



Oakworth Capital, Inc.

Quarterly Update

March 31, 2019



VISION

Redefining Financial Services

CLIENT FIRST • DEEPER UNDERSTANDING
CUSTOMIZED SOLUTIONS • PERSONALIZED SERVICE

ALWAYS

First Quarter 2019 Financial Highlights

- **Net income** growth of 10% year-over year
- **Top-line revenue** growth rate of 9% year-over-year
- **Wealth assets** of \$1.29 billion at March 31, 2019, up 11% from \$1.16 billion at March 31, 2018
- **Strong deposit** growth at 15% year-over-year
- **Loans** up 6% year-over-year to \$487 million
- **Book value per share** of \$16.58 at March 31, 2019 compared to \$15.35 one year ago
- **Paid \$0.20 per share dividend**, up 25% compared to \$0.16 per share one year ago

Dear Shareholder:

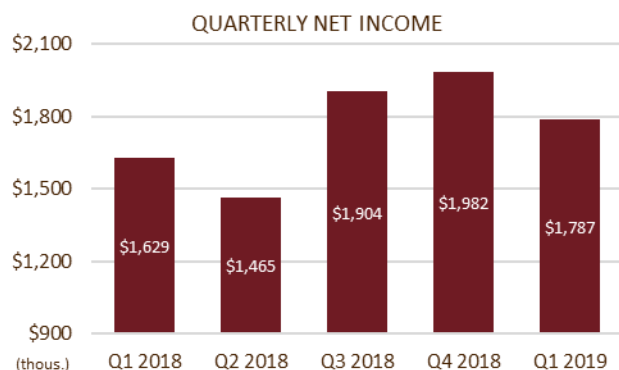
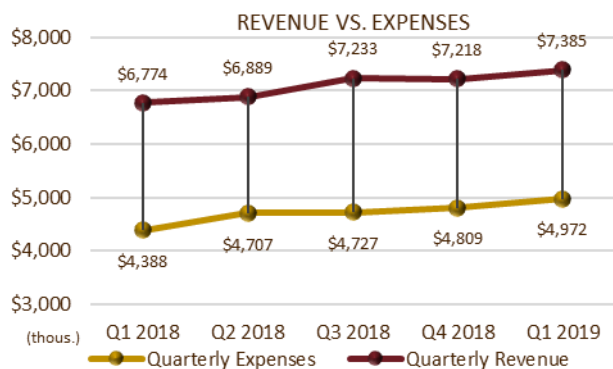
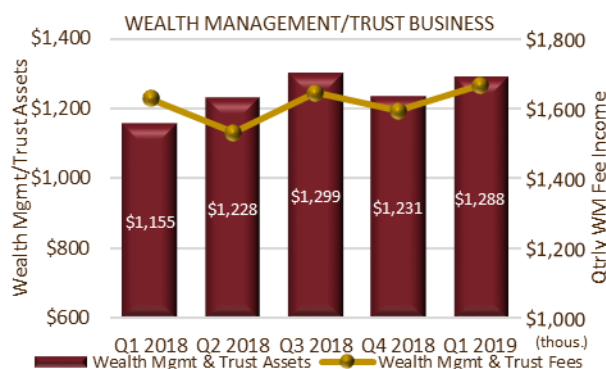
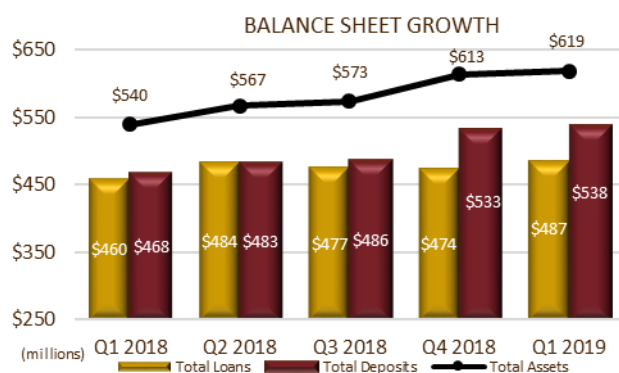
Oakworth is off to a solid start in the first quarter of 2019. As we have shared in past updates, 2018 was a year of strategic investment for the company. We added a number of new associates, invested in a new head-quarters location, and made the conscious decision to invest in client relationships with higher deposit rates across account types. Mid-first quarter 2018 is when the expense associated with these investments began to show in our income statement. There are a number of “moving parts” in the comparison of 1st quarter 2018 with 1st quarter 2019. Overall, we are pleased with the direction of business.

We continued to receive independent validation of our approach to providing high-touch financial services that fulfill our core purpose of *Helping People Succeed*. Here is a sample of these acknowledgements: Oakworth’s Net Promoter Score (NPS) remains at a 96; we were again voted by Depositaccounts.com as one of the safest banks in the country (#28) and the safest bank in Alabama (#1); Oakworth is currently the #1 “Best Bank to Work For” (American Banker); and, Oakworth was recognized as one of the Fastest Growing Companies in the U.S. (Inc 5000). We believe the sources of our success have been well-balanced, that we are achieving our core purpose, and that Oakworth is well-positioned for continued profitable growth.

We are constantly monitoring client behavior patterns with all offices. Clients have raved about the convenience and layout of the new Central Alabama office in Birmingham. To accommodate continued growth in South Alabama, Oakworth recently began the process of expanding this office, located in Mobile. While the existing office continues to serve our clients, the expansion should be open for business in the 3rd quarter of this year. Commensurate with this expansion and the new headquarters office in Birmingham in 2018, our Halcyon Pointe office in Montgomery will be closing on May 31, 2019. The vast majority of Oakworth’s River Region clients utilize technology for routine transactions and enjoy visits from our client advisors for strategic needs and transactions. Many of them work with client advisors from our Central Alabama and South Alabama offices already. Simply stated, our clients in this part of the state rarely utilize this location. We are effectively serving River Region clients in a similar way that we are currently serving clients in other locations such as Boston, New Orleans, Chicago and Denver. Two associates from our former River Region office will be joining the team in our Central Alabama office in June and we look forward to continuing to serve this region of our state with the same high-quality service that they have come to expect.

Financial Report

We reported \$1.8 million in net income, a 10% increase from one year ago, in the first quarter. One of the drivers in the increased net income was net interest income which increased 9% year-over-year. Net interest income was directly impacted by growth in the balance sheet, offset slightly by a net interest margin that compressed year-over-year similar to others in our industry. With our strong growth in core deposits of 15% year-over-year and a healthy loan pipeline, we anticipate accelerating net interest income growth. Wealth assets increased 11% year-over-year, also contributing to revenue growth. Our book value per share continues to be healthy and ended the quarter at \$16.58 compared to \$15.35 one year ago.



In March, we began using Banclist.com which is a communication platform for indicating interest in buying or selling Oakworth shares. There are currently Oakworth shares posted for sale in the event you or others may be interested in investing in our story. Please contact us or visit our website for more specific instructions on signing up – specifically, you’ll need to know that the passcode is “Redefine.” We hope that this technology provides greater transparency on recent stock trades and a more readily available platform for initiating the process of trading our stock.

We also invite you to attend our Annual Shareholders’ Meeting on May 22 at our 850 Shades Creek Parkway headquarters in Birmingham. The meeting will begin at 4:00 pm and we look forward to telling you more about our past results and our future plans. If you have not already done so, please let us know if you are planning to attend by emailing lindsey.krausen@oakworthcapital.com.

As always, we appreciate your continued support. We value your investment and we value your trust in us to provide quality, innovative financial services advice and products. We look forward to your continued referrals of new business – our best source of growth!

Sincerely,

Scott B. Reed
Chief Executive Officer

Sincerely,

Samuel E. Upchurch, Jr.
Chairman of the Board

FINANCIAL HIGHLIGHTS (unaudited)

WEALTH AND TRUST

(in millions)

	March 31,		
	2019	2018	Change
Wealth assets (non-balance sheet)	\$ 1,288	\$ 1,155	11%

CONSOLIDATED CONDENSED STATEMENTS OF CONDITION

(in thousands)

	March 31,		
	2019	2018	Change
Assets			
Cash and due from banks	\$ 14,718	\$ 15,121	-3%
Federal funds sold	48,846	14,450	238%
Securities available for sale	52,882	44,023	20%
Loans, net of unearned income	487,164	459,770	6%
Allowance for loan losses	(5,358)	(5,059)	6%
Loans, net	481,806	454,711	6%
Fixed assets	3,339	3,424	-2%
Interest receivable	2,009	1,624	24%
Other assets	14,929	6,269	138%
Total assets	<u>\$ 618,529</u>	<u>\$ 539,622</u>	15%
Liabilities and Stockholders' Equity			
Liabilities:			
Deposits:			
Non-interest bearing deposits	\$ 129,292	\$ 132,324	-2%
Interest-bearing deposits	408,572	335,341	22%
Total deposits	537,864	467,665	15%
Accrued interest payable	1,047	256	309%
Other liabilities	1,800	2,653	-32%
Total liabilities	540,711	470,574	15%
Total stockholders' equity	77,818	69,048	13%
Total liabilities and stockholders' equity	<u>\$ 618,529</u>	<u>\$ 539,622</u>	15%



FINANCIAL HIGHLIGHTS (CONT.) (unaudited)

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(in thousands)

	Year-to-Date March 31,		
	2019	2018	Change
Interest income:			
Loans, including fees	\$ 6,310	\$ 5,105	24%
Securities available for sale	390	325	20%
Short term investments	390	141	177%
Total interest income	7,090	5,571	27%
Interest expense:			
Deposits	1,650	592	179%
Borrowings	-	1	-100%
Total interest expense	1,650	593	178%
Net interest income	5,440	4,978	9%
Provision for loan losses	45	258	-83%
Net interest income after provision for loan losses	5,395	4,720	14%
Non-interest income	1,945	1,796	8%
Non-interest expense	4,972	4,388	13%
Income before income taxes	2,368	2,128	11%
Provision for income taxes	581	499	16%
Net Income	\$ 1,787	\$ 1,629	10%
Earnings per share - basic	\$ 0.38	\$ 0.37	
Earnings per share - diluted	\$ 0.36	\$ 0.33	

