



OAKWORTH
CAPITAL INC.

2ND QUARTER 2019
QUARTERLY UPDATE
OAKWORTH CAPITAL, INC



A LETTER TO OUR SHAREHOLDERS

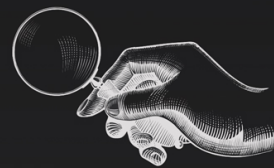
Dear Shareholder:

As we reach the half-way point of 2019, we are pleased to report that we are seeing the anticipated return on our 2018 investments. Recall that we moved into a new corporate headquarters and Central Alabama office in January 2018, hired to support our growth and invested in technology to improve both efficiency and the client experience. Revenue has increased 10 percent; non-interest expense has leveled out with only a 3.5 percent increase; and pre-tax income is up 28 percent second quarter 2019 compared to second quarter 2018. We are very pleased with growth across our core disciplines of wealth, private banking and commercial banking. Similar to others in our industry, we are watching a currently volatile marketplace closely. With a now declining interest rate environment, we are facing headwinds to revenue growth. With loans repricing down faster than deposits, we will likely see contraction in our net interest margin and growth in the balance sheet will be even more important. We have a great team, operate in strong communities and feel good about our underlying activity and ability to grow through those headwinds.

2ND QUARTER 2019 HIGHLIGHTS

- . REALIZATION OF 2018 INVESTMENTS IN BUSINESS
- . “TIMELESS VALUES FOR A MODERN WORLD” CAMPAIGN
- . SOLID, BALANCED YEAR-OVER-YEAR GROWTH OF 7% IN WEALTH ASSETS, 11% IN DEPOSITS AND 6% IN LOANS
- . EARNINGS PER SHARE UP 55% SECOND QUARTER 2019 VS. SECOND QUARTER 2018
- . BOOK VALUE PER SHARE OF \$17.19 AT JUNE 30, 2019 COMPARED TO \$15.23 ONE YEAR AGO

At Oakworth, we're redefining financial services.



Everything we do is tailored to your needs. You'll be surrounded
by a team of advisors working tirelessly to help you realize your goals.
We are innovative, but don't take our word for it.
Experience it for yourself.

Timeless values for a modern world.



OAKWORTH
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WE KICKED OFF A DIGITAL
MARKETING CAMPAIGN IN THE
SECOND QUARTER.

Hopefully, you have seen our name and advertisements as you utilize social media and other digital avenues. The early returns suggest that the campaign is a success with over 200% increase in traffic on social media outlets and a nearly 10% increase in website visits with nearly 20% of those being new visitors. We have received positive feedback on our tagline “Timeless Values For a Modern World” and hope you agree that it captures the essence of our service offering. We’ve included some examples in this shareholder letter. Our hope is that we are able to attract those potential clients in our existing markets who are not familiar with our offering and that we begin to increase name recognition for Oakworth outside of our existing markets.

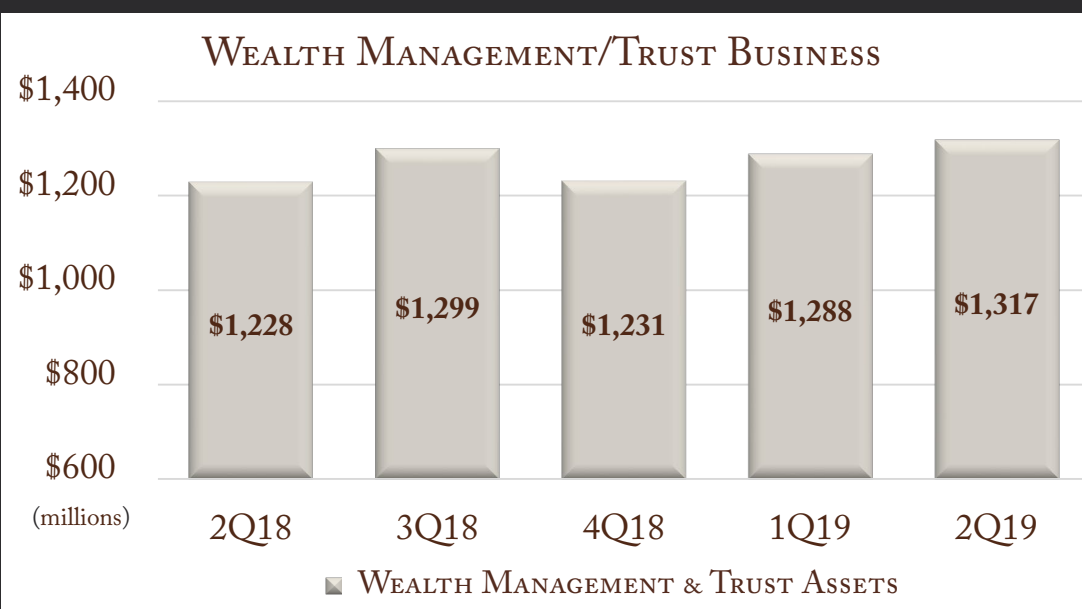
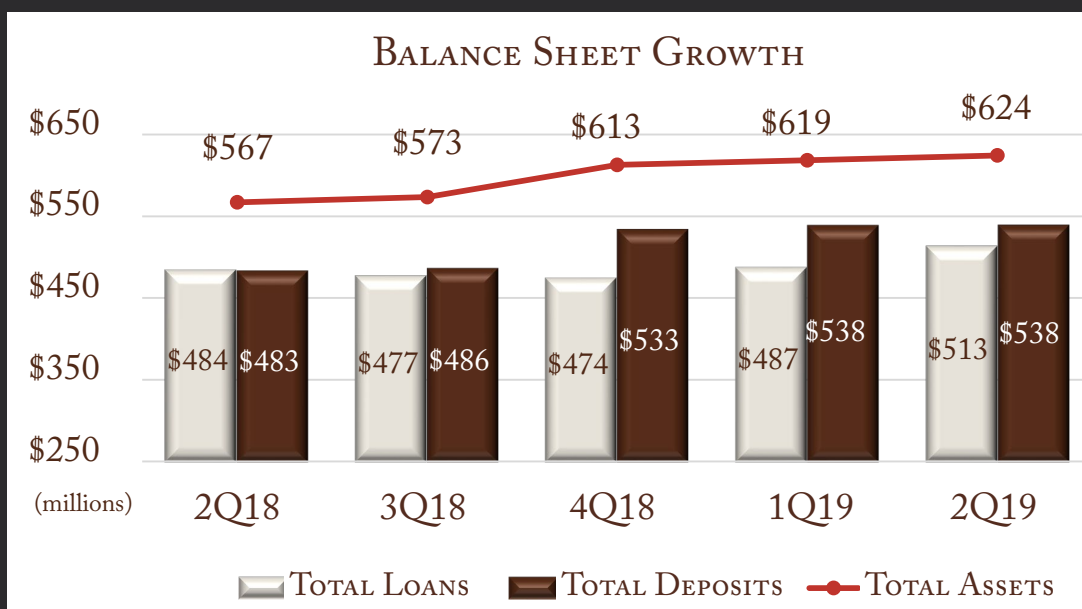
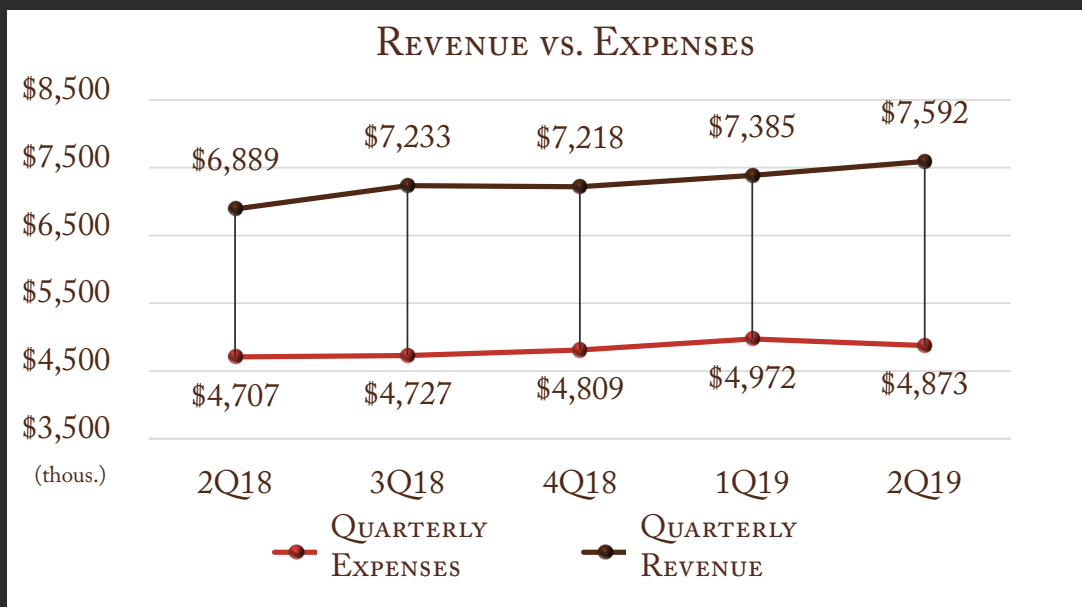


Oakworth Capital Bank ✓

August 5 at 2:07 PM

We are so proud of all that our interns learned and accomplished this Summer! On the blog this week, they reflected on their summer at Oakworth: <https://bit.ly/2KZ1sBv>



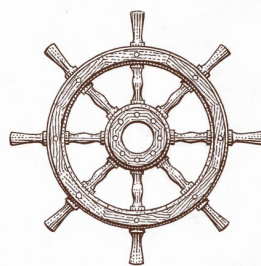


FINANCIAL REPORT

We commonly look at pre-tax, pre-provision for loan loss income as a proxy for core operating results.

THIS MEASURE INCREASED 25% SECOND QUARTER 2019 OVER SECOND QUARTER 2018 IN LARGE PART DUE TO SIGNIFICANT GROWTH IN AVERAGE LOANS AND OUR ABILITY TO FUND THAT LOAN GROWTH WITH CORE DEPOSITS.

Also important is our success in growing wealth assets to a record \$1.32 billion and realizing the benefits of our early 2018 investments while managing non-interest expense growth. Said plainly, revenues are growing faster than expenses. At June 30, 2019, loans were \$513 million and deposits were \$538 million. This performance drove our book value per share to \$17.19, up 13% from \$15.23 one year ago. We are focused on managing the balance sheet in the now lower and still uncertain interest rate environment for the latter half of the year and remain optimistic that our performance will continue to accelerate as have our core operating trends.



In March, we began using Banclist.com which is a communication platform for indicating interest in buying or selling Oakworth shares. 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. Additionally, our new Shareholder landing site will be “live” at oakworth.com in the near future and will provide easy access to this report as well as other relevant information to our shareholders.

Thank you for your continued support. We are committed to

REDEFINING FINANCIAL SERVICES

and helping our shareholders, clients, associates and communities succeed in the process.

Sincerely,

Scott B. Reed

Chief Executive Officer

Sincerely,

Samuel E. Upchurch, Jr.

Chairman of the Board

FINANCIAL HIGHLIGHTS

(Unaudited)



WEALTH & TRUST

(in millions)

JUNE 30,

	2019	2018	CHANGE
Wealth assets (non-balance sheet)	\$ 1,317	\$ 1,228	7%

CONSOLIDATED CONDENSED STATEMENTS OF CONDITION

(in thousands)

JUNE 30,

	2019	2018	CHANGE
ASSETS			
Cash and due from banks	\$ 12,465	\$ 14,290	(13%)
Federal funds sold	22,967	5,595	310%
Securities available for sale	56,881	46,264	23%
Loans, net of unearned income	513,049	484,116	6%
Allowance for loan losses	(5,632)	(5,327)	6%
Loans, net	507,417	478,789	6%
Fixed assets	3,617	3,556	2%
Interest receivable	2,022	1,755	15%
Other assets	18,959	16,754	13%
TOTAL ASSETS	\$ 624,328	\$ 567,003	10%
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Non-interest bearing deposits	\$ 120,509	\$ 128,790	(6%)
Interest-bearing deposits	417,761	354,032	18%
Total deposits	538,270	482,822	11%
FHLB Borrowings	-	10,000	(100%)
Accrued interest payable	1,580	607	160%
Other liabilities	3,726	2,420	54%
Total liabilities	543,576	495,849	10%
Total stockholders' equity	80,752	71,154	13%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 624,328	\$ 567,003	10%

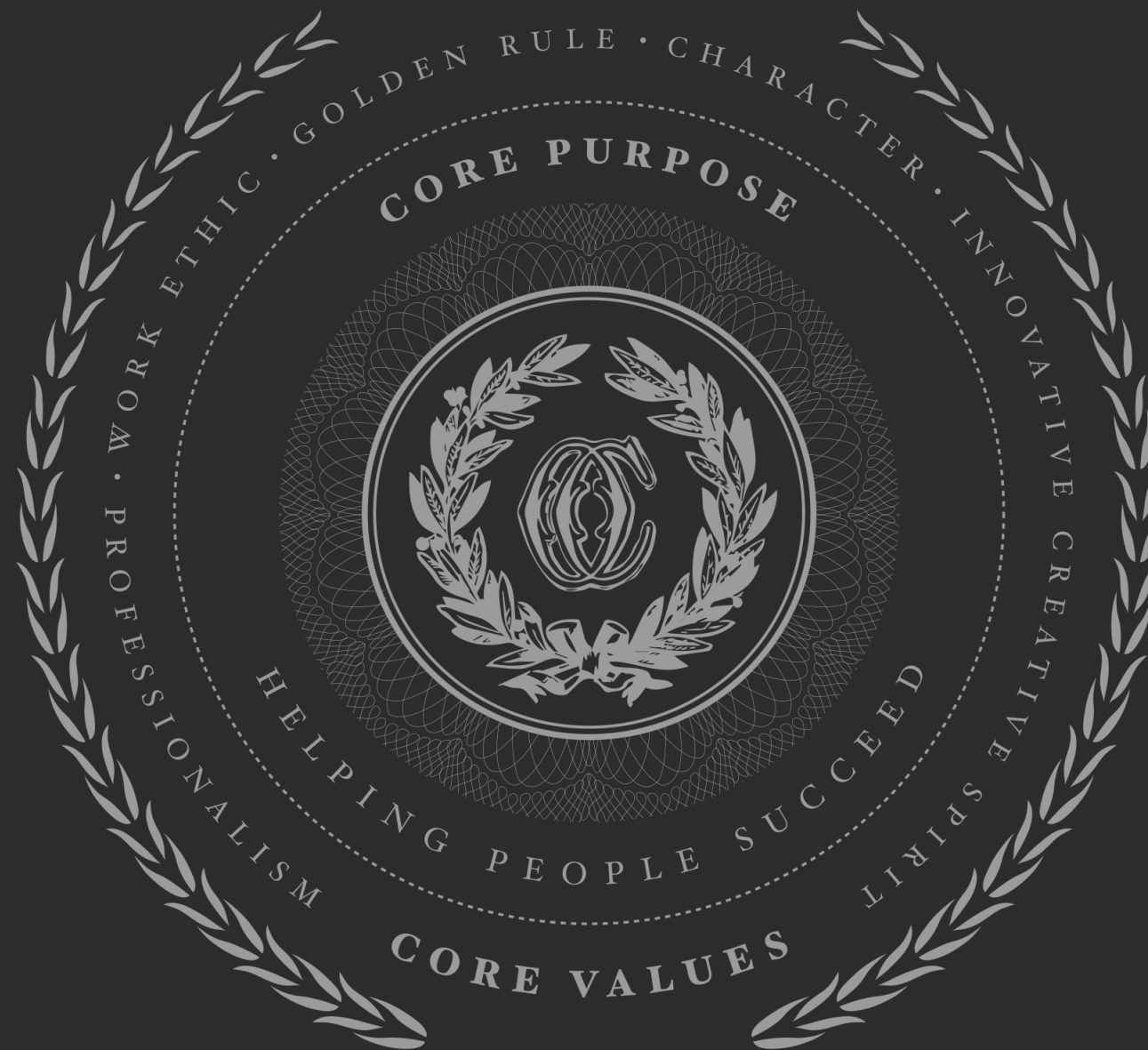
FINANCIAL HIGHLIGHTS

(Unaudited)



CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(in thousands)	QUARTER - TO - DATE			YEAR - TO - DATE		
	JUNE 30,			JUNE 30,		
	2019	2018	CHANGE	2019	2018	CHANGE
INTEREST INCOME:						
Loans, including fees	\$ 6,634	\$ 5,710	16%	\$ 12,943	\$ 10,815	20%
Securities available for sale	406	340	19%	796	664	20%
Short term investments	261	120	118%	651	261	149%
Total interest income	7,301	6,170	18%	14,390	11,740	23%
INTEREST EXPENSE:						
Deposits	1,660	946	75%	3,309	1,537	115%
Borrowings	20	59	(66%)	20	60	(67%)
Total interest expense	1,680	1,005	67%	3,329	1,597	108%
Net interest income	5,621	5,165	9%	11,061	10,143	9%
Provision for loan losses	261	268	(3%)	306	526	(42%)
Net interest income after provision for loan losses	5,360	4,897	9%	10,755	9,617	12%
Non-interest income	1,971	1,724	14%	3,917	3,520	11%
Non-interest expense	4,873	4,707	4%	9,846	9,095	8%
Income before income taxes	2,458	1,914	28%	4,826	4,042	19%
Provision for income taxes	179	449	(60%)	760	948	(20%)
Net Income	\$ 2,279	\$ 1,465	56%	\$ 4,066	\$ 3,094	31%
Earnings per share - basic	\$ 0.48	\$ 0.31		\$ 0.86	\$ 0.68	
Earnings per share - diluted	\$ 0.47	\$ 0.30		\$ 0.83	\$ 0.64	



VISION

Redefining Financial Services

CLIENT FIRST • DEEPER UNDERSTANDING

CUSTOMIZED SOLUTIONS • PERSONALIZED SERVICE

ALWAYS

COMMERCIAL BANKING | WEALTH MANAGEMENT | PRIVATE BANKING

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