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 **December 31, 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 $.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 15,882,640 shares of common stock, par value of $.01 per share, issued and outstanding as of February 3, 2023.

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

The following terms 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
IRLC	Interest Rate Lock Commitments
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
ROA	Return on Assets
ROE	Return on Equity
ROU	Right of Use
RSU	Restricted Stock Unit
SBA	U.S. Small Business Administration
SBIC	Small Business Investment Companies
SEC	Securities and Exchange Commission
TBA	To-be-announced
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) December 31, 2022	June 30, 2022
Assets		
Cash	$ 15,825	$ 20,910
Interest-bearing deposits	149,209	84,209
Cash and cash equivalents	165,034	105,119
Commercial paper, net	—	194,427
Certificates of deposit in other banks	29,371	23,551
Debt securities available for sale, at fair value (amortized cost of $152,790 and $130,099 at December 31, 2022 and June 30, 2022, respectively)	147,942	126,978
FHLB and FRB stock	13,661	9,326
SBIC investments, at cost	12,414	12,758
Loans held for sale, at fair value	518	—
Loans held for sale, at the lower of cost or fair value	72,777	79,307
Total loans, net of deferred loan fees and costs	2,985,623	2,769,295
Allowance for credit losses – loans	(38,859)	(34,690)
Loans, net	2,946,764	2,734,605
Premises and equipment, net	65,216	69,094
Accrued interest receivable	11,076	8,573
Deferred income taxes, net	11,319	11,487
BOLI	96,335	95,281
Goodwill	25,638	25,638
Core deposit intangibles, net	32	93
Other assets	48,918	52,967
Total assets	$ 3,647,015	$ 3,549,204
Liabilities and stockholders' equity		
Liabilities		
Deposits	$ 3,048,020	$ 3,099,761
Borrowings	130,000	—
Other liabilities	58,840	60,598
Total liabilities	3,236,860	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, 15,673,595 shares issued and outstanding at December 31, 2022; 15,591,466 at June 30, 2022	157	156
Additional paid in capital	128,486	126,106
Retained earnings	290,271	270,276
Unearned ESOP shares	(5,026)	(5,290)
Accumulated other comprehensive loss	(3,733)	(2,403)
Total stockholders' equity	410,155	388,845
Total liabilities and stockholders' equity	$ 3,647,015	$ 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 December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Interest and dividend income				
Loans	$ 38,995	$ 26,929	$ 72,240	$ 54,824
Commercial paper	184	303	1,300	458
Debt securities available for sale	1,151	411	1,829	935
Other investments and interest-bearing deposits	1,072	845	1,960	1,576
Total interest and dividend income	41,402	28,488	77,329	57,793
Interest expense				
Deposits	3,603	1,305	4,998	2,877
Borrowings	254	15	266	41
Total interest expense	3,857	1,320	5,264	2,918
Net interest income	37,545	27,168	72,065	54,875
Provision (benefit) for credit losses	2,240	(2,500)	6,227	(3,960)
Net interest income after provision (benefit) for credit losses	35,305	29,668	65,838	58,835
Noninterest income				
Service charges and fees on deposit accounts	2,523	2,513	4,861	4,885
Loan income and fees	647	805	1,217	1,784
Gain on sale of loans held for sale	1,102	3,901	2,688	7,958
BOLI income	494	490	1,021	1,008
Operating lease income	1,156	1,718	2,741	3,258
Gain (loss) on sale of premises and equipment	1,127	(87)	1,115	(87)
Other	1,405	753	2,209	1,639
Total noninterest income	8,454	10,093	15,852	20,445
Noninterest expense				
Salaries and employee benefits	14,484	14,872	29,299	30,152
Occupancy expense, net	2,428	2,401	4,824	4,718
Computer services	2,796	2,609	5,559	5,130
Telephone, postage, and supplies	575	672	1,178	1,322
Marketing and advertising	481	832	1,071	1,537
Deposit insurance premiums	546	302	1,088	868
Core deposit intangible amortization	26	65	60	158
Merger-related expenses	250	—	724	—
Other	4,490	4,069	8,362	7,953
Total noninterest expense	26,076	25,822	52,165	51,838
Net income before income taxes	17,683	13,939	29,525	27,442
Income tax expense	4,025	2,861	6,668	5,837
Net income	$ 13,658	$ 11,078	$ 22,857	$ 21,605
Per share data				
Net income per common share				
Basic	$ 0.90	$ 0.70	$ 1.51	$ 1.36
Diluted	$ 0.90	$ 0.68	$ 1.50	$ 1.33
Average shares outstanding				
Basic	15,028,179	15,632,283	15,008,092	15,696,765
Diluted	15,161,153	15,989,606	15,145,701	16,057,607

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 December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Net income	$ 13,658	$ 11,078	$ 22,857	$ 21,605
Other comprehensive income (loss)				
Unrealized holding gains (losses) on debt securities available for sale				
Gains (losses) arising during the period	411	(882)	(1,727)	(1,187)
Deferred income tax benefit (expense)	(95)	203	397	273
Total other comprehensive income (loss)	316	(679)	(1,330)	(914)
Comprehensive income	$ 13,974	$ 10,399	$ 21,527	$ 20,691

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 December 31, 2022

	Common Stock		Additional Paid In Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount					
Balance at September 30, 2022	15,632,348	$ 156	$ 127,153	$ 278,120	$ (5,158)	$ (4,049)	$ 396,222
Net income	—	—	—	13,658	—	—	13,658
Cash dividends declared on common stock, $0.10/ common share	—	—	—	(1,507)	—	—	(1,507)
Forfeited restricted stock	(5,800)	—	—	—	—	—	—
Exercised stock options	47,047	1	676	—	—	—	677
Share-based compensation expense	—	—	464	—	—	—	464
ESOP compensation expense	—	—	193	—	132	—	325
Other comprehensive income	—	—	—	—	—	316	316
Balance at December 31, 2022	15,673,595	$ 157	$ 128,486	$ 290,271	$ (5,026)	$ (3,733)	$ 410,155

(Unaudited)
Three Months Ended December 31, 2021

	Common Stock		Additional Paid In Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
Balance at September 30, 2021	16,307,658	$ 163	$ 151,425	$ 249,331	$ (5,687)	$ 1,279	$ 396,511
Net income	—	—	—	11,078	—	—	11,078
Cash dividends declared on common stock, $0.09/common share	—	—	—	(1,423)	—	—	(1,423)
Common stock repurchased	(299,397)	(3)	(8,967)	—	—	—	(8,970)
Forfeited restricted stock	(6,400)	—	—	—	—	—	—
Exercised stock options	301,600	3	4,339	—	—	—	4,342
Share-based compensation expense	—	—	485	—	—	—	485
ESOP compensation expense	—	—	270	—	132	—	402
Other comprehensive loss	—	—	—	—	—	(679)	(679)
Balance at December 31, 2021	16,303,461	$ 163	$ 147,552	$ 258,986	$ (5,555)	$ 600	$ 401,746

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

	(Unaudited) Six Months Ended December 31, 2022						
	Common Stock		Additional Paid In Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Income	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	—	—	—	22,857	—	—	22,857
Cash dividends declared on common stock, $0.19/common share	—	—	—	(2,862)	—	—	(2,862)
Forfeited restricted stock	(6,200)	—	—	—	—	—	—
Retired stock	(4,079)	—	(95)	—	—	—	(95)
Granted restricted stock	4,500	—	—	—	—	—	—
Stock issued for RSUs	13,861	—	—	—	—	—	—
Exercised stock options	74,047	1	1,064	—	—	—	1,065
Share-based compensation expense	—	—	1,031	—	—	—	1,031
ESOP compensation expense	—	—	380	—	264	—	644
Other comprehensive loss	—	—	—	—	—	(1,330)	(1,330)
Balance at December 31, 2022	15,673,595	$ 157	$ 128,486	$ 290,271	$ (5,026)	$ (3,733)	$ 410,155

	(Unaudited) Six Months Ended December 31, 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	—	—	—	21,605	—	—	21,605
Cash dividends declared on common stock, $0.17/common share	—	—	—	(2,694)	—	—	(2,694)
Common stock repurchased	(675,832)	(7)	(19,396)	—	—	—	(19,403)
Forfeited restricted stock	(9,400)	—	—	—	—	—	—
Retired stock	(2,708)	—	(75)	—	—	—	(75)
Granted restricted stock	—	—	—	—	—	—	—
Stock issued for RSUs	7,118	—	—	—	—	—	—
Exercised stock options	347,800	3	5,039	—	—	—	5,042
Share-based compensation expense	—	—	900	—	—	—	900
ESOP compensation expense	—	—	502	—	264	—	766
Other comprehensive loss	—	—	—	—	—	(914)	(914)
Balance at December 31, 2021	16,303,461	$ 163	$ 147,552	$ 258,986	$ (5,555)	$ 600	$ 401,746

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) Six Months Ended December 31,	
	2022	**2021**
Operating activities		
Net income	$ 22,857	$ 21,605
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision (benefit) for credit losses	6,227	(3,960)
Depreciation and amortization of premises and equipment and equipment for operating leases	4,360	4,782
Deferred income tax expense	565	5,154
Net accretion of purchase accounting adjustments on loans	(373)	(784)
Net amortization and accretion	1,467	1,586
Loss (gain) from sale of premises and equipment	(1,115)	87
Gain on sale of REO	—	(3)
Loss incurred at the end of operating leases	189	92
BOLI income	(1,021)	(1,008)
Gain on sale of loans held for sale	(2,688)	(7,958)
Origination of loans held for sale	(116,402)	(301,898)
Proceeds from sale of loans held for sale	115,754	303,911
New deferred loan origination fees, net	(2,855)	(273)
Decrease in accrued interest receivable and other assets	(6,220)	(2,255)
ESOP compensation expense	644	766
Share-based compensation expense	1,031	900
Decrease in other liabilities	(1,989)	(3,391)
Net cash provided by operating activities	20,431	17,353
Investing activities		
Purchases of debt securities available for sale	(59,056)	(7,011)
Proceeds from maturities, calls and paydowns of debt securities available for sale	36,389	40,042
Purchases of commercial paper	(210,292)	(291,652)
Proceeds from maturities and calls of commercial paper	406,269	227,499
Purchases of CDs in other banks	(9,455)	(996)
Proceeds from maturities of CDs in other banks	3,635	7,116
Net (purchases) redemptions of FHLB and FRB stock	(4,335)	3,170
Net (purchases) redemptions of SBIC investments, at cost	344	(1,577)
Net (increase) decrease in loans	(208,031)	34,131
Purchase of BOLI	(33)	(93)
Purchase of equipment for operating leases	(4,918)	(1,677)
Sale of equipment for operating leases	4,120	1,558
Purchase of premises and equipment	(1,157)	(4,886)
Proceeds from sale of premises and equipment and assets held for sale	9,634	1,693
Proceeds from sale of REO	3	146
Net cash provided by (used in) investing activities	(36,883)	7,463
Financing activities		
Net increase (decrease) in deposits	(51,741)	43,150
Net increase (decrease) in short-term borrowings	130,000	(97,000)
Proceeds from long-term borrowings	—	30,000
Common stock repurchased	—	(19,403)
Cash dividends paid	(2,862)	(2,694)
Retired stock	(95)	(75)
Exercised stock options	1,065	5,042
Net cash provided by (used in) financing activities	76,367	(40,980)
Net increase (decrease) in cash and cash equivalents	59,915	(16,164)
Cash and cash equivalents at beginning of period	105,119	50,990
Cash and cash equivalents at end of period	$ 165,034	$ 34,826

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

	(Unaudited) Six Months Ended December 31,	
	2022	2021
Supplemental disclosures:		
Cash paid during the period for:		
Interest	$ 4,988	$ 2,929
Income taxes	1,156	192
Noncash transactions:		
Unrealized loss in value of debt securities available for sale, net of income taxes	(1,330)	(914)
Transfer of loans held for sale to loans held for investment	8,753	11,629
Transfer of loans held for investment to loans held for sale	—	12,827
ROU asset and lease liabilities for operating lease accounting	2,108	946
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 six months ended December 31, 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

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.

Loans Held for Sale

Residential mortgages originated and intended for sale in the secondary market through mandatory delivery contracts are recorded at fair value (fair value option elected). The fair value includes the servicing value of the loans as well as any accrued interest, with changes in value recorded through the gain on sale of loans held for sale. Conversely, residential mortgages originated and intended for sale in the secondary market on a best efforts basis are sold with servicing released and carried at the lower of cost or fair value as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

The Company originates loans guaranteed by the SBA for the purchase of businesses, business startups, business expansion, equipment, and working capital. All SBA loans are underwritten and documented as prescribed by the SBA. SBA loans are generally fully amortizing and have maturity dates and amortizations of up to 25 years. SBA loans are classified as held for sale and are carried at the lower of cost or fair value. The guaranteed portion of the loan is sold and the servicing rights are retained. A gain is recorded for any premium received in excess of the carrying value of the net assets transferred in the sale and is included in the gain on sale of loans held for sale. The portion of SBA loans that are retained are adjusted to fair value and reclassified to total loans, net of deferred costs (loans held for investment). The net value of the retained loans is included in the appropriate loan classification for disclosure purposes.

HELOCs held for sale are originated through a third party in various states outside the Company's geographic footprint, but are underwritten to the Company's underwriting guidelines. The loans are generally held for sale by the Company over a 90 to 180 day period and are serviced by the third party. The loans are marketed by the third party to investors in pools and once sold the Company recognizes a gain or loss on the sale which is recorded through the gain on sale of loans held for sale.

Derivative Instruments and Hedging

The Company holds and issues derivative financial instruments such as IRLCs and other forward sale commitments. IRLCs are subject to pricing risk primarily related to fluctuations in market interest rates. To hedge the interest rate risk on certain IRLCs, the Company uses forward sale commitments such as TBAs or mandatory delivery commitments with investors. Management expects these forward sale commitments to experience changes in fair value opposite to the changes in fair value of the IRLCs, thereby reducing earnings volatility. Forward sale commitments are also used to hedge the interest rate risk on mortgage loans held for sale that are not committed to investors and still subject to price risk. If the mandatory delivery commitments are not fulfilled, the Company pays a pair-off fee. Best effort forward sale commitments are also executed with investors, whereby certain loans are locked with a borrower and simultaneously committed to an investor at a fixed price. If the best effort IRLC does not fund, there is no obligation to fulfill the investor commitment.

The Company considers various factors and strategies in determining what portion of the IRLCs and uncommitted mortgage loans held for sale to economically hedge. All derivative instruments are recognized as other assets or other liabilities on the consolidated statements of financial condition at their fair value. Changes in the fair value of the derivative instruments and gains and losses resulting from the pairingout of forward sale commitments are recognized in the gain on sale of loans held for sale on the consolidated statements of income in the period in which they occur. The Company accounts for all derivative instruments as free-standing derivative instruments and does not designate any for hedge accounting.

(Dollars in thousands, except per share data)

2. Recent Accounting Pronouncements

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.

3. Debt Securities

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

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies	$ 15,998	$ —	$ (599)	$ 15,399
MBS, residential	87,007	9	(2,569)	84,447
Municipal bonds	4,522	1	(114)	4,409
Corporate bonds	45,263	—	(1,576)	43,687
Total	$ 152,790	$ 10	$ (4,858)	$ 147,942

	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 December 31, 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.

	December 31, 2022	
	Amortized Cost	Estimated Fair Value
Due within one year	$ 42,262	$ 41,448
Due after one year through five years	18,006	17,060
Due after five years through ten years	5,515	4,987
Due after ten years	—	—
MBS, residential	87,007	84,447
Total	$ 152,790	$ 147,942

	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 six months ended December 31, 2022 and 2021.

(Dollars in thousands, except per share data)

Debt securities available for sale with amortized costs totaling $83,849 and $43,187 and market values of $80,818 and $41,876 at December 31, 2022 and June 30, 2022, respectively, were pledged as collateral to secure various public deposits and other borrowings.

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 December 31, 2022 and June 30, 2022 were as follows:

	December 31, 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	$ 991	$ (8)	$ 14,408	$ (591)	$ 15,399	$ (599)
MBS, residential	73,958	(1,796)	8,571	(773)	82,529	(2,569)
Municipal bonds	3,408	(114)	—	—	3,408	(114)
Corporate bonds	21,807	(547)	19,980	(1,029)	41,787	(1,576)
Total	$ 100,164	$ (2,465)	$ 42,959	$ (2,393)	$ 143,123	$ (4,858)

	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 December 31, 2022 and June 30, 2022 were 195 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 December 31, 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 December 31, 2022, the accrued interest receivable for debt securities available for sale was $552.

4. Loans Held For Sale

Loans held for sale, at the lower of cost or fair value, consist of the following as of the dates indicated:

	December 31, 2022	June 30, 2022
One-to-four family	$ 26	$ 4,176
SBA	37,375	14,774
HELOCs	35,376	60,357
Total loans held for sale, at the lower of cost or fair value	$ 72,777	$ 79,307

The carrying balance of loans held for sale, at fair value, was $518 and $0 at December 31, 2022 and June 30, 2022, respectively, while the amortized cost of these loans was $506 and $0 at the same dates.

(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]:

	December 31, 2022	June 30, 2022
Commercial real estate loans		
Construction and land development	$ 328,253	$ 291,202
Commercial real estate - owner occupied	340,824	335,658
Commercial real estate - non-owner occupied	690,241	662,159
Multifamily	69,156	81,086
Total commercial real estate loans	1,428,474	1,370,105
Commercial loans		
Commercial and industrial	194,465	192,652
Equipment finance	426,507	394,541
Municipal leases	135,922	129,766
PPP loans	214	661
Total commercial loans	757,108	717,620
Residential real estate loans		
Construction and land development	100,002	81,847
One-to-four family	400,595	354,203
HELOCs	194,296	160,137
Total residential real estate loans	694,893	596,187
Consumer loans	105,148	85,383
Total loans, net of deferred loan fees and costs	2,985,623	2,769,295
ACL on loans	(38,859)	(34,690)
Loans, net	$ 2,946,764	$ 2,734,605

(1) At December 31, 2022 and June 30, 2022 accrued interest receivable of $10,434 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, indirect auto, municipal leases and FHLB of Atlanta stock are pledged as collateral by a blanket pledge to secure any outstanding FHLB and FRB 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 December 31, 2022:

	Term Loans By Origination Fiscal Year							
December 31, 2022	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ 18,267	$ 26,694	$ 5,195	$ 609	$ 1,582	$ 7,090	$ 267,895	$ 327,332
Special mention	—	—	—	—	—	—	—	—
Substandard	—	871	—	—	—	50	—	921
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	18,267	27,565	5,195	609	1,582	7,140	267,895	328,253
Commercial real estate - owner occupied								
Risk rating								
Pass	22,024	57,836	68,838	46,495	39,665	86,119	14,006	334,983
Special mention	—	132	—	386	391	2,319	—	3,228
Substandard	—	—	—	—	—	2,613	—	2,613
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate - owner occupied	22,024	57,968	68,838	46,881	40,056	91,051	14,006	340,824
Commercial real estate - non-owner occupied								
Risk rating								
Pass	51,653	96,511	117,902	90,348	56,597	239,453	18,357	670,821
Special mention	—	—	—	—	—	14,040	5,379	19,419
Substandard	—	—	—	—	—	1	—	1
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate - non-owner occupied	51,653	96,511	117,902	90,348	56,597	253,494	23,736	690,241
Multifamily								
Risk rating								
Pass	1,962	11,755	18,964	10,402	3,381	21,808	483	68,755
Special mention	—	—	—	—	29	62	—	91
Substandard	—	—	—	—	—	310	—	310
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total multifamily	1,962	11,755	18,964	10,402	3,410	22,180	483	69,156
Total commercial real estate								
Risk rating								
Pass	$ 93,906	$ 192,796 —	$ 210,899	$ 147,854	$ 101,225	$ 354,470	$ 300,741	$ 1,401,891
Special mention	—	132	—	386	420	16,421	5,379	22,738
Substandard	—	871	—	—	—	2,974	—	3,845
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate	$ 93,906	$ 193,799	$ 210,899	$ 148,240	$ 101,645	$ 373,865	$ 306,120	$ 1,428,474

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
December 31, 2022	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Commercial and industrial								
Risk rating								
Pass	$ 21,697	$ 65,130	$ 17,789	$ 14,061	$ 7,515	$ 22,897	$ 39,085	$ 188,174
Special mention	—	147	349	—	219	—	200	915
Substandard	—	—	26	600	884	46	3,656	5,212
Doubtful	—	—	—	—	—	—	164	164
Loss	—	—	—	—	—	—	—	—
Total commercial and industrial	21,697	65,277	18,164	14,661	8,618	22,943	43,105	194,465
Equipment finance								
Risk rating								
Pass	101,278	161,067	93,081	49,654	17,966	1,061	—	424,107
Special mention	—	275	12	973	381	—	—	1,641
Substandard	—	—	121	27	149	—	—	297
Doubtful	—	229	233	—	—	—	—	462
Loss	—	—	—	—	—	—	—	—
Total equipment finance	101,278	161,571	93,447	50,654	18,496	1,061	—	426,507
Municipal leases								
Risk rating								
Pass	13,145	19,881	23,588	8,443	10,309	47,465	13,091	135,922
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total municipal leases	13,145	19,881	23,588	8,443	10,309	47,465	13,091	135,922
PPP loans								
Risk rating								
Pass	—	—	13	201	—	—	—	214
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total PPP loans	—	—	13	201	—	—	—	214
Total commercial								
Risk rating								
Pass	$ 136,120	$ 246,078	$ 134,471	$ 72,359	$ 35,790	$ 71,423	$ 52,176	$ 748,417
Special mention	—	422	361	973	600	—	200	2,556
Substandard	—	—	147	627	1,033	46	3,656	5,509
Doubtful	—	229	233	—	—	—	164	626
Loss	—	—	—	—	—	—	—	—
Total commercial	$ 136,120	$ 246,729	$ 135,212	$ 73,959	$ 37,423	$ 71,469	$ 56,196	$ 757,108

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
December 31, 2022	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ 568	$ 861	$ —	$ 50	$ —	$ 1,487	$ 96,693	$ 99,659
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	343	—	343
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	568	861	—	50	—	1,830	96,693	100,002
One-to-four family								
Risk rating								
Pass	24,334	70,877	89,996	46,166	27,833	124,754	11,086	395,046
Special mention	—	—	—	—	—	625	—	625
Substandard	—	126	—	57	—	4,703	—	4,886
Doubtful	—	—	—	—	—	38	—	38
Loss	—	—	—	—	—	—	—	—
Total one-to-four family	24,334	71,003	89,996	46,223	27,833	130,120	11,086	400,595
HELOCs								
Risk rating								
Pass	3,226	1,107	638	517	976	7,057	180,006	193,527
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	46	646	48	740
Doubtful	—	—	—	—	—	29	—	29
Loss	—	—	—	—	—	—	—	—
Total HELOCs	3,226	1,107	638	517	1,022	7,732	180,054	194,296
Total residential real estate								
Risk rating								
Pass	$ 28,128	$ 72,845	$ 90,634	$ 46,733	$ 28,809	$ 133,298	$ 287,785	$ 688,232
Special mention	—	—	—	—	—	625	—	625
Substandard	—	126	—	57	46	5,692	48	5,969
Doubtful	—	—	—	—	—	67	—	67
Loss	—	—	—	—	—	—	—	—
Total residential real estate	$ 28,128	$ 72,971	$ 90,634	$ 46,790	$ 28,855	$ 139,682	$ 287,833	$ 694,893

	Term Loans By Origination Fiscal Year							
December 31, 2022	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Total consumer								
Risk rating								
Pass	$ 40,368	$ 21,422	$ 16,557	$ 11,767	$ 7,954	$ 5,902	$ 256	$ 104,226
Special mention	—	—	—	—	—	—	—	—
Substandard	44	106	166	279	77	235	7	914
Doubtful	—	—	7	—	—	—	—	7
Loss	—	—	—	—	1	—	—	1
Total consumer	$ 40,412	$ 21,528	$ 16,730	$ 12,046	$ 8,032	$ 6,137	$ 263	$ 105,148

(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
December 31, 2022					
Commercial real estate					
Construction and land development	$ —	$ —	$ —	$ 328,253	$ 328,253
Commercial real estate - owner occupied	503	—	503	340,321	340,824
Commercial real estate - non-owner occupied	—	—	—	690,241	690,241
Multifamily	—	—	—	69,156	69,156
Total commercial real estate	503	—	503	1,427,971	1,428,474
Commercial					
Commercial and industrial	87	549	636	193,829	194,465
Equipment finance	392	497	889	425,618	426,507
Municipal leases	83	—	83	135,839	135,922
PPP loans	—	—	—	214	214
Total commercial	562	1,046	1,608	755,500	757,108
Residential real estate					
Construction and land development	—	133	133	99,869	100,002
One-to-four family	533	1,554	2,087	398,508	400,595
HELOCs	1,226	979	2,205	192,091	194,296
Total residential real estate	1,759	2,666	4,425	690,468	694,893
Consumer	456	173	629	104,519	105,148
Total loans	$ 3,280	$ 3,885	$ 7,165	$ 2,978,458	$ 2,985,623

	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 six months ended December 31, 2022.

	December 31, 2022	June 30, 2022	90 Days+ & Still Accruing as of December 31, 2022	Nonaccrual With No Allowance as of December 31, 2022	Interest Income Recognized
Commercial real estate					
Construction and land development	$ 50	$ 67	$ —	$ —	$ 1
Commercial real estate - owner occupied	621	706	—	—	12
Commercial real estate - non-owner occupied	2	5	—	—	—
Multifamily	94	103	—	—	4
Total commercial real estate	767	881	—	—	17
Commercial					
Commercial and industrial	970	1,951	—	151	58
Equipment finance	840	270	—	—	64
Municipal leases	—	—	—	—	5
Total commercial	1,810	2,221	—	151	127
Residential real estate					
Construction and land development	133	137	—	—	2
One-to-four family	2,021	1,773	—	—	33
HELOCs	1,130	724	—	—	42
Total residential real estate	3,284	2,634	—	—	77
Consumer	313	384	—	—	8
Total loans	$ 6,174	$ 6,120	$ —	$ 151	$ 229

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 $9,327 and $9,818 of TDRs that were performing under their restructured payment terms as of December 31, 2022 and June 30, 2022, respectively.

The following tables present analyses of the ACL on loans by segment for the periods indicated below. In addition to the provision (benefit) for credit losses on loans presented below, provisions (benefits) of $(85) and $358 for off-balance sheet credit exposures and $(100) and $(250) for commercial paper were recorded for the three and six months ended December 31, 2022, respectively. Provisions (benefits) of $(110) and $(235) for off-balance sheet credit exposures and $50 and $50 for commercial paper were recorded for the three and six months ended December 31, 2021.

	Three Months Ended December 31, 2022				
	Commercial Real Estate	Commercial	Residential Real Estate	Consumer	Total
Balance at beginning of period	$ 14,680	$ 12,978	$ 8,383	$ 2,260	$ 38,301
Provision (benefit) for credit losses	378	1,232	693	122	2,425
Charge-offs	—	(1,859)	(51)	(69)	(1,979)
Recoveries	1	31	23	57	112
Net (charge-offs) recoveries	1	(1,828)	(28)	(12)	(1,867)
Balance at end of period	$ 15,059	$ 12,382	$ 9,048	$ 2,370	$ 38,859

	Six Months Ended December 31, 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	1,642	2,296	1,367	814	6,119
Charge-offs	—	(2,133)	(123)	(170)	(2,426)
Recoveries	3	183	193	97	476
Net (charge-offs) recoveries	3	(1,950)	70	(73)	(1,950)
Balance at end of period	$ 15,059	$ 12,382	$ 9,048	$ 2,370	$ 38,859

(Dollars in thousands, except per share data)

	Three Months Ended December 31, 2021				
	Commercial Real Estate	Commercial	Residential Real Estate	Consumer	Total
Balance at beginning of period	$ 13,994	$ 10,211	$ 7,601	$ 2,600	$ 34,406
Provision (benefit) for credit losses	(1,253)	1,113	(1,737)	(563)	(2,440)
Charge-offs	(1)	(1,130)	—	(16)	(1,147)
Recoveries	10	25	53	26	114
Net (charge-offs) recoveries	9	(1,105)	53	10	(1,033)
Balance at end of period	$ 12,750	$ 10,219	$ 5,917	$ 2,047	$ 30,933

	Six Months Ended December 31, 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	(2,589)	1,826	(2,526)	(486)	(3,775)
Charge-offs	(439)	(1,311)	(27)	(79)	(1,856)
Recoveries	694	41	285	76	1,096
Net (charge-offs) recoveries	255	(1,270)	258	(3)	(760)
Balance at end of period	$ 12,750	$ 10,219	$ 5,917	$ 2,047	$ 30,933

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
December 31, 2022						
Commercial real estate						
Construction and land development	$ —	$ 5,893	$ 5,893	$ —	$ 328,253	$ 328,253
Commercial real estate - owner occupied	—	3,042	3,042	—	340,824	340,824
Commercial real estate - non-owner occupied	—	5,803	5,803	—	690,241	690,241
Multifamily	—	321	321	—	69,156	69,156
Total commercial real estate	—	15,059	15,059	—	1,428,474	1,428,474
Commercial						
Commercial and industrial	646	3,755	4,401	1,505	192,960	194,465
Equipment finance	—	7,693	7,693	—	426,507	426,507
Municipal leases	—	288	288	—	135,922	135,922
PPP loans	—	—	—	—	214	214
Total commercial	646	11,736	12,382	1,505	755,603	757,108
Residential real estate						
Construction and land development	—	1,576	1,576	—	100,002	100,002
One-to-four family	—	4,983	4,983	1,932	398,663	400,595
HELOCs	—	2,489	2,489	—	194,296	194,296
Total residential real estate	—	9,048	9,048	1,932	692,961	694,893
Consumer	—	2,370	2,370	—	105,148	105,148
Total	$ 646	$ 38,213	$ 38,859	$ 3,437	$ 2,982,186	$ 2,985,623

(Dollars in thousands, except per share data)

	Allowance for Credit 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

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	Total
December 31, 2022	Residential Property	Investment Property	Commercial Property	Business Assets		
Commercial real estate						
Construction and land development	$ —	$ —	$ —	$ —	$ 328,253	$ 328,253
Commercial real estate - owner occupied	—	—	—	—	340,824	340,824
Commercial real estate - non-owner occupied	—	—	—	—	690,241	690,241
Multifamily	—	—	—	—	69,156	69,156
Total commercial real estate	—	—	—	—	1,428,474	1,428,474
Commercial						
Commercial and industrial	—	—	—	816	193,649	194,465
Equipment finance	—	—	—	—	426,507	426,507
Municipal leases	—	—	—	—	135,922	135,922
PPP loans	—	—	—	—	214	214
Total commercial	—	—	—	816	756,292	757,108
Residential real estate						
Construction and land development	—	—	—	—	100,002	100,002
One-to-four family	765	—	—	—	399,830	400,595
HELOCs	—	—	—	—	194,296	194,296
Total residential real estate	765	—	—	—	694,128	694,893
Consumer	—	—	—	—	105,148	105,148
Total	$ 765	$ —	$ —	$ 816	$ 2,984,042	$ 2,985,623
Total collateral value	$ 1,293	$ —	$ —	$ —		

(Dollars in thousands, except per share data)

June 30, 2022	Type of Collateral and Extent to Which Collateral Secures Financial Assets: Residential Property	Investment Property	Commercial Property	Business Assets	Financial Assets Not Considered Collateral Dependent	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		

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

	Three Months Ended December 31, 2022: Number of Loans	2022: Pre Modification Outstanding Recorded Investment	2022: Post Modification Outstanding Recorded Investment	2021: Number of Loans	2021: Pre Modification Outstanding Recorded Investment	2021: Post Modification Outstanding Recorded Investment
Other TDRs						
Residential real estate						
One-to-four family	—	$ —	$ —	3	$ 215	$ 212
HELOCs	—	—	—	1	51	51
Consumer	1	11	10	—	—	—
Total other TDRs	1	11	10	4	266	263
Total	1	$ 11	$ 10	4	$ 266	$ 263

(Dollars in thousands, except per share data)

	Six Months Ended December 31,					
	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 loans						
Commercial and industrial	5	$ 569	$ 569	—	$ —	$ —
Total below market interest rate	5	$ 569	$ 569	—	$ —	$ —
Other TDRs						
Residential real estate loans						
One-to-four family	—	$ —	$ —	3	$ 215	$ 212
HELOCs	—	—	—	2	68	70
Consumer	4	49	41	5	84	80
Total other TDRs	4	49	41	10	367	362
Total	9	$ 618	$ 610	10	$ 367	$ 362

The following tables present 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 December 31,			
	2022		2021	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Below market interest rate				
Commercial loans				
Commercial and industrial	1	$ 140	—	$ —
Total	1	$ 140	—	$ —

	Six Months Ended December 31,			
	2022		2021	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Below market interest rate				
Commercial loans				
Commercial and industrial	1	$ 140	—	$ —
Total below market interest rate	1	$ 140	—	$ —
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	3	$ 176	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.

(Dollars in thousands, except per share data)

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 December 31, 2022 and June 30, 2022, the ACL on off-balance-sheet credit exposures included in other liabilities was $3,662 and $3,304, respectively.

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. ROU assets are included in other assets and lease liabilities are included in other liabilities.

Supplemental Balance Sheet Information	**December 31, 2022**	**June 30, 2022**
ROU assets	$ 7,189	$ 5,846
Lease liabilities	8,235	6,641
Weighted-average remaining lease terms (years)	10.7	10.8
Weighted-average discount rate	3.21 %	2.90 %

The following schedule summarizes aggregate future minimum lease payments under these operating leases at December 31, 2022:

Fiscal year ending June 30	
Remaining 2023	$ 846
2024	1,247
2025	946
2026	821
2027	838
Thereafter	5,267
Total undiscounted minimum lease payments	9,965
Less: amount representing interest	(1,730)
Total lease liability	$ 8,235

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

	Three Months Ended December 31,		**Six Months Ended December 31,**	
	2022	**2021**	**2022**	**2021**
Operating lease cost (included in occupancy expense, net)	$ 345	$ 400	$ 692	$ 867
Variable lease cost (included in occupancy expense, net)	3	—	5	6
Sublease income (included in other, noninterest income)	(28)	(47)	(85)	(94)
Total operating lease expense, net	$ 320	$ 353	$ 612	$ 779

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 December 31, 2022 and June 30, 2022 and is included in other assets. The corresponding lease liability totaled $1,741 and $1,763 at December 31, 2022 and June 30, 2022, respectively, and is included in other liabilities. For the three months ended December 31, 2022 and 2021, interest expense on the lease liability totaled $23 and $24, while for the six months ended December 31, 2022 and 2021, interest expense on the lease liability totaled $46 and $48, respectively. The finance lease matures in July 2028 and the Company has applied a discount rate of 5.18%.

(Dollars in thousands, except per share data)

The following schedule summarizes aggregate future minimum lease payments under this finance lease obligation at December 31, 2022:

Fiscal year ending June 30		
Remaining 2023	$	66
2024		145
2025		146
2026		146
2027		146
Thereafter		1,557
Total undiscounted minimum lease payments		2,206
Less: amount representing interest		(465)
Total lease liability	$	1,741

Supplemental lease cash flow information for the periods indicated:

	Six Months Ended December 31,			
	2022		2021	
ROU assets - noncash additions (operating leases)	$	2,108	$	946
Cash paid for amounts included in the measurement of lease liabilities (operating leases)		720		797
Cash paid for amounts included in the measurement of lease liabilities (finance leases)		67		67

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 $20,047 and $20,075 with a residual value of $13,046 and $12,874 as of December 31, 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 December 31,				Six Months Ended December 31,			
	2022		2021		2022		2021	
Operating lease income	$	1,156	$	1,718	$	2,741	$	3,258
Depreciation expense		1,178		1,497		2,343		2,882

The following schedule summarizes, as of December 31, 2022, aggregate future minimum lease payments to be received:

Fiscal year ending June 30		
Remaining 2023	$	3,498
2024		5,088
2025		1,869
2026		697
2027		113
Thereafter		—
Total of future minimum lease payments	$	11,265

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 December 31, 2022 and 2021, interest income on equipment finance leases totaled $818 and $753, respectively. For the six months ended December 31, 2022 and 2021, interest income on equipment finance leases totaled $1,575 and $1,512, respectively.

The lease receivable component of finance lease net investment included within the equipment finance class of financing receivables was $63.9 million and $62.2 million at December 31, 2022 and June 30, 2022, respectively.

(Dollars in thousands, except per share data)

The following schedule summarizes, as of December 31, 2022, aggregate future minimum finance lease payments to be received:

Fiscal year ending June 30		
Remaining 2023	$	12,478
2024		20,448
2025		15,905
2026		11,646
2027		6,650
Thereafter		5,658
Total undiscounted minimum lease payments		72,785
Less: amount representing interest		(8,874)
Total lease receivable	$	63,911

7. Equity Incentive Plan

The Company historically provided stock-based awards through the 2013 Omnibus Incentive Plan, which provided 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. On November 14, 2022, at the Company's annual meeting, stockholders approved the 2022 Omnibus Incentive Plan which provides for the same types of awards as described under the 2013 Omnibus Incentive Plan. Going forward, any future grants will be made under this plan.

The cost of equity-based awards under the 2022 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 1,000,000. Shares of common stock issued under the plan will be issued out of authorized but unissued shares, some or all of which may be repurchased shares.

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 December 31,		**Six Months Ended December 31,**	
	2022	**2021**	**2022**	**2021**
Share-based compensation expense	$ 464	$ 485	$ 1,031	$ 900
Tax benefit	110	114	244	212

The table below presents stock option activity and related information for the six months ended December 31, 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	(347,800)	14.50	—	—
Forfeited	(18,600)	23.06	—	—
Options outstanding at December 31, 2021	953,056	$ 20.65	4.1	$ 9,840
Exercisable at December 31, 2021	727,506	$ 19.12	3.2	$ 8,631
Non-vested at December 31, 2021	225,550	$ 25.62	6.9	$ 1,210
Options outstanding at June 30, 2022	928,870	$ 21.49	4.1	$ 4,036
Granted	5,000	24.07	—	—
Exercised	(74,047)	14.37	—	—
Forfeited	(10,200)	26.98	—	—
Options outstanding at December 31, 2022	849,623	$ 22.06	3.9	$ 2,958
Exercisable at December 31, 2022	682,673	$ 20.88	3.1	$ 2,918
Non-vested at December 31, 2022	166,950	$ 26.88	7.1	$ 40

(Dollars in thousands, except per share data)

Assumptions used in estimating the fair value of options granted during the six months ended December 31, 2022 have been detailed below. There were no options granted during the six months ended December 31, 2021.

		December 31, 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 December 31, 2022, the Company had $613 of unrecognized compensation expense related to 166,950 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 1.1 years at December 31, 2022. At December 31, 2021, the Company had $894 of unrecognized compensation expense related to 225,550 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 1.1 years at December 31, 2021.

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	(9,400)		24.57		—
Non-vested at December 31, 2021	133,257	$	25.06	$	4,128
Non-vested at June 30, 2022	135,910	$	27.40	$	2,345
Granted	7,986		25.32		—
Vested	(13,861)		27.11		—
Forfeited	(6,200)		27.64		—
Non-vested at December 31, 2022	123,835	$	27.28	$	2,033

The table above includes non-vested performance-based restricted stock units totaling 22,843 and 23,662 at December 31, 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 December 31, 2022, unrecognized compensation expense was $2,037 related to 123,835 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 1.3 years at December 31, 2022. At December 31, 2021, unrecognized compensation expense was $2,043 related to 133,257 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 1.3 years at December 31, 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 December 31,				Six Months Ended December 31,			
	2022		2021		2022		2021	
Numerator								
Net income	$	13,658	$	11,078	$	22,857	$	21,605
Allocation of earnings to participating securities		(112)		(94)		(187)		(182)
Numerator for basic EPS - Net income available to common stockholders	$	13,546	$	10,984	$	22,670	$	21,423
Effect of dilutive securities								
Dilutive effect of participating securities		—		2		—		4
Numerator for diluted EPS	$	13,546	$	10,986	$	22,670	$	21,427
Denominator								
Weighted-average common shares outstanding - basic		15,028,179		15,632,283		15,008,092		15,696,765
Dilutive effect of assumed exercises of stock options		132,974		357,323		137,609		360,842
Weighted-average common shares outstanding - diluted		15,161,153		15,989,606		15,145,701		16,057,607
Net income per share - basic	$	0.90	$	0.70	$	1.51	$	1.36
Net income per share - diluted	$	0.90	$	0.68	$	1.50	$	1.33

Potential dilutive shares are excluded from the computation of earnings per share if their effect is anti-dilutive. There were 540,600 of stock options that were anti-dilutive for the three and six months ended December 31, 2022. There were 41,000 and 56,000 of stock options that were anti-dilutive for the three and six months ended December 31, 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 December 31, 2022 and June 30, 2022, respectively, loan commitments (excluding $272,250 and $312,893 of undisbursed portions of construction loans) totaled $90,214 and $104,745 of which $11,604 and $23,159 were variable rate commitments and $78,610 and $81,586 were fixed rate commitments. The fixed rate loan commitments had interest rates ranging from 1.41% to 9.44% at December 31, 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 $540,370 and $485,239 at December 31, 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 such as TBAs, mandatory delivery commitments with investors, or best efforts forward sale commitments with investors. The fair value of these interest rate lock commitments was not material at December 31, 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 and South Carolina. 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 December 31, 2022 and June 30, 2022 were $19,997 and $18,362, respectively. There was no liability recorded for these letters of credit at December 31, 2022 or June 30, 2022.

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 to 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: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

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

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of valuation methodologies used for assets recorded at fair value. The Company does not have any liabilities recorded at fair value.

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:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Debt securities available for sale				
U.S government agencies	$ 15,399	$ —	$ 15,399	$ —
MBS, residential	84,447	—	84,447	—
Municipal bonds	4,409	—	4,409	—
Corporate bonds	43,687	—	43,687	—
Total debt securities available for sale	$ 147,942	$ —	$ 147,942	$ —
Loans held for sale	$ 518	$ —	$ 518	$ —

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Debt securities available for sale				
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 debt securities available for sale	$ 126,978	$ —	$ 126,978	$ —

Loans held for sale carried at fair value are valued at the individual loan level using quoted secondary market prices.

There were no transfers between levels during the six months ended December 31, 2022 and 2021.

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

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Collateral dependent loans				
Commercial loans				
Commercial and industrial	$ 169	$ —	$ —	$ 169

	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 December 31, 2022 and June 30, 2022, are summarized below:

	December 31, 2022				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	$ 165,034	$ 165,034	$ 165,034	$ —	$ —
Certificates of deposit in other banks	29,371	29,371	—	29,371	—
Debt securities available for sale, at fair value	147,942	147,942	—	147,942	—
FHLB and FRB stock	13,661	N/A	N/A	N/A	N/A
SBIC investments	12,414	12,414	—	—	12,414
Loans held for sale, at fair value	518	518	—	518	—
Loans held for sale, at the lower of cost or fair value	72,777	74,917	—	—	74,917
Loans, net	2,946,764	2,867,148	—	—	2,867,148
Accrued interest receivable	11,076	11,076	—	642	10,434
Liabilities					
Noninterest-bearing and NOW deposits	1,365,312	1,365,312	—	1,365,312	—
Money market accounts	992,083	992,083	—	992,083	—
Savings accounts	230,896	230,896	—	230,896	—
Certificates of deposit	459,729	450,270	—	450,270	—
Borrowings	130,000	130,000	—	130,000	—
Accrued interest payable	358	358	—	358	—

	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	—
FHLB and FRB stock	9,326	N/A	N/A	N/A	N/A
SBIC investments	12,758	12,758	—	—	12,758
Loans held for sale	79,307	80,489	—	—	80,489
Loans, net	2,734,605	2,687,293	—	—	2,687,293
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 $922,831 and $921,239 of commitments to originate loans, undisbursed portions of construction loans, unused lines of credit, and standby letters of credit at December 31, 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.

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 Corp., 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 or 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.

Financial Highlights

For the quarter ended December 31, 2022 compared to the quarter ended September 30, 2022:

- net income was $13.7 million compared to $9.2 million;
- diluted EPS was $0.90 compared to $0.60;
- annualized ROA was 1.54% compared to 1.02%;
- annualized ROE was 13.37% compared to 9.25%;
- net interest income was $37.5 million compared to $34.5 million;
- tax-equivalent net interest margin increased from 4.13% to 4.56%;
- provision for credit losses was $2.2 million compared to $4.0 million;
- noninterest income was $8.5 million compared to $7.4 million;
- net loan growth was $117.8 million, or 16.4% annualized, compared to $98.5 million, or 14.2% annualized; and
- quarterly cash dividends increased $0.01 per share, or 11.1%, to $0.10 per share totaling $1.5 million compared to $0.09 per share totaling $1.4 million.

For the six months ended December 31, 2022 compared to the six months ended December 31, 2021:

- net income was $22.9 million compared to $21.6 million;
- diluted EPS was $1.50 compared to $1.33;
- annualized ROA was 1.28% compared to 1.21%;
- annualized ROE was 11.32% compared to 10.78%;
- net interest income was $72.1 million compared to $54.9 million;
- tax-equivalent net interest margin increased from 3.37% to 4.35%;
- provision for credit losses was $6.2 million compared to a net benefit of $4.0 million;
- noninterest income was $15.9 million compared to $20.4 million;
- net loan growth was $216.3 million, or 15.6% annualized, compared to a net decrease of $37.2 million, or (1.4)% annualized; and
- cash dividends of $0.19 per share totaling $2.9 million compared to $0.17 per share totaling $2.7 million.

	Three Months Ended		Six Months Ended	
(Dollars in thousands)	December 31, 2022	September 30, 2022	December 31, 2022	December 31, 2021
Interest and dividend income	$ 41,402	$ 35,927	$ 77,329	$ 57,793
Interest expense	3,857	1,407	5,264	2,918
Net interest income	37,545	34,520	72,065	54,875
Provision (benefit) for credit losses	2,240	3,987	6,227	(3,960)
Net interest income after provision (benefit) for credit losses	35,305	30,533	65,838	58,835
Noninterest income	8,454	7,398	15,852	20,445
Noninterest expense	26,076	26,089	52,165	51,838
Income before income taxes	17,683	11,842	29,525	27,442
Income tax expense	4,025	2,643	6,668	5,837
Net income	$ 13,658	$ 9,199	$ 22,857	$ 21,605
Net income per common share(1)				
Basic	$ 0.90	$ 0.61	$ 1.51	$ 1.36
Diluted	0.90	0.60	1.50	1.33
Cash dividends declared per common share	0.10	0.09	0.19	0.17
Book value per share at end of period	26.17	25.35	26.17	24.64
Tangible book value per share at end of period(2)	24.53	23.70	24.53	23.06
Market price per share at end of period	24.17	22.10	24.17	30.98

(1) Basic and diluted net income per common share have been prepared in accordance with the two-class method.
(2) See Non-GAAP reconciliations below for adjustments.

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:

	As of			
(Dollars in thousands, except per share data)	December 31, 2022	September 30, 2022	June 30, 2022	December 31, 2021
Total stockholders' equity	$ 410,155	$ 396,222	$ 388,845	$ 401,746
Less: goodwill, core deposit intangibles, net of taxes	25,663	25,683	25,710	25,780
Tangible book value	$ 384,492	$ 370,539	$ 363,135	$ 375,966
Common shares outstanding	15,673,595	15,632,348	15,591,466	16,303,461
Book value per share at end of period	$ 26.17	$ 25.35	$ 24.94	$ 24.64
Tangible book value per share at end of period	$ 24.53	$ 23.70	$ 23.29	$ 23.06

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

	As of			
(Dollars in thousands)	December 31, 2022	September 30, 2022	June 30, 2022	December 31, 2021
Tangible equity (1)	$ 384,492	$ 370,539	$ 363,135	$ 375,966
Total assets	3,647,015	3,555,186	3,549,204	3,502,819
Less: goodwill, core deposit intangibles, net of taxes	25,663	25,683	25,710	25,780
Total tangible assets	$ 3,621,352	$ 3,529,503	$ 3,523,494	$ 3,477,039
Tangible equity to tangible assets	10.62 %	10.50 %	10.31 %	10.81 %

(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 December 31, 2022 and September 30, 2022

Net Income. Net income totaled $13.7 million, or $0.90 per diluted share, for the three months ended December 31, 2022 compared to net income of $9.2 million, or $0.60 per diluted share, for the three months ended September 30, 2022, an increase of $4.5 million, or 48.5%. The results for the three months ended December 31, 2022 were positively impacted by a $3.0 million increase in net interest income and a $1.1 million increase 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					
	December 31, 2022			September 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]	$ 2,999,207	$ 39,282	5.20 %	$ 2,880,148	$ 33,522	4.62 %
Commercial paper	34,487	184	2.12	214,214	1,116	2.07
Debt securities available for sale	167,818	1,151	2.72	135,015	678	1.99
Other interest-earning assets[3]	86,430	1,072	4.92	113,821	888	3.10
Total interest-earning assets	3,287,942	41,689	5.03	3,343,198	36,204	4.30
Other assets	236,159			243,113		
Total assets	3,524,101			3,586,311		
Liabilities and equity						
Interest-bearing liabilities						
Interest-bearing checking accounts	$ 627,548	$ 571	0.36 %	$ 654,154	$ 268	0.16 %
Money market accounts	954,007	1,935	0.80	968,084	521	0.21
Savings accounts	236,027	45	0.08	238,992	45	0.07
Certificate accounts	444,845	1,052	0.94	476,761	561	0.47
Total interest-bearing deposits	2,262,427	3,603	0.63	2,337,991	1,395	0.24
Borrowings	26,063	254	3.87	1,526	12	3.12
Total interest-bearing liabilities	2,288,490	3,857	0.67	2,339,517	1,407	0.24
Noninterest-bearing deposits	785,785			800,912		
Other liabilities	44,333			51,485		
Total liabilities	3,118,608			3,191,914		
Stockholders' equity	405,493			394,397		
Total liabilities and stockholders' equity	3,524,101			3,586,311		
Net earning assets	$ 999,452			$ 1,003,681		
Average interest-earning assets to average interest-bearing liabilities	143.67 %			142.90 %		
Tax-equivalent						
Net interest income		$ 37,832			$ 34,797	
Interest rate spread			4.36 %			4.06 %
Net interest margin[4]			4.56 %			4.13 %
Non-tax-equivalent						
Net interest income		$ 37,545			$ 34,520	
Interest rate spread			4.33 %			4.02 %
Net interest margin[4]			4.53 %			4.10 %

(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 $287 and $277 for the three months ended December 31, 2022 and September 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 December 31, 2022 increased $5.5 million, or 15.2%, compared to the three months ended September 30, 2022, which was driven by a $5.8 million, or 17.3%, increase in interest income on loans. The overall increase in average yield on interest-earning assets and rate paid on liabilities was the result of rising interest rates. Specific to debt securities available for sale, the Company has intentionally maintained a relatively short-term duration portfolio 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 December 31, 2022 increased $2.5 million, or 174.1%, compared to the three months ended September 30, 2022. The increase was driven by a $2.2 million, or 158.3%, increase in interest expense on deposits as a result of a 39 basis point increase in the associated average cost of funds, and a $242,000 increase in interest expense on borrowings as a result of higher average balances and higher rates.

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	$ 1,386	$ 4,374	$ 5,760
Commercial paper	(936)	4	(932)
Debt securities available for sale	165	308	473
Other interest-earning assets	(214)	398	184
Total interest-earning assets	401	5,084	5,485
Interest-bearing liabilities			
Interest-bearing checking accounts	(11)	314	303
Money market accounts	(8)	1,422	1,414
Savings accounts	(1)	1	—
Certificate accounts	(38)	529	491
Borrowings	193	49	242
Total interest-bearing liabilities	135	2,315	2,450
Net increase in tax equivalent interest income			$ 3,035

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			
	December 31, 2022	September 30, 2022	$ Change	% Change
Provision for credit losses				
Loans	$ 2,425	$ 3,694	$ (1,269)	(34)%
Off-balance-sheet credit exposure	(85)	443	(528)	(119)
Commercial paper	(100)	(150)	50	33
Total provision for credit losses	$ 2,240	$ 3,987	$ (1,747)	(44)%

For the quarter ended December 31, 2022, the "loans" portion of the provision for credit losses was the result of the following, offset by net charge-offs of $1.9 million during the quarter:

- $1.6 million provision driven by loan growth and changes in the loan mix.
- $0.4 million provision due to changes in the projected economic forecast, specifically the national unemployment rate, and changes in qualitative adjustments.
- $1.5 million reduction of specific reserves on individually evaluated credits, which was tied to two relationships which were fully charged-off during the quarter.

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.
- $1.3 million provision driven by loan growth and changes in the loan mix.
- $1.1 million provision due to a projected worsening of the economic forecast, specifically the national unemployment rate, and changes in qualitative adjustments.

For both periods presented, the change in the provision for credit losses for off-balance-sheet credit exposure was the result of changes in the balance of loan commitments as well as changes in the loan mix and the projected economic forecast outlined above.

Noninterest Income. Noninterest income for the three months ended December 31, 2022 increased $1.1 million, or 14.3%, when compared to the quarter ended September 30, 2022. Changes in selected components of noninterest income are discussed below:

	Three Months Ended			
	December 31, 2022	**September 30, 2022**	**$ Change**	**% Change**
Noninterest income				
Service charges and fees on deposit accounts	$ 2,523	$ 2,338	$ 185	8 %
Loan income and fees	647	570	77	14
Gain on sale of loans held for sale	1,102	1,586	(484)	(31)
BOLI income	494	527	(33)	(6)
Operating lease income	1,156	1,585	(429)	(27)
Gain (loss) on sale of premises and equipment	1,127	(12)	1,139	9,492
Other	1,405	804	601	75
Total noninterest income	$ 8,454	$ 7,398	$ 1,056	14 %

- *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 and SBA loans sold during the period as a result of rising interest rates. During the quarter ended December 31, 2022, $7.3 million of residential mortgage loans originated for sale were sold with gains of $183,000 compared to $20.9 million sold with gains of $493,000 for the quarter ended September 30, 2022. There were $8.2 million of sales of the guaranteed portion of SBA commercial loans with gains of $568,000 in the current quarter compared to $12.1 million sold and gains of $891,000 in the prior quarter. There were $41.4 million of HELOCs sold during the current quarter for a gain of $340,000 compared to $22.8 million sold and gains of $202,000 in the prior quarter.
- *Operating lease income:* The decrease in operating lease income can be traced to lower contractual earnings as well as gains or losses incurred at the end of operating leases, where we recognized a net loss of $337,000 for the quarter ended December 31, 2022 versus a net gain of $148,000 for the quarter ended September 30, 2022.
- *Gain (loss) on sale of premises and equipment:* During the quarter ended December 31, 2022 two properties were sold for a combined gain of $1.6 million, partially offset by additional impairment of $420,000 on premises and equipment associated with prior branch closures.
- *Other:* The increase in other income was driven by a $721,000 gain recognized on the sale of closely held equity securities which the Company obtained through a prior bank acquisition.

Noninterest Expense. Noninterest expense for the three months ended December 31, 2022 decreased $12,000, or 0.0%, when compared to the three months ended September 30, 2022. Changes in selected components of noninterest expense are discussed below:

	Three Months Ended			
	December 31, 2022	**September 30, 2022**	**$ Change**	**% Change**
Noninterest expense				
Salaries and employee benefits	$ 14,484	$ 14,815	$ (331)	(2)%
Occupancy expense, net	2,428	2,396	32	1
Computer services	2,796	2,763	33	1
Telephone, postage and supplies	575	603	(28)	(5)
Marketing and advertising	481	590	(109)	(18)
Deposit insurance premiums	546	542	4	1
Core deposit intangible amortization	26	34	(8)	(24)
Merger-related expenses	250	474	(224)	(47)
Other	4,490	3,872	618	16
Total noninterest expense	$ 26,076	$ 26,089	$ (13)	— %

- *Salaries and employee benefits:* The decrease in salaries and employee benefits expense is primarily the result of 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 both periods are costs incurred related to due diligence and legal work performed associated with the transaction, in addition to ongoing costs incurred in preparation for the transaction.
- *Other:* During the quarter ended December 31, 2022 the Company wrote off $350,000 in previously capitalized costs associated with a technology project which the Company is no longer pursuing. No such expense was incurred in the prior quarter.

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 December 31, 2022 increased $1.4 million as a result of higher taxable income in the current quarter and an increase in the effective tax rate which moved from 22.3% to 22.8% quarter-over-quarter.

Comparison of Results of Operations for the Six Months Ended December 31, 2022 and December 31, 2021

Net Income. Net income totaled $22.9 million, or $1.50 per diluted share, for the six months ended December 31, 2022 compared to net income of $21.6 million, or $1.33 per diluted share, for the six months ended December 31, 2021, an increase of $1.3 million, or 5.8%. The results for the six months ended December 31, 2022 were positively impacted by a $17.2 million increase in net interest income, partially offset by an increase of $10.2 million in the provision for credit losses and a $4.7 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 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.

	Six Months Ended					
	December 31, 2022			December 31, 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]	$ 2,939,677	$ 72,814	4.91 %	$ 2,819,482	$ 55,441	3.90 %
Commercial paper	124,351	1,300	2.07	191,712	458	0.47
Debt securities available for sale	151,417	1,829	2.40	130,143	935	1.43
Other interest-earning assets[3]	100,125	1,960	3.88	126,054	1,576	2.48
Total interest-earning assets	3,315,570	77,903	4.66	3,267,391	58,410	3.55
Other assets	239,636			260,288		
Total assets	3,555,206			3,527,679		
Liabilities and equity						
Interest-bearing liabilities						
Interest-bearing checking accounts	$ 640,851	$ 838	0.26 %	$ 635,362	$ 728	0.23 %
Money market accounts	961,045	2,456	0.51	993,643	716	0.14
Savings accounts	237,509	89	0.07	223,061	81	0.07
Certificate accounts	460,803	1,615	0.70	450,706	1,352	0.60
Total interest-bearing deposits	2,300,208	4,998	0.43	2,302,772	2,877	0.25
Borrowings	13,795	266	3.83	56,356	41	0.15
Total interest-bearing liabilities	2,314,003	5,264	0.45	2,359,128	2,918	0.25
Noninterest-bearing deposits	793,349			722,432		
Other liabilities	46,501			48,393		
Total liabilities	3,153,853			3,129,953		
Stockholders' equity	401,353			397,726		
Total liabilities and stockholders' equity	3,555,206			3,527,679		
Net earning assets	$ 1,001,567			$ 908,263		
Average interest-earning assets to average interest-bearing liabilities	143.28 %			138.50 %		
Tax-equivalent						
Net interest income		$ 72,639			$ 55,492	
Interest rate spread			4.21 %			3.30 %
Net interest margin[4]			4.35 %			3.37 %
Non-tax-equivalent						
Net interest income		$ 72,065			$ 54,875	
Interest rate spread			4.18 %			3.26 %
Net interest margin[4]			4.31 %			3.33 %

(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 $574 and $617 for the six months ended December 31, 2022 and December 31, 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 six months ended December 31, 2022 increased $19.5 million, or 33.8%, compared to the six months ended December 31, 2021, which was driven by a $17.4 million, or 31.8%, increase in interest income on loans, and a combined increase of $1.7 million, or 124.6%, in interest income on commercial paper and debt securities available for sale. The overall increase in average yield on interest-earning assets and rate paid on liabilities was the result of rising interest rates. Specific to debt securities available for sale, the Company has intentionally maintained a relatively short-term duration portfolio 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 six months ended December 31, 2022 increased $2.3 million, or 80.4%, compared to the six months ended December 31, 2021. The increase was driven by a $2.1 million, or 73.7%, increase in interest expense on deposits as a result of an 18 basis point increase 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	$ 2,363	$ 15,011	$ 17,374
Commercial paper	(161)	1,003	842
Debt securities available for sale	153	740	893
Other interest-earning assets	(324)	708	384
Total interest-earning assets	2,031	17,462	19,493
Interest-bearing liabilities			
Interest-bearing checking accounts	6	104	110
Money market accounts	(23)	1,763	1,740
Savings accounts	5	3	8
Certificate accounts	30	233	263
Borrowings	(31)	256	225
Total interest-bearing liabilities	(13)	2,359	2,346
Net increase in tax equivalent interest income			$ 17,147

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

	Six Months Ended			
	December 31, 2022	December 31, 2021	$ Change	% Change
Provision (benefit) for credit losses				
Loans	$ 6,119	$ (3,775)	$ 9,894	262 %
Off-balance-sheet credit exposure	358	(235)	593	252
Commercial paper	(250)	50	(300)	(600)
Total provision (benefit) for credit losses	$ 6,227	$ (3,960)	$ 10,187	257 %

For the six months ended December 31, 2022, the "loans" portion of the provision (benefit) for credit losses was the result of the following, offset by net charge-offs of $1.9 million during the period:

- $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.
- $2.9 million provision driven by loan growth and changes in the loan mix.
- $1.5 million provision due to changes in the projected economic forecast, specifically the national unemployment rate, and changes in qualitative adjustments.
- $1.5 million reduction of specific reserves on individually evaluated credits, which was tied to two relationships which were fully charged-off during the period.

For the six months ended December 31, 2021, the "loans" portion of the benefit for credit losses was driven by an improvement in the economic forecast, as more clarity was gained regarding the impact of COVID-19 upon the loan portfolio.

For both periods presented, the change in the provision for credit losses for off-balance-sheet credit exposure was the result of changes in the balance of loan commitments as well as changes in the loan mix and the projected economic forecast outlined above.

Noninterest Income. Noninterest income for the six months ended December 31, 2022 decreased $4.6 million, or 22.5%, when compared to the same period last year. Changes in selected components of noninterest income are discussed below:

	Six Months Ended			
	December 31, 2022	**December 31, 2021**	**$ Change**	**% Change**
Noninterest income				
Service charges and fees on deposit accounts	$ 4,861	$ 4,885	$ (24)	— %
Loan income and fees	1,217	1,784	(567)	(32)
Gain on sale of loans held for sale	2,688	7,958	(5,270)	(66)
BOLI income	1,021	1,008	13	1
Operating lease income	2,741	3,258	(517)	(16)
Gain (loss) on sale of premises and equipment	1,115	(87)	1,202	1,382
Other	2,209	1,639	570	35
Total noninterest income	$ 15,852	$ 20,445	$ (4,593)	(22)%

- *Loan income and fees:* The decrease in loan income and fees was driven by lower underwriting fees, interest rate swap fees, and prepayment penalties in the current period compared to the same period last year, all of which were impacted by rising interest rates.
- *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 and SBA loans sold during the period as a result of rising interest rates. During the six months ended December 31, 2022, $28.2 million of residential mortgage loans originated for sale were sold with gains of $676,000 compared to $150.7 million sold with gains of $4.3 million for the corresponding period in the prior year. There were $20.3 million of sales of the guaranteed portion of SBA commercial loans with gains of $1.5 million in the current period compared to $27.0 million sold and gains of $3.1 million for the corresponding period in the prior year. There were $64.2 million of HELOCs sold during the current period for a gain of $542,000 compared to $72.2 million sold and gains of $426,000 for the corresponding period in the prior year. Lastly, $11.5 million of indirect auto finance loans were sold out of the held for investment portfolio during the six months ended December 31, 2021 for a gain of $205,000. No such sales occurred in the same period in the current year.
- *Operating lease income:* The decrease in operating lease income can be traced to lower contractual earnings as well as gains or losses incurred at the end of operating leases, where we recognized a net loss of $189,000 for the six months ended December 31, 2022 versus a net loss of $92,000 in the same period last year.
- *Gain (loss) on sale of premises and equipment:* During the six months ended December 31, 2022 two properties were sold for a combined gain of $1.6 million, partially offset by additional impairment of $420,000 on premises and equipment associated with prior branch closures. No such sales occurred in the same period in the prior year.
- *Other:* The increase in other income was driven by a $721,000 gain recognized on the sale of closely held equity securities which the Company obtained through a prior bank acquisition. No such sales occurred in the same period in the prior year.

Noninterest Expense. Noninterest expense for the six months ended December 31, 2022 increased $265,000, or 0.5%, when compared to the same period last year. Changes in selected components of noninterest expense are discussed below:

	Six Months Ended			
	December 31, 2022	**December 31, 2021**	**$ Change**	**% Change**
Noninterest expense				
Salaries and employee benefits	$ 29,299	$ 30,152	$ (853)	(3)%
Occupancy expense, net	4,824	4,718	106	2
Computer services	5,559	5,130	429	8
Telephone, postage and supplies	1,178	1,322	(144)	(11)
Marketing and advertising	1,071	1,537	(466)	(30)
Deposit insurance premiums	1,088	868	220	25
Core deposit intangible amortization	60	158	(98)	(62)
Merger-related expenses	724	—	724	100
Other	8,362	7,953	409	5
Total noninterest expense	$ 52,165	$ 51,838	$ 327	1 %

- *Salaries and employee benefits*: The decrease in salaries and employee benefits expense in the current period compared to the same period last year 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.
- *Computer services*: The increase in expense between periods is due to continued investments in technology as well as increases in the cost of services provided by third parties.
- *Marketing and advertising*: The decrease in expense between periods is due to lower projected marketing expenses for the current fiscal year versus the prior period.
- *Deposit insurance premiums:* The rates the Company is charged for deposit insurance have increased year-over-year.

- *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 six months ended December 31, 2022 are costs incurred related to due diligence and legal work performed associated with the transaction, in addition to ongoing costs incurred in preparation for the transaction. No such expense was incurred in the prior period.
- *Other:* During the six months ended December 31, 2022 the Company wrote off $350,000 in previously capitalized costs associated with a technology project which the Company is no longer pursuing. No such expense was incurred in the prior period.

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 six months ended December 31, 2022 increased $831,000 as a result of higher taxable income in the current quarter compared to the corresponding period in the prior year, and an increase in the effective tax rate from 21.3% to 22.6% between periods.

Comparison of Financial Condition at December 31, 2022 and June 30, 2022

General. Total assets increased by $97.8 million to $3.6 billion and total liabilities increased by $76.5 million to $3.2 billion at December 31, 2022 as compared to June 30, 2022. The combined decrease in commercial paper of $194.4 million and net increase in funding sources of $78.3 million was used to fund loan growth of $216.3 million during the period.

Cash and cash equivalents and commercial paper. Total cash and cash equivalents increased $59.9 million, or 57.0%, to $165.0 million at December 31, 2022 from $105.1 million at June 30, 2022. Commercial paper decreased from $194.4 million to none at December 31, 2022.

Debt securities available for sale and other investments. Debt securities available for sale increased $21.0 million, or 16.5%, to $147.9 million at December 31, 2022 from $127.0 million at June 30, 2022, with the majority of the increase being additional investment in residential MBS.

Loans held for sale. Loans held for sale decreased $6.0 million, or 7.6%, to $73.3 million at December 31, 2022 from $79.3 million at June 30, 2022. This was driven by a combined decrease of $28.6 million, or 44.3%, in mortgage loans held for sale and HELOCs originated for sale, partially offset by a $22.6 million, or 153.0%, increase in SBA loans held for sale.

Loans, net of deferred loan fees and costs. Total loans increased $216.3 million, or 7.8%, to $3.0 billion at December 31, 2022 from $2.8 billion at June 30, 2022. The following table illustrates the changes within the portfolio:

	As of		Change		Percent of Total	
(Dollars in thousands)	December 31, 2022	June 30, 2022	$	%	December 31, 2022	June 30, 2022
Commercial real estate loans						
Construction and land development	$ 328,253	$ 291,202	$ 37,051	13 %	11 %	11 %
Commercial real estate - owner occupied	340,824	335,658	5,166	2	12	12
Commercial real estate - non-owner occupied	690,241	662,159	28,082	4	23	24
Multifamily	69,156	81,086	(11,930)	(15)	2	3
Total commercial real estate loans	1,428,474	1,370,105	58,369	4	48	50
Commercial loans						
Commercial and industrial	194,465	192,652	1,813	1	7	7
Equipment finance	426,507	394,541	31,966	8	14	14
Municipal leases	135,922	129,766	6,156	5	4	5
PPP loans	214	661	(447)	(68)	—	—
Total commercial loans	757,108	717,620	39,488	6	25	26
Residential real estate loans						
Construction and land development	100,002	81,847	18,155	22	3	3
One-to-four family	400,595	354,203	46,392	13	13	13
HELOCs	194,296	160,137	34,159	21	7	6
Total residential real estate loans	694,893	596,187	98,706	17	23	22
Consumer loans	105,148	85,383	19,765	23	4	2
Loans, net of deferred loan fees and costs	$ 2,985,623	$ 2,769,295	$ 216,328	8 %	100 %	100 %

Asset quality. Nonperforming assets increased by $54,000, or 0.9%, to $6.4 million, or 0.17% of total assets, at December 31, 2022 compared to $6.3 million, or 0.18% of total assets, at June 30, 2022. Nonperforming assets included $6.2 million in nonaccruing loans and $200,000 of REO at December 31, 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 0.21% at December 31, 2022 and 0.22% at June 30, 2022.

The ratio of classified assets to total assets decreased to 0.50% at December 31, 2022 from 0.61% at June 30, 2022. Classified assets decreased $3.2 million, or 15.1%, to $18.3 million at December 31, 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 December 31, 2022, there was $3.4 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 $38.9 million, or 1.30% of total loans, at December 31, 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 0.13% for the six months ended December 31, 2022 compared to 0.05% for the six months ended December 31, 2021. The drivers of these quarter-over-quarter changes are discussed in the "Six Months Ended December 31, 2022 and December 31, 2021" section above.

Other assets. Other assets decreased $4.1 million, or 7.6%, to $48.9 million at December 31, 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.

Other liabilities. Other liabilities decreased $1.8 million, or 2.9%, during the six months ended December 31, 2022 to $58.8 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 December 31, 2022	As of June 30, 2022	Change $	Change %
Core deposits				
Noninterest-bearing accounts	$ 726,416	$ 745,746	$ (19,330)	(3)%
NOW accounts	638,896	654,981	(16,085)	(2)
Money market accounts	992,083	969,661	22,422	2
Savings accounts	230,896	238,197	(7,301)	(3)
Core deposits	2,588,291	2,608,585	(20,294)	(1)
Certificates of deposit	459,729	491,176	(31,447)	(6)
Total	$ 3,048,020	$ 3,099,761	$ (51,741)	(2)%

Liquidity

Management maintains a liquidity position that it believes will adequately provide for funding of 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, wholesale borrowings, 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 December 31, 2022, the Bank had an available borrowing capacity of $111.4 million and $92.0 million with the FHLB of Atlanta and FRB, respectively, and lines 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 December 31, 2022 brokered deposits totaled $50.4 million, or 1.7%, 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 basis 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 December 31, 2022, we (on an unconsolidated basis) had liquid assets of $5.7 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 December 31, 2022, the total approved loan commitments and unused lines of credit outstanding amounted to $362.5 million and $540.4 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 December 31, 2022, totaled $331.8 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 December 31, 2022, stockholders' equity totaled $410.2 million compared to $388.8 million at June 30, 2022, an increase of $21.4 million which was the result of net income for the six months. 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 FRB and 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 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 December 31, 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" under applicable regulatory requirements.

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

			Regulatory Requirements			
	Actual		Minimum for Capital Adequacy Purposes		Minimum to Be Well Capitalized	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
HomeTrust Bancshares, Inc.						
December 31, 2022						
CET1 Capital (to risk-weighted assets)	$ 392,737	11.36 %	$ 155,612	4.50 %	$ 224,773	6.50 %
Tier I Capital (to total adjusted assets)	392,737	11.21	140,111	4.00	175,139	5.00
Tier I Capital (to risk-weighted assets)	392,737	11.36	207,483	6.00	276,644	8.00
Total Risk-based Capital (to risk-weighted assets)	424,068	12.26	276,644	8.00	345,805	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						
December 31, 2022						
CET1 Capital (to risk-weighted assets)	$ 379,838	10.98 %	$ 155,612	4.50 %	$ 224,773	6.50 %
Tier I Capital (to total adjusted assets)	379,838	10.84	140,102	4.00	175,127	5.00
Tier I Capital (to risk-weighted assets)	379,838	10.98	207,483	6.00	276,644	8.00
Total Risk-based Capital (to risk-weighted assets)	411,169	11.89	276,644	8.00	345,805	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 December 31, 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 Disclosures 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 December 31, 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 December 31, 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
October 1 - October 31, 2022	—	$ —	—	266,639
November 1 - November 30, 2022	—	—	—	266,639
December 1 - December 31, 2022	—	—	—	266,639
Total	—	$ —	—	266,639

No stock was repurchased during the six months ended December 31, 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	(r)
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	HomeTrust Bancshares, Inc. 2022 Omnibus Incentive Plan ("Omnibus Incentive Plan")	(q)
10.14	Form of Incentive Stock Option Award Agreement under Omnibus Incentive Plan	(k)
10.15	Form of Non-Qualified Stock Option Award Agreement under Omnibus Incentive Plan	(k)

10.16	Form of Stock Appreciation Right Award Agreement under Omnibus Incentive Plan	(k)
10.17	Form of Restricted Stock Award Agreement under Omnibus Incentive Plan	(k)
10.18	Form of Restricted Stock Unit Award Agreement under Omnibus Incentive Plan	(k)
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	Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Mark DeMarcus	(r)
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	(r)
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).

(q) Attached as Appendix A to HomeTrust Bancshares's definitive proxy statement filed on October 3, 2022 (File No. 001-35593).

(r) Filed as an exhibit to HomeTrust Bancshares's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (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: February 7, 2023	By:	/s/ C. Hunter Westbrook
		C. Hunter Westbrook President and Chief Executive Officer *(Duly Authorized Officer)*
Date: February 7, 2023	By:	/s/ Tony J. VunCannon
		Tony J. VunCannon Executive Vice President, CFO, Corporate Secretary and Treasurer *(Principal Financial and Accounting Officer)*

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.

February 7, 2023

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.

February 7, 2023	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 December 31, 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.

February 7, 2023	By:	/s/ C. Hunter Westbrook
		C. Hunter Westbrook
		President and Chief Executive Officer
February 7, 2023	By:	/s/ Tony J. VunCannon
		Tony J. VunCannon
		Executive Vice President, CFO, and Treasurer