



Alpine Banks of Colorado Announces Financial Results for Fourth Quarter 2020 and Year End 2020

GLENWOOD SPRINGS, Colo., Jan. 26, 2021 (GLOBE NEWSWIRE) -- Alpine Banks of Colorado (OTCQX: ALPIB) ("Alpine" or the "Company"), the holding company for Alpine Bank, today announced results (unaudited) for the fourth quarter and the year ended December 31, 2020. The Company reported net income of \$14.2 million, or \$137.86 per basic Class A common share and \$0.92 per basic Class B common share for the fourth quarter 2020, and net income of \$51.1 million, or \$492.75 per basic Class A common share and \$3.28 per basic Class B common share for the year ended December 31, 2020. Achievements in the fourth quarter and the year ended December 31, 2020 include:

Fourth Quarter 2020

- | *Book Value per Class A Share increased 3.3%, or \$116.49 to \$3,650.83 per share vs. third quarter 2020*
- | *Book Value per Class B Share increased 3.3%, or \$0.78 to \$24.34 per share vs. third quarter 2020*
- | *Loan balances during fourth quarter 2020 increased 0.8% or \$26.2 million vs. third quarter 2020*
- | *Deposit balances during fourth quarter 2020 increased 0.6% or \$29.4 million vs. third quarter 2020*
- | *Successfully executed a 150-for-1 stock split of the Class B nonvoting common shares in December 2020*

Year 2020

- | *Book Value per Class A Share increased 11.6%, or \$379.32 to \$3,650.83 per share vs. year end 2019*
- | *Book Value per Class B Share increased 11.6%, or \$2.53 to \$24.34 per share vs. year end 2019*
- | *Loan balances during year 2020 increased 20.7% or \$552.8 million vs. year 2019*
- | *Deposit balances during year 2020 increased 36.3% or \$1.2 billion vs. year 2019*
- | *Completed a private placement of \$50 million in subordinated notes in June 2020*

"A strong fourth quarter capped off a tumultuous but ultimately successful year for Alpine," said President and Vice Chairman Glen Jammaron. "Our team rose to the occasion in support of our customers, communities, shareholders and each other. While many have struggled and continue to struggle through this time of pandemic, working together we've accomplished so much. Alpine is proud to play a crucial role in the lives of our many friends and neighbors."

Net Income

Net income for the fourth quarter 2020 and the third quarter 2020 was \$14.2 million and \$13.5 million, respectively. Interest income increased \$3.4 million in the fourth quarter 2020 compared to the third quarter 2020 primarily due to an increase in loan and securities volume and an increase in loan yields, slightly offset by a decrease in securities yields. Loan yields were unusually high in the fourth quarter 2020 due to the booking of \$2.5 million in Paycheck Protection Program (PPP) fees and \$109.3 million in PPP loan forgiveness paydowns on loans yielding 1.00%. Interest expense decreased \$0.1 million in the fourth quarter 2020 compared to the third quarter 2020 due to a decrease in deposit yields, slightly offset by an increase in deposit volume. Noninterest income decreased \$0.6 million in the fourth quarter 2020 compared to the third quarter 2020 primarily due to a decrease in income generated by Mortgage Banking activities and other income, slightly offset by an increase in service charges on deposit accounts and earnings on bank owned life insurance. Noninterest expense increased \$0.3 million in the fourth quarter 2020 compared to the third quarter 2020 primarily due to an increase in FDIC insurance and salaries and employee benefits, slightly offset by decreases in expenses related to Mortgage Banking activities, occupancy expense and furniture and fixture expense. Provision for loan losses increased \$1.4 million in the fourth quarter 2020 compared to the third quarter 2020.

Net income for the twelve months ended December 31, 2020 and 2019 was \$51.1 million and \$58.0 million, respectively. Interest income increased \$0.8 million in 2020 compared to 2019 primarily due to an increase in volume in loans, securities and due from banks, slightly offset by decreased yields on loans, securities and due from banks. Interest expense decreased \$1.5 million in 2020 compared to 2019 primarily due to decreased interest rates on deposit accounts slightly offset by an increase in volume and an increase in interest paid on subordinated notes as a result of the subordinated debt issuance in June 2020. Noninterest income increased \$7.1 million in 2020 compared to 2019 primarily due to an increase in income generated by Mortgage Banking activities and slightly offset by a decrease in service charges on deposit accounts. Noninterest expense increased \$5.0 million in 2020 compared to 2019 primarily due to an increase in salary and employee benefit expenses. Provision for loan losses increased \$12.1 million in 2020 compared to 2019 primarily due to management's response to address the ongoing uncertainties and potential effects of COVID-19.

Net interest margin increased from 3.23% to 3.35% from the third quarter 2020 to the fourth quarter 2020. Net interest margin for the fourth quarter 2020 was substantially influenced by PPP loan fee income of \$2.5 million as well as \$109.3 million in PPP loan forgiveness paydowns on loans yielding 1.00%. As a result, the fourth quarter 2020 PPP loan portfolio yield was 4.63% compared to the third quarter 2020 PPP loan portfolio yield of 1.20%. Net interest margin for the fourth quarter 2020 net of the PPP loan influence was 3.27% compared to the third quarter 2020 net interest margin net of the PPP loan influence of 3.38%. Net interest margin for the year ended December 31, 2020 decreased to 3.72% from 4.45% for the year ended December 31, 2019. Net interest margin for 2020 net of the PPP loan influence was 3.66%. Net interest margin for 2020 was also negatively impacted by the large amount of assets being held in cash and due from banks at near zero interest rates.

Assets

As of December 31, 2020, total assets were \$5.2 billion, an increase of 33.9% or \$1.3 billion from December 31, 2019. Total assets increased \$43.3 million in the fourth quarter 2020 from the third quarter 2020 due to organic loan growth along with core deposit increases. Alpine Bank's Wealth Management Division had assets under management of \$1.04 billion on December 31, 2020, compared to \$1.00 billion on December 31, 2019, an increase of 4.8%.

Loans

Loans outstanding as of December 31, 2020 totaled \$3.2 billion. The loan portfolio increased \$26.2 million or 0.8% during the fourth quarter 2020 compared to September 30, 2020. This growth was primarily driven by the Residential Real Estate loan portfolio, which increased \$102.4 million during the fourth quarter 2020 primarily due to an increase in one-to-four family residential loans. In addition, Commercial Real Estate loans grew \$51.0 million and Consumer loans grew \$5.5 million during the fourth quarter 2020. This growth was slightly offset by decreases in Commercial and Industrial loans of \$98.8 million and Real Estate Construction loans of \$35.6 million during the fourth quarter 2020 from the third quarter 2020. The decrease in Commercial and Industrial loans was primarily a result of PPP loan forgiveness paydowns in the fourth quarter 2020.

Loans outstanding as of December 31, 2020 reflected an increase of \$552.8 million or 20.7% compared to loans outstanding of \$2.7 billion on December 31, 2019. This growth was primarily driven by the Residential Real Estate loan portfolio, which increased \$226.2 million during 2020 primarily due to an increase in one-to-four family residential loans. In addition, Commercial and Industrial loans grew \$193.6 million, primarily related to PPP loans, Commercial Real Estate loans grew \$113.4 million, Real Estate Construction loans grew \$20.0 million and Consumer loans grew \$6.1 million. 2020 loan growth net of PPP loans was \$358.2 million or 13.4% compared to 2019.

Deposits

Total deposits increased \$29.4 million or 0.6% to \$4.6 billion during the fourth quarter 2020 compared to the third quarter 2020, primarily due to a \$95.1 million increase in Money Fund accounts, a \$30.5 million increase in Interest Checking accounts and a \$7.3 million increase in Savings accounts. This was slightly offset by an \$82.4 million decrease in Demand deposits and a \$21.2 million decrease in Certificates of Deposit accounts related to the maturity of one brokered CD. The fourth quarter 2020 deposit growth was not reflective of PPP loan activity and is attributable to the high amount of liquidity in the general market.

Total deposits of \$4.6 billion on December 31, 2020 reflected an increase of \$1.2 billion or 36.3% compared to total deposits of \$3.4 billion on December 31, 2019. This increase was due to a \$496.9 million increase in Demand deposits, a \$420.9 million increase in Money Fund accounts, a \$278.4 million increase in Interest Checking accounts, a \$22.9 million increase in Savings accounts and a \$1.0 million increase in Certificate of Deposit accounts.

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 December 31, 2020, the Bank's Tier 1 Leverage Ratio was 8.78%, Tier 1 Risk-Based Capital Ratio was 13.30% and Total Risk-Based Capital Ratio was 14.42%. On a consolidated level, the Company's Tier 1 Leverage Ratio was 8.38%, Tier 1 Risk-Based Capital Ratio was 12.69% and Total Risk-Based Capital Ratio was 15.30% as of December 31, 2020.

Stock Split of Class B Shares

On November 12, 2020, the Company's shareholders approved amended and restated Articles of Incorporation for the Company to increase the number of Alpine's authorized Class B nonvoting common shares, effect a 150-for-1 stock split of the Class B shares (the "Stock Split") and provide that dividends payable on the Class B shares shall equal $1/150^{\text{th}}$ of any dividends paid on Alpine's Class A voting shares, among other things. The Stock Split became effective on December 1, 2020. The Stock Split has no impact on the Class A voting common shares.

Dividends

During the fourth quarter 2020, Alpine paid cash dividends of \$18.00 per Class A common share and \$0.12 (as adjusted to reflect the Stock Split) per Class B common share. The Class A common share cash dividend was \$2.00 higher than the third quarter 2020 dividend of \$16.00 per Class A common share. The Class B common share cash dividend was \$0.01 higher than the third quarter 2020 dividend of \$0.11 (as adjusted to reflect the Stock Split) per Class B common share. On January 14, 2021, Alpine declared a dividend of \$24.00 per Class A common share and \$0.16 per Class B common share, payable on February 1, 2021. The Board of Directors believes that the increase in common share cash dividends for the first quarter 2021 compared to the fourth quarter 2020 is appropriate based upon Alpine's financial performance and more stabilized current economic conditions.

During the year ended December 31, 2020, the Company paid cash dividends of \$81.00 per Class A common share and \$0.54 (as adjusted to reflect the Stock Split) per Class B common share, compared to \$116.00 per Class A common share and \$0.77 (as adjusted to reflect the Stock Split) per Class B common share for the year ended December 31, 2019.

COVID-19 Pandemic Response

The Company continues to respond to the COVID-19 pandemic as circumstances change. All branches are currently open to customers. We had no closures due to positive COVID tests in the fourth quarter 2020. Remote work for the majority of back office personnel is expected to continue through at least the end of the first quarter 2021.

In order to support our customer base, Alpine enacted a 90-day loan payment deferral program in late March 2020. Both principal and interest payments during the period were deferred to the end of the loan. As the 90-day deferral period came to an end, Alpine reviewed options to extend the deferral period for up to 180 days as provided for in regulatory guidance. Reviews for an additional 90-day extension to the deferral period included an analysis of the borrower's plan and ability to resume normal payments when the deferral period ends. As of June 30, 2020, \$823.0 million of the loan portfolio (26.5%) was active in the loan deferral program. The majority of borrowers did not require a second 90-day deferral period. As of December 31, 2020, \$29.3 million (0.9%) of the loan portfolio remains on a COVID-19 deferral status.

The Company actively participated in Round 1 of the PPP loan program. As of December 31, 2020, Alpine had outstanding balances of \$199.2 million in Round 1 PPP loans. We have entered into a contract with a third party technology provider to assist with the Round 1 PPP loan forgiveness process for our borrowers. Our web portal for processing Round 1 PPP forgiveness was activated in September 2020. Forgiveness activity began in the fourth quarter 2020 and we have processed \$109.3 million in Round 1 PPP forgiveness approvals from the SBA as of December 31, 2020. We currently anticipate that the majority of our remaining Round 1 PPP loans will be forgiven in the first half of 2021. The Company plans to actively participate in Round 2 of the PPP loan program and begin lending during the first quarter 2021.

About Alpine Banks of Colorado

Alpine Banks of Colorado, through its wholly owned subsidiary Alpine Bank, is a \$5.2 billion, employee-owned organization founded in 1973 with headquarters in Glenwood Springs, Colorado. With 39 banking offices across Colorado, Alpine Bank employs more than 765 people and serves more than 160,000 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. Alpine Banks of Colorado trades Class B Nonvoting Common Stock under the symbol "ALPIB" on the OTCQX® Best Market.

**Alpine Bank Wealth Management services are not FDIC insured, may lose value and are not guaranteed by the bank.*

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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 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;
- | the adverse effects of public health events, such as the current COVID-19 pandemic, including governmental and societal responses;
- | statements regarding the expected impact of the stock split of our Class B common shares;
- | 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; and
- | 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/ /kcms-doc/1507/62201/Key-Financial-Measures-12.31.2020.pdf>
<https://www.alpinebank.com/ /kcms-doc/1507/62200/Statements-of-Comprehensive-Income-12.31.2020.pdf>
<https://www.alpinebank.com/ /kcms-doc/1507/62198/Statements-of-Income1-12.31.2020.pdf>
<https://www.alpinebank.com/ /kcms-doc/1507/62199/Statements-of-Income2-12.31.2020.pdf>
<https://www.alpinebank.com/ /kcms-doc/1507/62216/Statements-of-Financial-Condition-12.31.2020.pdf>

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