A LETTER FROM THE CHAIRMAN

IN SPITE OF ALL VARIETIES OF TURMOIL AT HOME AND ABROAD, I am pleased to report that Kirkpatrick Bank has enjoyed a very favorable year. You may recall that last year we anticipated expanding the bank in three markets, a very aggressive move. In all three cases, our investment has been successful and laid a solid foundation for future growth.

We celebrated our new location in Colorado Springs with community leaders and customers at a delightful open house. As you enter the new lobby, the eye is immediately drawn to an extraordinary photograph by Rima Lee from her RODEO series, which was featured at the National Cowgirl Museum and Hall of Fame in Ft. Worth this fall. Lee was born in Beirut, Lebanon and raised in Hamburg, Germany. Her first experience with rodeo culture occurred when she arrived in Texas and attended the 2013 Fort Worth Stock Show and Rodeo, photographing whatever caught her eye during the three week event. This photograph, like the others in the collection, is a study of motion, capturing the explosive speed and energy in a single image. We plan to celebrate our new Denver location in February of 2016. As well as the opportunity to gather with customers and business leaders, we also look forward to introducing an exhibition of works by Brett Weston. Born in Tropico, California in 1911, he began learning his trade beside his father, famed photographer Edward Weston, at age thirteen. Brett is primarily known for his landscape images, particularly sand dunes. Later in his career he created a botanical series. All seven of the photographs installed in Denver are from this series. Brett Weston died in Hawaii in 1993.

During 2015, I became concerned about a legislative initiative to place an amendment to the Oklahoma Constitution on the ballot in 2016. This state question is a multi-faceted campaign being played out on the national stage, one state and one issue at a time. As a businessman, I recognize that it is fundamental to the American economy and to sound business practices to encourage and support robust local markets. State Question 777, regarding agriculture in the state of Oklahoma, goes too far. A mere handful of global
companies control 82% of the world’s food production, and these foreign behemoths are attempting to secure constitutional privileges in every state normally reserved for human beings. This measure leads to an abuse of American rights and a corresponding lack of accountability and stewardship to animals and our environment. I personally urge you to reject state question 777. It is nothing more than corporate welfare disguised as an effort to help small farmers. In truth, it’s just another nail in the coffin of family farms. Our profiles this year reflect our appreciation and support for organizations which assert higher principles of stewardship and local economic development.

As we move forward into 2016, we are more grateful than ever for the quality of our customers and their ethics, as well as for the vitality and quality of life in the communities we serve. It is an honor and a privilege to be your bank.

Sincerely,

Christian Keesee

Christian Keesee checking in on the animals at the Spencer homestead, now known as the Kirkpatrick Family Farm in Yukon, Oklahoma. Originally purchased in 1894 by Mollie Spencer, great-great-grandmother to Christian Keesee, today the farm hosts numerous events and educational opportunities for the benefit of the community.
"CHANGE IS INEVITABLE. GROWTH IS OPTIONAL." JOHN C. MAXWELL

I thought about that quote as I prepared this year’s letter for the annual report. Certainly we have seen a number of changes this year in the local, national and global economies. We are facing political changes in November of the new year. If we recognize that change is inevitable, then we can also recognize that the challenges that are presented give us an opportunity to grow. As a result of the quality of our customer relationships and the dedication of our team, Kirkpatrick Bank has been able to choose the opportunity to grow.

2015 yielded multiple financial records for Kirkpatrick Bank with total assets finishing the year at $727 million and gross loans reaching $501.6 million, both of which represented record highs for a year-end. Overall, asset quality remains good with both past due and non-accruals loans at minimal levels. Nevertheless, as we proceed into 2016, we remain observant of the impact depressed oil and natural gas prices are having on our Oklahoma economy, and as a result, continue to diligently increase our loan loss reserve, which at year-end equated to 2.07% of gross loans.

In addition, 2015 included the accomplishment of several strategic objectives beginning with the opening of our Commercial Banking Center in north Oklahoma City, followed by the relocation of our Colorado Springs Office in downtown Colorado Springs, the opening of a new branch in Denver, Colorado, and a core processing conversion. These critical components play a vital role in our journey to build Kirkpatrick Bank to a billion dollars in assets.
We thank our customers for their continued faith in our commitment to their best welfare and the opportunity to provide the services they need today and tomorrow.

Sincerely,
George Drew
LAST YEAR WAS HARDLY BUSINESS AS USUAL FOR US, between moving to our new location in Colorado Springs, opening a new office in Denver and going through a core conversion of all bank systems. And, while I don’t know if the old mantra “no pain, no gain” is entirely accurate, I must say, with some pride, that our team certainly achieved some striking gains for the bank in Colorado, despite the extra challenges.

Among the opportunities I prize most are the hard work and faithful attention that the members of our Colorado Advisory Board so generously provide. They have helped us immeasurably in shaping our role in the community and strengthening relationships. Along with that, I am also grateful for the partnership we have with Raymond James and the benefits that have derived for our customers and for the bank.

During 2015, we continued our efforts to participate in the development and growth of key civic and non-profit organizations. We were especially pleased to assist a consortium of community organizations and the then incoming mayor in presenting a discussion of the history of the origins of Oklahoma City’s transformational MAPS programs with the former Mayor Ron Norrick and the Executive Director of the Oklahoma Historical Society, Bob Blackburn. We continue to find opportunities to be involved in community efforts to revitalize and reinvent our city, and it is an exciting time to be in Colorado Springs. Our Advisory Board were leaders in this endeavor, as well as in bringing experts in to offer workshops on business strategies and trusts.
Kirkpatrick Bank’s overall progress in this market has so far brought $1 million net to the company’s bottom line. Other milestones include the fact that we have moved from 14th to the top 10 in the market. Further, we now have sufficient deposits to support much of our loan portfolio, which now reports $140 million in assets. Equally encouraging is the fact that our Denver branch reported an asset base of about $8 million prior to being officially open.

Sincerely,

Trenton Stafford
LETTER FROM THE DENVER MARKET PRESIDENT

KATHY KALEY

IT IS WITH GREAT PLEASURE THAT I CAN ANNOUNCE KIRKPATRICK BANK WAS ABLE TO OPEN OUR DENVER LOCATION IN 2015. It is a great opportunity to bring a noted, privately-held commercial bank into the Denver market. There is always an adrenaline rush involved in any startup, and this experience has not disappointed.

We secured our location early in the year, worked diligently to complete the construction and were able to officially open our doors the first of October. During the construction process, we were able to assemble a team of highly qualified bankers, including Doris Rigoni and Linda Roan. Doris has a diverse background in public/private partnership, commercial real estate and banking. She serves on the NAIOP Board as well as being a member of the Glendale City Council. Linda has an extensive background in cash management and is a Certified Treasury Professional. She serves on the executive board for Metro Denver Partners. I am thankful to be an active member of Historic Denver, Inc., Downtown Denver Partnership and Colorado Coalition for the Homeless. I mention these affiliations because active community involvement is one of the core values of Kirkpatrick Bank and it is a pleasure to be a part of an organization that values community.

We wanted to open a full service branch and were very fortunate to secure our location at 1850 Platte Street, just off the 20th Street exit from I-25. Besides proximity to downtown, LoDo, and Larimer Square, the South Platte and Riverfront Park are our front yard. In celebration of becoming a member of the Riverfront Park community, we joined the many business and individuals
who support the Greenway Foundation and participated in the annual Gala on the Bridge. This non-profit conservation organization has been an economic engine for the communities on the Platte River.

In our four months of official operation, the market response has been encouraging. We have established several banking relationships with local businesses and individuals, including approximately $17 million in loan commitments and 20 new deposit relationships. We have a strong pipeline of business opportunities and look forward to a successful 2016!

Sincerely,

Kathy Kaley

Our Denver office has an upbeat vibe reflective of the surrounding area, one of the hottest new mixed-use districts downtown.
By the Numbers

Average Deposits Up 9.78%

Average Loans Up 4.40%

139 Small-Business Loans Closed, Totaling $29.7M

12 Community Development Loans Closed, Totaling $41.9M
The new Colorado Springs location presents a modern banking experience: clean, light, streamlined.
Cousteau’s observation was a painfully accurate description of the South Platte in Denver. By the mid-1960s, the South Platte River through Denver and its suburbs had become nothing less than an open sewer and dumping ground, lined by factories, junkyards and landfills. A historic flood in the spring of 1965 changed everything, especially how Denver managed its rivers and tributaries. Today, the South Platte flourishes as a coveted city asset and a destination for hundreds of thousands of urban dwellers.

In large part that transformation is the result of a remarkable community epiphany. While the Army Corps of Engineers prepared to subdue and control the river, Denver citizens pushed toward a different kind of solution. In 1971, Littleton voters approved a tax to help pay for the creation of South Platte Park, which is now an 880-acre park along 2 1/2 miles of the river’s floodplain. But the election would not be sufficient to convince the Corps to drop its channelization plans – the federal law on flood-mitigation funding would first have to be changed. Littleton sent a delegation to Washington, D.C., to lobby, and in 1974 Congress passed the Water Resource Development Act. With a $400,000 contribution from Littleton, land along the river was purchased in chunks. The park was formally dedicated in 1983.

In 1974, The Greenway Foundation was established to lead the effort to reclaim the South Platte and to expand flood-mitigation efforts through the creation of more parks and green spaces downriver. Confluence Park and $500 million worth
of other investments along the river since 1974 have resulted in hundreds of miles of trails and acres of parks. Today a kayaker can float the South Platte from C-470 to Weld County without interruption.

Over the past forty years, the Foundation has partnered with numerous private and public agencies, corporations and individuals to create over $130 million of environmental, aquatic, recreational and open space improvements along the South Platte and its tributaries throughout the metro. It has developed robust education and community event programs, and employs more than 100 teens annually in its youth employment programs. It has constructed hiking and biking trails as well as creating parks and natural areas, including a variety of boating and rafting experiences.

Responsible stewardship of the river has pumped money into the metro as well, facilitating more than $13 billion in residential and commercial development. As it turns out, a beautiful river and surrounding environment is a highly valuable contribution to quality of life. It would appear that Cousteau was right about water being an essential fluid on which all life depends.

The Greenway Foundation’s responsible stewardship reinvented the Platte River, as well as the economy and the quality of life for the Denver communities along its banks.
The ancient Greeks used horses as a therapeutic aid, as documented by the writings of Hippocrates. Literature from the 17th century documented the value of therapeutic riding for gout, neurological disorders and low morale. In 1946, therapeutic riding was introduced in Scandinavia following an outbreak of poliomyelitis. Known today as Equine Assisted Therapies (EAT), therapeutic riding is used to promote physical, occupational and emotional growth in persons with a wide variety of physical and mental issues and disabilities. There are over 800 therapeutic riding centers in the U.S. certified by the Professional Association of Therapeutic Horsemanship (PATH), formerly known as the North American Riding for the Handicapped Association (NARHA), which provides education, safety standards and instructor certification. Coffee Creek Riding Center, located in Edmond, Oklahoma, is one of those centers.

With a full-time staff of three and a multitude of 190 volunteers (90 are needed weekly) the Center has been opening new horizons to 180 students per session (3 sessions per year) for 34 years. Sessions are provided free, making the Center one of only 60 to do so. In 2011, founders Lucille Fancey and her daughter Joy Milligan were inducted into the Quarter Horse Hall of Fame for the Bud Breeding Oklahoma Spirit Award. Their story is one of unquenchable spirit, a gift they have given to children and families a hundred-fold over.

Lucille Fancey was born in St. Louis, MO. She encountered her first horse, a draft horse delivering ice, at age three and was struck with a fascination that became a lifetime pursuit. As a teen she cleaned stalls for riding opportunities.
and rode in a high school club. All through her adult life, she has always owned horses, training and showing hunter-jumpers and teaching English riding. Throughout this period she became intrigued with the potential of offering therapeutic riding programs. Then one of her riding students was paralyzed in a car wreck and Fancey’s interest became a calling. She did what any mother would do: she recruited her daughter, Joy Milligan, a radiology technician and teacher at Rose State College to help set up a therapeutic riding program. Joy had been involved in her mother’s equine training and riding programs most of her life, but wanted to move to Colorado. According to the mother-daughter team, God had other plans. In 1977, they announced plans for establishing a therapeutic riding program and immediately had 10 students and 27 volunteers step forward. The rest, as they say, is history.

Today Coffee Creek Riding Center boasts an indoor arena and classrooms and is changing lives one miracle at a time. Special ed students from area public schools, as well as individual children, have the opportunity to take riding lessons to gain skills such as balance, eye-hand coordination, upper body strength and language skills. Some of these children walk or talk for the first time at the stable. Some meet an animal for the first time. And some find a friend for the first time in these gentle animals. The horses are specifically trained and selected to serve as therapeutic partners. Horses who are calm, steady workers, with proper balance and structural build emphasizing free, fluid movement and good quality gaits at the walk, are preferred. Horses, like people, have unique personalities with likes, dislikes

Coffee Creek Staff horses Tater Tot (left) and Hollywood (right) enjoy a cool drink in a secluded spot.
and habits. The children and the horses bond together, with each partner having their favorites. The volunteers who assist with each student are also key therapeutic partners. Through the years, many of the Coffee Creek Riding Center volunteers have been motivated to pursue medical or special education careers. Others find their calling in faithful service at the Center year after year.

Coffee Creek Riding Center is a United Way partner agency, an accredited therapeutic riding program and a blessing to all who pass through its doors. As Sir Winston Churchill noted, it is important to recognize that it is not so much how we provide for animals’ welfare, but rather how much animals provide for human welfare, when we are considering our role on the planet.

Andi is glad to romp with therapeutic masters Woody, General, Yogi and Cowboy as they celebrate another successful session.

Photographs courtesy of Samantha Bruno. Bruno volunteers her time and her talents, including photography, at Coffee Creek Riding Center.
Kirkpatrick Bank has had a long association with this organization, reflective of the Kirkpatrick family’s generations-long passion for animal welfare. Over the last five years, HSPPR has established a record of remarkable achievements. HSPPR operates the largest shelter in Southern Colorado, providing services within an area of 5,500 square miles. Around 24,000 animals each year pass through their doors, including exotics and farm animals. HSPPR has more than risen to the challenge with unique facilities, programs and services.

Among the first facility priorities was the development of a state-of-the-art...
veterinary surgery. In 2014, HSPPR earned accreditation by the American Animal Hospital Association, a very prestigious distinction; HSPPR is the only shelter clinic in Colorado to do so. Steady work has been underway since to renovate the lobby to create a more customer-oriented space facilitating adoptions, as well as spaces like the cat condo which allows prospective cat parents to interact with prospective new BFFs. Most ambitious of all is a 16,000 sf expansion of the facility currently under construction. This space will expand housing, isolation space for ill or gravely injured animals as well as flex space to accommodate crisis needs when disaster strikes.

While operating a quality shelter would certainly be more than admirable, HSPPR takes a holistic, proactive approach to animal welfare. HSPPR provides Animal Law and Enforcement services and staff under contract with the city and county. If a lost animal has a tag or a micro-chip, the Animal Law Enforcement team works hard to reunite lost animals directly in the field. As well, their duties often call upon a multi-faceted approach towards rescuing, treating and rehabilitating animals found in a hoarding situation.

The area which the 150 staff member team of HSPPR serves includes some of the most overpopulated animal regions in the whole front range, which coincides with some of the state’s most economically challenged areas. Shelters in this region are tiny. HSPPR sought and received a special grant to purchase and custom fit a transport van designed to move animals safely and comfortably from these tiny shelters without resources and insufficient population base to offer adoption opportunities. Dubbed Rescue Rover, the van has given over 2,400 animals a second chance at love.

Recognizing that animals suffer as greatly from disasters as people, HSPPR established and maintains a Community Animal Response Team. HSPPR is always engaged in finding new ways to respond to the needs of animals throughout the region. Abandoned or abused animals receive training and behavior modification care, improving their chances for successful adoption. The very
The newly renovated adoption center facilitates introductions between new best friends.
young and medically vulnerable animals benefit from foster care programs until they are ready for placement.

Much of the critical work of HSPPR would not be possible without the unflagging support of volunteers. Approximately 23,000 hours are generously donated by 1,000 volunteers annually. These heroes walk, train, socialize, clean, foster, nurse, rehabilitate and feed as needed, when needed. With responsibility for over 24,000 animals per year, HSPPR’s volunteers bring the mission – “A compassionate society where animals are cared for and valued” – to life, in a very literal way.
Our Commercial Banking Center, located in the Paragon Building, provides a central location for essential commercial and private banking relationships.
# Condensed Statement of Condition

**As of December 31, 2015**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>CASH &amp; DUE FROM BANKS</td>
<td>$26,969,000</td>
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<tr>
<td>FED FUNDS SOLD</td>
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<tr>
<td>SECURITIES &amp; INVESTMENTS</td>
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<tr>
<td>LOANS &amp; DISCOUNTS, NET</td>
<td>491,184,000</td>
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<td>PREMISES, FURNITURE &amp; EQUIPMENT</td>
<td>7,172,000</td>
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<tr>
<td>OTHER ASSETS</td>
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**Total Assets**  
$727,061,000
## Liabilities & Equity

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tr>
<td>Non-interest-bearing deposits</td>
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<tr>
<td>Interest-bearing deposits</td>
<td>476,487,000</td>
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<tr>
<td>Borrowings</td>
<td>67,132,000</td>
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<tr>
<td>Other liabilities</td>
<td>3,318,000</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$663,011,000</strong></td>
</tr>
<tr>
<td>Common stock</td>
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<tr>
<td>Paid-in capital</td>
<td>18,168,000</td>
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<tr>
<td>Retained earnings</td>
<td>45,770,000</td>
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<tr>
<td>Accumulated other comprehensive income</td>
<td>(1,040,000)</td>
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<tr>
<td><strong>Total Equity</strong></td>
<td><strong>$64,050,000</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td><strong>$727,061,000</strong></td>
</tr>
</tbody>
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# Trends from the Condensed Statement of Condition

**As of December 31, 2015**

## Assets

<table>
<thead>
<tr>
<th>TOTAL ASSETS</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN THOUSANDS</td>
<td>550,025</td>
<td>625,640</td>
<td>619,423</td>
<td>676,059</td>
<td>727,061</td>
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## Loans, Net

<table>
<thead>
<tr>
<th>TOTAL LOANS</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN THOUSANDS</td>
<td>352,077</td>
<td>378,873</td>
<td>423,324</td>
<td>408,916</td>
<td>491,184</td>
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### Deposits

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<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN THOUSANDS</td>
<td>458,841</td>
<td>531,150</td>
<td>528,045</td>
<td>593,659</td>
<td>592,561</td>
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### Equity

<table>
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<th>TOTAL EQUITY</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN THOUSANDS</td>
<td>50,317</td>
<td>56,551</td>
<td>54,937</td>
<td>62,667</td>
<td>64,050</td>
</tr>
</tbody>
</table>

![Bar chart for Deposits and Equity](chart.png)
EXECUTIVE LEADERSHIP

CHRISTIAN K. KEESEE
Chairman

GEORGE M. DREW
President & CEO

DAVID L. SUTTER
Executive Vice President, CLO

TRENTON STAFFORD
Colorado Market President

KATHRYN KALEY
Denver Market President

JAMES A. SHANE
Senior Vice President, CFO

GRACE MEYER
Vice President, Corporate Secretary

BOARD OF DIRECTORS

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United Mechanical

GEORGE M. DREW
Kirkpatrick Bank

JOHN D. GARRISON
CPA, Financial Advisor

CHRISTIAN K. KEESEE
Kirkpatrick Family Fund

DAVID L. SUTTER
Kirkpatrick Bank

ADVISORY DIRECTORS

ROBERT R. KIRBY
Retired, Kirkpatrick Bank

PAT K. PATTERSON
Real Estate

DON T. ZACHRITZ
Investments

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Co-Chair, Kirkpatrick Bank

JAMES P. OAKS
Co-Chair, Kirkpatrick Bank

WILLIAM S. CORRIGAN
Kane Family Foundation

THOMAS B. GANNETT
BCR Management

RANDALL P. GEVING
Six & Geving Insurance

MARY ELLEN McNALLY
Civic Leader

JOCELYN WALL
Retired, Kirkpatrick Bank

JOSHUA A. WAYMIRE
Raymond James
SUPPORTING THE ARTS AND COMMUNITY NONPROFITS CAN:

ENRICH LIVES

ENHANCE ECONOMIC VITALITY

CHANGE THE WORLD