



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 the Company’s quarterly and fiscal year-to-date earnings for the periods ended June 30, 2021. For the fourth quarter of fiscal 2021, the Company’s consolidated net income was \$929,000 or \$0.97 per share, compared to \$1.0 million or \$1.05 per share for the quarter ended June 30, 2020. For the twelve-month fiscal year-to-date period ended June 30, 2021, consolidated net income was \$4.9 million or \$5.10 per share, compared to \$4.3 million or \$4.91 per share for the twelve months ended June 30, 2020. The Company’s earnings for the quarter-to-date period ended June 30, 2021 were impacted by a (negative) provision for loan loss of (\$400,000) principally due to a reduction in 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 declined by \$152,000 or 3.7% during the quarter ended June 30, 2021 compared to the prior year period primarily due to a decline in the average interest rate earned on loans. Noninterest income was substantially unchanged during the quarter ended June 30, 2021 compared to the prior year period primarily due to the offsetting impact of increases in debit card surcharge income and other noninterest income by a decline in income on loans sold. Noninterest expense increased by \$1.0 million or 30.4% during the quarter ended June 30, 2021 compared to the prior year period due to increases in compensation and benefits expense, occupancy, equipment and data processing expense, partially offset by a decline in other noninterest expense. The Company’s provision for income taxes declined to \$292,000, or an effective tax rate of approximately 24%, during the quarter ended June 30, 2021 from \$345,000, or an effective rate of approximately 26% during the quarter ended June 30, 2020.

For the twelve months ended June 30, 2021, the Company’s net interest income increased by \$518,000 or 3.4% compared to the prior year period primarily due to growth in loans, partially offset by the impact of a decline in the average rate earned in loans and an increase in interest expense recognized on FHLBank term advances. Noninterest income increased by \$2.3 million or 68.8% during the twelve months ended June 30, 2021 compared to the prior year period primarily due to increases in income on loans sold and related other noninterest income. Noninterest expense increased by \$3.2 million or 27.6% during the twelve months ended June 30, 2021 compared to the prior year period due to increases in compensation and benefits expense, occupancy, equipment and data processing expense and insurance and professional fees. The Company’s provision for income taxes increased to \$1.6 million, or an effective tax rate of approximately 25%, during the twelve months ended June 30, 2021 from \$1.5 million, or an effective rate of approximately 25% during the fiscal year ended June 30, 2020.

The Company recorded (negative) provisions for loan losses of (\$400,000) and \$150,000 during the quarter and fiscal year-to date ended June 30, 2021, respectively. The (\$400,000) negative provision for loan loss recorded during the quarter ended June 30, 2021 was principally due to a reduction in the estimate of the probable adverse impact of negative economic consequences that COVID-19 will have on the Company’s asset quality, while the \$150,000 provision for loan loss recorded during the fiscal year ended June 30, 2021 was principally due to loan portfolio growth. The current year periods provisions for loan losses compare to provisions of \$650,000 and \$1.2 million recorded during the quarter and fiscal year-to date periods ended June 30, 2020, 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 \$72.5 million or 21.9% from \$331.8 million at June 30, 2020 to \$404.3 million at June 30, 2021. Net loans held for investment have increased by \$23.6 million or 9.1% during fiscal 2021. Total consolidated deposits increased by \$79.7 million or 28.4% from \$281.3 million at June 30, 2020 to \$361.0 million at June 30, 2021.

On July 27, 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 August 9, 2021, payable on or about August 23, 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 has grown 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 monitor and conservatively evaluate evolving economic conditions and trends and their possible impact on the communities we serve and to the financial condition of the Company. We remain focused on asset quality and vigilant in serving the banking 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 June 30, 2021, the Company had 1,033,897 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)

	June 30, 2021	June 30, 2020
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<u>Assets</u>		
Cash and due from banks	4,867,000	4,018,000
Interest-earning demand deposits in banks	58,592,000	17,654,000
Cash and Equivalents	63,459,000	21,672,000
Interest-earning time deposits	1,493,000	1,493,000
Securities carried at fair value	36,821,000	29,573,000
Held-to-maturity securities	19,000	529,000
Loans held for sale	2,344,000	2,709,000
Loans held for investment, net of allowance for loan losses	283,258,000	259,625,000
Investment in nonmarketable equity securities	897,000	1,002,000
Accrued interest receivable	1,280,000	1,571,000
Office and equipment, net	7,904,000	7,204,000
Deferred income taxes	253,000	432,000
Bank Owned Life Insurance	5,770,000	5,644,000
Prepaid expenses and other assets	766,000	297,000
<i>Total Assets</i>	404,264,000	331,751,000
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<u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	125,553,000	90,935,000
Savings, interest-bearing demand and money market	200,877,000	159,927,000
Time	34,587,000	30,411,000
Total deposits	361,017,000	281,273,000
Escrow accounts	203,000	131,000
FHLBank term advances	-	10,500,000
Accrued interest payable	1,000	1,000
Accrued income taxes and other liabilities	5,587,000	4,979,000
<i>Total Liabilities</i>	366,808,000	296,884,000
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<u>Stockholders' Equity</u>		
Common stock, par	10,000	10,000
Paid-in capital	11,007,000	11,153,000
Company common stock held in subsidiary trust	(1,251,000)	(1,246,000)
Accumulated other comprehensive income	271,000	552,000
Unearned ESOP compensation	-	(106,000)
Retained earnings	27,419,000	24,504,000
<i>Total Stockholders' Equity</i>	37,456,000	34,867,000
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<i>Total Liabilities and Stockholders' Equity</i>	404,264,000	331,751,000
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High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Twelve Months Ending June 30, 2021 and 2020

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending June 30,</u>		<u>Twelve Months Ending June 30,</u>	
	2021	2020	2021	2020
Interest Income				
Interest and fees on loans	\$ 3,958,000	\$ 4,155,000	\$ 15,953,000	\$ 15,145,000
Investment securities	120,000	136,000	491,000	607,000
Interest-earning time deposits	10,000	10,000	40,000	42,000
Interest-earning demand deposit accounts	11,000	3,000	41,000	46,000
Total Interest Income	<u>4,099,000</u>	<u>4,304,000</u>	<u>16,525,000</u>	<u>15,840,000</u>
Interest Expense				
Deposits	100,000	91,000	393,000	393,000
FHLBank term advances	-	62,000	295,000	102,000
Other borrowings	-	-	-	26,000
Total Interest Expense	<u>100,000</u>	<u>153,000</u>	<u>688,000</u>	<u>521,000</u>
Net Interest Income Before Provision for Losses on Interest-Earning Assets	<u>3,999,000</u>	<u>4,151,000</u>	<u>15,837,000</u>	<u>15,319,000</u>
Net Provision for Losses on Interest-Earning Assets	<u>(400,000)</u>	<u>650,000</u>	<u>150,000</u>	<u>1,200,000</u>
Net Interest Income After Provision for Losses on Interest-Earning Assets	<u>4,399,000</u>	<u>3,501,000</u>	<u>15,687,000</u>	<u>14,119,000</u>
Noninterest Income				
Service Charges on Deposit Accounts	44,000	34,000	142,000	176,000
Income on Loans Sold	751,000	820,000	3,864,000	1,854,000
Debit Card Surcharge Income	213,000	181,000	775,000	707,000
Other Noninterest Income	235,000	203,000	948,000	657,000
Total Noninterest Income	<u>1,243,000</u>	<u>1,238,000</u>	<u>5,729,000</u>	<u>3,394,000</u>
Noninterest Expense				
Personnel Compensation and Benefits	3,200,000	2,317,000	10,375,000	7,863,000
Occupancy, Equipment & DP Expense	679,000	513,000	2,460,000	1,917,000
Insurance and Professional Fees	166,000	143,000	535,000	390,000
Other Noninterest Expenses	376,000	418,000	1,564,000	1,532,000
Total Noninterest Expense	<u>4,421,000</u>	<u>3,391,000</u>	<u>14,934,000</u>	<u>11,702,000</u>
Net Income Before Provision for Income Taxes	<u>1,221,000</u>	<u>1,348,000</u>	<u>6,482,000</u>	<u>5,811,000</u>
Net Provision for Income Taxes	<u>292,000</u>	<u>345,000</u>	<u>1,611,000</u>	<u>1,479,000</u>
Net Income After Provision for Income Taxes	<u>929,000</u>	<u>1,003,000</u>	<u>4,871,000</u>	<u>4,332,000</u>
Basic Earnings per Share	\$ 0.97	\$ 1.05	\$ 5.10	\$ 4.91
Fully Diluted Earnings per Share	\$ 0.90	\$ 0.97	\$ 4.68	\$ 4.51
Weighted Average Common Shares Outstanding				
Basic	953,943	951,704	954,491	882,018
Diluted	1,033,897	1,036,443	1,040,533	961,487