



# INBANKSHARES, CORP

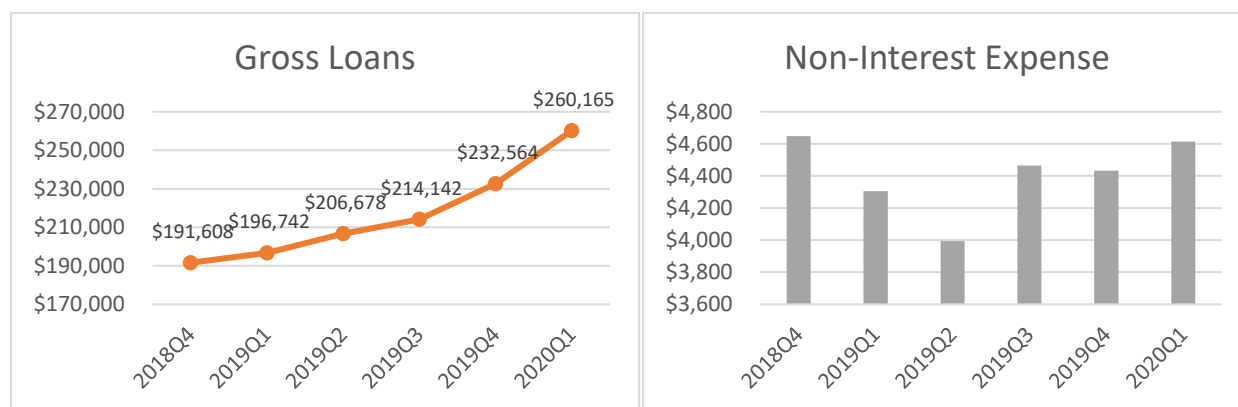
## FOR IMMEDIATE RELEASE

### INBANKSHARES, CORP REPORTS FIRST QUARTER 2020 RESULTS

Denver, CO – May 6, 2020 – InBankshares, Corp (OTCQX: INBC) (the “Company”), parent company of InBank (“InBank” or the “Bank”), today reports its earnings results for the quarter ended March 31, 2020.

‘We are excited to share the company’s first quarter financial performance. The tenacious efforts of our commercial banking teams continue to drive strong balance sheet growth reflected in our loan outstandings and solid core deposit growth. This effort was magnified with the advent of the Paycheck Protection Program (“PPP”) loan program in early April with \$88 million of loans closed in round one of the program. We have onboarded over 200 new-to-Bank customers which represent approximately 60% of the round one PPP loan balances. To put that in perspective with our previous run rate, it equates to approximately five quarters’ worth of new customers added over the course of two to three weeks.

We are also very pleased with our consistent top line revenue growth and our ability to tightly manage non-interest expenses resulting in improved earnings for InBank. At the same time, our credit and risk teams are diligently focused on preserving credit quality as we head into this uncertain economic cycle.”



\*Amounts in thousands

## COVID-19 Update

The Bank has taken action for the safety and health of its associates and customers during the COVID-19 pandemic while simultaneously working to maintain high levels of customer service.

- All branch locations are available to customers through “appointment only lobby visits” or “drive-thru transactions” for those branches with the capability to handle such transactions.
- Associates who are able to work from home have been given the option to do so and the Bank has undergone testing of work from home options for almost all associates.
- Technology investments made in previous quarters have proven to be helpful for remote service options, account opening, and loan closings.
- The Bank has participated in the PPP loan program for current customers and new-to-Bank customers.

We have prioritized identification of potential asset quality issues in our loan portfolio. The Bank has taken the following steps related to credit quality:

- All loans that are deemed to be of higher risk based on the economic shut-down resulting from the pandemic, including those businesses that will have to wait to reopen or have been deemed non-essential, have been identified.
- Loans in industries of high risk were reviewed by our commercial bankers. A special loan rating was assigned to each loan based on the risk associated with the loan and conversations with the borrower.
- The newly assigned ratings have been used to test a potential credit loss scenario to help ensure that the Bank has appropriate capital in the event the economy takes longer than expected to recover from the pandemic.
- Our Loan Oversight Committee and Corporate Risk Committee have held more frequent meetings that we expect to continue until the economy has recovered.
- Our InNeed Loan Program was developed to meet the needs of current customers by allowing deferrals under some circumstances and providing lines of credit where prudent.

## Balance Sheet Summary

Total assets were \$423 million as of March 31, 2020, which represented an increase of \$27.4 million or 6.9% over the previous quarter and an increase of \$44.5 million or 11.7% over the same period last year. The quarter over quarter increase was primarily due to an increase in loans and in investment securities offset by a reduction in interest-bearing balances. Total gross loans and leases were \$260.2 million, representing a \$27.6 million or an 11.9% increase quarter over quarter while investment securities were up \$23.1 million or 22.8% for the quarter. The increase in investment securities was due to investment opportunities presented by the dislocation in the market starting in the mid-March timeframe. The Bank’s total interest-bearing deposits were down \$24.9 million for the quarter as they were utilized to help fund growth in the loan and investment portfolios.

Total liabilities increased \$25.1 million to \$357 million during the three months ended March 31, 2020. This was attributable to an increase in borrowed funds partially offset by a decrease in brokered deposits. Total deposits were \$289.3 million, down \$4.3 million for the quarter. The Company saw an uptick of \$9.1 million

in interest-bearing deposits while brokered deposits were down \$12.5 million. Noninterest-bearing deposits made up 35.6% of total deposits as of March 31, 2020. Borrowed funds increased \$30.0 million for the quarter through borrowings from the Federal Reserve Bank discount window.

Stockholder's equity of \$66.6 million represented an increase of \$2.3 million from December 31, 2019. This was a result of a \$1.9 million increase in the market value of the securities available for sale as well as a \$431 thousand increase in surplus due to equity-based compensation. At March 31, 2020, book value per common share and tangible book value per common share were \$9.42 and \$7.45, respectively, and InBank exceeded the "well capitalized" regulatory guideline thresholds. InBank's tier 1 and total risk-based capital ratios were 12.70% and 13.03%, respectively, as of March 31, 2020. The Bank's tier 1 leverage ratio was 12.42% as of the most recent quarter end, with the Company continuing to maintain additional capital reserves to support future balance sheet growth.

### **Income Statement Review**

Interest income totaled \$4.7 million for the three months ended March 31, 2020, up \$431 thousand when compared to the linked quarter. Loan fees continued to be strong and positively impact the Bank's loan yield. The increase in interest-bearing deposits over the prior quarter resulted in the Company's interest expense increasing by \$6 thousand. Total cost of funds in the three months ended March 31, 2020 was 70 basis points, which was a decline of 5 basis points when compared to the three months ended December 31, 2019. This, combined with the previously mentioned increase in interest income, resulted in an improvement in net interest margin of \$425 thousand over the linked quarter.

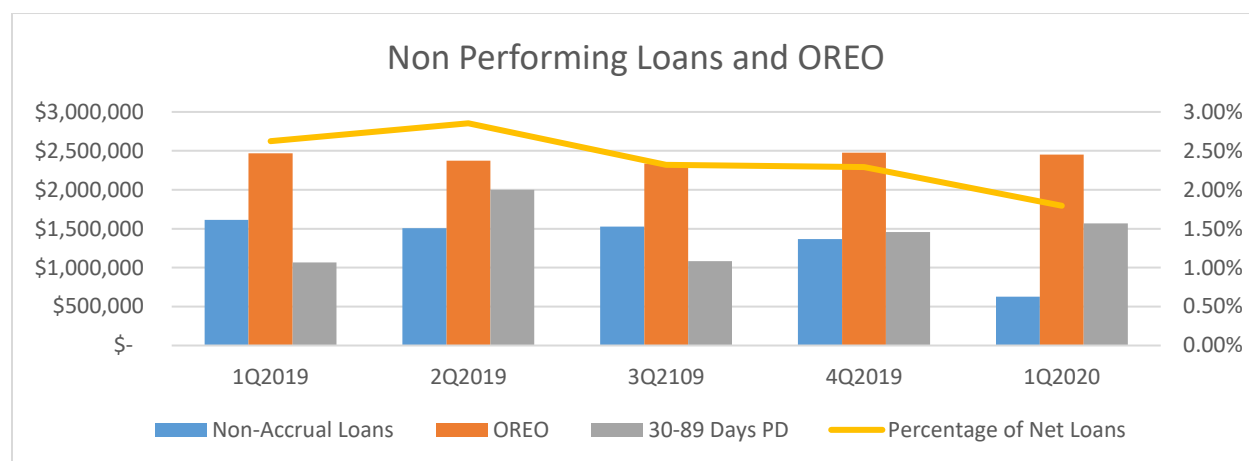
Provision expense was \$280 thousand for the most recent quarter. This was an increase of \$10 thousand over the linked quarter. Provision expense in the most recent quarter was due to loan growth during the quarter. On a pre-provision pre-tax basis, the Company made \$206 thousand for the quarter ended March 31, 2020.

Noninterest income totaled \$792 thousand for the quarter, which was up \$376 thousand over the three months ended December 31, 2019. Service charge income was up \$26 thousand, and the Company sold securities in March that resulted in a gain on sale of \$350 thousand.

Noninterest expense totaled \$4.6 million for the three months ended March 31, 2020, which was a \$182 thousand increase from the previous quarter. Salaries and employee benefit expenses increased \$133 thousand as new revenue generating positions in mortgage and lending were added during the quarter. Occupancy and equipment expenses increased \$135 thousand compared to the prior quarter as the Company's Denver Tech Center location and North Loan Production Office came on-line during the linked quarter. Intangible amortization and other noninterest expenses were down \$20 thousand and \$66 thousand, respectively, when compared to the previous quarter.

## Asset Quality Summary

During the quarter, past due loans increased by just over \$100 thousand; however, total loans outstanding grew by \$27.6 million which positively affected the Bank's past due to loans ratio, which was 0.81% as of March 31, 2020 as compared to 0.86% as of December 31, 2019. During the same period, classified loans decreased \$200 thousand due to the normal paydown of loans. Classified assets totaled \$5.9 million as of March 31, 2020. Non-accrual loans totaled \$628 thousand as of the end of the quarter, or 0.24% of total loans, continuing the downward trend from 2019 of non-accruals as a percentage of total loans. Other Real Estate Owned (OREO) decreased \$24 thousand during the quarter as the Bank sold a small bank owned property. As of March 31, 2020, the Bank's overall non-performing asset level was down as compared to December 31, 2019, as each classification of non-performing asset, past dues, classified, OREO and non-accruals showed improvement during the quarter. These decreased levels, coupled with strong loan growth, resulted in the non-performing assets as a percentage of loan outstanding balances decreasing from 1.65% as of December 31, 2019 to 1.18% as of March 31, 2020.



Management continues to monitor allocation of capital to Commercial Real Estate (CRE). During the quarter Construction and Land Development loans decreased from 115.23% of the Bank's total capital as of December 31, 2019 to 109.40% as of March 31, 2020. The decrease was primarily due to the completion of several projects and a large land sale during the quarter. CRE concentration reports continue to be reviewed by the Board of Directors' Loan Oversight Committee at each committee meeting. Management and the Board of Directors continue to focus our bankers' efforts on Commercial and Industrial (C&I) business development, which has resulted in \$11.2 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.

The Bank's Allowance for Loan and Lease Losses (ALLL) totaled \$1.259 million at the end of the quarter. This included a provision expense of \$280 thousand. ALLL represents 0.48% of total loans, and, if

combined with the Bank's loan purchase accounting discount of \$4.6 million of total loans, would have equaled 2.26% 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:**

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<b>ASSETS</b>			
Cash and balances due from depository institutions:			
Noninterest-bearing balances	\$ 2,934	\$ 2,616	\$ 2,525
Interest-bearing balances	7,759	32,626	33,143
Investment securities - available for sale	124,275	101,160	118,378
Fed funds sold	-	-	480
Nonmarketable securities	3,816	3,148	3,118
Loans and leases	260,165	232,564	196,742
Allowance for loan and lease losses	(1,259)	(971)	(528)
Net loans	258,906	231,593	196,214
Premises and fixed assets	8,365	6,869	5,879
Other real estate owned	2,453	2,477	2,620
Goodwill	7,944	7,944	7,944
Intangible assets	3,154	3,329	3,914
Other assets	3,619	4,088	4,540
<b>Total assets</b>	<b>\$ 423,225</b>	<b>\$ 395,850</b>	<b>\$ 378,755</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Noninterest bearing deposits	\$ 102,984	\$ 103,909	\$ 89,121
Interest bearing deposits	169,600	160,463	162,123
Brokered deposits	16,706	29,173	25,000
Total deposits	289,290	293,545	276,244
Securities under agreements to repurchase	21,672	23,288	24,044
Subordinated debentures	4,857	4,851	4,834
Borrowed Funds	38,000	8,000	7,000
Other liabilities	2,782	1,811	1,928
Total liabilities	356,601	331,495	314,050
<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	66,916	66,485	65,719
Retained earnings	(3,218)	(3,136)	(1,799)
Accumulated other comprehensive income	2,856	936	715
Total stockholder's equity	66,624	64,355	64,705
<b>Total liabilities and stockholder's equity</b>	<b>\$ 423,225</b>	<b>\$ 395,850</b>	<b>\$ 378,755</b>
Common shares outstanding	7,072,000	7,072,000	7,043,500
Book value per share	\$ 9.42	\$ 9.10	\$ 9.19
Tangible book value per share	\$ 7.45	\$ 7.37	\$ 7.40

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 3,898	\$ 3,040
Interest on investments & interest bearing balances	799	1,050
Total interest income	<u>4,697</u>	<u>4,090</u>
<b>INTEREST EXPENSE</b>		
Interest on core deposits	394	403
Interest on brokered deposits	133	59
Interest on repurchase agreements	37	37
Interest on subordinated debentures	69	79
Interest on borrowed funds	36	60
Total interest expense	<u>669</u>	<u>638</u>
<b>NET INTEREST INCOME</b>	4,028	3,452
<b>Provision for loan and leases losses</b>	280	106
<b>NONINTEREST INCOME</b>		
Service charges	125	122
Gain on sale of assets	358	204
ATM and debit card	135	145
Other noninterest income	174	78
Total noninterest income	<u>792</u>	<u>549</u>
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	2,874	2,537
Occupancy and equipment	452	392
IT and data process	309	260
Intangible amortization	175	195
Other noninterest expense	804	922
Total noninterest expense	<u>4,614</u>	<u>4,306</u>
Income before income taxes	(74)	(411)
Income taxes	8	(112)
Net income	<u>\$ (82)</u>	<u>\$ (299)</u>



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

	Three Months Ended March 31,					
	2020			2019		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
<b>Earning Assets</b>						
Loans						
Interest	\$ 3,570	\$ 248,113	5.69%	\$ 2,977	\$ 194,480	6.12%
Fees	328	-	0.52%	63	-	0.13%
Total loans	3,898	248,113	6.22%	3,040	194,480	6.25%
Investments						
Investment portfolio	721	103,293	2.81%	986	122,916	3.21%
Interest-bearing balances	78	24,967	1.26%	64	16,411	1.56%
Total investments	799	128,260	2.50%	1,050	139,327	3.01%
Total earning assets	\$ 4,697	\$ 376,373	5.02%	\$ 4,090	\$ 333,807	4.90%
<b>Funding Sources</b>						
Deposits						
Demand	\$ -	\$ 115,760	0.00%	\$ -	\$ 97,401	0.00%
NOW	65	38,361	0.68%	131	40,707	1.31%
Savings	3	26,064	0.05%	4	25,712	0.06%
Money Market	95	45,097	0.85%	101	38,258	1.07%
CDs	216	49,967	1.74%	153	47,627	1.30%
IRA's	15	4,911	1.23%	14	5,452	1.04%
Total deposits	394	280,160	0.96%	403	255,157	0.64%
Brokered CDs	133	27,767	1.93%	59	11,969	2.00%
Repurchase agreements	37	23,480	0.63%	37	24,363	0.62%
Subordinated debentures	69	4,854	5.72%	79	4,832	6.63%
Other borrowings	36	11,697	1.24%	60	9,335	2.61%
Total funding sources	\$ 669	\$ 347,958	0.77%	\$ 638	\$ 305,656	0.85%
<b>Net Interest Income</b>	\$ 4,028		4.30%	\$ 3,452		4.19%

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

	For the Quarter Ended				
	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019
<b>Performance Ratios (1)</b>					
Return on average assets	-0.08%	-0.67%	-0.44%	-0.31%	-0.33%
Return on average equity	-0.50%	-3.95%	-2.45%	-1.76%	-1.88%
Net Interest Margin					
Efficiency Ratio	95.7%	110.3%	110.8%	106.1%	107.6%
Noninterest inc to avg assets	0.78%	0.43%	0.51%	0.50%	0.60%
Noninterest exp to avg assets	4.56%	4.60%	4.84%	4.31%	4.74%

	As of the Quarter Ended				
	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019
Loans to deposits	89.93%	79.23%	78.80%	77.18%	71.22%
Noninterest bearing deposits to total deposits	35.60%	35.40%	33.35%	33.63%	32.26%
Share Data:					
Shares Outstanding	7,072,000	7,072,000	7,043,500	7,043,500	7,043,500
Book value per share	\$ 9.42	\$ 9.10	\$ 9.28	\$ 9.30	\$ 9.19
Tangible book value per share	\$ 7.45	\$ 7.37	\$ 7.43	\$ 7.43	\$ 7.40

<b>Capital Ratios (2)</b>					
Tier 1 leverage ratio	12.42%	12.52%	13.04%	12.99%	12.95%
Tier 1 capital	12.70%	12.75%	14.46%	15.20%	16.07%
Total capital	13.03%	13.02%	14.69%	15.41%	16.26%

(1) Ratios are annualized

(2) Represents InBank data

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

	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019
<b>ASSET QUALITY</b>					
Non-performing loans:					
Construction & land development	\$ 23	\$ 23	\$ -	\$ -	\$ -
Closed end 1st lien loans	377	305	348	332	195
Closed end junior lien loans	18	20	23	25	28
Owner occupied real estate	203	1,013	1,148	1,141	1,257
Nonowner occupied real estate	-	-	-	-	128
Commercial & industrial	3	4	3	4	7
Other	4	3	4	5	-
Total non-performing loans (NPLs)	\$ 628	\$ 1,368	\$ 1,526	\$ 1,507	\$ 1,615
Delinquencies:					
30-89 days past due	\$ 1,375	\$ 1,587	\$ 995	\$ 1,999	\$ 1,327
90+ days past due	192	-	25	-	-
On non-accrual	544	-	-	-	-
Total past due loans	\$ 2,111	\$ 1,587	\$ 1,020	\$ 1,999	\$ 1,327
Trouble debt restructuring:					
On non-accrual (included in total NPLs above)	\$ -	\$ 801	\$ 913	\$ 950	\$ 1,063
On accrual	4,896	3,997	4,001	2,251	1,944
Total trouble debt restructuring	\$ 4,896	\$ 4,798	\$ 4,914	\$ 3,201	\$ 3,007
Allowance for loan and leases losses (ALLL)					
ALLL as a % of total loans	0.48%	0.42%	0.33%	0.31%	0.27%
ALLL as a % of total NPLs	200.48%	70.98%	46.72%	42.00%	32.69%
ALLL as a % of delinquent loans	7.01%	61.18%	69.90%	31.67%	39.79%
NPLs as a % of total loans	0.24%	0.59%	0.71%	0.73%	0.82%
Net charge-offs (recoveries)	\$ (9)	\$ 13	\$ (10)	\$ (1)	\$ (8)
Net charge-offs (recoveries) to average loans (1)	-0.01%	0.02%	-0.02%	0.00%	-0.02%

(1) Ratios are annualized