



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Alpine Banks of Colorado (Alpine Bank)

Person to be contacted regarding this report:	Eric A. Gardey
CPP Funds Received:	\$70,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	3/27/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1061679
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	23091
City:	Glenwood Springs
State:	Colorado

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Our loan portfolio has decreased over the time we have had CPP funds. However, given regulatory pressure to increase capital levels in all banks, it has fallen much less than it otherwise would have needed to.
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<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	During the period we have had CPP funds, our Allowance for Loan and Lease Losses has increased by \$13.358 million. The CPP funding contributed to our ability to fund this increase.

<input type="checkbox"/> Reduce borrowings	
<input checked="" type="checkbox"/> Increase charge-offs	Our local economy has been under pressure in the last year. This, inevitably has led to increase loan charge-offs in the banking industry. The CPP funding has helped us to absorb these losses while maintaining very robust capital levels.
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/> Held as non-leveraged increase to total capital	The majority of the funds we received from CPP are being held as increased capital in order to fortify our balance sheet for an economic recession that has yet to end in our local markets.

What actions were you able to avoid because of the capital infusion of CPP funds?

Alpine Bank has not stopped lending during the current economic recession. We are still able to fund loans for qualified, credit worthy borrowers. Loan demand, however, has decreased significantly. The result is that new loans are not being booked at a rate necessary to replace loans being paid off. Thus, you see a reduction in our total loans outstanding.

The capital infusion we received from CPP funds has been crucial in our ability to continue meeting the credit needs of our communities. Given the regulatory demands for ever higher capital levels in banks, Alpine Bank would not have been able to meet all of these needs without the CPP funding.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Alpine Bank was able to initiate the following programs as a result of receiving funds from the CPP:

Student loans - Alpine Bank actively researched ways in which we could increase the availability of student loans to our communities. After careful deliberation, we determined the most effective vehicle for student lending would be to team up with Sallie Mae in the Smart Option Student Loan Program.

Small Business Loans - A task force was put together within the bank in order to find better ways of meeting the credit needs of our small business customers. We are actively pursuing programs with SBA, USDA and CHFA (Colorado Housing and Finance Authority). The majority of the programs allow Alpine Bank to provide small businesses with fixed rate lending options that otherwise would not be available.

Owner Occupied Single Family Home Loans - The Mortgage Lending Department of Alpine Bank has continued its strong history of providing conventional mortgage lending products to our customers and communities. The funding we have received from the CPP has allowed Alpine Bank to supplement this with increased lending in the jumbo home loan market. Since the economic recession began, the ability to place jumbo home loans in the secondary market has been significantly curtailed. Alpine Bank has been able to fill this niche with our credit worthy borrowers.

Lot Sale Incentive Program - Alpine Bank initiated a program in cooperation with our commercial real estate developers to jump start the sale of single family building lots. The purpose of this initiative was two fold. Firstly, it will diversify the loan portfolio of Alpine Bank by transferring obligations from one single developer to many individual lot owners. Secondly, the incentives are targeted at those buyers which intend to build on their lots within one year. The intention is to jump start the building of owner occupied homes. Construction activity has historically been a large part of the economy in our markets. We felt this program would give that industry (and our local economies) a boost when it was most needed.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

During the current economic recession, Alpine Bank has not curtailed its position as a leader in our communities. Alpine Bank personnel continue to be leaders in community organizations, projects and causes. The company has historically given millions to community non-profit organizations. Alpine Bank has not curtailed this giving during these rough economic times when communities need the help more than ever. The receipt of CPP funds has assisted us in keeping this high level of community support alive.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.