



Quail Creek Bank
2020 Annual Report

To Our Shareholders

2020 was a very unusual year...where do we even start?

You can start immediately with the flood on New Year's Day. Fortunately, one of our employees happened to stop by the bank that day and encountered water streaming through the ceiling in one of our commercial loan areas due to a malfunction of the ice machine in the breakroom overhead. Thanks to the quick actions of numerous employees, we were able to minimize the potential damage and begin the restoration process immediately.



Then, fast forward to March 11th, when OKC became the focal point of COVID-19 as the NBA season was suspended after a Utah Jazz player tested positive. Within two weeks the bank was responding to the incredibly hyper-evolved pandemic by closing the lobby and implementing our first phase of protocols. This included installation of plexiglass, daily sanitizing, temperature scans, department rotations, reduced drive-in hours, wearing masks and zoom meetings. Even as I write this letter, a year later, we are still navigating through the fallout from this worldwide pandemic.

Of course, anyone who has lived in Oklahoma knows the weather brings year-round excitement. On October 26th, the OKC area was hit by an historic three-day ice storm with over 600,000 businesses and residences left without power. Quail Creek Bank was one of the casualties and for the remainder of the week we operated with minimal power and heat. Thankfully, with our back-up natural gas-powered generator, we were able to operate our drive-in and maintain bank operations.

Finally, on December 18th we received the news that our long-time board member, Jay W. Morton, passed away. Jay was a board member of Quail Creek Bank for 39 years beginning in 1981, after succeeding his father, Jerry W. Morton. Jerry was one of the original founders of the bank in 1974. Jay had served as President and Chairman of the Board of United Engines for over 15 years. We will miss Jay's wisdom, historical knowledge and his unyielding love for Quail Creek Bank.

In the words of our chairman, Mark Davenport, "This may have been the best year ever for Quail Creek Bank...not necessarily from a financial measurement standpoint, but how we, as a bank family, responded to all these crises." From helping customers with the Paycheck Protection Program (PPP) and the Oklahoma Business Relief Program (OBRP), to managing loan deferrals, employee safety, and virtual learning priorities for our employee families, we managed to press forward. We referred 217 customers to Kabbage (owned by Amercian Express) who funded PPP loans totaling over \$121 million and 127 customers to OBRP, processing a total of \$2.2 million in grants.

Through it all, Quail Creek Bank continues as one of the "Top Performing Banks" in the nation. For the most recent year available, we were ranked 235 out of 3,070 banks in the US with assets between \$100 million and \$1 billion based on the last three year average return on equity (ROE). Our three year average pre-tax ROE was 17.7%. For 2020 net loans ended at \$501 million, assets reached \$767 million, and pre-tax earnings for the year were \$12.3 million.

What we experienced in 2020 embodies the community banking experience. As community bankers, decisions are made daily for the right reasons that hopefully have a positive impact on our employees, customers and shareholders. We are here to serve our community, unwavering in our commitment, no matter what circumstances come our way.

Doug Fuller
President
Chief Executive Officer



BACK
ROW

Jay W. Morton
1951 - 2020

Robert N. Cooke, M.D.
RETIRED SURGEON & PHYSICIAN

Jay Wilkinson
PRESIDENT / OWNER
JAY WILKINSON, LLC

Carol Fehrle
EXECUTIVE VICE PRESIDENT
CHIEF OPERATING OFFICER

James L. Seikel
INVESTMENTS

John A. Workun
EXECUTIVE VICE PRESIDENT
CHIEF LENDING OFFICER

Steven R. Thompson
INVESTMENTS

FRONT
ROW

Doug Fuller
PRESIDENT
CHIEF EXECUTIVE OFFICER

Mark Davenport
CHAIRMAN OF THE BOARD

Bert Olah, Jr
VICE CHAIRMAN OF THE BOARD



NOTICE OF ANNUAL MEETING

The annual meeting of Quail Creek Bancshares, Inc., stockholders will be held at 9AM, Thursday, March 25, 2021.

LOCATION

J. David Davenport
Board Room

Quail Creek Bank
2nd Floor

12201 N. May Ave.
Oklahoma City, OK 73120

Consolidated Balance Sheet

(EXPRESSED IN THOUSANDS)

December 31st

2020

ASSETS

CASH AND DUE FROM BANKS	\$	5,381
INTEREST-BEARING DEPOSITS WITH BANKS	\$	113,566
SECURITIES AVAILABLE FOR SALE	\$	136,559
LOANS, NET OF ALLOWANCE FOR POSSIBLE LOAN LOSSES	\$	501,313
PREMISES & EQUIPMENT, NET	\$	4,902
OTHER REAL ESTATE OWNED, NET	\$	-
DEFERRED TAXES	\$	288
INTEREST RECEIVABLE AND OTHER ASSETS	\$	4,736
TOTAL ASSETS	\$	766,745

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

NON-INTEREST BEARING DEPOSITS	\$	185,107
INTEREST BEARING DEPOSITS	\$	502,247
TOTAL DEPOSITS	\$	687,354
 BORROWINGS		-
INCOME TAX PAYABLE	\$	-
INTEREST PAYABLE AND OTHER LIABILITIES	\$	2,835
TOTAL LIABILITIES	\$	690,189

STOCKHOLDERS' EQUITY

COMMON STOCK	\$	98
ADDITIONAL PAID IN CAPITAL	\$	2,111
RETAINED EARNINGS	\$	70,328
ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME	\$	4,450
TREASURY STOCK (AT COST)	\$	(431)
TOTAL STOCKHOLDERS' EQUITY	\$	76,556
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	766,745

2019**2018****2017****2016**

7,867

6,108

6,987

5,156

70,591

94,615

13,249

13,129

97,046

76,178

94,022

99,446

506,767

503,016

508,377

469,118

5,177

5,251

5,667

5,788

-

-

101

-

288

-

-

-

3,845

3,257

3,744

3,311

691,581**688,425****632,147****595,948**

141,742

78,913

72,919

65,014

478,358

541,069

474,826

466,100

620,100

619,982

547,745

531,114

-

15,902

-

-

500

-

-

-

3,061

2,368

1,904

1,866

623,661

622,350

565,551

532,980

98

98

98

98

2,041

1,911

1,911

1,837

65,162

65,010

64,451

62,082

1,072

(451)

629

(531)

(453)

(493)

(493)

(518)

67,920

66,075

66,596

62,968

691,581**688,425****632,147****595,948**

Consolidated Statement of Income

(EXPRESSED IN THOUSANDS)

For the twelve months ending December 31st

2020

INTEREST INCOME

LOANS	\$	26,762
SECURITIES, INCLUDES RECLASSIFICATION FOR REALIZED NET GAIN/LOSS ON SECURITIES AVAILABLE FOR SALE	\$	2,548
OTHER	\$	352
TOTAL INTEREST INCOME	\$	29,662

INTEREST EXPENSE

DEPOSITS	\$	4,152
BORROWINGS	\$	-
TOTAL INTEREST EXPENSE	\$	4,152

NET INTEREST INCOME	\$	25,510
PROVISION FOR POSSIBLE LOAN LOSSES	\$	1,275
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	\$	24,235

NON INTEREST INCOME

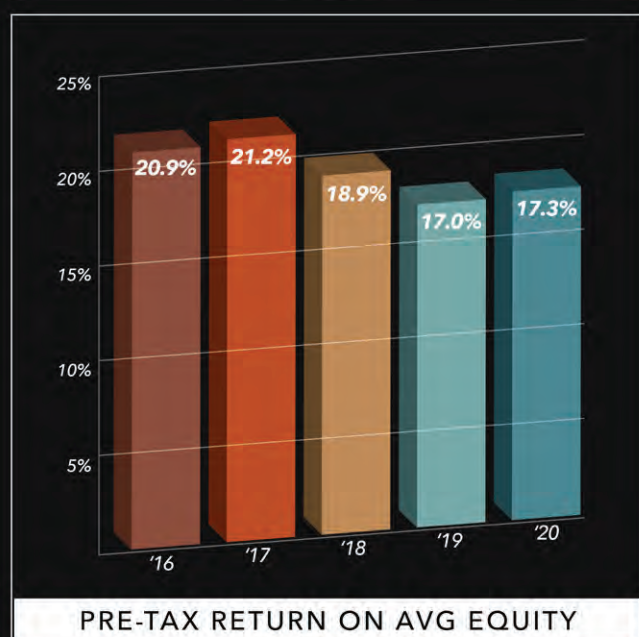
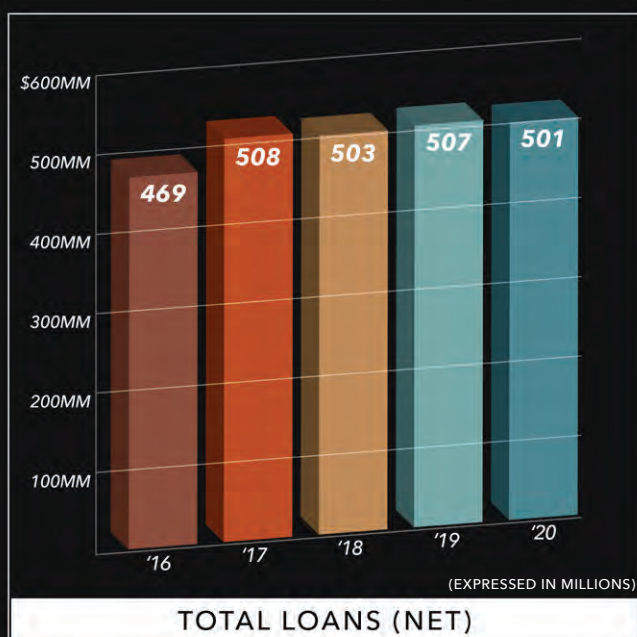
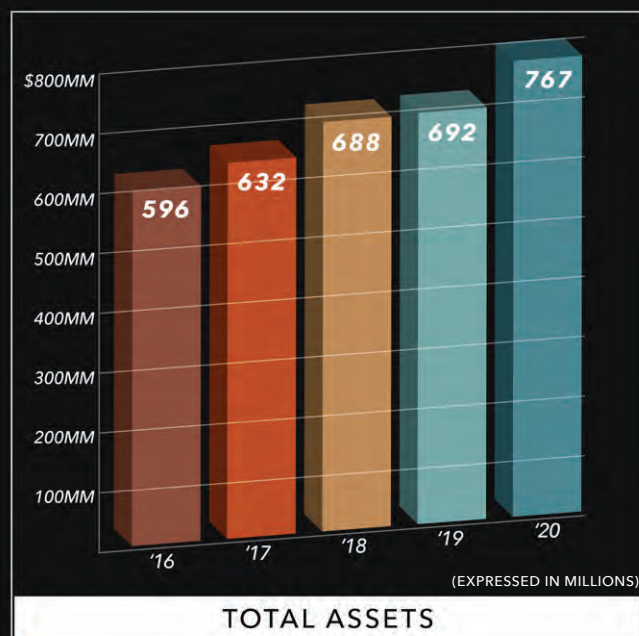
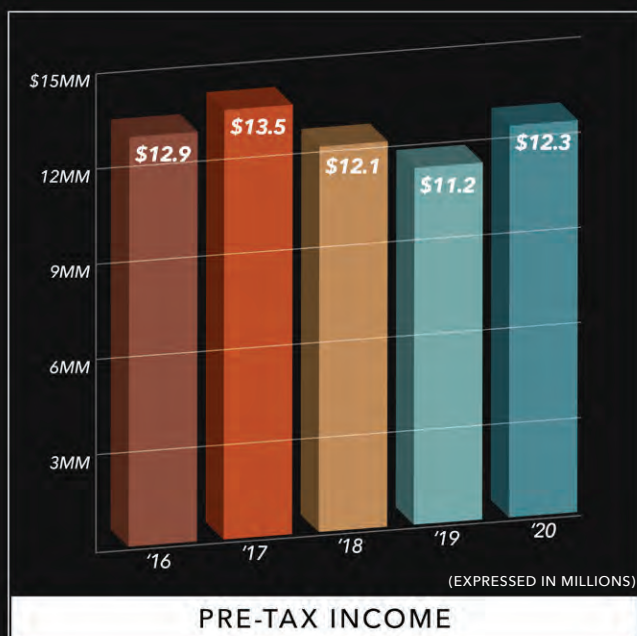
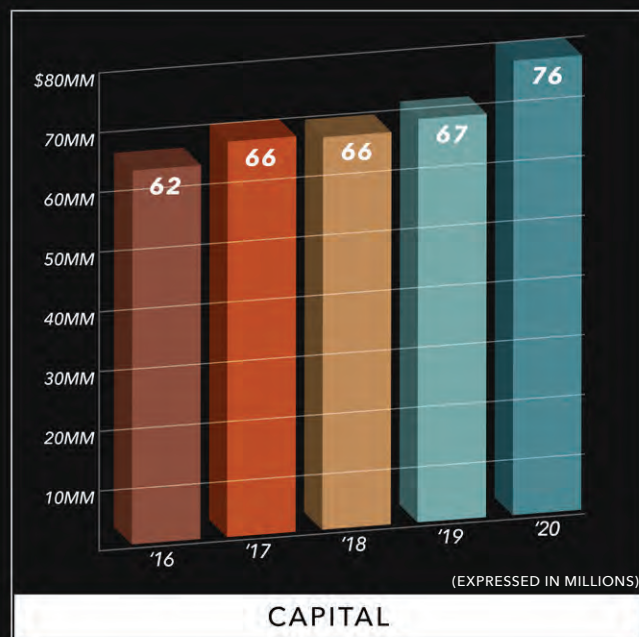
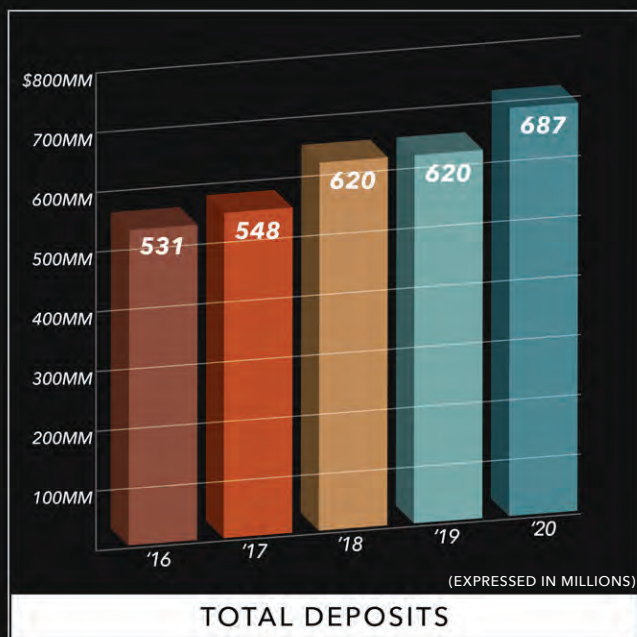
SERVICE CHARGES ON DEPOSIT ACCOUNTS	\$	605
OTHER SERVICE CHARGES AND FEES	\$	1,300
OTHER REAL ESTATE OWNED	\$	60
TOTAL NONINTEREST INCOME	\$	1,965

NON INTEREST EXPENSE

SALARIES AND EMPLOYEE BENEFITS	\$	9,234
OCCUPANCY	\$	434
FURNITURE AND EQUIPMENT	\$	263
OTHER REAL ESTATE OWNED	\$	1,332
INFORMATION TECHNOLOGY	\$	730
OTHER EXPENSES	\$	3,183
TOTAL NON INTEREST EXPENSE	\$	13,844

PRE-TAX NET INCOME	\$	12,356
INCOME TAX EXPENSE	\$	479
NET INCOME	\$	11,877

2019	2018	2017	2016
27,612	26,349	25,412	24,484
2,174	2,007	2,043	1,926
<u>1,883</u>	<u>906</u>	<u>177</u>	<u>128</u>
31,669	29,262	27,632	26,538
6,190	3,825	1,839	1,775
<u>-</u>	<u>105</u>	<u>141</u>	<u>-</u>
6,190	3,930	1,980	1,775
25,479	25,331	25,652	24,763
<u>900</u>	<u>850</u>	<u>600</u>	<u>450</u>
24,579	24,481	25,052	24,313
631	699	693	705
1,310	1,094	1,215	1,002
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,941	1,793	1,908	1,707
8,974	8,934	8,304	8,238
397	417	419	321
341	500	639	594
35	71	44	-
735	675	638	630
<u>3,486</u>	<u>3,559</u>	<u>3,346</u>	<u>3,277</u>
15,265	14,120	13,417	13,104
11,255	12,154	13,543	12,916
211	-	-	-
<u>11,044</u>	<u>12,154</u>	<u>13,543</u>	<u>12,916</u>



JAY MORTON

QUAIL CREEK BANK BOARD MEMBER 1981 - 2020

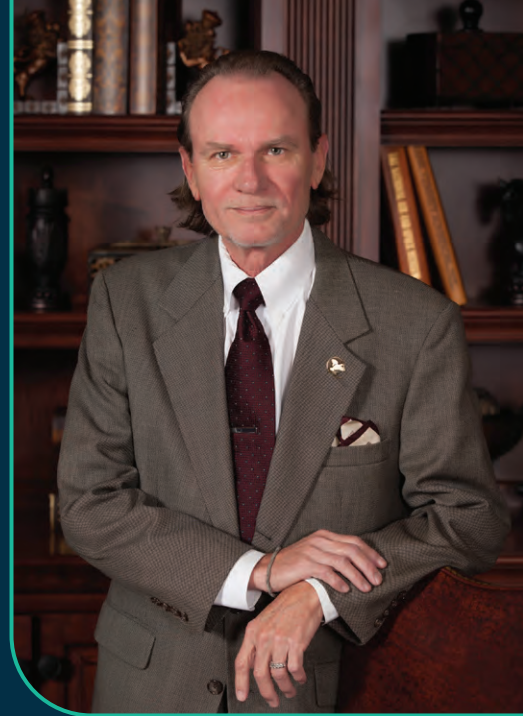
In December 2020, we lost an important member of our bank family, Mr. Jerry (Jay) Wayne Morton. Jay was dearly loved by all of us and will be greatly missed. His contributions to Quail Creek Bank were numerous and his influence essential to our on-going success. Jay joined the bank's Board of Directors in 1981 and served until his death in 2020. Jay's father, Jerry Morton, was one of the bank's founding board members in 1974.

Jay owned and operated United Engines of Oklahoma City until its sale in the 1990's. Jay, with the help of his father, grew the business to become one of the most successful United Engines dealerships in the southeastern United States. Jay was also an entrepreneur starting and supporting several small businesses in Oklahoma City.

In addition to Jay's success in business, he had many talents with one of the most impressive being his mastery of scuba diving. He earned the highest diving certificate awarded, a Master Scuba certificate, that designated him as one of the world's most elite. He also was a certified rescue diver and instructor who taught hundreds of students to safely dive and become certified.

Jay was also an avid hunter, a consummate fisherman, an artist, and a master chef. While he was very accomplished in all, his cooking skills caught the attention of the Food TV network and he was occasionally asked to give his opinion on recipes; a task he did not take lightly.

Most of all, Jay was a husband, father, grandfather, uncle, and friend to many who loved him. He will be greatly missed!



It is with deepest regret that I write to tell you our long-time champion of the bank, Jay Morton died on December 18, 2020.

I know that I speak for all when I say that I will personally miss Jay's keen insight, wisdom and historical knowledge of everything Quail Creek Bank. He was a vault of information and probably served as much or more time than any one person on the various committees that are the heart of the bank. I personally owe a debt of gratitude to Jay, his father, and the Morton family for making our little bank THE shining example of what a true community bank, serving its neighborhood, should look like. I know I stand on the shoulders of the Morton's, the Cooke's, the Seikel's, and the other founding families of QCB, when we look back at just how far we have come and continue to grow. Without their vision and risk, we would not be what we are today. I am forever grateful.

There could be no person more an essential piece of the mosaic of our story than Jay Morton. God bless him, Nancy and the entire Morton family.



Mark Davenport
Chairman of the Board - Quail Creek Bank



PHYLLIS 1980



SUE 1982



SHARON 1986



CAROL 1991



STEVE 1993



JOHN 1993



FAY 1995



JAMES 1995



LACEY 1999



KELLY 1999



JULIE 2000



SHELLI 2000



HANK 2001



CAROLE 2001



MIKE 2002



KATHY 2002



VIVIAN 2006



DEREK 2007



RICHELLE 2007



LAUREN 2008



DOUG 2009



ERIN 2009



PHIL 2010



KENTON 2010



KATHY 2012



DARRIS 2012



SUMMER 2013



K.T. 2013



ADAM 2013



BRYAN 2013



JIM 2014



DIANNA 2014



FRANKLIN 2017



JOBI 2017



BLAKE 2018



CARLEE 2018



RYAN 2018



LORRI 2018



BRANDON 2018



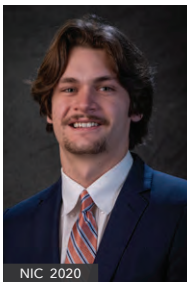
MEGAN 2018



CASADY 2020



BRENDA 2020



NIC 2020



ERIN 2020



KENJI 2020



LANDON 2020





JEANNIE 1995

RANDY 1995

BRYAN 1996

TERRI 1997

ALAN 1997

LAURA 1997

JEFF 1997

JOHN 1998



L.D. 2003

LAUREL 2003

JENNIFER 2003

KAYE 2003

MARK 2004

STEPHANIE 2005

ELISABETH 2006

CORI 2006



JERIKA 2011

NOK 2011

ALICE 2011

TYLER 2011

DIANE 2011

MIKE 2011

LAURYN 2011

LAURA 2012



DONNELL 2015

CHRIS 2015

MONICA 2015

DA'RON 2015

SUSAN 2016

CAROL 2016

REGAN 2017

CHRIS 2017



TIM 2019

PAM 2019

ASHLEE 2019

LINDSAY 2019

SHAQUITA 2019

BRITTNEY 2019

JACKSON 2019

JENNIFER 2020

CLASS OF 2020

OFFICERS

DOUG FULLER
PRESIDENT
CHIEF EXECUTIVE OFFICER

JOHN A. WORKUN
EXECUTIVE VICE PRESIDENT
CHIEF LENDING OFFICER

CAROL FEHRLE
EXECUTIVE VICE PRESIDENT
CHIEF OPERATING OFFICER

JAMES GRIFFITH
SENIOR VICE PRESIDENT
CHIEF FINANCIAL OFFICER

ERIN D. BATEY
SENIOR VICE PRESIDENT
CHIEF COMMUNICATION AND
INNOVATION OFFICER

STEVE BOYD
SENIOR VICE PRESIDENT

RANDY CORP
SENIOR VICE PRESIDENT

JEFFREY MASSAD
SENIOR VICE PRESIDENT

KENTON OWENS
SENIOR VICE PRESIDENT

MICHAEL D. SPANN
SENIOR VICE PRESIDENT

MICHAEL THAGARD
SENIOR VICE PRESIDENT

PHIL THOMPSON
SENIOR VICE PRESIDENT

JIM TRENT
SENIOR VICE PRESIDENT

ALAN WEBB
SENIOR VICE PRESIDENT

LACEY L. BIFFLE
VICE PRESIDENT

SUMMER BLADES
VICE PRESIDENT

DEREK BRIGGS
VICE PRESIDENT

JERIKA COFFMAN
VICE PRESIDENT

JULIE CROWELL
VICE PRESIDENT

L.D. FERGUSON
VICE PRESIDENT

PHYLLIS FORD
VICE PRESIDENT

CAROLE JOHNSON
VICE PRESIDENT

STEPHANIE MILLS
VICE PRESIDENT

LAURA NUNNERY
VICE PRESIDENT

BRYAN PETTY
VICE PRESIDENT

DIANNA PRITCHETT
VICE PRESIDENT

BRYAN SCOTT
VICE PRESIDENT

JOHN CRABTREE
ASSISTANT VICE PRESIDENT

REGAN ROBINETT
ASSISTANT VICE PRESIDENT

TYLER STROUD
ASSISTANT VICE PRESIDENT

ELISABETH ACOSTA
OPERATIONS OFFICER

CHRIS DANESHMAND
COMPLIANCE OFFICER

PAM DURAN
OPERATIONS OFFICER

ADAM HOWELL
CREDIT OFFICER