



HIGH COUNTRY BANCORP, INC. ANNOUNCES QUARTERLY EARNINGS

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, 2018. For the second quarter of fiscal 2019, the Company’s consolidated net income was \$967,000 or \$1.05 per share, compared to \$259,000 or \$0.28 per share for the quarter ended December 31, 2017. For the six-month fiscal year-to-date period ended December 31, 2018, consolidated net income was \$2.0 million or \$2.19 per share, compared to \$1.0 million or \$1.11 per share for the six months ended December 31, 2017. The Company’s earnings for the three- and six-month fiscal year-to-date period ended December 31, 2017 were impacted by a one-time charge to net provision for income taxes of approximately \$500,000 to reduce the Company’s recorded balance of deferred tax assets, resulting from changes to federal income tax rates enacted in December, 2017.

The Company’s net interest income increased by \$318,000 or 9.38% during the quarter ended December 31, 2018 compared to the prior year period primarily due to growth in loans. Noninterest income declined by \$86,000 or 28.76% during the quarter ended December 31, 2018 compared to the prior year period primarily due to a decline in income on loans sold. Noninterest expense increased by \$185,000 or 7.60% during the quarter ended December 31, 2018 compared to the prior year period due to increases in compensation and benefits expense, insurance and professional fees and other noninterest expense. The Company’s provision for income taxes declined to \$289,000, or an effective tax rate of approximately 23.0%, during the quarter ended December 31, 2018 from \$875,000, or an effective rate of approximately 33.1% plus the one-time charge to net provision for income taxes of approximately \$500,000 in the prior year period. The current period decline in the effective tax rate was primarily a result of a reduction in federal income tax rates for periods following the December 2017 passage of the Tax Cuts and Jobs Act.

For the six months ended December 31, 2018, the Company’s net interest income increased by \$733,000 or 12.21% compared to the prior year period primarily due to growth in loans. Noninterest income declined by \$111,000 or 13.29% during the six months ended December 31, 2018 compared to the prior year period primarily due to declines in income on loans sold and other noninterest income. Noninterest expense increased by \$398,000 or 8.98% during the six months ended December 31, 2018 compared to the prior year period due to increases in compensation and benefits expense, insurance and professional fees and other noninterest expense. The Company’s provision for income taxes declined to \$609,000, or an effective tax rate of approximately 23.2%, during the six months ended December 31, 2018 from \$1.3 million, or an effective rate of approximately 34.6% plus the one-time charge to net provision for income taxes of approximately \$500,000 in the prior year period. The current period decline in the effective tax rate was primarily a result of a reduction in federal income tax rates for periods following the December 2017 passage of the Tax Cuts and Jobs Act.

Credit quality and other factors, including loan growth, used to determine the level of the allowance for loan losses precipitated no provision for loan loss for the quarter and fiscal year-to-date periods ended December 31, 2018 compared to \$75,000 for the prior year comparable periods. 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 \$2.6 million or 1.0% from \$265.4 million at June 30, 2018 to \$268.0 million at December 31, 2018. Net loans held for investment have increased by \$276,000 or 0.1% during the first six months of fiscal 2019. Total consolidated deposits increased by \$1.1 million or 0.5% from \$236.6 million at June 30, 2018 to \$237.7 million at December 31, 2018.

“Core earnings for the Company remain solid, especially net interest income, due to loan growth, and the earnings of the Company have been further augmented by reductions in federal tax rates” stated Larry Smith, Chairman of the Board and President of the Company. “Challenges persist in an unstable interest rate environment as well as the regulatory burden of our industry; however, 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 and Canon City, Colorado. At December 31, 2018, the Company had 922,034 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, 2018	June 30, 2018
<u>Assets</u>		
Cash and Equivalents	\$ 11,519,000	\$ 10,788,000
<i>Investment Securities</i>		
Mortgage Pool Securities	10,450,000	11,038,000
Other Investment Securities	27,474,000	26,325,000
<i>Total Investment Securities</i>	37,924,000	37,363,000
Loans Held for Sale	1,808,000	1,146,000
Loans Held for Investment, net of Allowance for Loan		
Losses of \$1,434,000 and \$1,467,000 respectively	201,937,000	201,661,000
FHLBank, FRB stock, at cost	461,000	459,000
Accrued Interest Receivable	951,000	932,000
Other Real Estate and Repossessed Assets, net	233,000	390,000
Office and Equipment, net	5,233,000	5,194,000
Deferred Income Taxes	934,000	868,000
Bank Owned Life Insurance	5,456,000	5,125,000
Prepaid Expenses and Other Assets	1,521,000	1,427,000
<i>Total Assets</i>	267,977,000	265,353,000
 <u>Liabilities</u>		
Deposits	237,749,000	236,634,000
FHLBank Advances	60,000	80,000
Accrued Interest Payable and Other Liabilities	2,578,000	2,434,000
<i>Total Liabilities</i>	240,387,000	239,148,000
<i>Total Equity Capital</i>	27,590,000	26,205,000
<i>Total Liabilities and Equity Capital</i>	267,977,000	\$ 265,353,000

High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Six Months Ending December 31, 2018 and 2017
(Unaudited)
(Rounded to thousands, except share data)

	Three Months Ending December 31,		Six Months Ending December 31,	
	2018	2017	2018	2017
Interest Income				
Interest-Earning Deposit Accounts	\$ 53,000	\$ 29,000	\$ 94,000	\$ 56,000
Mortgage Pool Securities	58,000	64,000	115,000	122,000
Other Investment Securities	158,000	142,000	295,000	270,000
Interest and Fees on Loans	3,227,000	2,951,000	6,447,000	5,791,000
Total Interest Income	3,496,000	3,186,000	6,951,000	6,239,000
Interest Expense				
Deposits	105,000	113,000	212,000	231,000
FHLBank Advances	1,000	1,000	2,000	5,000
Total Interest Expense	106,000	114,000	214,000	236,000
Net Interest Income Before Provision for Losses on Interest-Earning Assets	3,390,000	3,072,000	6,737,000	6,003,000
Net Provision for Losses on Interest- Earning Assets	-	75,000	-	75,000
Net Interest Income After Provision for Losses on Interest-Earning Assets	3,390,000	2,997,000	6,737,000	5,928,000
Noninterest Income				
Service Charges on Deposit Accounts	56,000	53,000	113,000	107,000
Income on Loans Sold	110,000	189,000	344,000	394,000
Other Noninterest Income	133,000	143,000	267,000	311,000
Gain on Sale of Property	-	-	-	23,000
Total Noninterest Income	299,000	385,000	724,000	835,000
Noninterest Expense				
Personnel Compensation and Benefits	1,707,000	1,623,000	3,383,000	3,178,000
Occupancy, Equipment & Data Processing Expense	429,000	417,000	845,000	831,000
Insurance and Professional Fees	102,000	69,000	217,000	153,000
Other	195,000	139,000	384,000	270,000
Total Noninterest Expense	2,433,000	2,248,000	4,829,000	4,432,000
Net Income Before Provision for Income Taxes	1,256,000	1,134,000	2,632,000	2,331,000
Net Provision for Income Taxes	289,000	875,000	609,000	1,306,000
Net Income After Provision for Income Taxes	967,000	259,000	2,023,000	1,025,000
Basic Earnings per Share				
Basic Earnings per Share	\$ 1.05	\$ 0.28	\$ 2.19	\$ 1.11
Fully Diluted Earnings per Share	\$ 1.05	\$ 0.28	\$ 2.19	\$ 1.11
Weighted Average Common Shares Outstanding				
Basic	922,034	920,916	922,034	921,725
Diluted	922,034	920,916	922,034	921,725