



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 March 31, 2019. For the third quarter of fiscal 2019, the Company’s consolidated net income was \$1.1 million or \$1.18 per share, compared to \$780,000 or \$0.85 per share for the quarter ended March 31, 2018. For the nine-month fiscal year-to-date period ended March 31, 2019, consolidated net income was \$3.1 million or \$3.37 per share, compared to \$1.8 million or \$1.96 per share for the nine months ended March 31, 2018. The Company’s earnings for the nine-month fiscal year-to-date period ended March 31, 2018 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 \$547,000 or 18.49% during the quarter ended March 31, 2019 compared to the prior year period primarily due to the recorded recovery of income on a loan which had been classified as non-accrual in the previous fiscal year, as well as the impact of loan growth. Noninterest income increased by \$50,000 or 13.89% during the quarter ended March 31, 2019 compared to the prior year period primarily due to an increase in other noninterest income. Noninterest expense increased by \$320,000 or 14.63% during the quarter ended March 31, 2019 compared to the prior year period primarily due to increases in compensation and benefits expense and insurance and professional fees. The Company’s provision for income taxes increased to \$324,000 during the quarter ended March 31, 2019 from \$251,000 in the prior year period due to the increase in the Company’s pre-tax income.

For the nine months ended March 31, 2019, the Company’s net interest income increased by \$1.3 million or 14.31% compared to the prior year period primarily due to the recorded recovery of income on a loan which had been classified as non-accrual in the previous fiscal year, as well as the impact of loan growth. Noninterest income declined by \$61,000 or 5.10% during the nine months ended March 31, 2019 compared to the prior year period primarily due to declines in income on loans sold and other noninterest income. Noninterest expense increased by \$717,000 or 10.83% during the nine months ended March 31, 2019 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 \$933,000, or an effective tax rate of approximately 23.01%, during the nine months ended March 31, 2019 from \$1.6 million, or an effective rate of approximately 31.4% 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 March 31, 2019 compared to \$100,000 and \$175,000, respectively, for the prior year quarter and fiscal year-to-date 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 \$3.9 million or 1.5% to \$269.3 million at March 31, 2019 from \$265.4 million at June 30, 2018. Net loans held for investment have increased by \$5.5 million or 2.7% during the first nine months of fiscal 2019. Total consolidated deposits have increased by \$1.7 million or 0.7% to \$238.3 million at March 31, 2019 from \$236.6 million at June 30, 2018.

On April 23, 2019, the Board declared a cash dividend in the amount of \$1.00 per share to the shareholders of record at the close of business on May 10, 2019, payable on or about May 24, 2019. 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 remain solid, especially net interest income, due to loan growth" stated Larry Smith, Chairman of the Board and President of the Company. "We face a challenging 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 March 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)

	March 31, 2019	June 30, 2018
<u>Assets</u>		
Cash and Equivalents	\$ 9,624,000	\$ 10,788,000
<i>Investment Securities</i>		
Mortgage Pool Securities	9,988,000	11,038,000
Other Investment Securities	27,083,000	26,325,000
<i>Total Investment Securities</i>	37,071,000	37,363,000
Loans Held for Sale	767,000	1,146,000
Loans Held for Investment, net of Allowance for Loan		
Losses of \$1,445,000 and \$1,467,000 respectively	207,202,000	201,661,000
FHLBank, FRB stock, at cost	462,000	459,000
Accrued Interest Receivable	951,000	932,000
Other Real Estate and Repossessed Assets, net	200,000	390,000
Office and Equipment, net	5,386,000	5,194,000
Deferred Income Taxes	616,000	868,000
Bank Owned Life Insurance	5,487,000	5,125,000
Prepaid Expenses and Other Assets	1,504,000	1,427,000
<i>Total Assets</i>	269,270,000	265,353,000
 <u>Liabilities</u>		
Deposits	238,301,000	236,634,000
FHLBank Advances	60,000	80,000
Accrued Interest Payable and Other Liabilities	2,299,000	2,434,000
<i>Total Liabilities</i>	240,660,000	239,148,000
<i>Total Equity Capital</i>	28,610,000	26,205,000
<i>Total Liabilities and Equity Capital</i>	269,270,000	\$ 265,353,000

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

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending March 31,</u>		<u>Nine Months Ending March 31,</u>	
	2019	2018	2019	2018
Interest Income				
Interest-Earning Deposit Accounts	\$ 32,000	\$ 16,000	\$ 126,000	\$ 73,000
Mortgage Pool Securities	61,000	65,000	176,000	186,000
Other Investment Securities	150,000	140,000	445,000	410,000
Interest and Fees on Loans	3,378,000	2,846,000	9,826,000	8,637,000
Total Interest Income	<u>3,621,000</u>	<u>3,067,000</u>	<u>10,573,000</u>	<u>9,306,000</u>
Interest Expense				
Deposits	108,000	107,000	320,000	338,000
FHLBank Advances and Other Borrowing	7,000	1,000	10,000	7,000
Total Interest Expense	<u>115,000</u>	<u>108,000</u>	<u>330,000</u>	<u>345,000</u>
Net Interest Income Before Provision for Losses on Interest-Earning Assets	<u>3,506,000</u>	<u>2,959,000</u>	<u>10,243,000</u>	<u>8,961,000</u>
Net Provision for Losses on Interest- Earning Assets	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>175,000</u>
Net Interest Income After Provision for Losses on Interest-Earning Assets	<u>3,506,000</u>	<u>2,859,000</u>	<u>10,243,000</u>	<u>8,786,000</u>
Noninterest Income				
Service Charges on Deposit Accounts	64,000	58,000	177,000	165,000
Income on Loans Sold	170,000	171,000	514,000	565,000
Other Noninterest Income	176,000	131,000	443,000	442,000
Gain on Sale of Property	-	-	-	23,000
Total Noninterest Income	<u>410,000</u>	<u>360,000</u>	<u>1,134,000</u>	<u>1,195,000</u>
Noninterest Expense				
Personnel Compensation and Benefits	1,803,000	1,541,000	5,186,000	4,719,000
Occupancy, Equipment & Data Processing Expense	423,000	434,000	1,268,000	1,266,000
Insurance and Professional Fees	145,000	84,000	362,000	237,000
Other	137,000	129,000	521,000	398,000
Total Noninterest Expense	<u>2,508,000</u>	<u>2,188,000</u>	<u>7,337,000</u>	<u>6,620,000</u>
Net Income Before Provision for Income Taxes	<u>1,408,000</u>	<u>1,031,000</u>	<u>4,040,000</u>	<u>3,361,000</u>
Net Provision for Income Taxes	324,000	251,000	933,000	1,557,000
Net Income After Provision for Income Taxes	<u>1,084,000</u>	<u>780,000</u>	<u>3,107,000</u>	<u>1,804,000</u>
Basic Earnings per Share				
Basic Earnings per Share	\$ 1.18	\$ 0.85	\$ 3.37	\$ 1.96
Fully Diluted Earnings per Share				
Fully Diluted Earnings per Share	\$ 1.18	\$ 0.85	\$ 3.37	\$ 1.96
Weighted Average Common Shares Outstanding				
Basic	922,034	920,034	922,034	921,169
Diluted	922,034	920,034	922,034	921,169