



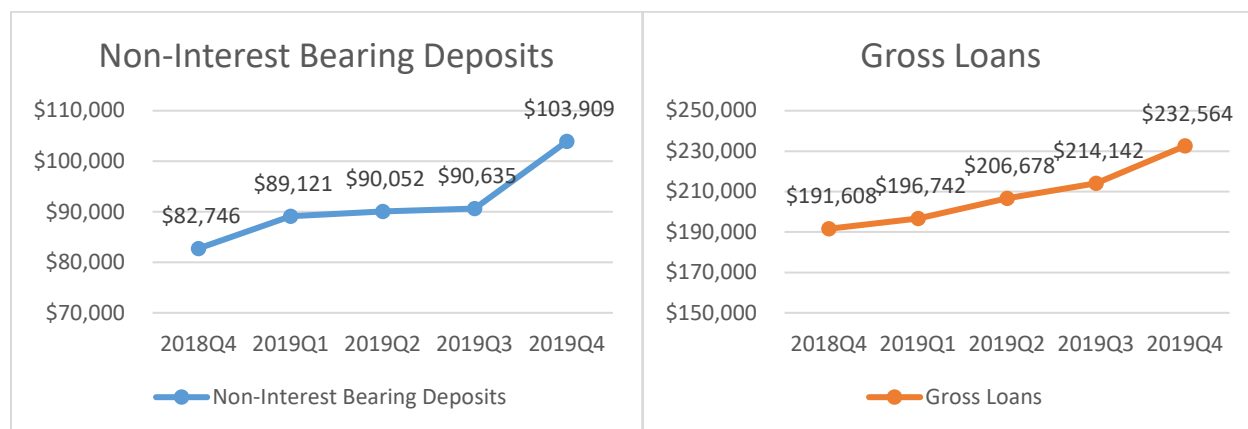
INBANKSHARES, CORP

FOR IMMEDIATE RELEASE

INBANKSHARES, CORP REPORTS FOURTH QUARTER 2019 RESULTS

Denver, CO – February 14, 2020 – InBankshares, Corp (OTCQX: INBC) (the “Company”), parent company of InBank (the “Bank”), today reports its earnings results for the quarter ending December 31, 2019.

"We are pleased with our fourth quarter financial performance and remain confident in our trajectory for 2020. Our bankers added 39 new relationships in the quarter adding to the velocity of our non-interest bearing DDA growth of \$13.3 million. In addition, we saw earning assets increase by \$28 million led by very strong loan growth of \$18.4 million," says Ed Francis, Chairman of the Board, President and Chief Executive Officer of the Company and the Bank.



**Amounts in thousands

Balance Sheet Summary

Total assets were \$396 million as of December 31, 2019, which represented an increase of \$27.8 million or 7.6% over the previous quarter and an increase of \$38.2 million or 10.7% over the same period last year. The quarter over quarter increase was primarily due to an increase in loans and interest-bearing balances offset by a reduction in investment securities. Total interest-bearing balances were up \$19.6 million for the quarter. Total gross loans and leases were \$232.6 million, representing an \$18.4 million or an 8.6%

increase over September 30, 2019. Investment securities fell \$10 million for the quarter solely due to normal run-off in the portfolio which helped to provide liquidity for loan fundings.

Total liabilities increased \$28.9 million to \$331 million during the three months ended December 31, 2019. This was attributable to an increase in total deposits and borrowed funds. Total deposits were \$293.5 million, up \$21.8 million for the quarter. The Company saw strong demand deposit growth of \$13.3 million over the previous quarter end as well as increases of \$3.6 million and \$5.0 million in interest-bearing and brokered deposits, respectively. The increase in deposits was concentrated in new relationships primarily in the Denver market. Noninterest bearing deposits make up 35.4% of total deposits as of December 31, 2019. Borrowed funds increased \$8.0 million for the quarter primarily through FHLB advances.

Stockholder's equity of \$64.4 million declined by \$1.0 million from September 30, 2019. This was a result of the \$646 thousand loss for the quarter as well as a \$649 thousand reduction in the market value of the securities available for sale offset by a \$255 thousand increase in surplus due to equity-based compensation. At December 31, 2019, book value per common share and tangible book value per common share were \$9.10 and \$7.37, respectively, and the Bank exceeded the "well capitalized" requirements under applicable regulatory guidelines. The Bank's tier 1 and total risk-based capital ratios were 12.75% and 13.02%, respectively, as of December 31, 2019. The Bank's tier 1 leverage ratio was 12.52% as of December 31, 2019, with the Company continuing to maintain additional capital reserves to support future balance sheet growth.

Income Statement Review

Interest income totaled \$4.3 million for the three months ending December 31, 2019, up \$35 thousand when compared to the linked quarter. Loan fees continued to be strong and positively impacted the Bank's loan yield. The cash flow run-off in the investment portfolio has helped fund loan growth but has led to a reduction in interest income on securities and interest-bearing balances. Despite the increase in costing liabilities over the prior quarter, the Company's interest expense fell by \$9 thousand. Total cost of funds in the fourth quarter was 75 basis points, which was a decline of 4 basis points when compared to the third quarter. This, combined with the previously mentioned increase in interest income, resulted in an improvement in net interest margin of \$44 thousand over the linked quarter.

Provision expense was \$270 thousand for the most recent quarter. This was an increase of \$200 thousand over the linked quarter. The increase reflected the strong loan growth for the quarter as well as provision recognized on five impaired credits recognized during the quarter. Provision for 2019 was \$550 thousand compared to the 2018 provision of \$374 thousand, which represented an increase of \$176 thousand year over year. On a pre-provision pre-tax basis, the Company lost \$413 thousand for the quarter ending December 31, 2019.

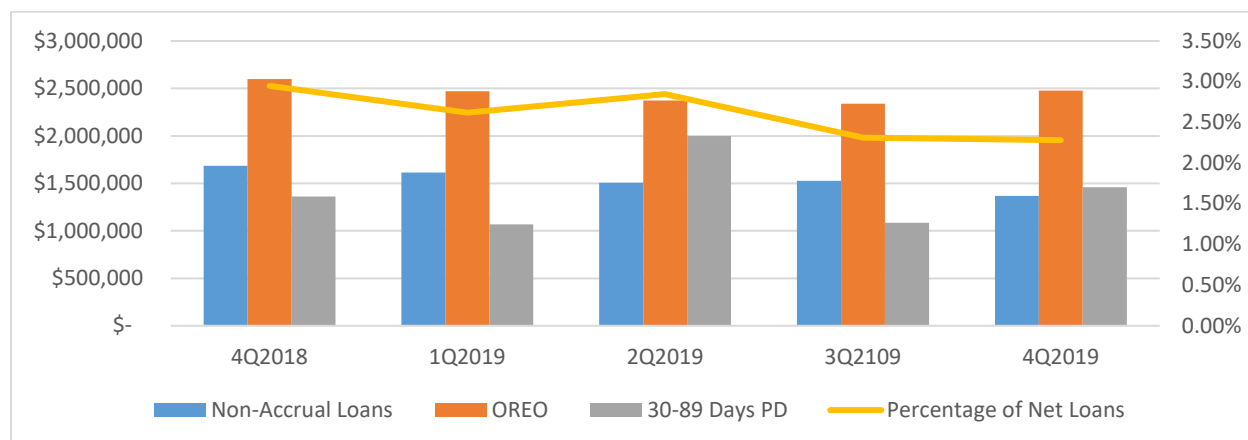
Noninterest income totaled \$416 thousand for the quarter, which was down \$55 thousand from the three months ending September 30, 2019. Service charge and debit card income declined \$76 thousand and

\$69 thousand, respectively. This was offset by increases of \$53 thousand in treasury management revenue and \$37 thousand in other income.

Noninterest expense totaled \$4.4 million for the three months ending December 31, 2019, which was a \$33 thousand decrease from the previous quarter. Salaries and employee benefit expenses increased \$91 thousand as new revenue generating positions were added during the quarter. Occupancy and equipment expenses were down \$40 thousand compared to the prior quarter primarily in the depreciation expense category. Other noninterest expense was down \$83 thousand primarily in the ATM and FDIC expense categories.

Asset Quality Summary

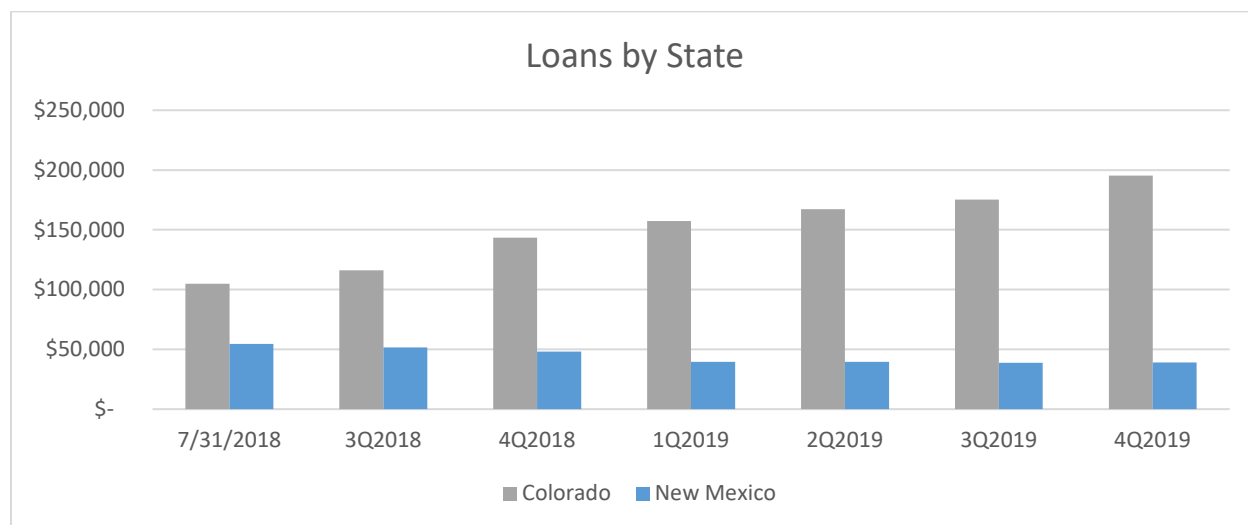
The Bank's past due loan balances were up slightly from last quarter from 0.60% to 0.86% primarily due to one large agricultural loan that has been brought current in 2020. During the quarter, past due loans increased by just over \$700 thousand. During the same period, classified loans increased due to the downgrade of three loans in the bank's southern region. Classified assets currently total \$6.1 million, an increase of \$67 thousand during the quarter. Non-accrual loans totaled \$1.4 million as of the end of the quarter, or 0.59% of total loans, continuing the downward trend for 2019 of non-accruals as a percentage of total loans. Other Real Estate Owned (OREO) increased \$138 thousand during the quarter, the result of two new foreclosed properties added to the bank's OREO portfolio. The Bank's overall non-performing asset level was down as of the end of the quarter due in large part to the positive trends in non-accrual loans.



Management continues to carefully monitor allocation of capital to Commercial Real Estate (CRE) and is very selective on CRE credits. During the quarter Construction and Land loans increased from 91.58% of the bank's total capital to 115.17%. The increase is primarily due to funding of existing credits and not the result of new business development. Management and the Board continue to focus our bankers' efforts on Commercial and Industrial (C&I) business development, which has resulted in \$3.6 million of C&I and Owner Occupied Commercial Real Estate (OOCRE) loan growth during the quarter. Credit exposure in

CRE lending will continue to be monitored to purposefully develop a more diverse loan portfolio and avoid concentrations in speculative for-sale properties and other high risk CRE segments.

Opportunity for growth has been predominately in the Colorado market and over the past year and a half and the Bank's asset mix has been focused on Colorado opportunities as shown below.



The Bank's Allowance for Loan and Lease Losses (ALLL) totaled \$971 thousand at the end of the quarter. This included a provision expense of \$270 thousand. ALLL represents 0.42% of total loans, and, if combined with the Bank's loan purchase accounting discount of \$4.9 million of total loans, would have equaled 2.27% at the end of the quarter.

About InBankshares, Corp

InBankshares, Corp is the holding company for InBank, an independent commercial bank serving the Denver Metro Area, southern Colorado and northern New Mexico. Established as International Bank in 1918, the bank was founded by a young Italian immigrant and built upon his entrepreneurial spirit. With a modern vision for the next 100 years, InBank is committed to delivering a new generation of personalized banking services and to the mission of positively impacting the lives of our customers, communities and associates. For more information, visit www.InBank.com.

Forward-Looking Statements

This press release contains, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements preceded by, followed by, or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "projects," "outlook" or similar expressions. These statements are based upon the current belief and expectations of the Company's management team and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond the

Company's control). Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, the Company can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by the Company or any person that the future events, plans, or expectations contemplated by the Company will be achieved.

All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. The Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made, except as required by law.

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InBankshares, Corp
Consolidated Statements of Condition (Unaudited)
(\$'s in thousands except per share data)

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>September 30,</u> <u>2019</u>
ASSETS			
Cash and balances due from depository institutions:			
Noninterest-bearing balances	\$ 2,616	\$ 3,277	\$ 2,602
Interest-bearing balances	32,626	9,693	13,054
Investment securities - available for sale	101,160	124,956	111,152
Fed funds sold	-	-	-
Nonmarketable securities	3,148	3,119	3,133
Loans and leases	232,564	191,608	214,142
Allowance for loan and lease losses	(971)	(414)	(713)
Net loans	<u>231,593</u>	<u>191,194</u>	<u>213,429</u>
Premises and fixed assets	6,869	5,879	6,554
Other real estate owned	2,477	2,600	2,339
Goodwill	7,944	7,944	7,944
Intangible assets	3,329	4,109	3,524
Other assets	4,088	4,840	4,271
Total assets	<u>\$ 395,850</u>	<u>\$ 357,611</u>	<u>\$ 368,002</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
Noninterest bearing deposits	\$ 103,909	\$ 82,746	\$ 90,635
Interest bearing deposits	160,463	153,196	156,910
Brokered deposits	29,173	-	24,206
Total deposits	<u>293,545</u>	<u>235,942</u>	<u>271,751</u>
Securities under agreements to repurchase	23,288	26,061	23,866
Subordinated debentures	4,851	4,828	4,845
Borrowed Funds	8,000	24,125	-
Other liabilities	1,811	2,560	2,143
Total liabilities	<u>331,495</u>	<u>293,516</u>	<u>302,605</u>
STOCKHOLDER'S EQUITY			
Preferred stock: 1,000,000 shares authorized, par \$.01/share, none issued or outstanding	-	-	-
Voting common stock: 50,000,000 shares authorized, par \$.01/share, none issued or outstanding			
Common stock	70	70	70
Surplus	66,485	65,412	66,230
Retained earnings	(3,136)	(1,500)	(2,488)
Accumulated other comprehensive income	936	113	1,585
Total stockholder's equity	<u>64,355</u>	<u>64,095</u>	<u>65,397</u>
Total liabilities and stockholder's equity	<u>\$ 395,850</u>	<u>\$ 357,611</u>	<u>\$ 368,002</u>
Common shares outstanding	7,072,000	7,043,500	7,043,500
Book value per share	\$ 9.10	\$ 9.10	\$ 9.28
Tangible book value per share	\$ 7.37	\$ 7.37	\$ 7.43

InBankshares, Corp
Consolidated Statements of Income (Unaudited)
(\$'s in thousands except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018 (1)
INTEREST INCOME				
Interest and fees on loans	\$ 3,449	\$ 2,888	\$ 12,817	\$ 5,775
Interest on investments	757	1,016	\$ 3,516	\$ 2,047
Interest on interest-bearing balances	60	50	236	181
Total interest income	<u>4,266</u>	<u>3,954</u>	<u>16,569</u>	<u>8,003</u>
INTEREST EXPENSE				
Interest on core deposits	414	298	2,006	577
Interest on brokered deposits	127	-	74	-
Interest on repurchase agreements	43	41	167	80
Interest on subordinated debentures	71	80	303	156
Interest on borrowed funds	8	65	107	73
Total interest expense	<u>663</u>	<u>484</u>	<u>2,657</u>	<u>886</u>
NET INTEREST INCOME	3,603	3,470	13,912	7,117
Provision for loan and leases losses	270	254	550	374
NONINTEREST INCOME				
Service charges	99	149	503	246
Gain on sale of assets	8	-	242	-
ATM and debit card	142	154	662	316
Other noninterest income	167	189	496	280
Total noninterest income	<u>416</u>	<u>492</u>	<u>1,903</u>	<u>842</u>
NONINTEREST EXPENSE				
Salaries and employee benefits	2,741	2,274	10,130	4,608
Occupancy and equipment	317	399	1,430	537
IT and data process	332	328	1,184	493
Intangible amortization	195	206	781	410
Other noninterest expense	847	1,442	3,674	3,327
Total noninterest expense	<u>4,432</u>	<u>4,649</u>	<u>17,199</u>	<u>9,375</u>
Income before income taxes	(683)	(941)	(1,934)	(1,790)
Income taxes	(37)	(176)	(298)	(290)
Net income	<u>\$ (646)</u>	<u>\$ (765)</u>	<u>\$ (1,636)</u>	<u>\$ (1,500)</u>

InBankshares, Corp
Net Interest Margin Analysis (Unaudited)
(\$'s in Thousands)

	2019			2018		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Earning Assets						
Loans						
Interest	\$ 12,378	\$ 207,843	5.87%	\$ 5,277	\$ 160,816	6.09%
Fees	439	-	0.21%	498	-	0.57%
Total loans	12,817	207,843	6.08%	5,775	160,816	6.66%
Investments						
Investment portfolio	3,516	115,867	3.03%	2,047	122,916	3.13%
Interest-bearing balances	236	12,031	1.96%	181	16,411	2.08%
Total investments	3,752	127,898	2.93%	2,228	139,327	3.01%
Total earning assets	\$ 16,569	\$ 335,741	4.94%	\$ 8,003	\$ 300,143	5.02%
Funding Sources						
Deposits						
Demand	\$ -	\$ 100,436	0.00%	\$ -	\$ 87,457	0.00%
NOW	358	37,604	0.95%	177	47,578	0.70%
Savings	13	24,971	0.05%	8	25,542	0.06%
Money Market	436	38,994	1.12%	81	30,655	0.50%
CDs	1,137	67,331	1.69%	283	49,799	1.07%
IRA's	62	5,269	1.18%	28	5,676	0.93%
Total deposits	2,006	274,605	1.15%	577	246,707	0.68%
Brokered CDs	74	2,698	2.74%	-	-	0.00%
Repurchase agreements	167	22,238	0.75%	80	26,055	0.58%
Subordinated debentures	303	5,003	6.06%	156	4,981	5.89%
Other borrowings	107	4,350	2.46%	73	3,637	2.01%
Total funding sources	\$ 2,657	\$ 308,894	0.86%	\$ 886	\$ 281,380	0.59%
Net Interest Income	\$ 13,912		4.14%	\$ 7,117		4.46%

InBankshares, Corp
Selected Financial Data (Unaudited)

	For the Quarter Ended				Twelve Months Ended		
	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Performance Ratios (1)							
Return on average assets	-0.67%	-0.44%	-0.31%	-0.33%	-0.88%	-0.43%	-0.88%
Return on average equity	-3.95%	-2.45%	-1.76%	-1.88%	-4.96%	-2.52%	-4.97%
Net Interest Margin							
Efficiency Ratio	110.3%	110.8%	106.1%	107.6%	117.3%	108.8%	117.8%
Noninterest inc to avg assets	0.43%	0.51%	0.50%	0.60%	0.57%	0.51%	0.49%
Noninterest exp to avg assets	4.60%	4.84%	4.31%	4.74%	5.37%	4.56%	5.49%

	As of the Quarter Ended				
	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019	Dec 31, 2018
Loans to deposits	79.23%	78.80%	77.18%	71.22%	81.21%
Noninterest bearing deposits to total deposits	35.40%	33.35%	33.63%	32.26%	35.07%
Share Data:					
Shares Outstanding	7,072,000	7,043,500	7,043,500	7,043,500	7,043,500
Book value per share	\$ 9.10	\$ 9.28	\$ 9.30	\$ 9.19	\$ 9.10
Tangible book value per share	\$ 7.37	\$ 7.43	\$ 7.43	\$ 7.40	\$ 7.37
Capital Ratios (2)					
Tier 1 leverage ratio	12.52%	13.04%	12.99%	12.95%	13.78%
Tier 1 capital	12.75%	14.46%	15.20%	16.07%	16.04%
Total capital	13.02%	14.69%	15.41%	16.26%	16.20%

- (1) Ratios are annualized
(2) Represents InBank data

InBankshares, Corp
Asset Quality Trends (Unaudited)
(\$'s in thousands)

	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019	Dec 31, 2018
ASSET QUALITY					
Non-performing loans:					
Construction & land development	\$ 23	\$ -	\$ -	\$ -	\$ -
Closed end 1st lien loans	305	348	332	195	36
Closed end junior lien loans	20	23	25	28	38
Owner occupied real estate	1,013	1,148	1,141	1,257	3,291
Nonowner occupied real estate	-	-	-	128	166
Commercial & industrial	4	3	4	7	-
Other	3	4	5	-	-
Total non-performing loans (NPLs)	\$ 1,368	\$ 1,526	\$ 1,507	\$ 1,615	\$ 3,531
Delinquencies:					
30-89 days past due	\$ 1,587	\$ 995	\$ 1,999	\$ 1,327	\$ 925
90+ days past due	-	25	-	-	26
On non-accrual	-	-	-	-	-
Total past due loans	\$ 1,587	\$ 1,020	\$ 1,999	\$ 1,327	\$ 951
Trouble debt restructuring:					
On non-accrual (included in total NPLs above)	\$ 1,013	\$ 1,148	\$ 1,141	\$ -	\$ -
On accrual	-	-	-	-	-
Total trouble debt restructuring	\$ 1,013	\$ 1,148	\$ 1,141	\$ -	\$ -
Allowance for loan and leases losses (ALLL)					
ALLL as a % of total loans	0.42%	0.33%	0.31%	0.27%	0.22%
ALLL as a % of total NPLs	70.98%	46.72%	42.00%	32.69%	11.72%
ALLL as a % of delinquent loans	61.18%	69.90%	31.67%	39.79%	43.53%
NPLs as a % of total loans	0.59%	0.71%	0.73%	0.82%	1.84%
Net charge-offs (recoveries)	\$ 13	\$ (10)	\$ (1)	\$ (8)	\$ (12)
Net charge-offs (recoveries) to average loans (1)	0.02%	-0.02%	0.00%	-0.02%	-0.03%

(1) Ratios are annualized