



HIGH COUNTRY BANCORP, INC. ANNOUNCES QUARTERLY EARNINGS, RESULTS OF CLOSE OF PRIVATE PLACEMENT STOCK OFFERING

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, 2019. For the second quarter of fiscal 2020, the Company’s consolidated net income was \$1.2 million or \$1.40 per share, compared to \$964,000 or \$1.15 per share for the quarter ended December 31, 2018. For the six-month fiscal year-to-date period ended December 31, 2019, consolidated net income was \$2.3 million or \$2.75 per share, compared to \$2.0 million or \$2.41 per share for the six months ended December 31, 2018.

The Company’s net interest income increased by \$355,000 or 10.47% during the quarter ended December 31, 2019 compared to the prior year period primarily due to growth in loans. Noninterest income increased by \$289,000 or 63.10% during the quarter ended December 31, 2019 compared to the prior year period primarily due to an increase in income on loans sold. Noninterest expense increased by \$248,000 or 9.56% during the quarter ended December 31, 2019 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 \$419,000, or an effective tax rate of approximately 26.20%, during the quarter ended December 31, 2019 from \$289,000, or an effective rate of approximately 23.06%.

For the six months ended December 31, 2019, the Company’s net interest income increased by \$640,000 or 9.50% compared to the prior year period primarily due to growth in loans. Noninterest income increased by \$434,000 or 41.45% during the six months ended December 31, 2019 compared to the prior year period primarily due to increases in income on loans sold, debit card surcharge income and other noninterest income. Noninterest expense increased by \$462,000 or 8.97% during the six months ended December 31, 2019 compared to the prior year period due to increases in compensation and benefits expense and occupancy, equipment and data processing expense. The Company’s provision for income taxes increased to \$786,000, or an effective tax rate of approximately 25.40%, during the six months ended December 31, 2019 from \$609,000, or an effective rate of approximately 23.14%.

Credit quality and other factors, including loan growth, used to determine the level of the allowance for loan losses precipitated a \$50,000 provision for loan loss for the quarter and \$150,000 provision for loan loss for fiscal year-to-date period ended December 31, 2019 compared to no provision 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 \$17.0 million or 6.18% from \$275.4 million at June 30, 2019 to \$292.4 million at December 31, 2019. Net loans held for investment have increased by \$23.9 million or 11.2% during the first six months of fiscal 2020. Total consolidated deposits increased by \$7.5 million or 3.1% from \$244.2 million at June 30, 2019 to \$251.7 million at December 31, 2019.

“Core earnings for the Company continue to grow, especially net interest income, due to loan growth” stated Larry Smith, Chairman of the Board and President of the Company. “Challenges persist in an unstable interest rate environment; however, we remain focused on asset quality and vigilant in serving the needs of our customers and communities.”

The Company also completed the closing of 103,590 shares of its Common Stock at \$41.50 per share in a private placement to accredited investors, for gross proceeds of \$4.3 million. The Company intends to use the net proceeds from this offering for general corporate purposes, including funding organic growth in existing and new markets.

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, 2019, 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,	June 30,
	2019	2019
<u>Assets</u>		
Cash and due from banks	1,530,000	5,201,000
Interest-earning demand deposits in banks	4,257,000	3,008,000
Cash and Equivalents	5,787,000	8,209,000
Interest-earning time deposits	1,493,000	2,137,000
Securities carried at fair value	29,687,000	33,684,000
Held-to-maturity securities	536,000	545,000
Loans held for sale	3,138,000	3,650,000
Loans held for investment, net of allowance for loan losses	237,162,000	213,217,000
Investment in nonmarketable equity securities	541,000	520,000
Accrued interest receivable	1,031,000	1,035,000
Foreclosed assets held for sale	72,000	82,000
Office and equipment, net	6,145,000	5,675,000
Deferred income taxes	806,000	890,000
Bank Owned Life Insurance	5,582,000	5,518,000
Prepaid expenses and other assets	408,000	200,000
Total Assets	292,388,000	275,362,000
 <u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	78,385,000	67,311,000
Savings, interest-bearing demand and money market	143,310,000	145,173,000
Time	30,044,000	31,724,000
Total deposits	251,739,000	244,208,000
Escrow accounts	263,000	113,000
FHLBank advances	-	60,000
Other Borrowings	7,500,000	-
Accrued interest payable	1,000	2,000
Accrued income taxes and other liabilities	4,424,000	4,215,000
Total Liabilities	263,927,000	248,598,000
 <u>Stockholders' Equity</u>		
Common stock, par	9,000	9,000
Paid-in capital	6,680,000	6,610,000
Company common stock held in subsidiary trust	(1,125,000)	(1,118,000)
Accumulated other comprehensive income	141,000	67,000
Unearned ESOP compensation	(212,000)	(319,000)
Retained earnings	22,968,000	21,515,000
Total Stockholders' Equity	28,461,000	26,764,000
Total Liabilities and Stockholders' Equity	292,388,000	275,362,000

High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Six Months Ending December 31, 2019 and 2018

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending December 31,</u>		<u>Six Months Ending December 31,</u>	
	2019	2018	2019	2018
Interest Income				
Interest and fees on loans	\$ 3,673,000	\$ 3,227,000	\$ 7,204,000	\$ 6,447,000
Investment securities	158,000	203,000	325,000	385,000
Interest-earning time deposits	11,000	13,000	22,000	25,000
Interest-earning demand deposit accounts	16,000	53,000	32,000	94,000
Total Interest Income	3,858,000	3,496,000	7,583,000	6,951,000
Interest Expense				
Deposits	105,000	105,000	196,000	212,000
FHLBank Advances	2,000	1,000	3,000	2,000
Other Borrowings	6,000	-	7,000	-
Total Interest Expense	113,000	106,000	206,000	214,000
Net Interest Income Before Provision for Losses on Interest-Earning Assets	3,745,000	3,390,000	7,377,000	6,737,000
Net Provision for Losses on Interest- Earning Assets	50,000	-	150,000	-
Net Interest Income After Provision for Losses on Interest-Earning Assets	3,695,000	3,390,000	7,227,000	6,737,000
Noninterest Income				
Service Charges on Deposit Accounts	47,000	56,000	99,000	113,000
Income on Loans Sold	369,000	110,000	702,000	344,000
Debit Card Surcharge Income	175,000	161,000	367,000	323,000
Other Noninterest Income	156,000	131,000	313,000	267,000
Total Noninterest Income	747,000	458,000	1,481,000	1,047,000
Noninterest Expense				
Personnel Compensation and Benefits	1,903,000	1,707,000	3,837,000	3,383,000
Occupancy, Equipment & DP Expense	461,000	429,000	917,000	845,000
Insurance and Professional Fees	93,000	102,000	160,000	217,000
Other Noninterest Expenses	386,000	357,000	700,000	707,000
Total Noninterest Expense	2,843,000	2,595,000	5,614,000	5,152,000
Net Income Before Provision for Income Taxes	1,599,000	1,253,000	3,094,000	2,632,000
Net Provision for Income Taxes	419,000	289,000	786,000	609,000
Net Income After Provision for Income Taxes	1,180,000	964,000	2,308,000	2,023,000
Basic Earnings per Share				
Basic Earnings per Share	\$ 1.40	\$ 1.15	\$ 2.75	\$ 2.41
Fully Diluted Earnings per Share				
Fully Diluted Earnings per Share	\$ 1.29	\$ 1.05	\$ 2.52	\$ 2.20
Weighted Average Common Shares Outstanding				
Basic	840,026	840,789	839,505	840,612
Diluted	915,994	921,513	915,388	921,207