



OAKWORTH
CAPITAL INC.

3RD QUARTER 2019 QUARTERLY UPDATE



A LETTER TO OUR SHAREHOLDERS

Dear Shareholder:

Once again, Oakworth has much to celebrate as we reflect on the third quarter of 2019. American Banker chose Oakworth as the “Best Bank to Work For” across the U.S. for the second year in a row. We could not be more pleased that our associates, who were independently surveyed on a wide variety of topics, expressed their appreciation and recognition of our culture and the workplace that we have collectively built. We want to not only be the best bank to work for but also the best company to work for across this great country and we believe we can achieve that goal together. Associate satisfaction and engagement has a direct impact on client service and shareholder value. The consistency in our “Best Bank” designation along with our Net Promoter Score and total shareholder return lend credence to that theory.

3RD QUARTER 2019 HIGHLIGHTS

- . NAMED NO. 1 BEST BANK TO WORK
FOR THE 2ND YEAR IN A ROW
- . REBEKAH ELGIN-COUNCIL AND DR.
SANJAY SINGH JOINED OAKWORTH’S
BOARD OF DIRECTORS
- . DOUBLE-DIGIT YEAR-OVER-YEAR
BALANCE SHEET GROWTH
- . CORE EARNINGS GROWTH OF 13%
- . TANGIBLE BOOK VALUE PER SHARE
OF \$17.58 AT SEPTEMBER 30, 2019,
UP 13.4% FROM \$15.50 ONE YEAR
AGO

BEST BANKS TO WORK FOR

1 Oakworth Capital Bank

Birmingham, Ala.

Assets: \$619 million Employees: 87

CEO: Scott Reed

www.oakworthcapital.com

Finding strengths: The best leaders are the ones who care about finding the right role for everyone within their organization, says Scott Reed, Oakworth Capital's CEO.

"A leader that cares will guide an associate towards a role that fits his or her greatest strengths and ultimately his or her greatest level of achievement," Reed said. "This is certainly true in my experience. I try very hard to understand an associate's strengths and determine how to position them to leverage those strengths to both help the organization and move him/her towards personal and career objectives."



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Our third quarter Net Promoter Score was 94 on a scale of -100 to +100 indicating an exceptionally high measure of client satisfaction. Oakworth recorded \$1 million+ pre-tax, pre-provision for loan losses (our internal measure of core earnings power) in two of the three months in the quarter. We also recorded nearly \$2 million in quarterly net income. Oakworth was also named to the Inc. 5000's list of fastest growing companies, with three-year revenue growth of 84%.



OAKWORTH IS EXCITED TO ADD TWO DYNAMIC PROFESSIONALS TO OUR BOARD OF DIRECTORS.

Rebekah Elgin-Council is the Chief Marketing Officer for Blue Cross and Blue Shield of Alabama. Her marketing expertise will be invaluable as we continue to invest in Oakworth's brand inside and outside of the state of Alabama. Ms. Council is significantly involved in civic organizations that impact the state including the Alabama Symphony Orchestra and the World Games 2021 Organizing Committee. Dr. Sanjay Singh is a former founder/partner with a regional software firm who has also served as a faculty member at the University of Alabama at Birmingham for 20 years. He is an influential leader in the city and state serving on high impact boards such as the Community Foundation of Greater Birmingham and the Birmingham Business Alliance. Dr. Singh's energy, business acumen and passion for people and culture will be of particular value as Oakworth continues its growth trajectory. Rebekah and Sanjay will bring a fresh perspective and compliment the business expertise represented by our current Board members.



REBEKAH ELGIN-COUNCIL

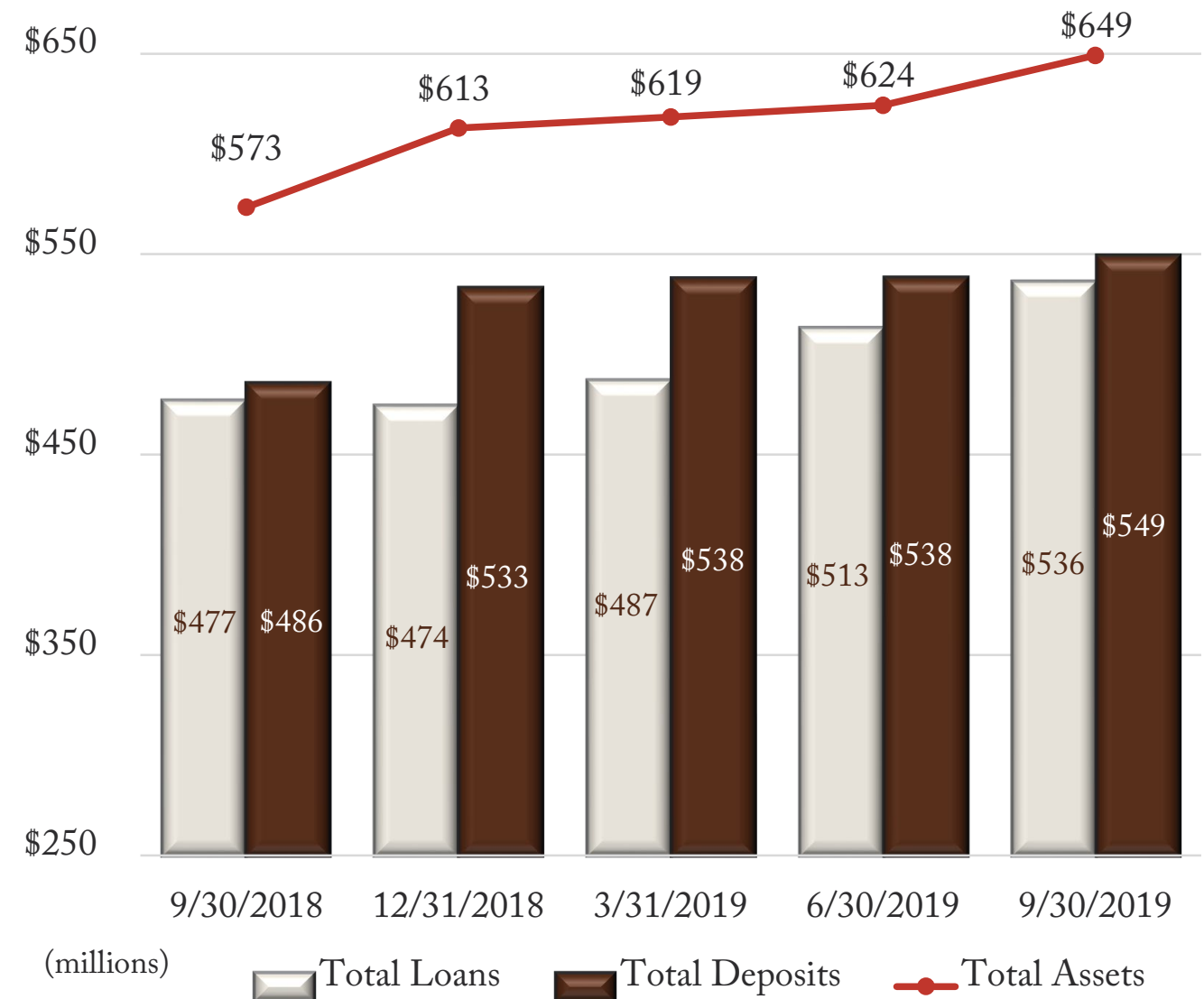


DR. SANJAY SINGH

FINANCIAL REPORT

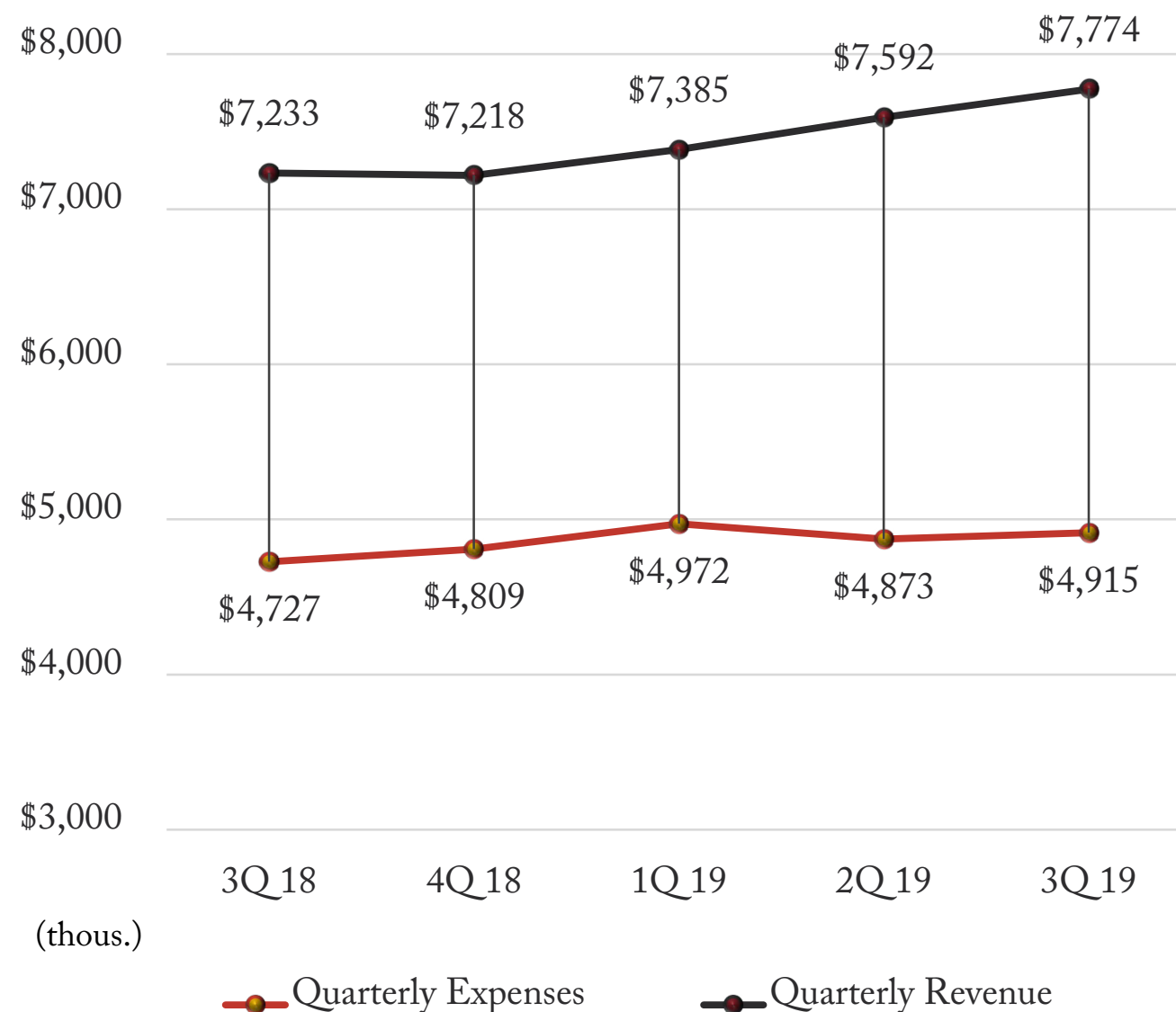
Our strong third quarter results were driven by double digit loan growth resulting in loans of \$536 million at quarter end. In the current rate environment, it is particularly important that we fund loan growth with core deposits and that has been the case with ending deposits of \$549 million at September 30. We are relying on strong balance sheet growth to offset the pressure that the current declining interest rate environment puts on banks' net interest margin. We anticipate slowing or potentially declining year-over-year revenue comparisons in 2020 from the reduction in loan income associated with 75 basis points of reduction in the Federal Reserve's target federal funds rate range.

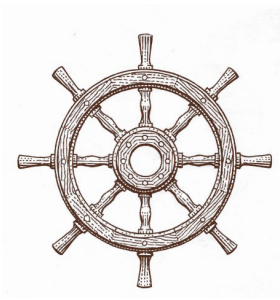
BALANCE SHEET GROWTH



Deposit rates have remained stubbornly (and, we believe, artificially) high due to intense competition for funding. Oakworth has resisted the widely-used industry practice of offering higher rates for “new” money. Although the competition from non-traditional sources is changing the competitive landscape, we believe the deposit rate environment will normalize over the next few quarters. We are paying close attention to market dynamics and will react accordingly. Current market conditions are also impacting the valuation of managed wealth assets which drives wealth fee income. The value of those wealth assets was unchanged at \$1.3 billion at September 30, 2019 compared to September 30, 2018 with fluctuations both up and down in between those dates. Total revenue has increased 9 percent year-to-date September 30, 2019 vs. 2018, non-interest expense has increased 7 percent, resulting in net income year-to-date of \$6.0 million, up from \$5.0 million in the same period last year.

REVENUE VS. EXPENSES





As you know, our Board of Directors has declared a dividend to our shareholders at its November meeting in each of the last four years. If you are not already receiving your dividend via direct deposit, please take a moment to contact Dana Armstrong at dana.armstrong@oakworthcapital.com to authorize direct deposit into your Oakworth bank account for the fastest and most efficient distribution of any dividend declared.

WE LOOK FORWARD TO CELEBRATING THE UPCOMING HOLIDAY SEASON WITH THANKS AND GRATITUDE FOR OUR RELATIONSHIP WITH EACH OF YOU AS WELL AS OUR ASSOCIATES, CLIENTS AND COMMUNITIES.

Thank you for your continued support.

Sincerely,

Scott B. Reed
Chief Executive Officer

Sincerely,

Samuel E. Upchurch, Jr.
Chairman of the Board

FINANCIAL HIGHLIGHTS

(Unaudited)



WEALTH & TRUST

(in millions)

SEPTEMBER 30,

	2019	2018	CHANGE
Wealth assets (non-balance sheet)	\$ 1,304	\$ 1,299	0%

CONSOLIDATED CONDENSED STATEMENTS OF CONDITION

(in thousands)

SEPTEMBER 30,

	2019	2018	CHANGE
ASSETS			
Cash and due from banks	\$ 15,302	\$ 16,402	(7%)
Federal funds sold	20,344	16,098	26%
Securities available for sale	57,998	47,055	23%
Loans, net of unearned income	536,210	477,079	12%
Allowance for loan losses	(5,893)	(5,314)	11%
Loans, net	530,317	471,765	12%
Fixed assets	3,625	3,478	4%
Interest receivable	2,037	1,738	17%
Other assets	19,597	16,894	16%
TOTAL ASSETS	\$ 649,220	\$ 573,430	13%
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Non-interest bearing deposits	\$ 125,275	\$ 130,243	(4%)
Interest-bearing deposits	423,944	355,458	19%
Total deposits	549,219	485,701	13%
FHLB Borrowings	10,000	10,000	0%
Accrued interest payable	1,873	958	96%
Other liabilities	4,829	3,479	39%
Total liabilities	565,921	500,138	13%
Total stockholders' equity	83,299	73,292	14%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 649,220	\$ 573,430	13%

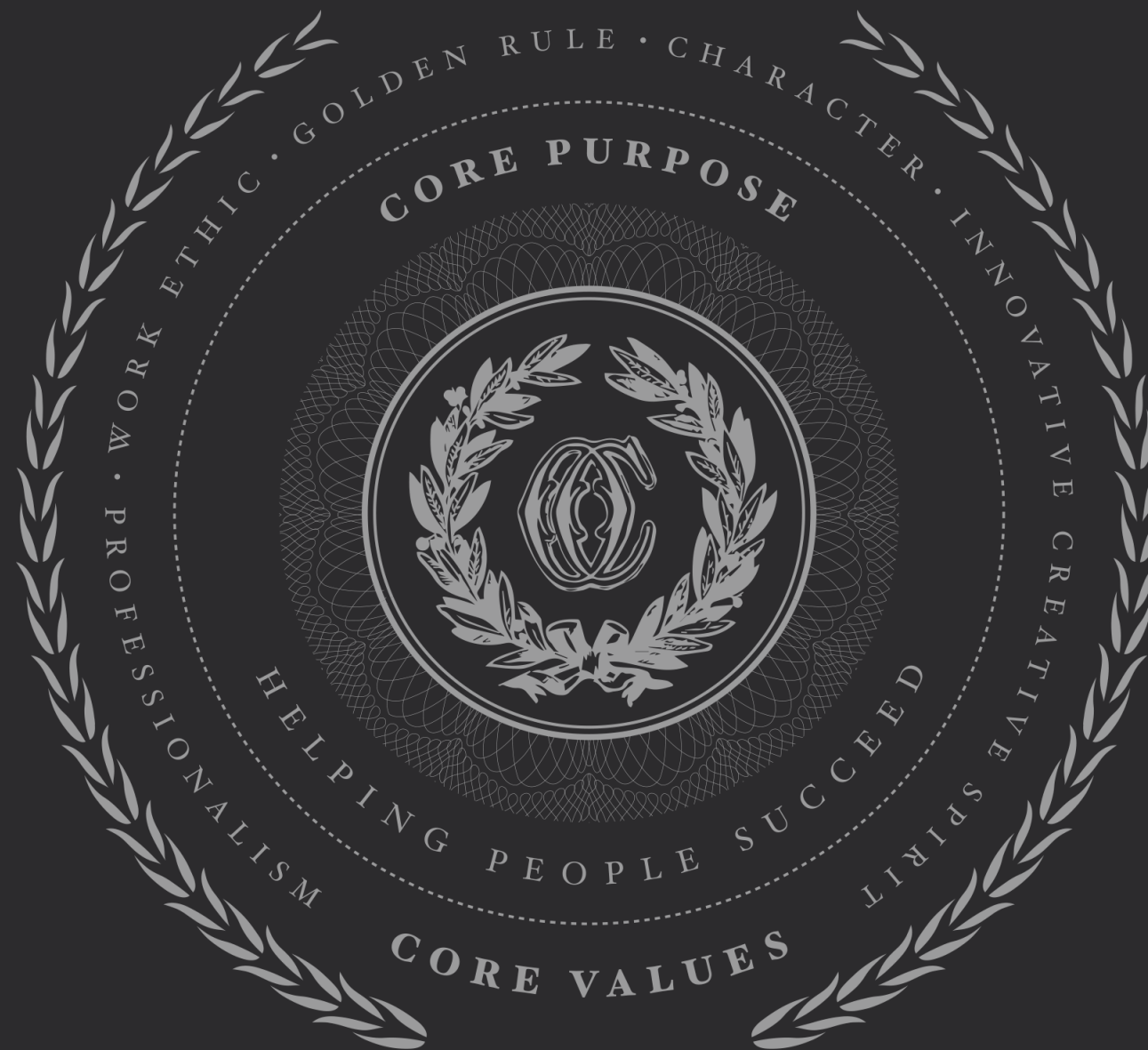
FINANCIAL HIGHLIGHTS

(Unaudited)



CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(in thousands)	QUARTER - TO - DATE			YEAR - TO - DATE		
	SEPTEMBER 30,			SEPTEMBER 30,		
	2019	2018	CHANGE	2019	2018	CHANGE
INTEREST INCOME:						
Loans, including fees	\$ 6,954	\$ 6,086	14%	\$ 19,897	\$ 16,900	18%
Securities available for sale	420	346	21%	1,217	1,010	20%
Short term investments	140	156	(10%)	791	418	89%
Total interest income	7,514	6,588	14%	21,905	18,328	20%
INTEREST EXPENSE:						
Deposits	1,732	1,249	39%	5,042	2,786	81%
Borrowings	33	57	(42%)	54	117	(54%)
Total interest expense	1,765	1,306	35%	5,096	2,903	76%
Net interest income	5,749	5,282	9%	16,809	15,425	9%
Provision for loan losses	374	0	100%	680	526	29%
Net interest income after provision for loan losses	5,375	5,282	2%	16,129	14,899	8%
Non-interest income	2,025	1,951	4%	5,943	5,472	9%
Non-interest expense	4,915	4,727	4%	14,761	13,823	7%
Income before income taxes	2,485	2,506	(1%)	7,311	6,548	12%
Provision for income taxes	572	602	(5%)	1,332	1,550	(14%)
Net Income	\$ 1,913	\$ 1,904	0%	\$ 5,979	\$ 4,998	20%
Earnings per share - basic	\$ 0.41	\$ 0.40	3%	\$ 1.27	\$ 1.09	17%
Earnings per share - diluted	\$ 0.39	\$ 0.39	0%	\$ 1.22	\$ 1.02	20%



VISION

Redefining Financial Services

CLIENT FIRST • DEEPER UNDERSTANDING

CUSTOMIZED SOLUTIONS • PERSONALIZED SERVICE

ALWAYS

COMMERCIAL BANKING | WEALTH MANAGEMENT | PRIVATE BANKING

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