



HIGH COUNTRY BANCORP, INC. ANNOUNCES QUARTERLY EARNINGS AND DECLARES DIVIDEND

The Board of Directors (“the Board”) of High Country Bancorp, Inc. (OTCQX: HCBC) (“the Company”) has announced the Company’s quarterly and fiscal year-to-date earnings for the periods ended June 30, 2023. For the fourth quarter of fiscal 2023, the Company’s consolidated net income was \$689,000 or \$0.73 per share, compared to \$746,000 or \$0.78 per share for the quarter ended June 30, 2022. For the twelve-month fiscal year-to-date period ended June 30, 2023, consolidated net income was \$4.6 million or \$4.77 per share, compared to \$4.2 million or \$4.43 per share for the twelve months ended June 30, 2022.

The Company’s net interest income increased by \$281,000 or 6.4% during the quarter ended June 30, 2023 compared to the prior year period primarily due to growth in loans, partially offset by the impact of a decline in the average interest rate earned on loans and an increase in interest expense. Noninterest income declined by \$159,000 or 24.8% during the quarter ended June 30, 2023 compared to the prior year period primarily due to the impact of declines in income on loans sold. Lower market interest rates are generally more conducive to residential mortgage loan refinance and purchase activity, and the level of residential mortgage loans originated and sold by the Company has been adversely impacted by increases in market interest rates. Noninterest expense increased by \$148,000 or 3.6% during the quarter ended June 30, 2023 compared to the prior year period due to an increase in insurance and professional fees and other noninterest expenses, partially offset by a decline in compensation and benefits expense. The Company’s provision for income taxes declined to \$193,000, or an effective tax rate of approximately 22%, during the quarter ended June 30, 2023 from \$212,000, or an effective rate of approximately 22% during the quarter ended June 30, 2022.

For the twelve months ended June 30, 2023, the Company’s net interest income increased by \$1.5 million or 8.8% compared to the prior year period primarily due to growth in earning assets and rates earned thereon, partially offset by a decline in fee income recognized as a component of interest income in the prior year period as well as an increase in interest expense. Noninterest income declined by \$1.4 million or 40.2% during the twelve months ended June 30, 2023 compared to the prior year period primarily due to declines in income on loans sold and other noninterest income. Similar to as stated above, the level of residential mortgage loans originated and sold by the Company has been adversely impacted by increases in market interest rates. Noninterest expense declined by \$467,000 or 3.0% during the twelve months ended June 30, 2023 compared to the prior year period due to declines in compensation and benefits expense, partially offset by increases in insurance and professional fees and other noninterest expenses. The Company’s provision for income taxes declined to \$1.4 million, or an effective tax rate of approximately 23%, during the twelve months ended June 30, 2023 from \$1.3 million, or an effective tax rate of approximately 24% during the fiscal year ended June 30, 2022.

Factors including, but not limited to, loan growth, credit quality and others are used to determine the level of the allowance for loan losses. A \$50,000 provision for loan loss was recorded during the quarter ended June 30, 2023, compared to no provision recorded during the quarter ended June 30, 2022. A \$300,000 provision was recorded during the twelve months ended June 30, 2023, compared to no provision recorded during the prior twelve-month period ended June 30, 2022. Management evaluates credit risk on an ongoing basis to determine an appropriate level for the allowance for loan losses.

Total consolidated assets declined by \$15.5 million or 3.4% from \$455.4 million at June 30, 2022 to \$439.9 million at June 30, 2023. Net loans held for investment have increased by \$49.2 million or 16.6% during fiscal 2023. Total consolidated deposits declined by \$38.5 million or 9.3% from \$412.9 million at June 30, 2022 to \$374.4 million at June 30, 2023.

On July 31, 2023, the Board declared a cash dividend in the amount of \$0.50 per share to the shareholders of record at the close of business on August 11, 2023, payable on or about August 25, 2023. The Board determined that the payment of a cash dividend was appropriate after consideration of the Company's financial condition and the strength of its core earnings.

High Country Bancorp, Inc. is the holding company for High Country Bank, which conducts business through its main office in Salida, Colorado and branch offices in Salida, Buena Vista, Canon City and Longmont, Colorado. At June 30, 2023, the Company had 1,020,158 shares of common stock issued and outstanding.

This report contains certain forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties including changes in economic conditions in the Company's market area, changes in policies by regulatory agencies, fluctuations in interest rates, loan demand in the Company's market area and competition that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which reflect management's analysis only as the date made. The Company does not undertake any obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of such statements.

High Country Bancorp, Inc.
Consolidated Statement of Condition

(Unaudited)

(Rounded to thousands, except share data)

	June 30, 2023	June 30, 2022
	<hr/>	<hr/>
<u>Assets</u>		
Cash and due from banks	4,602,000	6,931,000
Interest-earning demand deposits in banks	4,013,000	71,464,000
Cash and Equivalents	8,615,000	78,395,000
Interest-earning time deposits	1,244,000	1,244,000
Securities carried at fair value	66,060,000	61,254,000
Held-to-maturity securities	4,000	9,000
Loans held for sale	110,000	-
Loans held for investment, net of allowance for loan losses	346,007,000	296,840,000
Investment in nonmarketable equity securities	1,461,000	809,000
Accrued interest receivable	1,580,000	1,267,000
Office and equipment, net	6,626,000	7,327,000
Deferred income taxes	1,433,000	1,473,000
Bank Owned Life Insurance	6,032,000	5,897,000
Prepaid expenses and other assets	756,000	872,000
Total Assets	<hr/> <hr/> 439,928,000	<hr/> <hr/> 455,387,000
 <u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	112,393,000	145,055,000
Savings, interest-bearing demand and money market	220,055,000	234,397,000
Time	41,936,000	33,439,000
Total deposits	<hr/> 374,384,000	<hr/> 412,891,000
Escrow accounts	188,000	173,000
FHLBank term advances	-	-
Other borrowings	22,700,000	-
Accrued interest payable	2,000	1,000
Accrued income taxes and other liabilities	4,363,000	5,305,000
Total Liabilities	<hr/> <hr/> 401,637,000	<hr/> <hr/> 418,370,000
 <u>Stockholders' Equity</u>		
Common stock, par	10,000	10,000
Paid-in capital	10,417,000	11,227,000
Company common stock held in subsidiary trust	(1,251,000)	(1,251,000)
Accumulated other comprehensive income	(3,246,000)	(2,692,000)
Unearned ESOP compensation	-	-
Retained earnings	32,361,000	29,723,000
Total Stockholders' Equity	<hr/> <hr/> 38,291,000	<hr/> <hr/> 37,017,000
Total Liabilities and Stockholders' Equity	<hr/> <hr/> 439,928,000	<hr/> <hr/> 455,387,000

High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Twelve Months Ending June 30, 2023 and 2022

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending June 30,</u>		<u>Twelve Months Ending June 30,</u>	
	2023	2022	2023	2022
Interest Income				
Interest and fees on loans	\$ 4,824,000	\$ 4,129,000	\$ 17,695,000	\$ 17,059,000
Investment securities	445,000	237,000	1,662,000	629,000
Interest-earning time deposits	8,000	8,000	31,000	32,000
Interest-earning demand deposit accounts	32,000	102,000	1,020,000	191,000
Total Interest Income	<u>5,309,000</u>	<u>4,476,000</u>	<u>20,408,000</u>	<u>17,911,000</u>
Interest Expense				
Deposits	420,000	93,000	1,125,000	402,000
FHLBank term advances	-	-	-	-
Other borrowings	225,000	-	228,000	-
Total Interest Expense	<u>645,000</u>	<u>93,000</u>	<u>1,353,000</u>	<u>402,000</u>
Net Interest Income Before Provision for Losses on Interest-Earning Assets	<u>4,664,000</u>	<u>4,383,000</u>	<u>19,055,000</u>	<u>17,509,000</u>
Net Provision for Losses on Interest-Earning Assets	<u>50,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net Interest Income After Provision for Losses on Interest-Earning Assets	<u>4,614,000</u>	<u>4,383,000</u>	<u>18,755,000</u>	<u>17,509,000</u>
Noninterest Income				
Service Charges on Deposit Accounts	66,000	58,000	222,000	167,000
Income on Loans Sold	34,000	205,000	337,000	1,690,000
Debit Card Surcharge Income	237,000	231,000	908,000	876,000
Other Noninterest Income	146,000	148,000	576,000	682,000
Total Noninterest Income	<u>483,000</u>	<u>642,000</u>	<u>2,043,000</u>	<u>3,415,000</u>
Noninterest Expense				
Personnel Compensation and Benefits	2,531,000	2,737,000	9,101,000	10,273,000
Occupancy, Equipment & DP Expense	711,000	755,000	2,980,000	2,941,000
Insurance and Professional Fees	274,000	163,000	855,000	732,000
Other Noninterest Expenses	699,000	412,000	1,953,000	1,414,000
Total Noninterest Expense	<u>4,215,000</u>	<u>4,067,000</u>	<u>14,889,000</u>	<u>15,360,000</u>
Net Income Before Provision for Income Taxes	<u>882,000</u>	<u>958,000</u>	<u>5,909,000</u>	<u>5,564,000</u>
Net Provision for Income Taxes	<u>193,000</u>	<u>212,000</u>	<u>1,352,000</u>	<u>1,321,000</u>
Net Income After Provision for Income Taxes	<u>689,000</u>	<u>746,000</u>	<u>4,557,000</u>	<u>4,243,000</u>
Basic Earnings per Share	\$ 0.73	\$ 0.78	\$ 4.77	\$ 4.43
Fully Diluted Earnings per Share	\$ 0.68	\$ 0.72	\$ 4.45	\$ 4.11
Weighted Average Common Shares Outstanding				
Basic	946,431	962,640	954,523	957,192
Diluted	1,017,357	1,032,194	1,024,091	1,033,073