HomeTrust Bancshares, Inc.

NEWS RELEASE

# HomeTrust Bancshares, Inc. Announces Financial Results for the Second Quarter of Fiscal Year 2023 and Quarterly Dividend

2023-01-24

ASHEVILLE, N.C., Jan. 24, 2023 (GLOBE NEWSWIRE) -- HomeTrust Bancshares, Inc. (NASDAQ: HTBI) ("Company"), the holding company of HomeTrust Bank ("Bank"), today announced preliminary net income for the second quarter of fiscal year 2023 and approval of its quarterly cash dividend.

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

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

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

- net income was $22.9 million compared to $21.6 million;
- diluted EPS was $1.50 compared to $1.33;
- annualized ROA was 1.28% compared to 1.21%;
- annualized ROE was 11.32% compared to 10.78%;
- net interest income was $72.1 million compared to $54.9 million;

- provision for credit losses was $6.2 million compared to a net benefit of $4.0 million;
- noninterest income was $15.9 million compared to $20.4 million;
- net loan growth was $216.3 million, or 15.6% annualized, compared to a net decrease of $37.2 million, or (1.4)% annualized; and
- cash dividends of $0.19 per share totaling $2.9 million compared to $0.17 per share totaling $2.7 million.

The Company also announced today that its Board of Directors declared a quarterly cash dividend of $0.10 per common share payable on March 2, 2023 to shareholders of record as of the close of business on February 16, 2023.

“This was a great quarter for HomeTrust as we continued our margin momentum and double-digit loan growth, and we are pleased with the relative resiliency of our deposit base,” said Hunter Westbrook, President and Chief Executive Officer. “Deposits declined during the quarter, but less than we had anticipated despite higher yielding alternatives. We continue to be pleased with our asset quality across all our lines of business and the continued strength of the customers and communities we serve.

“From a strategic standpoint, the results of the quarter reflect the transition of our operating model and balance sheet over the last several years. I’m extremely proud of all our teammates and their collective hard work that delivered these strong quarterly results.

"Lastly, for the third year in a row, HomeTrust Bank has been named the "Best Small Bank" in North Carolina by Newsweek. I once again congratulate all our teammates who have made this achievement possible."

WEBSITE: **WWW.HTB.COM**

Comparison of Results of Operations for the Three Months Ended December 31, 2022 and September 30, 2022

Net Income. Net income totaled $13.7 million, or $0.90 per diluted share, for the three months ended December 31, 2022 compared to net income of $9.2 million, or $0.60 per diluted share, for the three months ended September 30, 2022, an increase of $4.5 million, or 48.5%. The results for the three months ended December 31, 2022 were positively impacted by a $3.0 million increase in net interest income and a $1.1 million increase in noninterest income. Details of the changes in the various components of net income are further discussed below.

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

| (Dollars in thousands) | Three Months Ended December 31, 2022 Average Balance Outstanding | Interest Earned / Paid [2] | Yield / Rate [2] | Three Months Ended September 30, 2022 Average Balance Outstanding | Interest Earned / Paid [2] | Yield / Rate [2] |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Interest-earning assets | | | | | | |
| Loans receivable[1] | $ 2,999,207 | $ 39,282 | 5.20% | $ 2,880,148 | $ 33,522 | 4.62% |
| Commercial paper | 34,487 | 184 | 2.12 | 214,214 | 1,116 | 2.07 |
| Debt securities available for sale | 167,818 | 1,151 | 2.72 | 135,015 | 678 | 1.99 |
| Other interest-earning assets[3] | 86,430 | 1,072 | 4.92 | 113,821 | 888 | 3.10 |
| Total interest-earning assets | 3,287,942 | 41,689 | 5.03 | 3,343,198 | 36,204 | 4.30 |
| Other assets | 236,159 | | | 243,113 | | |
| Total assets | 3,524,101 | | | 3,586,311 | | |
| Liabilities and equity | | | | | | |
| Interest-bearing liabilities | | | | | | |
| Interest-bearing checking accounts | $ 627,548 | $ 571 | 0.36% | $ 654,154 | $ 268 | 0.16% |
| Money market accounts | 954,007 | 1,935 | 0.80 | 968,084 | 521 | 0.21 |
| Savings accounts | 236,027 | 45 | 0.08 | 238,992 | 45 | 0.07 |
| Certificate accounts | 444,845 | 1,052 | 0.94 | 476,761 | 561 | 0.47 |
| Total interest-bearing deposits | 2,262,427 | 3,603 | 0.63 | 2,337,991 | 1,395 | 0.24 |
| Borrowings | 26,063 | 254 | 3.87 | 1,526 | 12 | 3.12 |
| Total interest-bearing liabilities | 2,288,490 | 3,857 | 0.67 | 2,339,517 | 1,407 | 0.24 |
| Noninterest-bearing deposits | 785,785 | | | 800,912 | | |
| Other liabilities | 44,333 | | | 51,485 | | |
| Total liabilities | 3,118,608 | | | 3,191,914 | | |
| Stockholders' equity | 405,493 | | | 394,397 | | |
| Total liabilities and stockholders' equity | 3,524,101 | | | 3,586,311 | | |
| Net earning assets | $ 999,452 | | | $ 1,003,681 | | |
| Average interest-earning assets to average interest-bearing liabilities | 143.67% | | | 142.90% | | |
| Tax-equivalent | | | | | | |
| Net interest income | | $ 37,832 | | | $ 34,797 | |
| Interest rate spread | | | 4.36% | | | 4.06% |
| Net interest margin[4] | | | 4.56% | | | 4.13% |
| Non-tax-equivalent | | | | | | |
| Net interest income | | $ 37,545 | | | $ 34,520 | |
| Interest rate spread | | | 4.33% | | | 4.02% |
| Net interest margin[4] | | | 4.53% | | | 4.10% |

(1) The average loans receivable balances include loans held for sale and nonaccruing loans.
(2) Interest income used in the average interest earned and yield calculation includes the tax equivalent adjustment of $287 and $277 for the three months ended December 31, 2022 and September 30, 2022, respectively, calculated based on a combined federal and state tax rate of 24%.
(3) The average other interest-earning assets consist of FRB stock, FHLB stock, SBIC investments, and deposits in other banks.
(4) Net interest income divided by average interest-earning assets.

Total interest and dividend income for the three months ended December 31, 2022 increased $5.5 million, or 15.2%, compared to the three months ended September 30, 2022, which was driven by a $5.8 million, or 17.3%, increase in interest income on loans. The overall increase in average yield on interest-earning assets and rate paid on liabilities was the result of rising interest rates. Specific to debt securities available for sale, the Company has

intentionally maintained a relatively short-term duration portfolio which has allowed, and will continue to allow, the Company to take advantage of rising rates when reinvesting the proceeds of maturing instruments.

Total interest expense for the three months ended December 31, 2022 increased $2.5 million, or 174.1%, compared to the three months ended September 30, 2022. The increase was driven by a $2.2 million, or 158.3%, increase in interest expense on deposits as a result of a 39 basis point increase in the associated average cost of funds, and a $242,000 increase in interest expense on borrowings as a result of higher average balances and higher rates.

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

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

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

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

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

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

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

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

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

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

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

---

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

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

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

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

- Salaries and employee benefits: The decrease in salaries and employee benefits expense is primarily the result of lower mortgage banking incentive pay as a result of the reduction in the volume of originations due

to rising interest rates.

- Merger-related expenses: On July 24, 2022, the Company entered into an Agreement and Plan of Merger with Quantum Capital Corp. The expense for both periods are costs incurred related to due diligence and legal work performed associated with the transaction, in addition to ongoing costs incurred in preparation for the transaction.
- Other: During the quarter ended December 31, 2022 the Company wrote off $350,000 in previously capitalized costs associated with a technology project which the Company is no longer pursuing. No such expense was incurred in the prior quarter.

Income Taxes. The amount of income tax expense is influenced by the amount of pre-tax income, the amount of tax-exempt income, changes in the statutory rate, and the effect of changes in valuation allowances maintained against deferred tax benefits. Income tax expense for the three months ended December 31, 2022 increased $1.4 million as a result of higher taxable income in the current quarter and an increase in the effective tax rate which moved from 22.3% to 22.8% quarter-over-quarter.

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

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

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

| | Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2022 | | | December 31, 2021 | | |
| (Dollars in thousands) | Average Balance Outstanding | Interest Earned / Paid [2] | Yield / Rate [2] | Average Balance Outstanding | Interest Earned / Paid [2] | Yield / Rate [2] |
| Assets | | | | | | |
| Interest-earning assets | | | | | | |
| Loans receivable[1] | $ 2,939,677 | $ 72,814 | 4.91% | $ 2,819,482 | $ 55,441 | 3.90% |
| Commercial paper | 124,351 | 1,300 | 2.07 | 191,712 | 458 | 0.47 |

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

(1) The average loans receivable balances include loans held for sale and nonaccruing loans.
(2) Interest income used in the average interest earned and yield calculation includes the tax equivalent adjustment of $574 and $617 for the six months ended December 31, 2022 and December 31, 2021, respectively, calculated based on a combined federal and state tax rate of 24%.
(3) The average other interest-earning assets consist of FRB stock, FHLB stock, SBIC investments, and deposits in other banks.
(4) Net interest income divided by average interest-earning assets.

Total interest and dividend income for the six months ended December 31, 2022 increased $19.5 million, or 33.8%, compared to the six months ended December 31, 2021, which was driven by a $17.4 million, or 31.8%, increase in interest income on loans, and a combined increase of $1.7 million, or 124.6%, in interest income on commercial paper and debt securities available for sale. The overall increase in average yield on interest-earning assets and rate paid on liabilities was the result of rising interest rates. Specific to debt securities available for sale, the Company has intentionally maintained a relatively short-term duration portfolio which has allowed, and will continue to allow, the Company to take advantage of rising rates when reinvesting the proceeds of maturing instruments.

Total interest expense for the six months ended December 31, 2022 increased $2.3 million, or 80.4%, compared to the six months ended December 31, 2021. The increase was driven by a $2.1 million, or 73.7%, increase in interest expense on deposits as a result of an 18 basis point increase in the associated average cost of funds.

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

| (Dollars in thousands) | Increase / (Decrease) Due to | | Total Increase / (Decrease) |
|---|---|---|---|
| | Volume | Rate | |
| Interest-earning assets | | | |
| Loans receivable | $ 2,363 | $ 15,010 | $ 17,373 |
| Commercial paper | (161) | 1,003 | 842 |
| Debt securities available for sale | 153 | 741 | 894 |
| Other interest-earning assets | (324) | 708 | 384 |
| Total interest-earning assets | 2,031 | 17,462 | 19,493 |
| Interest-bearing liabilities | | | |
| Interest-bearing checking accounts | 6 | 104 | 110 |
| Money market accounts | (23) | 1,763 | 1,740 |
| Savings accounts | 5 | 3 | 8 |
| Certificate accounts | 30 | 233 | 263 |
| Borrowings | (31) | 256 | 225 |
| Total interest-bearing liabilities | (13) | 2,359 | 2,346 |
| Net increase in tax equivalent interest income | | | $ 17,147 |

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

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

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

- $1.3 million provision specific to fintech portfolios which have a riskier credit profile than loans originated in-house. The elevated credit risk is offset by the higher yields earned on the portfolios.
- $2.9 million provision driven by loan growth and changes in the loan mix.
- $1.5 million provision due to changes in the projected economic forecast, specifically the national unemployment rate, and changes in qualitative adjustments.
- $1.5 million reduction of specific reserves on individually evaluated credits, which was tied to two

relationships which were fully charged-off during the period.

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

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

Noninterest Income. Noninterest income for the six months ended December 31, 2022 decreased $4.7 million, or 22.7%, when compared to the same period last year. Changes in selected components of noninterest income are discussed below:

---

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

- Loan income and fees: The decrease in loan income and fees was driven by lower underwriting fees, interest rate swap fees, and prepayment penalties in the current period compared to the same period last year, all of which were impacted by rising interest rates.
- Gain on sale of loans held for sale: The decrease in the gain on sale of loans held for sale was primarily driven by a decrease in volume of residential mortgage and SBA loans sold during the period as a result of rising interest rates. During the six months ended December 31, 2022, $28.2 million of residential mortgage loans originated for sale were sold with gains of $676,000 compared to $150.7 million sold with gains of $4.3 million for the corresponding period in the prior year. There were $20.3 million of sales of the guaranteed portion of SBA commercial loans with gains of $1.5 million in the current period compared to $27.0 million sold and gains of $3.1 million for the corresponding period in the prior year. There were $64.2 million of HELOCs sold during the current period for a gain of $542,000 compared to $72.2 million sold and gains of $426,000 for the corresponding period in the prior year. Lastly, $11.5 million of indirect auto finance loans were sold out of the held for investment portfolio during the six months ended December 31, 2021 for a gain of $205,000. No such

sales occurred in the same period in the current year.

- Operating lease income: The decrease in operating lease income can be traced to lower contractual earnings as well as gains or losses incurred at the end of operating leases, where we recognized a net loss of $189,000 for the six months ended December 31, 2022 versus a net loss of $92,000 in the same period last year.
- Gain (loss) on sale of premises and equipment: During the six months ended December 31, 2022 two properties were sold for a combined gain of $1.6 million, partially offset by additional impairment of $420,000 on premises and equipment associated with prior branch closures. No such sales occurred in the same period in the prior year.
- Other: The increase in other income was driven by a $721,000 gain recognized on the sale of closely held equity securities which the Company obtained through a prior bank acquisition. No such sales occurred in the same period in the prior year.

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

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

- Salaries and employee benefits: The decrease in salaries and employee benefits expense in the current period compared to the same period last year is primarily the result of branch closures and lower mortgage banking incentive pay as a result of the reduction in the volume of originations due to rising interest rates.
- Computer services: The increase in expense between periods is due to continued investments in technology as well as increases in the cost of services provided by third parties.
- Marketing and advertising: The decrease in expense between periods is partially due to timing differences when expenses are incurred and paid as well as lower projected marketing expenses for the current fiscal year versus the prior period.
- Deposit insurance premiums: The rates the Company is charged for deposit insurance have increased year-

over-year.

- Merger-related expenses: On July 24, 2022, the Company entered into an Agreement and Plan of Merger with Quantum Capital Corp. The expense for the six months ended December 31, 2022 are costs incurred related to due diligence and legal work performed associated with the transaction, in addition to ongoing costs incurred in preparation for the transaction. No such expense was incurred in the prior period.
- Other: During the six months ended December 31, 2022 the Company wrote off $350,000 in previously capitalized costs associated with a technology project which the Company is no longer pursuing. No such expense was incurred in the prior period.

Income Taxes. The amount of income tax expense is influenced by the amount of pre-tax income, the amount of tax-exempt income, changes in the statutory rate, and the effect of changes in valuation allowances maintained against deferred tax benefits. Income tax expense for the six months ended December 31, 2022 increased $831,000 as a result of higher taxable income in the current quarter compared to the corresponding period in the prior year, and an increase in the effective tax rate from 21.3% to 22.6% between periods.

Balance Sheet Review

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

Stockholders' equity increased $21.3 million to $410.2 million at December 31, 2022 as compared to June 30, 2022. Activity within stockholders' equity included $22.9 million in net income, $2.7 million in stock-based compensation and stock option exercises, offset by $2.9 million in cash dividends declared and a $1.3 million increase in accumulated other comprehensive loss associated with available for sale debt securities. As of December 31, 2022, the Bank was considered "well capitalized" in accordance with its regulatory capital guidelines and exceeded all regulatory capital requirements.

Asset Quality

The ACL on loans was $38.9 million, or 1.30% of total loans, at December 31, 2022 compared to $34.7 million, or 1.25% of total loans, as of June 30, 2022. The drivers of this change are discussed in the "Six Months Ended December 31, 2022 and December 31, 2021" section above.

Net loan charge-offs totaled $1.9 million for the six months ended December 31, 2022 compared to $760,000 for the same period last year. Net charge-offs as a percentage of average loans were 0.13% for the six months ended December 31, 2022 compared to 0.05% for the corresponding period last year.

Nonperforming assets increased by $54,000, or 0.9%, to $6.4 million, or 0.17% of total assets, at December 31, 2022 compared to $6.3 million, or 0.18% of total assets, at June 30, 2022. Nonperforming assets included $6.2 million in nonaccruing loans and $200,000 of real estate owned ("REO") at December 31, 2022, compared to $6.1 million and $200,000 in nonaccruing loans and REO, respectively, at June 30, 2022. Nonperforming loans to total loans was 0.21% at December 31, 2022 and 0.22% at June 30, 2022.

The ratio of classified assets to total assets decreased to 0.50% at December 31, 2022 from 0.61% at June 30, 2022. Classified assets decreased $3.2 million, or 15.1%, to $18.3 million at December 31, 2022 compared to $21.5 million at June 30, 2022, due to loan paydowns.

About HomeTrust Bancshares, Inc.

HomeTrust Bancshares, Inc. is the holding company for the Bank. As of December 31, 2022, the Company had assets of $3.6 billion. The Bank, founded in 1926, is a North Carolina state chartered, community-focused financial institution committed to providing value added relationship banking with over 30 locations as well as online/mobile channels. Locations include: North Carolina (including the Asheville metropolitan area, the "Piedmont" region, Charlotte, and Raleigh/Cary), Upstate South Carolina (Greenville), East Tennessee (including Kingsport/Johnson City, Knoxville, and Morristown) and Southwest Virginia (including the Roanoke Valley).

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements often include words such as "believe," "expect," "anticipate," "estimate," and "intend" or future or conditional verbs such as "will," "would," "should," "could," or "may." Forward-looking statements are not historical facts but instead represent management's current expectations and forecasts regarding future events, many of which are inherently uncertain and outside of the Company's control. Actual results may differ, possibly materially, from those currently expected or projected in these forward-looking statements. Factors that could cause the Company's actual results to differ materially from those described in the forward-looking statements include: the remaining effect of the COVID-19 pandemic, including on the Company's credit quality and business operations, as well as its impact on general economic and financial market conditions and other uncertainties resulting from the COVID-19 pandemic, such as the extent and remaining duration of the impact on public health, the U.S. and global economies, and consumer and corporate customers, including economic activity, employment levels and labor shortages, and market liquidity, both nationally and in our market areas; expected revenues, cost savings, synergies and other benefits from our merger and acquisition activities, including the proposed acquisition of Quantum Capital Corp. might not be realized to the extent anticipated, within the anticipated time frames, or at all, and costs or difficulties relating to integration matters, including but not limited to customer and employee retention, might be greater than expected; increased competitive pressures; changes in the interest rate environment; changes in general economic conditions and conditions within the

securities markets; legislative and regulatory changes; and the effects of inflation, a potential recession, and other factors described in the Company's latest annual Report on Form 10-K and Quarterly Reports on Form 10-Q and other documents filed with or furnished to the Securities and Exchange Commission - which are available on our website at **www.htb.com** and on the SEC's website at **www.sec.gov**. Any of the forward-looking statements that the Company makes in this press release or the documents they file with or furnish to the SEC are based upon management's beliefs and assumptions at the time they are made and may turn out to be wrong because of inaccurate assumptions they might make, because of the factors described above or because of other factors that they cannot foresee. The Company does not undertake and specifically disclaim any obligation to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

Consolidated Balance Sheets (Unaudited)

| (Dollars in thousands) | December 31, 2022 | September 30, 2022 | June 30, 2022[1] | March 31, 2022 | December 31, 2021 |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash | $ 15,825 | $ 18,026 | $ 20,910 | $ 19,783 | $ 20,586 |
| Interest-bearing deposits | 149,209 | 76,133 | 84,209 | 32,267 | 14,240 |
| Cash and cash equivalents | 165,034 | 94,159 | 105,119 | 52,050 | 34,826 |
| Commercial paper, net | — | 85,296 | 194,427 | 312,918 | 254,157 |
| Certificates of deposit in other banks | 29,371 | 27,535 | 23,551 | 28,125 | 34,002 |
| Debt securities available for sale, at fair value | 147,942 | 161,741 | 126,978 | 106,315 | 121,851 |
| FHLB and FRB stock | 13,661 | 9,404 | 9,326 | 10,451 | 10,368 |
| SBIC investments, at cost | 12,414 | 12,235 | 12,758 | 12,589 | 11,749 |
| Loans held for sale, at fair value | 518 | — | — | — | — |
| Loans held for sale, at the lower of cost or fair value | 72,777 | 76,252 | 79,307 | 85,263 | 102,070 |
| Total loans, net of deferred loan fees and costs | 2,985,623 | 2,867,783 | 2,769,295 | 2,699,538 | 2,696,072 |
| Allowance for credit losses – loans | (38,859) | (38,301) | (34,690) | (31,034) | (30,933) |
| Loans, net | 2,946,764 | 2,829,482 | 2,734,605 | 2,668,504 | 2,665,139 |
| Premises and equipment, net | 65,216 | 68,705 | 69,094 | 69,629 | 69,461 |
| Accrued interest receivable | 11,076 | 9,667 | 8,573 | 7,980 | 8,200 |
| Deferred income taxes, net | 11,319 | 11,838 | 11,487 | 12,494 | 12,019 |
| Bank owned life insurance ("BOLI") | 96,335 | 95,837 | 95,281 | 94,740 | 94,209 |
| Goodwill | 25,638 | 25,638 | 25,638 | 25,638 | 25,638 |
| Core deposit intangibles, net | 32 | 58 | 93 | 135 | 185 |
| Other assets | 48,918 | 47,339 | 52,967 | 54,954 | 58,945 |
| Total assets | $ 3,647,015 | $ 3,555,186 | $ 3,549,204 | $ 3,541,785 | $ 3,502,819 |
| Liabilities and stockholders' equity | | | | | |
| Liabilities | | | | | |
| Deposits | $ 3,048,020 | $ 3,102,668 | $ 3,099,761 | $ 3,059,157 | $ 2,998,691 |
| Borrowings | 130,000 | — | — | 30,000 | 48,000 |
| Other liabilities | 58,840 | 56,296 | 60,598 | 57,497 | 54,382 |
| Total liabilities | 3,236,860 | 3,158,964 | 3,160,359 | 3,146,654 | 3,101,073 |
| 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[2] | 157 | 156 | 156 | 160 | 163 |
| Additional paid in capital | 128,486 | 127,153 | 126,106 | 136,181 | 147,552 |
| Retained earnings | 290,271 | 278,120 | 270,276 | 265,609 | 258,986 |
| Unearned Employee Stock Ownership Plan ("ESOP") shares | (5,026) | (5,158) | (5,290) | (5,422) | (5,555) |
| Accumulated other comprehensive income (loss) | (3,733) | (4,049) | (2,403) | (1,397) | 600 |
| Total stockholders' equity | 410,155 | 396,222 | 388,845 | 395,131 | 401,746 |
| Total liabilities and stockholders' equity | $ 3,647,015 | $ 3,555,186 | $ 3,549,204 | $ 3,541,785 | $ 3,502,819 |

(1) Derived from audited financial statements.
(2) Shares of common stock issued and outstanding were 15,673,595 at December 31, 2022; 15,632,348 at September 30, 2022; 15,591,466 at June 30, 2022; 15,978,262 at March 31, 2022; and 16,303,461 at December 31, 2021.

## Consolidated Statements of Income (Unaudited)

| (Dollars in thousands) | Three Months Ended December 31, 2022 | Three Months Ended September 30, 2022 | Six Months Ended December 31, 2022 | Six Months Ended December 31, 2021 |
|---|---|---|---|---|
| Interest and dividend income | | | | |
| Loans | $ 38,995 | $ 33,245 | $ 72,240 | $ 54,824 |
| Commercial paper | 184 | 1,116 | 1,300 | 458 |
| Debt securities available for sale | 1,151 | 678 | 1,829 | 935 |
| Other investments and interest-bearing deposits | 1,072 | 888 | 1,960 | 1,576 |
| Total interest and dividend income | 41,402 | 35,927 | 77,329 | 57,793 |
| Interest expense | | | | |
| Deposits | 3,603 | 1,395 | 4,998 | 2,877 |
| Borrowings | 254 | 12 | 266 | 41 |
| Total interest expense | 3,857 | 1,407 | 5,264 | 2,918 |
| Net interest income | 37,545 | 34,520 | 72,065 | 54,875 |
| Provision (benefit) for credit losses | 2,240 | 3,987 | 6,227 | (3,960) |
| Net interest income after provision (benefit) for credit losses | 35,305 | 30,533 | 65,838 | 58,835 |
| Noninterest income | | | | |
| Service charges and fees on deposit accounts | 2,523 | 2,338 | 4,861 | 4,885 |
| Loan income and fees | 647 | 570 | 1,217 | 1,784 |
| Gain on sale of loans held for sale | 1,102 | 1,586 | 2,688 | 7,958 |
| BOLI income | 494 | 527 | 1,021 | 1,008 |
| Operating lease income | 1,156 | 1,585 | 2,741 | 3,258 |
| Gain (loss) on sale of premises and equipment | 1,127 | (12) | 1,115 | (87) |
| Other | 1,405 | 804 | 2,209 | 1,639 |
| Total noninterest income | 8,454 | 7,398 | 15,852 | 20,445 |
| Noninterest expense | | | | |
| Salaries and employee benefits | 14,484 | 14,815 | 29,299 | 30,152 |
| Occupancy expense, net | 2,428 | 2,396 | 4,824 | 4,718 |
| Computer services | 2,796 | 2,763 | 5,559 | 5,130 |
| Telephone, postage, and supplies | 575 | 603 | 1,178 | 1,322 |
| Marketing and advertising | 481 | 590 | 1,071 | 1,537 |
| Deposit insurance premiums | 546 | 542 | 1,088 | 868 |
| Core deposit intangible amortization | 26 | 34 | 60 | 158 |
| Merger-related expenses | 250 | 474 | 724 | — |
| Other | 4,490 | 3,872 | 8,362 | 7,953 |
| Total noninterest expense | 26,076 | 26,089 | 52,165 | 51,838 |
| Income before income taxes | 17,683 | 11,842 | 29,525 | 27,442 |
| Income tax expense | 4,025 | 2,643 | 6,668 | 5,837 |
| Net income | $ 13,658 | $ 9,199 | $ 22,857 | $ 21,605 |

## Per Share Data

| | Three Months Ended December 31, 2022 | Three Months Ended September 30, 2022 | Six Months Ended December 31, 2022 | Six Months Ended December 31, 2021 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Net income per common share[1] | | | | |
| Basic | $ 0.90 | $ 0.61 | $ 1.51 | $ 1.36 |
| Diluted | $ 0.90 | $ 0.60 | $ 1.50 | $ 1.33 |
| Average shares outstanding | | | | |
| Basic | 15,028,179 | 14,988,006 | 15,008,092 | 15,696,765 |
| Diluted | 15,161,153 | 15,130,762 | 15,145,701 | 16,057,607 |
| Book value per share at end of period | $ 26.17 | $ 25.35 | $ 26.17 | $ 24.64 |
| Tangible book value per share at end of period[2] | $ 24.53 | $ 23.70 | $ 24.53 | $ 23.06 |
| Cash dividends declared per common share | $ 0.10 | $ 0.09 | $ 0.19 | $ 0.17 |
| Total shares outstanding at end of period | 15,673,595 | 15,632,348 | 15,673,595 | 16,303,461 |

(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.

## Selected Financial Ratios and Other Data

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | December 31, 2022 | September 30, 2022 | December 31, 2022 | December 31, 2021 |
| Performance ratios [1] | | | | |
| Return on assets (ratio of net income to average total assets) | 1.54% | 1.02% | 1.28% | 1.21% |
| Return on equity (ratio of net income to average equity) | 13.37 | 9.25 | 11.32 | 10.78 |
| Tax equivalent yield on earning assets[2] | 5.03 | 4.30 | 4.66 | 3.55 |
| Rate paid on interest-bearing liabilities | 0.67 | 0.24 | 0.45 | 0.25 |
| Tax equivalent average interest rate spread[2] | 4.36 | 4.06 | 4.21 | 3.30 |
| Tax equivalent net interest margin[2] [3] | 4.56 | 4.13 | 4.35 | 3.37 |
| Average interest-earning assets to average interest-bearing liabilities | 143.67 | 142.90 | 143.28 | 138.50 |
| Noninterest expense to average total assets | 2.94 | 2.89 | 2.91 | 2.92 |
| Efficiency ratio | 56.69 | 62.24 | 59.33 | 68.82 |
| Efficiency ratio – adjusted[4] | 58.12 | 60.69 | 59.36 | 68.19 |

(1) Ratios are annualized where appropriate.
(2) The weighted average rate for municipal leases is adjusted for a 24% combined federal and state tax rate since the interest from these leases is tax exempt.
(3) Net interest income divided by average interest-earning assets.
(4) See Non-GAAP reconciliations below for adjustments.

| | At or For the Three Months Ended | | | | |
|---|---|---|---|---|---|
| | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 |
| Asset quality ratios | | | | | |
| Nonperforming assets to total assets[1] | 0.17% | 0.20% | 0.18% | 0.16% | 0.18% |
| Nonperforming loans to total loans[1] | 0.21 | 0.24 | 0.22 | 0.22 | 0.23 |
| Total classified assets to total assets | 0.50 | 0.54 | 0.61 | 0.61 | 0.65 |
| Allowance for credit losses to nonperforming loans[1] | 629.40 | 561.10 | 566.83 | 534.06 | 500.70 |
| Allowance for credit losses to total loans | 1.30 | 1.34 | 1.25 | 1.15 | 1.15 |
| Net charge-offs (recoveries) to average loans (annualized) | 0.25 | 0.01 | (0.10) | (0.11) | 0.15 |
| Capital ratios | | | | | |
| Equity to total assets at end of period | 11.25% | 11.14% | 10.96% | 11.16% | 11.47% |
| Tangible equity to total tangible assets[2] | 10.62 | 10.50 | 10.31 | 10.51 | 10.81 |
| Average equity to average assets | 11.50 | 11.00 | 10.93 | 11.32 | 11.28 |

(1) Nonperforming assets include nonaccruing loans, consisting of certain restructured loans, and REO. There were no accruing loans more than 90 days past due at the dates indicated. At December 31, 2022, there were $1.8 million of restructured loans included in nonaccruing loans and $3.2 million, or 52.0%, of nonaccruing loans were current on their loan payments as of that date.
(2) See Non-GAAP reconciliations below for adjustments.

## Loans

| (Dollars in thousands) | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 |
|---|---|---|---|---|---|
| Commercial real estate loans | | | | | |
| Construction and land development | $ 328,253 | $ 310,985 | $ 291,202 | 251,668 | 226,439 |
| Commercial real estate – owner occupied | 340,824 | 336,456 | 335,658 | 332,078 | 323,434 |
| Commercial real estate – non-owner occupied | 690,241 | 661,644 | 662,159 | 688,071 | 709,825 |
| Multifamily | 69,156 | 79,082 | 81,086 | 82,035 | 80,071 |
| Total commercial real estate loans | 1,428,474 | 1,388,167 | 1,370,105 | 1,353,852 | 1,339,769 |
| Commercial loans | | | | | |
| Commercial and industrial | 194,465 | 205,606 | 192,652 | 167,342 | 162,396 |
| Equipment finance | 426,507 | 411,012 | 394,541 | 378,629 | 367,008 |
| Municipal leases | 135,922 | 130,777 | 129,766 | 130,260 | 131,078 |
| PPP loans | 214 | 238 | 661 | 2,756 | 19,044 |
| Total commercial loans | 757,108 | 747,633 | 717,620 | 678,987 | 679,526 |
| Residential real estate loans | | | | | |
| Construction and land development | 100,002 | 91,488 | 81,847 | 72,735 | 69,253 |
| One-to-four family | 400,595 | 374,849 | 354,203 | 347,945 | 356,850 |
| HELOCs | 194,296 | 164,701 | 160,137 | 155,356 | 158,984 |
| Total residential real estate loans | 694,893 | 631,038 | 596,187 | 576,036 | 585,087 |
| Consumer loans | 105,148 | 100,945 | 85,383 | 90,663 | 91,690 |
| Total loans, net of deferred loan fees and costs | 2,985,623 | 2,867,783 | 2,769,295 | 2,699,538 | 2,696,072 |
| Allowance for credit losses – loans | (38,859) | (38,301) | (34,690) | (31,034) | (30,933) |
| Loans, net | $ 2,946,764 | $ 2,829,482 | $ 2,734,605 | $ 2,668,504 | $ 2,665,139 |

As of December 31, 2022, $28.6 million of commercial and industrial and $4.8 million of consumer loans were

purchased from fintech partners. As of June 30, 2022, $17.5 million of commercial and industrial and $0.4 million of consumer loans were purchased from fintech partners. Although we value these strategic relationships, in August 2022 we temporarily paused purchases within both loan segments until the impact of the current economic environment upon these portfolios can be better understood.

Deposits

| (Dollars in thousands) | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 |
|---|---|---|---|---|---|
| Core deposits | | | | | |
| Noninterest-bearing accounts | $ 726,416 | $ 794,242 | $ 745,746 | $ 704,344 | $ 677,159 |
| NOW accounts | 638,896 | 636,859 | 654,981 | 652,577 | 644,343 |
| Money market accounts | 992,083 | 960,150 | 969,661 | 1,026,595 | 1,010,901 |
| Savings accounts | 230,896 | 240,412 | 238,197 | 232,831 | 224,474 |
| Total core deposits | 2,588,291 | 2,631,663 | 2,608,585 | 2,616,347 | 2,556,877 |
| Certificates of deposit | 459,729 | 471,005 | 491,176 | 442,810 | 441,814 |
| Total | $ 3,048,020 | $ 3,102,668 | $ 3,099,761 | $ 3,059,157 | $ 2,998,691 |

Non-GAAP Reconciliations

In addition to results presented in accordance with generally accepted accounting principles utilized in the United States ("GAAP"), this earnings release contains certain non-GAAP financial measures, which include: the efficiency ratio, tangible book value, tangible book value per share and the tangible equity to tangible assets ratio. The Company believes these non-GAAP financial measures and ratios as presented are useful for both investors and management to understand the effects of certain items and provide an alternative view of its performance over time and in comparison to its competitors. These non-GAAP measures have inherent limitations, are not required to be uniformly applied and are not audited. They should not be considered in isolation or as a substitute for total stockholders' equity or operating results determined in accordance with GAAP. These non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

Set forth below is a reconciliation to GAAP of the Company's efficiency ratio:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| (Dollars in thousands) | December 31, 2022 | September 30, 2022 | December 31, 2022 | December 31, 2021 |
| Noninterest expense | $ 26,076 | $ 26,089 | $ 52,165 | $ 51,838 |
| Less: merger expense | 250 | 474 | 724 | — |
| Noninterest expense – adjusted | $ 25,826 | $ 25,615 | $ 51,441 | $ 51,838 |
| | | | | |
| Net interest income | $ 37,545 | $ 34,520 | $ 72,065 | $ 54,875 |
| Plus: tax equivalent adjustment | 287 | 277 | 574 | 617 |
| Plus: noninterest income | 8,454 | 7,398 | 15,852 | 20,445 |
| Less: gain on sale of equity securities | 721 | — | 721 | — |

| | | | | |
|---|---|---|---|---|
| Less: gain (loss) on sale of premises and equipment | 1,127 | (12) | 1,115 | (87) |
| Net interest income plus noninterest income – adjusted | $ 44,438 | $ 42,207 | $ 86,655 | $ 76,024 |
| Efficiency ratio | 56.69% | 62.24% | 59.33% | 68.82% |
| Efficiency ratio – adjusted | 58.12% | 60.69% | 59.36% | 68.19% |

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

| | As of | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands, except per share data) | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 |
| Total stockholders' equity | $ 410,155 | $ 396,222 | $ 388,845 | $ 395,131 | $ 401,746 |
| Less: goodwill, core deposit intangibles, net of taxes | 25,663 | 25,683 | 25,710 | 25,742 | 25,780 |
| Tangible book value | $ 384,492 | $ 370,539 | $ 363,135 | $ 369,389 | $ 375,966 |
| Common shares outstanding | 15,673,595 | 15,632,348 | 15,591,466 | 15,978,262 | 16,303,461 |
| Book value per share at end of period | $ 26.17 | $ 25.35 | $ 24.94 | $ 24.73 | $ 24.64 |
| Tangible book value per share at end of period | $ 24.53 | $ 23.70 | $ 23.29 | $ 23.12 | $ 23.06 |

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

| | As of | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands) | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 |
| Tangible equity[(1)] | $ 384,492 | $ 370,539 | $ 363,135 | $ 369,389 | $ 375,966 |
| Total assets | 3,647,015 | 3,555,186 | 3,549,204 | 3,541,785 | 3,502,819 |
| Less: goodwill and core deposit intangibles, net of taxes | 25,663 | 25,683 | 25,710 | 25,742 | 25,780 |
| Total tangible assets | $ 3,621,352 | $ 3,529,503 | $ 3,523,494 | $ 3,516,043 | $ 3,477,039 |
| Tangible equity to tangible assets | 10.62% | 10.50% | 10.31% | 10.51% | 10.81% |

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

Contact:
C. Hunter Westbrook – President and Chief Executive Officer

Tony J. VunCannon – Executive Vice President, Chief Financial Officer, Corporate Secretary and Treasurer
828-259-3939

Source: HomeTrust Bancshares, Inc.