

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

The Board of Directors (“the Board”) of High Country Bancorp, Inc. (OTCQX: HCBC) (“the Company”) has announced its quarterly earnings for the period ended March 31, 2023. For the third quarter of fiscal 2023, the Company’s consolidated net income was \$1.2 million or \$1.29 per share, compared to \$843,000 or \$0.88 per share for the quarter ended March 31, 2022. For the nine-month fiscal year-to-date period ended March 31, 2023, consolidated net income was \$3.9 million or \$4.04 per share, compared to \$3.5 million or \$3.65 per share for the nine months ended March 31, 2022.

The Company’s net interest income increased by \$594,000 or 14.2% during the quarter ended March 31, 2023 compared to the prior year period primarily due to growth in earning assets and the rate 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 \$321,000 or 41.5% during the quarter ended March 31, 2023 compared to the prior year period primarily due to the impact of declines in income on loans sold and other noninterest income. 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 declined by \$297,000 or 7.7% during the quarter ended March 31, 2023 compared to the prior year period due to a decline in compensation and benefits expense, partially offset by increases in occupancy, equipment and DP expense and other noninterest expense. The Company’s provision for income taxes increased to \$362,000, or an effective tax rate of approximately 22.9%, during the quarter ended March 31, 2023 from \$268,000, or an effective rate of approximately 24.1% compared to the prior year period.

For the nine months ended March 31, 2023, the Company’s net interest income increased by \$1.3 million or 9.6% compared to the prior year period primarily due to growth in earning assets and the rate 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 \$1.2 million or 43.7% during the nine months ended March 31, 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 \$622,000 or 5.5% during the nine months ended March 31, 2023 compared to the prior year period due to a decline in compensation and benefits expense, partially offset by increases in occupancy, equipment and DP expense and other noninterest expenses. The Company’s provision for income taxes increased to \$1.2 million, or an effective tax rate of approximately 23.1%, during the nine months ended March 31, 2023 from \$1.1 million, or an effective rate of approximately 24.1%, compared to the prior year period.

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 quarter-to-date provision for loan loss of \$100,000 and a year-to-date provision of \$250,000 was recorded during the periods ending March 31, 2023, primarily attributable to loan growth, while no provisions for loan loss were recorded during the quarter- and year-to-date periods ended March 31, 2022. Management evaluates credit risk on an ongoing basis to determine an appropriate level for the allowance for loan losses.

Total consolidated assets have declined by \$29.2 million or 6.4% from \$455.4 million at June 30, 2022 to \$426.2 million at March 31, 2023. Net loans held for investment have increased by \$31.2 million or 10.5% during the first nine months of fiscal 2023. Total consolidated deposits have declined by \$34.5 million or 8.4% from \$412.9 million at June 30, 2022 to \$378.4 million at March 31, 2023.

The Company announced today that its Board adopted a program to repurchase and retire up to 15,000 of the shares of the Company's common stock. The repurchase program permits shares to be repurchased in open market transactions pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended.

The repurchase program will cover the repurchase of shares commencing no earlier than May 2, 2023, and expiring April 30, 2024. Repurchases are subject to SEC requirements as well as certain price, volume, and timing constraints specified in the plan. The Company has engaged Monroe Financial Partners, Inc. to facilitate the execution of the Stock Repurchase Program. The actual timing, number and value of shares repurchased under the repurchase program will depend on a number of factors, including constraints specified in any Rule 10b5-1 trading plans, price, general business and market conditions, and alternative investment opportunities.

On April 27, 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 May 8, 2023, payable on or about May 22, 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 March 31, 2023, the Company had 1,012,490 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, 2023	June 30, 2022
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<u>Assets</u>		
Cash and due from banks	\$ 8,372,000	\$ 6,931,000
Interest-earning demand deposits in banks	3,025,000	71,464,000
Cash and Equivalents	11,397,000	78,395,000
Interest-earning time deposits	1,244,000	1,244,000
Securities carried at fair value	67,851,000	61,254,000
Held-to-maturity securities	5,000	9,000
Loans held for sale	483,000	-
Loans held for investment, net of allowance for loan losses	328,017,000	296,840,000
Investment in nonmarketable equity securities	822,000	809,000
Accrued interest receivable	1,438,000	1,267,000
Office and equipment, net	6,745,000	7,327,000
Deferred income taxes	1,236,000	1,473,000
Bank Owned Life Insurance	5,997,000	5,897,000
Prepaid expenses and other assets	932,000	872,000
Total Assets	\$ 426,167,000	\$ 455,387,000
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<u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	\$ 125,925,000	\$ 145,055,000
Savings, interest-bearing demand and money market	216,853,000	234,397,000
Time	35,598,000	33,439,000
Total deposits	378,376,000	412,891,000
Escrow accounts	251,000	173,000
FHLBank term advances	5,250,000	-
Accrued interest payable	2,000	1,000
Accrued income taxes and other liabilities	3,741,000	5,305,000
Total Liabilities	\$ 387,620,000	\$ 418,370,000
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<u>Stockholders' Equity</u>		
Common stock, par	\$ 10,000	\$ 10,000
Paid-in capital	10,503,000	11,227,000
Company common stock held in subsidiary trust	(1,251,000)	(1,251,000)
Accumulated other comprehensive income (loss)	(2,863,000)	(2,692,000)
Retained earnings	32,148,000	29,723,000
Total Stockholders' Equity	\$ 38,547,000	\$ 37,017,000
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Total Liabilities and Stockholders' Equity	\$ 426,167,000	\$ 455,387,000
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High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Nine Months Ending March 31, 2022 and 2021

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending March 31,</u>		<u>Nine Months Ending March 31,</u>	
	2023	2022	2023	2022
Interest Income				
Interest and fees on loans	\$ 4,472,000	\$ 4,104,000	\$ 12,872,000	\$ 12,930,000
Investment securities	450,000	134,000	1,216,000	392,000
Interest-earning time deposits	8,000	8,000	23,000	25,000
Interest-earning demand deposit accounts	137,000	31,000	988,000	88,000
Total Interest Income	<u>5,067,000</u>	<u>4,277,000</u>	<u>15,099,000</u>	<u>13,435,000</u>
Interest Expense				
Deposits	297,000	104,000	705,000	309,000
FHLBank term advances	-	-	-	-
Other borrowings	3,000	-	3,000	-
Total Interest Expense	<u>300,000</u>	<u>104,000</u>	<u>708,000</u>	<u>309,000</u>
Net Interest Income Before Provision for Losses on Interest-Earning Assets	<u>4,767,000</u>	<u>4,173,000</u>	<u>14,391,000</u>	<u>13,126,000</u>
Net Provision for Losses on Interest-Earning Assets	<u>100,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Net Interest Income After Provision for Losses on Interest-Earning Assets	<u>4,667,000</u>	<u>4,173,000</u>	<u>14,141,000</u>	<u>13,126,000</u>
Noninterest Income				
Service Charges on Deposit Accounts	49,000	37,000	155,000	109,000
Income on Loans Sold	76,000	377,000	304,000	1,485,000
Debit Card Surcharge Income	213,000	205,000	671,000	645,000
Other Noninterest Income	115,000	155,000	430,000	534,000
Total Noninterest Income	<u>453,000</u>	<u>774,000</u>	<u>1,560,000</u>	<u>2,773,000</u>
Noninterest Expense				
Personnel Compensation and Benefits	2,107,000	2,487,000	6,573,000	7,536,000
Occupancy, Equipment & DP Expense	812,000	766,000	2,268,000	2,186,000
Insurance and Professional Fees	184,000	207,000	581,000	569,000
Other Noninterest Expenses	436,000	376,000	1,256,000	1,009,000
Total Noninterest Expense	<u>3,539,000</u>	<u>3,836,000</u>	<u>10,678,000</u>	<u>11,300,000</u>
Net Income Before Provision for Income Taxes	<u>1,581,000</u>	<u>1,111,000</u>	<u>5,023,000</u>	<u>4,599,000</u>
Net Provision for Income Taxes	<u>362,000</u>	<u>268,000</u>	<u>1,159,000</u>	<u>1,109,000</u>
Net Income After Provision for Income Taxes	<u>\$ 1,219,000</u>	<u>\$ 843,000</u>	<u>\$ 3,864,000</u>	<u>\$ 3,490,000</u>
Basic Earnings per Share	\$ 1.29	\$ 0.88	\$ 4.04	\$ 3.65
Fully Diluted Earnings per Share	\$ 1.20	\$ 0.82	\$ 3.76	\$ 3.38
Weighted Average Common Shares Outstanding				
Basic	946,119	958,304	957,211	955,383
Diluted	1,014,343	1,032,433	1,026,328	1,033,364