



HIGH COUNTRY BANCORP, INC. ANNOUNCES QUARTERLY EARNINGS AND ELECTS TO DELAY 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 March 31, 2020. For the third quarter of fiscal 2020, the Company’s consolidated net income was \$1.0 million or \$1.22 per share, compared to \$1.1 million or \$1.30 per share for the quarter ended March 31, 2019. For the nine-month fiscal year-to-date period ended March 31, 2020, consolidated net income was \$3.3 million or \$3.97 per share, compared to \$3.1 million or \$3.70 per share for the nine months ended March 31, 2019. The Company’s earnings for the periods ended March 31, 2020 were impacted by a \$400,000 provision for loan losses during the quarter ended March 31, 2019 for the Company’s estimate of the adverse impact of negative economic consequences that COVID-19 will likely have on the Company’s asset quality.

The Company’s net interest income increased by \$284,000 or 8.10% during the quarter ended March 31, 2020 compared to the prior year period primarily due to growth in loans. Noninterest income increased by \$122,000 or 21.98% during the quarter ended March 31, 2020 compared to the prior year period primarily due to an increase in income on loans sold. Noninterest expense increased by \$45,000 or 1.70% during the quarter ended March 31, 2020 compared to the prior year period due to increases in other noninterest expense and occupancy, equipment and data processing expense, partially offset by declines in compensation and benefits expense and insurance and professional fees. The Company’s provision for income taxes increased to \$350,000, or an effective tax rate of approximately 25.57%, during the quarter ended March 31, 2020 from \$324,000, or an effective rate of approximately 23.01%.

For the nine months ended March 31, 2020, the Company’s net interest income increased by \$924,000 or 9.02% compared to the prior year period primarily due to growth in loans. Noninterest income increased by \$556,000 or 34.73% during the nine months ended March 31, 2020 compared to the prior year period primarily due to increases in income on loans sold and debit card surcharge income. Noninterest expense increased by \$507,000 or 6.50% during the nine months ended March 31, 2020 compared to the prior year period due to increases in compensation and benefits expense, occupancy, equipment and data processing expense and other noninterest expenses, partially offset by a decline in insurance and professional fees. The Company’s provision for income taxes increased to \$1.1 million, or an effective tax rate of approximately 25.43%, during the nine months ended March 31, 2020 from \$933,000, or an effective rate of approximately 23.09%.

The Company recorded a \$400,000 provision for loan losses during the quarter ended March 31, 2019, primarily for the estimate of the adverse impact of negative economic consequences that COVID-19 will likely have on the Company’s asset quality. The Company’s estimate for the appropriate level of the allowance for loan losses is based on the assessment of credit quality and other factors, including loan growth, which precipitated a \$550,000 provision for loan loss for fiscal year-to-date period ended March 31, 2020 compared to no provision for the prior year comparable periods. Management evaluates credit risk on an ongoing basis to determine an appropriate level for the allowance for loan losses.

Total consolidated assets have increased by \$27.5 million or 9.99% from \$275.4 million at June 30, 2019 to \$302.9 million at March 31, 2020. Net loans held for investment have increased by \$33.3 million or 15.6% during the first nine months of fiscal 2020. Total consolidated deposits increased by \$5.4 million or 2.19% from \$244.2 million at June 30, 2019 to \$249.6 million at March 31, 2020.

In consideration of the uncertain economic environment caused by the COVID-19 pandemic, the Board decided to delay declaration and payment of the Company's semi-annual cash dividend to the Company's shareholders. The Board determined that the delay of the dividend payment and retention of capital was a prudent decision considering the potential adverse changes to asset quality resulting from the ongoing development of negative economic consequences of COVID-19.

"We have taken conservative and prudent actions to address and mitigate the impact of COVID-19 to our employees, the communities we serve, and to the financial condition of the Company. The unfolding impact of COVID-19 gives us cause to sharpen our focus on asset quality, including, but not limited to, the recorded provision to our allowance for loan losses. Similarly, we conservatively concluded that it was prudent and appropriate to delay any decision on declaration and payment of dividends" stated Larry Smith, Chairman of the Board and President of the Company. "We remain diligent on continuing these efforts in an increasingly challenging economic environment and vigilant in serving the needs of our customers and communities."

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 and Canon City, Colorado. At March 31, 2020, the Company had 1,040,624 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)

	March 31, 2020	June 30, 2019
<u>Assets</u>		
Cash and due from banks	4,896,000	5,201,000
Interest-earning demand deposits in banks	5,235,000	3,008,000
Cash and Equivalents	10,131,000	8,209,000
Interest-earning time deposits	1,493,000	2,137,000
Securities carried at fair value	27,829,000	33,684,000
Held-to-maturity securities	532,000	545,000
Loans held for sale	1,282,000	3,650,000
Loans held for investment, net of allowance for loan losses	246,512,000	213,217,000
Investment in nonmarketable equity securities	996,000	520,000
Accrued interest receivable	1,056,000	1,035,000
Foreclosed assets held for sale	47,000	82,000
Office and equipment, net	6,285,000	5,675,000
Deferred income taxes	798,000	890,000
Bank Owned Life Insurance	5,613,000	5,518,000
Prepaid expenses and other assets	301,000	200,000
Total Assets	302,875,000	275,362,000
 <u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	72,090,000	67,311,000
Savings, interest-bearing demand and money market	147,845,000	145,173,000
Time	29,624,000	31,724,000
Total deposits	249,559,000	244,208,000
Escrow accounts	196,000	113,000
FHLBank term advances	15,500,000	60,000
Other borrowings	-	-
Accrued interest payable	1,000	2,000
Accrued income taxes and other liabilities	3,864,000	4,215,000
Total Liabilities	269,120,000	248,598,000
 <u>Stockholders' Equity</u>		
Common stock, par	10,000	9,000
Paid-in capital	11,094,000	6,610,000
Company common stock held in subsidiary trust	(1,230,000)	(1,118,000)
Accumulated other comprehensive income	53,000	67,000
Unearned ESOP compensation	(159,000)	(319,000)
Retained earnings	23,987,000	21,515,000
Total Stockholders' Equity	33,755,000	26,764,000
Total Liabilities and Stockholders' Equity	302,875,000	275,362,000

High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Nine Months Ending December 31, 2019 and 2018

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending March 31,</u>		<u>Nine Months Ending March 31,</u>	
	2020	2019	2020	2019
Interest Income				
Interest and fees on loans	\$ 3,786,000	\$ 3,379,000	\$ 10,990,000	\$ 9,826,000
Investment securities	145,000	198,000	470,000	583,000
Interest-earning time deposits	10,000	13,000	32,000	38,000
Interest-earning demand deposit accounts	11,000	32,000	44,000	126,000
Total Interest Income	<u>3,952,000</u>	<u>3,622,000</u>	<u>11,536,000</u>	<u>10,573,000</u>
Interest Expense				
Deposits	107,000	108,000	303,000	320,000
FHLBank term advances	37,000	1,000	40,000	3,000
Other borrowings	18,000	7,000	26,000	7,000
Total Interest Expense	<u>162,000</u>	<u>116,000</u>	<u>369,000</u>	<u>330,000</u>
Net Interest Income Before Provision for Losses on Interest-Earning Assets	<u>3,790,000</u>	<u>3,506,000</u>	<u>11,167,000</u>	<u>10,243,000</u>
Net Provision for Losses on Interest-Earning Assets	<u>400,000</u>	<u>-</u>	<u>550,000</u>	<u>-</u>
Net Interest Income After Provision for Losses on Interest-Earning Assets	<u>3,390,000</u>	<u>3,506,000</u>	<u>10,617,000</u>	<u>10,243,000</u>
Noninterest Income				
Service Charges on Deposit Accounts	44,000	64,000	142,000	177,000
Income on Loans Sold	332,000	170,000	1,034,000	514,000
Debit Card Surcharge Income	160,000	144,000	527,000	467,000
Other Noninterest Income	141,000	177,000	454,000	443,000
Total Noninterest Income	<u>677,000</u>	<u>555,000</u>	<u>2,157,000</u>	<u>1,601,000</u>
Noninterest Expense				
Personnel Compensation and Benefits	1,709,000	1,804,000	5,546,000	5,186,000
Occupancy, Equipment & DP Expense	487,000	423,000	1,404,000	1,268,000
Insurance and Professional Fees	113,000	156,000	272,000	464,000
Other Noninterest Expenses	389,000	270,000	1,089,000	886,000
Total Noninterest Expense	<u>2,698,000</u>	<u>2,653,000</u>	<u>8,311,000</u>	<u>7,804,000</u>
Net Income Before Provision for Income Taxes	<u>1,369,000</u>	<u>1,408,000</u>	<u>4,463,000</u>	<u>4,040,000</u>
Net Provision for Income Taxes	<u>350,000</u>	<u>324,000</u>	<u>1,135,000</u>	<u>933,000</u>
Net Income After Provision for Income Taxes	<u>1,019,000</u>	<u>1,084,000</u>	<u>3,328,000</u>	<u>3,107,000</u>
Basic Earnings per Share	\$ 1.22	\$ 1.30	\$ 3.97	\$ 3.70
Fully Diluted Earnings per Share	\$ 1.11	\$ 1.18	\$ 3.63	\$ 3.38
Weighted Average Common Shares Outstanding				
Basic	835,693	836,635	838,253	838,944
Diluted	917,034	916,555	915,929	918,174