Chief Financial Officer) in a timely manner and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

The Company does not expect that its disclosure controls and procedures and internal control over financial reporting will prevent all errors and all fraud. A control procedure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedure are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls may be circumvented by the individual acts of some persons, by collusion of two or more people, or by override of the control. The design of any control procedure also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control procedure, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The "Litigation" section of "Note 9 – Commitments and Contingencies" to the Consolidated Financial Statements included in Part I, Item 1 is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes in the Risk Factors previously disclosed in Item 1A of the 2022 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable

(b) Not applicable

(c) Not applicable

	Total Number Of Shares Purchased	Average Price Paid per Share	Total Number Of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans
July 1 - July 31, 2022	—	$ —	—	266,639
August 1 - August 31, 2022	—	—	—	266,639
September 1 - September 30, 2022	—	—	—	266,639
Total	—	$ —	—	266,639

No stock was repurchased during the three months ended September 30, 2022.

Item 3. Defaults Upon Senior Securities

Nothing to report.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Nothing to report.

Item 6. Exhibits

Regulation S-K Exhibit Number	Document	Reference to Prior Filing or Exhibit Number Attached Hereto
3.1	Charter of HomeTrust Bancshares, Inc.	(d)
3.2	Amended and Restated Bylaws of HomeTrust Bancshares, Inc.	(f)
10.1	HomeTrust Bancshares, Inc. Senior Leadership Incentive Plan (formerly known as Operating Committee Incentive Program)	(a)
10.2	Amended and Restated Employment and Transition Agreement between HomeTrust Bancshares, Inc. and Dana L. Stonestreet	(a)
10.3	Amended and Restated Employment Agreement between HomeTrust Bancshares, Inc. and C. Hunter Westbrook	(g)
10.3A	Amendment No. 1 to Amended and Restated Employment Agreement between HomeTrust Bancshares, Inc. and C. Hunter Westbrook	(b)
10.3B	Amendment No. 2 to Amended and Restated Employment Agreement between HomeTrust Bancshares, Inc. and C. Hunter Westbrook	(h)
10.3C	Amendment No. 3 to Amended and Restated Employment Agreement between HomeTrust Bancshares, Inc. and C. Hunter Westbrook	(o)
10.3D	Amendment No. 4 to Amended and Restated Employment Agreement between HomeTrust Bancshares, Inc. and C. Hunter Westbrook	(e)
10.4	Amended and Restated Employment Agreement between HomeTrust Bancshares, Inc. and Tony J. VunCannon	(g)
10.4A	Amendment No. 1 to Amended and Restated Employment Agreement between HomeTrust Bancshares, Inc. and Tony VunCannon	(a)
10.5	HomeTrust Bank Executive Supplemental Retirement Income Master Agreement (“SERP”)	(d)
10.6	Amendment No. 1 to SERP	(m)
10.7	Amendment No. 2 to SERP	(l)
10.7A	SERP Joinder Agreement for F. Edward Broadwell, Jr.	(d)
10.7B	SERP Joinder Agreement for Dana L. Stonestreet	(d)
10.7C	SERP Joinder Agreement for Tony J. VunCannon	(d)
10.7D	SERP Joinder Agreement for Howard L. Sellinger	(d)
10.7E	SERP Joinder Agreement for Stan Allen	(d)
10.7F	SERP Joinder Agreement for Sidney A. Biesecker	(d)
10.7G	SERP Joinder Agreement for Peggy C. Melville	(d)
10.7H	SERP Joinder Agreement for William T. Flynt	(d)
10.7I	Amended and Restated Supplemental Income Agreement between HomeTrust Bank, as successor to Industrial Federal Savings Bank, and Sidney Biesecker	(i)
10.8	HomeTrust Bank Director Emeritus Plan (“Director Emeritus Plan”)	(d)
10.8A	Director Emeritus Plan Joinder Agreement for William T. Flynt	(d)
10.8B	Director Emeritus Plan Joinder Agreement for J. Steven Goforth	(d)
10.8C	Director Emeritus Plan Joinder Agreement for Craig C. Koontz	(d)
10.8D	Director Emeritus Plan Joinder Agreement for Larry S. McDevitt	(d)
10.8E	Director Emeritus Plan Joinder Agreement for F.K. McFarland, III	(d)
10.8F	Director Emeritus Plan Joinder Agreement for Peggy C. Melville	(d)
10.8G	Director Emeritus Plan Joinder Agreement for Robert E. Shepherd, Sr.	(d)
10.9	HomeTrust Bank Defined Contribution Executive Medical Care Plan	(d)
10.9A	Amendment No. 1 to HomeTrust Bank Defined Contribution Executive Medical Care Plan	(m)
10.9B	Form of Joinder Agreement Under the HomeTrust Bank Defined Contribution Executive Medical Care Plan	(m)
10.9C	Amendment No. 2 to HomeTrust Bank Defined Contribution Executive Medical Care Plan	10.9C
10.10	HomeTrust Bank 2005 Deferred Compensation Plan	(d)
10.10A	Amendment No. 1 to HomeTrust Bank 2005 Deferred Compensation Plan	(m)
10.11	HomeTrust Bank Pre-2005 Deferred Compensation Plan	(d)
10.11A	Amendment No. 1 to HomeTrust Bank Pre-2005 Deferred Compensation Plan	(m)
10.12	HomeTrust Bancshares, Inc. 2013 Omnibus Incentive Plan (“Omnibus Incentive Plan”)	(j)
10.13	Form of Incentive Stock Option Award Agreement under Omnibus Incentive Plan	(k)

10.14	Form of Non-Qualified Stock Option Award Agreement under Omnibus Incentive Plan	(k)
10.15	Form of Stock Appreciation Right Award Agreement under Omnibus Incentive Plan	(k)
10.16	Form of Restricted Stock Award Agreement under Omnibus Incentive Plan	(k)
10.17	Form of Restricted Stock Unit Award Agreement under Omnibus Incentive Plan	(k)
10.18	Reserved	
10.19	Retirement Payment Agreement, dated as of September 1, 1987, between HomeTrust Bank and Larry S. McDevitt, as amended	(n)
10.20	Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Marty Caywood	(c)
10.20A	Amendment No. 1 to Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Marty Caywood	(a)
10.21	Amended and Restated Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Keith J. Houghton	(g)
10.21A	Amendment No. 1 to Amended and Restated Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Keith J. Houghton	(a)
10.22	Amended and Restated Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and R. Parrish Little	(p)
10.22A	Amendment No. 1 to Amended and Restated Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and R. Parrish Little	(a)
10.23	Amended and Restated Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Mark DeMarcus	10.23
10.23A	Amendment No. 1 to Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Mark DeMarcus	(a)
10.24	Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Kristin Powell	10.24
10.24A	Amendment No. 1 to Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Kristin Powell	(a)
10.25	Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Megan Pelletier	(a)
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	31.1
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	31.2
32.0	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	32.0
101	The following materials from HomeTrust Bancshares' Annual Report on Form 10-K for the year ended June 30, 2022, formatted in Extensible Business Reporting Language (XBRL): (a) Consolidated Balance Sheets; (b) Consolidated Statements of Income; (c) Consolidated Statements of Comprehensive Income; (d) Consolidated Statements of Changes in Stockholders' Equity; (e) Consolidated Statements of Cash Flows; and (f) Notes to Consolidated Financial Statements.	101

(a) Filed as an exhibit to HomeTrust Bancshares's Annual Report on Form 10-K for the fiscal year ended June 30, 2022 (File No. 001-35593).

(b) Filed as an exhibit to HomeTrust Bancshares's Current Report on Form 8-K filed on September 25, 2018 (File No. 001-35593).

(c) Filed as an exhibit to HomeTrust Bancshares's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 (File No. 001-35593).

(d) Filed as an exhibit to HomeTrust Bancshares's Registration Statement on Form S-1 (File No. 333-178817) filed on December 29, 2011.

(e) Filed as an exhibit to HomeTrust Bancshares's Current Report on Form 8-K filed on May 24, 2022 (File No. 001-35593).

(f) Filed as an exhibit to HomeTrust Bancshares's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (File No. 001-35593).

(g) Filed as an exhibit to HomeTrust Bancshares's Current Report on Form 8-K filed on September 11, 2018 (File No. 001-35593).

(h) Filed as an exhibit to HomeTrust Bancshares's Current Report on Form 8-K filed on October 28, 2020 (File No. 001-35593).

(i) Filed as an exhibit to Amendment No. 1 to HomeTrust Bancshares's Registration Statement on Form S-1 (File No. 333-178817) filed on March 9, 2012.

(j) Attached as Appendix A to HomeTrust Bancshares's definitive proxy statement filed on December 5, 2012 (File No. 001-35593).

(k) Filed as an exhibit to HomeTrust Bancshares's Registration Statement on Form S-8 (File No. 333-186666) filed on February 13, 2013.

(l) Filed as an exhibit to HomeTrust Bancshares's Current Report on Form 8-K filed on February 15, 2022 (File No. 001-35593).

(m) Filed as an exhibit to HomeTrust Bancshares's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (File No. 001-35593).

(n) Filed as an exhibit to HomeTrust Bancshares's Annual Report on Form 10-K for the fiscal year ended June 30, 2014 (File No. 001-35593).

(o) Filed as an exhibit to HomeTrust Bancshares's Current Report on Form 8-K filed on July 28, 2021 (File No. 001-35593).

(p) Filed as an exhibit to HomeTrust Bancshares's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (File No. 001-35593).

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.

HOMETRUST BANCSHARES, INC.

Date: November 9, 2022	By:	/s/ C. Hunter Westbrook
		C. Hunter Westbrook President and Chief Executive Officer *(Duly Authorized Officer)*
Date: November 9, 2022	By:	/s/ Tony J. VunCannon
		Tony J. VunCannon Executive Vice President, CFO, Corporate Secretary and Treasurer *(Principal Financial and Accounting Officer)*

AMENDMENT NO. 2

To

HOMETRUST BANK

DEFINED CONTRIBUTION EXECUTIVE MEDICAL CARE PLAN

This Amendment No. 2 to the HomeTrust Bank Defined Contribution Executive Medical Care Plan (as amended through April 30, 2018, the "Plan") is made effective as of May 23, 2022. All capitalized terms not defined herein shall have the meaning set forth in the Plan.

WHEREAS, HomeTrust Bank (the "Bank") sponsors the Plan and desires to make certain changes to the Plan as described below;

WHEREAS, Section 5 of the Plan permits the Board to amend the Plan at any time and from time to time without the consent of the Participants, other than with respect to certain amendments not applicable here; and

WHEREAS, the Board of Directors of the Bank has approved this Amendment.

NOW, THEREFORE, in consideration of the foregoing, the Bank hereby amends the Plan as follows:

1. The second sentence in the definition of "Excess Pre-2005 Amounts" in Section 2 of the Plan is hereby amended and restated to read in its entirety as follows:

> "For purposes of determining an Excess Pre-2005 Amount, (a) the foregoing present value shall be computed using a discount rate equal to 120% of the applicable federal rate (compounded monthly) for the month in which such present value calculation is made, as published by the Internal Revenue Service pursuant to Section 1274(d) of the Code, using the rate term that corresponds to the Participant's remaining life expectancy, and (b) life expectancy shall be determined under Tables V and VI of Treasury regulation Section 1.72-9."

2. The last two sentences of Section 4(c)(2) of the Plan are hereby amended and restated to read in their entirety as follows:

> "At the end of each Plan Year ending on or before June 30, 2022, the Benefit Account of each Participant shall be credited with a percentage adjustment set forth in the Participant's Joinder Agreement, based on the average balance of the Benefit Account during the Plan Year (determined by adding the beginning of the year Benefit Account balance and the month-end Benefit Account balance for the next 12 months and dividing that sum by thirteen (13)); provided, however, that for each Plan Year beginning on or after July 1, 2022, the foregoing credit shall only be made with respect to the Benefit Account of each Participant who as of the last day of such Plan Year has not yet had a Benefit Commencement Date. If no percentage adjustment is set out in the Joinder Agreement, the percentage adjustment shall equal 120% of the long-term applicable

federal rate (compounded annually) for the last month of the applicable Plan Year, as published by the Internal Revenue Service pursuant to Section 1274(d) of the Code."

3. All other provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Bank has caused this Amendment to be executed by a duly authorized director as of this 23rd day of May 2022.

/s/ Craig C. Koontz
By: Craig C. Koontz
Chairperson, Compensation Committee

G:\51192\2000\Exec Medical Care Plan-Amdt No. 2, 5-18-22

AMENDED AND RESTATED CHANGE IN CONTROL SEVERANCE AGREEMENT

OF

MARK DEMARCUS

THIS AMENDED AND RESTATED CHANGE IN CONTROL SEVERANCE AGREEMENT ("Agreement") is made and entered into as of this 11th day of September 2018, by and between HomeTrust Bancshares, Inc, Asheville, North Carolina (hereinafter referred to as the "Company") and Mark DeMarcus (the "Employee").

WHEREAS, the Company and the Employee previously entered into a change in control severance agreement on February 16, 2018 (the "Prior Agreement");

WHEREAS, the Employee serves as the EVP/Commercial Banking Group Executive of HomeTrust Bank, Asheville, North Carolina (the "Bank"); and

WHEREAS, the Board of Directors of the Company believes it is in the best interests of the Company and the Bank to enter into this Agreement with the Employee, which amends and restates the Prior Agreement in its entirety, in order to (a) revise the severance provisions in Section 3(a) of the Agreement, (b) clarify the provisions regarding confidential information, (c) add non-competition provisions and expand the non-solicitation provisions, (d) ensure compliance with Section 409A of the Code, (e) delete certain regulatory provisions no longer required to be included in light of the change in the Bank's charter, and (f) make certain other changes; and

WHEREAS, the Board of Directors has approved and authorized the execution of this Agreement with the Employee;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the parties herein contained, it is AGREED as follows:

1. Definitions.

(a) The term "Cash Compensation" shall mean the highest annual base salary rate paid to the Employee at any time during his employment by the Company and its Consolidated Subsidiaries, plus the higher of (i) the Employee's annual bonus paid during the year immediately preceding the Date of Termination, or (ii) the Employee's target bonus for the year in which the Date of Termination occurs, in each case including any salary or bonus amounts deferred by the Employee.

(b) The term "Change in Control" means any of the following events: (1) any person or persons acting as a group (within the meaning of Section 409A of the Code) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company or the Bank possessing 30% or more of the total voting power of the outstanding stock of the Company or the Bank; (2) individuals who are members of the Board of Directors of the Company on the date hereof (the "Incumbent Board") cease for any reason during any 12-month period to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by a vote of at least a majority of the directors comprising the Incumbent Board, or whose nomination for election by the Company's stockholders was approved by the nominating committee serving under an Incumbent Board, shall be considered a member of the Incumbent Board; (3) any person or persons acting as a group (within the meaning of Section 409A of the Code) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets of the Company or the Bank that have a gross fair market value of 40% or more of the total gross fair market value of all of the assets of the Company or the Bank immediately before such acquisition or acquisitions; or (4) any other event which is not covered by the foregoing subsections but which the Board of Directors determines to affect control of the Company or the Bank and with respect to which the Board of Directors adopts a resolution that the event constitutes a Change in Control for purposes of this Agreement; provided that with respect to each of the events covered by clauses (1) through (4) above, the event must also be deemed to be either a change in the ownership of the Company or the Bank, a change in the effective control of the Company or the Bank or a change in the ownership of a substantial portion of the assets of the Company or the Bank within the meaning of Section 409A of the Code.

(c) The term "Code" means the Internal Revenue Code of 1986, as amended, or any successor code thereto.

(d) The term "Consolidated Subsidiaries" means any subsidiary or subsidiaries of the Company (or its successors) that are part of the consolidated group of the Company (or its successors) for federal income tax reporting.

(e) The term "Date of Termination" means the date upon which the Employee's employment with the Company and its Consolidated Subsidiaries ceases, as specified in a written notice of termination, provided that all references in this Agreement to a Date of Termination that results in the payment of severance shall mean the date of the Executive's involuntary Separation from Service.

(f) The term "Effective Date" means the date first written above.

(g) The term "Health Insurance Benefits" shall mean the following benefits to be provided pursuant to Section 3(a) of this Agreement to the Employee and his dependents who are covered by the Company or any of its Consolidated Subsidiaries at the time of the Employee's Involuntary Termination (each such person, including the Employee, a "Covered Person" and collectively the "Covered Persons"): (i) the Company or the Bank shall pay 100% of the premiums for COBRA coverage for each such Covered Person until the earlier of (A) the expiration of the COBRA period or (B) the death of such person; or (ii) in the event that the continued participation of the Covered Person in any insurance plan as provided in clause (i) above is barred or would trigger the payment of an excise tax under Section 4980D of the Code, or during the COBRA Period any such insurance plan is discontinued, then the Company and the Bank shall at their election either (A) arrange to provide the Covered Person with alternative benefits substantially similar to those which the Covered Person was entitled to receive under such insurance plan immediately prior to the Date of Termination, provided that the alternative benefits do not trigger the payment of an excise tax under Section 4980D of the Code, or (B) in the event that the continuation of any insurance coverage as specified above would trigger the payment of an excise tax under Section 4980D of the Code or in the event such continued coverage is unable to be provided by the Company or the Bank, pay to the Employee within 30 days following the Date of Termination (or within 30 days following the discontinuation of the benefits if later) a lump sum cash amount equal to the projected cost to the Company and the Bank of providing continued coverage to the Covered Person until the expiration of the COBRA Period, with the projected cost to be based on the costs being incurred immediately prior to the Involuntary Termination (or the discontinuation of the benefits if later), as increased by 15% on each scheduled renewal date. Any insurance premiums payable by the Company or the Bank as specified above shall be payable at such times and in such amounts (except that the Company or the Bank shall also pay any employee portion of the premiums) as if the Employee was still an employee of the Company or its Consolidated Subsidiaries, subject to any increases in such amounts imposed by the insurance company or COBRA, and the amount of insurance premiums required to be paid by the Company or the Bank in any taxable year shall not affect the amount of insurance premiums required to be paid by the Company or the Bank in any other taxable year.

(h) The term "Involuntary Termination" means a termination of the employment of the Employee (i) by the Company without his express written consent; or (ii) by the Employee by reason of a material diminution of or interference with his duties, titles, responsibilities or benefits, including any of the following actions unless consented to in writing by the Employee: (1) a requirement that the Employee be based at any place other than Asheville, North Carolina, or within 20 miles thereof, except for reasonable travel on Company or Bank business; (2) a material demotion of the Employee; or (3) a material reduction in the Employee's salary, other than prior to a Change in Control as part of an overall program applied uniformly and with equitable effect to all members of the senior management of the Company or the Bank; provided in each case that Involuntary Termination shall mean a cessation or reduction in the Employee's services for the Company and the Bank (and any other affiliated entities that are deemed to constitute a "service recipient" as defined in Treasury Regulation §1.409A-1(h)(3)) that constitutes a "Separation from Service" as determined under Section 409A of the Code, taking into account all of the facts, circumstances, rules and presumptions set forth in Treasury Regulation §1.409A-1(h) and that also constitutes an involuntary Separation from Service under Treasury Regulation §1.409A-1(n). In addition, before the Employee terminates his employment pursuant to clauses (1) through (3) of the preceding sentence, the Employee must first provide written notice to the Company within ninety (90) days of the initial existence of the condition, describing the existence of such condition, and the Company shall thereafter have the right to remedy the condition within thirty (30) days following the date it received the written notice from the Employee. If the Company remedies the condition within such thirty (30) day cure period, then the Employee shall not have the right to terminate his employment as the result of such event. If the Company does not remedy the condition within such thirty (30) day cure period, then the Employee may terminate his employment as the result of such event at any time within sixty (60) days following the expiration of such cure period. All references in this Agreement to an Involuntary Termination that results in the payment of severance shall mean an involuntary Separation from Service under Treasury Regulation §1.409A-1(n). The term "Involuntary Termination" does not include Termination for Cause, termination of employment due to death or permanent disability, or suspension or temporary or permanent prohibition from participation in the conduct of the affairs of a depository institution under Section 8 of the Federal Deposit Insurance Act.

(i) The term "Section 409A" means Section 409A of the Code and the regulations and guidance of general applicability issued thereunder.

(j) The terms "Termination for Cause" and "Terminated for Cause" mean any of the following: (i) the commission by the Employee of a willful act (including, without limitation, a dishonest or fraudulent act) or a grossly negligent act, or the willful or grossly negligent omission to act by the Employee, which is intended to cause, does cause or is reasonably likely to cause material harm to the Company or any of its Consolidated Subsidiaries (including harm to its business reputation); (ii) the indictment of the Employee for the commission or perpetration by the Employee of any felony or any crime involving dishonesty, moral turpitude or fraud; (iii) the material breach by the Employee of this Agreement; (iv) the receipt of any formal written notice that any regulatory agency having jurisdiction over the Company or the Bank intends to institute any formal regulatory action against the Employee, the Company or the Bank (provided that the Board determines in good faith, with the Employee abstaining from participating in the vote on the matter, that the subject matter of such action involves acts or omissions by the Employee); (v) the exhibition by the Employee of a standard of behavior within the scope of his employment that is materially disruptive to the orderly conduct of the business operations of the Company or any of its Consolidated Subsidiaries (including, without limitation, substance abuse or sexual misconduct) to a level which, in the Board's good faith and reasonable judgment, with the Employee abstaining from participating in the vote on the matter, is materially detrimental to the best interests of the Company or any of its Consolidated Subsidiaries; (vi) the failure of the Employee to devote his full business time and attention to his employment as provided under this Agreement; or (vii) the failure of the Employee to adhere to any policy or code of conduct of the Company or any of its Consolidated Subsidiaries which causes, or is reasonably likely to cause, material harm to the Company or any of its Consolidated Subsidiaries; provided that, if the Board of Directors determines in its good faith discretion that the breach, behavior or failure specified in clauses (iii), (v) or (vi) above is capable of being cured by the Employee, then Cause shall not be deemed to exist with respect to such matter if the Employee cures the breach, behavior or failure to the satisfaction of the Board of Directors within 10 days following written notice to the Employee of such breach, behavior or failure. No act or failure to act by the Employee shall be considered willful unless the Employee acted or failed to act with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Company or the Bank. The Employee shall not be deemed to have been Terminated for Cause unless and until there shall have been delivered to the Employee a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board of Directors at a meeting of the Board duly called and held for such purpose (after reasonable notice to the Employee and an opportunity for the Employee to present his views on the matter to the Board either in person without counsel or in writing), stating that in the good faith opinion of the Board of Directors the Employee has engaged in conduct described in the preceding sentence and specifying the particulars thereof in detail. The opportunity of the Employee to be heard before the Board shall not affect the right of the Employee to arbitration as set forth in Section 13 of this Agreement. The Board reserves the right to suspend the Employee with pay pending the determination of Cause under this Section 1(j), as appropriate.

2. Term. The initial term of this Agreement shall continue until the two-year anniversary of the Effective Date, subject to earlier termination as provided herein. On each annual anniversary of the Effective Date, the term shall be extended for a period of one year in addition to the then-remaining term, provided that the Company has not given notice to the Employee in writing at least 30 days prior to such annual anniversary date that the term of this Agreement shall not be extended further, and provided further that the Employee has not received an unsatisfactory performance review by either the Board of Directors or the board of directors of the Bank. No annual extension can automatically extend beyond the Employee's 65th birthday.

3. Severance Benefits.

(a) In the event of the Involuntary Termination of the Employee at the time of or within 12 months following a Change in Control, the Company or the Bank shall, subject to the Employee executing and not revoking a general release of claims pursuant to Section 3(b) below, (i) pay to the Employee a lump sum cash amount equal to two times the Employee's Cash Compensation, with such lump sum payment to be made within 30 days following the date the general release of claims is executed and the revocation period expires without the release being revoked, except as otherwise set forth in Section 3(b) below, and (ii) provide Health Insurance Benefits to each Covered Person. If the Employee is a "Specified Employee" (as defined in Section 409A) at the time of his Separation from Service, then payments under this Section 3(a) which are not covered by either the separation pay plan exemption or the short-term deferral exemption from Section 409A set forth in Treasury Regulations §1.409A-1(b)(9)(iii) and §1.409A-1(b)(4), respectively, and as such constitute deferred compensation under Section 409A, shall not be paid until the 185th day following the Employee's Separation from Service, or his earlier death (the "Delayed Distribution Date"). Any payments deferred on account of the preceding sentence shall be accumulated without interest and paid with the first payment that is payable in accordance with the preceding sentence and Section 409A. To the extent permitted by Section 409A, amounts payable under this Section 3(a) which are considered deferred compensation shall be treated as payable after amounts which are not considered deferred compensation (i.e., which are considered payable on account of an involuntary Separation from Service as herein defined herein pursuant to a separation pay plan or pursuant to the short-term deferral exemption).

(b) The obligations of the Company and the Bank to pay severance or provide benefits under Section 3(a) above is expressly conditioned upon the Employee executing a general release of claims within the time period set forth in the release to be provided to him by the Company and not revoking such release, with such general release to release any and all claims, charges and complaints which the Employee may have against the Company and its Consolidated Subsidiaries, as well as the directors, officers and employees of such entities, in connection with the Employee's employment with the Company and its Consolidated Subsidiaries and the termination of such employment. Notwithstanding any other provision contained in this Agreement, in the event the time period that the Employee has to consider the terms of such general release (including any revocation period under such release) commences in one calendar year and ends in the succeeding calendar year, then the payments shall not commence or be paid until the succeeding calendar year.

(c) Certain Reduction of Payments by the Bank.

(i) In the event that the aggregate payments or benefits to be provided to the Employee pursuant to this Agreement, together with other payments and benefits which the Employee has a right to receive from the Company or its Consolidated Subsidiaries or any their successors are deemed to be parachute payments as defined in Section 280G of the Code or any successor thereto (the "Severance Benefits"), then the aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such amounts payable or distributable pursuant to this Agreement are hereinafter referred to as "Agreement Payments") shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount, not less than zero, expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Severance Benefits to be nondeductible by the Company because of Section 280G of the Code. For purposes of this Section 3(b), present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(ii) All determinations required to be made under this Section 3(b)) related to the application of Section 280G of the Code shall be made by the Company's independent auditors or by such other firm with recognized expertise as may be selected by the Company (such auditors or, if applicable, such other firm are hereinafter referred to as the "Advisory Firm"). The Advisory Firm shall, within ten business days of the Date of Termination or at such earlier time as is requested by the Company, provide to both the Company and the Employee an opinion (and detailed supporting calculations) that the Company has substantial authority to deduct for purposes of Section 280G of the Code (before taking into account any amount not deductible under Section 162(m) of the Code) the full amount of the Agreement Payments to be paid and that the Employee has substantial authority not to report on his federal income tax return any excise tax imposed by Section 4999 of the Code with respect to the Agreement Payments to be paid. Any such determination and opinion by the Advisory Firm shall be binding upon the Company and the Employee. If the Agreement Payments are required to be reduced to the Reduced Amount, then the cash severance payable pursuant to Section 3(a) of this Agreement shall be reduced first. The Company and the Employee shall cooperate fully with the Advisory Firm, including without limitation providing to the Advisory Firm all information and materials reasonably requested by it, in connection with the making of the determinations required under this Section 3(c).

(iii) As a result of uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Advisory Firm hereunder, it is possible that Agreement Payments will have been made by the Company which should not have been made ("Overpayment") or that additional Agreement Payments will not have been made by the Company which should have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Advisory Firm, based upon the assertion by the Internal Revenue Service against the Employee of a deficiency which the Advisory Firm believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Employee shall be repaid by the Employee to the Company together with interest at the applicable federal rate provided for in Section 1274 of the Code, with such repayment to be made within 60 days following the date the amount of the Overpayment has been communicated to the Employee. In the event that the Advisory Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Employee together with interest at the applicable federal rate provided for in Section 1274 of the Code, with such payment to be made within 60 days following the date the amount of the Underpayment has been communicated to the Company.

(iv) Any payments made to the Employee pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. 1828(k) and any regulations promulgated thereunder.

(d) Termination for Cause. In the event of Termination for Cause, the Company shall have no further obligation to the Employee under this Agreement after the Date of Termination.

4. Attorneys Fees. In the event of a dispute arising out of this Agreement, reasonable legal fees and related expenses incurred by the Employee resulting from such dispute shall be paid by the Company only if the Employee prevails in such dispute.

5. Non-Disclosure, Non-Competition and Non-Solicitation Provisions.

(a) Non-Disclosure. The Employee acknowledges that he has acquired, and will continue to acquire while employed by the Company and/or performing services for the Consolidated Subsidiaries, special knowledge of the business, affairs, strategies and plans of the Company and the Consolidated Subsidiaries which has not been disclosed to the public and which constitutes confidential and proprietary business information owned by the Company and the Consolidated Subsidiaries, including but not limited to, information about the customers, customer lists, software, data, formulae, processes, inventions, trade secrets, marketing information and plans, and business strategies of the Company and the Consolidated Subsidiaries, and other information about the products and services offered or developed or planned to be offered or developed by the Company and/or the Consolidated Subsidiaries ("Confidential Information"). The Employee agrees that, without the prior written consent of the Company, he shall not, during the term of his employment or at any time thereafter, in any manner directly or indirectly disclose any Confidential Information to any person or entity other than the Company and the Consolidated Subsidiaries. Notwithstanding the foregoing, if the Employee is requested or required (including but not limited to by oral questions, interrogatories, requests for information or documents in legal proceeding, subpoena, civil investigative demand or other similar process) to disclose any Confidential Information, the Employee shall provide the Company with prompt written notice of any such request or requirement so that the Company and/or a Consolidated Subsidiary may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 5(a). If, in the absence of a protective order or other remedy or the receipt of a waiver from the Company, the Employee is nonetheless legally compelled to disclose Confidential Information to any tribunal or else stand liable for contempt or suffer other censure or penalty, the Employee may, without liability hereunder, disclose to such tribunal only that portion of the Confidential Information which is legally required to be disclosed, provided that the Employee exercise his best efforts to preserve the confidentiality of the Confidential Information, including without limitation by cooperating with the Company and/or a Consolidated Subsidiary to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information by such tribunal. Notwithstanding anything to the contrary herein, the parties hereto agree that nothing contained in this Agreement limits the Employee's ability to report information to or file a charge or complaint with the Equal Employment Opportunity Commission, the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any other federal, state or local governmental agency or commission that has jurisdiction over the Company or any Consolidated Subsidiary (the "Government Agencies"). The Employee further understands that this Agreement does not limit his ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company and/or any Consolidated Subsidiary. This Agreement does not limit the Employee's right to receive an award for information provided to any Government Agencies. In addition, pursuant to the Defend Trade Secrets Act of 2016, the Employee understands that an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual (y) files any document containing the trade secret under seal; and (z) does not disclose the trade secret, except pursuant to court order. On the Date of Termination, the Employee shall promptly deliver to the Company all copies of documents or other records (including without limitation electronic records) containing any Confidential Information that is in his possession or under his control, and shall retain no written or electronic record of any Confidential Information.

(b) Non-Competition. As partial consideration for the severance payments and benefits to be provided to the Employee pursuant to Section 3 of this Agreement, the Employee agrees that during the one-year period next following the Date of Termination (the "Non-Competition Period"), the Employee shall not engage in, become interested in, directly or indirectly, as a sole proprietor, as a partner in a partnership, or as a shareholder in a corporation, or become associated with, in the capacity of employee, director, officer, principal, agent, consultant, trustee or in any other capacity whatsoever, any enterprise or entity with an office located within 50 miles of any office of the Company or any Consolidated Subsidiary during the Non-Competition Period, which proprietorship, partnership, corporation, enterprise or other entity is engaged in any line of business conducted by the Company or any banking subsidiary of the Company during the Non-Competition Period, including but not limited to entities which lend money and take deposits (in each case, a "Competing Business"), provided, however, that this provision shall not prohibit the Employee from owning bonds, non-voting preferred stock or up to five percent (5%) of the outstanding common stock of any Competing Business if such common stock is publicly traded.

(c) Non-Solicitation. As partial consideration for the severance payments and benefits to be provided to the Employee pursuant to Section 3 of this Agreement, the Employee agrees that during the two-year period next following the Date of Termination, the Employee shall not directly or indirectly (i) solicit or induce, or cause others to solicit or induce, any employee of the Company or any Consolidated Subsidiary to leave the employment of such entities, or (ii) solicit (whether by mail, telephone, personal meeting or any other means, excluding general solicitations of the public that are not based in whole or in part on any list of customers of the Company or any Consolidated Subsidiary) any customer of the Company or any Consolidated Subsidiary to transact business with any Competing Business, or to reduce or refrain from doing any business with the Company or any Consolidated Subsidiary, or interfere with or damage (or attempt to interfere with or damage) any relationship between the Company or any Consolidated Subsidiary and any such customers.

The provisions of this Section 5 shall survive any termination of the Employee's employment and any termination of this Agreement.

6. No Assignments.

(a) This Agreement is personal to each of the parties hereto, and neither party may assign or delegate any of its rights or obligations hereunder without first obtaining the written consent of the other party; provided, however, that the Company shall require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) by an assumption agreement in form and substance satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Failure of the Company to obtain such an assumption agreement prior to the effectiveness of any such succession or assignment shall be a breach of this Agreement and shall entitle the Employee to compensation and benefits from the Company in the same amount and on the same terms as provided for upon an Involuntary Termination under Section 3 hereof. For purposes of implementing the provisions of this Section 6(a), the date on which any such succession becomes effective shall be deemed the Date of Termination.

(b) This Agreement and all rights of the Employee hereunder shall inure to the benefit of and be enforceable by the Employee's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. No Mitigation. The Employee shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Agreement be reduced by any compensation earned by the Employee as the result of employment by another employer, by retirement benefits after the Date of Termination or otherwise.

8. Notice. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, to the Company at its principal office, to the attention of the Board of Directors with a copy to the Secretary of the Company, or, if to the Employee, to such home or other address as the Employee has most recently provided in writing to the Company.

9. Amendments. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties, except as herein otherwise provided.

10. Headings. The headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

11. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

12. Governing Law. This Agreement shall be governed by the laws of the State of North Carolina.

13. Arbitration. Any dispute or controversy arising under or in connection with this Agreement (other than relating to the enforcement of the provisions of Section 5) shall be settled exclusively by arbitration before a single arbitrator in Asheville, North Carolina under the commercial arbitration rules of the American Arbitration Association (the "AAA") then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The arbitrator shall be selected by the mutual agreement of the parties within ten (10) business days of the date when the parties shall first have the opportunity to select an arbitrator (the "Selection Period"); provided, however, that if the parties fail to agree upon an arbitrator by the expiration of the Selection Period, each party shall, within five (5) business days after the expiration of the Selection Period, select an arbitrator from the list of arbitrators provided by the AAA and the two arbitrators so selected by each party, acting independently, shall, as soon as practicable and within thirty (30) days of both being selected, agree upon the selection of the arbitrator to arbitrate the controversy or claim.

14. Equitable and Other Judicial Relief.

(a) It is the intention of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under all applicable laws and public policies, but that the unenforceability or the modification to conform with such laws or public policies of any provision hereof shall not render unenforceable or impair the remainder of this Agreement. The covenants in Section 5(b) with respect to the geographic area surrounding each office shall be deemed to be separate covenants with respect to each office, and should any court of competent jurisdiction conclude or find that this Agreement or any portion is not enforceable with respect to a particular office, such conclusion or finding shall in no way render invalid or unenforceable the covenants herein with respect to any other office. Accordingly, if any provision shall be determined to be invalid or unenforceable either in whole or in part, including without limitation the geographic scope or duration of such provision, the parties hereto agree that the court or authority making such determination shall have the power to reduce the scope or duration of such provision or to delete specific words or phrases as necessary (but only to the minimum extent necessary) to cause such provision or part to be valid and enforceable. If such court or authority does not have the legal authority to take the actions described in the preceding sentence, the parties agree to negotiate in good faith a modified provision that would, in so far as possible, reflect the original intent of this Agreement, including without limitation Section 5 hereof, without violating applicable law.

(b) The Employee acknowledges that any breach of Section 5 will result in irreparable damage to the Company for which the Company will not have an adequate remedy at law, especially in light of the impossibility of ascertaining exact money damages. In addition to any other remedies and damages available to the Company, the Employee further acknowledges that the Company shall be entitled to seek a temporary restraining order as well as preliminary and permanent injunctive relief hereunder to enjoin any breach or threatened breach of Section 5 of this Agreement, and the Employee hereby consents to any restraining order or injunction issued in favor of the Company by any court of competent jurisdiction, without prejudice to any other right or remedy to which the Company may be entitled. In addition, in the event of a breach of Section 5 of this Agreement by the Employee, the Employee acknowledges that in addition to or in lieu of the Company seeking injunctive relief, the Company may also seek a forfeiture of the cash severance payments paid or payable to the Employee pursuant to Section 3 of this Agreement with respect to the period of the breach in an amount equal to (i) the value ascribed to the non-competition or non-solicitation provision in Section 5 that was breached, multiplied by (ii) a fraction, the numerator of which is the period of time that the Employee was in breach of such provision and the denominator of which is the total duration of such provision in Section 5. Each of the remedies available to the Company in the event of a breach by the Employee shall be cumulative and not mutually exclusive.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together will constitute one and the same instrument.

16. Changes in Statutes or Regulations. If any statutory or regulatory provision referenced herein is subsequently changed or re-numbered, or is replaced by a separate provision, then the references in this Agreement to such statutory or regulatory provision shall be deemed to be a reference to such section as amended, re-numbered or replaced.

17. Entire Agreement. This Agreement embodies the entire agreement between the Company and the Employee with respect to the matters agreed to herein. All prior agreements between the Company and the Employee with respect to the matters agreed to herein, including the Prior Agreement, are hereby superseded and shall have no force or effect.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

HOMETRUST BANCSHARES, INC.

/s/ Dana L. Stonestreet
By: Dana Stonestreet
Its: Chairman, President and Chief Executive Officer

EMPLOYEE

/s/ Mark W. DeMarcus
Mark DeMarcus

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CHANGE IN CONTROL SEVERANCE AGREEMENT

OF

KRISTIN POWELL

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT ("Agreement") is made and entered into as of this 26th day of January 2021, by and between HomeTrust Bancshares, Inc, Asheville, North Carolina (hereinafter referred to as the "Company") and Kristin Powell (the "Employee").

WHEREAS, the Employee serves as the EVP/Consumer Banking Group Executive of HomeTrust Bank, Asheville, North Carolina (the "Bank"); and

WHEREAS, the Board of Directors of the Company believes it is in the best interests of the Company and the Bank to enter into this Agreement with the Employee; and

WHEREAS, the Board of Directors has approved and authorized the execution of this Agreement with the Employee;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the parties herein contained, it is AGREED as follows:

1. Definitions.

(a) The term "Cash Compensation" shall mean the highest annual base salary rate paid to the Employee at any time during his employment by the Company and its Consolidated Subsidiaries, plus the higher of (i) the Employee's annual bonus paid during the year immediately preceding the Date of Termination, or (ii) the Employee's target bonus for the year in which the Date of Termination occurs, in each case including any salary or bonus amounts deferred by the Employee.

(b) The term "Change in Control" means any of the following events: (1) any person or persons acting as a group (within the meaning of Section 409A of the Code) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company or the Bank possessing 30% or more of the total voting power of the outstanding stock of the Company or the Bank; (2) individuals who are members of the Board of Directors of the Company on the date hereof (the "Incumbent Board") cease for any reason during any 12-month period to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by a vote of at least a majority of the directors comprising the Incumbent Board, or whose nomination for election by the Company's stockholders was approved by the nominating committee serving under an Incumbent Board, shall be considered a member of the Incumbent Board; (3) any person or persons acting as a group (within the meaning of Section 409A of the Code) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets of the Company or the Bank that have a gross fair market value of 40% or more of the total gross fair market value of all of the assets of the Company or the Bank immediately before such acquisition or acquisitions; or (4) any other event which is not covered by the foregoing subsections but which the Board of Directors determines to affect control of the Company or the Bank and with respect to which the Board of Directors adopts a resolution that the event constitutes a Change in Control for purposes of this Agreement; provided that with respect to each of the events covered by clauses (1) through (4) above, the event must also be deemed to be either a change in the ownership of the Company or the Bank, a change in the effective control of the Company or the Bank or a change in the ownership of a substantial portion of the assets of the Company or the Bank within the meaning of Section 409A of the Code.

(c) The term "Code" means the Internal Revenue Code of 1986, as amended, or any successor code thereto.

(d) The term "Consolidated Subsidiaries" means any subsidiary or subsidiaries of the Company (or its successors) that are part of the consolidated group of the Company (or its successors) for federal income tax reporting.

(e) The term "Date of Termination" means the date upon which the Employee's employment with the Company and its Consolidated Subsidiaries ceases, as specified in a written notice of termination, provided that all references in this Agreement to a Date of Termination that results in the payment of severance shall mean the date of the Executive's involuntary Separation from Service.

(f) The term "Effective Date" means the date first written above.

(g) The term "Health Insurance Benefits" shall mean the following benefits to be provided pursuant to Section 3(a) of this Agreement to the Employee and his dependents who are covered by the Company or any of its Consolidated Subsidiaries at the time of the Employee's Involuntary Termination (each such person, including the Employee, a "Covered Person" and collectively the "Covered Persons"): (i) the Company or the Bank shall pay 100% of the premiums for COBRA coverage for each such Covered Person until the earlier of (A) the expiration of the COBRA period or (B) the death of such person; or (ii) in the event that the continued participation of the Covered Person in any insurance plan as provided in clause (i) above is barred or would trigger the payment of an excise tax under Section 4980D of the Code, or during the COBRA Period any such insurance plan is discontinued, then the Company and the Bank shall at their election either (A) arrange to provide the Covered Person with alternative benefits substantially similar to those which the Covered Person was entitled to receive under such insurance plan immediately prior to the Date of Termination, provided that the alternative benefits do not trigger the payment of an excise tax under Section 4980D of the Code, or (B) in the event that the continuation of any insurance coverage as specified above would trigger the payment of an excise tax under Section 4980D of the Code or in the event such continued coverage is unable to be provided by the Company or the Bank, pay to the Employee within 30 days following the Date of Termination (or within 30 days following the discontinuation of the benefits if later) a lump sum cash amount equal to the projected cost to the Company and the Bank of providing continued coverage to the Covered Person until the expiration of the COBRA Period, with the projected cost to be based on the costs being incurred immediately prior to the Involuntary Termination (or the discontinuation of the benefits if later), as increased by 15% on each scheduled renewal date. Any insurance premiums payable by the Company or the Bank as specified above shall be payable at such times and in such amounts (except that the Company or the Bank shall also pay any employee portion of the premiums) as if the Employee was still an employee of the Company or its Consolidated Subsidiaries, subject to any increases in such amounts imposed by the insurance company or COBRA, and the amount of insurance premiums required to be paid by the Company or the Bank in any taxable year shall not affect the amount of insurance premiums required to be paid by the Company or the Bank in any other taxable year.

(h) The term "Involuntary Termination" means a termination of the employment of the Employee (i) by the Company without his express written consent; or (ii) by the Employee by reason of a material diminution of or interference with his duties, titles, responsibilities or benefits, including any of the following actions unless consented to in writing by the Employee: (1) a requirement that the Employee be based at any place other than Asheville, North Carolina, or within 20 miles thereof, except for reasonable travel on Company or Bank business; (2) a material demotion of the Employee; or (3) a material reduction in the Employee's salary, other than prior to a Change in Control as part of an overall program applied uniformly and with equitable effect to all members of the senior management of the Company or the Bank; provided in each case that Involuntary Termination shall mean a cessation or reduction in the Employee's services for the Company and the Bank (and any other affiliated entities that are deemed to constitute a "service recipient" as defined in Treasury Regulation §1.409A-1(h)(3)) that constitutes a "Separation from Service" as determined under Section 409A of the Code, taking into account all of the facts, circumstances, rules and presumptions set forth in Treasury Regulation §1.409A-1(h) and that also constitutes an involuntary Separation from Service under Treasury Regulation §1.409A-1(n). In addition, before the Employee terminates his employment pursuant to clauses (1) through (3) of the preceding sentence, the Employee must first provide written notice to the Company within ninety (90) days of the initial existence of the condition, describing the existence of such condition, and the Company shall thereafter have the right to remedy the condition within thirty (30) days following the date it received the written notice from the Employee. If the Company remedies the condition within such thirty (30) day cure period, then the Employee shall not have the right to terminate his employment as the result of such event. If the Company does not remedy the condition within such thirty (30) day cure period, then the Employee may terminate his employment as the result of such event at any time within sixty (60) days following the expiration of such cure period. All references in this Agreement to an Involuntary Termination that results in the payment of severance shall mean an involuntary Separation from Service under Treasury Regulation §1.409A-1(n). The term "Involuntary Termination" does not include Termination for Cause, termination of employment due to death or permanent disability, or suspension or temporary or permanent prohibition from participation in the conduct of the affairs of a depository institution under Section 8 of the Federal Deposit Insurance Act.

(i) The term "Section 409A" means Section 409A of the Code and the regulations and guidance of general applicability issued thereunder.

(j) The terms "Termination for Cause" and "Terminated for Cause" mean any of the following: (i) the commission by the Employee of a willful act (including, without limitation, a dishonest or fraudulent act) or a grossly negligent act, or the willful or grossly negligent omission to act by the Employee, which is intended to cause, does cause or is reasonably likely to cause material harm to the Company or any of its Consolidated Subsidiaries (including harm to its business reputation); (ii) the indictment of the Employee for the commission or perpetration by the Employee of any felony or any crime involving dishonesty, moral turpitude or fraud; (iii) the material breach by the Employee of this Agreement; (iv) the receipt of any formal written notice that any regulatory agency having jurisdiction over the Company or the Bank intends to institute any formal regulatory action against the Employee, the Company or the Bank (provided that the Board determines in good faith, with the Employee abstaining from participating in the vote on the matter, that the subject matter of such action involves acts or omissions by the Employee); (v) the exhibition by the Employee of a standard of behavior within the scope of his employment that is materially disruptive to the orderly conduct of the business operations of the Company or any of its Consolidated Subsidiaries (including, without limitation, substance abuse or sexual misconduct) to a level which, in the Board's good faith and reasonable judgment, with the Employee abstaining from participating in the vote on the matter, is materially detrimental to the best interests of the Company or any of its Consolidated Subsidiaries; (vi) the failure of the Employee to devote his full business time and attention to his employment as provided under this Agreement; or (vii) the failure of the Employee to adhere to any policy or code of conduct of the Company or any of its Consolidated Subsidiaries which causes, or is reasonably likely to cause, material harm to the Company or any of its Consolidated Subsidiaries; provided that, if the Board of Directors determines in its good faith discretion that the breach, behavior or failure specified in clauses (iii), (v) or (vi) above is capable of being cured by the Employee, then Cause shall not be deemed to exist with respect to such matter if the Employee cures the breach, behavior or failure to the satisfaction of the Board of Directors within 10 days following written notice to the Employee of such breach, behavior or failure. No act or failure to act by the Employee shall be considered willful unless the Employee acted or failed to act with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Company or the Bank. The Employee shall not be deemed to have been Terminated for Cause unless and until there shall have been delivered to the Employee a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board of Directors at a meeting of the Board duly called and held for such purpose (after reasonable notice to the Employee and an opportunity for the Employee to present his views on the matter to the Board either in person without counsel or in writing), stating that in the good faith opinion of the Board of Directors the Employee has engaged in conduct described in the preceding sentence and specifying the particulars thereof in detail. The opportunity of the Employee to be heard before the Board shall not affect the right of the Employee to arbitration as set forth in Section 13 of this Agreement. The Board reserves the right to suspend the Employee with pay pending the determination of Cause under this Section 1(j), as appropriate.

2. Term. The initial term of this Agreement shall continue until the two-year anniversary of the Effective Date, subject to earlier termination as provided herein. On each annual anniversary of the Effective Date, the term shall be extended for a period of one year in addition to the then-remaining term, provided that the Company has not given notice to the Employee in writing at least 30 days prior to such annual anniversary date that the term of this Agreement shall not be extended further, and provided further that the Employee has not received an unsatisfactory performance review by either the Board of Directors or the board of directors of the Bank. No annual extension can automatically extend beyond the Employee's 65th birthday.

3. Severance Benefits.

(a) In the event of the Involuntary Termination of the Employee at the time of or within 12 months following a Change in Control, the Company or the Bank shall, subject to the Employee executing and not revoking a general release of claims pursuant to Section 3(b) below, (i) pay to the Employee a lump sum cash amount equal to two times the Employee's Cash Compensation, with such lump sum payment to be made within 30 days following the date the general release of claims is executed and the revocation period expires without the release being revoked, except as otherwise set forth in Section 3(b) below, and (ii) provide Health Insurance Benefits to each Covered Person. If the Employee is a "Specified Employee" (as defined in Section 409A) at the time of his Separation from Service, then payments under this Section 3(a) which are not covered by either the separation pay plan exemption or the short-term deferral exemption from Section 409A set forth in Treasury Regulations §1.409A-1(b)(9)(iii) and §1.409A-1(b)(4), respectively, and as such constitute deferred compensation under Section 409A, shall not be paid until the 185th day following the Employee's Separation from Service, or his earlier death (the "Delayed Distribution Date"). Any payments deferred on account of the preceding sentence shall be accumulated without interest and paid with the first payment that is payable in accordance with the preceding sentence and Section 409A. To the extent permitted by Section 409A, amounts payable under this Section 3(a) which are considered deferred compensation shall be treated as payable after amounts which are not considered deferred compensation (i.e., which are considered payable on account of an involuntary Separation from Service as herein defined herein pursuant to a separation pay plan or pursuant to the short-term deferral exemption).

(b) The obligations of the Company and the Bank to pay severance or provide benefits under Section 3(a) above is expressly conditioned upon the Employee executing a general release of claims within the time period set forth in the release to be provided to him by the Company and not revoking such release, with such general release to release any and all claims, charges and complaints which the Employee may have against the Company and its Consolidated Subsidiaries, as well as the directors, officers and employees of such entities, in connection with the Employee's employment with the Company and its Consolidated Subsidiaries and the termination of such employment. Notwithstanding any other provision contained in this Agreement, in the event the time period that the Employee has to consider the terms of such general release (including any revocation period under such release) commences in one calendar year and ends in the succeeding calendar year, then the payments shall not commence or be paid until the succeeding calendar year.

(c) Certain Reduction of Payments by the Bank.

(i) In the event that the aggregate payments or benefits to be provided to the Employee pursuant to this Agreement, together with other payments and benefits which the Employee has a right to receive from the Company or its Consolidated Subsidiaries or any their successors are deemed to be parachute payments as defined in Section 280G of the Code or any successor thereto (the "Severance Benefits"), then the aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such amounts payable or distributable pursuant to this Agreement are hereinafter referred to as

"Agreement Payments") shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount, not less than zero, expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Severance Benefits to be nondeductible by the Company because of Section 280G of the Code. For purposes of this Section 3(b), present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(ii) All determinations required to be made under this Section 3(b)) related to the application of Section 280G of the Code shall be made by the Company's independent auditors or by such other firm with recognized expertise as may be selected by the Company (such auditors or, if applicable, such other firm are hereinafter referred to as the "Advisory Firm"). The Advisory Firm shall, within ten business days of the Date of Termination or at such earlier time as is requested by the Company, provide to both the Company and the Employee an opinion (and detailed supporting calculations) that the Company has substantial authority to deduct for purposes of Section 280G of the Code (before taking into account any amount not deductible under Section 162(m) of the Code) the full amount of the Agreement Payments to be paid and that the Employee has substantial authority not to report on his federal income tax return any excise tax imposed by Section 4999 of the Code with respect to the Agreement Payments to be paid. Any such determination and opinion by the Advisory Firm shall be binding upon the Company and the Employee. If the Agreement Payments are required to be reduced to the Reduced Amount, then the cash severance payable pursuant to Section 3(a) of this Agreement shall be reduced first. The Company and the Employee shall cooperate fully with the Advisory Firm, including without limitation providing to the Advisory Firm all information and materials reasonably requested by it, in connection with the making of the determinations required under this Section 3(c).

(iii) As a result of uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Advisory Firm hereunder, it is possible that Agreement Payments will have been made by the Company which should not have been made ("Overpayment") or that additional Agreement Payments will not have been made by the Company which should have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Advisory Firm, based upon the assertion by the Internal Revenue Service against the Employee of a deficiency which the Advisory Firm believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Employee shall be repaid by the Employee to the Company together with interest at the applicable federal rate provided for in Section 1274 of the Code, with such repayment to be made within 60 days following the date the amount of the Overpayment has been communicated to the Employee. In the event that the Advisory Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Employee together with interest at the applicable federal rate provided for in Section 1274 of the Code, with such payment to be made within 60 days following the date the amount of the Underpayment has been communicated to the Company.

(iv) Any payments made to the Employee pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. 1828(k) and any regulations promulgated thereunder.

(d) Termination for Cause. In the event of Termination for Cause, the Company shall have no further obligation to the Employee under this Agreement after the Date of Termination.

4. Attorneys Fees. In the event of a dispute arising out of this Agreement, reasonable legal fees and related expenses incurred by the Employee resulting from such dispute shall be paid by the Company only if the Employee prevails in such dispute.

5. Non-Disclosure, Non-Competition and Non-Solicitation Provisions.

(a) Non-Disclosure. The Employee acknowledges that he has acquired, and will continue to acquire while employed by the Company and/or performing services for the Consolidated Subsidiaries, special knowledge of the business, affairs, strategies and plans of the Company and the Consolidated Subsidiaries which has not been disclosed to the public and which constitutes confidential and proprietary business information owned by the Company and the Consolidated Subsidiaries, including but not limited to, information about the customers, customer lists, software, data, formulae, processes, inventions, trade secrets, marketing information and plans, and business strategies of the Company and the Consolidated Subsidiaries, and other information about the products and services offered or developed or planned to be offered or developed by the Company and/or the Consolidated Subsidiaries ("Confidential Information"). The Employee agrees that, without the prior written consent of the Company, he shall not, during the term of his employment or at any time thereafter, in any manner directly or indirectly disclose any Confidential Information to any person or entity other than the Company and the Consolidated Subsidiaries. Notwithstanding the foregoing, if the Employee is requested or required (including but not limited to by oral questions, interrogatories, requests for information or documents in legal proceeding, subpoena, civil investigative demand or other similar process) to disclose any Confidential Information, the Employee shall provide the Company with prompt written notice of any such request or requirement so that the Company and/or a Consolidated Subsidiary may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 5(a). If, in the absence of a protective order or other remedy or the receipt of a waiver from the Company, the Employee is nonetheless legally compelled to disclose Confidential Information to any tribunal or else stand liable for contempt or suffer other censure or penalty, the Employee may, without liability hereunder, disclose to such tribunal only that portion of the Confidential Information which is legally required to be disclosed, provided that the Employee exercise his best efforts to preserve the confidentiality of the Confidential Information, including without limitation by cooperating with the Company and/or a Consolidated Subsidiary to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information by such tribunal. Notwithstanding anything to the contrary herein, the parties hereto agree that nothing contained in this Agreement limits the Employee's ability to report information to or file a charge or complaint with the Equal Employment Opportunity Commission, the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any other federal, state or local governmental agency or commission that has jurisdiction over the Company or any Consolidated Subsidiary (the

"Government Agencies"). The Employee further understands that this Agreement does not limit his ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company and/or any Consolidated Subsidiary. This Agreement does not limit the Employee's right to receive an award for information provided to any Government Agencies. In addition, pursuant to the Defend Trade Secrets Act of 2016, the Employee understands that an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual (y) files any document containing the trade secret under seal; and (z) does not disclose the trade secret, except pursuant to court order. On the Date of Termination, the Employee shall promptly deliver to the Company all copies of documents or other records (including without limitation electronic records) containing any Confidential Information that is in his possession or under his control, and shall retain no written or electronic record of any Confidential Information.

(b) Non-Competition. As partial consideration for the severance payments and benefits to be provided to the Employee pursuant to Section 3 of this Agreement, the Employee agrees that during the one-year period next following the Date of Termination (the "Non-Competition Period"), the Employee shall not engage in, become interested in, directly or indirectly, as a sole proprietor, as a partner in a partnership, or as a shareholder in a corporation, or become associated with, in the capacity of employee, director, officer, principal, agent, consultant, trustee or in any other capacity whatsoever, any enterprise or entity with an office located within 50 miles of any office of the Company or any Consolidated Subsidiary during the Non-Competition Period, which proprietorship, partnership, corporation, enterprise or other entity is engaged in any line of business conducted by the Company or any banking subsidiary of the Company during the Non-Competition Period, including but not limited to entities which lend money and take deposits (in each case, a "Competing Business"), provided, however, that this provision shall not prohibit the Employee from owning bonds, non-voting preferred stock or up to five percent (5%) of the outstanding common stock of any Competing Business if such common stock is publicly traded.

(c) Non-Solicitation. As partial consideration for the severance payments and benefits to be provided to the Employee pursuant to Section 3 of this Agreement, the Employee agrees that during the two-year period next following the Date of Termination, the Employee shall not directly or indirectly (i) solicit or induce, or cause others to solicit or induce, any employee of the Company or any Consolidated Subsidiary to leave the employment of such entities, or (ii) solicit (whether by mail, telephone, personal meeting or any other means, excluding general solicitations of the public that are not based in whole or in part on any list of customers of the Company or any Consolidated Subsidiary) any customer of the Company or any Consolidated Subsidiary to transact business with any Competing Business, or to reduce or refrain from doing any business with the Company or any Consolidated Subsidiary, or interfere with or damage (or attempt to interfere with or damage) any relationship between the Company or any Consolidated Subsidiary and any such customers.

The provisions of this Section 5 shall survive any termination of the Employee's employment and any termination of this Agreement.

6. No Assignments.

(a) This Agreement is personal to each of the parties hereto, and neither party may assign or delegate any of its rights or obligations hereunder without first obtaining the written consent of the other party; provided, however, that the Company shall require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) by an assumption agreement in form and substance satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Failure of the Company to obtain such an assumption agreement prior to the effectiveness of any such succession or assignment shall be a breach of this Agreement and shall entitle the Employee to compensation and benefits from the Company in the same amount and on the same terms as provided for upon an Involuntary Termination under Section 3 hereof. For purposes of implementing the provisions of this Section 6(a), the date on which any such succession becomes effective shall be deemed the Date of Termination.

(b) This Agreement and all rights of the Employee hereunder shall inure to the benefit of and be enforceable by the Employee's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. No Mitigation. The Employee shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Agreement be reduced by any compensation earned by the Employee as the result of employment by another employer, by retirement benefits after the Date of Termination or otherwise.

8. Notice. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, to the Company at its principal office, to the attention of the Board of Directors with a copy to the Secretary of the Company, or, if to the Employee, to such home or other address as the Employee has most recently provided in writing to the Company.

9. Amendments. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties, except as herein otherwise provided.

10. Headings. The headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

11. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

12. Governing Law. This Agreement shall be governed by the laws of the State of North Carolina.

13. Arbitration. Any dispute or controversy arising under or in connection with this Agreement (other than relating to the enforcement of the provisions of Section 5) shall be settled exclusively by arbitration before a single arbitrator in Asheville, North Carolina under the commercial arbitration rules of the American Arbitration Association (the "AAA") then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The arbitrator shall be selected by the mutual agreement of the parties within ten (10) business days of the date when the parties shall first have the opportunity to select an arbitrator (the "Selection Period"); provided, however, that if the parties fail to agree upon an arbitrator by the expiration of the Selection Period, each party shall, within five (5) business days after the expiration of the Selection Period, select an arbitrator from the list of arbitrators provided by the AAA and the two arbitrators so selected by each party, acting independently, shall, as soon as practicable and within thirty (30) days of both being selected, agree upon the selection of the arbitrator to arbitrate the controversy or claim.

14. Equitable and Other Judicial Relief.

(a) It is the intention of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under all applicable laws and public policies, but that the unenforceability or the modification to conform with such laws or public policies of any provision hereof shall not render unenforceable or impair the remainder of this Agreement. The covenants in Section 5(b) with respect to the geographic area surrounding each office shall be deemed to be separate covenants with respect to each office, and should any court of competent jurisdiction conclude or find that this Agreement or any portion is not enforceable with respect to a particular office, such conclusion or finding shall in no way render invalid or unenforceable the covenants herein with respect to any other office. Accordingly, if any provision shall be determined to be invalid or unenforceable either in whole or in part, including without limitation the geographic scope or duration of such provision, the parties hereto agree that the court or authority making such determination shall have the power to reduce the scope or duration of such provision or to delete specific words or phrases as necessary (but only to the minimum extent necessary) to cause such provision or part to be valid and enforceable. If such court or authority does not have the legal authority to take the actions described in the preceding sentence, the parties agree to negotiate in good faith a modified provision that would, in so far as possible, reflect the original intent of this Agreement, including without limitation Section 5 hereof, without violating applicable law.

(b) The Employee acknowledges that any breach of Section 5 will result in irreparable damage to the Company for which the Company will not have an adequate remedy at law, especially in light of the impossibility of ascertaining exact money damages. In addition to any other remedies and damages available to the Company, the Employee further acknowledges that the Company shall be entitled to seek a temporary restraining order as well as preliminary and permanent injunctive relief hereunder to enjoin any breach or threatened breach of Section 5 of this Agreement, and the Employee hereby consents to any restraining order or injunction issued in favor of the Company by any court of competent jurisdiction, without prejudice to any other right or remedy to which the Company may be entitled. In addition, in the event of a breach of Section 5 of this Agreement by the Employee, the Employee acknowledges that in addition to or in lieu of the Company seeking injunctive relief, the Company may also seek a forfeiture of the cash severance payments paid or payable to the Employee pursuant to Section 3 of this Agreement with respect to the period of the breach in an amount equal to (i) the value ascribed to the non-competition or non-solicitation provision in Section 5 that was breached, multiplied by (ii) a fraction, the numerator of which is the period of time that the Employee was in breach of such provision and the denominator of which is the total duration of such provision in Section 5. Each of the remedies available to the Company in the event of a breach by the Employee shall be cumulative and not mutually exclusive.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together will constitute one and the same instrument.

16. Changes in Statutes or Regulations. If any statutory or regulatory provision referenced herein is subsequently changed or re-numbered, or is replaced by a separate provision, then the references in this Agreement to such statutory or regulatory provision shall be deemed to be a reference to such section as amended, re-numbered or replaced.

17. Entire Agreement. This Agreement embodies the entire agreement between the Company and the Employee with respect to the matters agreed to herein. All prior agreements between the Company and the Employee with respect to the matters agreed to herein, including the Prior Agreement, are hereby superseded and shall have no force or effect.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

HOMETRUST BANCSHARES, INC.

/s/ Dana L. Stonestreet
By: Dana Stonestreet
Its: Chairman, President and Chief Executive Officer

EMPLOYEE

/s/ Kristin J. Powell
Kristin Powell

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Exhibit 31.1

RULE 13a-14(a) CERTIFICATION

I, C. Hunter Westbrook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HomeTrust Bancshares, Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluations; and

   (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

November 9, 2022	By:	/s/ C. Hunter Westbrook
		C. Hunter Westbrook
		President and Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a) CERTIFICATION

I, Tony J. VunCannon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HomeTrust Bancshares, Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluations; and

   (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

November 9, 2022	By:	/s/ Tony J. VunCannon
		Tony J. VunCannon
		Executive Vice President, CFO, and Treasurer

Exhibit 32

SECTION 1350 CERTIFICATION

Each of the undersigned hereby certifies in his capacity as an officer of HomeTrust Bancshares, Inc. (the "Company") that the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2022, fully complies with the requirements of Section 13(a) of the Securities and Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and periods presented in the financial statements included in such report.

November 9, 2022	By:	/s/ C. Hunter Westbrook
		C. Hunter Westbrook
		President and Chief Executive Officer
November 9, 2022	By:	/s/ Tony J. VunCannon
		Tony J. VunCannon
		Executive Vice President, CFO, and Treasurer