



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, 2020. For the second quarter of fiscal 2021, the Company’s consolidated net income was \$1.4 million or \$1.43 per share, compared to \$1.2 million or \$1.40 per share for the quarter ended December 31, 2019. For the six-month fiscal year-to-date period ended December 31, 2020, consolidated net income was \$2.8 million or \$2.89 per share, compared to \$2.3 million or \$2.75 per share for the six months ended December 31, 2019.

The Company’s net interest income increased by \$332,000 or 8.87% during the quarter ended December 31, 2020 compared to the prior year period primarily due to growth in loans. Noninterest income increased by \$1.0 million or 136.01% during the quarter ended December 31, 2020 compared to the prior year period primarily due to an increase in income on loans sold and other noninterest income. Noninterest expense increased by \$906,000 or 31.87% during the quarter ended December 31, 2020 compared to the prior year period primarily due to increases in compensation and benefits expense and occupancy, equipment and data processing expense. The Company’s provision for income taxes increased to \$472,000, or an effective tax rate of approximately 25.64%, during the quarter ended December 31, 2020 from \$419,000, or an effective rate of approximately 26.20%.

For the six months ended December 31, 2020, the Company’s net interest income increased by \$668,000 or 9.06% compared to the prior year period primarily due to growth in loans. Noninterest income increased by \$1.6 million or 110.20% during the six months ended December 31, 2020 compared to the prior year period primarily due to increases in income on loans sold and other noninterest income. Noninterest expense increased by \$1.3 million or 23.05% during the six months ended December 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. The Company’s provision for income taxes increased to \$945,000, or an effective tax rate of approximately 25.54%, during the six months ended December 31, 2020 from \$786,000, or an effective rate of approximately 25.40%, 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. The provisions for loan loss during the quarter- and year-to-date periods ended December 31, 2020 were primarily attributable to credit quality considerations while the provisions for loan loss during the quarter- and year-to-date periods ending December 31, 2019 were primarily attributable to loan growth. 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 \$33.4 million or 10.08% from \$331.8 million at June 30, 2020 to \$365.2 million at December 31, 2020. Net loans held for investment have declined by \$9.2 million or -3.6% during the first six months of fiscal 2021. Total consolidated deposits increased by \$37.4 million or 13.3% from \$244.2 million at June 30, 2020 to \$318.7 million at December 31, 2020.

On January 21, 2021, 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 1, 2021, payable on or about February 15, 2021. 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.

“Core earnings for the Company continues to grow over prior year periods, due to loan growth and growth in income on loans sold” stated Larry Smith, Chairman of the Board and President of the Company. “We continue to take conservative and prudent actions to respond to and mitigate the impact of COVID-19 to our employees, the communities we serve, and to the financial condition of the Company. We remain focused on asset quality 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, Canon City and Longmont, Colorado. At December 31, 2020, the Company had 1,046,624 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)

	December 31,	June 30,
	2020	2020
	<hr/>	<hr/>
<u>Assets</u>		
Cash and due from banks	6,228,000	4,018,000
Interest-earning demand deposits in banks	55,975,000	17,654,000
Cash and Equivalents	62,203,000	21,672,000
Interest-earning time deposits	1,493,000	1,493,000
Securities carried at fair value	32,190,000	29,573,000
Held-to-maturity securities	23,000	529,000
Loans held for sale	2,050,000	2,709,000
Loans held for investment, net of allowance for loan losses	250,388,000	259,625,000
Investment in nonmarketable equity securities	1,037,000	1,002,000
Accrued interest receivable	1,377,000	1,571,000
Office and equipment, net	7,834,000	7,204,000
Deferred income taxes	332,000	432,000
Bank Owned Life Insurance	5,708,000	5,644,000
Prepaid expenses and other assets	547,000	297,000
Total Assets	<hr/> <hr/> 365,182,000	<hr/> <hr/> 331,751,000
 <u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	105,253,000	90,935,000
Savings, interest-bearing demand and money market	181,815,000	159,927,000
Time	31,624,000	30,411,000
Total deposits	<hr/> 318,692,000	<hr/> 281,273,000
Escrow accounts	276,000	131,000
FHLBank advances	4,000,000	10,500,000
Accrued interest payable	1,000	1,000
Accrued income taxes and other liabilities	5,267,000	4,979,000
Total Liabilities	<hr/> <hr/> 328,236,000	<hr/> <hr/> 296,884,000
 <u>Stockholders' Equity</u>		
Common stock, par	10,000	10,000
Paid-in capital	11,352,000	11,153,000
Company common stock held in subsidiary trust	(1,246,000)	(1,246,000)
Accumulated other comprehensive income	552,000	552,000
Unearned ESOP compensation	-	(106,000)
Retained earnings	26,278,000	24,504,000
Total Stockholders' Equity	<hr/> <hr/> 36,946,000	<hr/> <hr/> 34,867,000
Total Liabilities and Stockholders' Equity	<hr/> <hr/> 365,182,000	<hr/> <hr/> 331,751,000

High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Six Months Ending December 31, 2020 and 2019
(Unaudited)
(Rounded to thousands, except share data)

	<u>Three Months Ending December 31,</u>		<u>Six Months Ending December 31,</u>	
	2020	2019	2020	2019
Interest Income				
Interest and fees on loans	\$ 4,154,000	\$ 3,673,000	\$ 8,120,000	\$ 7,204,000
Investment securities	120,000	158,000	251,000	325,000
Interest-earning time deposits	10,000	11,000	20,000	22,000
Interest-earning demand deposit accounts	9,000	16,000	16,000	32,000
Total Interest Income	<u>4,293,000</u>	<u>3,858,000</u>	<u>8,407,000</u>	<u>7,583,000</u>
Interest Expense				
Deposits	98,000	105,000	195,000	196,000
FHLBank Advances	118,000	2,000	167,000	3,000
Other Borrowings	-	6,000	-	7,000
Total Interest Expense	<u>216,000</u>	<u>113,000</u>	<u>362,000</u>	<u>206,000</u>
Net Interest Income Before Provision for Losses on Interest-Earning Assets	<u>4,077,000</u>	<u>3,745,000</u>	<u>8,045,000</u>	<u>7,377,000</u>
Net Provision for Losses on Interest-Earning Assets	<u>250,000</u>	<u>50,000</u>	<u>550,000</u>	<u>150,000</u>
Net Interest Income After Provision for Losses on Interest-Earning Assets	<u>3,827,000</u>	<u>3,695,000</u>	<u>7,495,000</u>	<u>7,227,000</u>
Noninterest Income				
Service Charges on Deposit Accounts	35,000	47,000	65,000	99,000
Income on Loans Sold	1,296,000	369,000	2,187,000	702,000
Debit Card Surcharge Income	181,000	175,000	382,000	367,000
Other Noninterest Income	251,000	156,000	479,000	313,000
Total Noninterest Income	<u>1,763,000</u>	<u>747,000</u>	<u>3,113,000</u>	<u>1,481,000</u>
Noninterest Expense				
Personnel Compensation and Benefits	2,602,000	1,903,000	4,707,000	3,837,000
Occupancy, Equipment & DP Expense	585,000	461,000	1,136,000	917,000
Insurance and Professional Fees	123,000	93,000	248,000	160,000
Other Noninterest Expenses	439,000	386,000	817,000	700,000
Total Noninterest Expense	<u>3,749,000</u>	<u>2,843,000</u>	<u>6,908,000</u>	<u>5,614,000</u>
Net Income Before Provision for Income Taxes	<u>1,841,000</u>	<u>1,599,000</u>	<u>3,700,000</u>	<u>3,094,000</u>
Net Provision for Income Taxes	<u>472,000</u>	<u>419,000</u>	<u>945,000</u>	<u>786,000</u>
Net Income After Provision for Income Taxes	<u>1,369,000</u>	<u>1,180,000</u>	<u>2,755,000</u>	<u>2,308,000</u>
Basic Earnings per Share	\$ 1.43	\$ 1.40	\$ 2.89	\$ 2.75
Fully Diluted Earnings per Share	\$ 1.32	\$ 1.29	\$ 2.65	\$ 2.52
Weighted Average Common Shares Outstanding				
Basic	954,543	840,026	953,661	839,505
Diluted	1,038,626	915,994	1,038,021	915,388