

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 its quarterly earnings for the period ended December 31, 2022. For the second quarter of fiscal 2023, the Company’s consolidated net income was \$1.4 million or \$1.43 per share, compared to \$1.1 million or \$1.15 per share for the quarter ended December 31, 2021. For the six-month fiscal year-to-date period ended December 31, 2022, consolidated net income was \$2.6 million or \$2.75 per share, compared to \$2.6 million or \$2.77 per share for the six months ended December 31, 2021.

The Company’s net interest income increased by \$658,000 or 15.4% during the quarter ended December 31, 2022 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 \$379,000 or 42.0% during the quarter ended December 31, 2022 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 \$215,000 or 5.8% during the quarter ended December 31, 2022 compared to the prior year period due to a decline in compensation and benefits expense, partially offset by an increase in other noninterest expense. The Company’s provision for income taxes increased to \$414,000, or an effective tax rate of approximately 23.1%, during the quarter ended December 31, 2022 from \$349,000, or an effective rate of approximately 24.1% compared to the prior year period.

For the six months ended December 31, 2022, the Company’s net interest income increased by \$671,000 or 7.5% 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 \$891,000 or 44.6% during the six months ended December 31, 2022 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 \$332,000 or 4.4% during the six months ended December 31, 2022 compared to the prior year period due to a decline in compensation and benefits expense, partially offset by an increase in other noninterest expenses. The Company’s provision for income taxes declined to \$797,000, or an effective tax rate of approximately 23.1%, during the six months ended December 31, 2022 from \$841,000, 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 provision for loan loss of \$150,000 was recorded during the quarter- and year-to-date periods ending December 31, 2022, primarily attributable to loan growth, while no provisions for loan loss were recorded during the quarter- and year-to-date periods ended December 31, 2021. 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 \$16.1 million or 3.5% from \$455.4 million at June 30, 2022 to \$439.3 million at December 31, 2022. Net loans held for investment have increased by \$20.7 million or 7.0% during the first six months of fiscal 2023. Total consolidated deposits have declined by \$16.3 million or 3.9% from \$412.9 million at June 30, 2022 to \$396.6 million at December 31, 2022.

On January 26, 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 February 6, 2023, payable on or about February 20, 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 December 31, 2022, the Company had 1,032,190 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)

	December 31,	June 30,
	2022	2022
	<hr/>	<hr/>
<u>Assets</u>		
Cash and due from banks	3,417,000	6,931,000
Interest-earning demand deposits in banks	30,281,000	71,464,000
Cash and Equivalents	33,698,000	78,395,000
Interest-earning time deposits	1,244,000	1,244,000
Securities carried at fair value	69,193,000	61,254,000
Held-to-maturity securities	6,000	9,000
Loans held for sale	175,000	-
Loans held for investment, net of allowance for loan losses	317,534,000	296,840,000
Investment in nonmarketable equity securities	817,000	809,000
Accrued interest receivable	1,476,000	1,267,000
Office and equipment, net	6,905,000	7,327,000
Deferred income taxes	1,449,000	1,473,000
Bank Owned Life Insurance	5,964,000	5,897,000
Prepaid expenses and other assets	865,000	872,000
Total Assets	<hr/> <hr/> 439,326,000	<hr/> <hr/> 455,387,000
 <u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	130,231,000	145,055,000
Savings, interest-bearing demand and money marke	233,604,000	234,397,000
Time	32,751,000	33,439,000
Total deposits	<hr/> 396,586,000	<hr/> 412,891,000
Escrow accounts	355,000	173,000
Accrued interest payable	2,000	1,000
Accrued income taxes and other liabilities	3,972,000	5,305,000
Total Liabilities	<hr/> <hr/> 400,915,000	<hr/> <hr/> 418,370,000
 <u>Stockholders' Equity</u>		
Common stock, par	10,000	10,000
Paid-in capital	11,298,000	11,227,000
Company common stock held in subsidiary trust	(1,251,000)	(1,251,000)
Accumulated other comprehensive income	(3,049,000)	(2,692,000)
Retained earnings	31,403,000	29,723,000
Total Stockholders' Equity	<hr/> <hr/> 38,411,000	<hr/> <hr/> 37,017,000
Total Liabilities and Stockholders' Equity	<hr/> <hr/> 439,326,000	<hr/> <hr/> 455,387,000

High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Six Months Ending December 31, 2022 and 2021

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending December 31,</u>		<u>Six Months Ending December 31,</u>	
	2022	2021	2022	2021
Interest Income				
Interest and fees on loans	\$ 4,281,000	\$ 4,214,000	\$ 8,400,000	\$ 8,826,000
Investment securities	415,000	132,000	766,000	258,000
Interest-earning time deposits	8,000	8,000	15,000	17,000
Interest-earning demand deposit accounts	469,000	30,000	851,000	57,000
Total Interest Income	5,173,000	4,384,000	10,032,000	9,158,000
Interest Expense				
Deposits	236,000	105,000	408,000	205,000
FHLBank Advances	-	-	-	-
Other Borrowings	-	-	-	-
Total Interest Expense	236,000	105,000	408,000	205,000
Net Interest Income Before Provision for Losses on Interest-Earning Assets	4,937,000	4,279,000	9,624,000	8,953,000
Net Provision for Losses on Interest- Earning Assets	150,000	-	150,000	-
Net Interest Income After Provision for Losses on Interest-Earning Assets	4,787,000	4,279,000	9,474,000	8,953,000
Noninterest Income				
Service Charges on Deposit Accounts	53,000	37,000	107,000	72,000
Income on Loans Sold	99,000	468,000	227,000	1,107,000
Debit Card Surcharge Income	220,000	219,000	458,000	440,000
Other Noninterest Income	151,000	178,000	316,000	380,000
Total Noninterest Income	523,000	902,000	1,108,000	1,999,000
Noninterest Expense				
Personnel Compensation and Benefits	2,217,000	2,503,000	4,466,000	5,049,000
Occupancy, Equipment & DP Expense	701,000	734,000	1,456,000	1,420,000
Insurance and Professional Fees	193,000	178,000	397,000	362,000
Other Noninterest Expenses	409,000	320,000	821,000	641,000
Total Noninterest Expense	3,520,000	3,735,000	7,140,000	7,472,000
Net Income Before Provision for Income Taxes	1,790,000	1,446,000	3,442,000	3,480,000
Net Provision for Income Taxes	414,000	349,000	797,000	841,000
Net Income After Provision for Income Taxes	1,376,000	1,097,000	2,645,000	2,639,000
Basic Earnings per Share	\$ 1.43	\$ 1.15	\$ 2.75	\$ 2.77
Fully Diluted Earnings per Share	\$ 1.33	\$ 1.06	\$ 2.56	\$ 2.55
Weighted Average Common Shares Outstanding				
Basic	962,636	953,965	962,636	953,954
Diluted	1,032,190	1,033,743	1,032,190	1,033,820