UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **September 30, 2023**

☐ 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 17,383,307 shares of common stock, par value of $0.01 per share, issued and outstanding as of November 2, 2023.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARIES
FORM 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
DCF	Discounted Cash Flows
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
ECL	Expected Credit Losses
EPS	Earnings Per Share
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
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 Security
NCCOB	North Carolina Office of the Commissioner of Banks
PCD	Purchased Financial Assets with Credit Deterioration
Quantum	Quantum Capital Corp. and its wholly owned subsidiary, Quantum National Bank
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
SOFR	Secured Overnight Financing Rate
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) September 30, 2023	June 30, 2023
Assets		
Cash	$ 18,090	$ 19,266
Interest-bearing deposits	306,924	284,231
Cash and cash equivalents	325,014	303,497
Certificates of deposit in other banks	35,380	33,152
Debt securities available for sale, at fair value (amortized cost of $140,316 and $157,251 at September 30, 2023 and June 30, 2023, respectively)	134,348	151,926
FHLB and FRB stock	19,612	20,208
SBIC investments, at cost	14,586	14,927
Loans held for sale, at fair value	4,616	6,947
Loans held for sale, at the lower of cost or fair value	200,834	161,703
Total loans, net of deferred loan fees and costs	3,659,914	3,658,823
Allowance for credit losses – loans	(47,417)	(47,193)
Loans, net	3,612,497	3,611,630
Premises and equipment, net	72,463	73,171
Accrued interest receivable	16,513	14,829
Deferred income taxes, net	9,569	10,912
BOLI	106,059	106,572
Goodwill	34,111	34,111
Core deposit intangibles, net	9,918	10,778
Other assets	56,477	53,124
Total assets	$ 4,651,997	$ 4,607,487
Liabilities and stockholders' equity		
Liabilities		
Deposits	$ 3,640,961	$ 3,601,168
Junior subordinated debt	9,995	9,971
Borrowings	452,263	457,263
Other liabilities	64,367	67,899
Total liabilities	4,167,586	4,136,301
Commitments and contingencies – See Note 12		
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, 17,380,307 shares issued and outstanding at September 30, 2023; 17,366,673 at June 30, 2023	174	174
Additional paid in capital	171,663	171,222
Retained earnings	321,799	308,651
Unearned ESOP shares	(4,629)	(4,761)
Accumulated other comprehensive loss	(4,596)	(4,100)
Total stockholders' equity	484,411	471,186
Total liabilities and stockholders' equity	$ 4,651,997	$ 4,607,487

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

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

	(Unaudited) Three Months Ended September 30,	
	2023	**2022**
Interest and dividend income		
Loans	$ 58,496	$ 33,245
Commercial paper	—	1,116
Debt securities available for sale	1,259	678
Other investments and interest-bearing deposits	2,110	888
Total interest and dividend income	61,865	35,927
Interest expense		
Deposits	16,429	1,395
Junior subordinated debt	236	—
Borrowings	3,040	12
Total interest expense	19,705	1,407
Net interest income	42,160	34,520
Provision for credit losses	2,570	3,987
Net interest income after provision for credit losses	39,590	30,533
Noninterest income		
Service charges and fees on deposit accounts	2,318	2,338
Loan income and fees	559	570
Gain on sale of loans held for sale	1,293	1,586
BOLI income	1,749	527
Operating lease income	1,785	1,585
Loss on sale of premises and equipment	—	(12)
Other	923	804
Total noninterest income	8,627	7,398
Noninterest expense		
Salaries and employee benefits	16,514	14,815
Occupancy expense, net	2,489	2,396
Computer services	3,173	2,763
Telephone, postage, and supplies	652	603
Marketing and advertising	487	590
Deposit insurance premiums	717	542
Core deposit intangible amortization	859	34
Merger-related expenses	—	474
Other	4,673	3,872
Total noninterest expense	29,564	26,089
Net income before income taxes	18,653	11,842
Income tax expense	3,820	2,643
Net income	$ 14,833	$ 9,199
Per share data		
Net income per common share		
Basic	$ 0.88	$ 0.61
Diluted	$ 0.88	$ 0.60
Average shares outstanding		
Basic	16,792,177	14,988,006
Diluted	16,800,901	15,130,762

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

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

	(Unaudited) Three Months Ended September 30,	
	2023	**2022**
Net income	$ 14,833	$ 9,199
Other comprehensive loss		
Unrealized holding losses on debt securities available for sale		
Losses arising during the period	(643)	(2,138)
Deferred income tax benefit	147	492
Total other comprehensive loss	(496)	(1,646)
Comprehensive income	$ 14,337	$ 7,553

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

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

(Unaudited)
Three Months Ended September 30, 2023

	Common Stock		Additional Paid In Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount					
Balance at June 30, 2023	17,366,673	$ 174	$ 171,222	$ 308,651	$ (4,761)	$ (4,100)	$ 471,186
Net income	—	—	—	14,833	—	—	14,833
Cash dividends declared on common stock, $0.10/common share	—	—	—	(1,685)	—	—	(1,685)
Forfeited restricted stock	(1,630)	—	—	—	—	—	—
Retired stock	(5,730)	—	(133)	—	—	—	(133)
Granted restricted stock	1,000	—	—	—	—	—	—
Stock issued for RSUs	18,494	—	—	—	—	—	—
Exercised stock options	1,500	—	24	—	—	—	24
Share-based compensation expense	—	—	383	—	—	—	383
ESOP compensation expense	—	—	167	—	132	—	299
Other comprehensive loss	—	—	—	—	—	(496)	(496)
Balance at September 30, 2023	17,380,307	$ 174	$ 171,663	$ 321,799	$ (4,629)	$ (4,596)	$ 484,411

(Unaudited)
Three Months Ended September 30, 2022

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

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

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

	(Unaudited) Three Months Ended September 30, 2023	2022
Operating activities		
Net income	$ 14,833	$ 9,199
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	2,570	3,987
Depreciation and amortization of premises and equipment and equipment for operating leases	2,401	2,169
Deferred income tax expense	1,490	141
Net accretion of purchase accounting adjustments on loans	(378)	(178)
Net amortization and accretion	1,693	(105)
SBIC investments income	(540)	(349)
Loss from sale of premises and equipment	—	12
Gain incurred at the end of operating leases	(51)	(148)
BOLI income	(1,749)	(527)
Gain on sale of loans held for sale	(1,293)	(1,586)
Origination of loans held for sale	(107,559)	(58,035)
Proceeds from sale of loans held for sale	65,451	57,570
New deferred loan origination fees, net	(1,139)	(1,856)
(Increase) decrease in accrued interest receivable and other assets	(6,279)	1,291
ESOP compensation expense	299	319
Share-based compensation expense	383	567
Decrease in other liabilities	(3,093)	(4,697)
Net cash (used in) provided by operating activities	(32,961)	7,774
Investing activities		
Purchases of debt securities available for sale	(601)	(48,014)
Proceeds from maturities, calls and paydowns of debt securities available for sale	17,859	11,045
Purchases of commercial paper	—	(210,292)
Proceeds from maturities and calls of commercial paper	—	320,689
Purchases of CDs in other banks	(3,972)	(4,980)
Proceeds from maturities of CDs in other banks	1,744	996
Net (purchases) redemptions of FHLB and FRB stock	596	(78)
Net capital distributions from SBIC investments, at cost	881	872
Net decrease (increase) in loans	3,498	(92,109)
Purchase of BOLI	(23)	(29)
Death benefit proceeds from BOLI policies	2,285	—
Purchase of equipment for operating leases	(5,261)	(577)
Sale of equipment for operating leases	4,749	1,239
Purchase of premises and equipment	(276)	(616)
Proceeds from sale of premises and equipment and assets held for sale	—	1,275
Net cash provided by (used in) investing activities	21,479	(20,579)
Financing activities		
Net increase in deposits	39,793	2,907
Net decrease in short-term borrowings	(5,000)	—
Cash dividends paid	(1,685)	(1,355)
Retired stock	(133)	(95)
Exercised stock options	24	388
Net cash provided by financing activities	32,999	1,845
Net increase (decrease) in cash and cash equivalents	21,517	(10,960)
Cash and cash equivalents at beginning of period	303,497	105,119
Cash and cash equivalents at end of period	$ 325,014	$ 94,159

(Dollars in thousands)

	(Unaudited) Three Months Ended September 30,	
	2023	2022
Supplemental disclosures		
Cash paid during the period for		
Interest	$ 17,191	$ 1,296
Income taxes	5,400	127
Noncash transactions		
Unrealized loss in value of debt securities available for sale, net of income taxes	(496)	(1,646)
Transfer of loans held for sale to loans held for investment	8,214	5,219
ROU asset and lease liabilities for operating lease accounting	846	—

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

1. Summary of Significant Accounting Policies

The consolidated unaudited 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 its consolidated subsidiary, unless the context otherwise requires. HomeTrust is a bank holding company primarily engaged in the business of planning, directing, and coordinating the business activities of the Bank. The Bank is a North Carolina state chartered bank and provides a wide range of retail and commercial banking products within its geographic footprint, which includes: North Carolina (the Asheville metropolitan area, Greensboro/"Piedmont" region, Charlotte, and Raleigh/Cary), Upstate South Carolina (Greenville), East Tennessee (Kingsport/Johnson City, Knoxville, and Morristown), Southwest Virginia (the Roanoke Valley) and Georgia (Greater Atlanta). The Bank operates under a single set of corporate policies and procedures and is recognized as a single banking segment for financial reporting purposes.

As a result of its merger with Quantum on February 12, 2023, HomeTrust became the 100% successor owner of the Quantum Capital Statutory Trust II Delaware trust. The sole assets of the trust represent the proceeds of offerings loaned in exchange for subordinated debentures with similar terms to the trust preferred securities.

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, 2023 ("2023 Form 10-K") filed with the SEC on September 11, 2023. The results of operations for the three months ended September 30, 2023 are not necessarily indicative of results that may be expected for the six-month transition period ending December 31, 2023, the period which will be covered on a Transition Report Form 10-KT associated with the Company's change in fiscal year end.

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; the accounting for business combinations, core deposit intangible, and acquired loans; and goodwill as accounting policies that, due to the judgments, estimates and assumptions inherent in these policies, are critical to an understanding of the Company's financial statements. These policies and the related judgments, estimates and assumptions are 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 2023 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 these critical accounting policies, 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 these estimates 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.

2. Recent Accounting Pronouncements

Adoption of New 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 Company adopted the standard using the modified retrospective transition method on July 1, 2023. The adoption of this ASU did not have a material impact on the Company's ACL, but as a result of the elimination of the concept of TDRs, the balance of individually evaluated loans decreased by $1.9 million. The changes to financial statement disclosures have been reflected in this filing, specifically "Note 6 – Loans and Allowance for Credit Losses on Loans".

3. Merger with Quantum

On February 12, 2023, the Company merged with Quantum which operated two locations in the Atlanta metro area. The aggregate amount of consideration paid per the purchase agreement of approximately $70,771, inclusive of consideration of common stock, other cash consideration, and cash in lieu of fractional shares, included $15,869 of cash consideration paid by Quantum to its stockholders in advance of the closing date as is further described below. These distributions reduced Quantum's stockholders' equity by an equal amount prior to the transaction closing date.

(Dollars in thousands, except per share data)

The following table provides a summary of the assets acquired, liabilities assumed, associated preliminary fair value adjustments, and provisional period adjustments by the Company as of the merger date. As provided for under US GAAP, management has up to 12 months following the date of merger to finalize the fair value adjustments.

	Quantum	Fair Value Adjustments	Provisional Period Adjustments	As Recorded by HomeTrust
Assets acquired				
Cash and cash equivalents	$ 47,769	$ —	$ —	$ 47,769
Debt securities available for sale	10,608	—	—	10,608
FHLB and FRB stock	1,125	—	—	1,125
Loans[(1)]	567,140	(5,207)	—	561,933
Premises and equipment	4,415	4,668	—	9,083
Accrued interest receivable	1,706	—	—	1,706
BOLI	9,066	—	—	9,066
Core deposit intangibles	—	12,210	—	12,210
Other assets	2,727	569	(179)	3,117
Total assets acquired	$ 644,556	$ 12,240	$ (179)	$ 656,617
Liabilities assumed				
Deposits	$ 570,419	$ 183	$ —	$ 570,602
Junior subordinated debt	11,341	(1,408)	—	9,933
Other borrowings	24,728	—	—	24,728
Deferred income taxes	—	1,341	250	1,591
Other liabilities	3,334	—	—	3,334
Total liabilities assumed	$ 609,822	$ 116	$ 250	$ 610,188
Net assets acquired				$ 46,429
Consideration paid				
Common stock consideration				
Shares of Quantum				574,157
Exchange ratio				2.3942
HomeTrust common stock issued				1,374,647
Price per share of HomeTrust common stock on February 10, 2023				$ 27.45
HomeTrust common stock consideration				$ 37,734
Cash consideration[(2)]				17,168
Total consideration				$ 54,902
Goodwill				$ 8,473

(1) Adjustments to Quantum's total loans include the elimination of Quantum's existing allowance for loan losses of $5,972, the recognition of an ACL at close on PCD loans of $369, and adjustments to reflect the estimated credit fair value mark on the non-PCD loan portfolio of $2,932 and the estimated interest rate fair value adjustment on the loan portfolio as a whole (non-PCD and PCD) of $7,878.

(2) As indicated in the Current Report on Form 8-K/A filed with the SEC on March 30, 2023, the amount of cash consideration paid at closing differs from the $57.54 per share, or $33,037, reported in the Current Report on Form 8-K filed on February 13, 2023, which announced the closing of the merger. Consistent with the merger agreement, between the execution of the merger agreement and the transaction closing date, Quantum's principal stockholders had the option to withdraw some or all of the amount of cash consideration to eventually be paid at closing in advance of the closing date. The amount of cash consideration paid at closing was reduced by the amount withdrawn during this time period.

Goodwill of $8,473 arising from the merger consisted largely of synergies and the cost saves resulting from the combining of operations of the companies, and is not expected to be deductible for income tax purposes.

(Dollars in thousands, except per share data)

4. Debt Securities

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

	September 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies	$ 15,000	$ —	$ (92)	$ 14,908
MBS, residential	101,820	—	(4,469)	97,351
Municipal bonds	3,496	—	(144)	3,352
Corporate bonds	20,000	—	(1,263)	18,737
Total	$ 140,316	$ —	$ (5,968)	$ 134,348

	June 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies	$ 15,000	$ —	$ (286)	$ 14,714
MBS, residential	110,865	—	(3,451)	107,414
Municipal bonds	3,505	—	(117)	3,388
Corporate bonds	27,881	—	(1,471)	26,410
Total	$ 157,251	$ —	$ (5,325)	$ 151,926

Debt securities available for sale by contractual maturity at September 30, 2023 and June 30, 2023 are shown below. MBS are not included in the maturity categories because the borrowers in the underlying pools may prepay without penalty; therefore, it is unlikely that the securities will pay at their stated maturity schedule.

	September 30, 2023	
	Amortized Cost	Estimated Fair Value
Due within one year	$ 30,000	$ 29,556
Due after one year through five years	2,987	2,885
Due after five years through ten years	5,509	4,556
Due after ten years	—	—
MBS, residential	101,820	97,351
Total	$ 140,316	$ 134,348

	June 30, 2023	
	Amortized Cost	Estimated Fair Value
Due within one year	$ 37,881	$ 37,060
Due after one year through five years	2,994	2,903
Due after five years through ten years	5,511	4,549
Due after ten years	—	—
MBS, residential	110,865	107,414
Total	$ 157,251	$ 151,926

The Company had no sales of debt securities available for sale and no gross realized gains or losses were recognized during the three months ended September 30, 2023 and 2022.

Debt securities available for sale with amortized costs totaling $61,272 and $42,329 and market values of $59,962 and $40,475 at September 30, 2023 and June 30, 2023, respectively, were pledged as collateral to secure various public deposits and other borrowings.

(Dollars in thousands, except per share data)

The gross unrealized losses and the fair value for debt securities available for sale aggregated by the length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2023 and June 30, 2023 were as follows:

	September 30, 2023					
	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	$ —	$ —	$ 14,908	$ (92)	$ 14,908	$ (92)
MBS, residential	50,586	(1,781)	46,765	(2,688)	97,351	(4,469)
Municipal bonds	—	—	3,352	(144)	3,352	(144)
Corporate bonds	605	(145)	17,382	(1,118)	17,987	(1,263)
Total	$ 51,191	$ (1,926)	$ 82,407	$ (4,042)	$ 133,598	$ (5,968)

	June 30, 2023					
	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	$ —	$ —	$ 14,714	$ (286)	$ 14,714	$ (286)
MBS, residential	83,281	(1,674)	24,133	(1,777)	107,414	(3,451)
Municipal bonds	2,420	(69)	968	(48)	3,388	(117)
Corporate bonds	607	(143)	25,053	(1,328)	25,660	(1,471)
Total	$ 86,308	$ (1,886)	$ 64,868	$ (3,439)	$ 151,176	$ (5,325)

The total number of securities with unrealized losses at September 30, 2023 and June 30, 2023 were 206 and 205, respectively.

Management evaluates securities for impairment where there has been a decline in fair value below the amortized cost basis of a security to determine whether there is a credit loss associated with the decline in fair value on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. All debt securities available for sale in an unrealized loss position as of September 30, 2023 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 2023 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 ECL on investment securities and does not record an ACL on accrued interest receivable. As of September 30, 2023 and June 30, 2023, accrued interest receivable for debt securities available for sale was $372 and $532, respectively.

5. <u>Loans Held For Sale</u>

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

	September 30, 2023	June 30, 2023
SBA	$ 20,946	$ 28,804
HELOCs	179,888	132,899
Total loans held for sale, at the lower of cost or fair value	$ 200,834	$ 161,703

Excluded from the table above are loans held for sale, at fair value, of which were entirely comprised of one-to-four family loans from our residential mortgage loan pipeline for both periods. The carrying balance of the loans held for sale, at fair value, was $4,616 and $6,947 at September 30, 2023 and June 30, 2023, respectively, while the amortized cost of these loans was $4,558 and $6,902 at the same dates.

(Dollars in thousands, except per share data)

6. Loans and Allowance for Credit Losses on Loans

Loans consist of the following at the dates indicated:

	September 30, 2023	June 30, 2023
Commercial real estate loans		
Construction and land development	$ 352,143	$ 356,674
Commercial real estate – owner occupied	526,534	529,721
Commercial real estate – non-owner occupied	880,348	901,685
Multifamily	83,430	81,827
Total commercial real estate loans	1,842,455	1,869,907
Commercial loans		
Commercial and industrial	237,366	245,428
Equipment finance	470,387	462,211
Municipal leases	147,821	142,212
Total commercial loans	855,574	849,851
Residential real estate loans		
Construction and land development	103,381	110,074
One-to-four family	560,399	529,703
HELOCs	185,289	187,193
Total residential real estate loans	849,069	826,970
Consumer loans	112,816	112,095
Total loans, net of deferred loan fees and costs	3,659,914	3,658,823
ACL on loans	(47,417)	(47,193)
Loans, net	$ 3,612,497	$ 3,611,630

(1) At September 30, 2023 and June 30, 2023 accrued interest receivable of $15,748 and $14,101, respectively, was accounted for separately from the amortized cost basis.

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

Loans are made to the Company's executive officers, directors and their associates during the ordinary course of business. The aggregate amount of loans to such related parties totaled approximately $213 and $215 at September 30, 2023 and June 30, 2023, respectively. In addition, there are unfunded commitments related to these loans that totaled approximately $264 and $264 at September 30, 2023 and June 30, 2023, respectively.

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 loan is not adversely classified because it does not display any of the characteristics for adverse classification.

Special Mention – A special mention loan 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 loans are not adversely classified and do not warrant adverse classification.

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

Doubtful – A loan classified as doubtful has all the weaknesses inherent in a loan 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 – Loans classified as loss are considered uncollectible and of such little value that their continuing to be carried as a loan is not warranted. This classification is not necessarily equivalent to no potential for recovery or salvage value, but rather that it is not appropriate to defer a full write-off even though partial recovery may be effected in the future.

(Dollars in thousands, except per share data)

The following table presents the credit risk profile by risk grade for commercial real estate, commercial, residential real estate, and consumer loans by origination year as of September 30, 2023:

	Term Loans By Origination Fiscal Year							
September 30, 2023	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ 7,583	$ 36,391	$ 63,033	$ 13,787	$ 2,759	$ 7,865	$ 220,361	$ 351,779
Special mention	—	—	74	—	—	—	—	74
Substandard	—	—	290	—	—	—	—	290
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	$ 7,583	$ 36,391	$ 63,397	$ 13,787	$ 2,759	$ 7,865	$ 220,361	$ 352,143
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate – owner occupied								
Risk rating								
Pass	$ 16,826	$ 59,318	$ 101,083	$ 88,927	$ 66,257	$ 160,947	$ 22,232	$ 515,590
Special mention	—	—	526	449	2,044	3,766	—	6,785
Substandard	—	—	—	1	341	3,326	—	3,668
Doubtful	—	—	—	—	280	211	—	491
Loss	—	—	—	—	—	—	—	—
Total commercial real estate – owner occupied	$ 16,826	$ 59,318	$ 101,609	$ 89,377	$ 68,922	$ 168,250	$ 22,232	$ 526,534
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 290	$ —	$ 290
Commercial real estate – non-owner occupied								
Risk rating								
Pass	$ 9,182	$ 81,239	$ 151,910	$ 135,816	$ 98,259	$ 316,051	$ 75,573	$ 868,030
Special mention	—	—	—	—	—	299	—	299
Substandard	—	—	—	—	5,265	6,754	—	12,019
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate – non-owner occupied	$ 9,182	$ 81,239	$ 151,910	$ 135,816	$ 103,524	$ 323,104	$ 75,573	$ 880,348
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multifamily								
Risk rating								
Pass	$ 4,729	$ 3,824	$ 15,546	$ 21,642	$ 10,056	$ 26,418	$ 839	$ 83,054
Special mention	—	—	—	—	—	89	—	89
Substandard	—	—	—	—	—	287	—	287
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total multifamily	$ 4,729	$ 3,824	$ 15,546	$ 21,642	$ 10,056	$ 26,794	$ 839	$ 83,430
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total commercial real estate								
Risk rating								
Pass	$ 38,320	$ 180,772	$ 331,572	$ 260,172	$ 177,331	$ 511,281	$ 319,005	$ 1,818,453
Special mention	—	—	600	449	2,044	4,154	—	7,247
Substandard	—	—	290	1	5,606	10,367	—	16,264
Doubtful	—	—	—	—	280	211	—	491
Loss	—	—	—	—	—	—	—	—
Total commercial real estate	$ 38,320	$ 180,772	$ 332,462	$ 260,622	$ 185,261	$ 526,013	$ 319,005	$ 1,842,455
Total current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 290	$ —	$ 290

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
September 30, 2023	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving**	**Total**
Commercial and industrial								
Risk rating								
Pass	$ 10,974	$ 55,601	$ 62,578	$ 17,264	$ 12,036	$ 25,536	$ 43,986	$ 227,975
Special mention	—	935	238	290	964	98	—	2,525
Substandard	—	—	237	39	559	4,072	—	4,907
Doubtful	—	754	382	139	166	123	264	1,828
Loss	—	—	—	—	—	131	—	131
Total commercial and industrial	$ 10,974	$ 57,290	$ 63,435	$ 17,732	$ 13,725	$ 29,960	$ 44,250	$ 237,366
Current period gross charge-offs	$ —	$ 469	$ —	$ —	$ 166	$ 647	$ 55	$ 1,337
Equipment finance								
Risk rating								
Pass	$ 48,431	$ 186,517	$ 124,784	$ 65,326	$ 31,080	$ 7,568	$ —	$ 463,706
Special mention	—	513	1,572	367	399	363	—	3,214
Substandard	—	207	—	—	—	108	—	315
Doubtful	—	836	1,197	908	135	—	—	3,076
Loss	—	—	8	—	68	—	—	76
Total equipment finance	$ 48,431	$ 188,073	$ 127,561	$ 66,601	$ 31,682	$ 8,039	$ —	$ 470,387
Current period gross charge-offs	$ —	$ 295	$ 229	$ 243	$ —	$ 63	$ —	$ 830
Municipal leases								
Risk rating								
Pass	$ 8,703	$ 32,827	$ 28,907	$ 13,867	$ 7,687	$ 50,794	$ 5,036	$ 147,821
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total municipal leases	$ 8,703	$ 32,827	$ 28,907	$ 13,867	$ 7,687	$ 50,794	$ 5,036	$ 147,821
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total commercial								
Risk rating								
Pass	$ 68,108	$ 274,945	$ 216,269	$ 96,457	$ 50,803	$ 83,898	$ 49,022	$ 839,502
Special mention	—	1,448	1,810	657	1,363	461	—	5,739
Substandard	—	207	237	39	559	4,180	—	5,222
Doubtful	—	1,590	1,579	1,047	301	123	264	4,904
Loss	—	—	8	—	68	131	—	207
Total commercial	$ 68,108	$ 278,190	$ 219,903	$ 98,200	$ 53,094	$ 88,793	$ 49,286	$ 855,574
Total current period gross charge-offs	$ —	$ 764	$ 229	$ 243	$ 166	$ 710	$ 55	$ 2,167

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
September 30, 2023	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ —	$ 11,711	$ 7,022	$ 785	$ 46	$ 1,329	$ 82,350	$ 103,243
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	138	—	138
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	$ —	$ 11,711	$ 7,022	$ 785	$ 46	$ 1,467	$ 82,350	$ 103,381
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
One-to-four family								
Risk rating								
Pass	$ 8,610	$ 87,868	$ 140,747	$ 111,000	$ 52,388	$ 145,139	$ 9,057	$ 554,809
Special mention	—	—	—	—	—	538	—	538
Substandard	—	184	259	—	203	4,380	—	5,026
Doubtful	—	—	—	—	—	25	—	25
Loss	—	—	—	—	—	1	—	1
Total one-to-four family	$ 8,610	$ 88,052	$ 141,006	$ 111,000	$ 52,591	$ 150,083	$ 9,057	$ 560,399
Current period gross charge-offs	$ —	$ —	$ 13	$ 3	$ 8	$ 3	$ —	$ 27
HELOCs								
Risk rating								
Pass	$ 415	$ 8,268	$ 513	$ 857	$ 408	$ 7,694	$ 165,939	$ 184,094
Special mention	—	—	—	—	—	—	—	—
Substandard	—	510	10	—	—	541	105	1,166
Doubtful	—	—	—	—	—	29	—	29
Loss	—	—	—	—	—	—	—	—
Total HELOCs	$ 415	$ 8,778	$ 523	$ 857	$ 408	$ 8,264	$ 166,044	$ 185,289
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total residential real estate								
Risk rating								
Pass	$ 9,025	$ 107,847	$ 148,282	$ 112,642	$ 52,842	$ 154,162	$ 257,346	$ 842,146
Special mention	—	—	—	—	—	538	—	538
Substandard	—	694	269	—	203	5,059	105	6,330
Doubtful	—	—	—	—	—	54	—	54
Loss	—	—	—	—	—	1	—	1
Total residential real estate	$ 9,025	$ 108,541	$ 148,551	$ 112,642	$ 53,045	$ 159,814	$ 257,451	$ 849,069
Total current period gross charge-offs	$ —	$ —	$ 13	$ 3	$ 8	$ 3	$ —	$ 27

	Term Loans By Origination Fiscal Year							
September 30, 2023	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving**	**Total**
Total consumer								
Risk rating								
Pass	$ 13,672	$ 57,028	$ 16,171	$ 11,069	$ 7,556	$ 5,893	$ 289	$ 111,678
Special mention	—	—	—	—	—	—	—	—
Substandard	40	262	210	232	199	177	16	1,136
Doubtful	—	1	—	—	—	—	—	1
Loss	—	—	—	—	—	1	—	1
Total consumer	$ 13,712	$ 57,291	$ 16,381	$ 11,301	$ 7,755	$ 6,071	$ 305	$ 112,816
Total current period gross charge-offs	$ —	$ 164	$ 27	$ 10	$ 7	$ 112	$ —	$ 320

(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, 2023:

	Term Loans By Origination Fiscal Year							
June 30, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ 27,234	$ 26,157	$ 5,469	$ 2,226	$ 1,560	$ 5,836	$ 287,615	$ 356,097
Special mention	—	73	—	—	—	—	—	73
Substandard	—	481	—	—	—	23	—	504
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	$ 27,234	$ 26,711	$ 5,469	$ 2,226	$ 1,560	$ 5,859	$ 287,615	$ 356,674
Commercial real estate – owner occupied								
Risk rating								
Pass	$ 58,671	$ 106,738	$ 91,575	$ 68,054	$ 54,176	$ 115,425	$ 23,984	$ 518,623
Special mention	—	177	909	2,017	361	3,437	—	6,901
Substandard	—	—	76	343	399	3,379	—	4,197
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate – owner occupied	$ 58,671	$ 106,915	$ 92,560	$ 70,414	$ 54,936	$ 122,241	$ 23,984	$ 529,721
Commercial real estate – non-owner occupied								
Risk rating								
Pass	$ 85,574	$ 156,244	$ 137,659	$ 99,442	$ 68,794	$ 265,099	$ 76,508	$ 889,320
Special mention	—	—	—	—	—	4,047	5,301	9,348
Substandard	—	—	—	—	—	3,017	—	3,017
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate – non-owner occupied	$ 85,574	$ 156,244	$ 137,659	$ 99,442	$ 68,794	$ 272,163	$ 81,809	$ 901,685
Multifamily								
Risk rating								
Pass	$ 3,850	$ 16,410	$ 21,867	$ 10,172	$ 5,843	$ 22,321	$ 980	$ 81,443
Special mention	—	—	—	—	28	61	—	89
Substandard	—	—	—	—	—	295	—	295
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total multifamily	$ 3,850	$ 16,410	$ 21,867	$ 10,172	$ 5,871	$ 22,677	$ 980	$ 81,827
Total commercial real estate								
Risk rating								
Pass	$ 175,329	$ 305,549	$ 256,570	$ 179,894	$ 130,373	$ 408,681	$ 389,087	$ 1,845,483
Special mention	—	250	909	2,017	389	7,545	5,301	16,411
Substandard	—	481	76	343	399	6,714	—	8,013
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial real estate	$ 175,329	$ 306,280	$ 257,555	$ 182,254	$ 131,161	$ 422,940	$ 394,388	$ 1,869,907

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
June 30, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Commercial and industrial								
Risk rating								
Pass	$ 57,377	$ 72,662	$ 18,845	$ 13,849	$ 6,441	$ 21,620	$ 47,934	$ 238,728
Special mention	—	327	467	179	116	—	—	1,089
Substandard	—	13	28	605	858	43	3,649	5,196
Doubtful	—	9	8	—	134	—	260	411
Loss	—	—	—	—	—	4	—	4
Total commercial and industrial	$ 57,377	$ 73,011	$ 19,348	$ 14,633	$ 7,549	$ 21,667	$ 51,843	$ 245,428
Equipment finance								
Risk rating								
Pass	$ 200,054	$ 136,226	$ 73,363	$ 36,589	$ 10,178	$ 256	$ —	$ 456,666
Special mention	805	808	140	441	344	—	—	2,538
Substandard	—	—	227	13	115	—	—	355
Doubtful	342	1,283	825	198	—	—	—	2,648
Loss	—	—	—	—	4	—	—	4
Total equipment finance	$ 201,201	$ 138,317	$ 74,555	$ 37,241	$ 10,641	$ 256	$ —	$ 462,211
Municipal leases								
Risk rating								
Pass	$ 31,462	$ 27,910	$ 14,292	$ 8,212	$ 9,838	$ 43,251	$ 7,247	$ 142,212
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total municipal leases	$ 31,462	$ 27,910	$ 14,292	$ 8,212	$ 9,838	$ 43,251	$ 7,247	$ 142,212
Total commercial								
Risk rating								
Pass	$ 288,893	$ 236,798	$ 106,500	$ 58,650	$ 26,457	$ 65,127	$ 55,181	$ 837,606
Special mention	805	1,135	607	620	460	—	—	3,627
Substandard	—	13	255	618	973	43	3,649	5,551
Doubtful	342	1,292	833	198	134	—	260	3,059
Loss	—	—	—	—	4	4	—	8
Total commercial	$ 290,040	$ 239,238	$ 108,195	$ 60,086	$ 28,028	$ 65,174	$ 59,090	$ 849,851

(Dollars in thousands, except per share data)

	Term Loans By Origination Fiscal Year							
June 30, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Construction and land development								
Risk rating								
Pass	$ 671	$ 850	$ —	$ 47	$ —	$ 1,270	$ 107,096	$ 109,934
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	140	—	140
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total construction and land development	$ 671	$ 850	$ —	$ 47	$ —	$ 1,410	$ 107,096	$ 110,074
One-to-four family								
Risk rating								
Pass	$ 78,574	$ 122,091	$ 109,669	$ 51,927	$ 31,491	$ 120,331	$ 10,122	$ 524,205
Special mention	—	—	—	—	—	543	—	543
Substandard	185	125	—	204	55	4,356	—	4,925
Doubtful	—	—	—	—	—	29	—	29
Loss	—	—	—	—	—	1	—	1
Total one-to-four family	$ 78,759	$ 122,216	$ 109,669	$ 52,131	$ 31,546	$ 125,260	$ 10,122	$ 529,703
HELOCs								
Risk rating								
Pass	$ 8,966	$ 561	$ 120	$ 371	$ 946	$ 7,251	$ 168,311	$ 186,526
Special mention	—	—	—	—	—	—	—	—
Substandard	—	10	—	—	—	494	134	638
Doubtful	—	—	—	—	—	29	—	29
Loss	—	—	—	—	—	—	—	—
Total HELOCs	$ 8,966	$ 571	$ 120	$ 371	$ 946	$ 7,774	$ 168,445	$ 187,193
Total residential real estate								
Risk rating								
Pass	$ 88,211	$ 123,502	$ 109,789	$ 52,345	$ 32,437	$ 128,852	$ 285,529	$ 820,665
Special mention	—	—	—	—	—	543	—	543
Substandard	185	135	—	204	55	4,990	134	5,703
Doubtful	—	—	—	—	—	58	—	58
Loss	—	—	—	—	—	1	—	1
Total residential real estate	$ 88,396	$ 123,637	$ 109,789	$ 52,549	$ 32,492	$ 134,444	$ 285,663	$ 826,970

	Term Loans By Origination Fiscal Year							
June 30, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Total**
Total consumer								
Risk rating								
Pass	$ 62,861	$ 17,913	$ 12,627	$ 8,954	$ 5,172	$ 2,847	$ 473	$ 110,847
Special mention	—	—	—	—	—	—	—	—
Substandard	302	211	242	247	54	154	37	1,247
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	1	—	—	1
Total consumer	$ 63,163	$ 18,124	$ 12,869	$ 9,201	$ 5,227	$ 3,001	$ 510	$ 112,095

(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:

	Past Due				
	30-89 Days	90 Days+	Total	Current	Total Loans
September 30, 2023					
Commercial real estate					
Construction and land development	$ —	$ —	$ —	$ 352,143	$ 352,143
Commercial real estate – owner occupied	660	491	1,151	525,383	526,534
Commercial real estate – non-owner occupied	953	—	953	879,395	880,348
Multifamily	—	—	—	83,430	83,430
Total commercial real estate	1,613	491	2,104	1,840,351	1,842,455
Commercial					
Commercial and industrial	1,902	828	2,730	234,636	237,366
Equipment finance	4,226	2,283	6,509	463,878	470,387
Municipal leases	297	—	297	147,524	147,821
Total commercial	6,425	3,111	9,536	846,038	855,574
Residential real estate					
Construction and land development	—	132	132	103,249	103,381
One-to-four family	654	1,144	1,798	558,601	560,399
HELOCs	627	1,107	1,734	183,555	185,289
Total residential real estate	1,281	2,383	3,664	845,405	849,069
Consumer	461	232	693	112,123	112,816
Total loans	$ 9,780	$ 6,217	$ 15,997	$ 3,643,917	$ 3,659,914

	Past Due				
	30-89 Days	90 Days+	Total	Current	Total Loans
June 30, 2023					
Commercial real estate					
Construction and land development	$ —	$ —	$ —	$ 356,674	$ 356,674
Commercial real estate – owner occupied	1,514	76	1,590	528,131	529,721
Commercial real estate – non-owner occupied	—	—	—	901,685	901,685
Multifamily	—	—	—	81,827	81,827
Total commercial real estate	1,514	76	1,590	1,868,317	1,869,907
Commercial					
Commercial and industrial	873	403	1,276	244,152	245,428
Equipment finance	826	1,837	2,663	459,548	462,211
Municipal leases	—	—	—	142,212	142,212
Total commercial	1,699	2,240	3,939	845,912	849,851
Residential real estate					
Construction and land development	—	132	132	109,942	110,074
One-to-four family	1,698	1,060	2,758	526,945	529,703
HELOCs	379	769	1,148	186,045	187,193
Total residential real estate	2,077	1,961	4,038	822,932	826,970
Consumer	320	288	608	111,487	112,095
Total loans	$ 5,610	$ 4,565	$ 10,175	$ 3,648,648	$ 3,658,823

(Dollars in thousands, except per share data)

The following table presents the recorded investment in nonaccrual loans and loans past due 90 days or more and still accruing, by segment and class. It also includes interest income recognized on nonaccrual loans for the three months ended September 30, 2023.

	September 30, 2023	June 30, 2023	90 Days+ & Still Accruing as of September 30, 2023	Nonaccrual with No ACL as of September 30, 2023	Interest Income Recognized
Commercial real estate					
Construction and land development	$ —	$ 23	$ —	$ —	$ —
Commercial real estate – owner occupied	918	517	—	—	7
Commercial real estate – non-owner occupied	953	—	—	953	1
Multifamily	79	84	—	—	—
Total commercial real estate	1,950	624	—	953	8
Commercial					
Commercial and industrial	2,606	1,222	—	382	23
Equipment finance	3,339	2,862	—	—	44
Municipal leases	—	106	—	—	—
Total commercial	5,945	4,190	—	382	67
Residential real estate					
Construction and land development	132	132	—	—	4
One-to-four family	2,142	1,935	—	—	23
HELOCs	1,245	957	—	—	8
Total residential real estate	3,519	3,024	—	—	35
Consumer	428	477	—	—	38
Total loans	$ 11,842	$ 8,315	$ —	$ 1,335	$ 148

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 $(280) and $443 for off-balance sheet credit exposures and $0 and $(150) for commercial paper were recorded for the three months ended September 30, 2023 and 2022, respectively.

	Three Months Ended September 30, 2023				
	Commercial Real Estate	Commercial	Residential Real Estate	Consumer	Total
Balance at beginning of period	$ 20,690	$ 15,216	$ 9,284	$ 2,003	$ 47,193
Provision (benefit) for credit losses	(30)	2,383	260	237	2,850
Charge-offs	(290)	(2,167)	(27)	(320)	(2,804)
Recoveries	1	94	31	52	178
Net (charge-offs) recoveries	(289)	(2,073)	4	(268)	(2,626)
Balance at end of period	$ 20,371	$ 15,526	$ 9,548	$ 1,972	$ 47,417

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

(Dollars in thousands, except per share data)

In estimating ECL, ASC 326 prescribes that if foreclosure is expected, 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 and Extent of Collateral Securing CDAs					
September 30, 2023	**Residential Property**	**Investment Property**	**Commercial Property**	**Business Assets**	**Non-CDAs**	**Total**
Commercial real estate						
Construction and land development	$ —	$ —	$ —	$ —	$ 352,143	$ 352,143
Commercial real estate – owner occupied	—	—	1,444	—	525,090	526,534
Commercial real estate – non-owner occupied	—	—	3,999	—	876,349	880,348
Multifamily	—	—	—	—	83,430	83,430
Total commercial real estate	—	—	5,443	—	1,837,012	1,842,455
Commercial						
Commercial and industrial	—	—	—	706	236,660	237,366
Equipment finance	—	—	—	342	470,045	470,387
Municipal leases	—	—	—	—	147,821	147,821
Total commercial	—	—	—	1,048	854,526	855,574
Residential real estate						
Construction and land development	—	—	—	—	103,381	103,381
One-to-four family	—	—	—	—	560,399	560,399
HELOCs	510	—	—	—	184,779	185,289
Total residential real estate	510	—	—	—	848,559	849,069
Consumer	—	—	—	—	112,816	112,816
Total	$ 510	$ —	$ 5,443	$ 1,048	$ 3,652,913	$ 3,659,914
Total collateral value	$ 413	$ —	$ 9,432	$ —		

	Type and Extent of Collateral Securing CDAs					
June 30, 2023	**Residential Property**	**Investment Property**	**Commercial Property**	**Business Assets**	**Non-CDAs**	**Total**
Commercial real estate						
Construction and land development	$ —	$ —	$ —	$ —	$ 356,674	$ 356,674
Commercial real estate – owner occupied	—	—	1,045	—	528,676	529,721
Commercial real estate – non-owner occupied	—	—	3,018	—	898,667	901,685
Multifamily	—	—	—	—	81,827	81,827
Total commercial real estate	—	—	4,063	—	1,865,844	1,869,907
Commercial						
Commercial and industrial	—	—	—	811	244,617	245,428
Equipment finance	—	—	—	342	461,869	462,211
Municipal leases	—	—	—	—	142,212	142,212
Total commercial	—	—	—	1,153	848,698	849,851
Residential real estate						
Construction and land development	—	—	—	—	110,074	110,074
One-to-four family	752	—	—	—	528,951	529,703
HELOCs	—	—	—	—	187,193	187,193
Total residential real estate	752	—	—	—	826,218	826,970
Consumer	—	—	—	—	112,095	112,095
Total	$ 752	$ —	$ 4,063	$ 1,153	$ 3,652,855	$ 3,658,823
Total collateral value	$ 1,435	$ —	$ 9,202	$ —		

Modifications to Borrowers Experiencing Financial Difficulty

Management identifies loans as modifications to borrowers experiencing financial difficulty when a borrower is experiencing financial difficulties and the Company has altered the cash flow of the loan as part of a modification or in the loan renewal process. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of the borrower's debt in the foreseeable future without the modification. This evaluation is performed in accordance with the Company’s internal underwriting policy.

(Dollars in thousands, except per share data)

The Company modifies loans to borrowers experiencing financial difficulty by providing principal forgiveness, a term extension, an other-than-insignificant payment delay or interest rate adjustments. In some cases, the Company provides multiple types of modifications on one loan. Typically, one type of modification, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another modification, such as principal forgiveness, may be granted. For loans included in the combination columns in the table below, multiple types of modifications have been made on the same loan within the current reporting period.

The starting point for the estimate of the ACL is historical loss information, which includes losses from modifications of loans to borrowers experiencing financial difficulty. As a result, the effect of most modifications made to borrowers experiencing financial difficulty is already included in the ACL and a change to the ACL is generally not recorded upon modification. When principal forgiveness is provided, however, the amount of forgiveness is charged off against the ACL.

The following table presents the amortized cost basis of loans at September 30, 2023 that were both experiencing financial difficulty and modified during the three months ended September 30, 2023 by class and type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial difficulty as compared to the amortized cost basis of each class of financing receivable is also presented.

	Three Months Ended September 30, 2023						
	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Adjustment	Combination Term Extension & Principal Forgiveness	Combination Term Extension & Interest Rate Reduction	% of Total Class of Financing Receivable
Residential real estate loans							
One-to-four family	$ —	$ —	$ 162	$ —	$ —	$ —	— %

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the period indicated below:

	Three Months Ended September 30, 2023		
	Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (Years)
Residential real estate loans			
One-to-four family	$ —	— %	7.0

There were no loans that had a payment default during the three months ended September 30, 2023 that had previously been modified within the same period.

Off-Balance Sheet Credit Exposure

The Company maintains a separate reserve for credit losses on off-balance sheet credit exposures, including unfunded loan commitments, which is included in other liabilities on the consolidated balance sheet. The reserve for credit losses on off-balance sheet credit exposures is adjusted as a provision for credit losses in the consolidated statement of income. The estimate includes consideration of the likelihood that funding will occur and an estimate of ECLs on commitments expected to be funded over its estimated life, utilizing the same models and approaches for the Company's other loan portfolio segments described above, as these unfunded commitments share similar risk characteristics as its loan portfolio segments. The Company has identified the unfunded portion of certain lines of credit as unconditionally cancellable credit exposures, meaning the Company can cancel the unfunded commitment at any time. No credit loss estimate is reported for off-balance sheet credit exposures that are unconditionally cancellable by the Company or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement. At September 30, 2023 and June 30, 2023, the ACL on off-balance sheet credit exposures included in other liabilities was $3,277 and $3,557, respectively.

7. Deposit Accounts

Deposit accounts at the dates indicated consist of the following:

	September 30, 2023	June 30, 2023
Noninterest-bearing accounts	$ 827,362	$ 825,481
NOW accounts	602,804	611,105
Money market accounts	1,195,482	1,241,840
Savings accounts	202,971	212,220
Certificates of deposit	812,342	710,522
Total	$ 3,640,961	$ 3,601,168

Deposits received from executive officers and directors and their associates totaled approximately $1,929 and $5,130 at September 30, 2023 and June 30, 2023, respectively.

(Dollars in thousands, except per share data)

As of September 30, 2023, scheduled maturities of certificates of deposit are as follows:

Fiscal year ending June 30	
Remainder of 2024	$ 684,790
2025	109,095
2026	9,471
2027	5,003
2028	3,606
Thereafter	377
Total	$ 812,342

Certificates of deposit with balances of $250 or greater totaled $121,058 and $120,666 at September 30, 2023 and June 30, 2023, respectively. Generally, deposit amounts in excess of $250 are not federally insured.

8. Borrowings

Junior Subordinated Debentures

On February 21, 2007, Quantum formed a Connecticut statutory trust, Quantum Capital Statutory Trust II (the "Trust"), which issued $11,000 of trust preferred securities that were designed to qualify as Tier I capital under Federal Reserve Board guidelines. All of the common securities of the Trust were owned by Quantum. The proceeds from the issuance of the common securities and the trust preferred securities were used by the Trust to purchase $11,341 of junior subordinated debentures of Quantum. As a result of its merger with Quantum on February 12, 2023, HomeTrust became the 100% successor owner of the Trust.

The trust preferred securities accrue and pay quarterly distributions at a floating rate of 3-month Term SOFR plus 2.20%, which was 7.60% at September 30, 2023. The Company has guaranteed distributions and other payments due on the trust preferred securities to the extent the Trust has insufficient funds with which to make the distributions and other payments. The net combined effect of all documents entered into in connection with the trust preferred securities is that the Company is liable to make the distributions and other payments required on the trust preferred securities.

The trust preferred securities are mandatorily redeemable upon maturity of the debentures on March 15, 2037, or upon earlier redemption as provided in the indenture. The Company has the right to redeem the debentures purchased by the Trust, in whole or in part, on or after March 15, 2012. As specified in the indenture, if the debentures are redeemed prior to maturity, the redemption price will be the principal amount and any accrued but unpaid interest.

Other Borrowings

Borrowings, outside of junior subordinated debt, consist of the following at the dates indicated:

	September 30, 2023		**June 30, 2023**	
	Balance	**Weighted Average Rate**	**Balance**	**Weighted Average Rate**
FHLB advances	$ 130,000	5.47 %	$ 180,000	5.19 %
FRB advances	302,000	5.50	257,000	5.25
Revolving lines of credit	20,263	9.00	20,263	8.75
Total borrowings	$ 452,263	5.65 %	$ 457,263	5.38 %

All qualifying one-to-four family loans, HELOCs, commercial real estate loans, and FHLB of Atlanta stock are pledged as collateral to secure outstanding FHLB advances while commercial construction, indirect auto and municipal loans are pledged as collateral to secure outstanding FRB advances. At September 30, 2023 and June 30, 2023, the Company had the ability to borrow $67,693 and $22,673, respectively, through additional FHLB advances and $62,142 and $91,316, respectively, through the unused portion of a line of credit with the FRB.

At September 30, 2023 and June 30, 2023, the Company maintained revolving lines of credit with three unaffiliated banks, the unused portions of which totaled $144,737 as of both dates. At both September 30, 2023 and June 30, 2023, HomeTrust had drawn $20,263 on a $40,000 revolving line of credit which bears interest at *The Wall Street Journal* prime rate plus 50 basis points, maturing on January 30, 2024, although the term may be extended for an additional year two times if no events of default have occurred.

9. 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 our 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 lives 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.

(Dollars in thousands, except per share data)

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

	September 30, 2023	June 30, 2023
ROU assets (included in other assets)	$ 10,177	$ 9,674
Lease liabilities (included in other liabilities)	$ 11,278	$ 10,790
Weighted-average remaining lease terms (years)	8.9	9.2
Weighted-average discount rate	3.40 %	3.32 %

The following schedule summarizes aggregate future minimum lease payments under these operating leases at September 30, 2023:

Fiscal year ending June 30	
Remainder of 2024	$ 1,384
2025	1,788
2026	1,676
2027	1,707
2028	1,737
Thereafter	4,968
Total undiscounted minimum lease payments	13,260
Less: amount representing interest	(1,982)
Total lease liability	$ 11,278

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

	Three Months Ended September 30,	
	2023	2022
Operating lease cost (included in occupancy expense, net)	$ 380	$ 347
Variable lease cost (included in occupancy expense, net)	61	2
Sublease income (included in other, noninterest income)	(42)	(57)
Total operating lease expense, net	$ 399	$ 292

As Lessee - Finance Lease

During the year ended June 30, 2023, the Company purchased the property associated with the finance lease reported historically. The Company purchased the property for $1,249, terminating the existing land lease. Prior to the purchase, interest expense on the lease liability totaled $23 for the three months ended September 30, 2022.

Supplemental lease cash flow information for the periods indicated:

	Three Months Ended September 30,	
	2023	2022
ROU assets - noncash additions (operating leases)	$ 846	$ —
Cash paid for amounts included in the measurement of lease liabilities (operating leases)	299	315
Cash paid for amounts included in the measurement of lease liabilities (finance leases)	—	33

As Lessor - General

The Company leases equipment to commercial end users under operating and finance lease arrangements. The Company's equipment finance leases consist mainly of construction, transportation, healthcare, and manufacturing equipment. Many of its operating and finance leases offer the lessee the option to purchase the equipment at fair value or for a fixed purchase option; and most of the leases that do not have a 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 seven 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 $23,558 and $21,749 with a residual value of $13,383 and $13,267 as of September 30, 2023 and June 30, 2023, respectively.

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

	Three Months Ended September 30,	
	2023	2022
Operating lease income	$ 1,785	$ 1,585
Depreciation expense	1,393	1,164

(Dollars in thousands, except per share data)

The following schedule summarizes aggregate future minimum lease payments to be received at September 30, 2023:

Fiscal year ending June 30	
Remainder of 2024	$ 4,747
2025	4,506
2026	3,248
2027	774
2028	230
Thereafter	366
Total of future minimum payments	$ 13,871

As Lessor - Financing Leases

Finance lease income is recognized as a component of loan interest income over the lease term. The finance leases are included as a component of the equipment finance class of financing receivables under the commercial loan segment of the loan portfolio. For the three months ended September 30, 2023 and 2022, interest income on equipment finance leases totaled $995 and $758, respectively.

The lease receivable component of finance lease net investment included within the equipment finance class of financing receivables was $69,594 and $70,605 at September 30, 2023 and June 30, 2023, respectively.

The following schedule summarizes aggregate future minimum finance lease payments to be received at September 30, 2023:

Fiscal year ending June 30	
Remainder of 2024	$ 19,265
2025	20,764
2026	16,628
2027	11,888
2028	6,077
Thereafter	4,555
Total undiscounted minimum lease payments	79,177
Less: amount representing interest	(9,583)
Total lease receivable	$ 69,594

10. 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 September 30,	
	2023	**2022**
Share-based compensation expense	$ 383	$ 567
Tax benefit	90	134

(Dollars in thousands, except per share data)

The table below presents stock option activity and related information for the three months ended September 30, 2023 and 2022:

	Options	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Options outstanding at June 30, 2022	928,870	$ 21.49	4.1	$ 4,036
Granted	5,000	24.07		
Exercised	(27,000)	14.37		
Forfeited	(400)	31.35		
Options outstanding at September 30, 2022	906,470	$ 21.71	3.9	$ 2,633
Exercisable at September 30, 2022	729,720	$ 20.46	3.1	$ 2,633
Non-vested at September 30, 2022	176,750	$ 26.87	7.3	$ —
Options outstanding at June 30, 2023	569,224	$ 25.69	5.1	$ 141
Exercised	(1,500)	15.80		
Forfeited	(25,374)	26.00		
Options outstanding at September 30, 2023	542,350	$ 25.70	4.8	$ 157
Exercisable at September 30, 2023	467,390	$ 25.40	4.4	$ 157
Non-vested at September 30, 2023	74,960	$ 27.58	7.7	$ —

Assumptions used in estimating the fair value of options granted during the three months ended September 30, 2022 are detailed below. There were no options granted during the three months ended September 30, 2023.

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

At September 30, 2023, the Company had $428 of unrecognized compensation expense related to 74,960 stock options originally scheduled to vest over a five-year period. The weighted average period over which compensation cost related to non-vested awards expected to be recognized was 1.4 years at September 30, 2023. At September 30, 2022, the Company had $800 of unrecognized compensation expense related to 176,750 stock options originally scheduled to vest over a five-year period. The weighted average period over which compensation cost related to non-vested awards expected to be recognized was 1.4 years at September 30, 2022.

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

	Restricted Stock Awards(1)	Performance-Based Restricted Stock Units(2)	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested at June 30, 2022	102,692	33,218	$ 27.40	$ 2,345
Granted	4,500	3,486	25.32	
Vested	—	(13,861)	27.11	
Forfeited	(400)	—	31.35	
Non-vested at September 30, 2022	106,792	22,843	$ 27.29	$ 1,943
Non-vested at June 30, 2023	108,851	37,330	$ 27.32	$ 3,054
Granted	1,000	6,165	22.91	
Vested	—	(18,494)	22.92	
Forfeited	(1,630)	—	27.57	
Non-vested at September 30, 2023	108,221	25,001	$ 27.69	$ 2,887

(1) Restricted stock awards are scheduled to vest over 1.0 year for director awards and 5.0 years for employee awards.

(2) Performance-based restricted stock units are scheduled to vest over 3.0 years assuming the applicable financial goals are met.

At September 30, 2023, unrecognized compensation expense was $2,751 related to 133,222 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 1.7 years at September 30, 2023. At September 30, 2022, unrecognized compensation expense was $2,490 related to 129,635 shares of restricted stock originally scheduled to vest over three- and five-year periods. The weighted average period over which compensation cost related to non-vested awards is expected to be recognized was 1.6 years at September 30, 2022.

(Dollars in thousands, except per share data)

11. Net Income per Share

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

	Three Months Ended September 30,	
	2023	2022
Numerator		
Net income	$ 14,833	$ 9,199
Allocation of earnings to participating securities	(117)	(79)
Numerator for basic and diluted EPS - net income available to common stockholders	$ 14,716	$ 9,120
Denominator		
Weighted-average common shares outstanding - basic	16,792,177	14,988,006
Dilutive effect of assumed exercises of stock options	8,724	142,756
Weighted-average common shares outstanding - diluted	16,800,901	15,130,762
Net income per share - basic	$ 0.88	$ 0.61
Net income per share - diluted	$ 0.88	$ 0.60

Potential dilutive shares are excluded from the computation of earnings per share if their effect is anti-dilutive. There were 512,150 and 550,400 of stock options that were anti-dilutive for the three months ended September 30, 2023 and 2022, respectively.

12. Commitments and Contingencies

Loan Commitments – Legally binding commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. In the normal course of business, there are various outstanding commitments to extend credit that are not reflected in the consolidated financial statements. At September 30, 2023 and June 30, 2023, respectively, loan commitments (excluding $217,115 and $220,818 of undisbursed portions of construction loans) totaled $54,160 and $86,393 of which $26,408 and $45,533 were variable rate commitments and $27,752 and $40,860 were fixed rate commitments. The fixed rate loans had interest rates ranging from 2.11% to 12.24% at September 30, 2023 and 1.74% to 11.00% June 30, 2023, 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 $672,648 and $608,169 at September 30, 2023 and June 30, 2023, 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 September 30, 2023 or June 30, 2023.

SBIC Commitments – As of both September 30, 2023 and June 30, 2023, the Company had committed $24,000 across eight SBIC investments with $7,984 remaining to be drawn. Although the remaining capital commitments may or may not be called in the future, under the terms of the associated limited partnership agreements, the Company's exposure will not extend beyond the amount of the original commitments.

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

Guarantees – Standby letters of credit obligate the Company to meet certain financial obligations of its customers, if, under the contractual terms of the agreement, the customers are unable to do so. The financial standby letters of credit issued by the Company are irrevocable and payment is only guaranteed upon the borrower's failure to perform its obligations to the beneficiary. Total commitments under standby letters of credit as of September 30, 2023 and June 30, 2023 were $54,242 and $35,007, respectively. There was no liability recorded for these letters of credit at September 30, 2023 or June 30, 2023.

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.

13. 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.

(Dollars in thousands, except per share data)

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. As of both September 30, 2023 and June 30, 2023, the Company did 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 20 of the 2023 Form 10-K.

Financial Assets Recorded at Fair Value

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

	September 30, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Debt securities available for sale				
U.S. government agencies	$ 14,908	$ —	$ 14,908	$ —
MBS, residential	97,351	—	97,351	—
Municipal bonds	3,352	—	3,352	—
Corporate bonds	18,737	—	18,737	—
Total debt securities available for sale	$ 134,348	$ —	$ 134,348	$ —
Loans held for sale	$ 4,616	$ —	$ 4,616	$ —

	June 30, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Debt securities available for sale				
U.S. government agencies	$ 14,714	$ —	$ 14,714	$ —
MBS, residential	107,414	—	107,414	—
Municipal bonds	3,388	—	3,388	—
Corporate bonds	26,410	—	26,410	—
Total debt securities available for sale	$ 151,926	$ —	$ 151,926	$ —
Loans held for sale	$ 6,947	$ —	$ 6,947	$ —

Debt securities available for sale are valued on a recurring basis at quoted market prices where available. If quoted market prices are not available, fair values are based on quoted prices of comparable securities. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange or U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include MBS and debentures issued by GSEs, municipal bonds, and corporate debt securities. The Company has no Level 3 securities.

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 three months ended September 30, 2023 or June 30, 2023.

The following table presents financial assets measured at fair value on a non-recurring basis at the dates indicated, all of which are considered collateral dependent:

	September 30, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Commercial real estate				
Commercial real estate – owner occupied	$ 441	$ —	$ —	$ 441
Residential real estate loans				
HELOCs	413	—	—	413
Total	$ 854	$ —	$ —	$ 854

	June 30, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Commercial real estate loans				
Commercial real estate – owner occupied	$ 364	$ —	$ —	$ 364
Commercial loans				
Commercial and industrial	167	—	—	167
Total	$ 531	$ —	$ —	$ 531

(Dollars in thousands, except per share data)

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.

The stated carrying value and estimated fair value amounts of financial instruments as of September 30, 2023 and June 30, 2023, are summarized below:

	September 30, 2023				
	Carrying Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash and cash equivalents	$ 325,014	$ 325,014	$ 325,014	$ —	$ —
Certificates of deposit in other banks	35,380	35,380	—	35,380	—
Debt securities available for sale, at fair value	134,348	134,348	—	134,348	—
FHLB and FRB stock	19,612	N/A	N/A	N/A	N/A
SBIC investments, at cost	14,586	14,586	—	—	14,586
Loans held for sale, at fair value	4,616	4,616	4,616	—	—
Loans held for sale, at the lower of cost or fair value	200,834	203,333	—	—	203,333
Loans, net	3,612,497	3,436,553	—	—	3,436,553
Accrued interest receivable	16,513	16,513	283	482	15,748
Liabilities					
Noninterest-bearing and NOW deposits	1,430,166	1,430,166	—	1,430,166	—
Money market accounts	1,195,482	1,195,482	—	1,195,482	—
Savings accounts	202,971	202,971	—	202,971	—
Certificates of deposit	812,342	805,646	—	805,646	—
Junior subordinated debt	9,995	9,864	—	9,864	—
Borrowings	452,263	452,239	—	452,239	—
Accrued interest payable	6,093	6,093	—	6,093	—

	June 30, 2023				
	Carrying Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash and cash equivalents	$ 303,497	$ 303,497	$ 303,497	$ —	$ —
Certificates of deposit in other banks	33,152	33,152	—	33,152	—
Debt securities available for sale, at fair value	151,926	151,926	—	151,926	—
FHLB and FRB stock	20,208	N/A	N/A	N/A	N/A
SBIC investments, at cost	14,927	14,927	—	—	14,927
Loans held for sale, at fair value	6,947	6,947	6,947	—	—
Loans held for sale, at the lower of cost or fair value	161,703	163,874	—	—	163,874
Loans, net	3,611,630	3,455,390	—	—	3,455,390
Accrued interest receivable	14,829	14,829	99	410	14,320
Liabilities					
Noninterest-bearing and NOW deposits	1,436,586	1,436,586	—	1,436,586	—
Money market accounts	1,241,840	1,241,840	—	1,241,840	—
Savings accounts	212,220	212,220	—	212,220	—
Certificates of deposit	710,522	701,965	—	701,965	—
Junior subordinated debt	9,971	9,746	—	9,746	—
Borrowings	457,263	457,213	—	457,213	—
Accrued interest payable	3,537	3,537	—	3,537	—

The Company had off-balance sheet financial commitments, which included approximately $998,165 and $950,387 of commitments to originate loans, undisbursed portions of construction loans, unused lines of credit, and standby letters of credit at September 30, 2023 and June 30, 2023, respectively (see "Note 12 – 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

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 impact of bank failures or adverse developments of other banks and related negative press about the banking industry in general on investor and depositor sentiment;
- the remaining effects of the COVID-19 pandemic on general economic and financial market conditions and on public health, both nationally and in our market areas;
- expected revenues, cost savings, synergies and other benefits from our merger and acquisition activities, including our recent merger with Quantum, might not be realized to the extent anticipated, within the anticipated time frames, or at all, costs or difficulties relating to integration matters, including but not limited to customer and employee retention, might be greater than expected, and goodwill impairment charges might be incurred;
- the credit risks of lending activities, including changes in the level and trend of loan delinquencies and write offs and changes in our ACL 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;
- the transition from LIBOR to 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 ACL, 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 effects of the Dodd-Frank 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;
- our ability to access cost-effective funding and maintain sufficient liquidity;
- management's assumptions in determining the adequacy of the ACL;
- our ability to control operating costs and expenses, especially costs associated with our operation as a public company;
- the use of estimates in determining the 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;
- 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 Form 10-Q.

Any 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 Georgia, 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 to establish the ACL at a level that provides for ECLs 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 2023 Form 10-K for further discussion, and "Note 2 – Recent Accounting Pronouncements" in this Quarterly Report on Form 10-Q for further discussion of our adoption of ASU 2022-02.

Our noninterest expenses consist primarily of salaries and employee benefits, occupancy expenses, 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 represent our critical accounting policies:

Allowance for Credit Losses, or ACL, on Loans. The ACL on loans held for investment 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 on loans held for investment 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 on loans held for investment involves a high degree of judgment; therefore, our process for determining ECLs may result in a range of ECLs. Our ACL recorded in the balance sheet reflects our best estimate within the range of ECLs. We recognize in net income the amount needed to adjust the ACL on loans held for investment and certain off-balance-sheet credit exposures for management’s current estimate of ECLs. Our ACL on loans held for investment is calculated using collectively evaluated and individually evaluated loans.

Business Combinations, Core Deposit Intangible and Acquired Loans. ASC 805 requires that we use the acquisition method of accounting for all business combinations. The acquisition method of accounting requires us as the acquirer to recognize the fair value of assets acquired and liabilities assumed at the acquisition date, as well as, recognize goodwill or a gain from a bargain purchase, if appropriate. Any acquisition-related costs and restructuring costs are recognized as period expenses as incurred.

The primary identifiable intangible asset we typically record in connection with a whole bank or branch acquisition is the value of the core deposit intangible which represents the estimated value of the long-term deposit relationships acquired in the transaction. Determining the amount of identifiable intangible assets and their average lives involves multiple assumptions and estimates and is typically determined by performing a DCF analysis, which involves a combination of any or all of the following assumptions: customer attrition/runoff, alternative funding costs, deposit servicing costs, and discount rates. The core deposit intangibles are amortized using an accelerated method over the estimated useful lives of the related deposits, typically between five and 10 years. We review identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The fair value for acquired loans at the time of acquisition is based on a variety of factors including discounted expected cash flows, adjusted for estimated prepayments and credit losses. In accordance with ASC 326, the fair value adjustment is recorded as premium or discount to the unpaid principal balance of each acquired loan. Loans that have been identified as having experienced a more-than-insignificant deterioration in credit quality since origination are PCD loans. An ACL on PCD loans is established at the time of acquisition as part of the purchase accounting adjustments, while the remaining net premium or discount is accreted or amortized into interest income over the remaining life of the loan using the level yield method. The net premium or discount on non-PCD loans, that includes credit quality and interest rate considerations, is accreted or amortized into interest income over the remaining life of the loan using the level yield method. The Company then records the necessary ACL on the non-PCD loans through provision for credit losses expense.

Goodwill. We review goodwill for potential impairment on an annual basis during the last quarter of the fiscal year, or more often if events or circumstances indicate there may be impairment. In testing goodwill for impairment, we have the option to assess either qualitative or quantitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of a reporting unit is less than its carrying amount. If we elect to perform a qualitative assessment and determine that an impairment is more likely than not, we are then required to perform a quantitative impairment test, otherwise no further analysis is required. Under the quantitative impairment test, the evaluation involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. If the estimated fair value of a reporting unit equals or exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value exceeds estimated fair value an impairment charge is recognized for the difference, but limited by the amount of goodwill allocated to that reporting unit.

Financial Highlights

For the quarter ended September 30, 2023 compared to the quarter ended June 30, 2023:

- net income was $14.8 million compared to $15.0 million;
- diluted EPS was $0.88 compared to $0.90;
- annualized ROA was 1.33% compared to 1.39%;
- annualized ROE was 12.23% compared to 12.85%;
- net interest income was $42.2 million compared to $43.9 million;
- net interest margin was 4.02% compared to 4.32%;
- provision for credit losses was $2.6 million compared to $405,000;
- noninterest income was $8.6 million compared to $6.9 million;
- tax-free death benefit proceeds from BOLI of $1.1 million compared to $0, which was the primary driver of the change in noninterest income noted above;
- net portfolio loan growth was $1.1 million, or 0.1% annualized, compared to $9.8 million, or 1.1% annualized; and
- quarterly cash dividends continued at $0.10 per share totaling $1.7 million for both periods.

(Dollars in thousands)	Three Months Ended	
	September 30, 2023	June 30, 2023
Interest and dividend income	$ 61,865	$ 59,131
Interest expense	19,705	15,235
Net interest income	42,160	43,896
Provision for credit losses	2,570	405
Net interest income after provision for credit losses	39,590	43,491
Noninterest income	8,627	6,888
Noninterest expense	29,564	30,911
Income before income taxes	18,653	19,468
Income tax expense	3,820	4,455
Net income	$ 14,833	$ 15,013
Net income per common share(1)		
Basic	$ 0.88	$ 0.91
Diluted	0.88	0.90
Cash dividends declared per common share	0.10	0.10
Book value per share at end of period	27.87	27.13
Tangible book value per share at end of period(2)	25.47	24.69
Market price per share at end of period	21.67	20.89

(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)	**September 30, 2023**	**June 30, 2023**
Total stockholders' equity	$ 484,411	$ 471,186
Less: goodwill, core deposit intangibles, net of taxes	41,748	42,410
Tangible book value	$ 442,663	$ 428,776
Common shares outstanding	17,380,307	17,366,673
Book value per share	$ 27.87	$ 27.13
Tangible book value per share	$ 25.47	$ 24.69

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

	As of	
(Dollars in thousands)	**September 30, 2023**	**June 30, 2023**
Tangible equity(1)	$ 442,663	$ 428,776
Total assets	4,651,997	4,607,487
Less: goodwill, core deposit intangibles, net of taxes	41,748	42,410
Total tangible assets	$ 4,610,249	$ 4,565,077
Tangible equity to tangible assets	9.60 %	9.39 %

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

Comparison of Results of Operations for the Three Months Ended September 30, 2023 and June 30, 2023

Net Income. Net income totaled $14.8 million, or $0.88 per diluted share, for the three months ended September 30, 2023 compared to net income of $15.0 million, or $0.90 per diluted share, for the three months ended June 30, 2023, a decrease of $179,000, or 1.2%. The results for the three months ended September 30, 2023 were negatively impacted by an increase of $2.2 million in the provision for credit losses and a decrease of $1.7 million in net interest income, partially offset by a $1.7 million increase in noninterest income and a $1.3 million decrease in noninterest expense. Details of the changes in the various components of net income are further discussed below.

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

	Three Months Ended					
	September 30, 2023			June 30, 2023		
(Dollars in thousands)	Average Balance Outstanding	Interest Earned / Paid	Yield / Rate	Average Balance Outstanding	Interest Earned / Paid	Yield / Rate
Assets						
Interest-earning assets						
Loans receivable[1]	$ 3,865,502	$ 58,496	6.00 %	$ 3,769,449	$ 56,122	5.97 %
Debt securities available for sale	146,877	1,259	3.40	164,105	1,338	3.27
Other interest-earning assets[2]	148,386	2,110	5.64	138,420	1,671	4.84
Total interest-earning assets	4,160,765	61,865	5.90	4,071,974	59,131	5.82
Other assets	276,210			270,410		
Total assets	$ 4,436,975			$ 4,342,384		
Liabilities and equity						
Interest-bearing liabilities						
Interest-bearing checking accounts	$ 597,856	$ 1,117	0.74 %	$ 639,250	$ 1,148	0.72 %
Money market accounts	1,222,372	7,726	2.51	1,261,590	6,539	2.08
Savings accounts	207,489	46	0.09	217,997	49	0.09
Certificate accounts	789,668	7,540	3.79	641,256	4,926	3.08
Total interest-bearing deposits	2,817,385	16,429	2.31	2,760,093	12,662	1.84
Junior subordinated debt	9,979	236	9.38	9,954	218	8.78
Borrowings	208,157	3,040	5.79	169,134	2,355	5.58
Total interest-bearing liabilities	3,035,521	19,705	2.58	2,939,181	15,235	2.08
Noninterest-bearing deposits	861,788			879,303		
Other liabilities	58,513			55,268		
Total liabilities	3,955,822			3,873,752		
Stockholders' equity	481,153			468,632		
Total liabilities and stockholders' equity	$ 4,436,975			$ 4,342,384		
Net earning assets	$ 1,125,244			$ 1,132,793		
Average interest-earning assets to average interest-bearing liabilities	137.07 %			138.54 %		
Non-tax-equivalent						
Net interest income		$ 42,160			$ 43,896	
Interest rate spread			3.32 %			3.74 %
Net interest margin[3]			4.02 %			4.32 %
Tax-equivalent[4]						
Net interest income		$ 42,475			$ 44,194	
Interest rate spread			3.35 %			3.77 %
Net interest margin[3]			4.05 %			4.35 %

(1) Average loans receivable balances include loans held for sale and nonaccruing loans.
(2) Average other interest-earning assets consist of FRB stock, FHLB stock, SBIC investments and deposits in other banks.
(3) Net interest income divided by average interest-earning assets.
(4) Tax-equivalent results include adjustments to interest income of $315 and $298 for the three months ended September 30, 2023 and June 30, 2023, respectively, calculated based on a combined federal and state tax rate of 24%.

Total interest and dividend income for the three months ended September 30, 2023 increased $2.7 million, or 4.6%, compared to the three months ended June 30, 2023, which was driven by a $2.4 million, or 4.2%, increase in interest income on loans. Accretion income on acquired loans of $378,000 and $973,000 was recognized during the same periods, respectively, and was included in interest income on loans.

Total interest expense for the three months ended September 30, 2023 increased $4.5 million, or 29.3%, compared to the three months ended June 30, 2023. The increase was the result of both increases in the average cost of funds across funding sources and an increase in average deposits and borrowings outstanding.

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 Volume	Increase / (Decrease) Due to Rate	Total Increase / (Decrease)
Interest-earning assets			
Loans receivable	$ 2,066	$ 308	$ 2,374
Debt securities available for sale	(127)	48	(79)
Other interest-earning assets	143	296	439
Total interest-earning assets	2,082	652	2,734
Interest-bearing liabilities			
Interest-bearing checking accounts	(62)	31	(31)
Money market accounts	(119)	1,306	1,187
Savings accounts	(2)	(1)	(3)
Certificate accounts	1,222	1,392	2,614
Junior subordinated debt	3	15	18
Borrowings	576	109	685
Total interest-bearing liabilities	1,618	2,852	4,470
Decrease in net interest income			$ (1,736)

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 current expected credit losses model.

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

	Three Months Ended			
(Dollars in thousands)	September 30, 2023	June 30, 2023	$ Change	% Change
Provision for credit losses				
Loans	$ 2,850	$ 910	$ 1,940	213 %
Off-balance-sheet credit exposure	(280)	(505)	225	45
Total provision for credit losses	$ 2,570	$ 405	$ 2,165	535 %

For the quarter ended September 30, 2023, the "loans" portion of the provision for credit losses was the result of the following, offset by net charge-offs of $2.6 million during the quarter:

- $0.2 million benefit driven by changes in the loan mix.
- $0.2 million provision due to changes in the projected economic forecast, specifically the national unemployment rate, and changes in qualitative adjustments.
- $0.3 million increase in specific reserves on individually evaluated credits.

For the quarter ended June 30, 2023, the "loans" portion of the provision for credit losses was primarily the result of the following, offset by net charge-offs of $1.2 million during the quarter:

- $0.1 million provision driven by changes in the loan mix.
- $0.3 million benefit due to changes in the projected economic forecast, specifically the national unemployment rate, and changes in qualitative adjustments.
- $0.1 million decrease in specific reserves on individually evaluated credits.

For the quarters ended September 30, 2023 and June 30, 2023, the amounts recorded for off-balance-sheet credit exposure were the result of changes in the balance of loan commitments, loan mix and projected economic forecast as outlined above.

Noninterest Income. Noninterest income for the three months ended September 30, 2023 increased $1.7 million, or 25.2%, when compared to the quarter ended June 30, 2023. Changes in the components of noninterest income are discussed below:

	Three Months Ended			
(Dollars in thousands)	**September 30, 2023**	**June 30, 2023**	**$ Change**	**% Change**
Noninterest income				
Service charges and fees on deposit accounts	$ 2,318	$ 2,393	$ (75)	(3)%
Loan income and fees	559	792	(233)	(29)
Gain on sale of loans held for sale	1,293	1,109	184	17
BOLI income	1,749	573	1,176	205
Operating lease income	1,785	1,225	560	46
Gain on sale of premises and equipment	—	82	(82)	(100)
Other	923	714	209	29
Total noninterest income	$ 8,627	$ 6,888	$ 1,739	25 %

- *Loan income and fees:* The decrease in loan income and fees was due to a $308,000 reduction in prepayment penalties quarter over quarter.
- *Gain on sale of loans held for sale:* The increase in the gain on sale of loans held for sale was primarily driven by HELOCs sold during the period. During the quarter ended September 30, 2023, there were $31.2 million of HELOCs sold for a gain of $197,000 compared to no HELOCs sold in the prior quarter. There were $20.3 million of residential mortgage loans originated for sale which were sold during the current quarter with gains of $251,000 compared to $22.0 million sold with gains of $236,000 in the prior quarter. Our hedging of mandatory commitments on the residential mortgage loan pipeline contributed an additional $158,000 and $152,000 in income in the same periods, respectively. Lastly, there were $12.4 million in sales of the guaranteed portion of SBA commercial loans with gains of $687,000 for the quarter ended September 30, 2023, compared to $12.1 million sold and gains of $721,000 for the quarter ended June 30, 2023.
- *BOLI income:* The increase in BOLI income was due to a $1.1 million tax-free gain on death benefit proceeds in excess of the cash surrender value of the policies. No such gains were recognized in the prior quarter.
- *Operating lease income:* The increase in operating lease income was the result of higher contractual earnings as well as gains or losses incurred at the end of operating leases, where we recognized a net gain of $51,000 at the end of operating leases for the quarter ended September 30, 2023 versus a net loss of $279,000 for the quarter ended June 30, 2023.

Noninterest Expense. Noninterest expense for the three months ended September 30, 2023 decreased $1.3 million, or 4.4%, when compared to the three months ended June 30, 2023. Changes in the components of noninterest expense are discussed below:

	Three Months Ended			
(Dollars in thousands)	**September 30, 2023**	**June 30, 2023**	**$ Change**	**% Change**
Noninterest expense				
Salaries and employee benefits	$ 16,514	$ 16,676	$ (162)	(1)%
Occupancy expense, net	2,489	2,600	(111)	(4)
Computer services	3,173	3,302	(129)	(4)
Telephone, postage and supplies	652	677	(25)	(4)
Marketing and advertising	487	696	(209)	(30)
Deposit insurance premiums	717	549	168	31
Core deposit intangible amortization	859	859	—	—
Other	4,673	5,552	(879)	(16)
Total noninterest expense	$ 29,564	$ 30,911	$ (1,347)	(4)%

- *Marketing and advertising:* The decrease in marketing and advertising was due to changes in media and product campaign spending quarter over quarter.
- *Deposit insurance premiums:* The increase in deposit insurance premiums was due to an increase in the rates the Company is charged for deposit insurance as well as growth in the assessment base.
- *Other:* The decrease was primarily the result of $552,000 in fraud losses recorded during the prior quarter versus a $16,000 net recovery of previously recorded losses in the current 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. The effective tax rates for the three months ended September 30, 2023 and June 30, 2023 were 20.5% and 22.9%, respectively. The decline in the effective tax rate was primarily driven by the tax-free gain on BOLI death benefit proceeds in addition to other changes in permanent book/tax differences.

Comparison of Financial Condition at September 30, 2023 and June 30, 2023

General. Total assets increased by $44.5 million to $4.7 billion and total liabilities increased by $31.3 million to $4.2 billion, respectively, at September 30, 2023 as compared to June 30, 2023. The majority of these changes were the result of increases in deposits, which, combined with maturing investments, were used to fund growth in loans held for sale and provide additional liquidity.

Cash and Cash Equivalents. Total cash and cash equivalents increased $21.5 million, or 7.1%, to $325.0 million at September 30, 2023 from $303.5 million at June 30, 2023.

Debt Securities Available for Sale. Debt securities available for sale decreased $17.6 million, or 11.6%, to $134.3 million at September 30, 2023 from $151.9 million at June 30, 2023. This decrease was a result of maturing investments which were used to provide additional liquidity rather than being reinvested in other securities.

Loans Held for Sale. Loans held for sale increased $36.8 million, or 21.8%, to $205.5 million at September 30, 2023 from $168.7 million at June 30, 2023. This was driven by an increase of $47.0 million, or 35.4%, in HELOCs held for sale, partially offset by a $7.9 million, or 27.3%, decrease in SBA loans held for sale and a $2.3 million, or 33.6% decrease in mortgage loans held for sale.

Loans, Net of Deferred Loan Fees and Costs. Total loans increased $1.1 million, or 0.0%, to $3.7 billion at September 30, 2023. The following table illustrates the changes within the portfolio:

	As of		Change		Percent of Total	
(Dollars in thousands)	**September 30, 2023**	**June 30, 2023**	**$**	**%**	**September 30, 2023**	**June 30, 2023**
Commercial real estate loans						
Construction and land development	$ 352,143	$ 356,674	$ (4,531)	(1)%	10 %	10 %
Commercial real estate – owner occupied	526,534	529,721	(3,187)	(1)	14	15
Commercial real estate – non-owner occupied	880,348	901,685	(21,337)	(2)	24	25
Multifamily	83,430	81,827	1,603	2	2	2
Total commercial real estate loans	1,842,455	1,869,907	(27,452)	(1)	50	52
Commercial loans						
Commercial and industrial	237,366	245,428	(8,062)	(3)	7	7
Equipment finance	470,387	462,211	8,176	2	13	13
Municipal leases	147,821	142,212	5,609	4	4	4
Total commercial loans	855,574	849,851	5,723	1	24	24
Residential real estate loans						
Construction and land development	103,381	110,074	(6,693)	(6)	3	3
One-to-four family	560,399	529,703	30,696	6	15	14
HELOCs	185,289	187,193	(1,904)	(1)	5	5
Total residential real estate loans	849,069	826,970	22,099	3	23	22
Consumer loans	112,816	112,095	721	1	3	2
Total loans, net of deferred loan fees and costs	$ 3,659,914	$ 3,658,823	$ 1,091	— %	100 %	100 %

Asset Quality. Nonperforming assets, made up entirely of nonaccrual loans for both periods, increased by $3.5 million, or 42.4%, to $11.8 million, or 0.25% of total assets, at September 30, 2023 compared to $8.3 million, or 0.18% of total assets, at June 30, 2023. Nonperforming loans to total loans was 0.32% at September 30, 2023 and 0.23% at June 30, 2023.

The ratio of classified assets to total assets increased to 0.76% at September 30, 2023 from 0.53% at June 30, 2023 as classified assets increased $10.7 million, or 43.7%, to $35.2 million at September 30, 2023 compared to $24.5 million at June 30, 2023. The increase was primarily due to a single commercial real estate non-owner occupied relationship which totaled approximately $9.0 million.

Our individually evaluated loans are comprised of loans meeting certain dollar thresholds and those on nonaccrual status, and may be evaluated for reserve purposes using either the cash flow or collateral valuation method. As of September 30, 2023, there was $7.3 million in loans individually evaluated compared to $6.8 million at June 30, 2023.

Allowance for Credit Losses on Loans. The ACL on loans was $47.4 million, or 1.30% of total loans, at September 30, 2023 compared to $47.2 million, or 1.29% of total loans, as of June 30, 2023. The drivers of this change are discussed in the "Comparison of Results of Operations for the Three Months Ended September 30, 2023 and June 30, 2023 – Provision for Credit Losses" section above.

Net loan charge-offs totaled $2.6 million, or 0.27% as a percent of average loans, for the three months ended September 30, 2023 compared to $1.2 million, or 0.13% as a percentage of average loans, for the three months ended June 30, 2023. The charge-offs recognized the past two quarters have been concentrated in our equipment finance and SBA portfolios, with the increase quarter-over-quarter being driven by the SBA portfolio.

Other Assets. Other assets increased $3.4 million, or 6.3%, to $56.5 million at September 30, 2023 from $53.1 million at June 30, 2023. The increase was primarily driven by the change in taxes receivable/payable.

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

(Dollars in thousands)	September 30, 2023	June 30, 2023	$ Change	% Change
Core deposits				
Noninterest-bearing accounts	$ 827,362	$ 825,481	$ 1,881	— %
NOW accounts	602,804	611,105	(8,301)	(1)
Money market accounts	1,195,482	1,241,840	(46,358)	(4)
Savings accounts	202,971	212,220	(9,249)	(4)
Total core deposits	2,828,619	2,890,646	(62,027)	(2)
Certificates of deposit	812,342	710,522	101,820	14
Total	$ 3,640,961	$ 3,601,168	$ 39,793	1 %

The following bullet points provide further information regarding the composition of our deposit portfolio as of September 30, 2023:

- Total deposits increased $39.8 million, or 1.1%, during the quarter.
- The balance of uninsured deposits was $962.7 million, or 26.4% of total deposits, which included $294.8 million of collateralized deposits to municipalities.
- The balance of brokered deposits was $328.0 million, or 9.0% of total deposits.
- Commercial and consumer depositors represented 51% and 49% of total deposits, respectively.
- The average balance of our deposit accounts was $33,000.
- Our largest 25 depositors made up $541.9 million, or 15.0% of total deposits.

Liquidity Management

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. All qualifying one-to-four family loans, HELOCs, commercial real estate loans, and FHLB of Atlanta stock are pledged as collateral to secure outstanding FHLB advances while commercial construction, indirect auto, and municipal leases are pledged as collateral to secure outstanding FRB advances. At September 30, 2023, the Company had the ability to borrow $67.7 million through FHLB advances and $62.1 million through the unused portion of a line of credit with the FRB. At this same date, the Company maintained revolving lines of credit with three unaffiliated banks, the unused portion of which totaled $144.7 million. One of these revolving lines of credit is a $40.0 million line on which HomeTrust had drawn $20.3 million, bearing interest at *The Wall Street Journal* prime rate plus 50 basis points, maturing on January 30, 2024, although the term may be extended for an additional year two times if no events of default have occurred.

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 short duration, and would therefore be readily marketable. In addition, we have historically sold fixed-rate mortgage loans in the secondary market to reduce interest rate risk and to create still another source of liquidity. From time to time we also utilize brokered time deposits to supplement our other sources of funds. Brokered time deposits are obtained by utilizing an outside broker that is paid a fee. This funding requires advance notification to structure the type of deposit desired by us. Brokered deposits can vary in term from one month to several years and have the benefit of being a source of longer-term funding. We also utilize brokered deposits to help manage interest rate risk by extending the term to repricing of our liabilities, enhance our liquidity, and fund asset growth. Brokered deposits are typically from outside our primary market areas, and our brokered deposit levels may vary from time to time depending on competitive interest rate conditions and other factors. At September 30, 2023, brokered deposits totaled $328.0 million, or 9.0% 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 September 30, 2023, we (on an unconsolidated basis) had liquid assets of $1.1 million.

At the Bank level, we use our sources of funds primarily to meet our ongoing commitments, pay maturing deposits and fund withdrawals, and fund loan commitments. At September 30, 2023, the total approved loan commitments and unused lines of credit outstanding amounted to $271.3 million and $672.6 million, respectively, as compared to $307.2 million and $608.2 million as of June 30, 2023. Certificates of deposit scheduled to mature in one year or less at September 30, 2023 totaled $791.2 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 that a majority of 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 12 – Commitments and Contingencies" in this Quarterly Report on Form 10-Q.

Capital Resources

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 September 30, 2023, 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 as of September 30, 2023.

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.						
September 30, 2023						
CET1 Capital (to risk-weighted assets)	$ 449,746	10.89 %	$ 185,864	4.50 %	$ 268,470	6.50 %
Tier I Capital (to total adjusted assets)	459,741	10.44	176,072	4.00	220,091	5.00
Tier I Capital (to risk-weighted assets)	459,741	11.13	247,818	6.00	330,424	8.00
Total Risk-based Capital (to risk-weighted assets)	503,133	12.18	330,424	8.00	413,030	10.00
June 30, 2023						
CET1 Capital (to risk-weighted assets)	$ 437,768	10.60 %	$ 185,794	4.50 %	$ 268,370	6.50 %
Tier I Capital (to total adjusted assets)	447,738	10.39	172,328	4.00	215,411	5.00
Tier I Capital (to risk-weighted assets)	447,738	10.84	247,726	6.00	330,301	8.00
Total Risk-based Capital (to risk-weighted assets)	487,298	11.80	330,301	8.00	412,876	10.00
HomeTrust Bank						
September 30, 2023						
CET1 Capital (to risk-weighted assets)	$ 471,466	11.42 %	$ 185,859	4.50 %	$ 268,463	6.50 %
Tier I Capital (to total adjusted assets)	471,466	10.71	176,032	4.00	220,040	5.00
Tier I Capital (to risk-weighted assets)	471,466	11.42	247,812	6.00	330,416	8.00
Total Risk-based Capital (to risk-weighted assets)	514,858	12.47	330,416	8.00	413,020	10.00
June 30, 2023						
CET1 Capital (to risk-weighted assets)	$ 459,871	11.14 %	$ 185,791	4.50 %	$ 268,365	6.50 %
Tier I Capital (to total adjusted assets)	459,871	10.68	172,221	4.00	215,277	5.00
Tier I Capital (to risk-weighted assets)	459,871	11.14	247,721	6.00	330,295	8.00
Total Risk-based Capital (to risk-weighted assets)	499,431	12.10	330,295	8.00	412,869	10.00

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

In addition to the minimum CET1, Tier 1 and total risk-based capital ratios, both HomeTrust Bancshares, Inc. and the Bank have to maintain a capital conservation buffer consisting of additional CET1 capital of more than 2.50% above the required minimum levels in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions. As of September 30, 2023, 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 and 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 2023 Form 10-K.

Item 4. Controls and Procedures

An evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Act")) as of September 30, 2023, was carried out under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and several other members of the Company's senior management. The Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures in effect as of September 30, 2023, 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 12 – 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 2023 Form 10-K.

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

(a) Not applicable

(b) Not applicable

(c) Not applicable

Period	Total # of Shares Purchased	Average Price Paid per Share	Total # of Shares Purchased as Part of Publicly Announced Plans	Maximum # of Shares that May Yet Be Purchased Under Publicly Announced Plans
July 1 - July 31, 2023	—	$ —	—	266,639
August 1 - August 31, 2023	—	—	—	266,639
September 1 - September 30, 2023	—	—	—	266,639
Total	—	$ —	—	266,639

No stock was repurchased during the three months ended September 30, 2023.

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 #	Document	Reference to Prior Filing or Exhibit # Attached Hereto
3.1	Charter of HomeTrust Bancshares, Inc.	(d)
3.2	Amended and Restated Bylaws of HomeTrust Bancshares, Inc.	3.2
10.1	HomeTrust Bancshares, Inc. Senior Leadership Incentive Plan (formerly known as Operating Committee Incentive Program)	10.1
10.2	Amended and Restated Employment and Transition Agreement between HomeTrust Bancshares, Inc. and Dana L. Stonestreet	(a)

Regulation S-K Exhibit #	Document	Reference to Prior Filing or Exhibit # Attached Hereto
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)
10.9D	Amendment No. 3 to HomeTrust Bank Defined Contribution Executive Medical Care Plan	(t)
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)
10.12A	Form of Incentive Stock Option Award Agreement under Omnibus Incentive Plan	(k)
10.12B	Form of Non-Qualified Stock Option Award Agreement under Omnibus Incentive Plan	(k)
10.12C	Form of Stock Appreciation Right Award Agreement under Omnibus Incentive Plan	(k)
10.12D	Form of Restricted Stock Award Agreement under Omnibus Incentive Plan	(k)
10.12E	Form of Restricted Stock Unit Award Agreement under Omnibus Incentive Plan	(k)
10.13	HomeTrust Bancshares, Inc. 2022 Omnibus Incentive Plan (“Omnibus Incentive Plan”)	(q)
10.13A	Form of Non-Qualified Stock Option Award Agreement under the Registrant’s 2022 Omnibus Incentive Plan	(u)

Regulation S-K Exhibit #	Document	Reference to Prior Filing or Exhibit # Attached Hereto
10.13B	Form of Restricted Stock Award Agreement for Employees under the Registrant's 2022 Omnibus Incentive Plan	(u)
10.13C	Form of Restricted Stock Award Agreement for Directors under the Registrant's 2022 Omnibus Incentive Plan	(u)
10.14	Retirement Payment Agreement, dated as of September 1, 1987, between HomeTrust Bank and Larry S. McDevitt, as amended	(n)
10.15	Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Marty Caywood	(c)
10.15A	Amendment No. 1 to Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Marty Caywood	(a)
10.16	Amended and Restated Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Keith J. Houghton	(g)
10.16A	Amendment No. 1 to Amended and Restated Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Keith J. Houghton	(a)
10.17	Amended and Restated Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and John Sprink	(s)
10.18	Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Kristin Powell	(r)
10.18A	Amendment No. 1 to Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Kristin Powell	(a)
10.19	Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Megan Pelletier	(a)
10.20	Change in Control Severance Agreement between HomeTrust Bancshares, Inc. and Lora Jex	10.20
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, 2023, 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).

(s) Filed as an exhibit to HomeTrust Bancshares's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (File No. 001-35593).

(t) Filed as an exhibit to HomeTrust Bancshares's Current Report on Form 8-K filed on August 28, 2023 (File No. 001-35593).

(u) Filed as an exhibit to HomeTrust Bancshares's Registration Statement on Form S-8 (File No. 333-186666) filed on February 6, 2023.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOMETRUST BANCSHARES, INC.

Date: November 8, 2023	By:	/s/ C. Hunter Westbrook
		C. Hunter Westbrook
		President and Chief Executive Officer
		(Duly Authorized Officer)
Date: November 8, 2023	By:	/s/ Tony J. VunCannon
		Tony J. VunCannon
		Executive Vice President, CFO, Corporate Secretary and Treasurer
		(Principal Financial and Accounting Officer)

HomeTrust
Bancshares, Inc.

AMENDED AND RESTATED BYLAWS
OF
HOMETRUST BANCSHARES, INC.

(Effective June 26, 2023)

ARTICLE I

STOCKHOLDERS

Section 1. Annual Meeting.

The Corporation shall hold an annual meeting of its stockholders to elect directors to succeed those whose terms expire and to transact any other business within its powers, at such place, on such date, and at such time as the Board of Directors shall each year fix. Except as provided otherwise by the Corporation's Charter or by law, any business may be considered at an annual meeting without the purpose of the meeting having been specified in the notice. Failure to hold an annual meeting does not invalidate the Corporation's existence or affect any otherwise valid corporate act.

Section 2. Special Meetings.

Special meetings of stockholders of the Corporation may be called by the Chair of the Board of Directors, the Vice Chair/Lead Director, the Chief Executive Officer or the President or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies on the Board of Directors (hereinafter the "Whole Board"). Special meetings of the stockholders shall be called by the Secretary at the request of stockholders only on the written request of stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting. Such written request shall state the purpose or purposes of the meeting and the matters proposed to be acted upon at the meeting, and shall be delivered at the principal office of the Corporation addressed to the President or the Secretary. The Secretary shall inform the stockholders who make the request of the reasonably estimated cost of preparing and mailing a notice of the meeting and, upon payment of these costs to the Corporation, notify each stockholder entitled to notice of the meeting. The Board of Directors shall have the sole power to fix (1) the record date for determining stockholders entitled to request a special meeting of stockholders and the record date for determining stockholders entitled to notice of and to vote at the special meeting and (2) the date, time and place of the special meeting and the means of remote communication, if any, by which stockholders and proxy holders may be considered present in person and may vote at the special meeting.

Section 3. Notice of Meetings; Adjournment.

Not less than ten nor more than 90 days before each stockholders' meeting, the Secretary shall give notice in writing or by electronic transmission of the meeting to each stockholder entitled to vote at the meeting and to each other stockholder entitled to notice of the meeting. The notice shall state the time and place of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and may vote at the meeting, and, if the meeting is a special meeting or notice of the purpose is required by statute, the purpose of the meeting. Notice is given to a stockholder when it is personally delivered to the stockholder, left at the stockholder's usual place of business, mailed to the stockholder at his or her address as it appears on the records of the Corporation, or transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. If the Corporation has received a request from a stockholder that notice not be sent by electronic transmission, the Corporation may not provide notice to the stockholder by electronic transmission. Notwithstanding the foregoing provisions, each person who is entitled to notice waives notice if such person, before or after the meeting, delivers a written waiver or waiver by electronic transmission which is filed with the records of the stockholders' meetings, or is present at the meeting in person or by proxy.

A meeting of stockholders convened on the date for which it was called may be adjourned from time to time without further notice to a date not more than 120 days after the original record date. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

As used in these Bylaws, the term "electronic transmission" shall have the meaning given to such term by Section 1-101(k-1) of the Maryland General Corporation Law (the "MGCL") or any successor provision.

Section 4. Quorum.

At any meeting of the stockholders, the holders of at least one-third of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Unless the Charter of the Corporation provides otherwise, where a separate vote by a class or classes is required, a majority of the shares of such class or classes, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the Chair of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may, in accordance with Section 3 of this Article I, adjourn the meeting to another place, date or time.

Section 5. Organization and Conduct of Business.

The Chair of the Board of Directors or, in his or her absence, the Chief Executive Officer of the Corporation or, in his or her absence, the President of the Corporation, or in his or her absence such person as the Board of Directors may have designated or, in the absence of such a person, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as Chair of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chair appoints. The Chair of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order.

Section 6. Advance Notice Provisions for Business to be Transacted at Annual Meetings and Elections of Directors.

(a) At any annual meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (i) as specified in the Corporation's notice of the meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who (1) is a stockholder of record on the date of giving the notice provided for in this Section 6(a) and on the record date for the determination of stockholders entitled to vote at such annual meeting, and (2) complies with the notice procedures set forth in this Section 6(a). For business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of the immediately preceding sentence, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such business must otherwise be a proper matter for action by stockholders.

To be timely, a stockholder's notice must be delivered or mailed to and received by the Secretary at the principal executive office of the Corporation by not later than the close of business on the 90th day prior to the first anniversary of the date of the preceding year's annual meeting and not earlier than the close of business on the 120th day prior to the first anniversary of the date of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the anniversary date of the preceding year's annual meeting, or in the event the annual meeting is the first annual meeting of stockholders of the Corporation, notice by the stockholder to be timely must be so received not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of (A) the 90th day prior to the date of such annual meeting or (B) the tenth day following the first to occur of (i) the day on which notice of the date of the annual meeting was mailed or otherwise transmitted or (ii) the day on which public announcement of the date of the annual meeting was first made by the Corporation. No adjournment or postponement of a meeting of stockholders shall commence a new period for the giving of notice hereunder.

A stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (ii) the name and address of such stockholder as they appear on the Corporation's books and of the beneficial owner, if any, on whose behalf the proposal is made; (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder and such beneficial owner; (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business; and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

Notwithstanding anything in these Bylaws to the contrary, no business shall be brought before or conducted at an annual meeting except in accordance with the provisions of this Section 6(a). The officer of the Corporation or other person presiding over the annual meeting shall, if the facts so warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 6(a) and, if he or she should so determine, he or she shall so declare to the meeting and any such business so determined to be not properly brought before the meeting shall not be transacted.

At any special meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting pursuant to the Corporation's notice of the meeting.

(b) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders at which directors are to be elected only (i) by or at the direction of the Board of Directors or a committee thereof or (ii) by any stockholder of the Corporation who (1) is a stockholder of record on the date of giving the notice provided for in this Section 6(b) and on the record date for the determination of stockholders entitled to vote at such meeting, and (2) complies with the notice procedures set forth in this Section 6(b). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made by timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered or mailed to and received by the Secretary at the principal executive offices of the Corporation not less than 90 days or more than 120 days prior to the date of the meeting; provided, however, that in the event that less than 100 days' notice or public announcement of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or otherwise transmitted or the day on which public announcement of the date of the meeting was first made by the Corporation, whichever shall first occur. A stockholder's notice must be in writing and set forth (a) as to each person whom the stockholder proposes to nominate for election as a director, all information relating to such person that is required to be disclosed in connection with solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor rule or regulation; and (b) as to the stockholder giving the notice: (i) the name and address of such stockholder as they appear on the Corporation's books and of the beneficial owner, if any, on whose behalf the nomination is made; (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder and such beneficial owner; (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder; (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice; and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act or any successor rule or regulation. Such notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 6(b). The officer of the Corporation or other person presiding at the meeting shall, if the facts so warrant, determine that a nomination was not made in accordance with such provisions and, if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

(c) For purposes of subsections (a) and (b) of this Section 6, the term "public announcement" shall mean disclosure (i) in a press release reported by a nationally recognized news service, (ii) in a document publicly filed or furnished by the Corporation with the U.S. Securities and Exchange Commission or (iii) on a website maintained by the Corporation.

Section 7. Proxies and Voting.

Unless the Charter of the Corporation provides for a greater or lesser number of votes per share or limits or denies voting rights, each outstanding share of stock, regardless of class, is entitled to one vote on each matter submitted to a vote at a meeting of stockholders; however, a share is not entitled to be voted if any installment payable on it is overdue and unpaid. In all elections for directors, directors shall be determined by a plurality of the votes cast, and except as otherwise required by law or as provided in the Charter of the Corporation, all other matters voted on by stockholders shall be determined by a majority of the votes cast on the matter.

A stockholder may vote the stock the stockholder owns of record either in person or by proxy. A stockholder may sign a writing authorizing another person to act as proxy. Signing may be accomplished by the stockholder or the stockholder's authorized agent signing the writing or causing the stockholder's signature to be affixed to the writing by any reasonable means, including facsimile signature. A stockholder may authorize another person to act as proxy by transmitting, or authorizing the transmission of, an authorization for the person to act as the proxy to the person authorized to act as proxy or to any other person authorized to receive the proxy authorization on behalf of the person authorized to act as the proxy, including a proxy solicitation firm or proxy support service organization. The authorization may be transmitted by a telegram, cablegram, datagram, electronic mail or any other electronic or telephonic means. Unless a proxy provides otherwise, it is not valid more than 11 months after its date. A proxy is revocable by a stockholder at any time without condition or qualification unless the proxy states that it is irrevocable and the proxy is coupled with an interest. A proxy may be made irrevocable for as long as it is coupled with an interest. The interest with which a proxy may be coupled includes an interest in the stock to be voted under the proxy or another general interest in the Corporation or its assets or liabilities.

Section 8. Consent of Stockholders in Lieu of Meeting.

Except as provided in the following sentence, any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting if a unanimous consent which sets forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter and is filed in paper or electronic format with the records of stockholder meetings. Unless the Charter of the Corporation requires otherwise, the holders of any class of the Corporation's stock other than common stock, entitled to vote generally in the election of directors, may take action or consent to any action by delivering a consent in writing or by electronic transmission of the stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting of the stockholders if the Corporation gives notice of the action so taken to each stockholder not later than ten days after the effective time of the action.

Section 9. Conduct of Voting.

The Board of Directors shall, in advance of any meeting of stockholders, appoint one or more persons as inspectors of election, to act at the meeting or any adjournment thereof and make a written report thereof, in accordance with applicable law. At all meetings of stockholders, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided or determined by the inspector of elections. All voting, including on the election of directors but excepting where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefor by a stockholder entitled to vote or his or her proxy or the Chair of the meeting, a written vote shall be taken. Every written vote shall be taken by ballot, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. Every vote taken by ballot shall be counted by an inspector or inspectors appointed by the Chair of the meeting. No candidate for election as a director at a meeting shall serve as an inspector at such meeting.

Section 10. Control Share Acquisition Act.

Notwithstanding any other provision of the Charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the MGCL (or any successor statute) shall not apply to any acquisition by any person of shares of stock of the Corporation. This Section 10 may be repealed, in whole or in part, at any time, whether before or after an acquisition of Control Shares (as defined in Section 3-701(d) of the MGCL, or any successor provision) and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent Control Share Acquisition (as defined in Section 3-701(e) of the MGCL, or any successor provision).

ARTICLE II

BOARD OF DIRECTORS

Section 1. <u>General Powers, Number and Term of Office</u>.

The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation shall, by virtue of the Corporation's election made hereby to be governed by Section 3-804(b) of the MGCL, be fixed from time to time exclusively by vote of the Board of Directors; provided, however, that such number shall never be less than the minimum number of directors required by the MGCL now or hereafter in force. The Board of Directors shall annually elect a Chair of the Board and one or more Vice Chairs from among its members, and if the Board of Directors has determined that the Chair of the Board is not independent then the Board of Directors shall designate a Vice Chair to serve as Lead Director (the "Vice Chair/Lead Director"). The Board of Directors shall designate, when present, either the Chair of the Board or the Vice Chair/Lead Director to preside at its meetings.

The directors, other than those who may be elected by the holders of any series of preferred stock, shall be divided into three classes, as nearly equal in number as reasonably possible, with the term of office of the first class to expire at the first annual meeting of stockholders, the term of office of the second class to expire at the annual meeting of stockholders one year thereafter and the term of office of the third class to expire at the annual meeting of stockholders two years thereafter, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the first annual meeting, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election or for such shorter period of time as the Board of Directors may determine, with each director to hold office until his or her successor shall have been duly elected and qualified.

Section 2. <u>Vacancies and Newly Created Directorships</u>.

By virtue of the Corporation's election made hereby to be subject to Section 3-804(c) of the MGCL, any vacancies in the Board of Directors resulting from an increase in the size of the Board of Directors or the death, resignation or removal of a director may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred and until a successor is elected and qualifies. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 3. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places or by means of remote communication, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required. Any regular meeting of the Board of Directors may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by one-third (1/3) of the directors then in office (rounded up to the nearest whole number) or by the Chair of the Board, the Vice Chair/Lead Director, the Chief Executive Officer or the President and shall be held at such place or by means of remote communication, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five days before the meeting or by telegraphing or telexing or by facsimile or electronic transmission of the same not less than 24 hours before the meeting. Any director may waive notice of any special meeting, either before or after such meeting, by delivering a written waiver or a waiver by electronic transmission that is filed with the records of the meeting. Attendance of a director at a special meeting shall constitute a waiver of notice of such meeting, except where the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any special meeting of the Board of Directors need be specified in the notice of such meeting. Any special meeting of the Board of Directors may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

Section 5. Quorum.

At any meeting of the Board of Directors, a majority of the authorized number of directors then constituting the Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 6. Participation in Meetings By Conference Telephone.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at such meeting.

Section 7. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided in these Bylaws, the Corporation's Charter or required by law. Action may be taken by the Board of Directors without a meeting if a unanimous consent which sets forth the action is given in writing or by electronic transmission by each member of the Board of Directors and filed in paper or electronic form with the minutes of proceedings of the Board of Directors.

Section 8. Powers.

All powers of the Corporation may be exercised by or under the authority of the Board of Directors except as conferred on or reserved to the stockholders by law or by the Corporation's Charter or these Bylaws. Consistent with the foregoing, the Board of Directors shall have, among other powers, the unqualified power:

(i) To declare dividends from time to time in accordance with law;

(ii) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;

(iii) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;

(iv) To remove any officer of the Corporation with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;

(v) To confer upon any officer of the Corporation the power to appoint, remove and suspend subordinate officers, employees and agents;

(vi) To adopt from time to time such stock, option, stock purchase, bonus or other compensation plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine;

(vii) To adopt from time to time such insurance, retirement, and other benefit plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine; and

(viii) To adopt from time to time regulations, not inconsistent with these Bylaws, for the management of the Corporation's business and affairs.

Section 9. Compensation of Directors.

Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors.

Section 10. Resignation.

Any director may resign at any time by giving written notice of such resignation to the President or the Secretary at the principal office of the Corporation. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof.

Section 11. Presumption of Assent.

A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to such action unless such director announces his dissent at the meeting and (a) such director's dissent is entered in the minutes of the meeting, (b) such director files his written dissent to such action with the secretary of the meeting before the adjournment thereof, or (c) such director forwards his written dissent within 24 hours after the meeting is adjourned, by certified mail, return receipt requested, bearing a postmark from the United States Postal Service, to the secretary of the meeting or the Secretary of the Corporation. Such right to dissent shall not apply to a director who voted in favor of such action or failed to make his dissent known at the meeting.

Section 12. Age Limitation.

(a) Except as set out in subsection (b) or (c) of this Section 12, a person who is 72 years of age or older shall not be eligible for election, re-election, appointment or re-appointment to the Board of Directors and shall also not be eligible to continue to serve as a director beyond the annual meeting of stockholders of the Corporation immediately following the director becoming 72 years of age.

(b) The Board shall have the discretion to exempt a director who (a) was a director of the Corporation on June 30, 2016 and (b) is between 72 and 74 years of age, from mandatory retirement as a director under subsection (a) of this Section 12 until the next annual meeting of stockholders of the Corporation. The director being considered for an extension may not participate in the Board discussion or vote concerning such extension. Any director who desires to be considered for this exemption must submit a written request to the Secretary by the date set by the Board. This discretion may be exercised only upon a finding by the Board that such exemption is in the best interest of the Corporation based on the qualifications considered in the selection of directors.

(c) Subsection (a) of this Section 12 shall not apply to the Initial Term of Narasimhulu Neelagaru, M.D. as a director of the Corporation, as contemplated by and subject to the provisions of Section 6.11 of the Agreement and Plan of Merger, dated as of July 24, 2022, by and between the Corporation and Quantum Capital Corp. (the "Quantum Merger Agreement"). Furthermore, if, following the end of the Initial Term, (i) the Company Principal Stockholders own five percent or more of the outstanding shares of the Corporation's common stock and (ii) Narasimhulu Neelagaru, M.D. is in good standing as a director of the Corporation and he desires to continue serving as a director of the Corporation, then notwithstanding subsection (a) of this Section 12 and subject to any legal or bank regulatory requirements, he may be nominated by the Board for election by the Corporation's stockholders for up to two additional one-year terms, as contemplated by Section 6.11(a) of the Quantum Merger Agreement. As used in this subsection (c), the terms "Initial Term" and "Company Principal Stockholders" shall have the meanings ascribed to them in the Quantum Merger Agreement.

ARTICLE III

COMMITTEES

Section 1. Committees of the Board of Directors.

The Board of Directors may appoint from among its members an Executive Committee and other committees composed of one or more directors and delegate to these committees any of the powers of the Board of Directors, except the power to authorize dividends on stock (except as provided in Section 2-309(d) of the MGCL), issue stock other than as provided in the next sentence, recommend to the stockholders any action which requires stockholder approval (other than the election of directors), amend these Bylaws, or approve any merger or share exchange which does not require stockholder approval. If the Board of Directors has given general authorization for the issuance of stock providing for or establishing a method or procedure for determining the maximum number or the maximum aggregate offering price of shares to be issued, a committee of the Board of Directors, in accordance with that general authorization or any stock option or other plan or program adopted by the Board of Directors, may authorize or fix the terms of stock subject to classification or reclassification and the terms on which any stock may be issued, including all terms and conditions required or permitted to be established or authorized by the Board of Directors under Sections 2-203 and 2-208 of the MGCL. Any committee so designated may exercise the power and authority of the Board of Directors if the resolution which designated the committee or a supplemental resolution of the Board of Directors shall so provide.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if a unanimous consent which sets forth the action is given in writing or by electronic transmission by each member of the committee and filed in paper or electronic form with the minutes of the proceedings of such committee. The members of any committee may conduct any meeting thereof by conference telephone or other communications equipment in accordance with the provisions of Section 6 of Article II.

Section 3. Nominating Committee.

The Board of Directors may appoint a Nominating Committee of the Board, consisting of at least three members. The Nominating Committee shall have authority (i) to review any nominations for election to the Board of Directors made by a stockholder of the Corporation pursuant to Section 6(b) of Article I of these Bylaws in order to determine compliance with such Bylaw, (ii) to recommend to the Whole Board nominees for election to the Board of Directors to replace those directors whose terms expire at the annual meeting of stockholders next ensuing; and (iii) to take such other actions as may be authorized by the Board of Directors.

ARTICLE IV

OFFICERS

Section 1. Generally.

(a) The Board of Directors as soon as may be practicable after the annual meeting of stockholders shall choose a Chief Executive Officer, President, one or more Vice Presidents, a Secretary and a Treasurer and from time to time may choose such other officers as it may deem proper. Any number of offices may be held by the same person, except that no person may concurrently serve as both President and Vice President of the Corporation.

(b) The term of office of all officers shall be until the next annual election of officers and until their respective successors are chosen, but any officer may be removed from office at any time by the affirmative vote of a majority of the authorized number of directors then constituting the Board of Directors.

(c) All officers chosen by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof.

Section 2. Chief Executive Officer.

Subject to the control of the Board of Directors, the Chief Executive Officer shall have general power over the management and oversight of the administration and operation of the Corporation's business and affairs and shall be the Corporation's chief policy making officer. He or she shall see that all orders and resolutions of the Board of Directors and of any committee thereof are carried into effect. The Chief Executive Officer shall also have the general powers and duties of management usually vested in the chief executive officer of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Section 3. President.

Subject to the control of the Board of Directors and subject to the powers granted to the Chief Executive Officer (to the extent the President is not also the Chief Executive Officer), the President shall have general power over the management and oversight of the administration and operation of the Corporation's business and affairs. The President shall also have the general powers and duties of management usually vested in the president of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Section 4. Vice President.

The Vice President or Vice Presidents, if any, shall perform the duties of the President in the President's absence or during his or her disability to act. In addition, the Vice Presidents shall perform the duties and exercise the powers usually incident to their respective offices and/or such other duties and powers as may be properly assigned to them from time to time by the Board of Directors, the Chair of the Board, the Chief Executive Officer or the President.

Section 5. Secretary.

The Secretary or an Assistant Secretary shall issue notices of meetings, shall keep their minutes, shall have charge of the seal and the corporate books, shall perform such other duties and exercise such other powers as are usually incident to such offices and/or such other duties and powers as are properly assigned thereto by the Board of Directors, the Chair of the Board, the Chief Executive Officer or the President.

Section 6. Treasurer.

The Treasurer shall have charge of all monies and securities of the Corporation, other than monies and securities of any division of the Corporation which has a treasurer or financial officer appointed by the Board of Directors, and shall keep regular books of account. The funds of the Corporation shall be deposited in the name of the Corporation by the Treasurer with such banks or trust companies or other entities as the Board of Directors from time to time shall designate. The Treasurer shall sign or countersign such instruments as require his or her signature, shall perform all such duties and have all such powers as are usually incident to such office and/or such other duties and powers as are properly assigned to him or her by the Board of Directors, the Chair of the Board, the Chief Executive Officer or the President, and may be required to give bond for the faithful performance of his or her duties in such sum and with such surety as may be required by the Board of Directors.

Section 7. Assistant Secretaries and Other Officers.

The Board of Directors may appoint one or more assistant secretaries and one or more assistants to the Treasurer, or one appointee to both such positions, which officers shall have such powers and shall perform such duties as are provided in these Bylaws or as may be assigned to them by the Board of Directors, the Chair of the Board, the Chief Executive Officer or the President.

Section 8. Action with Respect to Securities of Other Corporations

Stock of other corporations or corporations, registered in the name of the Corporation, may be voted by the Chief Executive Officer, the President, a Vice-President, or a proxy appointed by either of them. The Board of Directors, however, may by resolution appoint some other person to vote such shares, in which case such person shall be entitled to vote such shares upon the production of a certified copy of such resolution.

ARTICLE V

STOCK

Section 1. Certificates of Stock; Uncertificated Shares.

The Board of Directors may determine to issue certificated or uncertificated shares of capital stock and other securities of the Corporation. For certificated stock, each stockholder is entitled to certificates which represent and certify the shares of stock he or she holds in the Corporation. Each stock certificate shall include on its face the name of the Corporation, the name of the stockholder or other person to whom it is issued, and the class of stock and number of shares it represents. It shall also include on its face or back (a) a statement of any restrictions on transferability and a statement of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of the stock of each class which the Corporation is authorized to issue, and of the differences in the relative rights and preferences between the shares of each series of preferred stock which the Corporation is authorized to issue, to the extent they have been set, and of the authority of the Board of Directors to set the relative rights and preferences of subsequent series of preferred stock or (b) a statement which provides in substance that the Corporation will furnish a full statement of such information to any stockholder on request and without charge. Such request may be made to the Secretary or to the Corporation's transfer agent. For uncertificated shares of capital stock, upon request by a stockholder, the Corporation shall send the stockholder, without charge, a written statement of the same information required above on stock certificates. Each stock certificate shall be in such form, not inconsistent with law or with the Corporation's Charter, as shall be approved by the Board of Directors or any officer or officers designated for such purpose by resolution of the Board of Directors. Each stock certificate shall be signed by the Chair of the Board, the Chief Executive Officer, the President, or a Vice President, and countersigned by the Secretary, an Assistant Secretary, the Treasurer, or an Assistant Treasurer. Each certificate may be sealed with the actual corporate seal or a facsimile of it or in any other form and the signatures may be either manual or facsimile signatures. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. A certificate may not be issued until the stock represented by it is fully paid.

Section 2. Transfers of Stock.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by one or more transfer agents designated to transfer shares of the stock of the Corporation.

Section 3. Record Dates or Closing of Transfer Books.

The Board of Directors may, and shall have the power to, set a record date or direct that the stock transfer books be closed for a stated period for the purpose of making any proper determination with respect to stockholders, including which stockholders are entitled to notice of a meeting, vote at a meeting, receive a dividend, or be allotted other rights. The record date may not be prior to the close of business on the day the record date is fixed nor, subject to Section 3 of Article I, more than 90 days before the date on which the action requiring the determination will be taken; the transfer books may not be closed for a period longer than 20 days; and, in the case of a meeting of stockholders, the record date or the closing of the transfer books shall be at least ten days before the date of the meeting. Any shares of the Corporation's own stock acquired by the Corporation between the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders and the time of the meeting may be voted at the meeting by the holder of record as of the record date and shall be counted in determining the total number of outstanding shares entitled to be voted at the meeting.

Section 4. Lost, Stolen or Destroyed Certificates.

The Board of Directors of the Corporation may determine the conditions for issuing a new stock certificate or uncertificated shares in place of a stock certificate which is alleged to have been lost, stolen, or destroyed, or the Board of Directors may delegate such power to any officer or officers of the Corporation. In their discretion, the Board of Directors or such officer or officers may require the owner of the lost, stolen or destroyed certificate to give a bond, with sufficient surety, to indemnify the Corporation against any loss or claim arising as a result of the issuance of a new certificate or uncertificated shares. In their discretion, the Board of Directors or such officer or officers may refuse to issue such new certificate or uncertificated shares without the order of a court having jurisdiction over the matter.

Section 5. Stock Ledger.

The Corporation shall maintain a stock ledger which contains the name and address of each stockholder and the number of shares of stock of each class which the stockholder holds. The stock ledger may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. The original or a duplicate of the stock ledger shall be kept at the offices of a transfer agent for the particular class of stock or, if none, at the principal executive office of the Corporation.

Section 6. Regulations.

The issue, transfer, conversion and registration of shares of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI

MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, bearing the name of the Corporation, which shall be in the charge of the Secretary. The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof. If the Corporation is required to place its corporate seal to a document, it is sufficient to meet the requirement of any law, rule, or regulation relating to a corporate seal to place the word "(seal)" adjacent to the signature of the person authorized to sign the document on behalf of the Corporation.

Section 3. Annual Statement of Affairs.

The Chief Executive Officer, President or Chief Financial Officer shall prepare annually a full and correct statement of the affairs of the Corporation, to include a balance sheet and a financial statement of operations for the preceding fiscal year. The statement of affairs shall be submitted at the annual meeting of the stockholders and, within 20 days after the meeting, placed on file at the Corporation's principal office, in written form or in any other form that may be converted within a reasonable time into written form for visual inspection.

Section 4. Books and Records.

The Corporation shall keep correct and complete books and records of its accounts and transactions and minutes of the proceedings of its stockholders and Board of Directors and of any committee when exercising any of the powers of the Board of Directors. The books and records of the Corporation may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. Minutes shall be recorded in written form but may be maintained in the form of a reproduction. The original or a certified copy of these Bylaws shall be kept at the principal office of the Corporation.

Section 5. Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board of Directors, and each officer and agent of the Corporation shall, in the performance of his or her duties, in addition to any protections conferred upon him or her by law, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director, committee member, officer or agent reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 6. Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 7. Time Periods.

In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded and the day of the event shall be included.

Section 8. Checks, Drafts, Etc.

All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Corporation, shall, unless otherwise provided by resolution of the Board of Directors, be signed by the President, a Vice President, an Assistant Vice President, the Treasurer or an Assistant Treasurer.

Section 9. Mail.

Any notice or other document which is required by these Bylaws to be mailed shall be deposited in the United States mail, postage prepaid.

Section 10. Contracts and Agreements.

To the extent permitted by applicable law, and except as otherwise prescribed by the Charter or these Bylaws, the Board of Directors may authorize any officer, employee or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. A person who holds more than one office in the Corporation may not act in more than one capacity to execute, acknowledge, or verify an instrument required by law to be executed, acknowledged, or verified by more than one officer.

ARTICLE VII

AMENDMENTS

These Bylaws may be adopted, amended or repealed as provided in the Charter of the Corporation.

HomeTrust Bancshares, Inc.

SENIOR LEADERSHIP INCENTIVE PLAN

Effective Date: July 1, 2023

1. Purpose. The purpose of this Senior Leadership Incentive Plan ("Plan") is to provide incentives to certain senior leaders of HomeTrust Bancshares, Inc. (the "Bank") who contribute to the growth and success of the organization. Capitalized terms used herein but not defined shall have the meaning set forth in the Plan. Due to the change in the Bank's fiscal year end from June 30 to December 31, this Plan shall be effective for the Performance Period from July 1, 2023 to December 31, 2023. All references to "annual" or "annually" in this Plan shall refer to this six-month Performance Period. Target awards have been reduced by 50% to reflect this six-month Performance Period.

2. Performance Criteria.

   (a) General. For the Performance Period, the Participants will have a specified annual incentive award opportunity ("Target Award"), expressed as a percentage of the Participant's Base Salary.

   (b) Performance Qualifiers. Participants are eligible to earn annual incentives based upon the Bank, Division or Line of Business (where applicable) and the Participant meeting certain performance objectives.

   For any payout to occur under the Plan, the Participant must achieve a satisfactory performance review based on the manager's rating and complete 75% of their established individual performance objectives for the Performance Period. Furthermore, the following Corporate Performance Qualifier must be met:

   > HomeTrust Bank must meet a minimum ("Threshold") Adjusted Pre-Tax, Pre-Provision Earnings per board approved plan, for the Performance Period ending December 31, 2023 as determined by the Committee.

   No incentives will be earned if the above Corporate Performance Qualifier is not met.

   If all the Corporate Performance Qualifiers are met, incentives for each Participant will be calculated based upon the Incentive Metrics and Metric Weightings established for them as outlined within their Individual Incentive Summary Sheets. At a minimum, all individual incentives will include Incentive Metrics related to the Bank's Adjusted Pre-Tax, Pre-Provision Earnings and Efficiency Ratio. For some individuals, incentives may also include Incentive Metrics related to Division or Line of Business performance relative to stated objectives.

   (c) Incentive Metrics. The Committee will establish corporate goals and other business objectives each year considered relevant to the Bank's success ("Bank Goals"). Participants will be assigned Incentive Metrics ("Incentive Metrics") to support the achievement of Bank Goals. Metric Weightings will be established for each Incentive Metric based upon each metric's relative importance to the achievement of Bank Goals ("Metric Weightings"). The Committee will determine annually the percentage achievement of the Incentive Metrics ("Metric Achievement Percentage").

Incentive Metrics will be established using three performance levels:

- Threshold – is the minimum level of performance at which the Bank would consider it reasonable to provide an award. If performance is below Threshold, the payout for that goal is zero. Performance at Threshold allows for payment equal to 50% of the Participant's targeted annual incentive award opportunity.
- Target – is the level of performance that the Bank considers "good" performance. Goals at this level are challenging but considered reasonably obtainable. Performance at Target allows for payment equal to 100% of the Participant's targeted annual incentive award opportunity.
- Stretch – is the level of performance the Bank considers outstanding performance. Goals at this level are challenging and considered a best-case scenario. Performance at Stretch allows for payment equal to 150% of the Participant's targeted annual incentive award opportunity, which is the highest amount to be paid under the Plan.

Performance between Threshold and Target, and between Target and Stretch, are interpolated to provide for a range of Metric Achievement Percentage and payouts between 50% to 150% of a Participant's targeted annual incentive, based on incremental results between Threshold and Stretch performance. For example, performance that falls two-thirds of the way between Threshold and Target performance levels will result in a payout that is two-thirds of the way between Threshold and Target payout levels.

3. Payment.

(a) Calculation. Incentive Payments under this Plan shall be measured and calculated annually. Payment is calculated by multiplying the Participant's Base Salary at the end of the Performance Period by their Target Award percentage (which have been reduced by 50% for this six-month Performance Period) and by each Metric Weighting and Metric Achievement Percentage. A Participant's Total Incentive Payment is the sum total of Incentive Payments for each Incentive Metric. Incentive Payments may be modified by the Administrator based on an assessment of the Participant's overall performance. Plan Participants must have been hired prior to October 1 within the Plan Year and worked at least three months in an eligible position to qualify for an incentive award. New Hires employed during the Performance Period are eligible to receive a pro-rated award based on the length of time in the position and actual performance results. Pro-rated awards will be based on full months worked during the Plan year.

(b) Payment Timing. Incentive Payments, if any, will be paid within 2 ½ months following the end of the fiscal year.

4. Miscellaneous.

(a) Termination of Employment. Subject to terms of the Plan, and the discretion of the Administrator:

i. A Participant must be an active employee of the Bank and have not given notice of resignation on or before the date of payment to receive an Incentive Payment (except as set forth below).

ii. Participants who cease to be employed by the Bank due to Retirement are eligible to receive Incentive Payments if they are actively employed through September 30 of the Performance Period.

iii. In the event that a Participant ceases to be employed by the Bank due to death or Disability, the Participant is eligible to receive an Incentive Payment on a prorated basis taking into account the time they were in active status during the Performance Period, subject to the terms of the Plan. In the event of death, the Bank will pay the Participant's estate for any Incentive Payment due.

(b) Subject to the Plan. This Plan and any Incentive Payment are expressly subject to the terms and conditions of the Plan, including, without limitation, the provisions related to tax withholding, non-transferability of Incentive Payments, clawback of Incentive Payments, restrictive covenants, and preservation of at-will employment.

(c) Data Privacy Consent. In order to implement, administer, and manage this Plan, the Bank, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process certain personal or professional data and information, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the implementation, administration, or management of the Plan (the "Relevant Information"). By participating in this Plan, the Participant (i) expressly consents to the Bank's collection, processing, use, registration and transfer among the Relevant Companies of all Relevant Information; (ii) expressly consents to the storage and transmission of the Relevant Information in electronic or other form or format; and (iii) expressly consents to the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider necessary for purposes of implementation, administration, or management of the Plan. The Participant shall have access to, and the right to change or correct, the Relevant Information, and may request additional information about the storage and processing of their Relevant Information. Relevant Information will only be used in accordance with applicable law.

No Advice. The Bank is not providing any tax, legal, or financial advice to any Participant, nor shall the Bank be responsible for any taxes imposed on a Participant with respect to a Participant's participation in the Plan.

5. Effective Date, Plan and Administrator. The Plan is effective July 1, 2023 and will remain in effect until such time that HomeTrust Bank adopts a subsequent Plan that by its terms expressly replaces and supersedes the Plan (the "Subsequent Plan"). Upon HomeTrust Bank's adoption of the Subsequent Plan, this Plan shall automatically terminate and no Participant in this Plan shall thereafter be eligible to earn any compensation under this Plan, regardless of whether the Participant executes or otherwise

signifies his or her agreement to the Subsequent Plan. HomeTrust Bank is free to amend or modify this Plan as it deems appropriate.

This Plan will be approved annually by the Compensation Committee (the "Committee") of the Board of Directors.

6. Participation and Eligibility.

   Annually, employees are selected for Plan participation ("Participants"):

   - CEO participation is determined by the Compensation Committee.
   - Annually, the CEO and COPO will recommend participants in the Plan for approval by the Committee.
   - The CEO and COPO have the authority to approve other employees for participation in the Plan and determine applicable incentive metrics provided they meet the requirements of participation and are not deemed Executive Officers of the Bank.

   Participants are subject to meeting the following requirements:

   - Awards under the Plan shall be limited to individuals employed on a full-time basis by HomeTrust on the date of payment, except in the case of disability, death, or retirement.
   - Participants on a performance improvement plan or with an unsatisfactory performance rating at the time of payment or who have given notice of resignation at the time of payment are not eligible to receive an award.

7. Performance Period. Due to the change in the Bank's fiscal year end from June 30 to December 31, this Plan shall be effective from July 1, 2023 to December 31, 2023 ("Performance Period").

8. Incentive Award Opportunities. Each Participant will have a specified target annual incentive award opportunity, expressed as a percentage of the Participant's base salary. Incentive award opportunities are based on the Participant's job duties, responsibilities and competitive market practices.

9. Plan Discretion. The Plan provides discretion that allows the Compensation Committee to modify the final awards in consultation with the CEO and COPO, provided to Participants, based on a subjective assessment of performance and contributions to the Bank's success.

10. Award Distributions. At the end of the Performance Period, performance is measured and award amounts are calculated. Awards are paid in cash (generally) within two and one-half months following the end of the Performance Period or as soon as practical after approval of the award payout by the Committee.

    Awards are paid out as a percentage of a Participant's annual base earnings as of December 31. Base earnings are defined as the base salary in effect on December 31 and exclude referral fees, commissions and any other previously-paid performance compensation.

Payments under this Plan are considered taxable income to Participants in the year paid and will be subject to tax withholding.

11. Risk Mitigation. HomeTrust seeks to appropriately balance risk with financial rewards in the Plan design and implementation. The compensation arrangements in this Plan are designed to be sufficient to incent Participants to achieve approved strategic and tactical goals while at the same time not be excessive or lead to material financial loss to the Bank.

    Awards may be reduced or eliminated for credit quality and/or regulatory action. Unless the Compensation Committee deems otherwise, awards will not be paid, regardless of Corporate or Team/Individual performance, if 1) any regulatory agency issues a formal, written enforcement action, memorandum of understanding or other negative directive action where the Committee considers it imprudent to provide awards under this Plan, and/or 2) after a review of the Company's credit quality measures the Committee considers it imprudent to provide awards under this Plan.

12. Coordination with Other Incentives. The Plan does not inhibit the Bank from approving Plan Participants for inclusion in other Bank plans, bonuses, commissions and/or incentive compensation arrangements. The Board of Directors or the Committee may make discretionary bonuses to Participants regardless of their participation in this Plan.

    Please see "Terms and Conditions" for further details on the Plan provisions.

Terms and Conditions

The information represented below is subject to change and does not constitute a binding agreement.

Definition of "Plan"
"Plan" refers to the HomeTrust Bancshares, Inc. Senior Leadership Incentive Plan.

Definition of the "Bank"
For the purposes of this Plan, the "Bank" refers to HomeTrust Bancshares, Inc. and HomeTrust Bank, collectively.

Definition of "Board of Directors"
For the purposes of this Plan, "Board of Directors" refers to the boards of directors of HomeTrust Bancshares, Inc. and HomeTrust Bank, collectively.

Definition of "Executive Officers"
For the purpose of this Plan, "Executive Officers" refers to the Bank's Executive Officers as identified under Regulation O.

Definition of "Retirement"

For the purpose of this Plan, "Retirement" refers to the Bank's retirement eligibility as referenced in the HomeTrust Employee Handbook.

Effective Date

This Plan became effective July 1, 2023. The Plan may be amended from time to time with the approval of the Compensation Committee of the Board.

Performance Period/Plan Year

The Performance Period is July 1 through December 31, 2023 and may be referred to in this document as the Plan year.

Plan Administration

The Plan is authorized by the Board of Directors. Each of the Board and the Compensation Committee has the authority to make or nullify any rules and procedures, as necessary, for proper administration of the Plan.

The Plan will be reviewed annually by the Compensation Committee to ensure proper alignment with the Bank's business objectives.

The Compensation Committee will approve all final award distributions paid to Plan Participants. Any determination by the Compensation Committee will be final and binding.

Plan Changes or Discontinuance

The Bank has developed the Plan on the basis of existing business, market and economic conditions; current services; and staff assignments. If substantial changes occur that affect these conditions, services, assignments, or forecasts, the Bank may add to, amend, modify or discontinue any of the terms or conditions of the Plan at any time. Examples of substantial changes may include mergers, dispositions or other corporate transactions, changes in laws or accounting principles or other events that would in the absence of some adjustment, frustrate the intended operation of this arrangement.

The Compensation Committee may, at its sole discretion, waive, change or amend any of the Plan as it deems appropriate.

Plan Interpretation

If there is any ambiguity as to the meaning of any terms or provisions of this Plan or any questions as to the correct interpretation of any information contained therein, the Bank's interpretation expressed by the Compensation Committee will be final and binding.

Award Determinations

Plan Participants are eligible for a distribution under the Plan only upon attainment of certain performance objectives defined under the Plan and after the approval of the award by the Compensation Committee.

Performance at Threshold, Target and Stretch are interpolated to encourage and reward incremental performance improvement.

Award Distributions

Awards are paid in cash (generally) within two and one-half months following the end of the fiscal year or as soon as practical after approval of the award payout by the Compensation Committee.

Awards are paid out as a percentage of a Participant's annual base earnings as of December 31. Base earnings are defined as base salary in effect as of December 31 and exclude referral fees, commissions and any other previously paid performance compensation.

Incentive awards are considered taxable income to Participants in the year paid and will be subject to tax withholding.

New Hires, Reduced Work Schedules, Promotions, and Transfers

New hires that meet the eligibility criteria and are hired prior to October 1 of the Plan year receive a prorated award based on the number of full months worked during the Plan year. New hires employed by the Bank on or after October 1 are not eligible to receive an award for the current Plan year.

Participants that are promoted or change roles where the Participant becomes eligible or ineligible for an award or experience a change in incentive opportunity will receive a prorated award based on their status and the effective date of the promotion or role change. Award amounts will be calculated using the Participant's base earnings at the end of the Performance Period and their incentive targets for the applicable periods.

Participants that have an approved leave of absence are eligible to receive a prorated award calculated using their time in active status as permitted by the Family Medical Leave Act or other applicable state and federal laws and regulations.

Termination of Employment

To encourage employee retention, a Participant must be an active employee of the Bank on the date the incentive award is paid to receive an award (please see exceptions for death, disability and retirement below). Participants who terminate employment during the Plan year will not be eligible to receive an award. Participants who have given notice of resignation during the Plan year and before payout are not eligible to receive an award.

Death, Disability or Retirement

If a Participant ceases to be employed by the Bank due to disability, his/her cash incentive award for the Plan year will be prorated to the date of termination.

In the event of death, the Bank will pay to the Participant's estate the pro rata portion of the cash award that had been earned by the Participant during his/her period of employment.

Individuals who retire are eligible to receive a cash incentive payout if they are actively employed through September 30 of the performance period.

Clawback

In the event that the Bank is required to prepare an accounting restatement due to the material noncompliance of the Bank with any financial reporting requirement under the securities laws, the Participants shall, unless otherwise determined in the sole discretion of the Committee, reimburse the Bank upon receipt of written notification for any excess incentive payment amounts paid under the Plan calculation(s) which were based on financial results required to be restated. In calculating the excess amount, the Committee shall compare the calculation of the incentive payment based on the relevant results reflected in the restated financials compared to the same results reflected in the original financials that were required to be restated. Participants may write a check payable to the Bank for amounts equal to the written notification. In its discretion, the Compensation Committee has the right to adjust compensation and/or modify a Participant's future incentive payments as it deems necessary. Additionally, any clawback actions shall be consistent with the Bank's policy designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rule 10D-1 promulgated under the Exchange Act ("Rule 10D-1") and NASDAQ Listing Rule 5608 (the "Listing Standards"), to the extent they impact incentive-based compensation of "Executive Officers," as that term is defined in Rule 10D-1 and the Listing Standards.

Ethics Statement

The altering, inflating, and/or inappropriate manipulation of performance/financial results or any other infraction of recognized ethical business standards, will subject the employee to disciplinary action up to and including termination of employment. In addition, any incentive compensation as provided by this Plan to which the employee would otherwise be entitled will be revoked or if paid, be obligated to repay any incentive award earned during the award period in which the wrongful conduct occurred regardless of employment status.

Miscellaneous

Any Participant awards shall not be subject to assignment, pledge or other disposition, nor shall such amounts be subject to garnishment, attachment, transfer by operation of law, or any legal process.

Participation in the Plan does not confer rights to participation in other Bank Plans, including annual or long-term incentive Plans, non-qualified retirement or deferred compensation Plans or perquisite Plans.

The Plan will not be deemed to give any Participant the right to be retained in the employ of the Bank, nor will the Plan interfere with the right of the Bank to discharge any Participant at any time for any reason.

In the absence of an authorized, written employment contract, the relationship between employees and the Bank is one of at-will employment. The Plan does not alter the relationship.

This Plan and the transactions and payments hereunder shall, in all respect, be governed by, and construed and enforced in accordance with the laws of the state in which the Participant is employed.

Each provision in this Plan is severable, and if any provision is held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not, in any way, be affected or impaired thereby.

Schedule A1: Individual Incentive Summary Sheet*

Employee Name / Role:	Example Group Executive	
Employee Base Salary	$285,000	
Incentive Payment @ **Stretch**	30%	$85,500
Incentive Payment @ **Target**	20%	$57,000
Incentive Payment @ **Threshold**	10%	$28,500

Relative Weighting	Goal Title and Description	Quarterly Incentive Goals and Payouts	Achievement	Payout
Goal # 1	**HTB Adjusted Pre-tax Pre-Provision Earnings**		Achievement	Payout
50%		Stretch	TBD	$42,750.00
		Target	TBD	$28,500.00
		Threshold	TBD	$14,250.00
Goal # 2	**HTB Efficiency Ratio**		Achievement	Payout
25%		Stretch	TBD	$21,375.00
		Target	TBD	$14,250.00
		Threshold	TBD	$7,125.00
Goal # 3	**Division Profitability**		Achievement	Payout
25%		Stretch	TBD	$21,375.00
		Target	TBD	$14,250.00
		Threshold	TBD	$7,125.00

Schedule A2: Individual Incentive Summary Sheet*

Employee Name / Role:	Example C-Suite Executive	
Employee Base Salary	$250,000	
Incentive Payment @ **Stretch**	22.5%	$56,250
Incentive Payment @ **Target**	15.0%	$37,500
Incentive Payment @ **Threshold**	7.5%	$18,750

Relative Weighting	Goal Title and Description	Quarterly Incentive Goals and Payouts	Achievement	Payout
Goal # 1	**HTB Adjusted Pre-tax Pre-Provision Earnings**		Achievement	Payout
75%		Stretch	TBD	$42,187.50
		Target	TBD	$28,125.00
		Threshold	TBD	$14,062.50
Goal # 2	**HTB Efficiency Ratio**		Achievement	Payout
25%		Stretch	TBD	$14,062.50
		Target	TBD	$9,375.00
		Threshold	TBD	$4,687.50

* For illustration purposes only. In the event of a conflict or inconsistency between the terms of the Plan and these calculations, such conflict will be resolved by the Administrator in its sole discretion.

Schedule B: Performance Period ending December 31, 2023 Executive Officer Target Awards and Incentive Metric Summary

Participant	Title	Target Award %	HTBI Adjusted Pre-Tax, Pre-Provision Earnings	HTBI Efficiency Ratio	Division Profitability vs Plan
Hunter Westbrook	CEO	25%	75%	25%	--
Tony VunCannon	CFO	15%	75%	25%	--
Marty Caywood	CIO	15%	75%	25%	--
Keith Houghton	CCO	15%	75%	25%	--
Lora Jex	CRO	15%	75%	25%	--
Megan Pelletier	COPO	15%	75%	25%	--
Kristin Powell	Consumer and Business Banking Group Executive	20%	50%	25%	25%
John Sprink	Commercial Banking Group Executive	20%	50%	25%	25%

Target awards above have been reduced by 50% to reflect the six-month Performance Period.

CHANGE IN CONTROL SEVERANCE AGREEMENT

OF

LORA JEX

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT ("Agreement") is made and entered into as of this first day of September 2023, by and between HomeTrust Bancshares, Inc, Asheville, North Carolina (hereinafter referred to as the "Company") and Lora Jex (the "Employee").

WHEREAS, the Employee serves as the EVP/Chief Risk Officer of HomeTrust Bank, Asheville, North Carolina (the "Bank"); and

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

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

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

1. Definitions.

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

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

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

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

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

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

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

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

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

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

2. Term. The initial term of this Agreement shall be from the Effective Date until September 11, 2025, subject to earlier termination as provided herein. On September 11 each year, beginning September 11, 2024, the term shall be extended for a period of one year in addition to the then-remaining term, provided that the Company has not given notice to the Employee in writing at least 30 days prior to such annual anniversary date that the term of this Agreement shall not be extended further, and provided further that the Employee has not received an unsatisfactory performance review by either their manager, the Board of Directors or the board of directors of the Bank.

3. Severance Benefits.

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

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

(c) Certain Reduction of Payments by the Bank.

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

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

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

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

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

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

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

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

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

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

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

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

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

6. No Assignments.

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

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

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

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

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

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

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

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

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

14. Equitable and Other Judicial Relief.

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

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

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

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

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

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

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

HOMETRUST BANCSHARES, INC.

/s/ Hunter Westbrook
By: Hunter Westbrook
Its: President and CEO

EMPLOYEE

/s/ Lora Jex
Lora Jex

Exhibit 31.1

RULE 13a-14(a) CERTIFICATION

I, C. Hunter Westbrook, certify that:

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

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

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

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

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

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

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

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

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

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

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

November 8, 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.

November 8, 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 September 30, 2023, fully complies with the requirements of Section 13(a) of the Securities and Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and periods presented in the financial statements included in such report.

November 8, 2023	By:	/s/ C. Hunter Westbrook
		C. Hunter Westbrook
		President and Chief Executive Officer
November 8, 2023	By:	/s/ Tony J. VunCannon
		Tony J. VunCannon
		Executive Vice President, CFO, and Treasurer