



Fourth 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

12/31/2019 Summary Information

(unaudited)

Founded	1973
Ticker	ALPIB
Total Assets	\$3.868 Billion
Total Deposits	\$3.360 Billion
Gross Loans	\$2.687 Billion
Employees	754
Locations	40
ROA	1.55%
ROE	18.17%





Financial Ratios for the Year ended 12/31/19

(unaudited)

Net Income Growth	5.76%
Annualized Deposit Growth	2.72%
Annualized Loan Growth	10.11%
Efficiency Ratio	64.70%
Net Interest Margin	4.59%
NPA's to Total Assets	0.11%
Total Risk Based Capital	14.10%





Alpine Banks of Colorado

Stock Information

as of 12/31/19

- Class B Non-Voting Common Stock
 - Traded on OTC Pink Market
 - Ticker: ALPIB
 - 51,631 shares outstanding
- Class A Voting Common Stock
 - 53,043 shares outstanding
 - Subject to Shareholders Agreement





Employee Ownership

- Employee Stock Ownership Plan (ESOP) formed in 1983
- ESOP owns 22.6% of outstanding Class A Voting Common Stock as of 12/31/19
- Employees, Directors and their families own another 59% of voting shares through individual ownership as of 12/31/19





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

Former Banking Executive

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

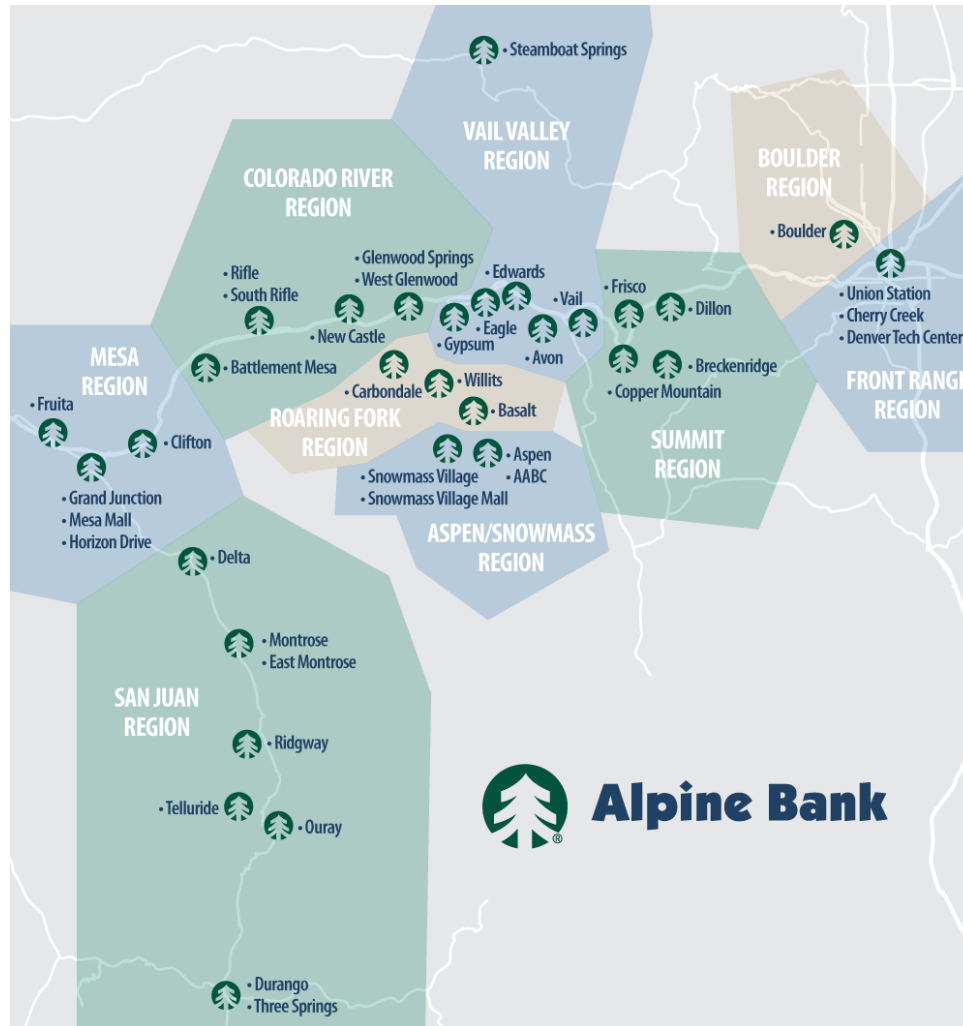
Margo Young-Gardey

Former Banking Executive





Branch Network



Alpine Bank





Community Involvement

- **Loyalty Debit Card Collection**
 - Debit card collection benefits local organizations supporting the community
 - Ten cents per transaction donated to the program
 - Over \$1.5 million donated to the program in 2019
- **Donations**
 - Over \$3.0 million donated in 2019 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
 - Over 12,300 hours of volunteer time reported in 2019

Source: Internal company reports as of 12/31/19





Environmental Initiatives

- **ISO Certification**
 - International Organization for Standardization (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 2019, compared to an average Net Promoter Score of 34 for the banking industry in 2019





Employee Volunteers in Action





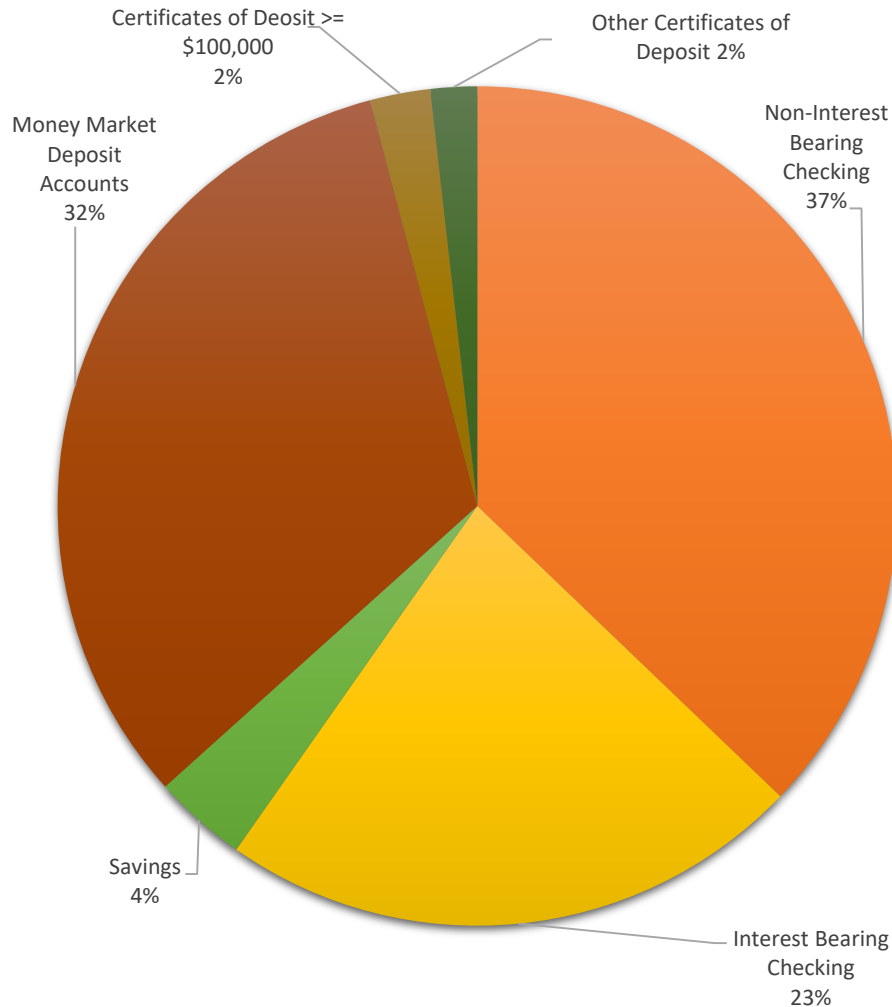
Key Metrics

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





Core Deposit Base as of 12/31/19



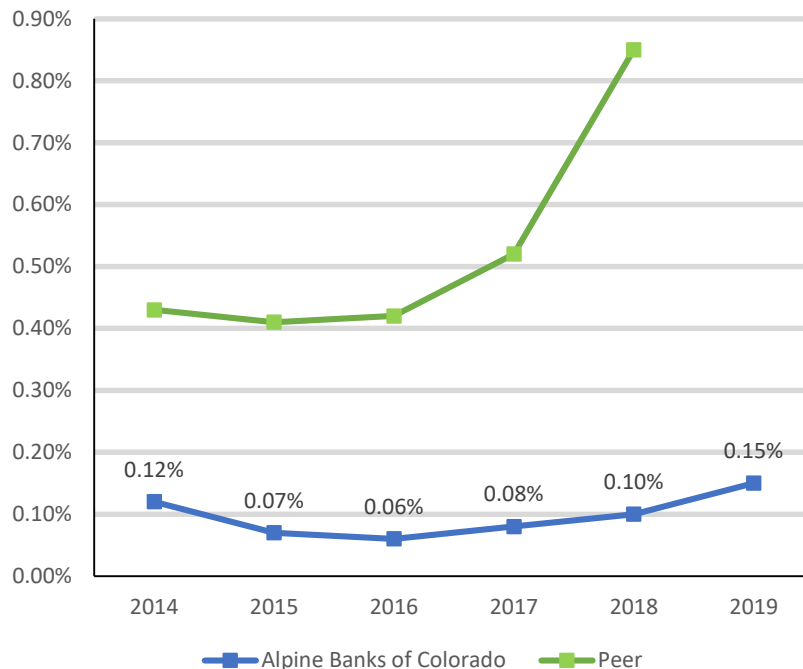
- 37% Non-Interest Bearing Deposits
- Reliance on Certificate of Deposit funding only 4%
- No wholesale deposits





Cost of Funds

Cost of Interest-Bearing Deposits



Information as of December 31 for the year indicated

- 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%
9	Alpine Bank	CO	40	3,249,167	2.28%
10	Bank of America	NC	11	2,884,932	2.02%





Colorado Deposit Market Share

Traditional Western Slope Markets

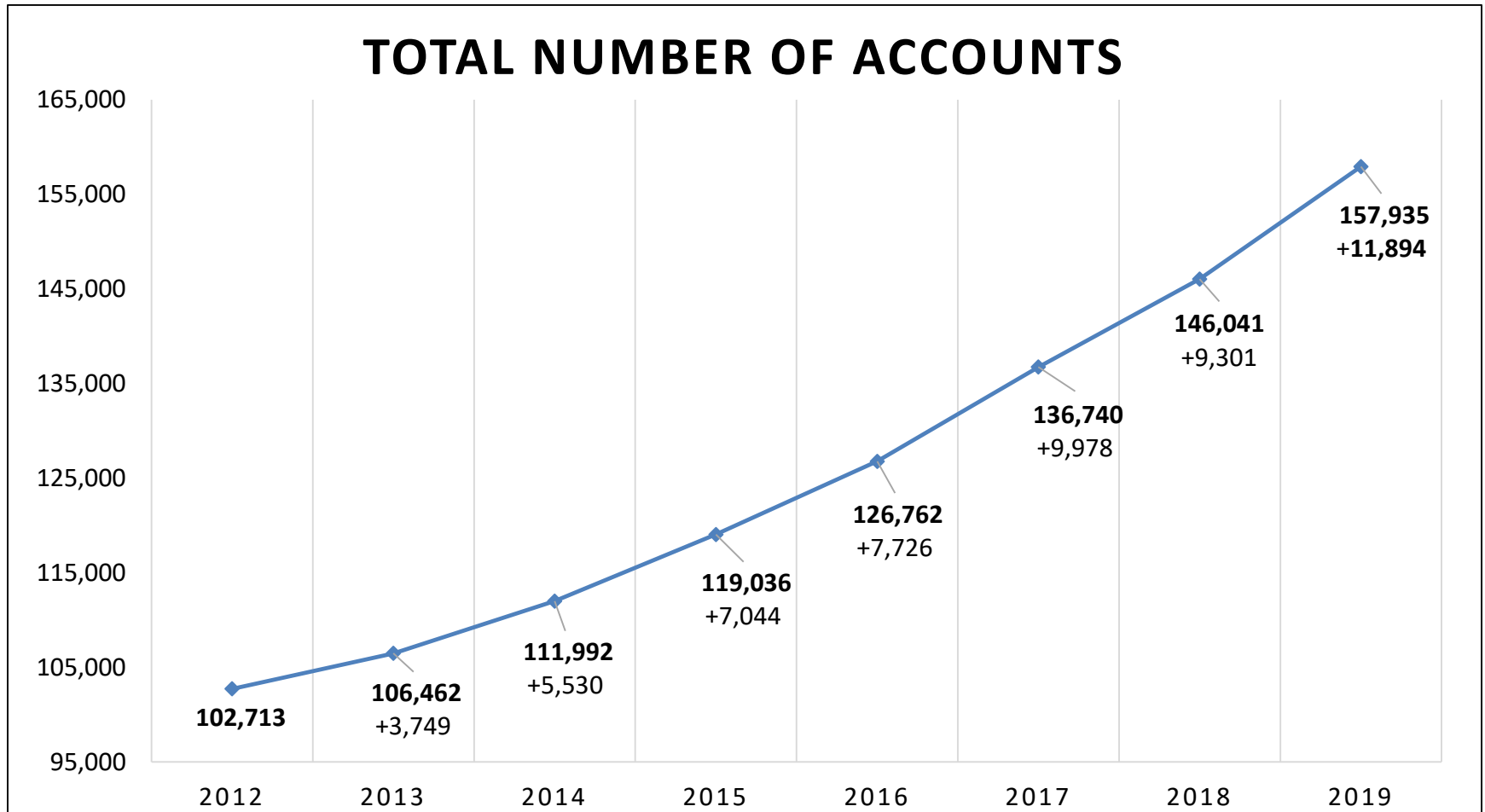
(as of June 30, 2019)

	Bank Name	State (Headquarters)	Colorado Offices	Deposits (\$000)	Market Share
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%



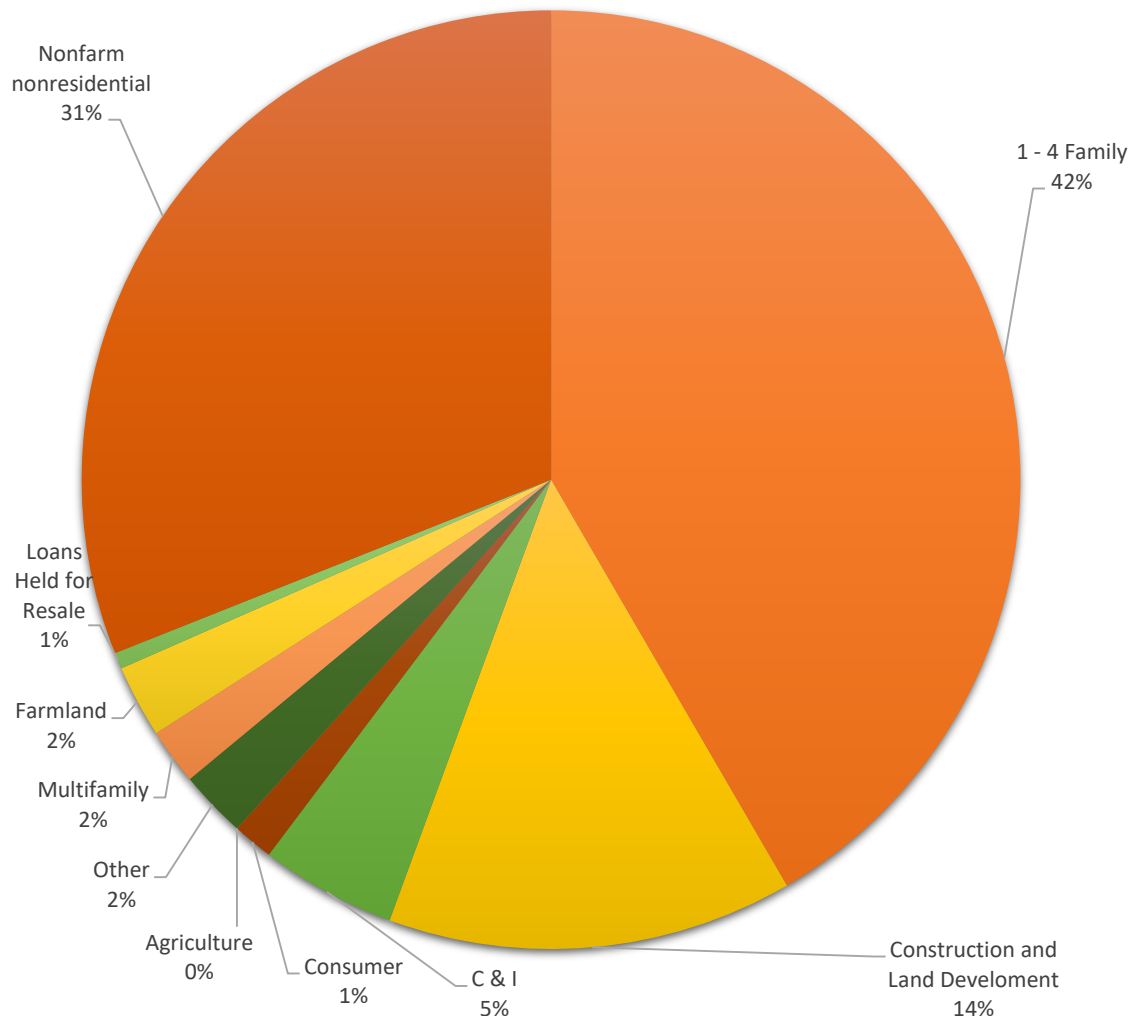


Deposit Account Growth





Diversified Loan Portfolio as of 12/31/19



- 42% of loans are 1 to 4 Family
- 31% Commercial Real Estate (CRE) loans
- CRE concentrations are below regulatory guidance

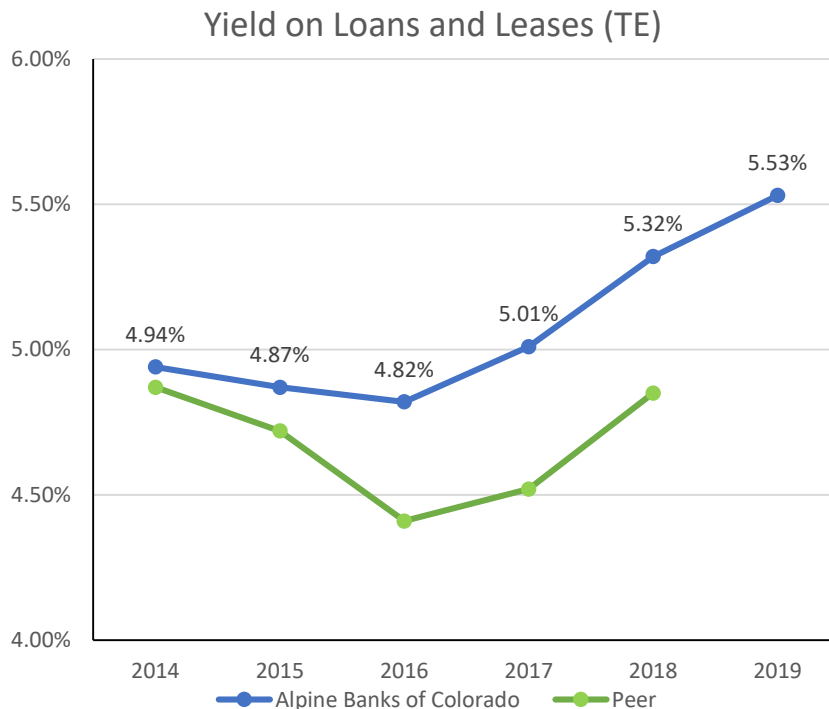
Source: Bank holding company regulatory report for the quarter ended 12/31/19





Yield on Loans Above Peer Group

- Above peer performance for the 2014-2019 period





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 \$387 million at 12/31/19
 - Combined deposits over \$187 million at 12/31/19
- Boulder branch opened in February 2019 :
 - Loans nearing \$83 million at 12/31/19
 - Deposits nearing \$17 million at 12/31/19





Talent Development

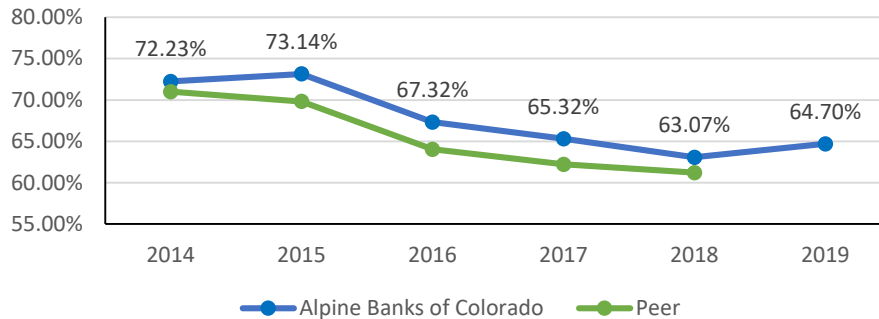
- Officer Trainees
 - 46-year history of hiring and training our own officer staff
 - One-year training program for recent college graduates
 - 8 Officer Trainees hired in 2018 and 6 additional hired in 2019
- Leadership Development
 - In-house, comprehensive Leadership Training Program
 - Created and 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



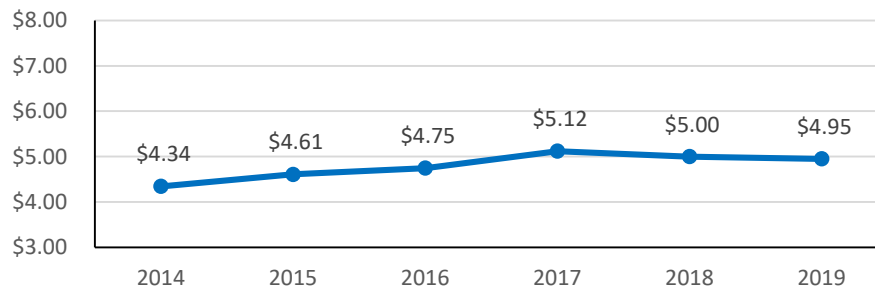


Operational Efficiency

Efficiency Ratio



Assets Per Employee
(in Millions)



Information as of December 31 for the year indicated

- Generally 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**

- 24.5 employees working in Wealth Management as of 12/31/19
- Added two relationship managers and a fully staffed office in Denver in August 2019
- Assets under management approaching \$1.0 billion as of 12/31/19, up from \$0.5 billion as of 12/31/17
- Revenue for the year ended 12/31/19 was \$3,572,000

- **Mortgage**

- Origination of conforming and jumbo mortgages for sale on the secondary market
- Sold with servicing released
- Revenue for the year ended 12/31/19 was \$6,120,000

- **Interchange**

- Interchange income increased 11.6% annually from 2013 through 2019
- Revenue for the year ended 12/31/19 was \$11,076,000





Financial Information



Alpine Bank, Union Station



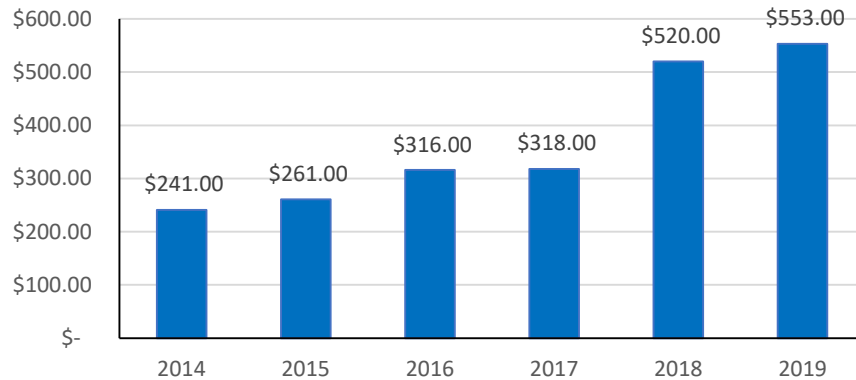
Alpine Bank, Boulder



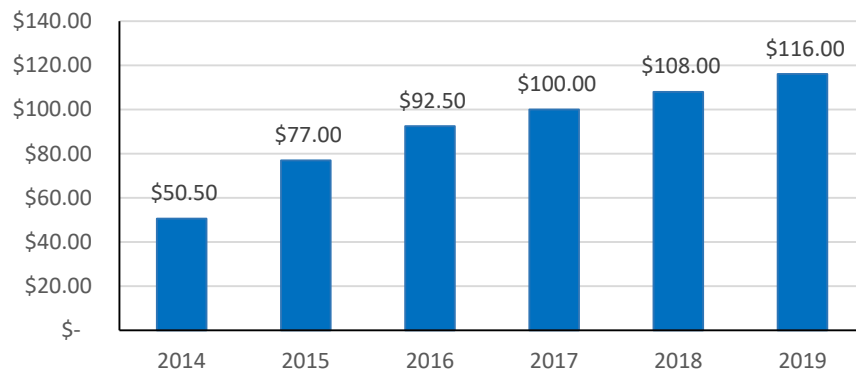


Shareholder Returns

Earnings Per Share



Dividends Per Share



Information as of December 31 for the year indicated

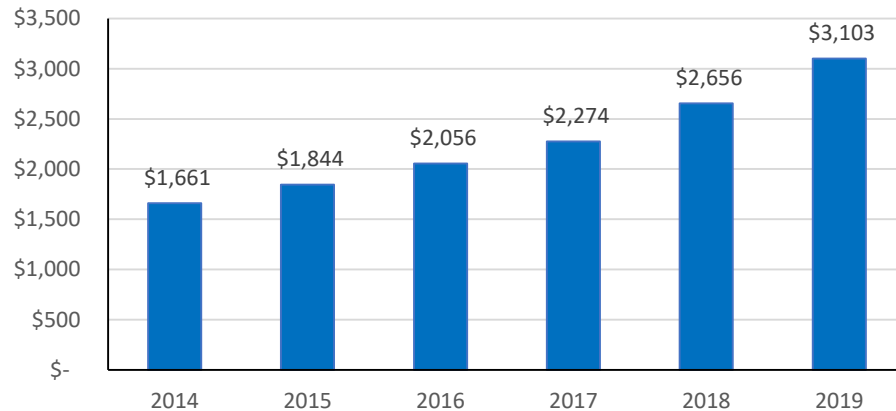
- 18% Cumulative Average Growth Rate (CAGR) in Earnings Per Share since 2014
- Historically increasing dividends
- As of 12/31/2019:
 - 2.34% Dividend Yield
 - 8.9 times LTM EPS
 - 164.8 Price/Tangible Book





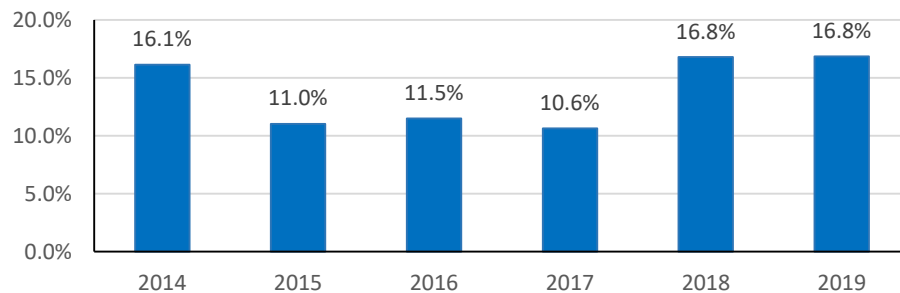
Tangible Book Value

Tangible Book Value Per Share



- 13.8% CAGR in Tangible Book Value Per Share Since 2014

Annual Increase in Tangible Book Value Per Share



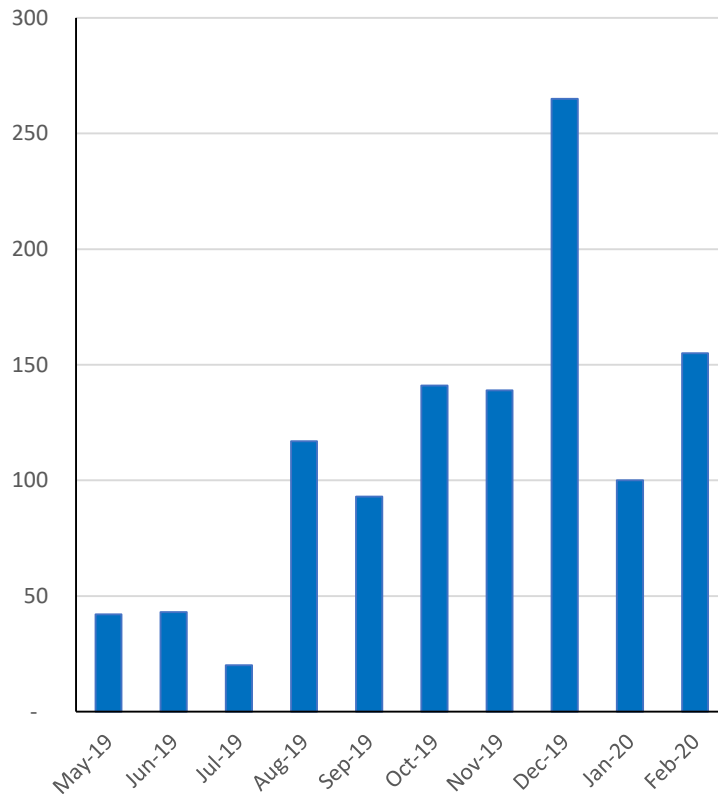
Information as of December 31 for the year indicated



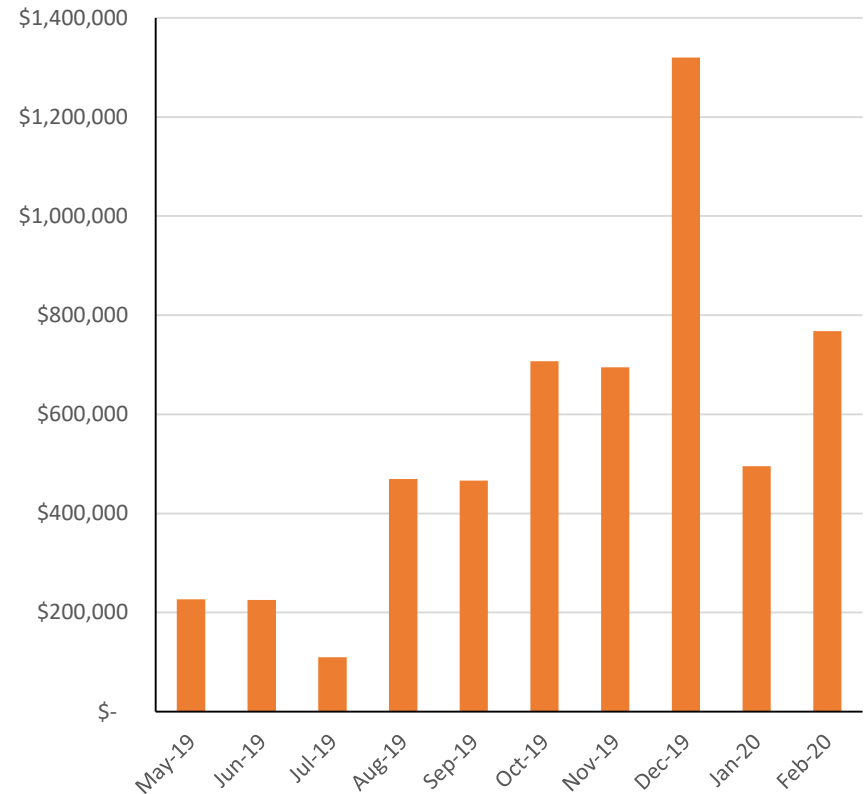


Trading Volume

Monthly Trading Volume in Shares



Monthly Trading Volume in Dollars



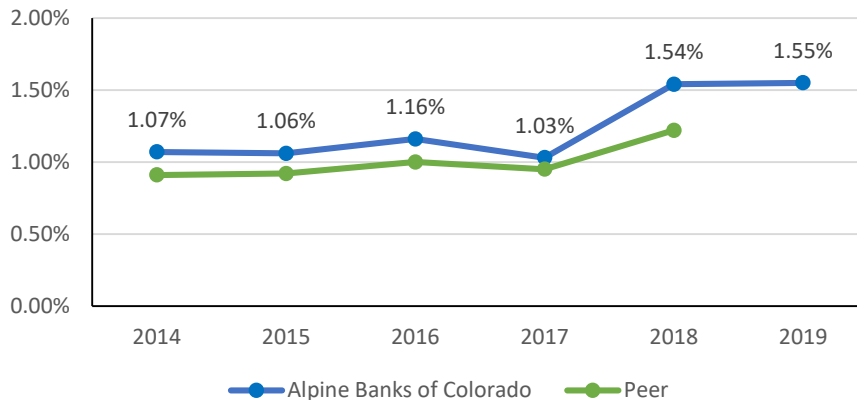
Information as of month end for the month indicated



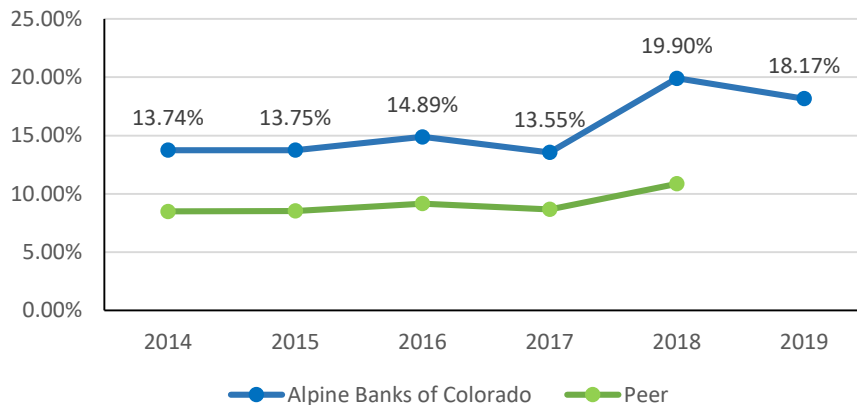


Earnings Growth History

Return on Assets (ROA)



Return on Equity (ROE)



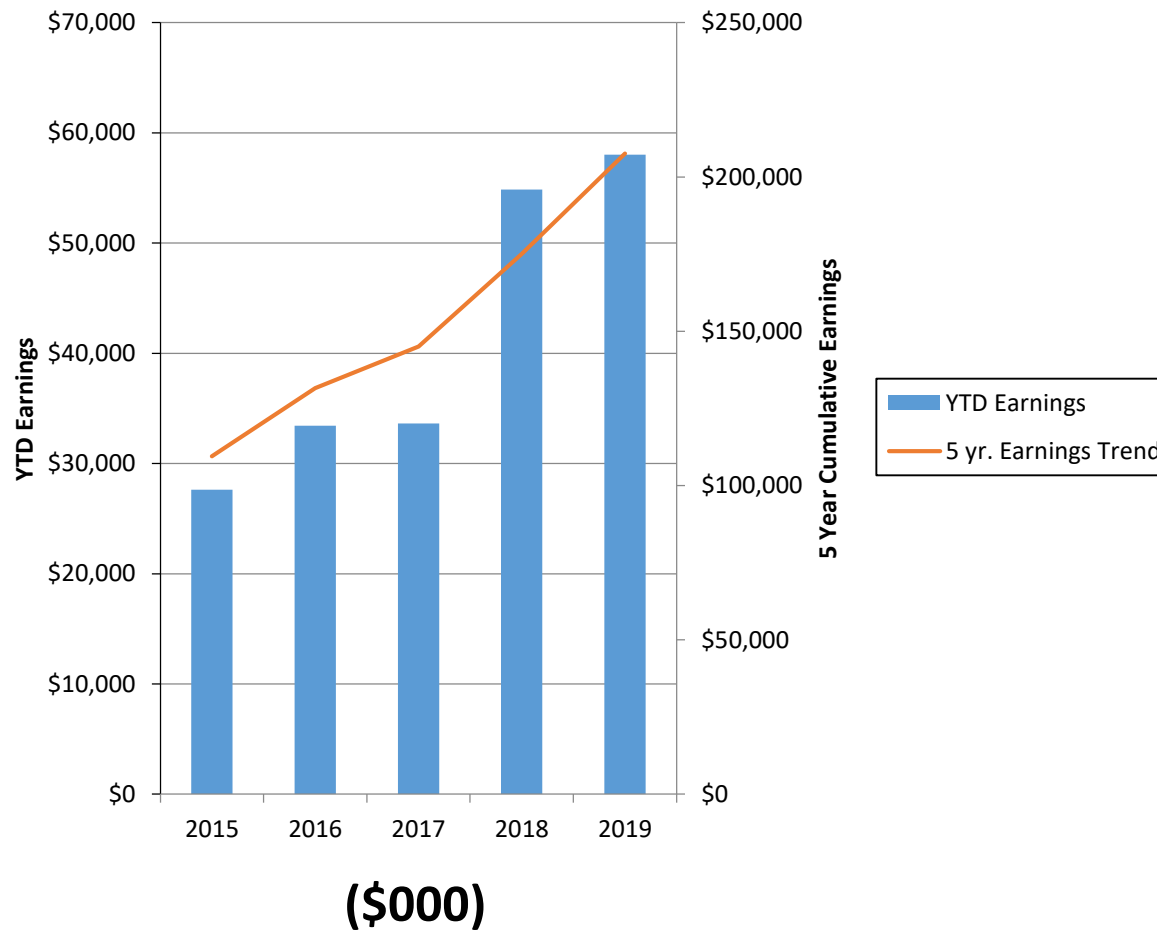
Information as of December 31 for the year indicated

- Historically outperformed peer group in both ROA and ROE
- 83rd percentile to peer group in ROA as of 12/31/18
- 95th 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



Information as of December 31 for the year indicated

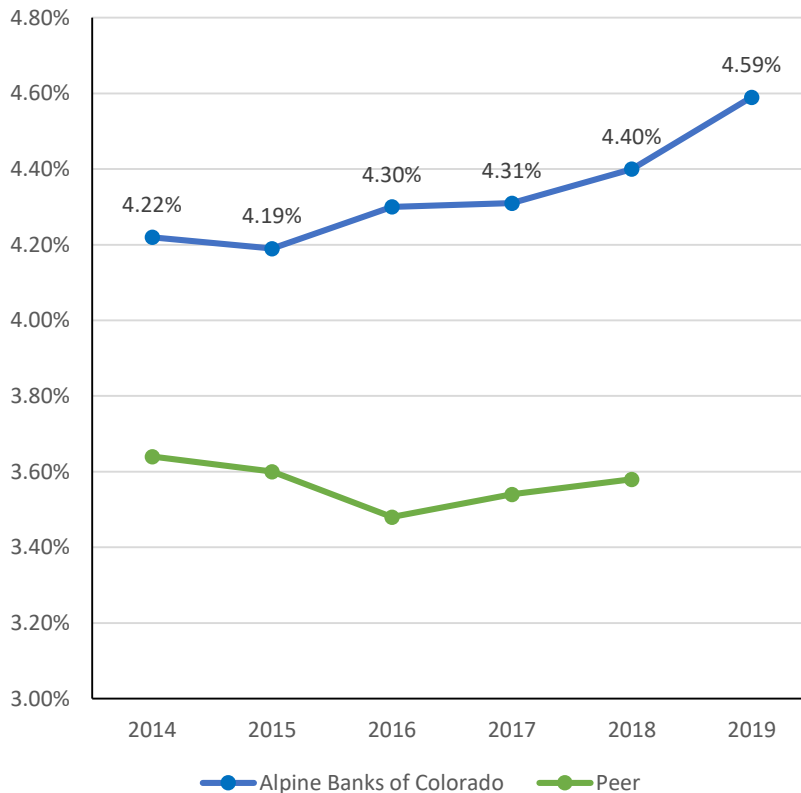
Source: Bank holding company
regulatory reports





Net Interest Margin (TE)

Net Interest Margin (TE)



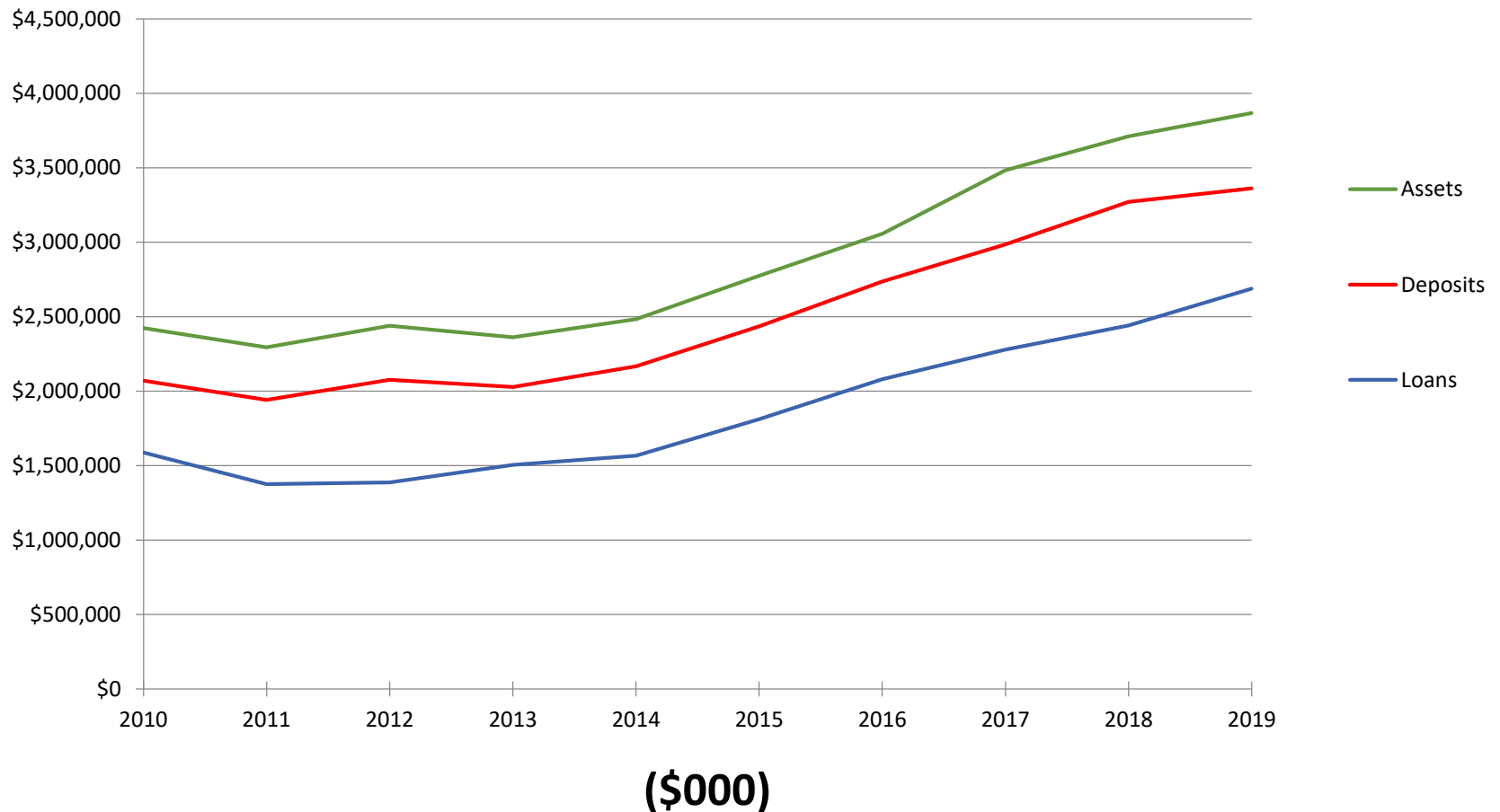
- 93rd percentile to peer as of 12/31/18

Information as of December 31 for the year indicated





10 Year Growth Trends



Information as of December 31 for the year indicated

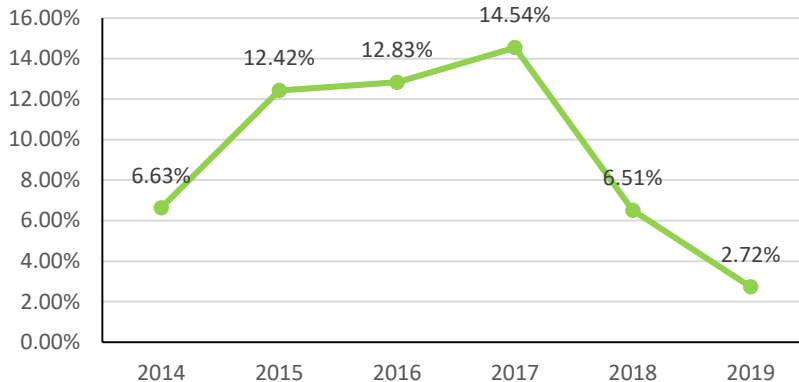
Source: Bank holding company
regulatory reports



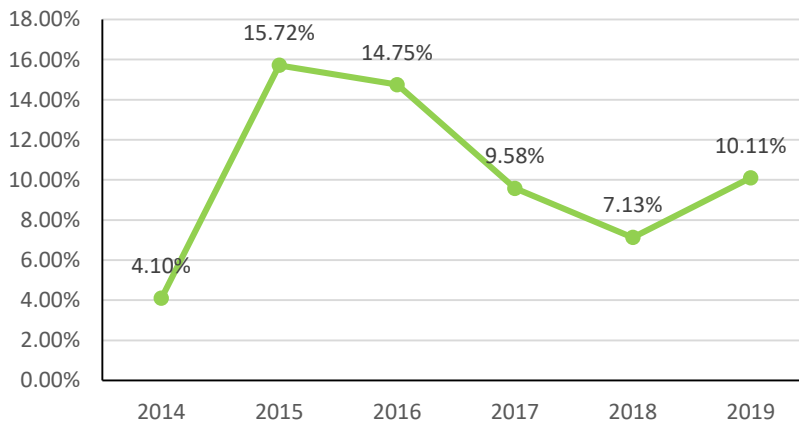


Deposit and Loan Growth History

Deposit Growth



Loan Growth



Information as of December 31 for the year indicated

Source: Bank holding
company regulatory reports

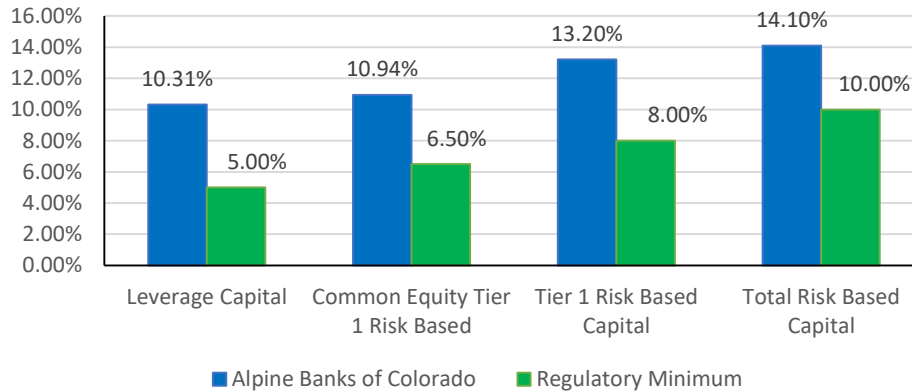
- Slower growth in 2018-2019 period is a welcome offset to the rapid growth in 2015-2017
- 9.2% CAGR in Deposits and 10.2% CAGR in Loans since 2014





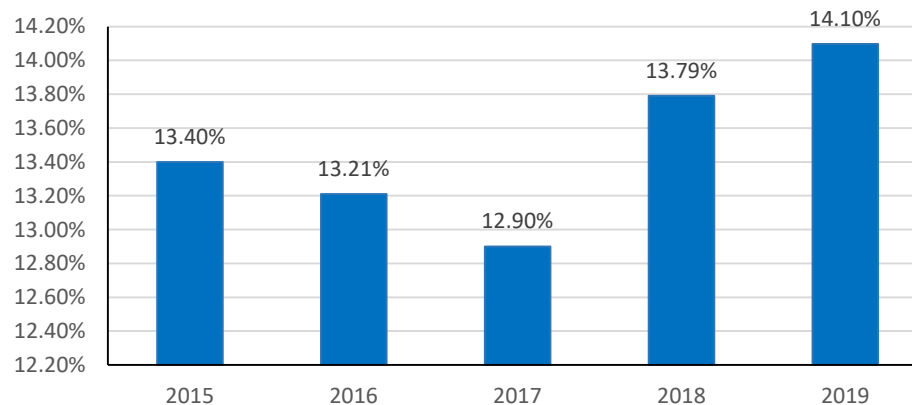
Capital Ratios

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

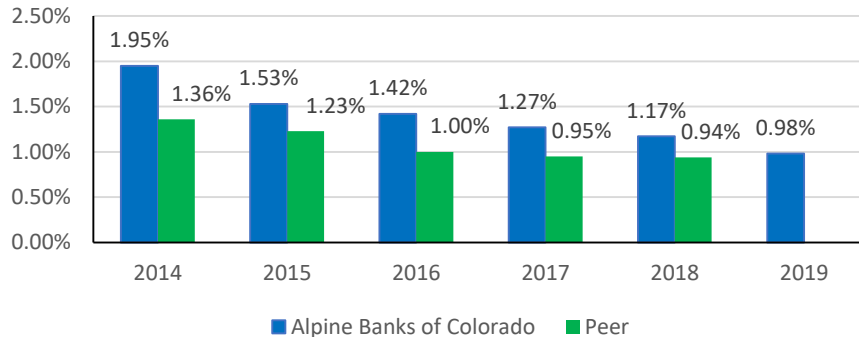
Source: Bank holding
company regulatory reports





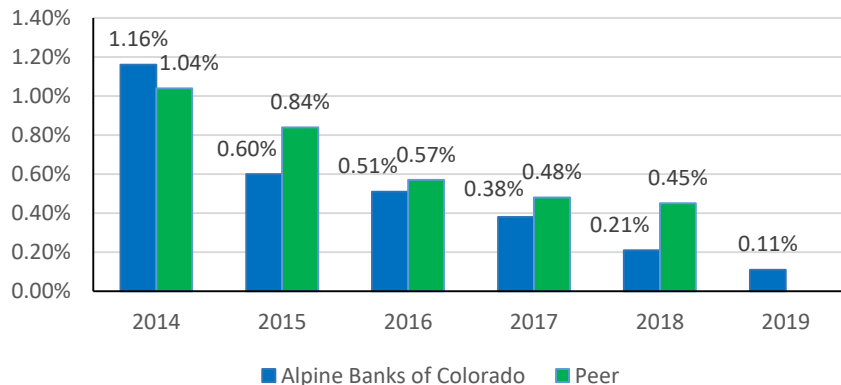
Asset Quality

Allowance for Loan and Lease Losses (ALLL)
Percentage



- ALLL 0.23% higher than peer group at 12/31/18
- Nonperforming assets at 0.11% as of 12/31/19 and have declined since 2014
- Net loan charge-off ratio of 0.10% in 2019

Non-performing Assets to Total Assets



Information as of December 31 for the year indicated





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