

PUBLIC DISCLOSURE

October 19, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Alpine Bank & Trust Company
RSSD# 813947

1700 North Alpine Road
Rockford, Illinois 61107

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

Alpine Bank & Trust Company is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development (CD) Test is rated: Satisfactory

The following factors support the Lending Test rating:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs;
- A substantial majority of loans and other lending related activities are in the assessment areas;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas;
- The distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is reasonable given the demographics of the bank's assessment areas; and
- No CRA-related complaints have been received by the institution or this Reserve Bank since the previous evaluation.

The following factors support the Community Development Test rating:

- The bank's performance demonstrates adequate responsiveness to the needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities in the bank's assessment areas.

SCOPE OF EXAMINATION

Alpine Bank & Trust Company's performance was evaluated using the Federal Financial Institutions Examinations Council's Intermediate-Small Bank Examination Procedures. The CRA performance evaluation assesses the bank's responsiveness and effectiveness in meeting the credit and community development needs of its assessment areas. The bank's performance was evaluated within the context of information about the institution including asset size, financial condition, and competitive factors as well as consideration of the economic and demographic characteristics of its assessment areas.

The bank delineates two assessment areas, including the Rockford, Illinois Metropolitan Statistical Area (MSA) #40420 and the Elgin, Illinois Metropolitan Division (MD) #20994. The assessment areas include Boone and Winnebago Counties in the Rockford, Illinois MSA, while the Elgin, Illinois MD includes two geographies in DeKalb County.

A full review was conducted for the Rockford, Illinois MSA assessment area based on the concentration of the bank's branches, percentage of total deposits, and portion of lending activities in the assessment area. A limited review was conducted for the Elgin, Illinois MD assessment area, and the bank's performance in the assessment area was compared to its performance in the full review assessment area (Rockford, Illinois MSA) for consistency. The institution's overall rating was based on its performance in the full review assessment area.

The lending test included a review of Home Mortgage Disclosure Act (HMDA)-reportable loans and a sample of small business loans originated between January 1, 2014 and December 31, 2014. HMDA-reportable loans received more weight in the lending test based on the bank's home mortgage loan volume. Community development activities were evaluated since the previous evaluation dated July 8, 2013 to the current evaluation date of October 19, 2015. Emphasis for community development activities was placed on the full-review assessment area (Rockford, Illinois MSA).

Performance in the assessment areas was evaluated on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit (LTD) ratio was calculated for the bank and compared to its national peers and a sample of local competitors;
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable and a sample of small business loans originated from January 1, 2014 through December 31, 2014 were reviewed to determine the percentage of loans originated within the assessment areas;
- ***Geographic Distribution of Lending in the Assessment Area*** - The bank's HMDA-reportable and a sample of small business loans originated within the assessment area from January 1, 2014 through December 31, 2014, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate- income;
- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** - The bank's HMDA-reportable and a sample of small business loans originated within the assessment area from January 1, 2014 through December 31, 2014, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes;
- ***Response to Substantiated Complaints*** – Neither Alpine Bank & Trust Company nor this Reserve Bank received any CRA-related complaints since the previous evaluation; and
- ***Community Development Activities*** – The bank's responsiveness to community development needs through community development loans, qualified investments, and community development services, from July 8, 2013 through October 19, 2015, were

reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

DESCRIPTION OF ASSESSMENT AREA

Alpine Bank & Trust Company maintains two assessment areas: The Rockford, Illinois MSA and the Elgin, Illinois MD. The Rockford, Illinois MSA assessment area consists of Boone and Winnebago Counties in their entirety and is comprised of 84 census tracts (10 low-income, 23 moderate-income, 32 middle-income, 18 upper-income, and one unknown income). The Elgin, Illinois MD assessment area includes two middle-income census tracts in DeKalb County.

The assessment areas have not changed since the previous evaluation. However, the Office of Management and Budget amended the delineation of the Chicago-Naperville-Arlington Heights, Illinois MD #16974 during the current review period. The effect of the amendment is that the DeKalb County portion of the once sole assessment area now lies within the Elgin, Illinois MD, and therefore, must be designated as its own, separate assessment area.

DESCRIPTION OF INSTITUTION

Alpine Bank & Trust Company (Alpine), headquartered in Rockford, Illinois, is a state member bank with \$1.2 billion in assets as of June 30, 2015. Alpine is a wholly owned subsidiary of Alpine Bancorporation of Belvidere, Illinois, a holding company of \$1.2 billion in assets as of June 30, 2015. Alpine is the parent company of Alpine Insurance Solutions, Inc. of Rockford, Illinois.

The bank provides a full range of products and services for business, agricultural, and retail customers and continues to be primarily a commercial lender. Deposit products offered include checking, savings, money market accounts, negotiable order of withdrawal (NOW) accounts, certificates of deposit, overdraft protection, and prepaid debit cards. Credit products consist of commercial loans, residential real estate mortgage loans (including secondary market lending), agricultural loans, consumer loans and credit cards. Loan product features include escrow and private mortgage insurance. The bank also offers FHA, VA, SBA and USDA rural development loans.

Alpine's services include remote deposit capture, mobile banking, internet banking, and telephone banking. Individuals may apply for consumer mortgages and automobile loans online via the bank's website: www.bankalpine.com. The website contains information about the bank's products and services, and links to its online services. These include balance inquiry, account transfers, and electronic bill payment.

According to the June 30, 2015 Uniform Bank Performance Report (UBPR), the bank is predominantly a commercial lender with 57.2 percent of its loan portfolio held in commercial and industrial and commercial real estate loans, followed by 22.7 percent in the residential real estate loans, and 8.5 percent in agricultural loans.

| Composition of Loan Portfolio as of June 30, 2015 (000's) | | | |
|--|---|---------|-------|
| Category | Type | \$ | % |
| Real Estate Secured | 1-4 Family and Multi-Family Residential | 154,468 | 22.7 |
| | Farmland | 39,081 | 5.7 |
| | Non-farm, Non-residential | 260,284 | 38.3 |
| | Total Real Estate Secured | 453,833 | 66.7 |
| Agricultural | Agricultural | 18,830 | 2.8 |
| Commercial | Commercial and Industrial | 128,207 | 18.9 |
| Consumer | Loans to Individuals | 69,041 | 10.2 |
| Other | All Other Loans | 10,040 | 1.5 |
| | Total | 679,951 | 100.0 |
| <i>Note: Percentages may not equal 100 percent due to rounding.</i> | | | |

Alpine operates one main office and 17 branches across Boone, DeKalb, and Winnebago Counties in northern Illinois. All branches, except for one, are located in the Rockford, Illinois MSA assessment area; the remaining branch is located in the Elgin, Illinois MD assessment area. No branches were opened or closed since the previous evaluation.

Alpine operates 78 automated teller machines (ATMs), all of which are cash-only machines, throughout the assessment areas. Since the previous evaluation, Alpine opened 20 and closed four ATMs.

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities. The bank was rated Satisfactory under the CRA at its previous evaluation conducted on July 8 2013.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Alpine's performance relative to the lending test is Satisfactory based on performance with respect to the following lending test characteristics in the full-review assessment area, Rockford, Illinois, MSA #40420.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs;
- A substantial majority of loans are in the assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area; and

- The distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is reasonable given the demographics of the bank's assessment areas.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's average ratio was evaluated relative to the bank's capacity to lend, its competitors, and its peer LTD ratios. Also considered were demographic factors, economic conditions, and lending opportunities present in the assessment areas.

The bank's most recent LTD ratio for the 16-quarter average was 59.5 percent. While the bank's LTD ratio is reasonable, it is lower than its national peer group and lower than national competitors, with the exception of JP Morgan Chase Bank. Community representatives indicated the Rockford area continues to experience higher rates of foreclosure, bankruptcies, and unemployment than the State of Illinois. These factors may affect the bank's ability to lend in the area.

| Comparative Loan-to-Deposit Ratios | |
|------------------------------------|---|
| Institution | Loan-to-Deposit Ratio (%) 16 – Quarter Average |
| Alpine Bank & Trust Company | 59.5 |
| National Peer Group 2* | 76.1 |
| Competitors | |
| JP Morgan Chase Bank | 47.5 |
| BMO Harris Bank | 68.5 |
| Associated Bank | 90.1 |
| Blackhawk Bank | 72.3 |

*Insured commercial banks having assets between \$1 billion and \$3 billion.

Assessment Area Concentration

A substantial majority of HMDA-reportable and a sample of small business loans were originated in the assessment areas. The bank originated 91.4 percent of its total loans (HMDA-reportable and small business loans) by volume inside the assessment areas. Of the bank's HMDA-reportable loans, 92.3 percent, by volume, were made in the assessment areas, including conventional home purchase loans at 89.9 percent; home improvement loans at 97.6 percent; and refinance loans at 92.2 percent. With regard to small business loans, approximately 79.3 percent of the sampled small business loans, by volume, were originated within the bank's assessment areas.

| Lending Inside and Outside the Assessment Area- 2014 | | | | | | | | |
|--|--------|-------|-----------|-------|---------|------|-----------|------|
| Loan Type | Inside | | | | Outside | | | |
| | # | % | \$ (000s) | % | # | % | \$ (000s) | % |
| Home Purchase- Conventional | 496 | 89.9 | 49,956 | 86.1 | 56 | 10.1 | 8,068 | 13.9 |
| Home Purchase- FHA | 161 | 94.2 | 15,004 | 93.6 | 10 | 5.8 | 1,025 | 6.4 |
| Home Purchase-VA | 29 | 96.7 | 2,931 | 95.8 | 1 | 3.3 | 127 | 4.2 |
| Home Improvement | 160 | 97.6 | 2,058 | 96.4 | 4 | 2.4 | 76 | 3.6 |
| Multifamily | 3 | 100.0 | 247 | 100.0 | 0 | 0.0 | 0 | 0.0 |
| Refinance | 260 | 92.2 | 25,627 | 88.6 | 22 | 7.8 | 3,302 | 11.4 |
| Total HMDA-Reportable Loans | 1,109 | 92.3 | 95,823 | 88.4 | 93 | 7.7 | 12,598 | 11.6 |
| Total Small Business Loans | 65 | 79.3 | 13,195 | 73.0 | 17 | 20.7 | 4,876 | 27.0 |
| Total Loans | 1,174 | 91.4 | 109,018 | 86.2 | 110 | 8.6 | 17,474 | 13.8 |

Note: Percentages may not add to 100.0 percent due to rounding.

Geographic and Borrower Distribution

The geographic distribution of loans reflects a reasonable dispersion of HMDA-reportable loans and small business loans among geographies of different income levels throughout the assessment areas. However, in the Rockford, Illinois MSA assessment area, the dispersion of small business loans sampled reflected poor performance. Nevertheless, since HMDA-reportable loans far exceeded small business loans in terms of volume, emphasis is placed on the bank’s performance in the former category, yielding a reasonable geographic distribution. Alpine’s performance of making loans in census tracts of different income levels was compared to aggregate lenders in the bank’s assessment area as well as local demographics in making this determination. Please refer to the geographic distribution of the Rockford, Illinois MSA #40420 and the Elgin, Illinois MD #20994 assessment areas for more details.

The borrower distribution reflects, given the products offered, a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses of different sizes.

Response to Complaints

Neither Alpine nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

The bank’s performance relative to the community development test is Satisfactory. The rating is supported by Alpine’s responsiveness to the community development needs of its full review assessment area, Rockford, Illinois MSA, through community development loans, qualified investments, and community development services, while considering the bank’s capacity and the

need and availability of such opportunities in the bank's assessment areas. Please see the full review assessment area summary for support of this rating. No community development activities were originated in the Elgin, Illinois MD assessment area.

Community Development Lending Activities

The bank originated 24 community development loans totaling \$22.0 million during the evaluation period. The majority of loans were made for community service and economic development purposes.

Community Development Investments

The bank made one new qualified investment for \$1.0 million since the previous evaluation. The bank maintained two prior qualified investments in the amount of \$7.8 million. Further, the bank made 41 community development donations in the amount of \$587,000.

Community Development Services

The bank provided 5,567 hours of community development service activities during the review period. These services were provided to local organizations for economic development and revitalization and stabilization purposes.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

ROCKFORD, ILLINOIS METROPOLITAN STATISTICAL AREA #40420 – FULL REVIEW

SCOPE OF EXAMINATION

The scope of the examination of the Rockford, Illinois MSA assessment area is consistent with the overall scope described previously in this evaluation. Please see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ROCKFORD, ILLINOIS MSA #40420

The assessment area is home to the vast majority of Alpine's banking operations. Alpine's main office and 16 of its 17 branches are located within the Rockford, IL assessment area. Alpine also maintains 76 cash-only ATMs in the assessment area.

Of the 84 census tracts in the assessment area, 10 are low-income, 23 are moderate-income, 32 are middle-income, 18 are upper-income, and one is income unknown. All of the low- and moderate-income tracts are located in the Winnebago County portion of the assessment area. The bank operates one branch, Machesney Park, in a moderate-income geography. All remaining branches are located in middle- and upper-income geographies. Of the bank's 76 ATMs, 14 ATMs are located in low- or moderate-income geographies, while the remaining 62 ATMs are located in middle- and upper-income geographies. The bank also maintains branches in high schools and retirement homes, reaching segments of the population that may be unbanked.

According to the June 30, 2014 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Alpine ranked first out of 26 institutions, with approximately 20.0 percent of the market's deposits, which is substantially more than any other institution. Its closest competitor is JP Morgan Chase, which held 12.0 percent of the market's deposits.

Alpine's assessment remains unchanged since the previous evaluation; however, the previously single assessment area has been divided into two assessment areas as described in the introduction. Demographic information regarding the assessment area is provided in the following table.

ASSESSMENT AREA DEMOGRAPHICS

Assessment Area(s): 2014 Rockford, IL MSA #40420

| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
|--|---------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| | # | % | # | % | # | % | # | % |
| Low-income | 10 | 11.9 | 6,057 | 6.8 | 2,713 | 44.8 | 19,206 | 21.6 |
| Moderate-income | 23 | 27.4 | 18,388 | 20.7 | 3,375 | 18.4 | 15,530 | 17.5 |
| Middle-income | 32 | 38.1 | 38,590 | 43.4 | 2,825 | 7.3 | 19,397 | 21.8 |
| Upper-income | 18 | 21.4 | 25,789 | 29.0 | 822 | 3.2 | 34,691 | 39.1 |
| Unknown-income | 1 | 1.2 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 84 | 100.0 | 88,824 | 100.0 | 9,735 | 11.0 | 88,824 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 12,757 | 3,748 | 4.0 | 29.4 | 6,142 | 48.1 | 2,867 | 22.5 |
| Moderate-income | 35,596 | 18,010 | 19.2 | 50.6 | 12,830 | 36.0 | 4,756 | 13.4 |
| Middle-income | 60,267 | 42,700 | 45.6 | 70.9 | 12,909 | 21.4 | 4,658 | 7.7 |
| Upper-income | 36,262 | 29,171 | 31.2 | 80.4 | 4,864 | 13.4 | 2,227 | 6.1 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 144,882 | 93,629 | 100.0 | 64.6 | 36,745 | 25.4 | 14,508 | 10.0 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 849 | 6.6 | 712 | 6.3 | 98 | 8.8 | 39 | 9.3 |
| Moderate-income | 2,590 | 20.3 | 2,230 | 19.8 | 276 | 24.8 | 84 | 20.0 |
| Middle-income | 5,840 | 45.7 | 5,167 | 46.0 | 492 | 44.3 | 181 | 43.0 |
| Upper-income | 3,448 | 27.0 | 3,107 | 27.6 | 224 | 20.2 | 117 | 27.8 |
| Unknown-income | 45 | 0.4 | 24 | 0.2 | 21 | 1.9 | 0 | 0.0 |
| Total Assessment Area | 12,772 | 100.0 | 11,240 | 100.0 | 1,111 | 100.0 | 421 | 100.0 |
| Percentage of Total Businesses: | | | | 88.0 | | 8.7 | | 3.3 |

Source: 2014 FFIEC Census Data and 2014 D&B Information
Note: Percentages may not total 100.0 percent due to rounding

Population Characteristics

The assessment area's population grew 9.1 percent between the 2000 and 2010 Census periods. In particular, Boone County grew substantially by 29.6 percent. By way of comparison, the State of Illinois's population grew at a rate of only 3.3 percent during the same time period. Many individuals who commute to Chicago for work have chosen to move to the assessment area for the quality of schools and the cost of living compared to Chicago and its inner suburbs, according to community representatives. Additionally, there are a number of lots available for single family home construction that is attractive to Chicago commuters, which contributes to an increasing population. Such growth may provide further opportunity for lending in Boone County.

| Population Change 2000 and 2010 | | | |
|------------------------------------|-----------------|-----------------|-----------------------|
| Area | 2000 Population | 2010 Population | Percentage Change (%) |
| Assessment Area | 320,204 | 349,431 | 9.1 |
| Boone County, IL | 41,786 | 54,165 | 29.6 |
| Winnebago County, IL | 278,418 | 295,266 | 6.1 |
| Rockford, IL MSA | 320,204 | 349,431 | 9.1 |
| State of Illinois | 12,419,293 | 12,830,632 | 3.3 |

Source: 2000—U.S. Census Bureau: Decennial Census
2010—U.S. Census Bureau: Decennial Census

Income Characteristics

The assessment area's median family income grew 15.4 percent from 2000 to 2010, while the State of Illinois's income grew at 22.8 percent. According to the Administration of U.S. courts, bankruptcy rates across the assessment area reflect those of the state, with the highest rates in 2010 and the lowest rates in 2013, the latest year for which data is available. As of 2013, both the Rockford, Illinois MSA and the State of Illinois maintained bankruptcy rates of 5.1 per 1,000 population. Boone County's rate of bankruptcy, at 4.5 per 1,000 population, is the lowest in the assessment area.

| Median Family Income Change 2000 and 2010 | | | |
|--|--------------------------------|-------------------------------------|-----------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Assessment Area | 53,128 | 61,291 | 15.4 |
| Boone County, IL | 59,305 | 69,380 | 17.0 |
| Winnebago County, IL | 52,456 | 59,814 | 14.0 |
| Rockford, IL MSA | 53,128 | 61,291 | 15.4 |
| State of Illinois | 55,545 | 68,236 | 22.8 |

Source: 2000—U.S. Census Bureau: Decennial Census
2006-2010—U.S. Census Bureau: American Community Survey

Housing Characteristics

Between Censuses, the median housing value rose from \$127,800 to \$202,500 in the State of Illinois, a 58.5 percent increase. During the same period, median housing value in the assessment area rose from \$94,280 to \$134,532, a 42.7 percent increase. Median gross rent rose as well in both geographical divisions, by a more comparable 37.9 percent and 31.8 percent, respectively. The city of Rockford has experienced lower vacancy rates than in prior years, particularly for rental housing. In addition, many foreclosed properties remain on the market.

The Rockford, Illinois MSA assessment area is home to 88,824 families, 39.1 percent of which live in low- or moderate-income geographies. There are a total of 144,882 housing units in the assessment area, of which 33.4 percent are located in low- or moderate-income geographies. Generally, housing units in the low-income census tracts are either rental or vacant (70.6 percent). In moderate-income geographies, slightly more than 50.0 percent of the housing units are owner occupied.

According to a study conducted by the Federal Reserve Bank of Chicago, foreclosure inventory rates are decreasing in both the State of Illinois and across the assessment area, but assessment area rates are higher. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle. Since the previous review period, foreclosure inventory rates averaged 3.5 percent of housing inventory at the state level and 4.3 percent of housing inventory at the assessment area level, with both Winnebago and Boone Counties experiencing foreclosure at the same rate.

| Trends in Housing Costs 2000 and 2006-2010 | | | | |
|--|---|--|--|---|
| Location | 2000 Median Housing Value (\$) | 2006-2010 Median Housing Value (\$) | 2000 Median Gross Rent (\$) | 2006-2010 Median Gross Rent (\$) |
| Assessment Area | 94,280 | 134,532 | 515 | 679 |
| Boone County, IL | 120,900 | 174,400 | 531 | 719 |
| Winnebago County, IL | 90,900 | 128,100 | 514 | 675 |
| Rockford, IL MSA | 94,280 | 134,532 | 515 | 679 |
| State of Illinois | 127,800 | 202,500 | 605 | 834 |
| <i>Source: 2000—U.S. Census Bureau: Decennial Census 2006-2010—U.S. Census Bureau: American Community Survey</i> | | | | |

Employment Conditions

Across the assessment area, unemployment rates are higher than 10.0 percent: 11.5 percent in Boone County and 11.6 percent in both Winnebago County and the Rockford, Illinois MSA. According to community representatives, unemployment rates are high due to a lack of employment opportunities for unskilled workers. When compared to the unemployment rate in the State of Illinois at 9.2 percent, the assessment area rate is relatively higher than the state.

| Unemployment Rates (%) | | | | |
|------------------------|------|------|------|------|
| Region | 2010 | 2011 | 2012 | 2013 |
| Boone County, IL | 15.9 | 13.5 | 11.6 | 11.5 |
| Winnebago County, IL | 15.3 | 12.7 | 11.4 | 11.6 |
| Rockford, IL MSA | 15.4 | 12.9 | 11.4 | 11.6 |
| State of Illinois | 10.5 | 9.8 | 8.9 | 9.2 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Hospitals and health care systems are the assessment area's largest employers, providing over 11,000 jobs to area workers. Manufacturing is also important to the assessment area, with the presence of Chrysler, UTC Aerospace Systems, and Woodward, Inc. These jobs provide substantial opportunity for skilled or specially trained workers. Employment opportunities for unskilled laborers are unclear: some community representatives indicate that there is opportunity; others state that opportunity is limited.

| Largest Employers in the Assessment Area | | |
|--|---------------------|---|
| Company | Number of Employees | Industry |
| Chrysler Corp. Assembly Plant | 4,001 | Automobile- Manufacturers |
| Rockford Health Physicians | 3,600 | Physicians and Surgeons |
| UTC Aerospace Systems | 3,000 | Aircraft Components- Manufacturers |
| Swedish American Hospital | 2,900 | Hospitals |
| Swedish American Health System | 2,600 | Mental Health Services |
| OSF St. Anthony Medical Center | 2,000 | Hospitals |
| Rockford Park District | 1,300 | Government Offices- US |
| Packaging Coordinators, Inc. | 1,200 | Packaging Service |
| Woodward, Inc. | 1,100 | Aircraft Equipment Parts and Suppliers- Manufacturers |

Source: America's Labor Market Information System (ALMIS) - A United States Department of Labor employment and training initiative.

Community Representatives

Four community representatives were contacted for purposes of understanding relevant economic, demographic, planning, and community credit need information. Representatives noted that, while the Rockford, Illinois MSA has moved beyond the recession, it continues to struggle financially. The impact of foreclosures and bankruptcies that were at their height during the recession remains visible. Moreover, residents struggle to gain access to affordable rental housing.

There are employment opportunities for highly skilled individuals in the aerospace and health care industries. While positions for unskilled workers may be more limited, they are more available than they were a few years ago. The rate of homeownership is high, and area businesses are growing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ROCKFORD, ILLINOIS MSA #40420

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable distribution throughout the assessment area. The distribution for HMDA-reportable loans is reasonable, and it is poor for small business loans. The bank's performance for HMDA-reportable loans was weighted more heavily than for small business loans in the evaluation, considering the bank's higher volume of home mortgage lending.

HMDA-Reportable Loans

The geographic distribution of HMDA-reportable loans reflects a reasonable dispersion throughout the assessment area. In 2014, Alpine made 23.1 percent of all home improvement loans in moderate-income geographies, which contain only 19.2 percent of the owner-occupied units in the assessment area. All three of its multi-family loans were made in moderate-income geographies.

The bank's performance in purchase and refinance loans, its highest volume products, was not as strong. Overall, 13.3 percent of purchases and 10.2 percent of refinances were made in moderate-income geographies, compared to 19.2 percent of demographic. The aggregate of lenders also outperformed Alpine in both measures originating 15.8 and 17.2 percent, respectively.

Weaker performance continued with respect to low-income geographies, with only 1.0 percent of home purchases and 0.4 percent of refinances made in these geographies. Moreover, the aggregate of lenders outperformed Alpine in lending to low-income geographies in 2014. Overall, 1.3 percent of the aggregate of lenders' home purchases and 2.5 percent of their refinances were made in low income-geographies. Despite these figures, Alpine's overall performance remains reasonable. While considering the bank's aforementioned performance, low-income geographies comprise only 11.9 percent of the assessment area and are home to only 4.0 percent of all owner-occupied housing in the assessment area.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2014 Rockford, IL MSA 40420 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2014 | | | 2014 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | | | Bank | | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 7 | 1.0 | 1.3 | 319 | 0.5 | 0.7 | 4.0 |
| | Moderate | 91 | 13.3 | 15.8 | 5,163 | 7.6 | 9.7 | 19.2 |
| | Middle | 323 | 47.2 | 46.9 | 28,014 | 41.4 | 43.6 | 45.6 |
| | Upper | 263 | 38.5 | 35.9 | 34,145 | 50.5 | 46.0 | 31.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 684 | 100.0 | 100.0 | 67,641 | 100.0 | 100.0 |
| Refinance | Low | 1 | 0.4 | 2.5 | 27 | 0.1 | 1.2 | 4.0 |
| | Moderate | 26 | 10.2 | 17.2 | 1,879 | 7.5 | 12.8 | 19.2 |
| | Middle | 134 | 52.8 | 47.2 | 11,977 | 48.0 | 43.6 | 45.6 |
| | Upper | 93 | 36.6 | 33.1 | 11,059 | 44.3 | 42.4 | 31.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 254 | 100.0 | 100.0 | 24,942 | 100.0 | 100.0 |
| Home Improvement | Low | 2 | 1.3 | 2.6 | 19 | 0.9 | 1.7 | 4.0 |
| | Moderate | 37 | 23.1 | 17.3 | 240 | 11.7 | 8.6 | 19.2 |
| | Middle | 79 | 49.4 | 48.8 | 1,395 | 67.8 | 46.4 | 45.6 |
| | Upper | 42 | 26.3 | 31.3 | 404 | 19.6 | 43.3 | 31.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 160 | 100.0 | 100.0 | 2,058 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 4.4 | 0 | 0.0 | 2.3 | Multi-Family 12.7 |
| | Moderate | 3 | 100.0 | 46.7 | 247 | 100.0 | 22.4 | 38.5 |
| | Middle | 0 | 0.0 | 42.2 | 0 | 0.0 | 56.5 | 36.4 |
| | Upper | 0 | 0.0 | 6.7 | 0 | 0.0 | 18.7 | 12.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 247 | 100.0 | 100.0 |
| HMDA Totals | Low | 10 | 0.9 | 1.8 | 365 | 0.4 | 0.9 | 4.0 |
| | Moderate | 157 | 14.3 | 16.6 | 7,529 | 7.9 | 11.3 | 19.2 |
| | Middle | 536 | 48.7 | 47.1 | 41,386 | 43.6 | 44.2 | 45.6 |
| | Upper | 398 | 36.1 | 34.5 | 45,608 | 48.1 | 43.5 | 31.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 1,101 | 100.0 | 100.0 | 94,888 | 100.0 | 100.0 |
| Originations & Purchases 2014 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Loans

The geographic distribution of a sample of the bank’s small business loans reflects poor distribution throughout the assessment area. In the 2014 sample, Alpine originated 3.2 percent, by volume, of its small business loans to the 6.6 percent of assessment area small businesses located in low-income geographies. Within moderate-income geographies, Alpine originated 11.1 percent, by volume, of the sample of the loans to small businesses. Moderate-income geographies are home to 20.3 percent of small businesses in the assessment area.

| Geographic Distribution of Small Business Loans | | | | | | |
|--|---------------------|-------------------------------|-------|------------------|-------|------------------|
| Assessment Area: 2014 Rockford, IL MSA 40420 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | 2014 Dollar Bank | | Small Businesses |
| | | # | % | \$ 000s | \$ % | % |
| Small Business | Low | 2 | 3.2 | 840 | 6.6 | 6.6 |
| | Moderate | 7 | 11.1 | 1,522 | 11.9 | 20.3 |
| | Middle | 38 | 60.3 | 7,562 | 59.1 | 45.7 |
| | Upper | 16 | 25.4 | 2,877 | 22.5 | 27.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.4 |
| | Total | 63 | 100.0 | 12,801 | 100.0 | 100.0 |
| 2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | |

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The borrower distribution reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses of different sizes.

HMDA-Reportable Loans

The borrower distribution reflects a reasonable penetration among individuals of different income levels. Low-income families comprise 21.6 percent of the assessment area’s families. Alpine made 9.6 percent of home purchase loans to low-income borrowers, 8.7 percent of refinances, and 3.1 percent of home improvement loans to this group by volume. Alpine’s lending was largely in line with, if not above, the aggregate of lenders. In total, the aggregate of lenders originated 6.3 percent of home purchase loans, 7.2 percent of refinances, and 6.1 percent of home improvement loans to low-income borrowers. Due to the limited amount of owner-occupied housing in the assessment area, along with Alpine’s comparison with the aggregate of lenders, this distribution is reasonable.

Alpine’s performance improved with respect to moderate-income borrowers. The bank made 27.9 percent of home purchases by volume to moderate-income borrowers, who comprise only 17.5

percent of the area's families. Also noteworthy is that the bank made 21.3 percent of purchases by dollar to the same group. Alpine's performance was more responsive than the aggregate of lenders as the aggregate originated 19.9 percent by number and 14.8 percent by dollar of home purchases to moderate-income borrowers. Moreover, Alpine made 19.4 percent by volume of home improvement loans to moderate-income borrowers and 17.7 percent of refinances to the same group, further demonstrating its responsiveness to its assessment area's low- and moderate-income individuals.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2014 Rockford, IL MSA 40420 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2014 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 66 | 9.6 | 6.3 | 3,179 | 4.7 | 3.4 | 21.6 |
| | Moderate | 191 | 27.9 | 19.9 | 14,426 | 21.3 | 14.8 | 17.5 |
| | Middle | 169 | 24.7 | 20.1 | 15,721 | 23.2 | 19.6 | 21.8 |
| | Upper | 250 | 36.5 | 29.8 | 33,628 | 49.7 | 41.6 | 39.1 |
| | Unknown | 8 | 1.2 | 23.9 | 687 | 1.0 | 20.6 | 0.0 |
| | Total | | 684 | 100.0 | 100.0 | 67,641 | 100.0 | 100.0 |
| Refinance | Low | 22 | 8.7 | 7.2 | 1,134 | 4.5 | 4.4 | 21.6 |
| | Moderate | 45 | 17.7 | 15.4 | 3,024 | 12.1 | 10.9 | 17.5 |
| | Middle | 64 | 25.2 | 22.1 | 5,842 | 23.4 | 19.1 | 21.8 |
| | Upper | 116 | 45.7 | 36.9 | 14,213 | 57.0 | 44.9 | 39.1 |
| | Unknown | 7 | 2.8 | 18.4 | 729 | 2.9 | 20.7 | 0.0 |
| | Total | | 254 | 100.0 | 100.0 | 24,942 | 100.0 | 100.0 |
| Home Improvement | Low | 5 | 3.1 | 6.1 | 46 | 2.2 | 3.3 | 21.6 |
| | Moderate | 31 | 19.4 | 15.1 | 183 | 8.9 | 8.4 | 17.5 |
| | Middle | 46 | 28.8 | 24.9 | 300 | 14.6 | 24.9 | 21.8 |
| | Upper | 71 | 44.4 | 43.1 | 1,392 | 67.6 | 58.1 | 39.1 |
| | Unknown | 7 | 4.4 | 10.7 | 137 | 6.7 | 5.3 | 0.0 |
| | Total | | 160 | 100.0 | 100.0 | 2,058 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.6 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.5 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.1 |
| | Unknown | 3 | 100.0 | 100.0 | 247 | 100.0 | 100.0 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 247 | 100.0 | 100.0 |
| HMDA Totals | Low | 93 | 8.4 | 6.5 | 4,359 | 4.6 | 3.6 | 21.6 |
| | Moderate | 267 | 24.3 | 17.9 | 17,633 | 18.6 | 12.7 | 17.5 |
| | Middle | 279 | 25.3 | 21.0 | 21,863 | 23.0 | 18.7 | 21.8 |
| | Upper | 437 | 39.7 | 32.9 | 49,233 | 51.9 | 41.3 | 39.1 |
| | Unknown | 25 | 2.3 | 21.6 | 1,800 | 1.9 | 23.8 | 0.0 |
| | Total | | 1,101 | 100.0 | 100.0 | 94,888 | 100.0 | 100.0 |
| Originations & Purchases 2014 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Loans

The borrower distribution represents reasonable penetration among businesses of different sizes. Within the assessment area, 88.0 percent of area businesses reported income of \$1 million or less. Overall, 81.0 percent of Alpine’s small business loans sampled by number and 74.8 by dollar volume were made to such businesses. Moreover, 44.4 percent of the sampled small business loans made were in amounts of \$100,000 or less, deemed most useful to small businesses. This data demonstrates Alpine’s willingness to support small businesses within the assessment area.

| Small Business Lending By Revenue & Loan Size | | | | | | |
|--|-----------------------------|-------------------------------|----------------|---------------|--------------|--------------------------|
| Assessment Area: 2014 Rockford, IL MSA 40420 | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | |
| | | 2014 | | 2014 | | Total Businesses % |
| Revenue | Loan Size | Count Bank | Dollar Bank | | | |
| | | # | % | \$ 000s | \$ % | |
| Small Business | \$1 Million or Less | 51 | 81.0 | 9,572 | 74.8 | 88.0 |
| | Over \$1 Million or Unknown | 12 | 19.0 | 3,229 | 25.2 | 12.0 |
| | Total | 63 | 100.0 | 12,801 | 100.0 | 100.0 |
| Small Business | \$100,000 or Less | 28 | 44.4 | 1,507 | 11.8 | |
| | \$100,001 - \$250,000 | 15 | 23.8 | 2,096 | 16.4 | |
| | \$250,001 - \$500,000 | 20 | 31.7 | 9,198 | 71.9 | |
| | Total | 63 | 100.0 | 12,801 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 26 | 51.0 | 1,369 | 14.3 | |
| | \$100,001 - \$250,000 | 11 | 21.6 | 1,603 | 16.7 | |
| | \$250,001 - \$1 Million | 14 | 27.5 | 6,600 | 69.0 | |
| | Total | 51 | 100.0 | 9,572 | 100.0 | |
| Originations & Purchases | | | | | | |
| 2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | |

COMMUNITY DEVELOPMENT TEST

Alpine Bank & Trust’s performance relative to the Community Development test demonstrates adequate responsiveness to the needs of the assessment area through community development loans, investments, and services.

Community Development Lending

The bank made 24 community development loans for approximately \$22.0 million within the review period. This represents consistent performance with the previous evaluation at which time the bank made 22 loans worth \$24.6 million. Alpine made 13 loans for the community

development purpose of community service, seven for economic development, three for revitalization and stabilization, and one for affordable housing. Most noteworthy, the bank made loans worth \$10 million and \$4 million to a local community college and a transportation center, respectively; two projects of substantial significance in the assessment area. Further, the loan to the transportation center represents innovative lending given the vastness of the project and its importance to the assessment area.

| Community Development Loans July 8, 2013 - October 19, 2015 | | | | | | | | | | | |
|--|--------------------|------------|----------------------|------------|----------------------------------|------------|--------------------|------------|-------|------------|---------------|
| Assessment Area | Affordable Housing | | Economic Development | | Revitalization and Stabilization | | Community Services | | Total | | |
| | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | % of Total \$ |
| Rockford, IL MSA | 1 | 178 | 7 | 15,171 | 3 | 268 | 13 | 6,375 | 24 | 21,992 | 100.0 |

Community Development Investments

During the review period, the bank made one new qualified investment for \$1.0 million, and maintained two qualified investments from prior periods. Altogether, Alpine's qualified investment activity for the period totals \$8.8 million, which increased from \$6.5 million made during the previous review period. The qualified investments all served the purpose of economic development, which, as noted by community representatives, is particularly responsive to the assessment area's credit needs.

Alpine also made 41 community development donations, worth approximately \$587,000, in the assessment area. The vast majority of these were made to support area community services; seven donations met the purpose of economic development, one donation met the purpose of affordable housing, and one donation met the purpose of revitalization and stabilization. Alpine's performance improved from the previous review period where 25 donations worth a total of \$120,000 were made. Of Alpine's current donations, \$400,000 were made to an innovative private sector initiative to promote economic development in the Rockford, Illinois MSA.

| Qualified Community Development Investments by Type July 8, 2013 - October 19, 2015 | | | | | | | | | |
|--|-----------------------------|---------------|---------------------------------|--------------|-------------------|--------------|---------------|-------------------------|---------------|
| Rockford, IL MSA | Prior Period Investments | | Current Period Disbursements | | Total Investments | | | Unfunded Commitments | |
| | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | % of Total | # | \$ (000's) |
| Affordable Housing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Economic Development | 3 | 7,800 | N/A | 1,000 | 3 | 8,800 | 100.0 | 0 | 0 |
| Revitalization and Stabilization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 3 | 7,800 | 0 | 1,000 | 3 | 8,800 | 100.0 | 0 | 0 |

Community Development Services

Alpine's employees performed 5,567 hours of community development service activities during the review period. This decreased slightly from the bank's performance at the previous evaluation where 6,049 hours of service were performed. The majority of the current evaluation's services met the primary purpose of community service, but the bank also provided 2,061 hours of service meeting the primary purpose of economic development and 165 hours meeting the primary purpose of revitalization and stabilization. Economic development is of particular importance to the assessment area. Alpine provided financial expertise to economic development organizations. The bank's performance relative to these activities is responsive to the assessment area's needs.

| Community Development Services July 8, 2013 - October 19, 2015 | | | | | | | | | | | |
|---|-----------------------|-------|-------------------------|-------|--|-------|-----------------------|-------|-------|-------|------------------------|
| Assessment Area | Affordable Housing | | Economic Development | | Revitalization and Stabilization | | Community Services | | Total | | |
| | # | Hours | # | Hours | # | Hours | # | Hours | # | Hours | % of Total Hours |
| Rockford, IL MSA | 0 | 0 | 14 | 2,061 | 3 | 165 | 62 | 3,341 | 79 | 5,567 | 100.0 |

ELGIN, ILLINOIS MD #20994 - Limited Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ELGIN, ILLINOIS MD #20994

The assessment area consists of two middle-income census tracts, 0001.00 and 0002.00 in DeKalb County, Illinois. Alpine's banking operations are limited in this assessment area as it maintains one branch and two cash only ATMs in the assessment area.

According to the June 30, 2014 FDIC Deposit Market Share Report, the bank ranked 13th of 13 institutions in the market by share of deposits. It maintains approximately 1.0 percent of the market, far below the 24.7 percent each claimed by the The National Bank and Trust Company of Sycamore and First National Bank of Omaha, who have the highest market share.

Alpine's assessment area remains unchanged since the previous evaluation. However, due to changes in geographic delineation by the Office of Management and Budget (described above in Description of Assessment Area), portions of the Elgin, Illinois MD serves as a separate assessment area during this evaluation. Demographic information regarding the assessment area is provided in the table below:

ASSESSMENT AREA DEMOGRAPHICS

Assessment Area(s): 2014 Elgin, IL MD #20994

| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
|------------------------------|------------------------|------------------------|--------------------------|--------------|--|------------|---------------------------|--------------|
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 553 | 17.4 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 652 | 20.6 |
| Middle-income | 2 | 100.0 | 3,172 | 100.0 | 195 | 6.1 | 869 | 27.4 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,098 | 34.6 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 2 | 100.0 | 3,172 | 100.0 | 195 | 6.1 | 3,172 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 4,300 | 3,334 | 100.0 | 77.5 | 755 | 17.6 | 211 | 4.9 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |

| | Total Businesses | | Businesses by Tract & Revenue Size | | | | | |
|------------------------------|--|--------------|------------------------------------|--------------|------------------|--------------|----------------------|--------------|
| | Tract | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 382 | 100.0 | 347 | 100.0 | 19 | 100.0 | 16 | 100.0 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 382 | 100.0 | 347 | 100.0 | 19 | 100.0 | 16 | 100.0 |
| | Percentage of Total Businesses: | | | 90.8 | | 5.0 | | 4.2 |
| Total Assessment Area | 4,300 | 3,334 | 100.0 | 77.5 | 755 | 17.6 | 211 | 4.9 |

Source: 2014 FFIEC Census Data and 2014 D&B Information

Note: Percentages may not add to 100.0 percent due to rounding.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ELGIN, ILLINOIS MD
#20994**

A limited review of the bank's performance under the lending and community development tests was conducted to determine if the performance in the assessment area is consistent with Alpine's performance overall.

LENDING TEST

The bank's lending performance in the assessment area is consistent with the bank's lending performance overall.

Geographic Distribution of Loans

| Geographic Distribution of HMDA Reportable Loans | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|------------|--------------|----------------------------|
| Assessment Area: 2014 Elgin, IL MD 20994 | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units |
| | | 2014 | | | Dollar | | |
| | | Count | | Agg % | Bank | | |
| Bank # | % | \$ (000s) | \$ % | | | | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Middle | 2 | 100.0 | 100.0 | 250 | 100.0 | 100.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 2 | 100.0 | 100.0 | 250 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Middle | 6 | 100.0 | 100.0 | 685 | 100.0 | 100.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 6 | 100.0 | 100.0 | 685 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Middle | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | Multi-Family 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Middle | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Middle | 8 | 100.0 | 100.0 | 935 | 100.0 | 100.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 8 | 100.0 | 100.0 | 935 | 100.0 | 100.0 |

Originations & Purchases
2014 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

| Geographic Distribution of Small Business Loans | | | | | | |
|--|----------------------------|--|--------------|-------------------------|--------------|-------------------------|
| Assessment Area: 2014 Elgin, IL MD 20994 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | 2014 Dollar Bank | | Small Businesses |
| | | # | % | \$ 000s | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Middle | 2 | 100.0 | 394 | 100.0 | 100.0 |
| | Upper | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 2 | 100.0 | 394 | 100.0 | 100.0 |
| 2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | |

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|------------|--------------|--------------|-----------------------------|
| Assessment Area: 2014 Elgin, IL MD 20994 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2014 | | | Dollar | | | |
| | | Count | | Agg % | Bank | | Agg \$ % | |
| # | % | \$(000s) | \$ % | | | | | |
| Home Purchase | Low | 0 | 0.0 | 9.4 | 0 | 0.0 | 5.8 | 17.4 |
| | Moderate | 0 | 0.0 | 29.5 | 0 | 0.0 | 27.8 | 20.6 |
| | Middle | 0 | 0.0 | 31.5 | 0 | 0.0 | 33.6 | 27.4 |
| | Upper | 2 | 100.0 | 12.8 | 250 | 100.0 | 17.3 | 34.6 |
| | Unknown | 0 | 0.0 | 16.8 | 0 | 0.0 | 15.5 | 0.0 |
| | Total | 2 | 100.0 | 100.0 | 250 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 3 | 50.0 | 10.9 | 154 | 22.5 | 8.9 | 17.4 |
| | Moderate | 1 | 16.7 | 16.8 | 117 | 17.1 | 12.1 | 20.6 |
| | Middle | 0 | 0.0 | 26.9 | 0 | 0.0 | 25.3 | 27.4 |
| | Upper | 2 | 33.3 | 30.3 | 414 | 60.4 | 35.5 | 34.6 |
| | Unknown | 0 | 0.0 | 15.1 | 0 | 0.0 | 18.3 | 0.0 |
| | Total | 6 | 100.0 | 100.0 | 685 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.4 |
| | Moderate | 0 | 0.0 | 42.9 | 0 | 0.0 | 23.2 | 20.6 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 27.4 |
| | Upper | 0 | 0.0 | 28.6 | 0 | 0.0 | 7.7 | 34.6 |
| | Unknown | 0 | 0.0 | 28.6 | 0 | 0.0 | 69.1 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.4 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.6 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 27.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 34.6 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 3 | 37.5 | 9.8 | 154 | 16.5 | 6.7 | 17.4 |
| | Moderate | 1 | 12.5 | 24.3 | 117 | 12.5 | 20.2 | 20.6 |
| | Middle | 0 | 0.0 | 28.6 | 0 | 0.0 | 28.3 | 27.4 |
| | Upper | 4 | 50.0 | 20.7 | 664 | 71.0 | 23.5 | 34.6 |
| | Unknown | 0 | 0.0 | 16.7 | 0 | 0.0 | 21.3 | 0.0 |
| | Total | 8 | 100.0 | 100.0 | 935 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2014 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | |
|---|----------------------------------|-------------------------------|----------|--------------|------------|--------------------------|--------------|
| Assessment Area: 2014 Elgin, IL MD 20994 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2014 | | 2014 | | Total Businesses % | |
| | Revenue | Count | | Dollar | | | |
| | | Bank | % | Bank | % | | |
| | | # | % | \$ 000s | \$ % | % | |
| Small Business | Revenue | \$1 Million or Less | 2 | 100.0 | 394 | 100.0 | 90.8 |
| | | Over \$1 Million or Unknown | 0 | 0.0 | 0 | 0.0 | 9.2 |
| | | Total | 2 | 100.0 | 394 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 1 | 50.0 | 54 | 13.7 | |
| | | \$100,001 - \$250,000 | 0 | 0.0 | 0 | 0.0 | |
| | | \$250,001 - \$500,000 | 1 | 50.0 | 340 | 86.3 | |
| | | Total | 2 | 100.0 | 394 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 1 | 50.0 | 54 | 13.7 | |
| | | \$100,001 - \$250,000 | 0 | 0.0 | 0 | 0.0 | |
| | | \$250,001 - \$1 Million | 1 | 50.0 | 340 | 86.3 | |
| | | Total | 2 | 100.0 | 394 | 100.0 | |

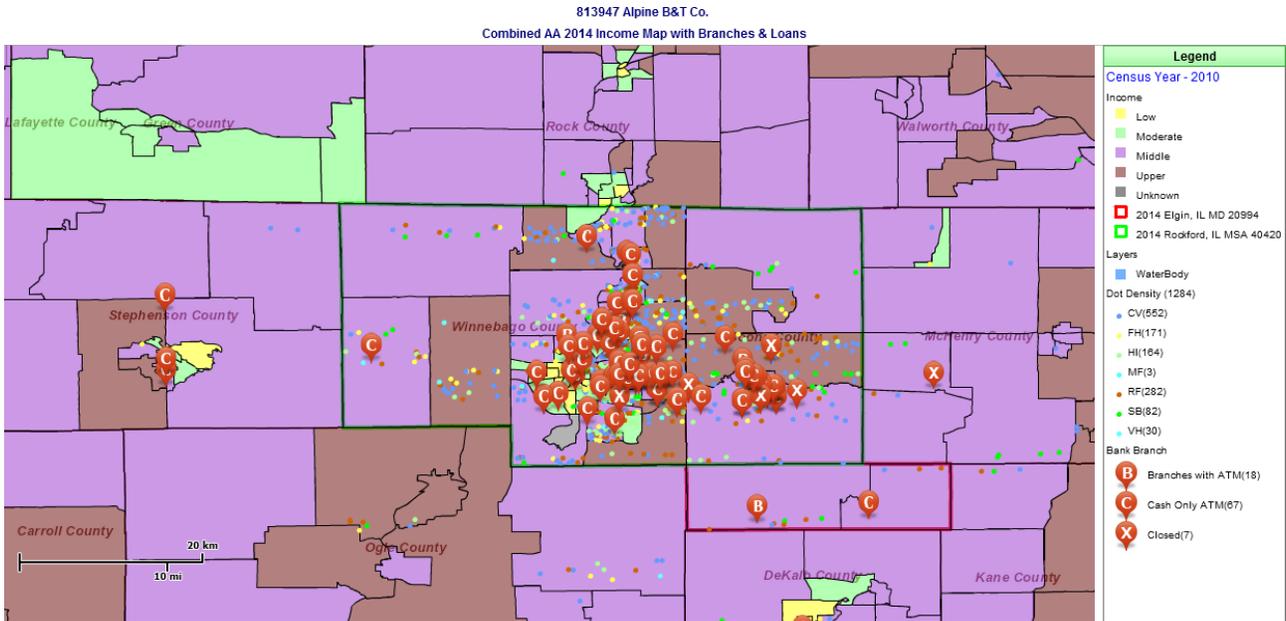
Originations & Purchases
2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

COMMUNITY DEVELOPMENT TEST

Alpine's community development performance in the assessment area is below the bank's overall lending performance. The institution did not conduct any community development activities in the assessment area. However, this lack of activity does not change the overall rating, due to the bank's limited presence in the assessment area.

APPENDIX A – Maps of Assessment Areas

Restricted FR



APPENDIX B – Scope of Examination

| SCOPE OF EXAMINATION | | | |
|--|--|------------------|---|
| TIME PERIOD REVIEWED | Lending: January 1, 2014 through December 31, 2014 Community Development: July 8, 2013 through October 19, 2015 | | |
| FINANCIAL INSTITUTION | | | PRODUCTS REVIEWED |
| Alpine Bank & Trust Company | | | Small Business Loans HMDA-Reportable Loans |
| AFFILIATE(S) | AFFILIATE RELATIONSHIP | | PRODUCTS REVIEWED |
| None | N/A | | N/A |
| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | | |
| ASSESSMENT AREA | TYPE OF EXAMINATION | BRANCHES VISITED | OTHER INFORMATION |
| Rockford, IL MSA #40420 | Full scope review | None | N/A |
| Partial Elgin, IL MD20994 | Limited scope review | None | N/A |

APPENDIX C - Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the

rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area (MMSA). Performance within each MMSA is analyzed separately as a full-scope review and receives its own ratings under the

Lending, Investment and Service Tests provided the financial institution has its main office, branch, or deposit-taking ATM located in each applicable state making up the MMSA.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Small loans to business: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.