



INBANKSHARES, CORP

FOR IMMEDIATE RELEASE

INBANKSHARES, CORP REPORTS THIRD QUARTER 2022 FINANCIAL RESULTS

EPS up 35% to prior quarter and more than tripled to prior year third quarter

Denver, CO – October 27, 2022 – InBankshares, Corp (OTCQX: INBC) (the “Company”), parent company of InBank (“InBank” or the “Bank”), today announced its unaudited financial results for the quarter ended September 30, 2022. The Company reported consolidated net income of \$3.1 million or \$0.27 per share, for the third quarter of 2022 compared to \$2.1 million, or \$0.20 per share, for the second quarter of 2022, and \$621,000, or \$0.08 per share, for the third quarter of 2021.

Net income for the third and second quarters of 2022 include pre-tax acquisition costs of \$1.0 million and \$876,000, respectively, related to the acquisition of Legacy Bank (“Legacy”), which was completed on April 29, 2022. These acquisition costs reduced earnings by \$0.07 per common share for each quarter. The third quarter of 2021 did not include acquisition costs.

Highlights for the quarter:

- Successfully completed the core system conversion of Legacy on July 25, 2022
- Net income was \$3.1 million, an increase of \$1.0 million, or 48.7%, from the linked quarter
- EPS was \$0.27, compared to \$0.20 in Q2 2022 and \$0.08 in Q3 2021
- ROAA was 1.01%, compared to 0.79% in Q2 2022, and 0.35% in Q3 2021
- Net interest margin was 4.56%, compared to 4.17% in Q2 2022, and 3.45% in Q3 2021
- Pre-provision, pre-tax net revenue (“PPNR”) was \$5.4 million, compared to \$4.2 million for the linked quarter, and \$1.2 million for Q3 2021
- Core loans increased \$400.5 million, or 101.0%, compared to the same quarter last year and decreased \$1.6 million, or 0.2%, compared to the linked quarter
- Nonperforming assets declined \$5.7 million, improving the nonperforming assets to total assets ratio to 0.11%
- Total deposits increased \$453.5 million, or 75.5%, compared to the same quarter in 2021 and remained flat compared to the linked quarter

Ed Francis, Chairman of the Board, President, and Chief Executive Officer of the Company, commented, “We are pleased to report record earnings and strong operating results for the third quarter of 2022, building upon the momentum from the second quarter following the acquisition of Legacy. The third quarter represented the first full quarter of combined operations, while the second quarter included two months; however, both quarters were negatively impacted by merger-related expenses. During the third quarter, we completed the Legacy core systems conversion and continued to integrate our operating processes.

“Our record third quarter EPS increased 35% compared to the second quarter of 2022 and more than tripled compared to third quarter of 2021. Our net interest margin continued to expand as we benefited from higher earning asset yields and only modest increases in our cost of funds. We improved our efficiency ratio with the benefit of scale and operating leverage as our revenue growth outpaced our noninterest expense growth. In addition, we significantly improved our credit metrics during the quarter by successfully working out \$5.5 million in nonperforming loans and disposing of the remainder of our OREO properties, which improved our nonperforming asset ratio by 47 basis points.

“After strong organic loan and deposit growth in the prior four quarters, the loan and deposit growth slowed in the third quarter of 2022 due to our focus on integrating Legacy’s customers and the initial impact of rising market interest rates. With interest rates continuing to rise and the potential that the US economy may also experience a significant slowdown in economic activity, we believe the Company is well positioned given our strong net interest margin, improved asset quality metrics, and liquidity metrics – 75.2% loan to deposit ratio, 42.8% noninterest-bearing deposits, no FHLB borrowings or brokered deposits as of September 30, 2022. We believe we can operate within our conservative risk management framework, while continuing to grow market share,” Mr. Francis concluded.

Results of Operations

Net income for the third quarter of 2022 increased \$1.0 million, or \$0.07 per share, to \$3.1 million, compared to the linked quarter, and increased \$2.5 million, or \$0.19 per share, compared to the same quarter last year. The increases over the linked quarter and the same quarter last year were significantly impacted by the acquisition of Legacy during the second quarter 2022. The third quarter of 2022 included three months of combined operations, compared to two months included in the second quarter of 2022. The acquisition resulted in favorable variances in net interest income and noninterest income, which were partially offset by unfavorable variances in provision for loan loss, noninterest expense, and income tax expense. During the third quarter of 2022, the Bank sold a \$4.5 million nonaccrual real estate loan, resulting in a recognition of loan interest and fee income of \$983,000. Net income for the nine months ended September 30, 2022 was \$5.7 million, or \$0.56 per share, representing an increase of \$3.6 million, or 175.7%, compared to \$2.1 million, or \$0.27 per share, for the same period in 2021.

Net interest income for the third quarter of 2022 was \$13.2 million, an increase of \$2.8 million, or 26.8%, over the linked quarter, and an increase of \$7.3 million, or 124.6%, over the same quarter last year, primarily as a result of the impact of the Legacy acquisition and, the loan interest and fee recovery described above.

- Interest income increased \$3.0 million, or 27.0%, to \$14.1 million during the third quarter of 2022, compared to \$11.1 million during the linked quarter, and increased \$7.9 million, or 126.5%, compared to \$6.2 million during the same quarter last year.
 - The increase from the linked quarter was primarily due to an increase of \$146.1 million in average interest earning assets (both loans and investments) due to the Legacy acquisition as well as higher loan and investment yields.
 - The third quarter of 2022 included the \$983,000 recovery of loan interest and fee income described above and the second quarter of 2022 included a one-time recognition of \$766,000 in prior period charged-off loan interest income collected on purchase credit impaired loans.
 - The increase compared to the same quarter last year was primarily due to an increase of \$471.9 million increase in average interest earning assets and higher yields on investments and core loans, partially offset by a decrease in PPP loan interest and fee income of \$468,000.
 - Accretion of the discount on acquired loans was \$706,000 in the third quarter of 2022, compared to \$436,000 in the linked quarter, and \$150,000 in the third quarter of 2021.
- Interest expense was \$857,000 during the third quarter of 2022, an increase of \$204,000, or 31.2%, compared to \$653,000 during the linked quarter, and an increase of \$528,000, or 160.5% compared to \$329,000 during the same quarter last year.
 - The increase over the linked quarter was primarily due to an \$65.5 million increase in average interest-bearing deposits and a three-basis point increase in the cost of funds.
 - The increase from the same quarter last year was due to an increase of \$277.1 million in average interest-bearing deposits and a nine-basis point increase in the cost of funds. In the fourth quarter of 2021, the Company issued \$20 million of subordinated debentures.

Net interest margin (NIM), expressed as net interest income as a percentage of average earning assets, was 4.56% during the third quarter of 2022, compared to 4.17% during the linked quarter, and 3.45% during the same quarter last year. Adjusting the third quarter of 2022 for the one-time loan interest recognition described above, NIM in the third quarter of 2022 would have been 4.22%. The NIM expansion compared to the linked quarter was primarily the result of increases in yields on all earning-assets due to higher market interest rates. Margin expansion from the same quarter a year ago was primarily attributable to an increase in loan and investment balances as a percentage of earning assets.

Noninterest income for the third quarter of 2022 was \$1.1 million, an increase of \$154,000, or 15.9%, over the linked quarter, and an increase of \$26,000, or 2.4%, from the same quarter last year. The increase over the linked quarter was primarily due to an increase of \$118,000 in service charge income and fees, a \$39,000 increase in gains on sale of SBA loans, and a \$39,000 increase in mortgage fee income, partially offset by a decrease of \$26,000 in other noninterest income and a \$16,000 loss on sale of other real estate (“OREO”). The increase from the same quarter last year was due to a \$423,000 increase in service charge income and fees, partially offset by a \$208,000 decrease in other noninterest income, a \$169,000 decrease in gain on sales of investment securities, SBA loans, and OREO, and a \$20,000 decrease in mortgage

income. The decrease in other noninterest income compared to the same quarter last year was primarily due to a one-time restitution payment from one of the Bank's vendors received in the third quarter of 2021.

Noninterest expense for the third quarter of 2022 was \$9.9 million, an increase of \$1.8 million, or 22.3%, when compared to the linked quarter, and an increase of \$4.1 million, or 69.9%, from the same quarter last year. The increase over the linked quarter was primarily due to increases in non-core merger and acquisition expense of \$138,000 and intangible amortization of \$113,000 in connection with the Legacy transaction, plus increases of \$1.6 million in salaries and employee benefits, occupancy and equipment, data processing and software, and other expenses combined, primarily due to the addition of Legacy's operating expenses for a full quarter. The increase over the same quarter last year was also primarily due to increases in non-core merger and acquisition expense of \$1.0 million and intangible amortization of \$321,000 primarily in connection with the Legacy transaction, and \$2.7 million across most categories of operating expenses due to the Legacy acquisition and organic growth. Full-time equivalent employees were 168 at September 30, 2022, compared to 166 at June 30, 2022 and 112 at September 30, 2021.

The Company's core efficiency ratio, which excludes gain on sales of securities and merger and acquisition expense, was 62.0% in the third quarter of 2022, compared with 63.4% in the linked quarter and 85.1% in the third quarter of 2021.

Balance Sheet Summary

	Sept 30, 2022	Sept 30, 2021	\$ Change	Acquired Fair Value at 4/29/22	Organic \$ Change	Annualized Organic % Change
Assets	\$ 1,211,300	\$ 707,619	\$ 503,681	\$ 462,670	\$ 41,011	5.8%
Loans HFI	797,100	425,519	371,581	295,872	75,709	17.8%
Loans HFI, excl PPP	796,983	396,506	400,477	295,755	104,722	26.4%
Investment securities	324,533	211,477	113,056	111,168	1,888	0.9%
Cash and equivalents	23,933	42,436	(18,503)	21,292	(39,795)	-93.8%
Deposits	1,054,043	600,570	453,473	417,210	36,263	6.0%
Other borrowings	3,000	10,000	(7,000)	-	(7,000)	-70.0%
Subordinated debentures	24,537	4,890	19,647	-	19,647	401.8%

Total assets were \$1.21 billion at September 30, 2022, an increase of \$7.9 million, or 0.7%, from \$1.20 billion at June 30, 2022. During the quarter, cash and equivalents increased \$3.8 million and investment securities increased \$6.6 million and were partially offset by a \$1.6 million decrease in core loans, a \$491,000 decrease in PPP loans and a \$580,000 increase in the allowance for loan losses. At September 30, 2022, investment securities were \$324.5 million and total cash and equivalents were \$23.9 million, which combined represented 28.8% of total assets. Total assets increased \$503.7 million, or 71.2%, over the same quarter last year, primarily as a result of the Legacy acquisition and strong organic growth.

Total deposits were \$1.05 billion at September 30, 2022, an increase of \$453.5 million, or 75.5%, from \$600.6 million at September 30, 2021, and remained flat compared to June 30, 2022. Noninterest-bearing deposits grew by 10.0% from the linked quarter, and increased by 83.8% from September 30, 2021, representing 42.8% of total deposits at September 30, 2022. The fair value of the deposits acquired as part of the Legacy transaction was \$417.2 million. Organic deposit growth, excluding acquired deposits, totaled \$36.3 million, or 6.0%, compared to the same quarter last year.

Total loans held-for-investment (“HFI”), which excluded loans held-for-sale (“HFS”), were \$797.1 million at September 30, 2022, compared to \$799.2 million at June 30, 2022, which was a decrease of \$2.1 million, or 0.3%. Total loans HFI increased \$371.6 million, or 87.3%, from September 30, 2021.

- SBA Paycheck Protection Program (“PPP”) loan balances were \$117,000 at September 30, 2022 compared to \$608,000 at June 30, 2022, and \$29.0 million at September 30, 2021. As of September 30, 2022, all fees on PPP loans were recognized.
- Excluding PPP loans, core loans were \$797.0 million at September 30, 2022, a decrease of \$1.6 million, or 0.2% during the quarter primarily due to the sale of a nonaccrual real estate loan of \$4.5 million, and increased \$400.5 million, or 101.0%, from September 30, 2021.
- The fair value of the loans acquired as part of the Legacy transaction was \$295.9 million.
- Organic net loan growth, excluding PPP and acquired loans, totaled \$104.7 million or 26.4% compared to the same quarter last year.

Subordinated debentures and other borrowings, combined, were \$27.5 million on September 30, 2022, and June 30, 2022, and increased \$12.6 million compared to the same quarter in the prior year. During the second quarter of 2022, the Company entered into a loan agreement for a \$5 million revolving line of credit, and the Company had \$3.0 million outstanding on the line as of September 30, 2022 and June 30, 2022. Compared to the same quarter last year, subordinated debentures balances increased \$19.6 million primarily due to the completion of a private placement in the fourth quarter of 2021 of \$20 million of 3.75% Fixed-to-Floating Rate Subordinated Notes due 2031. The Bank decreased its short-term Federal Home Loan Bank (“FHLB”) borrowings to zero from \$10.0 million in the same quarter last year, which was partially offset by the \$3.0 million increase in the Company’s previously noted line of credit.

Asset Quality

Nonperforming assets, which include nonperforming loans and OREO, decreased \$5.7 million to \$1.3 million, or 0.11% of total assets at September 30, 2022, compared to \$7.0 million, or 0.58% of total assets at June 30, 2022, and increased \$609,000 compared to \$691,000, or 0.10% of total assets at September 30, 2021. Nonperforming loans, which include non-accrual loans and loans more than 90 days past due and still accruing, were \$1.3 million, or 0.16% of total loans HFI at September 30, 2022, compared to \$6.8 million, or 0.85% of total loans HFI at June 30, 2022. The decrease in nonperforming loans during the quarter was primarily due to the sale of a single \$4.5 million real estate loan during the third quarter 2022. OREO balances decreased \$200,000 during the third quarter due to the sale of the Bank’s remaining OREO property during the third quarter.

Loans delinquent (past due) 30-89 days were \$1.2 million, or 0.15% of total loans HFI at September 30, 2022, compared to \$1.2 million, or 0.14% of total loans HFI at June 30, 2022.

The allowance for loan and lease losses (“ALLL”) totaled \$4.8 million, or 0.60% of total loans HFI at September 30, 2022. As of September 30, 2022, the Company also had \$8.3 million in purchase discounts on loans acquired in the acquisition of Legacy in the second quarter of 2022 and the Bank in 2018. When combined, the purchase discounts and ALLL represented 1.62% of total loans HFI plus purchase discounts at the end of the quarter. Provision for loan losses expense for the quarter ended September 30, 2022, totaled \$525,000, compared to \$497,000 for the quarter ended June 30, 2022, and \$375,000 for the quarter ended September 30, 2021. The Company recorded \$55,000 of net recoveries for the third quarter of 2022 primarily related to prior period accrued interest on the nonperforming real estate loan described above.

Capital

Capital ratios of the Company and InBank continue to exceed the “well-capitalized” regulatory thresholds. At September 30, 2022, InBank’s leverage ratio was 9.44% and the total risk-based capital ratio was 11.45%.

At September 30, 2022, the Company had tangible common equity of \$80.0 million and tangible book value of \$6.86 per share, with 11,671,815 shares of common stock issued and outstanding as of the same date. Tangible common equity increased \$567,000 compared to June 30, 2022, due to an increase in surplus and retained earnings of \$3.2 million, partially offset by a \$3.1 million decline in accumulated other comprehensive income on investment securities due to rising market interest rates. During the third quarter 2022, the Bank transferred \$39.0 million par value of investment securities from available-for-sale to held-to-maturity designation. The Company’s tangible common equity to tangible assets ratio was 6.76% at September 30, 2022. The Company and the Bank paid no dividends during the third quarter of 2022.

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United States (“GAAP”). These non-GAAP financial measures include: (i) tangible common equity, (ii) tangible assets, (iii) tangible common equity to tangible assets, (iv) tangible book value per share, (v) return on average tangible common equity, (vi) pre-provision pre-tax net revenue, or PPNR, (vii) core efficiency ratio, (viii) adjusted return on average assets excluding M&A, and (ix) core loans. Tangible common equity is computed by subtracting goodwill and core deposit intangibles from total stockholders’ equity. Tangible assets is computed by subtracting goodwill and core deposit intangibles from total assets. Tangible common equity to tangible assets is computed by dividing tangible common equity by tangible assets. Tangible book value per share is computed by dividing tangible common equity by common shares outstanding. Return on average tangible common equity is computed by dividing net income, less intangible amortization, tax effected, by average stockholders’ equity less average intangible assets. PPNR is computed by adding provision for loan losses

expense, merger and acquisition expense, and income tax expense to net income. Core efficiency ratio is computed by dividing noninterest expense, less merger and acquisition expense, by the sum of noninterest income exclusive of gain/loss on sale of securities and net interest income. Adjusted return on average assets excluding M&A is computed by dividing net income, less merger and acquisition expense, tax effected, by average assets. Core loans is computed by subtracting PPP loans from total loans held for investment. The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's financial position and performance. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies.

About InBankshares, Corp

InBankshares, Corp is the holding company for InBank, an independent commercial bank growing throughout the Colorado Front Range and serving southern Colorado and northern New Mexico markets. InBank offers a full suite of commercial, business, personal and mortgage banking solutions with a focus on personalized service, technology, and local decision-making. InBank was built on the entrepreneurial spirit and is led by a team of experienced banking professionals committed to the mission of positively impacting the lives of its 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 other 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)
(Dollars in thousands except per share data)

	<u>September 30, 2022</u>	<u>June 30, 2022</u>	<u>September 30, 2021</u>
ASSETS			
Cash and due from banks	\$ 15,894	\$ 15,959	\$ 5,815
Interest-bearing deposits in banks	8,039	4,199	36,621
Total cash and cash equivalents	<u>23,933</u>	<u>20,158</u>	<u>42,436</u>
Reverse repurchase agreements	-	-	5,157
Investment securities , available-for-sale	183,582	213,538	211,477
Investment securities , held-to-maturity	140,951	104,367	-
Total investment securities	<u>324,533</u>	<u>317,905</u>	<u>211,477</u>
Nonmarketable equity securities	4,191	4,136	3,209
Loans held for sale	-	-	643
Loans HFI, excluding PPP loans	796,983	798,563	396,506
PPP loans	117	608	29,013
Total loans held for investment	<u>797,100</u>	<u>799,171</u>	<u>425,519</u>
Allowance for loan losses	(4,790)	(4,210)	(3,059)
Net loans	<u>792,310</u>	<u>794,961</u>	<u>422,460</u>
Premises and equipment, net	15,788	15,777	7,100
Other real estate owned	-	200	404
Goodwill	18,660	18,660	7,944
Core deposit intangible	8,557	9,032	2,168
Bank owned life insurance	8,528	8,468	-
Accrued interest and other assets (2)	14,800	14,093	4,621
Total assets	<u>\$ 1,211,300</u>	<u>\$ 1,203,390</u>	<u>\$ 707,619</u>
LIABILITIES			
Noninterest-bearing deposits	\$ 451,523	\$ 410,525	\$ 245,704
Interest-bearing deposits	602,520	643,615	354,866
Total deposits	<u>1,054,043</u>	<u>1,054,140</u>	<u>600,570</u>
Securities sold under agreements to repurchase	14,443	8,730	11,147
Other borrowings	3,000	3,000	10,000
Subordinated debentures	24,537	24,509	4,890
Other liabilities (2)	8,046	5,872	4,413
Total liabilities	<u>1,104,069</u>	<u>1,096,251</u>	<u>631,020</u>
STOCKHOLDER'S EQUITY			
Common stock	117	116	80
Surplus	109,266	109,228	74,686
Retained earnings	6,594	3,466	229
Accumulated other comprehensive income (loss)	(8,746)	(5,671)	1,604
Total stockholders' equity	<u>107,231</u>	<u>107,139</u>	<u>76,599</u>
Total liabilities and stockholders' equity	<u>\$ 1,211,300</u>	<u>\$ 1,203,390</u>	<u>\$ 707,619</u>
Select additional information and ratios:			
Net loans to deposits	75.2%	75.4%	70.3%
Tangible common equity (1)	\$ 80,014	\$ 79,447	\$ 66,487
Tangible common equity to tangible assets (1)	6.76%	6.76%	9.53%
Common shares outstanding	11,671,815	11,616,576	8,000,150
Book value per share	\$9.19	\$9.22	\$9.57
Tangible book value per share (1)	\$6.86	\$6.84	\$8.31

(1) Non-GAAP measure; reconciliation to GAAP included elsewhere in this release

(2) Certain other assets and other liabilities have been reclassified from prior period reporting

InBankshares, Corp
Consolidated Statements of Income (Unaudited)
(Dollars in thousands, except per share data)

	For the Quarter Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
INTEREST INCOME			
Interest and fees on loans	\$ 11,359	\$ 9,052	\$ 5,227
Interest on securities & interest bearing balances	2,698	2,014	980
Total interest income	<u>14,057</u>	<u>11,066</u>	<u>6,207</u>
INTEREST EXPENSE			
Interest on deposits	510	344	254
Interest on repurchase agreements & other borrowings	64	42	27
Interest on subordinated debentures	283	267	48
Total interest expense	<u>857</u>	<u>653</u>	<u>329</u>
NET INTEREST INCOME	13,200	10,413	5,878
Provision for loan losses	525	497	375
NONINTEREST INCOME			
Service charges and fees	845	727	422
Mortgage fees and gain on loans held for sale	65	26	85
Other noninterest income	188	214	396
Gain on sale of SBA and CRE loans	39	-	62
Gain (Loss) on sale of OREO and other assets	(16)	-	(3)
Gain on sale of investment securities	-	-	133
Total noninterest income (1)	<u>1,121</u>	<u>967</u>	<u>1,095</u>
NONINTEREST EXPENSE			
Salaries and employee benefits	4,823	4,190	3,647
Occupancy and equipment	560	504	368
Data processing and software	1,369	804	568
Intangible amortization	475	362	154
Merger and acquisition expense	1,014	876	-
Other noninterest expense	1,651	1,353	1,086
Total noninterest expense (1)	<u>9,892</u>	<u>8,089</u>	<u>5,823</u>
Income before income taxes	3,904	2,794	775
Income tax expense	776	690	154
Net income	<u>\$ 3,128</u>	<u>\$ 2,104</u>	<u>\$ 621</u>
Basic income per share	\$ 0.27	\$ 0.20	\$ 0.08
Weighted average shares outstanding - basic	11,671,215	10,450,863	7,970,028
Pre-provision pre-tax net revenue ("PPNR") (2)	\$ 5,443	\$ 4,167	\$ 1,150

(1) Certain income and expense categories have been reclassified from prior period reporting

(2) Non-GAAP measure; reconciliation to GAAP included elsewhere in this release

InBankshares, Corp
Consolidated Statements of Income (Unaudited)
(Dollars in thousands, except per share data)

	For the Nine Months Ended	
	September 30, 2022	September 30, 2021
INTEREST INCOME		
Interest and fees on loans	\$ 25,191	\$ 16,273
Interest on securities & interest bearing balances	6,038	3,079
Total interest income	<u>31,229</u>	<u>19,352</u>
INTEREST EXPENSE		
Interest on deposits	1,067	888
Interest on repurchase agreements & other borrowings	119	88
Interest on subordinated debentures	805	140
Total interest expense	<u>1,991</u>	<u>1,116</u>
NET INTEREST INCOME	29,238	18,236
Provision for loan losses	1,327	879
NONINTEREST INCOME		
Service charges and fees	2,068	1,143
Mortgage fees and gain on loans held for sale	139	362
Other noninterest income	513	569
Gain (Loss) on sale of SBA and other loans	145	303
Gain (Loss) on sale of OREO and other assets	80	(67)
Gain on sale of investment securities	-	133
Total noninterest income (1)	<u>2,945</u>	<u>2,443</u>
NONINTEREST EXPENSE		
Salaries and employee benefits	12,320	10,831
Occupancy and equipment	1,446	1,446
Data processing and software	2,784	1,309
Intangible amortization	970	462
Merger and acquisition expense	2,063	-
Other noninterest expense	4,037	3,156
Total noninterest expense (1)	<u>23,620</u>	<u>17,204</u>
Income before income taxes	7,236	2,596
Income tax expense	1,560	537
Net income	<u>\$ 5,676</u>	<u>\$ 2,059</u>
Basic income per share	\$ 0.56	\$ 0.27
Weighted average shares outstanding - basic	10,054,190	7,629,400
Pre-provision pre-tax net revenue ("PPNR") (2)	\$ 10,626	\$ 3,475

(1) Certain income and expense categories have been reclassified from prior period reporting

(2) Non-GAAP measure; reconciliation to GAAP included elsewhere in this release

InBankshares, Corp
Average Balance Sheet and Yields (Unaudited)
(Dollars in thousands)

	September 30, 2022			For the Quarter Ended June 30, 2022			September 30, 2021		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Earning Assets									
Investment securities	\$ 323,482	\$ 2,524	3.10%	\$ 295,493	\$ 1,968	2.67%	\$ 199,705	\$ 944	1.88%
Other interest-bearing balances	30,247	174	2.28%	19,666	45	0.92%	66,224	37	0.22%
Total investments and interest-bearing	353,729	2,698	3.03%	315,159	2,013	2.56%	265,929	981	1.46%
Loans, excluding PPP loans	797,509	11,332	5.64%	687,079	8,891	5.19%	366,337	4,732	5.12%
PPP loans	450	27	23.80%	4,327	161	14.92%	45,885	495	4.28%
Total Loans	797,959	11,359	5.65%	691,406	9,052	5.25%	412,222	5,227	5.03%
Less allowance for loan losses	(4,389)	-	0.00%	(5,335)	-	0.00%	(2,761)	-	0.00%
Net loans	793,570	11,359	5.68%	686,071	9,052	5.29%	409,461	5,227	5.06%
Total interest earning assets	1,147,299	14,057	4.86%	1,001,230	11,065	4.43%	675,390	6,208	3.65%
Noninterest earning assets	86,142			66,479			37,305		
Total assets	<u>\$ 1,233,441</u>			<u>\$ 1,067,709</u>			<u>\$ 712,695</u>		
Interest-Bearing Liabilities									
Interest-bearing transaction deposits	\$ 141,168	\$ 101	0.28%	\$ 117,919	\$ 100	0.34%	\$ 54,874	\$ 69	0.50%
Savings and MMDA deposits	345,962	174	0.20%	321,516	110	0.14%	207,923	95	0.18%
Time deposits	140,167	235	0.67%	122,321	134	0.44%	87,391	90	0.41%
Total interest-bearing deposits	627,297	510	0.32%	561,756	344	0.25%	350,188	254	0.29%
Repurchase agreements & other borrowings	17,740	64	1.43%	15,859	42	1.06%	32,771	27	0.33%
Subordinated debentures	24,519	283	4.58%	24,491	267	4.37%	4,887	48	3.90%
Total interest-bearing liabilities	669,556	857	0.51%	602,107	653	0.44%	387,846	329	0.34%
Noninterest bearing deposits	447,860	-	0.00%	366,467	-	0.00%	242,825	-	0.00%
Total funding liabilities	1,117,416	857	0.30%	968,574	653	0.27%	630,671	329	0.21%
Other noninterest bearing liabilities	6,486			4,225			3,966		
Total liabilities	1,123,902			972,799			634,637		
Stockholders' equity	109,539			94,910			78,058		
Total liabilities and stockholders' equity	<u>\$ 1,233,441</u>			<u>\$ 1,067,709</u>			<u>\$ 712,695</u>		
Net Interest Income		<u>\$ 13,200</u>			<u>\$ 10,412</u>			<u>\$ 5,879</u>	
Net Interest Margin			4.56%			4.17%			3.45%
Total Cost of Deposits	\$ 1,075,157	\$ 510	0.19%	\$ 928,223	\$ 344	0.15%	\$ 593,013	\$ 254	0.17%

InBankshares, Corp
Average Balance Sheet and Yields (Unaudited)
(Dollars in thousands)

	For the Nine Months Ended					
	September 30, 2022			September 30, 2021		
	<u>Average Balance</u>	<u>Interest</u>	<u>Rate</u>	<u>Average Balance</u>	<u>Interest</u>	<u>Rate</u>
Earning Assets						
Investment securities	\$ 285,034	\$ 5,778	2.71%	\$ 172,245	\$ 2,958	2.30%
Other interest-bearing balances	35,228	260	0.99%	64,972	121	0.25%
Total investments and interest-bearing	<u>320,262</u>	<u>6,038</u>	<u>2.52%</u>	<u>237,217</u>	<u>3,079</u>	<u>1.74%</u>
Loans, excluding PPP loans	639,106	24,821	5.19%	330,625	13,620	5.51%
PPP loans	5,165	370	9.58%	91,361	2,653	3.88%
Loans	<u>644,271</u>	<u>25,191</u>	<u>5.23%</u>	<u>421,986</u>	<u>16,273</u>	<u>5.16%</u>
Less allowance for loan losses	(4,391)	-	0.00%	(2,453)	-	0.00%
Net loans	<u>639,880</u>	<u>25,191</u>	<u>5.26%</u>	<u>419,533</u>	<u>16,273</u>	<u>5.19%</u>
Total interest earning assets	<u>960,142</u>	<u>31,229</u>	<u>4.35%</u>	<u>656,750</u>	<u>19,352</u>	<u>3.94%</u>
Noninterest earning assets	62,147			35,477		
Total assets	<u><u>\$ 1,022,289</u></u>			<u><u>\$ 692,227</u></u>		
Interest Bearing Liabilities						
Interest bearing transaction deposits	\$ 103,477	\$ 270	0.35%	\$ 57,445	\$ 219	0.51%
Savings and MMDA deposits	301,837	359	0.16%	200,274	337	0.22%
Time deposits	115,530	438	0.51%	90,027	332	0.49%
Total interest bearing deposits	<u>520,844</u>	<u>1,067</u>	<u>0.27%</u>	<u>347,746</u>	<u>888</u>	<u>0.34%</u>
Repurchase agreements & other borrowings	14,588	119	1.09%	39,417	88	0.30%
Subordinated debentures	24,491	805	4.39%	4,881	140	3.83%
Total interest bearing liabilities	<u>559,923</u>	<u>1,991</u>	<u>0.48%</u>	<u>392,044</u>	<u>1,116</u>	<u>0.38%</u>
Noninterest bearing deposits	364,102	-	0.00%	221,691	-	0.00%
Total funding liabilities	<u>924,025</u>	<u>1,991</u>	<u>0.29%</u>	<u>613,735</u>	<u>1,116</u>	<u>0.24%</u>
Other noninterest bearing liabilities	4,984			3,914		
Total liabilities	<u>929,009</u>			<u>617,649</u>		
Stockholders' equity	<u>93,280</u>			<u>74,578</u>		
Total liabilities and stockholders' equity	<u><u>\$ 1,022,289</u></u>			<u><u>\$ 692,227</u></u>		
Net Interest Income		<u>\$ 29,238</u>			<u>\$ 18,236</u>	
Net Interest Margin			4.07%			3.71%
Total Cost of Deposits	\$ 884,946	\$ 1,067	0.16%	\$ 569,437	\$ 888	0.21%

InBankshares, Corp
Selected Financial Data (Unaudited)
(Dollars in thousands, except per share data)

	As of and For the Quarter Ended				
	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Performance Ratios (1)					
Return on average assets	1.01%	0.79%	0.24%	0.37%	0.35%
Adjusted return on average assets excluding M&A (2)	1.26%	1.05%	0.31%	0.49%	0.35%
Return on average equity	11.33%	8.89%	2.40%	3.55%	3.16%
Return on average tangible common equity (2)	16.94%	12.34%	3.42%	4.81%	4.34%
Net interest margin	4.56%	4.17%	3.14%	3.31%	3.45%
Cost of funds	0.30%	0.27%	0.29%	0.29%	0.21%
Cost of deposits	0.19%	0.15%	0.13%	0.14%	0.17%
Efficiency ratio	69.07%	71.08%	86.99%	83.42%	85.13%
Core efficiency ratio (2)	61.99%	63.38%	84.33%	79.17%	85.13%
Noninterest income to average assets	0.36%	0.36%	0.46%	0.50%	0.61%
Noninterest expense to average assets	3.18%	3.04%	3.01%	3.05%	3.24%
Earnings per share - basic	\$0.27	\$0.20	\$0.06	\$0.09	\$0.08

	As of and For the Quarter Ended				
	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Selected Balance Sheet Ratios					
Net loans HFI to deposits	75.17%	75.41%	75.97%	68.17%	70.34%
Noninterest-bearing deposits to total deposits	42.84%	38.94%	41.75%	40.72%	40.91%
Share Data:					
Shares outstanding	11,671,815	11,616,576	8,000,150	8,000,150	8,000,150
Book value per share	\$9.19	\$9.22	\$9.20	\$9.65	\$9.57
Tangible book value per share (2)	\$6.86	\$6.84	\$7.97	\$8.41	\$8.31
InBank Regulatory Capital Ratios (3)					
Tier 1 leverage ratio	9.44%	10.54%	9.08%	9.13%	9.25%
Common equity tier 1 capital ratio	10.99%	10.68%	11.17%	12.32%	12.58%
Tier 1 capital ratio	10.99%	10.68%	11.17%	12.32%	12.58%
Total capital ratio	11.45%	11.09%	11.77%	12.95%	13.17%

(1) Ratios are annualized

(2) Non-GAAP measure; reconciliation to GAAP included elsewhere in this release

(3) Represents data for InBank

InBankshares, Corp
Consolidated Asset Quality Data (Unaudited)
(Dollars in thousands)

	As of and For the Quarter Ended				
	Sep 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Loans					
Total loans held for investment (HFI)	\$ 797,100	\$ 799,171	\$ 480,216	\$ 431,283	\$ 425,519
Loans HFI, excluding PPP loans	\$ 796,983	\$ 798,563	\$ 471,493	\$ 416,288	\$ 396,506
Average loans HFI over period	\$ 797,959	\$ 691,406	\$ 439,510	\$ 434,297	\$ 412,222
Asset Quality					
Loans past due (30-89 days)	\$ 1,162	\$ 1,157	\$ 409	\$ 5,045	\$ 1,269
Nonaccrual loans	\$ 1,183	\$ 6,502	\$ 4,585	\$ 202	\$ 287
Accruing loans past due 90 days or more	117	317	310	310	-
Total nonperforming loans (NPLs)	1,300	6,819	4,895	512	287
Other real estate owned (OREO)	-	200	200	436	404
Total nonperforming assets (NPAs)	\$ 1,300	\$ 7,019	\$ 5,095	\$ 948	\$ 691
Performing troubled debt restructured loans	\$ 4,117	\$ 4,228	\$ 4,054	\$ 4,462	\$ 4,432
Allowance for Loan and Lease Losses (ALLL)					
ALLL balance, beginning of period	\$ 4,210	\$ 3,632	\$ 3,374	\$ 3,059	\$ 2,680
Provision for loan losses	525	497	305	240	375
Net (chargeoffs) / recoveries	55	81	(47)	75	4
ALLL balance, end of period	\$ 4,790	\$ 4,210	\$ 3,632	\$ 3,374	\$ 3,059
Purchase discounts on loans acquired in M&A	\$ 8,293	\$ 8,999	\$ 3,286	\$ 3,447	\$ 3,653
ALLL plus purchase discount	\$ 13,083	\$ 13,209	\$ 6,918	\$ 6,821	\$ 6,712
Selected Ratios					
Loans past due 30-89 days to total loans HFI	0.15%	0.14%	0.09%	1.17%	0.30%
NPLs to total loans HFI	0.16%	0.85%	1.02%	0.12%	0.07%
NPAs to total loans HFI and OREO	0.16%	0.88%	1.06%	0.22%	0.16%
NPAs to total assets	0.11%	0.58%	0.67%	0.13%	0.10%
ALLL to total loans HFI	0.60%	0.53%	0.76%	0.78%	0.72%
ALLL to loans HFI, excluding PPP loans	0.60%	0.53%	0.77%	0.81%	0.77%
ALLL plus purch. discount to total loans HFI plus purch. discount	1.62%	1.63%	1.43%	1.57%	1.56%
Net (chargeoffs) / recoveries to average loans (1)	0.03%	0.05%	-0.04%	0.07%	0.00%

(1) Ratios are annualized

InBankshares, Corp

Non-GAAP Financial Measures (unaudited)

(Dollars in thousands, except per share data)

		As of and For the Quarter Ended				
		Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Tangible Common Equity, Tangible Assets, Tangible Common Equity to Tangible Assets, and Tangible Book Value Per Share						
Total stockholders' equity (GAAP)	(A)	\$ 107,231	\$ 107,139	\$ 73,607	\$ 77,239	\$ 76,599
Less: Goodwill		(18,660)	(18,660)	(7,944)	(7,944)	(7,944)
Less: Core deposit intangible, net		(8,557)	(9,032)	(1,880)	(2,014)	(2,168)
Tangible common equity (non-GAAP)	(B)	\$ 80,014	\$ 79,447	\$ 63,783	\$ 67,281	\$ 66,487
<hr/>						
Total assets (GAAP)	(C)	\$ 1,211,300	\$ 1,203,390	\$ 763,576	\$ 745,233	\$ 707,619
Less: Goodwill		(18,660)	(18,660)	(7,944)	(7,944)	(7,944)
Less: Core deposit intangible, net		(8,557)	(9,032)	(1,880)	(2,014)	(2,168)
Tangible assets (non-GAAP)	(D)	\$ 1,184,083	\$ 1,175,698	\$ 753,752	\$ 735,275	\$ 697,507
<hr/>						
Equity to assets (GAAP)	(A/C)	8.85%	8.90%	9.64%	10.36%	10.82%
Tangible common equity to tangible assets (non-GAAP)	(B/D)	6.76%	6.76%	8.46%	9.15%	9.53%
<hr/>						
Common shares outstanding	(E)	11,671,815	11,616,576	8,000,150	8,000,150	8,000,150
Book value per share (GAAP)	(A/E)	\$ 9.19	\$ 9.22	\$ 9.20	\$ 9.65	\$ 9.57
Tangible book value per share (non-GAAP)	(B/E)	\$ 6.86	\$ 6.84	\$ 7.97	\$ 8.41	\$ 8.31

		As of and For the Quarter Ended				
		Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Pre-Provision, Pre-Tax Net Revenue (PPNR)						
Net income (GAAP)		\$ 3,128	\$ 2,104	\$ 444	\$ 690	\$ 621
Add: Provision for loan losses		525	497	305	240	375
Add: Income tax expense		776	690	94	207	154
Add: Merger and acquisition expense		1,014	876	173	292	-
Pre-provision, pre-tax net revenue (PPNR) (non-GAAP)		\$ 5,443	\$ 4,167	\$ 1,016	\$ 1,429	\$ 1,150

		As of and For the Quarter Ended				
		Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Return on Average Tangible Common Equity						
Net income (GAAP)	(A)	\$ 3,128	\$ 2,104	\$ 444	\$ 690	\$ 621
Add: Intangible amortization		475	362	133	154	154
Less: Tax effect on intangible amortization (at 21.0%)		(100)	(76)	(28)	(32)	(32)
Tangible income to common stockholders (non-GAAP)	(B)	\$ 3,503	\$ 2,390	\$ 549	\$ 812	\$ 743
<hr/>						
Average stockholders equity	(C)	\$ 109,539	\$ 94,910	\$ 75,012	\$ 77,079	\$ 78,058
Less: Average intangible assets		(27,517)	(17,241)	(9,905)	(10,052)	(10,206)
Average tangible common equity	(D)	\$ 82,022	\$ 77,669	\$ 65,107	\$ 67,027	\$ 67,852
<hr/>						
Return on average equity	(A/C)	11.33%	8.89%	2.40%	3.55%	3.16%
Return on average tangible common equity	(B/D)	16.94%	12.34%	3.42%	4.81%	4.34%

InBankshares, Corp

Non-GAAP Financial Measures (unaudited)

(Dollars in thousands, except per share data)

		As of and For the Quarter Ended				
		Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Core Efficiency Ratio						
Noninterest expense (GAAP)	(A)	\$ 9,892	\$ 8,089	\$ 5,639	\$ 5,722	\$ 5,823
Less: Merger and acquisition expense		(1,014)	(876)	(173)	(292)	-
Adjusted noninterest expense (non-GAAP)	(B)	<u>\$ 8,878</u>	<u>\$ 7,213</u>	<u>\$ 5,466</u>	<u>\$ 5,430</u>	<u>\$ 5,823</u>
Noninterest income (GAAP)		\$ 1,121	\$ 967	\$ 856	\$ 934	\$ 1,095
Less: (Gain) loss on sale of investment securities		-	-	-	-	(133)
Adjusted noninterest income (non-GAAP)	(C)	<u>\$ 1,121</u>	<u>\$ 967</u>	<u>\$ 856</u>	<u>\$ 934</u>	<u>\$ 962</u>
Net interest income (GAAP)	(D)	\$ 13,200	\$ 10,413	\$ 5,626	\$ 5,925	\$ 5,878
Efficiency ratio	(A/(C+D))	69.07%	71.08%	86.99%	83.42%	85.13%
Core efficiency ratio (non-GAAP)	(B/(C+D))	61.99%	63.38%	84.33%	79.17%	85.13%

		As of and For the Quarter Ended				
		Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Adjusted Return on Average Assets excluding M&A						
Net income (GAAP)	(A)	\$ 3,128	\$ 2,104	\$ 444	\$ 690	\$ 621
Add: Merger and acquisition expense		1,014	876	173	292	-
Less: Tax effect on merger and acquisition expense (at 21.0%)		(213)	(184)	(36)	(61)	-
Adjusted income excluding M&A	(B)	<u>\$ 3,929</u>	<u>\$ 2,796</u>	<u>\$ 581</u>	<u>\$ 921</u>	<u>\$ 621</u>
Average assets	(C)	\$ 1,233,441	\$ 1,067,709	\$ 760,521	\$ 744,037	\$ 712,695
Return on average assets (GAAP)	(A/C)	1.01%	0.79%	0.24%	0.37%	0.35%
Adjusted return on average assets excl. M&A (non-GAAP)	(B/C)	1.26%	1.05%	0.31%	0.49%	0.35%