



Alpine Banks of Colorado Announces First Quarter 2020 Financial Results

COVID-19 response: SBA loans, nonprofit support, lower Q2 dividends

GLENWOOD SPRINGS, Colo., April 30, 2020 (GLOBE NEWSWIRE) -- Alpine Banks of Colorado (OTC Pink: ALPIB) ("Alpine" or "the Company"), the holding company for Alpine Bank, today announced results (unaudited) for the first quarter ended March 31, 2020. The Company reported net income of \$10.9 million, or \$104.26 per basic common share for the first quarter of 2020. Achievements in the first quarter of 2020 include:

- ▮ *Book Value per Share increased 2.1% or \$70.13 to \$3,341.64 per share vs. fourth quarter 2019*
- ▮ *Loan production during first quarter 2020 increased 3.7% or \$99.5 million vs. fourth quarter 2019*
- ▮ *Deposits during first quarter 2020 increased 2.3% or \$77.6 million vs. fourth quarter 2019*
- ▮ *Net Charge-offs to Total Average Loans decreased 5 basis points to 0.09% vs. fourth quarter 2019*

"We are pleased with our first quarter 2020 results," stated Glen Jammaron, president and vice chairman of Alpine Banks of Colorado. "The first quarter of 2020 has presented challenging times to the nation, our communities and Alpine Banks of Colorado. Alpine has responded to these challenges to provide for the needs of our shareholders, communities and fellow employees." Jammaron highlighted:

- ▮ Alpine loaned \$261 million to support 2,536 small Colorado businesses through the first tranche of the SBA Paycheck Protection Program.
- ▮ Alpine decreased its second quarter 2020 shareholder dividend from the dividend amount paid in first quarter 2020 to help provide capital for local lending.
- ▮ Alpine is currently working to maintain its funding of hundreds of nonprofits which Colorado communities are depending on now more than ever.

Net Income

Net income for the first quarter 2020 and the fourth quarter 2019 was \$10.9 million and \$13.9 million, respectively. Interest income decreased \$1.5 million in the first quarter 2020 compared to the fourth quarter 2019 primarily due to a decrease in loan yields and a decrease in yield and volume in the securities portfolio. Interest expense decreased \$0.2 million in the first quarter 2020 compared to the fourth quarter 2019 due to reduced interest rates on deposit accounts. Noninterest income increased \$1.0 million in the first quarter 2020 compared to the fourth quarter 2019 due primarily to an increase in the mark to market entry for mortgage loans held for resale. Noninterest expense increased \$0.7 million in the first quarter 2020 compared to the fourth quarter 2019 due to increased mark to market entries for mortgage loans held for resale, partly offset by increased income. Alpine also booked our first provision for loan losses since 2012 in the amount of \$2.3 million, partially due to the ongoing uncertainties and potential effects of COVID-19.

Net income for the three months ended March 31, 2020 and 2019 was \$10.9 million and \$14.6 million, respectively. Interest income increased \$0.5 million for the first three months of 2020 compared to the first three months of 2019, primarily due to an increase in loan volume slightly offset by a decrease in volume in the securities portfolio. Interest expense decreased \$0.3 million for the first three months of 2020 compared to the first three months of 2019 due to decreased interest rates on deposit accounts. Noninterest income increased \$1.9 million for the first three months of 2020 compared to the first three months of 2019 due to an increase in fee income and service charges on deposit accounts. Noninterest expense increased \$4.0 million for the first three months of 2020 compared to the first three months of 2019 due to an increase in operating expenses and an increase in salaries and employee benefits expenses.

Assets

As of March 31, 2020, total assets were \$3.9 billion, up 5.8% or \$0.2 billion from the same period a year ago. Alpine's Wealth Management Division had assets under management of \$0.9 billion on March 31, 2020, compared to \$0.7 billion on March 31, 2019, an increase of 34.5%.

Loans

Loans outstanding as of March 31, 2020 totaled \$2.8 billion. The loan portfolio increased \$92.8 million or 3.5% during the first quarter 2020 compared to December 31, 2019. This growth was primarily driven by the Residential and Commercial Real Estate loan portfolios, which increased \$49.1 million and \$40.0 million, respectively, from December 31, 2019. The majority of the growth in Residential Real Estate was driven by a \$31.2 million increase in one-to-four family residential loans. In addition, Real Estate Construction grew \$16.2 million from December 31, 2019 to March 31, 2020, primarily driven by one-to-four family residential construction loans. This growth was slightly offset by a decrease in the Commercial and Industrial loan portfolio of \$11.8 million for the same period.

Deposits

Total deposits increased \$77.6 million during the first quarter 2020 compared to December 31, 2019 to \$3.4 billion as of March 31, 2020. This increase was primarily driven by a \$51.8 million increase in Interest Checking accounts, a \$32.5 million increase in Money Fund accounts and a \$2.9 million increase in Savings accounts. This was slightly offset by a \$6.8 million decrease in Demand Checking accounts and a \$2.7 million decrease in Certificates of Deposit during the first quarter 2020.

Capital

The Company's banking subsidiary, Alpine Bank (the "Bank"), continues to be designated as a "well capitalized" institution as its capital

ratios exceed the minimum requirements for this designation. As of March 31, 2020, the Bank's Tier 1 Leverage Ratio was 9.97%, Tier 1 Capital Ratio was 12.54% and Total Capital Ratio was 13.46%. On a consolidated level, Tier 1 Leverage Ratio was 10.33%, Tier 1 Capital Ratio was 13.00% and Total Capital Ratio was 13.92% as of March 31, 2020.

Dividends

During the first quarter 2020, Alpine paid a \$31.00 per common share cash dividend. Given the numerous challenges and uncertainty presented by the COVID-19 pandemic, the Board of Directors believed that it was prudent to decrease the 2nd quarter 2020 dividend, payable April 27, 2020, to \$16.00 per common share in order to preserve capital.

COVID-19 Pandemic Response

The Company reacted quickly and decisively to the COVID-19 pandemic. All of Alpine's branch lobbies have been closed except by appointment since March 20, 2020. Customers continue to be serviced through drive-up facilities, walk-up windows, ATMs, night drops, call center and extensive online banking options. Lobbies are expected to remain closed until it is safe for both employees and customers to operate under evolving guidance from state and local governments and health authorities. Additional actions taken include: enhanced facility cleaning, split shifts, increased remote working arrangements and enhanced sick leave policies.

In order to support our customer base, Alpine enacted a 90-day loan payment deferral program in late March. As of April 24, 2020, \$710 million of the loan portfolio (26%) has taken advantage of this opportunity. Both principal and interest payments during the period are being deferred to the end of the loan. As the 90-day period expires, Alpine will review options to extend the deferral period up to 180 days as provided for in regulatory guidance.

The Company has actively participated in the Paycheck Protection Program (PPP) offered by the U.S. Small Business Administration. As of April 24, 2020, Alpine has made and funded 2,536 PPP loans in the amount of \$261 million. Alpine expects nearly the same volume from round two of the PPP funding. Alpine is prepared to take advantage of the Federal Reserve's PPP Lending Facility, if necessary, but at this time has not applied for nor received any advances under this facility.

About Alpine Banks of Colorado

Alpine Banks of Colorado, through its wholly owned subsidiary Alpine Bank, is a \$3.9 billion, employee-owned organization founded in 1973 with headquarters in Glenwood Springs, Colorado. With 40 banking offices across Colorado, Alpine Bank employs more than 750 people and serves more than 145,000 customers with personal, business, wealth management, mortgage and electronic banking services. Alpine Bank has a 5-star rating for financial strength by BauerFinancial, Inc., the nation's leading bank rating firm. The 5-star rating is BauerFinancial's highest rating for financial institutions. Learn more at www.alpinebank.com.

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Forward-Looking Statements

This press release 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 nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include:

- | the ability to attract new deposits and loans;
- | demand for financial services in our market areas;
- | competitive market-pricing factors;
- | the adverse effects of public health events, such as the current COVID-19 pandemic, including governmental and societal responses;
- | 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 press release 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.

Key Financial Measures

Click the following links for tables that highlight Alpine's key financial measures for the quarter indicated.

https://www.alpinebank.com/key-financial-measures_03.31.2020.pdf

https://www.alpinebank.com/statement-of-comprehensive-income_03.31.2020.pdf

https://www.alpinebank.com/statement-of-financial-condition_03.31.2020.pdf

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