



**INBANKSHARES, CORP**

**FOR IMMEDIATE RELEASE**

## **INBANKSHARES, CORP REPORTS SECOND QUARTER 2020 RESULTS**

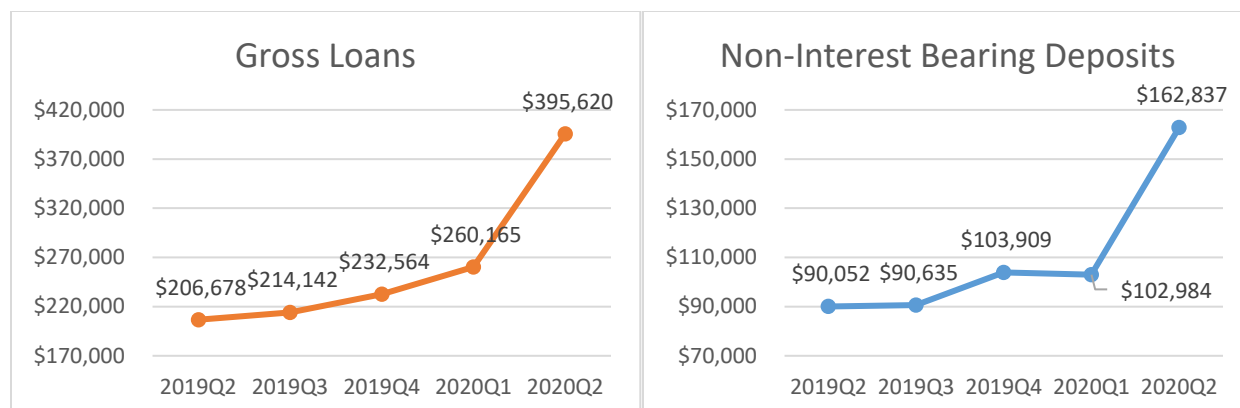
**Denver, CO – August 4, 2020** – InBankshares, Corp (OTCQX: INBC) (the “Company”), parent company of InBank (“InBank” or the “Bank”), today reports its earnings results for the quarter ended June 30, 2020.

### **From the CEO**

“The second quarter of 2020 was a transformational period for InBank, with extensive growth primarily due to our response to COVID-19 and participation in the SBA’s Paycheck Protection Program. Thankfully, we were able to leverage prior strategic investments in technology and quickly redefine processes to support the businesses in every community we serve. However, in the end, it was the heart and tenacity of the InBank team that made the difference. They worked skillfully and tirelessly for each existing customer and the over 350 new clients that we welcomed to InBank in the second quarter. Their efforts netted new high-water marks for total assets and earnings for the company.

“We continue to believe that the disruption caused by the consolidation of community banks over the last several years and the large market share in Denver held by large national banks creates a unique market dynamic that will allow InBank the opportunity to continue winning market share. Additionally, the pandemic has exposed the value of having a relationship with a bank and banker that understands your business. The combination of market disruption and InBank’s ability to offer certainty has been well received by the business community. We remain laser-focused on delivering access to modern banking services for those businesses that value the level of service and expertise that we pride ourselves in delivering.

Our risk team continues to be diligent in managing the credit risks of our loan portfolio, and we continue to receive ongoing financial and operational updates from our commercial clients as we track their progress during the pandemic. The risk team meets with select members of the board every other week as we proactively monitor progress. Through this effort, our confidence in the credit quality of our portfolio remains strong.”



\*Amounts in thousands

### Balance Sheet Summary

Total assets were \$578 million as of June 30, 2020, which represented an increase of \$155 million or 37% over the previous quarter and an increase of \$213 million or 58% over the same period last year. The increase was largely due to InBank's participation in the SBA Paycheck Protection Program (PPP) that was initiated in the second quarter. As a result, total gross loans and leases were \$396 million, representing a \$135 million or an 52% increase quarter over quarter and a \$189 million, or 91% increase over the same period a year ago. InBank booked \$116 million of PPP loans during the quarter. Investment securities were down \$24 million or 19% for the quarter as the Bank liquidated securities to fund loan growth. The investment securities sale resulted in a gain of approximately \$558 thousand. Total interest-bearing balances increased to \$51 million from the prior quarter end balance of \$8 million adding additional liquidity to the balance sheet.

Total liabilities increased \$153 million to \$509 million during the three months ended June 30, 2020. This was attributable to an increase in deposits and borrowed funds due to the PPP loan program. Total deposits were \$401 million, an increase of \$112 million or 39% over the prior quarter and an increase of \$133 million or 50% over the same period last year. InBank saw noninterest bearing deposits increase by \$60 million during the quarter, representing 41% of total deposits. Interest bearing deposits were up by \$52 million for the quarter. Borrowed funds increased \$49 million for the quarter. InBank borrowed \$55 million from the Federal Reserve Bank's PPPL facility to assist in funding the \$116 million in PPP loans. The Bank continues to reposition secondary funding with the goal of decreasing the total cost of funding.

Stockholder's equity of \$69 million represents an increase of \$4 million from December 31, 2019. This was a result of year-to-date earnings of \$1 million and a \$3 million increase in the market value of the investment securities available for sale. At June 30, 2020, book value per common share and tangible book value per common share were \$9.67 and \$8.13, respectively. During the second quarter management determined that previously reported tangible book value calculations were incorrect to include an adjustment for accumulated other comprehensive income. As a result, tangible book values for previous periods have been restated. InBank exceeded the "well capitalized" regulatory guideline thresholds.

InBank's tier 1 and total risk-based capital ratios were 12.36% and 12.79%, respectively, as of June 30, 2020, while the Bank's tier 1 leverage ratio was 10.41% as of that date. The Company continues to maintain cash reserves to support future balance sheet growth at the Bank level.

### **Income Statement Review**

Interest income totaled \$6.3 million for the quarter ended June 30, 2020, up \$1.6 million when compared to the linked quarter or an increase of \$2.4 million when compared to the same period last year. Loan fees, the majority coming from SBA PPP loan originations, accounted for the increase. While the current low interest rate environment, coupled with the origination of \$116 million of 1% PPP loans negatively impacted the Company's earning asset yield, funding costs significantly improved during the quarter. The Company's total cost of funds were reduced 23 bps to 47 basis points in the second quarter. Interest expense declined \$119 thousand from the prior quarter. The strong increase in loan fees combined with the improvement in the Company's cost of funds resulted in net interest margin of \$5.8 million, an increase of \$1.8 million over the linked quarter or an increase of \$2.5 million over the same period last year.

Provision expense was \$442 thousand for the most recent quarter. This was an increase of \$162 thousand over the linked quarter or an increase of \$338 thousand over the same period last year. Provision expense in the most recent quarter was due to loan growth, reserves on specific smaller credits, and general uncertainty in the current economic environment. On a pre-provision pre-tax basis, the Company made \$1.9 million for the quarter ended June 30, 2020.

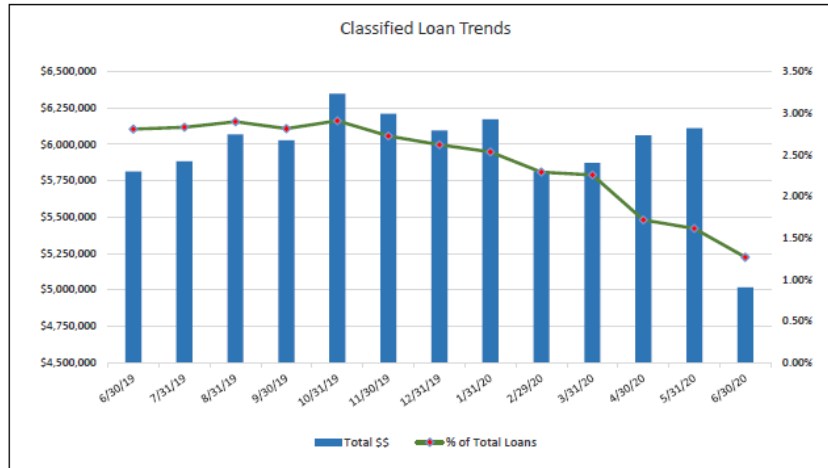
Noninterest income totaled \$990 thousand for the quarter, which was up \$198 thousand over the three months ended March 31, 2020 or an increase of \$523 thousand for the same period last year. Gain on sale of assets increased \$291 thousand for the quarter which was offset by decreases in service charge income and other noninterest income.

Noninterest expense totaled \$4.9 million for the three months ended June 30, 2020, which was a \$256 thousand increase from the previous quarter or a \$875 thousand increase from the same period last year. Salaries and employee benefit expenses increased \$91 thousand during the period as temporary resources were added to facilitate the PPP loan origination process. The increase of \$139 thousand in noninterest expense was evenly attributable to IT and data processing expenditures as well an increase in debit card fraud losses.

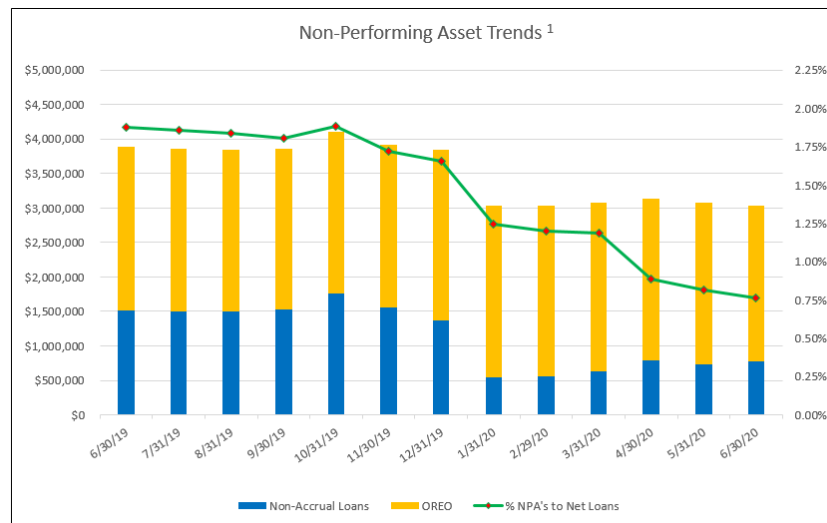
### **Asset Quality Summary**

During the second quarter, past due loans increased from \$2.1 million to \$6.7 million. Past due loans represented 0.81% of total loans at the end of the first quarter and 1.71% at the end of the second quarter. One specific commercial relationship was responsible for \$4.6 million in past due loan balances or 1.17% of total loans. Since the end of the quarter the Bank has been able to restructure this credit and reduce the exposure by \$2.5 million. It is expected that the relationship will be fully paid off by the end of August.

Classified loans totaled \$5.0 million at quarter-end representing a decrease of \$854 thousand during the quarter or a decrease of \$795 thousand from the same period last year.



Non-accrual loans totaled \$781 thousand as of the end of the second quarter, or 0.20% of total loans. Other Real Estate Owned (OREO) decreased \$207 thousand during the quarter as the Bank was successful in selling three Bank-owned properties while bringing in two small foreclosures. The Bank's overall non-performing asset level reduced to 0.20% from 0.24% at the end of the first quarter.



<sup>1</sup> Amounts shown, including amounts for past periods, exclude past due loans, reflecting a change in the calculation of non-performing assets made during the second quarter.

During the second quarter Construction and Land Development loans decreased from 109.40% of the Bank's total capital as of March 31, 2020 to 99.36% as of June 30, 2020. Management and the Board of Directors continue to focus our bankers' efforts on C&I business development. 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.

The Bank's allowance for loan and lease losses (ALLL) totaled \$1.7 million as of the end of the second quarter. ALLL represents 0.43% of total loans, and, if combined with the Bank's loan purchase accounting allocation of \$4.5 million, would have equaled 1.57% of the loan portfolio 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](http://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.

### **For further information:**

Amsbry Ball  
Investor Relations  
[Amsbry.Ball@inbank.com](mailto:Amsbry.Ball@inbank.com)

###



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

	<u>June 30,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
<b>ASSETS</b>			
Cash and balances due from depository institutions:			
Noninterest-bearing balances	\$ 2,883	\$ 2,934	\$ 2,708
Interest-bearing balances	51,049	7,759	12,399
Investment securities - available for sale	100,673	124,275	115,832
Fed funds sold	-	-	-
Nonmarketable securities	3,949	3,816	3,127
Loans and leases	395,620	260,165	206,678
Allowance for loan and lease losses	(1,711)	(1,259)	(633)
Net loans	393,909	258,906	206,045
Premises and fixed assets	8,195	8,365	6,035
Other real estate owned	2,246	2,453	2,374
Goodwill	7,944	7,944	7,944
Intangible assets	2,979	3,154	3,719
Other assets	3,898	3,619	4,381
<b>Total assets</b>	<b><u>\$ 577,725</u></b>	<b><u>\$ 423,225</u></b>	<b><u>\$ 364,564</u></b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Noninterest bearing deposits	\$ 162,837	\$ 102,984	\$ 90,052
Interest bearing deposits	232,387	169,600	156,747
Brokered deposits	5,706	16,706	21,000
Total deposits	400,930	289,290	267,799
Securities under agreements to repurchase	12,598	21,672	19,302
Subordinated debentures	4,862	4,857	4,840
Borrowed funds	87,205	38,000	5,250
Other liabilities	3,598	2,782	1,836
Total liabilities	509,193	356,601	299,027
<b>STOCKHOLDER'S EQUITY</b>			
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	66,965	66,916	66,000
Retained earnings	(2,078)	(3,218)	(2,084)
Accumulated other comprehensive income	3,575	2,856	1,551
Total stockholders' equity	68,532	66,624	65,537
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 577,725</u></b>	<b><u>\$ 423,225</u></b>	<b><u>\$ 364,564</u></b>
Common shares outstanding	7,088,250	7,072,000	7,043,500
Book value per share	\$ 9.67	\$ 9.42	\$ 9.30
Tangible book value per share	\$ 8.13	\$ 7.85	\$ 7.65

**InBankshares, Corp**  
**Consolidated Statements of Income (Unaudited)**  
(\$'s in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>INTEREST INCOME</b>				
Interest and fees on loans	\$ 5,444	\$ 2,989	\$ 9,342	\$ 6,029
Interest on investments & interest bearing balances	893	993	1,692	2,043
Total interest income	6,337	3,982	11,034	8,072
<b>INTEREST EXPENSE</b>				
Interest on core deposits	317	429	711	832
Interest on brokered deposits	93	115	226	174
Interest on repurchase agreements	21	35	58	72
Interest on subordinated debentures	62	78	131	157
Interest on borrowed funds	57	27	93	87
Total interest expense	550	684	1,219	1,322
<b>NET INTEREST INCOME</b>	5,787	3,298	9,815	6,750
<b>Provision for loan and lease losses</b>	442	104	722	210
<b>NONINTEREST INCOME</b>				
Service charges	98	107	223	229
Gain on sale of assets	648	30	1,005	234
ATM and debit card	145	162	279	307
Other noninterest income	99	168	275	246
Total noninterest income	990	467	1,782	1,016
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	2,965	2,239	5,839	4,776
Occupancy and equipment	479	364	931	756
IT and data processing	370	302	679	562
Intangible amortization	174	195	349	390
Other noninterest expense	882	895	1,686	1,817
Total noninterest expense	4,870	3,995	9,484	8,301
Income (loss) before unrealized holding gains (losses) on equity securities not held for trading and applicable income taxes	1,465	(334)	1,391	(745)
Unrealized holding gains (losses) on equity securities not held for trading	4	-	(8)	-
Income taxes	354	(49)	362	(161)
Net income	\$ 1,115	\$ (285)	\$ 1,021	\$ (584)



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

	Six Months Ended June 30,					
	2020			2019		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
<b>Earning Assets</b>						
Loans						
Interest	\$ 7,287	\$ 298,995	4.82%	\$ 5,996	\$ 198,984	5.99%
Fees	2,055	-	1.36%	33	-	0.03%
Total loans	9,342	298,995	6.18%	6,029	198,984	6.03%
Investments						
Investment portfolio	1,584	112,033	2.84%	1,906	120,495	3.15%
Interest-bearing balances	108	30,491	0.71%	137	11,847	2.30%
Total investments	1,692	142,524	2.38%	2,043	132,342	3.07%
Total earning assets	\$ 11,034	\$ 441,519	5.03%	\$ 8,072	\$ 331,326	4.85%
<b>Funding Sources</b>						
Deposits						
Demand	\$ -	\$ 145,600	0.00%	\$ -	\$ 99,708	0.00%
NOW	95	41,380	0.46%	238	40,238	1.19%
Savings	6	26,355	0.05%	8	25,706	0.06%
Money Market	182	55,189	0.66%	184	37,656	0.99%
CDs	401	59,114	1.36%	372	47,727	1.57%
IRA's	27	4,777	1.14%	30	5,384	1.12%
Total deposits	711	332,415	0.77%	832	256,419	1.07%
Brokered CDs	226	21,915	2.07%	174	19,333	1.81%
Repurchase agreements	58	15,622	0.75%	72	18,818	0.77%
Subordinated debentures	131	4,857	5.42%	157	4,836	6.55%
Other borrowings	93	35,851	0.52%	87	6,824	2.57%
Total funding sources	\$ 1,219	\$ 410,660	0.60%	\$ 1,322	\$ 306,230	0.87%
<b>Net Interest Income</b>	\$ 9,815		4.47%	\$ 6,750		4.11%

**InBankshares, Corp**  
**Selected Financial Data (Unaudited)**

	For the Quarter Ended				
	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019
<b>Performance Ratios (1)</b>					
Return on average assets	0.90%	-0.09%	-0.67%	-0.44%	-0.31%
Return on average equity	6.64%	-0.57%	-3.95%	-2.45%	-1.76%
Net Interest Margin					
Efficiency Ratio	71.9%	95.7%	110.3%	110.8%	106.1%
Noninterest inc to avg assets	0.80%	0.78%	0.43%	0.51%	0.50%
Noninterest exp to avg assets	3.91%	4.56%	4.60%	4.84%	4.31%

	As of the Quarter Ended				
	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019
Loans to deposits	98.68%	89.93%	79.23%	78.80%	77.18%
Noninterest bearing deposits to total deposits	35.07%	35.60%	35.40%	33.35%	33.63%
Share Data:					
Shares Outstanding	7,088,250	7,072,000	7,072,000	7,043,500	7,043,500
Book value per share	\$ 9.67	\$ 9.42	\$ 9.10	\$ 9.28	\$ 9.30
Tangible book value per share	\$ 8.13	\$ 7.85	\$ 7.51	\$ 7.66	\$ 7.65

<b>Capital Ratios (2)</b>					
Tier 1 leverage ratio	10.41%	12.42%	12.52%	13.04%	12.99%
Tier 1 capital	12.36%	12.70%	12.75%	14.46%	15.20%
Total capital	12.79%	13.03%	13.02%	14.69%	15.41%

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

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

	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019
<b>ASSET QUALITY</b>					
Non-performing loans:					
Construction & land development	\$ -	\$ 23	\$ 23	\$ -	\$ -
Closed end 1st lien loans	525	377	305	348	332
Closed end junior lien loans	-	18	20	23	25
Owner occupied real estate	199	203	1,013	1,148	1,141
Nonowner occupied real estate	-	-	-	-	-
Commercial & industrial	4	3	4	3	4
Farmland	53	-	-	-	-
Other	-	4	3	4	5
Total non-performing loans (NPLs)	\$ 781	\$ 628	\$ 1,368	\$ 1,526	\$ 1,507
Delinquencies:					
30-89 days past due	\$ 4,773	\$ 1,375	\$ 1,587	\$ 995	\$ 1,999
90+ days past due	1,262	192	-	22	-
On non-accrual	781	629	1,368	1,526	1,507
Total past due loans	\$ 6,816	\$ 2,196	\$ 2,955	\$ 2,543	\$ 3,506
Troubled debt restructurings:					
On non-accrual (included in total NPLs above)	\$ -	\$ -	\$ 801	\$ 913	\$ 950
On accrual	4,989	4,896	3,997	4,001	2,251
Total troubled debt restructurings	\$ 4,989	\$ 4,896	\$ 4,798	\$ 4,914	\$ 3,201
Allowance for loan and lease losses (ALLL)					
ALLL as a % of total loans	0.43%	0.48%	0.42%	0.33%	0.31%
ALLL as a % of total NPLs	219.08%	200.48%	70.98%	46.72%	42.00%
ALLL as a % of delinquent loans	25.10%	6.74%	32.86%	28.04%	18.05%
NPLs as a % of total loans	0.20%	0.24%	0.59%	0.71%	0.73%
Net charge-offs (recoveries)					
Net charge-offs (recoveries)	\$ (10)	\$ (9)	\$ 13	\$ (10)	\$ (1)
Net charge-offs (recoveries) to average loans (1)	-0.01%	-0.01%	0.02%	-0.02%	0.00%

(1) Ratios are annualized