



HIGH COUNTRY BANCORP, INC. ANNOUNCES QUARTERLY EARNINGS

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, 2020. For the fourth quarter of fiscal 2020, the Company’s consolidated net income was \$1.0 million or \$1.05 per share, compared to \$936,000 or \$1.12 per share for the quarter ended June 30, 2019. For the twelve-month fiscal year-to-date period ended June 30, 2020, consolidated net income was \$4.3 million or \$4.91 per share, compared to \$4.0 million or \$4.82 per share for the twelve months ended June 30, 2019. The Company’s earnings for the quarter- and fiscal year-to-date periods ended June 30, 2020 were impacted by provisions for loan losses of \$650,000 and \$1.2 million, respectively, for the estimate of the probable adverse impact of negative economic consequences that COVID-19 will have on the Company’s asset quality.

The Company’s net interest income increased by \$717,000 or 20.9% during the quarter ended June 30, 2020 compared to the prior year period primarily due to growth in loans. Noninterest income increased by \$659,000 or 113.8% during the quarter ended June 30, 2020 compared to the prior year period primarily due to an increase in income on loans sold. Noninterest expense increased by \$700,000 or 26.0% during the quarter ended June 30, 2020 compared to the prior year period due to increases in compensation and benefits expense, occupancy, equipment and data processing expense and other noninterest expense. The Company’s provision for income taxes increased to \$345,000, or an effective tax rate of approximately 26%, during the quarter ended June 30, 2020 from \$286,000, or an effective rate of approximately 23% during the quarter ended June 30, 2019.

For the twelve months ended June 30, 2020, the Company’s net interest income increased by \$1.6 million or 12.0% compared to the prior year period primarily due to growth in loans. Noninterest income increased by \$1.2 million or 55.7% during the twelve months ended June 30, 2020 compared to the prior year period primarily due to increases in income on loans sold. Noninterest expense increased by \$1.2 million or 11.5% during the twelve months ended June 30, 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 \$1.5 million, or an effective tax rate of approximately 25%, during the twelve months ended June 30, 2020 from \$1.2 million, or an effective rate of approximately 23% during the fiscal year ended June 30, 2019.

The Company recorded provisions for loan losses of \$650,000 and \$1.2 million during the quarter and fiscal year-to date ended June 30, 2020, respectively, primarily for the estimate of the probable adverse impact of negative economic consequences that COVID-19 will have on the Company’s asset quality. The current year periods provisions for loan losses compare to provisions of \$100,000 recorded during the quarter and fiscal year-to date periods ended June 30, 2019, respectively. 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. 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 \$56.4 million or 20.5% from \$275.4 million at June 30, 2019 to \$331.8 million at June 30, 2020. Net loans held for investment have increased by \$46.4 million or 21.8% during fiscal 2020. Total consolidated deposits increased by \$37.1 million or 15.2% from \$244.2 million at June 30, 2019 to \$281.3 million at June 30, 2020.

“We have taken and 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. The unfolding impact of COVID-19 gives us cause to refine our focus on asset quality, including, but not limited to, the recorded provision to our allowance for loan losses” 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 June 30, 2020, the Company had 1,039,824 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)

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
<u>Assets</u>		
Cash and due from banks	4,018,000	5,201,000
Interest-earning demand deposits in banks	17,654,000	3,008,000
Cash and Equivalents	21,672,000	8,209,000
Interest-earning time deposits	1,493,000	2,137,000
Securities carried at fair value	29,573,000	33,684,000
Held-to-maturity securities	529,000	545,000
Loans held for sale	2,709,000	3,650,000
Loans held for investment, net of allowance for loan losses	259,625,000	213,217,000
Investment in nonmarketable equity securities	1,002,000	520,000
Accrued interest receivable	1,571,000	1,035,000
Foreclosed assets held for sale	-	82,000
Office and equipment, net	7,204,000	5,675,000
Deferred income taxes	432,000	890,000
Bank Owned Life Insurance	5,644,000	5,518,000
Prepaid expenses and other assets	297,000	200,000
Total Assets	331,751,000	275,362,000
 <u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	90,935,000	67,311,000
Savings, interest-bearing demand and money market	159,927,000	145,173,000
Time	30,411,000	31,724,000
Total deposits	281,273,000	244,208,000
Escrow accounts	131,000	113,000
FHLBank term advances	10,500,000	60,000
Other borrowings	-	-
Accrued interest payable	1,000	2,000
Accrued income taxes and other liabilities	4,979,000	4,215,000
Total Liabilities	296,884,000	248,598,000
 <u>Stockholders' Equity</u>		
Common stock, par	10,000	9,000
Paid-in capital	11,153,000	6,610,000
Company common stock held in subsidiary trust	(1,246,000)	(1,118,000)
Accumulated other comprehensive income	552,000	67,000
Unearned ESOP compensation	(106,000)	(319,000)
Retained earnings	24,504,000	21,515,000
Total Stockholders' Equity	34,867,000	26,764,000
Total Liabilities and Stockholders' Equity	331,751,000	275,362,000

High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Twelve Months Ending June 30, 2020 and 2019

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending June 30,</u>		<u>Twelve Months Ending June 30,</u>	
	2020	2019	2020	2019
Interest Income				
Interest and fees on loans	\$ 4,155,000	\$ 3,353,000	\$ 15,145,000	\$ 13,179,000
Investment securities	136,000	181,000	607,000	763,000
Interest-earning time deposits	10,000	12,000	42,000	51,000
Interest-earning demand deposit accounts	3,000	13,000	46,000	139,000
Total Interest Income	<u>4,304,000</u>	<u>3,559,000</u>	<u>15,840,000</u>	<u>14,132,000</u>
Interest Expense				
Deposits	91,000	111,000	393,000	432,000
FHLBank term advances	62,000	1,000	102,000	3,000
Other borrowings	-	13,000	26,000	20,000
Total Interest Expense	<u>153,000</u>	<u>125,000</u>	<u>521,000</u>	<u>455,000</u>
Net Interest Income Before Provision for Losses on Interest-Earning Assets	<u>4,151,000</u>	<u>3,434,000</u>	<u>15,319,000</u>	<u>13,677,000</u>
Net Provision for Losses on Interest-Earning Assets	<u>650,000</u>	<u>100,000</u>	<u>1,200,000</u>	<u>100,000</u>
Net Interest Income After Provision for Losses on Interest-Earning Assets	<u>3,501,000</u>	<u>3,334,000</u>	<u>14,119,000</u>	<u>13,577,000</u>
Noninterest Income				
Service Charges on Deposit Accounts	34,000	69,000	176,000	245,000
Income on Loans Sold	820,000	192,000	1,854,000	706,000
Debit Card Surcharge Income	181,000	174,000	707,000	642,000
Other Noninterest Income	203,000	144,000	657,000	588,000
Total Noninterest Income	<u>1,238,000</u>	<u>579,000</u>	<u>3,394,000</u>	<u>2,181,000</u>
Noninterest Expense				
Personnel Compensation and Benefits	2,317,000	1,775,000	7,863,000	6,961,000
Occupancy, Equipment & DP Expense	513,000	443,000	1,917,000	1,711,000
Insurance and Professional Fees	143,000	137,000	390,000	499,000
Other Noninterest Expenses	418,000	336,000	1,532,000	1,326,000
Total Noninterest Expense	<u>3,391,000</u>	<u>2,691,000</u>	<u>11,702,000</u>	<u>10,497,000</u>
Net Income Before Provision for Income Taxes	<u>1,348,000</u>	<u>1,222,000</u>	<u>5,811,000</u>	<u>5,261,000</u>
Net Provision for Income Taxes	<u>345,000</u>	<u>286,000</u>	<u>1,479,000</u>	<u>1,219,000</u>
Net Income After Provision for Income Taxes	<u>1,003,000</u>	<u>936,000</u>	<u>4,332,000</u>	<u>4,042,000</u>
Basic Earnings per Share	\$ 1.05	\$ 1.12	\$ 4.91	\$ 4.82
Fully Diluted Earnings per Share	\$ 0.97	\$ 1.02	\$ 4.51	\$ 4.40
Weighted Average Common Shares Outstanding				
Basic	951,704	837,853	882,018	838,944
Diluted	1,036,443	913,652	961,487	918,174