



**KIRKPATRICK BANK**



## FINANCIAL SERVICES

### KIRKPATRICK BANK

**K**irkpatrick Bank enters its fiftieth anniversary as a privately held commercial bank, not only surviving, but thriving during two significant recessions (1981, 2007). We understand that longevity is dependent on the value of customer relationships. The importance of customer value has become even clearer as we watch venerable U.S. companies close their doors. Global firms like Apple, Amazon, and Google embraced the primacy of the customer to deliver what customers value most—instant, intimate, frictionless service at scale. In 2017, Joseph L. Bower, professor emeritus, Harvard Business School, discussed the concept of “shareholder value” as the goal of business in the *Harvard Business Review*. He declared this concept to be “an error at the heart of corporate leadership, flawed in its assumptions, confused as a

matter of law and damaging in practice.” That focus has caused many companies to falter and some to die. The world may change in many ways, but customer value does not.

To illustrate, let me share a story common to any bank prior to September 11, 2001. In those days, when you deposited a check your funds might not become available for several days. That’s because it could literally take days to physically deliver the check to the paying bank. If the paying bank was out of state, an employee traveled via commercial airlines to present the check. The time it took to process and clear a check was known as “the float.” Collection of deposited checks translated into the ability to invest the funds, so minimizing float carried an economic value.

On one particular Friday in which the following Monday was a legal holiday, we received a check for \$30 million drawn on a bank located on the west coast. Under our normal processing schedule, we would have collected it in one day. However, with the weekend followed by the holiday in front of us, the collection time was now going to be extended to Tuesday. At a time when the overnight investment rate was double digits, finding a way to collect this item on Friday, as opposed to Tuesday, carried significant financial impact. We were able to identify a commercial flight that would allow us to present the check to the paying bank that same day, meaning we had a very short timeframe to process the item and get someone on the flight. As luck

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*Glass wall detail in the award-winning mini-lobby designed by Rand Elliott for Kirkpatrick Bank headquarters in Edmond, Oklahoma*





Tina Barney, The Two Friends,  
Board Room, Kirkpatrick Bank, Colorado Springs

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would have it, the employee we selected to make the trip got stuck on an old elevator between floors. We could see the employee between the crack in the elevator but could not retrieve the check with a simple hand exchange. Improvising quickly, I used a coat hanger and a piece of gum to retrieve the check. Another employee was dispatched on the flight, making the timeframe for Friday settlement. We retrieved the stranded employee from the elevator several hours later. The difference between success and failure on this mission? Earnings of \$40,000. Our customer was delighted.

Today, with the evolution of check imaging, no one thinks it remarkable to clear a check in twenty-four hours or less, or collect funds automatically from

customers or donors, or receive monthly statements electronically including check images. Yet for banking, these developments were revolutionary, spurred in part by a nation's tragedy that grounded commercial air travel for several days.

I am proud to say that Kirkpatrick Bank has responded quickly to industry innovations. Over the past two years we have reviewed the key banking processes in our bank, from teller functions to commercial loans. We have implemented software programs designed to make those processes faster, more efficient, more accurate and more transparent for our customers. Tools available in our cash management department for business customers are robust, but delivered as needed instead of as packaged. Prospective home buyers can apply online for a

mortgage and be qualified within hours.

Yes, Internet functionality and speed is great, but having a relationship with an actual person is what fuels and sustains the customer value concept. We never forget that.

I am proud to say that Kirkpatrick Bank continuously innovates services for our customers, adheres to its strategic focus, and offers a track record of continued growth and financial security through good times and bad. As we approach a billion dollars in assets, our most significant banking milestone to date, I am grateful for the loyalty of our customers, the acumen of our leadership, and the customer focus of our employees.

I invite you to come grow with us.

—George Drew, PRESIDENT





## FINANCIAL SERVICES

### BUILDING CUSTOMER VALUE, IN THEIR WORDS

**W**e've mentioned that our success is due to the value of our customer relationships. What does that mean? We think it goes beyond having products or services that solve problems or fill needs, beyond meeting what customers expect. We think it is about attitude and a passion for service, for helping others. I think a few stories will prove my point."

—Trent Stafford, COLORADO MARKET PRESIDENT



*The Stafford family lives on their ranch in the community of Westcliffe, Colorado.*



*Meeting a customer's banking needs is like solving a puzzle, learning how they and their business work and what's important.*

**LISA RUTHERFORD,  
VICE PRESIDENT—CASH  
MANAGEMENT**

We make proposals to organizations to demonstrate our capabilities to serve their needs. We worked hard on one to a community college, complete with a formal presentation. They chose another bank. Six months later I got a call from their foundation officer saying that the new relationship wasn't working out and could we refresh our proposal. I was nervous on the day of the meeting. I could tell the participants were not engaged. So, I just asked them what was working in their relationship and what wasn't. I

commented that presentations were a lot like first dates, with everyone putting their best foot forward, but that in this case I wanted to get to the nitty gritty of what they actually needed and then assess if we could meet and exceed their expectations. We won the business that day, and we continue to win it every day.

In another situation, I had a scheduled meeting. On that day, another customer contacted me in a panic. Their system had been hacked, with a huge fraud in progress. I dropped everything, including the meeting. With the help of our customer service team in Oklahoma we contacted twelve banks in very short order, as well as the police in New Mexico to intercept a package sent via Fed Ex, reducing a \$300,000 loss to \$10,000. When I apologized for the dropped meeting, they responded that this event made it clear that if they ever had an issue, I would drop everything to help. My passion isn't for customer service, although I find great satisfaction in that and in crafting solutions based on what's important to them. My passion is in making a difference for someone every day.



*Kathy Frankenfield advises a young woman about her financial choices.*

**KATHY FRANKENFIELD, VICE  
PRESIDENT—PRIVATE BANK**

Most often, people don't really know what it takes to address financial business. That usually comes into play at the most difficult time, a time where money is in motion due to a changing life circumstance. A few years ago, I was contacted by the wife of a customer about the daughter of a close friend. She had just turned twenty-one, and her dad suddenly died (her mother had also died years previously). Her dad had a variety of accounts scattered about, on which the daughter was an authorized signer.

But upon his death, that status ended. She had no way to access any funds to pay incoming bills. She also had no "bankable" history of her own, no credit, no accounts. Her dad never banked with us, but I offered to help. I introduced the young woman to an attorney and a CPA. Together we helped her to release the hold on the accounts, establish title to real property, get property valuations, and so forth. We helped her establish a trust and a financial plan. A little later, we were there to help when she sold her dad's house and bought another. She has become a customer in the process, but the greatest reward is watching her bloom as a confident young woman, fully in charge of her life. In every case where I've been fortunate to develop a valued customer relationship, it has evolved because I believe in paying it forward. Help others and good things will come.





Safety deposit room in the vault at Kirkpatrick Bank headquarters in Edmond, Oklahoma

## FINANCIAL SERVICES



Constance prepares a customer for closing.

### CONSTANCE LADD, VICE PRESIDENT—MORTGAGE

I often work with first-time home buyers and many times they have credit scores that are underwater or have derogatory debt. I don't like to say "no," I prefer to say, "not right now." I enjoy setting them on a path to realizing their dream to own a home. One young lady I worked with was single, but her fiancée was helping with the down payment. Her pay stubs were difficult to calculate her actual income. It seemed like each

document needed another document to clarify. The closing was right on top of us, with no option to extend. With her permission, I went to her work, found an on-site official who could go through all of it and validate the answers we needed. We made the closing. Another time, a young lady, recently married, had improved her credit score nicely, but still had some derogatory debt on record. I contacted each of the debt holders to work through the records and validate a zero balance. But my favorite was an elderly woman who sold her home of fifty years to acquire a residence in a senior living community. With no family to help her accomplish the move, I teamed up with her realtor to pack and resettle her. These are the experiences that make what I do worth doing.



Left to right: Alisha Clark, Human Resources; Melissa Sparks, Customer Service; and George Drew, President

### GEORGE DREW, PRESIDENT

Every year we hold a holiday party for our employees. At that time, we celebrate the achievements of the year and we recognize employees selected by their peers for their demonstration of our values. Among our values of integrity, credibility, transparency, and timely action, we especially appreciate respect. Our employee of the year for 2019 was a young woman in our customer service department, Melissa Sparks. Here is her story.

An elderly customer had unfortunately given out debit card

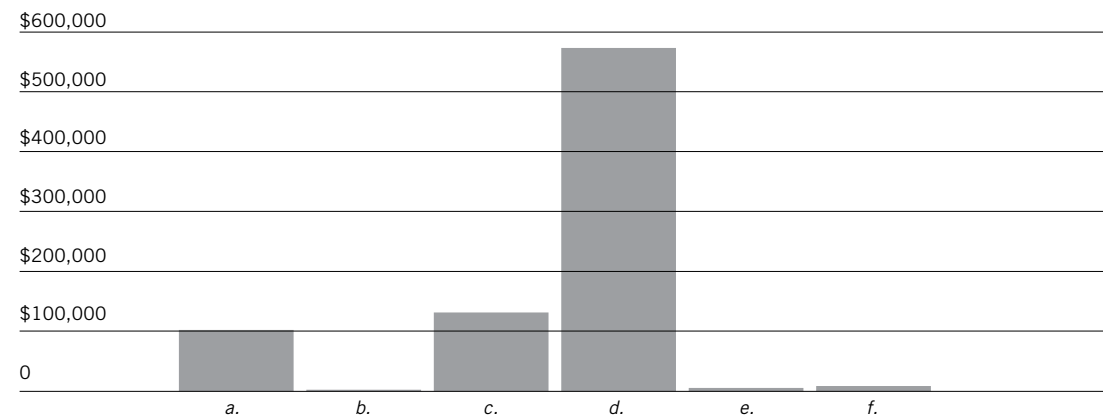
information over the phone to a scammer. Upon realizing the situation, she contacted the bank. We closed down her card and protected her account. However, she needed to come into the bank to get her new card. She lived outside of town and had no one to help her get to the bank. She depended on her card to order supplies and groceries online for delivery. It was also discovered that the husband's death certificate had never been provided to the bank. Melissa stepped up and delivered the new debit card to the customer after work. She got the husband's original death certificate from the woman, made a copy at work the next day, and delivered the original back to the customer after work.

"I think if you respect people and you respect yourself, you do things for them that you would want someone to do for you in the same circumstance. When I asked my supervisor if it would be alright to do this, he was very supportive and so were my colleagues. Our customers deserve our respect."—Melissa Sparks, Customer Service

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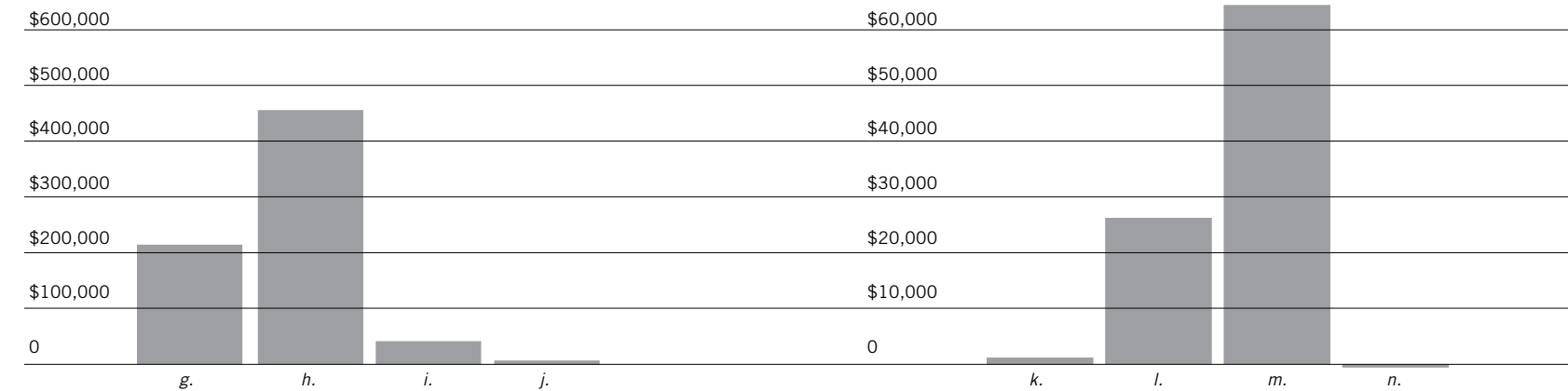
Condensed Statement Of Condition  
as of December 31, 2019



### ASSETS

|                                    |               |
|------------------------------------|---------------|
| a. Cash & Due from Banks           | \$102,244,000 |
| b. Fed Funds Sold                  | 1,496,000     |
| c. Securities & Investments        | 126,160,000   |
| d. Loans & Discounts, Net          | 574,720,000   |
| e. Premises, Furniture & Equipment | 6,577,000     |
| f. Other Assets                    | 7,387,000     |

**Total Assets** **\$818,584,000**



### LIABILITIES

|                                 |               |
|---------------------------------|---------------|
| g. Noninterest-bearing Deposits | \$209,740,000 |
| h. Interest-bearing Deposits    | 464,890,000   |
| i. Borrowings                   | 45,751,000    |
| j. Other Liabilities            | 5,226,000     |

**Total Liabilities** **\$725,607,000**

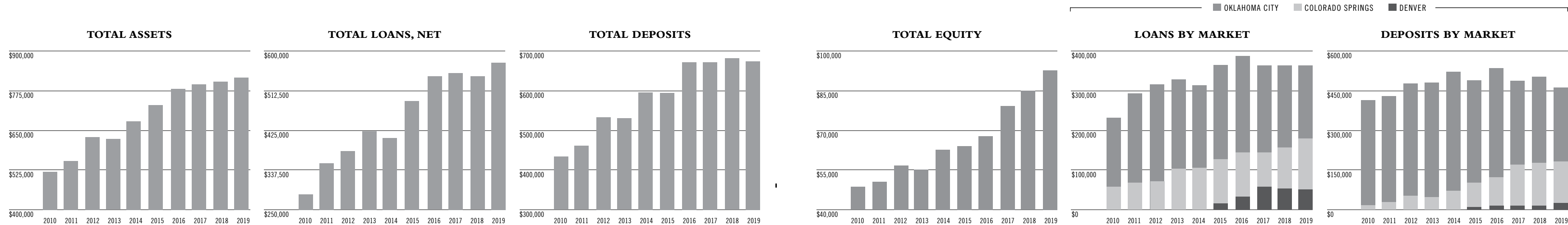
### EQUITY

|   |             |
|---|-------------|
| k. Common Stock                           | \$1,152,000 |
| l. Paid-in Capital                        | 26,168,000  |
| m. Retained Earnings                      | 66,071,000  |
| n. Accumulated other Comprehensive Income | (414,000)   |

**Total Equity** **\$92,977,000**

**Total Liabilities & Equity** **\$818,584,000**

## TEN YEARS OF GROWTH







*Vault door at Kirkpatrick Bank  
headquarters in Edmond, Oklahoma*