



# Third Quarter 2019 Investor Presentation



**Alpine Bank**

INDEPENDENCE COMMUNITIES COMPASSION INTEGRITY LOYALTY

Member FDIC





# Forward Looking Statements

This presentation contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make regarding our evaluation of macro-environment risks, Federal Reserve rate management, and trends reflecting things such as regulatory capital standards and adequacy. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore against relying on any of these forward-looking statements. They are neither statements of historical fact or guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statement include:

- the ability to attract new deposits and loans;
- demand for financial services in our market areas;
- competitive market-pricing factors;
- deterioration in economic conditions that could result in increased loan losses;
- actions by competitors and other market participants that could have an adverse impact on our expected performance;
- risks associated with concentrations in real estate-related loans;
- market interest rate volatility;
- stability of funding sources and continued availability of borrowings;
- risk associated with potential cyber threats;
- changes in legal or regulatory requirements or the results of regulatory examinations that could restrict growth;
- the ability to recruit and retain key management and staff;
- the ability to raise capital or incur debt on reasonable terms;
- effectiveness of legislation and regulatory efforts to help the U.S. and global financial markets.

There are many factors that could cause actual results to differ materially from those contemplated by forward-looking statements. Any forward-looking statement made by us in this presentation speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.





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# Alpine Banks of Colorado



**Alpine Banks of Colorado Headquarters  
Glenwood Springs, Colorado**





# Alpine Banks of Colorado

## 9/30/2019 Summary Information

(unaudited)

Founded	1973
Ticker	ALPIB
Total Assets	\$3.844 Billion
Total Deposits	\$3.354 Billion
Gross Loans	\$2.577 Billion
Employees	747
Locations	40
Return on Assets	1.59%
Return on Equity	18.76%

Source: Bank holding company regulatory report for the quarter ended 9/30/19





# Financial Ratios

## for the First Three Quarters ended 9/30/19

(unaudited)

Net Income Growth	8.86%
Annualized Deposit Growth	3.37%
Annualized Loan Growth	7.49%
Efficiency Ratio	63.80%
Net Interest Margin (TE)	4.62%
NPA's to Total Assets	0.16%
Total Risk Based Capital	14.08%





# Alpine Banks of Colorado

## Stock Information

### as of 9/30/19

- Class B Non-Voting Common Stock
  - Traded on OTC Pink Market
  - Ticker: ALPIB
  - 51,639 shares outstanding
- Class A Voting Common Stock
  - 53,047 shares outstanding
  - Subject to Shareholders Agreement

Source: Internal company reports as of 9/30/19





# Employee Ownership

- Employee Stock Ownership Plan (ESOP) formed in 1983
- ESOP owns 22.5% of outstanding Class A Voting Common Stock as of 9/30/19
- Employees, Directors and their families own another 59% of voting shares through individual ownership as of 9/30/19







# Our Vision and Mission

## Vision

“Alpine Bank will be the preferred financial services provider for individuals and businesses in the communities we serve in Colorado.”

## Mission

“To help our customers, employees, shareholders and community members achieve their dreams.”





# Our Values

- Independence
- Integrity
- Communities
- Compassion
- Loyalty





# Executive Leadership

<u>Name</u>	<u>Title</u>	<u>Tenure at Alpine</u>
J. Robert Young	Founder and Chairman	46 Years
Glen Jammaron	President and Vice Chairman	34 Years
Glenn Davis	Chief Retail Officer	31 Years
Tom Kenning	Chief Administration Officer	24 Years
Andrew Karow	Chief Digital Officer	22 Years
Rachel Gerlach	Chief Operations Officer	22 Years





# Board of Directors

**Raymond T. Baker**

Owner, Real Estate Management Firm

**Stephen Briggs**

President, Roaring Fork Valley

**John W. Cooper**

Marketing and Leadership Consultant

**Wally Dallenbach**

Professional Motor Racing Executive

**Glenn Davis**

Chief Retail Officer

**Terry Farina**

Attorney at Law

**Norm Franke**

President, Front Range Region

**L. Kristine Gardner**

Former Banking Executive

**Peter N. Guy**

Investments

**Glen Jammaron**

Vice Chairman and President

**Thomas H. Kenning**

Chief Administration Officer

**Stan Kornasiewicz**

Investment Consultant

**Steve Parker**

Colorado Banking Leader

**R. Bruce Robinson**

Former Banking Executive

**H. David Scruby**

Former Banking Executive

**Rodney E. Slifer**

Vail Realtor

**J. Robert Young**

Founder and Chairman

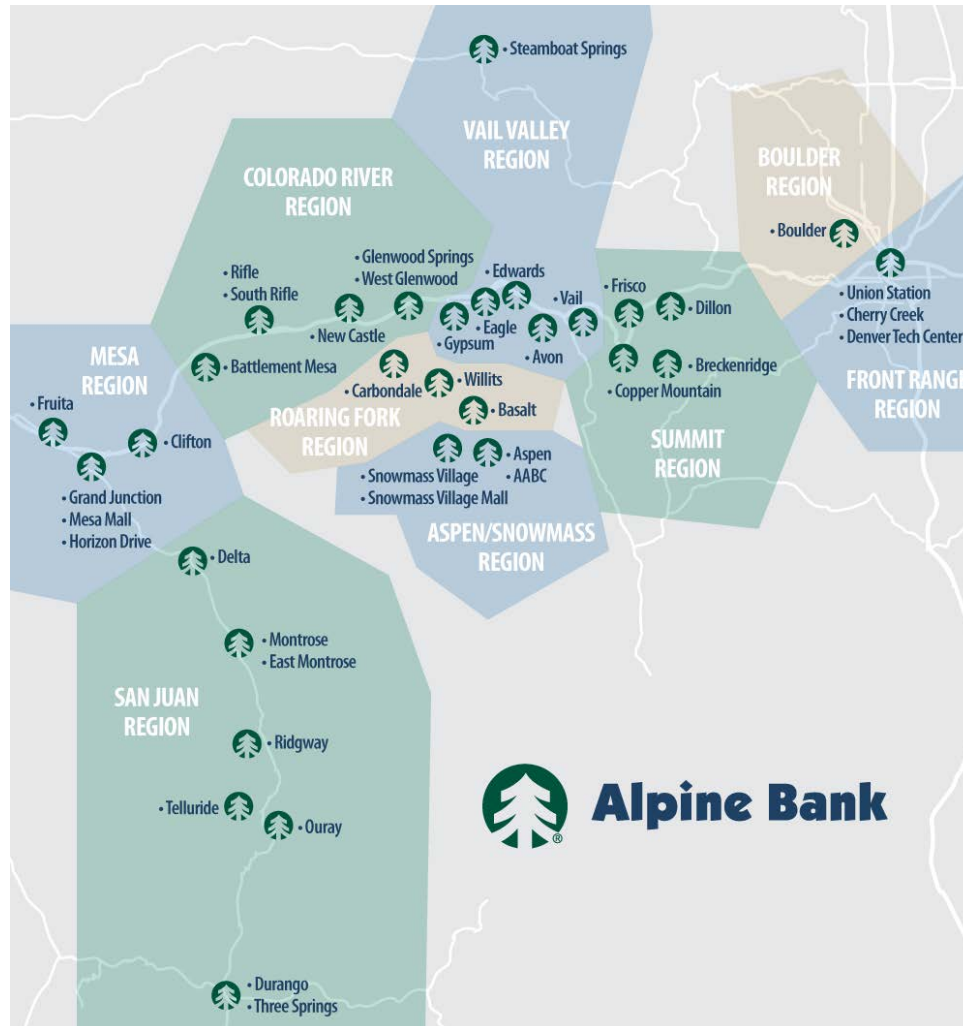
**Margo Young-Gardey**

Former Banking Executive





# Branch Network







# Community Involvement

- **Loyalty Debit Card Collection**
  - Debit card collection benefits local organizations supporting the community
  - Ten cents per transaction donated to the program
  - Over \$1.3 million donated to the program in 2018
- **Donations**
  - Over \$2.9 million donated in 2018 above and beyond the Loyalty Debit Card program
- **Federal Employee Loans**
  - Interest-free loans made to federal employees impacted by the 2019 government shutdown
  - Third time in history we have run this program
- **Volunteer Time**
  - All employees receive three paid days off annually for volunteer efforts
  - 13,965 hours of volunteer time reported in 2018

Source: Internal company reports as of 9/30/19





# Environmental Initiatives

- **ISO Certification**
  - International Organization for Standards (ISO) 14001 certification for environmental management since 2006
- **Green Team**
  - Grassroots employee-driven initiative started in 2005 to improve environmental practices
- **Renewable Energy**
  - All electricity generated from renewable sources or offset by Renewable Energy Credits
- **Environment Loyalty Debit Card**
  - Ten cents per transaction donated to local environmentally-focused organizations





# Focus on Customer Service

- **CARE**

- Connect, Ask Questions, Recommend, Exceed
- Our commitment to deliver exceptional service and solutions that enhance our customers' experience

- **Net Promoter Score**

- Net Promoter Score measures percentage of customers that would recommend a brand
- Alpine Bank's Net Promoter Score was 82 in 2018, compared to an average Net Promoter Score of 35 for the banking industry in 2018





# Employee Volunteers in Action





# Key Metrics

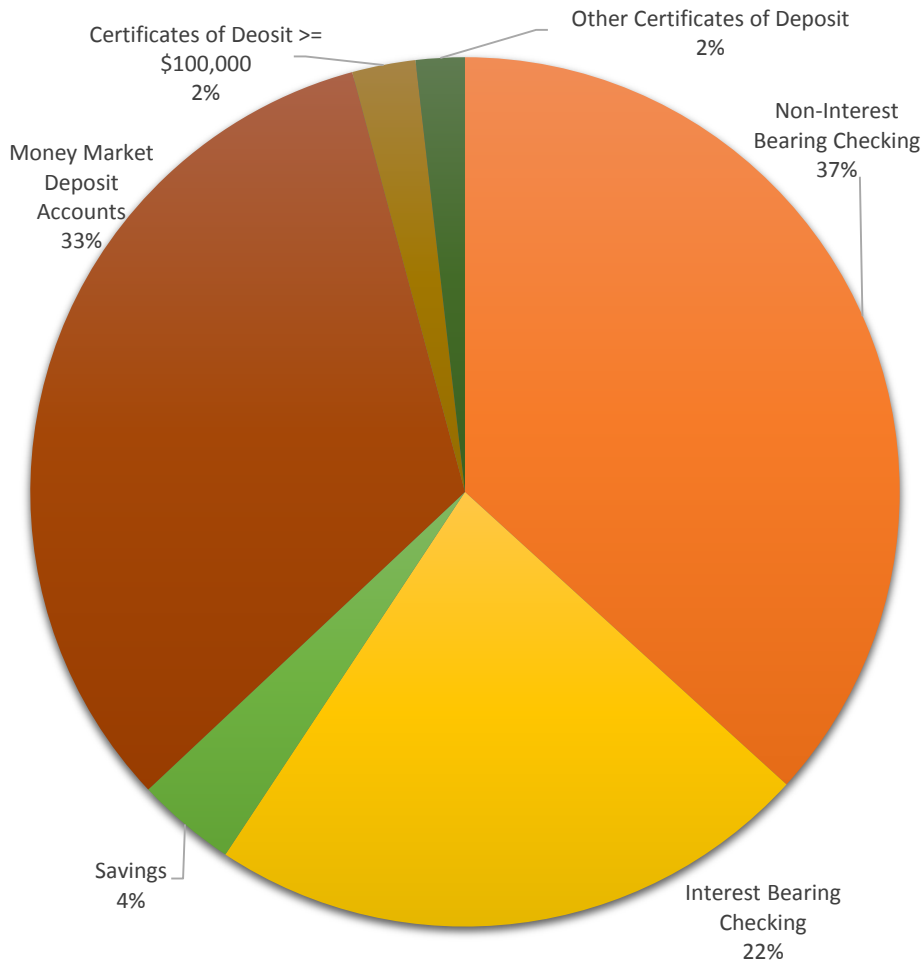
- Core Deposit Base
- Diversified Loan Portfolio
- De Novo Market Expansion
- Talent Development
- Operational Efficiency
- Noninterest Income







# Core Deposit Base as of 9/30/19

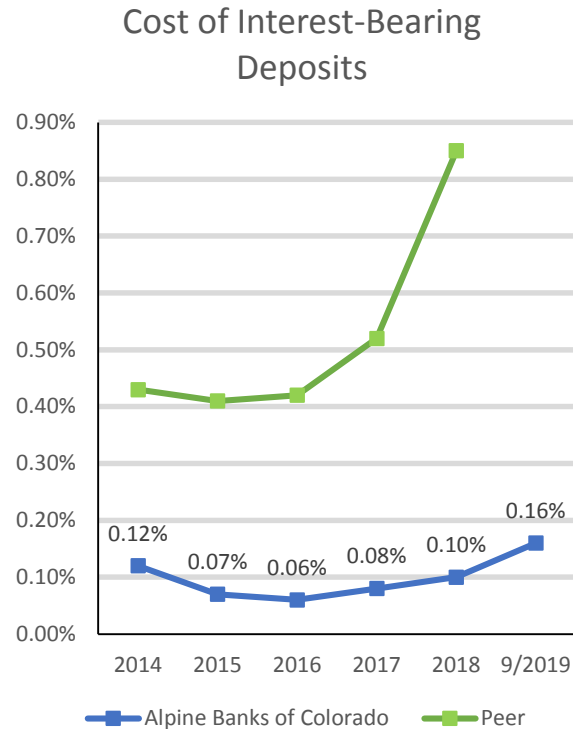


- 37% Non-Interest Bearing Deposits
- Reliance on Certificate of Deposit funding only 4%
- No wholesale deposits





# Cost of Funds



Information as of December 31 for the year indicated, except for 9/30/19

- Cost of Interest-bearing deposits below peer
- Gap has been widening as rates have increased
- Low-cost core deposits have been a competitive advantage for Alpine Bank

Source: Bank holding company regulatory reports

Peer group for all data in this presentation consists of bank holding companies with consolidated assets between \$3 billion and \$10 billion per the Federal Reserve's Bank Holding Company Performance Report





# Colorado Deposit Market Share

Statewide

(as of June 30, 2019)

	Bank Name	State (Headquarters)	Colorado Offices	Deposits (\$000)	Market Share
1	Wells Fargo Bank	SD	150	31,981,361	22.42%
2	FirstBank	CO	99	16,335,203	11.45%
3	US Bank	OH	142	15,192,617	10.65%
4	JPMorgan Chase	OH	114	14,199,714	9.95%
5	KeyBank	OH	58	5,965,278	4.18%
6	Bank of the West	CA	75	5,010,500	3.51%
7	BOK	OK	15	3,722,295	2.61%
8	Bank of Colorado	CO	44	3,368,176	2.36%
<b>9</b>	<b>Alpine Bank</b>	<b>CO</b>	<b>40</b>	<b>3,249,167</b>	<b>2.28%</b>
10	Bank of America	NC	11	2,884,932	2.02%





# Colorado Deposit Market Share

## Traditional Western Slope Markets

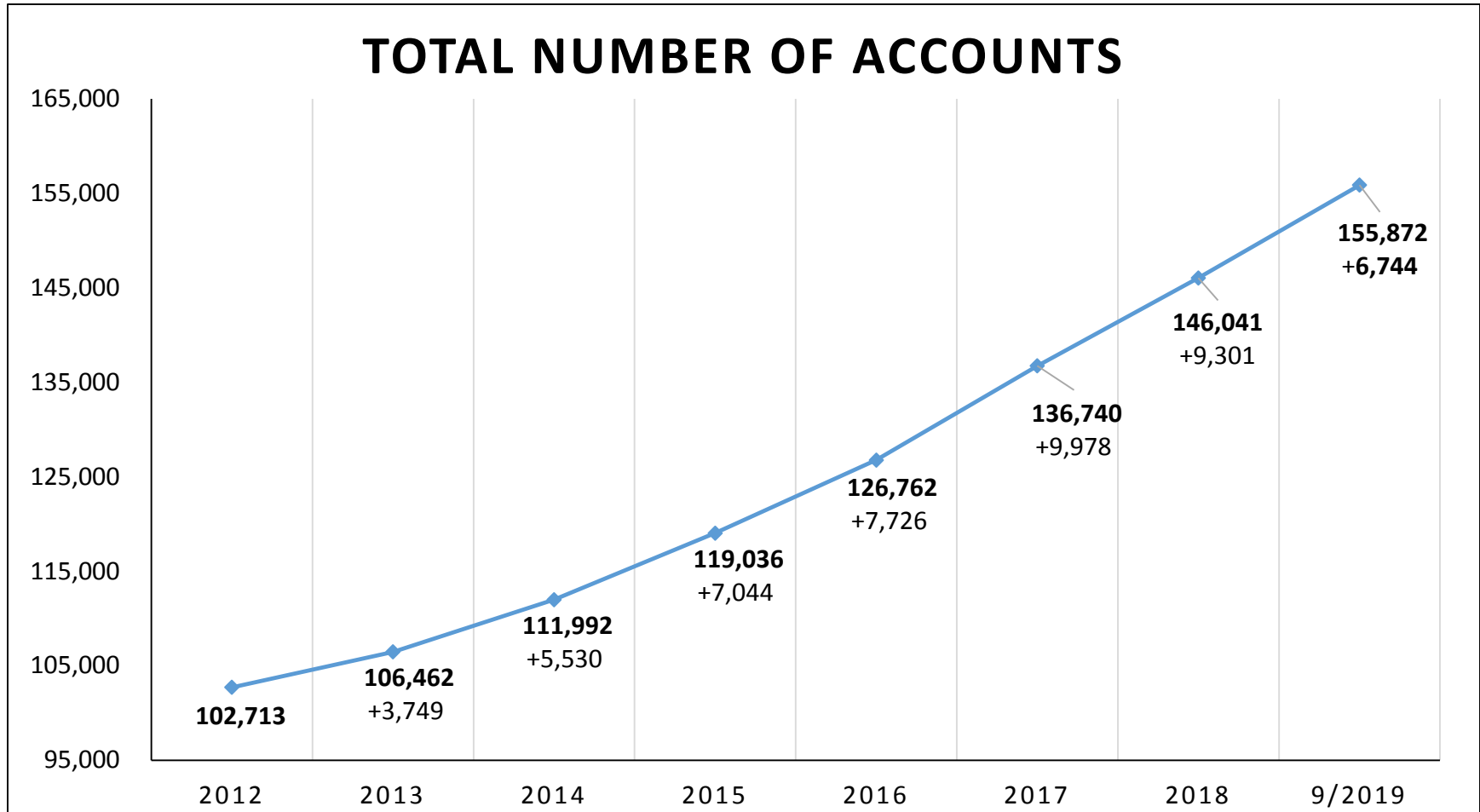
(as of June 30, 2019)

	<b>Bank Name</b>	<b>State (Headquarters)</b>	<b>Colorado Offices</b>	<b>Deposits (\$000)</b>	<b>Market Share</b>
1	Alpine Bank	CO	36	3,077,485	23.58%
2	Wells Fargo	SD	21	2,717,300	20.82%
3	FirstBank	CO	10	1,512,806	11.59%
4	US Bank	OH	21	954,382	7.31%
5	Bank of Colorado	CO	14	918,446	7.04%
6	Bank of the West	CA	10	550,050	4.21%
7	ANB Bank	CO	11	508,715	3.90%
8	Vectra Bank	UT	9	399,982	3.07%
9	TBK Bank	TX	5	386,959	2.97%
10	NBH Bank	CO	10	326,679	2.50%





# Deposit Account Growth



Source: Internal company reports as of September 30, 2019

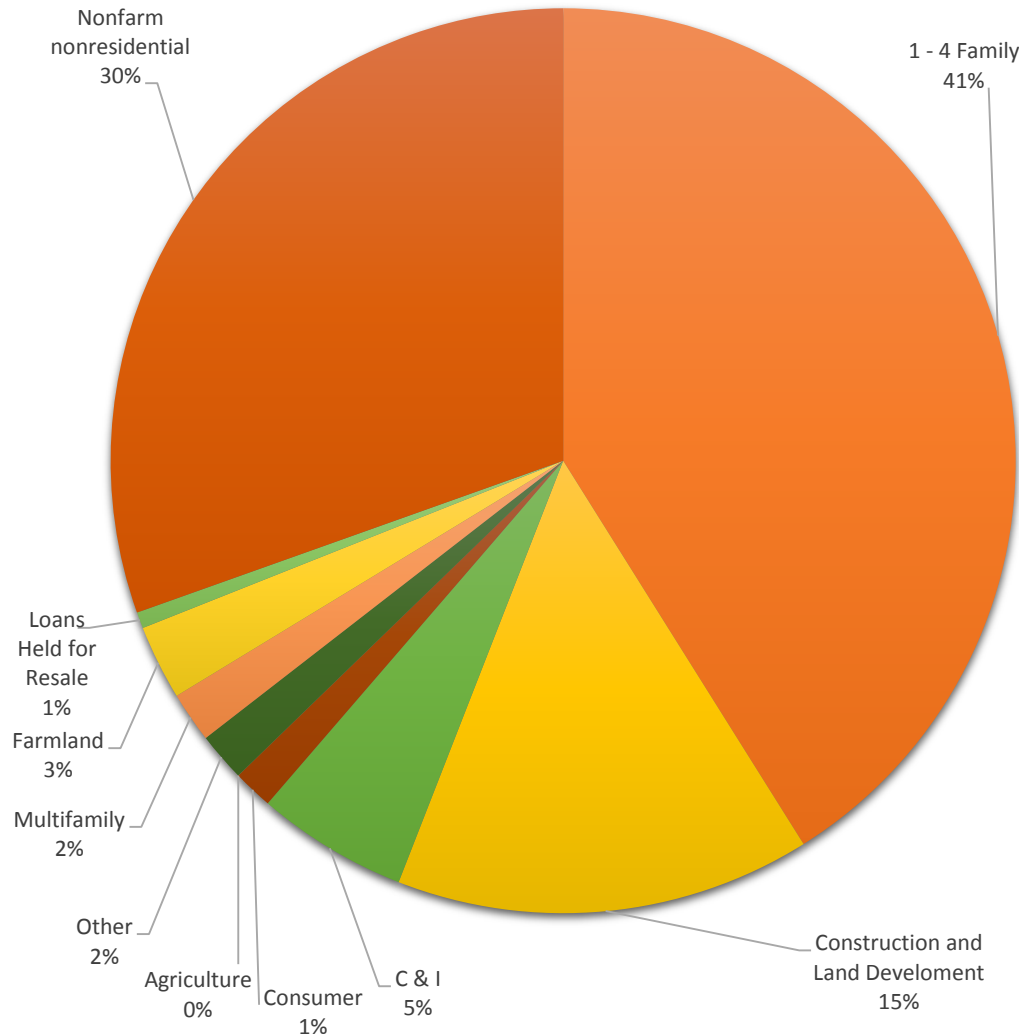
Information as of December 31 for the year indicated, except for 9/30/19







# Diversified Loan Portfolio as of 9/30/19



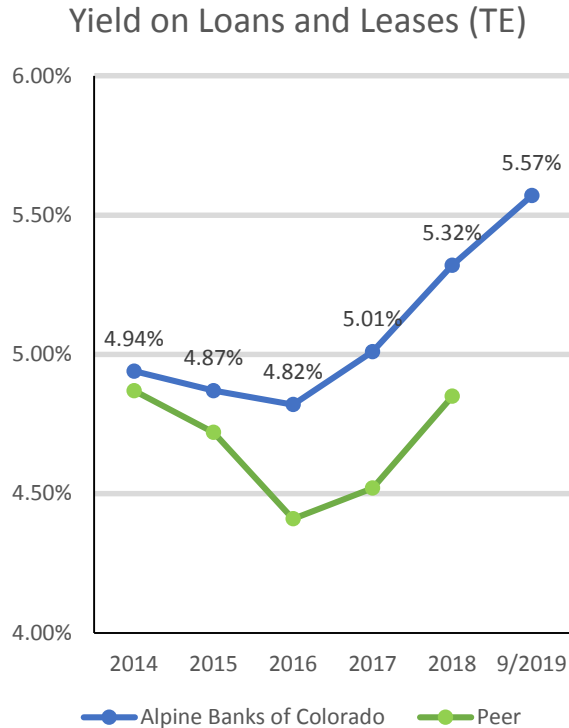
- 41% of loans are 1 to 4 Family
- 30% Commercial Real Estate (CRE) loans
- CRE concentrations are below regulatory guidance

Source: Bank holding company regulatory report for the quarter ended 9/30/19





# Yield on Loans Above Peer Group



- Above peer performance for the 2014-2018 period

Information as of December 31 for the year indicated, except for 9/30/19





# Commercial and Industrial (C & I) Lending Expansion

- We have been building out a C & I Lending Department
- We believe there are strong opportunities in the Front Range market for C&I lending
- C&I lending employees come from a combination of outside hires and our existing lenders
- We have been building our C&I lending infrastructure since December 2017
- We are currently looking to grow our book of C&I lending business





## De Novo Market Expansion

- Entered the Front Range market in 2014 with our Union Station Branch
- We now have 4 locations in Denver/Boulder area
- Proactively adding to the lending staff within our current footprint
- Currently exploring new locations within Denver and along the Front Range





# Alpine Bank on the Front Range

- Union Station, Cherry Creek, and DTC branches have grown since opening:
  - Combined loans over \$341 million at 9/30/19
  - Combined deposits over \$181 million at 9/30/19
- Boulder branch opened in February 2019 :
  - Loans nearing \$71 million at 9/30/19
  - Deposits nearing \$12 million at 9/30/19





# Talent Development

- **Officer Trainees**

- 46-year history of hiring and training our own officer staff
- One-year training program for recent college graduates
- 8 Officer Trainees hired in 2018 and 8 additional hired through September 30, 2019

- **Leadership Development**

- In-house, comprehensive Leadership Training Program
- Created and led by Starquest Group, industry experts in leadership and sales development

- **Commitment to Training**

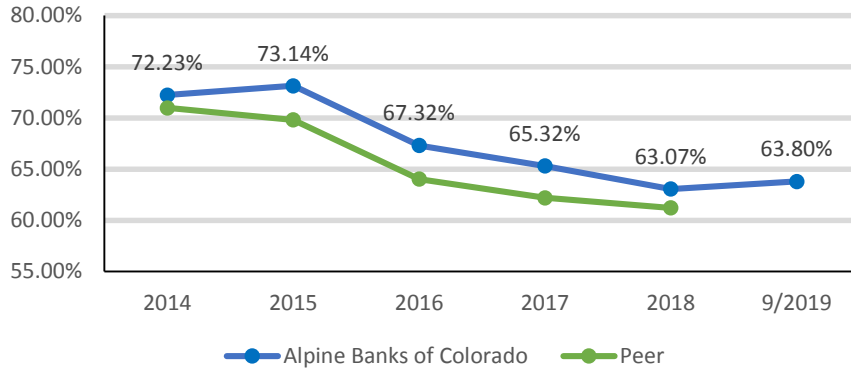
- Full-service internal training department
- Officers and employees are encouraged to engage in outside training related to their job functions



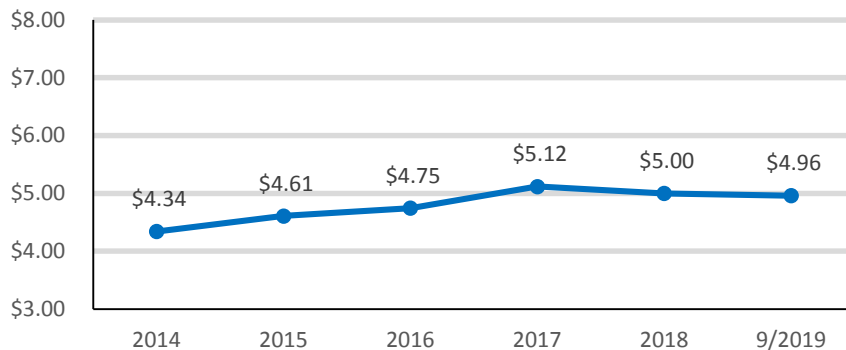


# Operational Efficiency

Efficiency Ratio



Assets Per Employee  
(in Millions)



Information as of December 31 for the year indicated, except for 9/30/19

- Declining Efficiency Ratio
- Assets per Employee impacted by slower growth in 2019
- In-house expertise in process improvement
- Significant investment in Simon loan workflow system





# Noninterest Income

- **Wealth Management**

- 25.5 employees working in Wealth Management as of 9/30/19
- Added two relationship managers and a fully staffed office in Denver in August 2019
- Assets under management approaching \$1.0 billion as of 9/30/19, up from \$0.5 billion as of 12/31/17
- Revenue for the nine months ended 9/30/19 was \$2,576,000

- **Mortgage**

- Origination of conforming and jumbo mortgages for sale on the secondary market
- Sold with servicing released
- Revenue for the nine months ended 9/30/19 was \$4,202,000

- **Interchange**

- Interchange income increased 11.8% annually from 2013 through 2018
- Revenue for nine months ended 9/30/19 was \$8,140,000







# Financial Information



**Alpine Bank, Union Station**



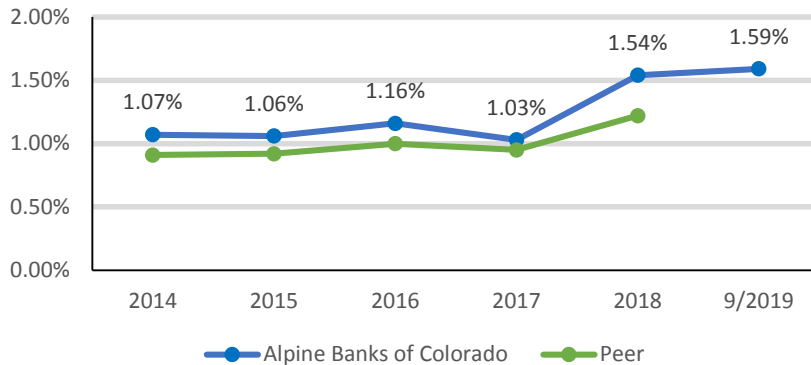
**Alpine Bank, Boulder**



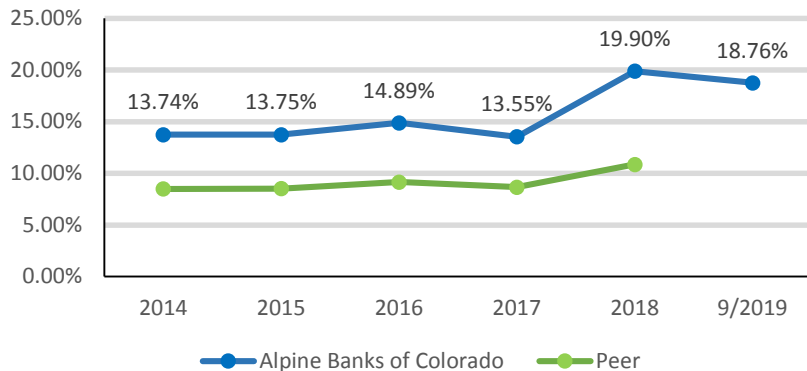


# Earnings Growth History

Return on Assets (ROA)



Return on Equity (ROE)



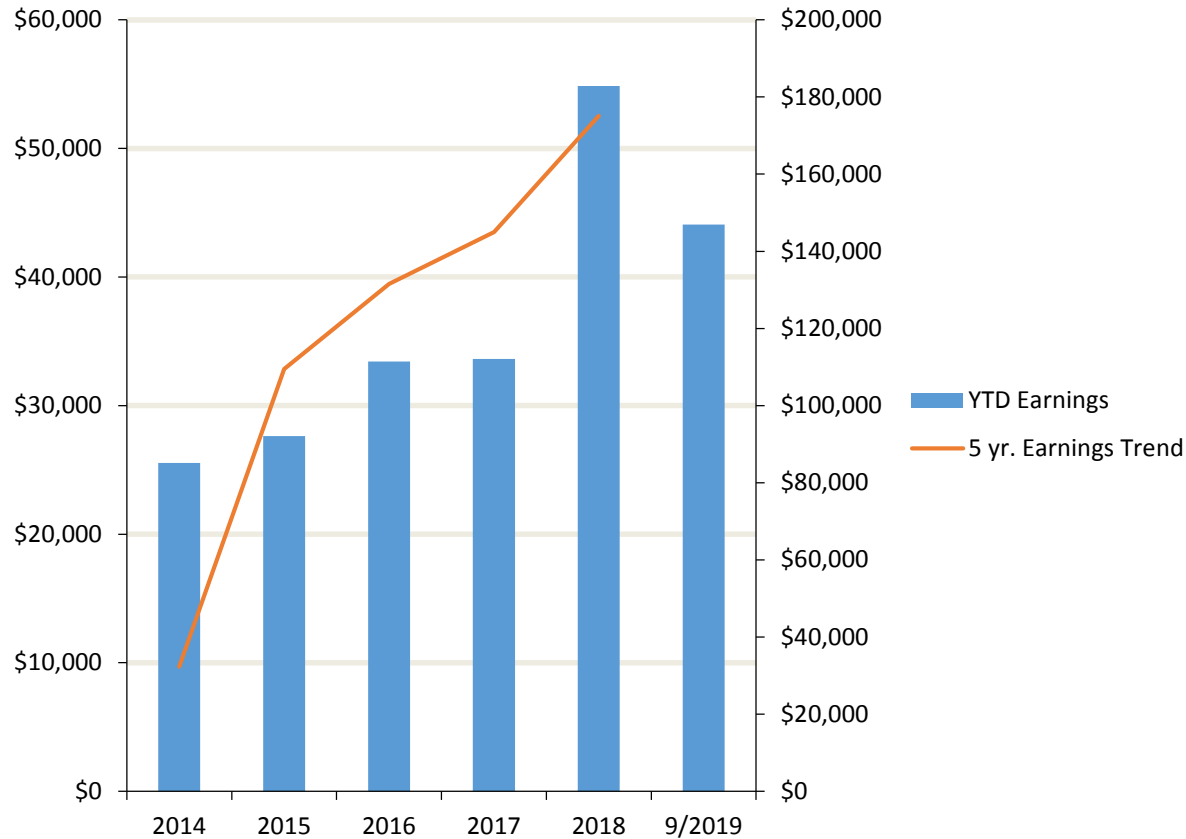
Information as of December 31 for the year indicated, except for 9/30/19

- Historically outperformed peer group in both ROA and ROE
- 83rd percentile to peer group in ROA as of 12/31/18
- 95<sup>th</sup> percentile to peer group in ROE as of 12/31/18
- 2017 impacted by deferred tax write-down relating to tax reform





# Net Income 5 Year Growth



**(\$000)**

Information as of December 31 for the year indicated, except for 9/30/19

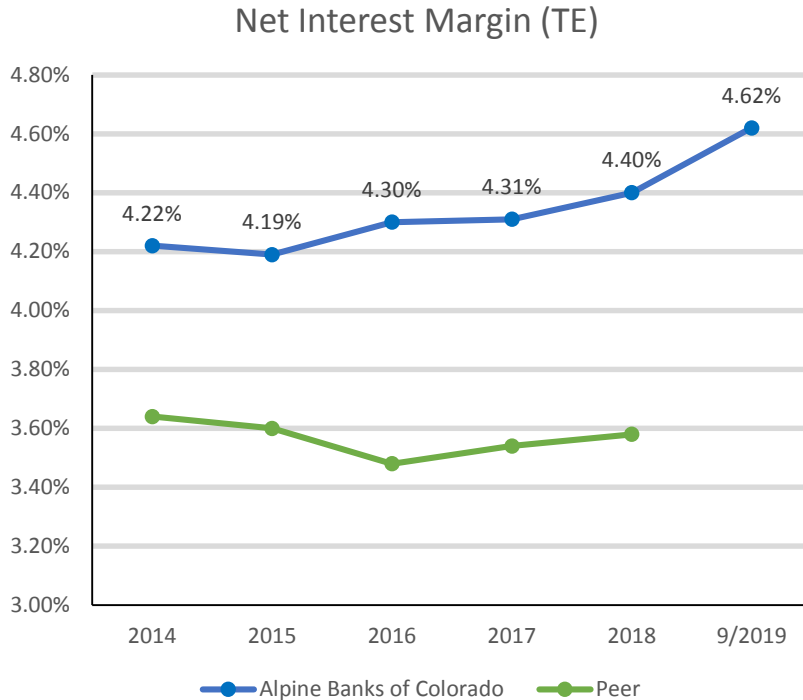
Source: Bank holding company  
regulatory reports





# Net Interest Margin (TE)

- 93rd percentile to peer as of 12/31/18

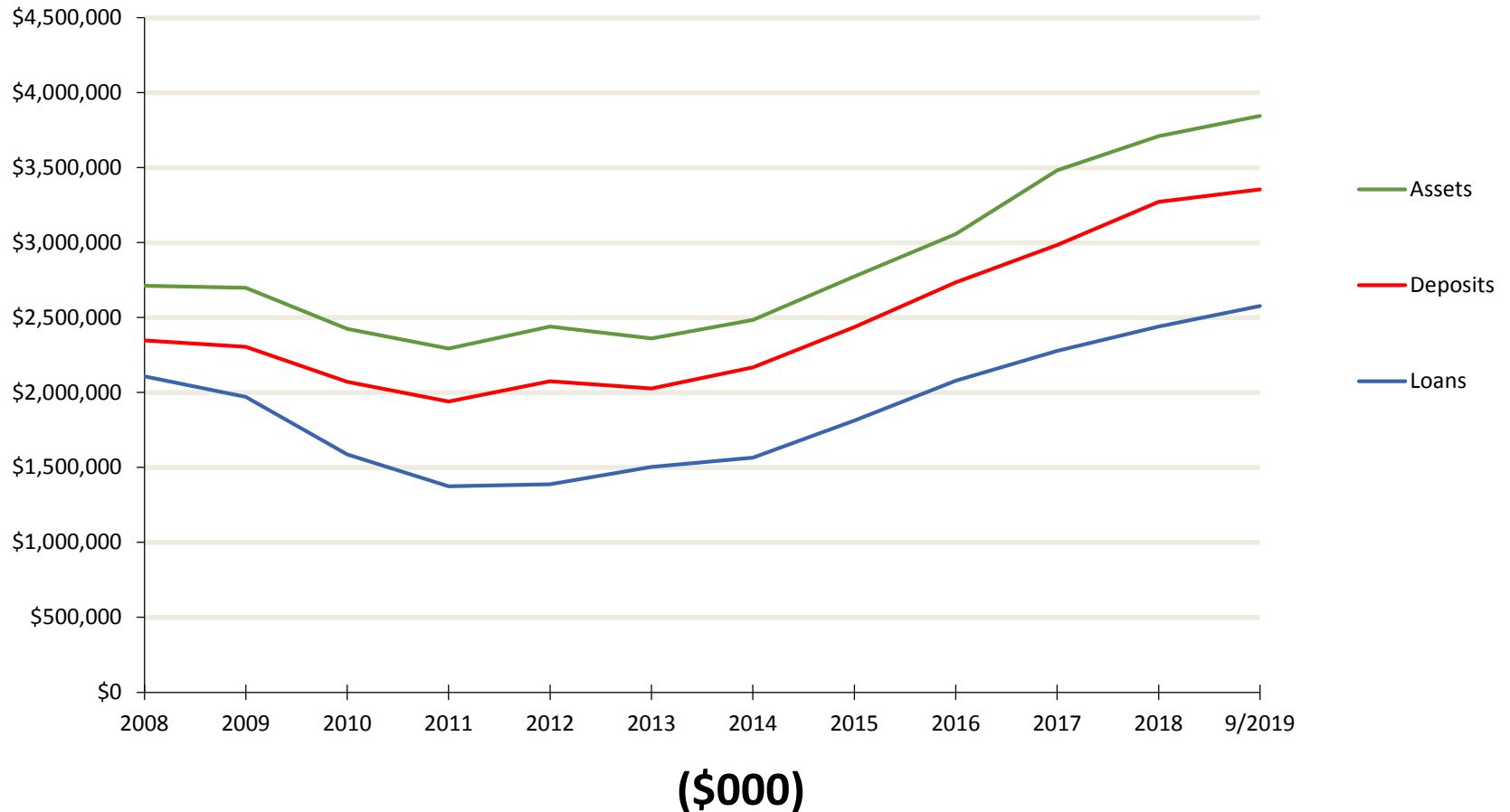


Information as of December 31 for the year indicated, except for 9/30/19





# 10 Year Growth Trends



Information as of December 31 for the year indicated, except for 9/30/19

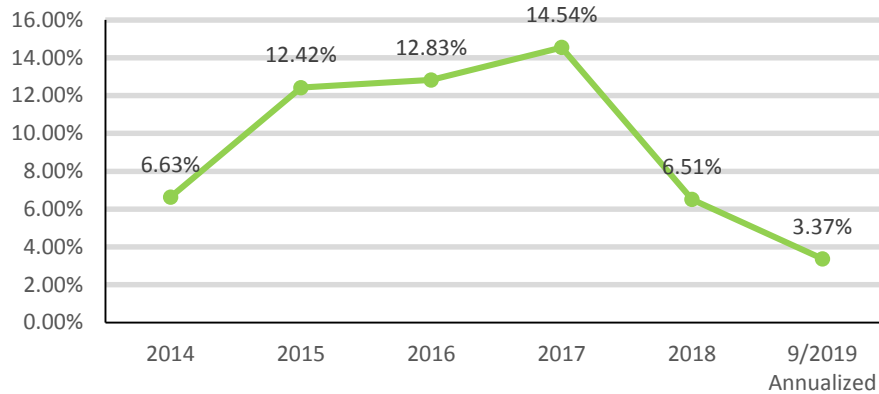
Source: Bank holding company  
regulatory reports





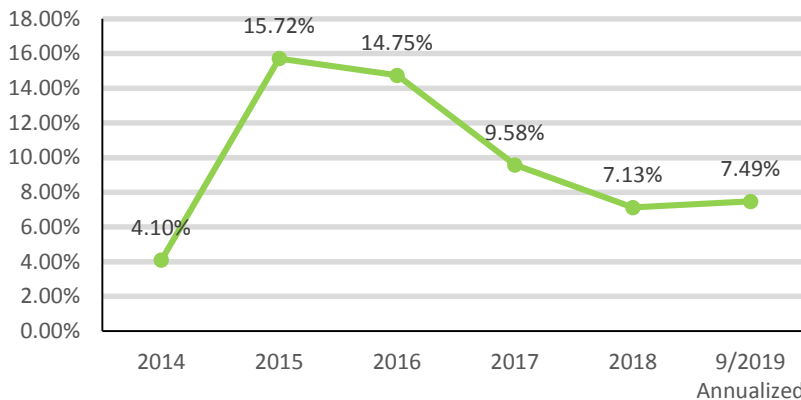
# Deposit and Loan Growth History

Deposit Growth



- Slower growth in 2018-2019 period is a welcome offset to the rapid growth in 2015-2017

Loan Growth



Information as of December 31 for the year indicated, except for 9/30/19

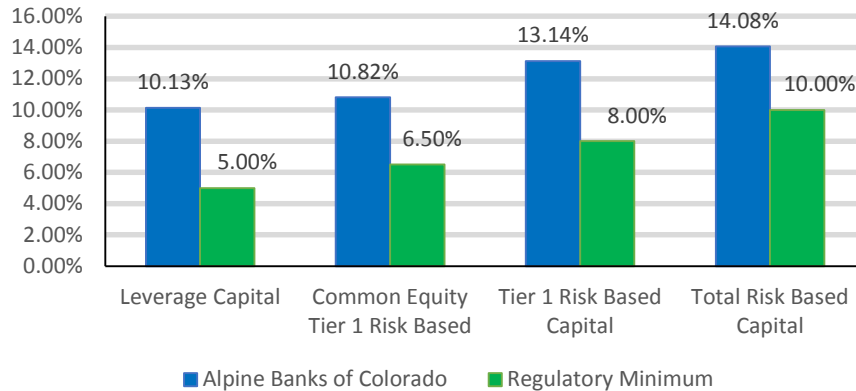
Source: Bank holding  
company regulatory reports





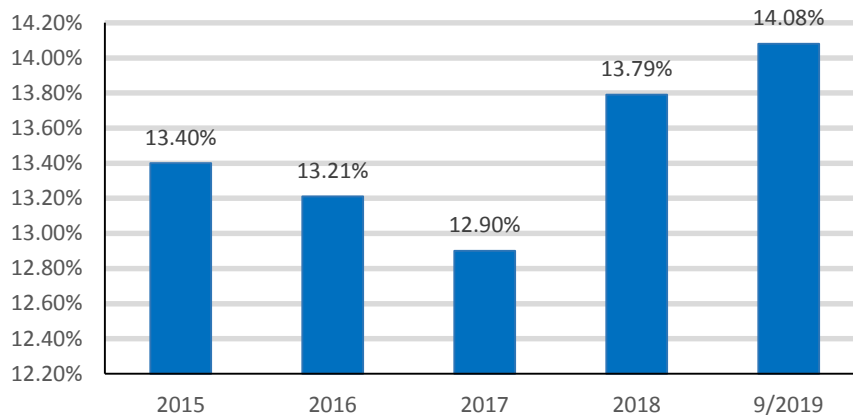
# Capital Ratios

## Regulatory Capital Ratios



- Capital levels in excess of regulatory minimums
- Increase in capital levels with slower asset growth in 2018-2019 period

## Total Risk Based Capital



Information as of December 31 for the year indicated, except for 9/30/19

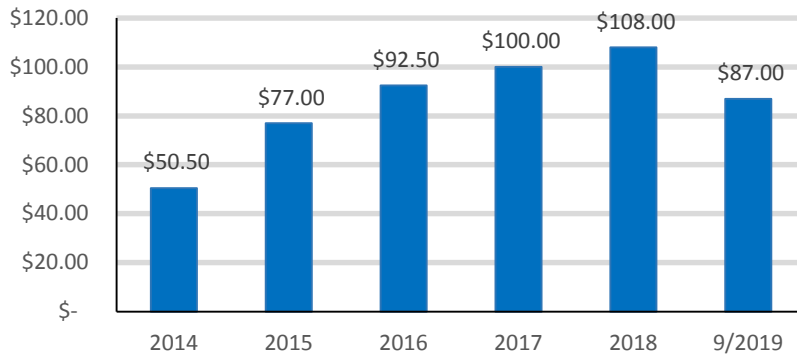
Source: Bank holding company regulatory reports



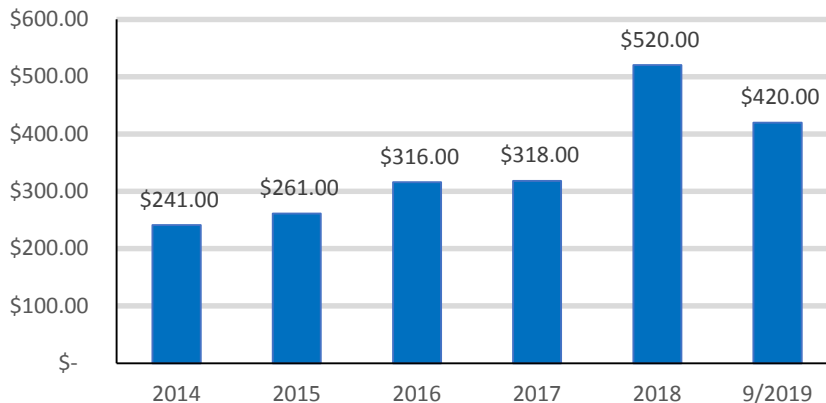


# Shareholder Returns

Dividends Per Share



Earnings Per Share



- Historically increasing dividends
- As of 9/30/2019:
  - 2.31% Dividend Yield
  - 9.0 times LTM EPS
  - 167.5 Price/Tangible Book

Information as of December 31 for the year indicated, except for 9/30/19

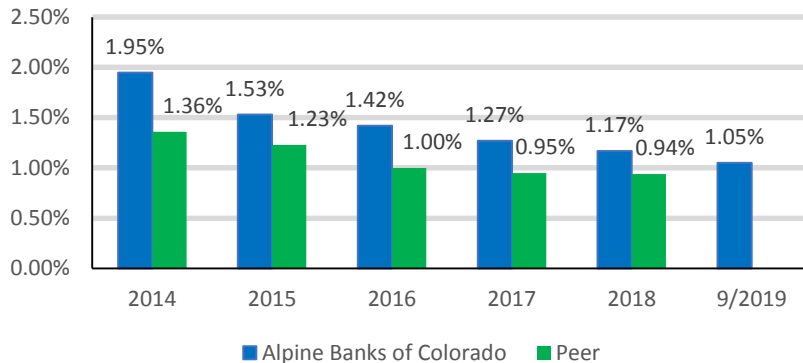




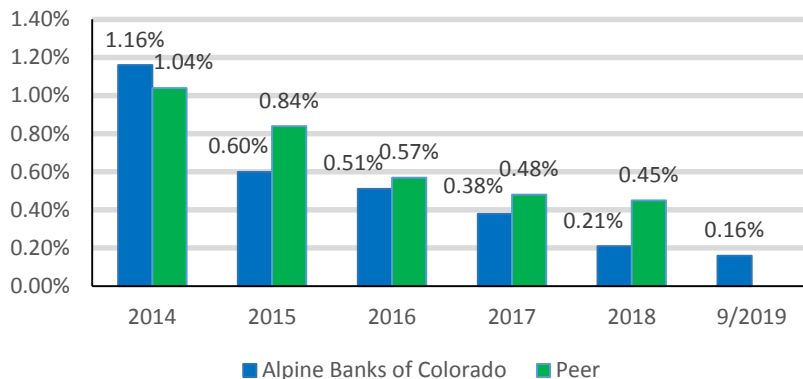


# Asset Quality

Allowance for Loan and Lease Losses (ALLL)  
Percentage



Non-performing Assets to Total Assets



Information as of December 31 for the year indicated, except for 9/30/19

- ALLL 0.23% higher than peer group at 12/31/18
- Nonperforming assets at 0.16% as of 9/30/19 and have declined since 2014
- Net loan charge-off ratio of 0.01% in 2018





# Contact Information

Glen Jammaron  
President & Vice Chairman  
970-384-3266  
[glenjammaron@alpinebank.com](mailto:glenjammaron@alpinebank.com)

Tom Kenning  
Chief Administration Officer  
970-384-3249  
[tomkenning@alpinebank.com](mailto:tomkenning@alpinebank.com)

Eric Gardey  
Chief Financial Officer  
970-384-3257  
[ericgardey@alpinebank.com](mailto:ericgardey@alpinebank.com)





# Market Makers

Michael R. Natzic or Katy Ehlers  
Community Banking & Wealth Management Group  
D.A.Davidson & Co.  
P.O. Box 1688  
Big Bear Lake, CA 92315  
(800) 288-2811  
[mnatzic@dadco.com](mailto:mnatzic@dadco.com)  
[kehlers@dadco.com](mailto:kehlers@dadco.com)

