

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, 2022. For the third quarter of fiscal 2022, the Company’s consolidated net income was \$843,000 or \$0.88 per share, compared to \$1.2 million or \$1.24 per share for the quarter ended March 31, 2021. For the nine-month fiscal year-to-date period ended March 31, 2022, consolidated net income was \$3.5 million or \$3.63 per share, compared to \$3.9 million or \$4.13 per share for the nine months ended March 31, 2021.

The Company’s net interest income increased by \$380,000 or 10.0% during the quarter ended March 31, 2022 compared to the prior year period primarily due to growth in loans and reduction to borrowing costs, partially offset by the impact of a decline in yield on loans. Noninterest income declined by \$600,000 or 43.7% during the quarter ended March 31, 2022 compared to the prior year period primarily due to declines in income on loans sold and other noninterest income. Lower market interest rates are generally more conducive to residential mortgage loan refinance and purchase activity, and the level of residential mortgage loans originated and sold by the Company has been adversely impacted by increases in market interest rates. Noninterest expense increased by \$232,000 or 6.4% during the quarter ended March 31, 2022 compared to the prior year period primarily due to increases in occupancy, equipment and data processing expense and professional fees. The Company’s provision for income taxes declined to \$268,000, or an effective tax rate of approximately 24.1%, during the quarter ended March 31, 2022 from \$374,000, or an effective rate of approximately 23.9% during the prior year period.

For the nine months ended March 31, 2022, the Company’s net interest income increased by \$1.3 million or 10.9% compared to the prior year period primarily due to growth in loans and reduction to borrowing costs, partially offset by the impact of a decline in yield on loans. Noninterest income declined by \$1.7 million or 38.2% during the nine months ended March 31, 2022 compared to the prior year period primarily due to declines in income on loans sold and other noninterest income. Similar to as stated above, the level of residential mortgage loans originated and sold by the Company has been adversely impacted by increases in market interest rates. Noninterest expense increased by \$812,000 or 7.7% during the nine months ended March 31, 2022 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 expense, partially offset by a decline in other noninterest expenses. The Company’s provision for income taxes declined to \$1.1 million, or an effective tax rate of approximately 24.2%, during the nine months ended March 31, 2022 from \$1.3 million, or an effective rate of approximately 25.0%, compared to the prior year period.

Factors including, but not limited to, loan growth, credit quality and others are used to determine the level of the allowance for loan losses. No provision for loan loss was recorded during the quarters ended March 31, 2022 and 2021, respectively. No provision was recorded during the nine months ended March 31, 2022, while a provision of \$550,000 was recorded during the prior nine-month periods ended March 31, 2021. 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 \$48.2 million or 11.93% from \$404.3 million at June 30, 2021 to \$452.5 million at March 31, 2022. Net loans held for investment have increased by \$16.5 million, or 5.8%, during the first nine months of fiscal 2022. Total consolidated deposits increased by \$48.2 million or 13.3% from \$361.0 million at June 30, 2021 to \$409.2 million at March 31, 2022.

On April 21, 2022, 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 May 6, 2022, payable on or about May 20, 2022. 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.

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 March 31, 2022, the Company had 1,032,477 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,	June 30,
	2022	2021
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<u>Assets</u>		
Cash and due from banks	6,421,000	4,867,000
Interest-earning demand deposits in banks	84,688,000	58,592,000
Cash and Equivalents	91,109,000	63,459,000
Interest-earning time deposits	1,244,000	1,493,000
Securities carried at fair value	41,472,000	36,821,000
Held-to-maturity securities	11,000	19,000
Loans held for sale	1,152,000	2,344,000
Loans held for investment, net of allowance for loan losses	299,747,000	283,258,000
Investment in nonmarketable equity securities	807,000	897,000
Accrued interest receivable	1,130,000	1,280,000
Office and equipment, net	7,442,000	7,904,000
Deferred income taxes	899,000	253,000
Bank Owned Life Insurance	5,865,000	5,770,000
Prepaid expenses and other assets	1,602,000	766,000
Total Assets	452,480,000	404,264,000
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<u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	138,853,000	125,553,000
Savings, interest-bearing demand and money market	234,814,000	200,877,000
Time	35,541,000	34,587,000
Total deposits	409,208,000	361,017,000
Escrow accounts	255,000	203,000
Accrued interest payable	1,000	1,000
Accrued income taxes and other liabilities	4,764,000	5,587,000
Total Liabilities	414,228,000	366,808,000
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<u>Stockholders' Equity</u>		
Common stock, par	10,000	10,000
Paid-in capital	11,201,000	11,007,000
Company common stock held in subsidiary trust	(1,251,000)	(1,251,000)
Accumulated other comprehensive income (loss)	(1,162,000)	271,000
Retained earnings	29,454,000	27,419,000
Total Stockholders' Equity	38,252,000	37,456,000
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Total Liabilities and Stockholders' Equity	452,480,000	404,264,000
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High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Nine Months Ending March 31, 2022 and 2021

(Unaudited)

(Rounded to thousands, except share data)

	<u>Three Months Ending March 31,</u>		<u>Nine Months Ending March 31,</u>	
	2022	2021	2022	2021
Interest Income				
Interest and fees on loans	\$ 4,104,000	\$ 3,876,000	\$ 12,930,000	\$ 11,995,000
Investment securities	134,000	120,000	392,000	371,000
Interest-earning time deposits	8,000	10,000	25,000	30,000
Interest-earning demand deposit accounts	31,000	13,000	88,000	29,000
Total Interest Income	4,277,000	4,019,000	13,435,000	12,425,000
Interest Expense				
Deposits	104,000	98,000	309,000	293,000
FHLBank term advances	-	128,000	-	295,000
Other borrowings	-	-	-	-
Total Interest Expense	104,000	226,000	309,000	588,000
Net Interest Income Before Provision for Losses on Interest-Earning Assets	4,173,000	3,793,000	13,126,000	11,837,000
Net Provision for Losses on Interest-Earning Assets	-	-	-	550,000
Net Interest Income After Provision for Losses on Interest-Earning Assets	4,173,000	3,793,000	13,126,000	11,287,000
Noninterest Income				
Service Charges on Deposit Accounts	37,000	34,000	109,000	98,000
Income on Loans Sold	377,000	926,000	1,485,000	3,113,000
Debit Card Surcharge Income	205,000	180,000	645,000	562,000
Other Noninterest Income	155,000	234,000	534,000	713,000
Total Noninterest Income	774,000	1,374,000	2,773,000	4,486,000
Noninterest Expense				
Personnel Compensation and Benefits	2,487,000	2,467,000	7,536,000	7,174,000
Occupancy, Equipment & DP Expense	766,000	643,000	2,186,000	1,779,000
Insurance and Professional Fees	207,000	121,000	569,000	369,000
Other Noninterest Expenses	376,000	373,000	1,031,000	1,188,000
Total Noninterest Expense	3,836,000	3,604,000	11,322,000	10,510,000
Net Income Before Provision for Income Taxes	1,111,000	1,563,000	4,577,000	5,263,000
Net Provision for Income Taxes	268,000	374,000	1,109,000	1,319,000
Net Income After Provision for Income Taxes	843,000	1,189,000	3,468,000	3,944,000
Basic Earnings per Share	\$ 0.88	\$ 1.24	\$ 3.63	\$ 4.13
Fully Diluted Earnings per Share	\$ 0.82	\$ 1.15	\$ 3.36	\$ 3.80
Weighted Average Common Shares Outstanding				
Basic	958,347	956,743	955,397	954,673
Diluted	1,032,477	1,036,037	1,033,379	1,037,369