

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 December 31, 2023. For the second quarter of fiscal 2024, the Company’s consolidated net income was \$916,000 or \$0.97 per share, compared to \$1.4 million or \$1.43 per share for the quarter ended December 31, 2022. For the six-month fiscal year-to-date period ended December 31, 2023, consolidated net income was \$2.0 million or \$2.16 per share, compared to \$2.6 million or \$2.75 per share for the six months ended December 31, 2022.

The Company’s net interest income declined by \$198,000 or 4.0% during the quarter ended December 31, 2023 compared to the prior year period primarily due to an increase in interest expense resulting from increases in deposit rates and other funding costs, partially offset by the impact of growth in earning assets and the rate earned thereon. Noninterest income declined by \$46,000 or 8.8% during the quarter ended December 31, 2023 compared to the prior year period primarily due to the impact of declines in income on loans sold. 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 \$415,000 or 11.8% during the quarter ended December 31, 2023 compared to the prior year period to increases in compensation and benefits expense, occupancy, equipment and data processing expense, insurance and professional fees and other noninterest expense. The Company’s provision for income tax expense declined to \$265,000, or an effective tax rate of approximately 22.4%, during the quarter ended December 31, 2023 from \$414,000, or an effective rate of approximately 23.1% compared to the prior year period.

For the six months ended December 31, 2023, the Company’s net interest income declined by \$206,000 or 2.1% compared to the prior year period primarily due to an increase in interest expense resulting from increases in deposit rates and other funding costs, partially offset by the impact of growth in earning assets and the rate earned thereon. Noninterest income declined by \$151,000 or 13.6% during the six months ended December 31, 2023 compared to the prior year period primarily due to declines in income on loans sold and other non-interest 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 \$502,000 or 7.0% during the six months ended December 31, 2023 compared to the prior year period due to increases in occupancy, equipment and data processing expense, insurance and professional fees and other noninterest expense, partially offset by a decline in compensation and benefits expense. The Company’s provision for income tax expense declined to \$596,000, or an effective tax rate of approximately 22.6%, during the six months ended December 31, 2023 from \$797,000, or an effective rate of approximately 23.2%, 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 credit losses. A provision for credit loss of \$100,000 was recorded during the quarter- and year-to-date periods ending December 31, 2023, primarily attributable to loan growth, while a provision for credit loss of \$150,000 was recorded during the quarter- and year-to-date periods ended December 31, 2022. 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 \$18.3 million or 4.1% from \$439.9 million at June 30, 2023 to \$458.2 million at December 31, 2023. Net loans held for investment have increased by \$22.3 million or 6.4% during the first six months of fiscal 2024. During the current fiscal year, the Company adopted ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which was effective for the Company as of July 1, 2023. The Company’s initial adoption resulted in an increase to its allowance for credit

losses on loans and unfunded commitments of \$1,100,000. Total consolidated deposits have increased by \$9.2 million or 2.5% from \$374.4 million at June 30, 2023 to \$383.6 million at December 31, 2023.

On January 18, 2024, 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 February 2, 2024, payable on or about February 19, 2024. 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 December 31, 2023, the Company had 1,029,457 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, 2023	June 30, 2023
<u>Assets</u>		
Cash and equivalents, non-interest earning	5,053,000	4,602,000
Cash and equivalents, interest earning	3,459,000	4,013,000
Cash and Equivalents	8,512,000	8,615,000
Interest-earning time deposits	497,000	1,244,000
Available-for-sale securities	62,462,000	66,060,000
Held-to-maturity securities	2,000	4,000
Loans held for sale	161,000	110,000
Loans held for investment, net of allowance for credit losses	368,286,000	346,007,000
Nonmarketable equity securities, carried at cost	1,869,000	1,461,000
Accrued interest receivable	1,848,000	1,580,000
Property and equipment, net	6,465,000	6,626,000
Deferred income taxes	1,373,000	1,433,000
Bank owned life insurance	6,105,000	6,032,000
Prepaid expenses and other assets	630,000	756,000
Total Assets	458,210,000	439,928,000
 <u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities</u>		
Deposits		
Non-interest-bearing demand deposits	101,810,000	112,393,000
Savings, interest-bearing demand and money market	228,250,000	220,055,000
Time deposits	53,498,000	41,936,000
Total deposits	383,558,000	374,384,000
Escrow accounts	530,000	188,000
FHLBank term advances	20,000,000	-
FHLBank line of credit borrowing	10,500,000	22,700,000
Accrued interest payable	9,000	2,000
Accrued income taxes and other liabilities	4,419,000	4,363,000
Total Liabilities	419,016,000	401,637,000
 <u>Stockholders' Equity</u>		
Common stock, par	10,000	10,000
Paid-in capital	10,410,000	10,417,000
Company common stock held in subsidiary trust	(1,251,000)	(1,251,000)
Accumulated other comprehensive income	(2,605,000)	(3,246,000)
Retained earnings	32,630,000	32,361,000
Total Stockholders' Equity	39,194,000	38,291,000
Total Liabilities and Stockholders' Equity	458,210,000	439,928,000

High Country Bancorp, Inc.
Consolidated Statement of Operations
Three and Six Months Ending December 31, 2023 and 2022
(Unaudited)
(Rounded to thousands, except share data)

	<u>Three Months Ending December 31,</u>		<u>Six Months Ending December 31,</u>	
	2023	2022	2023	2022
Interest Income				
Interest and fees on loans	\$ 5,508,000	\$ 4,281,000	\$ 10,675,000	\$ 8,400,000
Investment securities	427,000	415,000	859,000	766,000
Interest-earning time deposits	4,000	8,000	12,000	15,000
Interest on other interest-earning assets	33,000	469,000	56,000	851,000
Total Interest Income	<u>5,972,000</u>	<u>5,173,000</u>	<u>11,602,000</u>	<u>10,032,000</u>
Interest Expense				
Deposits	888,000	236,000	1,594,000	408,000
FHLBank Advances	72,000	-	72,000	-
Other Borrowings	273,000	-	518,000	-
Total Interest Expense	<u>1,233,000</u>	<u>236,000</u>	<u>2,184,000</u>	<u>408,000</u>
Net Interest Income Before Provision for Credit Losses	<u>4,739,000</u>	<u>4,937,000</u>	<u>9,418,000</u>	<u>9,624,000</u>
Net Provision for Credit Losses	<u>100,000</u>	<u>150,000</u>	<u>100,000</u>	<u>150,000</u>
Net Interest Income After Provision for Credit Losses	<u>4,639,000</u>	<u>4,787,000</u>	<u>9,318,000</u>	<u>9,474,000</u>
Noninterest Income				
Service charges on deposits	55,000	53,000	102,000	107,000
Income on loans sold	54,000	99,000	111,000	227,000
Debit card surcharge income	224,000	220,000	465,000	458,000
Other non-interest income	144,000	151,000	279,000	316,000
Total Noninterest Income	<u>477,000</u>	<u>523,000</u>	<u>957,000</u>	<u>1,108,000</u>
Noninterest Expense				
Compensation and benefits	2,352,000	2,217,000	4,386,000	4,466,000
Occupancy, equipment & data processing expense	844,000	701,000	1,665,000	1,456,000
Insurance and professional fees	235,000	193,000	465,000	397,000
Other	504,000	409,000	1,126,000	821,000
Total Noninterest Expense	<u>3,935,000</u>	<u>3,520,000</u>	<u>7,642,000</u>	<u>7,140,000</u>
Net Income Before Income Taxes	<u>1,181,000</u>	<u>1,790,000</u>	<u>2,633,000</u>	<u>3,442,000</u>
Income tax expense	265,000	414,000	596,000	797,000
Net Income	<u>916,000</u>	<u>1,376,000</u>	<u>2,037,000</u>	<u>2,645,000</u>
Basic Earnings per Share	\$ 0.97	\$ 1.43	\$ 2.16	\$ 2.75
Fully Diluted Earnings per Share	\$ 0.89	\$ 1.33	\$ 1.98	\$ 2.56
Weighted Average Common Shares Outstanding				
Basic	941,662	962,636	942,464	962,636
Diluted	1,033,636	1,032,190	1,028,569	1,032,190