



## INBANKSHARES, CORP

FOR IMMEDIATE RELEASE

### INBANKSHARES, CORP REPORTS SECOND QUARTER 2023 FINANCIAL RESULTS

Denver, CO – July 27, 2023 – InBankshares, Corp (OTCQX: INBC) (the “Company”), parent company of InBank (“InBank” or the “Bank”), today announced its unaudited financial results for the quarter ended June 30, 2023. The Company reported consolidated net income of \$2.6 million or \$0.22 per share, for the second quarter of 2023 compared to \$3.1 million, or \$0.27 per share, for the first quarter of 2023, and \$2.1 million, or \$0.20 per share, for the second quarter of 2022.

Highlights for the second quarter of 2023:

- Net income for the quarter was \$2.6 million, a decrease of \$523,000, or 16.7% compared to the linked quarter, and increased \$504,000, or 24.0%, compared to the second quarter of 2022
- Basic earnings per share (“EPS”) was \$0.22 for the quarter, compared to \$0.27 for the linked quarter, and \$0.20 for the second quarter of 2022; EPS for the six months ended June 30, 2023 was \$0.49 per share, compared to \$0.28 for the six months ended June 30, 2022
- Loans held for investment at June 30, 2023 decreased \$1.0 million, or 0.1%, compared to March 31, 2023, and increased \$98.6 million, or 12.3%, compared to June 30, 2022
- Total deposits at June 30, 2023 increased \$4.4 million, or 0.4%, compared to March 31, 2023, and increased \$2.9 million, or 0.3%, compared to June 30, 2022
- Net interest margin was 3.59% for the quarter, compared to 3.93% for the linked quarter, and 4.17% for the second quarter of 2022
- Credit quality remains resilient with nonperforming assets to total assets of 0.18% at June 30, 2023, compared to 0.13% for the linked quarter, and 0.58% at June 30, 2022; net recoveries for the quarter were 0.0%
- The Bank’s capital ratios remain strong and well above the “well-capitalized” regulatory standards, with a leverage ratio of 9.71%, common equity Tier 1 capital ratio of 11.07% and total capital ratio of 12.11% at June 30, 2023, all up from the linked quarter

Ed Francis, Chairman of the Board and Chief Executive Officer of the Company, commented, “The second quarter of 2023 presented challenges for our industry due to Fed rate increases, which resulted in increases in funding costs on deposits and borrowings exceeding the increases on loan and other earning asset yields.

In these times of uncertainty, we were pleased to maintain a healthy balance sheet with higher capital ratios, stable loan and deposit balances, and strong asset quality. Our talented team of bankers continued to provide exceptional service to our clients, while winning new-to-bank customers and building strong pipelines for the coming quarters. I am also pleased to see further growth in our treasury management and commercial card fees. As we continue to focus on the growth and diversification of our revenues, we remain equally focused on realizing the benefits of those revenues through reducing noninterest expenses.”

Mr. Francis concluded, “Looking ahead, we are encouraged by the strength of our local markets and we plan to continue to invest in attracting great talent and taking market share. I am pleased to announce the addition of Bo Scott, our new President and Chief Commercial Banking Officer, who joined the Company this week. Bo brings significant leadership and experience in C&I banking. His talent for recruiting and building successful commercial teams in Colorado and his success growing middle market and business banking customers will add further depth to our executive team. In the third quarter of 2023, we also plan to expand our existing SBA lending team, which recently won the *7(a) Small Lender of the Year Award for Colorado* awarded in May 2023 from the Small Business Administration (“SBA”) Colorado district office.”

## Results of Operations

Net income for the second quarter of 2023 was \$2.6 million, or \$0.22 per share, a decrease of \$523,000, or \$0.05 per share, compared to the linked quarter, and increased \$504,000, or \$0.02 per share, compared to the same quarter last year. The decrease over the linked quarter was largely due to the reduction in net interest income, mostly due to increased funding costs, partially offset by higher income on earning assets. Net income increased \$3.2 million to \$5.7 million for the six months ended June 30, 2023 compared to the same period in the prior year. The year over year increase and the second quarter 2023 increase over the same quarter last year was impacted by the acquisition of Legacy Bank (“Legacy”) during 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 noninterest expense, and income tax expense.

Net interest income for the second quarter of 2023 was \$10.8 million, a decrease of \$695,000, or 6.1%, over the linked quarter, and an increase of \$356,000, or 3.4%, over the same quarter last year. The decrease in net interest income compared to the linked quarter was due to a \$1.4 million increase in interest expense, partially offset by a \$725,000 increase in interest income. The increase in net interest income compared to the same quarter last year was primarily a result of the impact of the Legacy acquisition and increases in market interest rates.

- Interest income increased \$725,000, or 4.9%, to \$15.5 million during the second quarter of 2023, compared to \$14.7 million during the linked quarter, and increased \$4.4 million, or 39.8%, compared to \$11.1 million during the same quarter last year.
  - The increase from the linked quarter was primarily due to an increase in average loans of \$21.3 million with an average yield of 5.60%, which was up 11 basis points from the linked quarter.
  - The increase in interest income compared to the same quarter last year was primarily due to an increase of \$202.7 million 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 \$161,000.

- Accretion of the purchase discount on acquired loans was \$329,000 in the second quarter of 2023, compared to \$397,000 in the linked quarter, and \$436,000 in the second quarter of 2022.
- Interest expense was \$4.7 million in the second quarter of 2023, an increase of \$1.4 million, or 43.3%, compared to \$3.3 million during the linked quarter, and an increase of \$4.0 million, or 619.8% compared to \$653,000 during the same quarter last year.
  - The increase over the linked quarter was primarily due to a 46 basis point increase in the cost of funds, increases in the volume of borrowings and brokered deposits, and a change in deposit mix as customers migrated to higher cost deposit categories.
  - The increase from the same quarter last year was due to an increase of \$130.1 million in average interest-bearing deposits, an increase of \$55.7 million in borrowings, and a 135 basis point increase in the cost of funds due to higher market interest rates.

Net interest margin (NIM), expressed as net interest income as a percentage of average earning assets, was 3.59% during the second quarter of 2023, compared to 3.93% during the linked quarter, and 4.17% during the same quarter last year. NIM during the second quarter decreased 34 basis points as a result of increases in costs on funding liabilities due to higher market interest rates, partially offset by higher yields on interest-earning assets.

Provision for credit losses for the quarter ended June 30, 2023, totaled \$83,000, compared to \$293,000 for the quarter ended March 31, 2023, and \$497,000 for the quarter ended June 30, 2022. The Company recorded a provision for credit losses on loans of \$264,000 and recorded a benefit for credit losses on unfunded commitments of \$181,000 in the second quarter of 2023. In the first quarter of 2023, the provision for credit losses on loans was \$342,000 and the benefit for credit losses on unfunded commitments was \$50,000. The provision for credit losses was \$497,000 in the second quarter of 2022. No provision or benefit for unfunded commitments was recorded in the second quarter of 2022.

The Company implemented the Current Expected Credit Loss (“CECL”) accounting method under Financial Accounting Standards Update 2016-03 and related amendments, *Financial Instruments – Credit Losses (Topic 326)* on January 1, 2023. Upon implementation the Company recorded a \$5.2 million increase in the allowance for lending related credit losses, which included a transfer of \$3.0 million of purchase discount on acquired loans to the allowance for credit losses on loans, a \$552,000 reserve for unfunded commitments, and a \$1.6 million adjustment directly to retained earnings, net of deferred taxes. During the second quarter of 2023, the Company revised the initial adoption of CECL, resulting in a \$837,000 additional reserve for unfunded commitments and a \$499,000 reduction in the allowance for credit losses on loans. The net increase in the allowance for lending related credit losses of \$338,000 consisted of a \$505,000 charge to retained earnings, net of deferred taxes and a reversal of \$167,000 in purchase discount on acquired loans that was previously transferred to the allowance. This revision is presented in the Asset Quality section of the

financial statements as occurring in the second quarter 2023; however, the Bank revised the March 31, 2023 Call Report to reflect the revision as of January 1, 2023.

Noninterest income for the second quarter of 2023 was \$1.4 million, a decrease of \$26,000, or 1.9% compared to the linked quarter, and an increase of \$401,000, or 41.5%, from the same quarter last year. The decrease over the linked quarter was primarily due to a decrease in gain on sale of loans of \$75,000, and a decrease in gain on sale of OREO and other assets of \$44,000. These decreases were partially offset by an increase in service charges and fees of \$59,000 and an increase in other noninterest income of \$35,000 primarily due to fees earned on customer interest rate swaps. The increase from the same quarter last year was primarily due to an increase in service charge income and fees, an increase in gain on sales of loans and an increase in other noninterest income.

Noninterest expense for the second quarter of 2023 was \$8.7 million, an increase of \$135,000, or 1.6%, when compared to the linked quarter, and an increase of \$602,000, or 7.4%, from the same quarter last year. The increase over the linked quarter was primarily due to a \$232,000 increase in other noninterest expense, primarily due to higher marketing, FDIC insurance, and professional fees and a \$124,000 increase in data processing and software expense. These increases were partially offset by a \$178,000 decrease in salaries and benefits expense, primarily due to lower bonus and 401(k) expense, a \$24,000 decrease in intangible amortization and a \$19,000 decrease in occupancy and equipment. The increase in noninterest expense compared to the same quarter in the prior year was due to a \$1.4 million increase across all categories of operating expenses due to the Legacy acquisition and organic growth and a \$69,000 increase in intangible amortization in connection with the Legacy transaction, partially offset by a \$876,000 decrease in merger and acquisition expense. Full-time equivalent employees were 167 at June 30, 2023, compared to 161 at March 31, 2023 and 166 at June 30, 2022.

The Company's core efficiency ratio, which excludes gain on sales of securities, merger and acquisition expense, and intangible amortization was 68.1% in the second quarter of 2023, compared with 63.0% in the linked quarter and 60.2% in the second quarter of 2022. The increase in the core efficiency ratio compared to the linked quarter was largely due to the decrease in net interest income. Similarly, the Company's pre-provision, pre-tax net revenue ("PPNR") for the quarter was \$3.4 million, compared to \$4.3 million for the linked quarter, and \$4.2 million for the second quarter of 2022.

#### Balance Sheet Summary

Total assets were \$1.30 billion at June 30, 2023, an increase of \$3.4 million, or 0.3%, from March 31, 2023. During the quarter, cash and cash equivalents increased \$9.4 million, partially offset by a \$5.3 million decrease in investment securities, a \$1.0 million decrease in loans, and a \$432,000 decrease in intangible assets. At June 30, 2023, investment securities were \$292.3 million and total cash and equivalents were \$53.2 million, which combined represented 26.5% of total assets. Total assets increased \$98.4 million, or 8.2%, from \$1.20 billion at June 30, 2022, primarily as a result of strong organic loan growth.

Total loans held-for-investment (“HFI”), were \$897.7 million at June 30, 2023, compared to \$898.7 million at March 31, 2023, which was a decrease of \$1.0 million, or 0.1%. Total loans HFI increased \$98.6 million, or 12.3%, from June 30, 2022.

- SBA Paycheck Protection Program (“PPP”) loan balances were \$117,000 at June 30, 2023 and March 31, 2023, and \$608,000 at June 30, 2022. As of June 30, 2023, all fees on PPP loans were recognized.
- Organic core loan growth, excluding a decrease in PPP loans of \$491,000, totaled \$99.1 million, an increase of 12.4% compared to June 30, 2022.

Total deposits were \$1.06 billion at June 30, 2023, an increase of \$4.4 million, or 0.4%, compared to the linked quarter and increased \$2.9 million, or 0.3% compared to the same quarter in the prior year. Noninterest-bearing deposits declined by 9.1% from the linked quarter, and decreased by 10.7% from June 30, 2022, representing 34.7% of total deposits at June 30, 2023. During the second quarter 2023, we increased brokered certificates of deposits \$16.8 million, which was partially offset by a decline in listing service deposits of \$2.7 million. Total brokered and listing service deposits represented 4.5% of total deposits at June 30, 2023, compared to 3.2% in the linked quarter and 2.5% in the same quarter in the prior year. Estimated uninsured deposits, excluding secured public funds deposits, totaled \$251.1 million, or 23.7% of total deposits as of June 30, 2023.

Other borrowings were \$90.3 million at June 30, 2023, an increase of \$3.0 million compared to the linked quarter, and increased \$87.3 million compared to June 30, 2022. The Bank increased its short-term Federal Home Loan Bank (“FHLB”) borrowings to \$70.0 million at June 30, 2023 from \$67.0 million at March 31, 2023 to fund loan growth and strategically increase the Bank’s cash position. There were no FHLB borrowings at June 30, 2022. At June 30, 2023, the Bank had \$17.1 million in short-term advances under the Federal Reserve Bank’s new Bank Term Funding Program and \$200,000 in unsecured federal funds borrowings. 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 June 30, 2023, March 31, 2023 and June 30, 2022.

Subordinated debentures were \$24.6 million at June 30, 2023, unchanged from the linked quarter, and increased \$112,000 compared to the same quarter in the prior year due to amortization of the acquisition discount.

### Asset Quality

Nonperforming assets, which include nonperforming loans and other real estate owned (“OREO”), were \$2.4 million, or 0.18% of total assets at June 30, 2023 and \$1.7 million, or 0.13% of total assets, at March 31, 2023. Nonperforming loans and OREO decreased \$4.6 million from \$7.0 million, or 0.58% of total assets at June 30, 2022, primarily due to the sale of a single real estate loan. Nonperforming loans, which include non-accrual loans and loans more than 90 days past due and still accruing, were \$2.2 million, or 0.24% of total loans HFI, at June 30, 2023 compared to \$1.5 million, or 0.16% of total loans HFI, at March 31, 2023.

Loans delinquent (past due) 30-89 days were \$3.2 million, or 0.35% of total loans HFI, at June 30, 2023, compared to \$1.1 million, or 0.12% of total loans HFI, at March 31, 2023.

The allowance for credit losses on loans totaled \$10.4 million at June 30, 2023, compared to \$10.7 million at March 31, 2023, and \$4.2 million at June 30, 2022. The decrease of \$234,000 in the allowance for credit losses on loans during the second quarter of 2023 was due to a \$499,000 reversal of the adjustment from the implementation of CECL on January 1, 2023, a \$264,000 provision for loan loss, and net recoveries of \$1,000. The allowance for credit losses on loans was 1.16% of total loans HFI as of June 30, 2023. The allowance for unfunded commitments totaled \$1.2 million at June 30, 2023, compared to \$516,000 at March 31, 2023 and \$14,000 at June 30, 2022. The \$656,000 increase in the allowance for unfunded commitments during the second quarter of 2023 was due to a \$837,000 adjustment from the implementation of CECL on January 1, 2023, partially offset by a \$181,000 reverse provision. The total allowance for lending related credit losses, which represents the sum of the allowance for credit losses on loans and the allowance for unfunded commitments, was 1.29% of total loans HFI as of June 30, 2023. The Company also had \$3.7 million in purchase discounts on loans acquired in previous acquisitions. When combined, the purchase discounts and allowance for lending related credit losses represented 1.69% of total loans HFI plus purchase discounts at the end of the quarter.

## Capital

Capital ratios of the Company and InBank continue to exceed the “well-capitalized” regulatory thresholds. At June 30, 2023, InBank’s leverage ratio was 9.71%, its common equity Tier 1 capital ratio was 11.07%, and its total risk-based capital ratio was 12.11%.

At June 30, 2023, the Company had tangible common equity of \$88.5 million and tangible book value per share (“TBVPS”) of \$7.54, with 11,738,902 shares of common stock issued and outstanding as of the same date. Tangible common equity increased \$1.5 million and TBVPS increased \$0.10, or 1.3%, compared to March 31, 2023, mostly due to an increase in surplus and retained earnings of \$2.4 million, which is net of the impact of the CECL adoption adjustment, partially offset by a decrease in accumulated other comprehensive income (“AOCI”) on investment securities of \$1.3 million, or \$0.11 per share, or 1.5%, compared to the linked quarter. Year-over-year, the TBVPS increased \$0.70, or 10.2%, compared to June 30, 2022 primarily due to a \$10.6 million increase in surplus and retained earnings, partially offset by a 4.2% decrease in the AOCI of \$3.4 million, or \$0.29 per share.

The Company’s tangible common equity to tangible assets ratio was 6.94% at June 30, 2023. The Company paid no dividends during the first and second quarters of 2023. The Bank paid \$350,000 and \$700,000 in dividends to the Company during the first and second quarters of 2023, respectively.

## 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) adjusted tangible book value per share, (vi) return on average tangible common equity, (vii) pre-provision pre-tax net revenue, or PPNR, (viii) core efficiency ratio, (ix) adjusted return on average assets excluding M&A, (x) core loans, which are loans held for investment less PPP loans, and (xi) core noninterest expense to average assets. 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. A reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures is included at the end of the financial statement tables.

## 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](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 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)

	June 30, 2023	March 31, 2023	June 30, 2022
<b>ASSETS</b>			
Cash and due from banks	\$ 16,300	\$ 12,900	\$ 15,959
Interest-bearing deposits in banks	36,938	30,935	4,199
Total cash and cash equivalents	<u>53,238</u>	<u>43,835</u>	<u>20,158</u>
Investment securities, available-for-sale	156,938	160,126	213,538
Investment securities, held-to-maturity	135,335	137,397	104,367
Total investment securities	<u>292,273</u>	<u>297,523</u>	<u>317,905</u>
Nonmarketable equity securities	6,361	6,195	4,136
Loans HFI, excluding PPP loans	897,617	898,577	798,563
PPP loans	117	117	608
Total loans held for investment	<u>897,734</u>	<u>898,694</u>	<u>799,171</u>
Allowance for credit losses on loans	(10,439)	(10,673)	(4,210)
Net loans	<u>887,295</u>	<u>888,021</u>	<u>794,961</u>
Premises and equipment, net	12,557	12,926	15,777
Other real estate owned	236	244	200
Goodwill	18,660	18,660	18,660
Core deposit intangible	7,195	7,627	9,032
Bank owned life insurance	8,708	8,647	8,468
Accrued interest and other assets (2)	15,311	14,722	14,093
Total assets	<u>\$ 1,301,834</u>	<u>\$ 1,298,400</u>	<u>\$ 1,203,390</u>
<b>LIABILITIES</b>			
Noninterest-bearing deposits	\$ 366,708	\$ 403,355	\$ 410,525
Interest-bearing deposits	690,332	649,313	643,615
Total deposits	<u>1,057,040</u>	<u>1,052,668</u>	<u>1,054,140</u>
Securities sold under agreements to repurchase	8,434	12,341	8,730
Other borrowings	90,273	87,300	3,000
Subordinated debentures	24,621	24,592	24,509
Other liabilities (2)	7,102	8,248	5,872
Total liabilities	<u>1,187,470</u>	<u>1,185,149</u>	<u>1,096,251</u>
<b>STOCKHOLDER'S EQUITY</b>			
Common stock	117	117	116
Surplus	109,851	109,646	109,228
Retained earnings	13,470	11,242	3,466
Accumulated other comprehensive income (loss)	(9,074)	(7,754)	(5,671)
Total stockholders' equity	<u>114,364</u>	<u>113,251</u>	<u>107,139</u>
Total liabilities and stockholders' equity	<u>\$ 1,301,834</u>	<u>\$ 1,298,400</u>	<u>\$ 1,203,390</u>
<b>Select additional information and ratios:</b>			
Net loans to deposits	83.9%	84.4%	75.4%
Tangible common equity (1)	\$ 88,509	\$ 86,964	\$ 79,447
Tangible common equity to tangible assets (1)	6.94%	6.84%	6.76%
Common shares outstanding	11,738,902	11,683,691	11,616,576
Book value per share	\$9.74	\$9.69	\$9.22
Tangible book value per share (1)	\$7.54	\$7.44	\$6.84

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

(2) Certain assets and 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		
	June 30, 2023	March 31, 2023	June 30, 2022
<b>INTEREST INCOME</b>			
Interest and fees on loans	\$ 12,596	\$ 11,921	\$ 9,052
Interest on securities & interest bearing balances	2,873	2,823	2,014
Total interest income	<u>15,469</u>	<u>14,744</u>	<u>11,066</u>
<b>INTEREST EXPENSE</b>			
Interest on deposits	3,500	2,206	344
Interest on repurchase agreements & other borrowings	878	760	42
Interest on subordinated debentures	322	314	267
Total interest expense	<u>4,700</u>	<u>3,280</u>	<u>653</u>
<b>NET INTEREST INCOME</b>	10,769	11,464	10,413
Provision for credit losses	83	293	497
<b>NONINTEREST INCOME</b>			
Service charges and fees	922	863	727
Mortgage fees and gain on loans held for sale	7	8	26
Other noninterest income	289	254	214
Gain on sale of loans	156	231	-
Gain (loss) on sale of OREO and other assets	(6)	38	-
Total noninterest income (1)	<u>1,368</u>	<u>1,394</u>	<u>967</u>
<b>NONINTEREST EXPENSE</b>			
Salaries and employee benefits	4,561	4,739	4,190
Occupancy and equipment	569	588	504
Data processing and software	1,285	1,161	804
Intangible amortization	431	455	362
Merger and acquisition expense	-	-	876
Other noninterest expense	1,845	1,613	1,353
Total noninterest expense (1)	<u>8,691</u>	<u>8,556</u>	<u>8,089</u>
Income before income taxes	3,363	4,009	2,794
Income tax expense	755	878	690
Net income	<u>\$ 2,608</u>	<u>\$ 3,131</u>	<u>\$ 2,104</u>
Basic income per share	\$ 0.22	\$ 0.27	\$ 0.20
Weighted average shares outstanding - basic	11,705,738	11,675,447	10,450,863
Pre-provision pre-tax net revenue ("PPNR") (2)	\$ 3,446	\$ 4,302	\$ 4,167

(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 Six Months Ended	
	June 30, 2023	June 30, 2022
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 24,517	\$ 13,832
Interest on securities & interest bearing balances	5,696	3,343
Total interest income	<u>30,213</u>	<u>17,175</u>
<b>INTEREST EXPENSE</b>		
Interest on deposits	5,706	557
Interest on repurchase agreements & other borrowings	1,638	55
Interest on subordinated debentures	635	522
Total interest expense	<u>7,979</u>	<u>1,134</u>
<b>NET INTEREST INCOME</b>	22,234	16,041
Provision for credit losses	376	802
<b>NONINTEREST INCOME</b>		
Service charges and fees	1,785	1,223
Mortgage fees and gain on loans held for sale	15	74
Other noninterest income	542	322
Gain on sale of loans	387	106
Gain on sale of OREO and other assets	32	96
Total noninterest income (1)	<u>2,761</u>	<u>1,821</u>
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	9,300	7,497
Occupancy and equipment	1,157	886
Data processing and software	2,446	1,415
Intangible amortization	886	495
Merger and acquisition expense	-	1,049
Other noninterest expense	3,458	2,386
Total noninterest expense (1)	<u>17,247</u>	<u>13,728</u>
Income before income taxes	7,372	3,332
Income tax expense	1,633	784
Net income	<u>\$ 5,739</u>	<u>\$ 2,548</u>
Basic income per share	\$ 0.49	\$ 0.28
Weighted average shares outstanding - basic	11,690,676	9,232,276
Pre-provision pre-tax net revenue ("PPNR") (2)	\$ 7,748	\$ 5,183

(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)

	June 30, 2023			For the Quarter Ended March 31, 2023			June 30, 2022		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
<b>Earning Assets</b>									
Investment securities	\$ 295,431	\$ 2,664	3.62%	\$ 304,634	\$ 2,709	3.61%	\$ 295,493	\$ 1,969	2.67%
Other interest-bearing balances (1)	17,280	209	4.85%	9,049	114	5.11%	19,666	45	0.92%
Total investments and interest-bearing	312,711	2,873	3.69%	313,683	2,823	3.65%	315,159	2,014	2.56%
Loans, excluding PPP loans	901,968	12,596	5.60%	880,714	11,921	5.49%	687,079	8,891	5.19%
PPP loans	117	-	0.00%	117	-	0.00%	4,327	161	14.92%
Total Loans	902,085	12,596	5.60%	880,831	11,921	5.49%	691,406	9,052	5.25%
Less allowance for credit losses on loans	(10,872)	-	0.00%	(10,386)	-	0.00%	(5,335)	-	0.00%
Net loans	891,213	12,596	5.67%	870,445	11,921	5.55%	686,071	9,052	5.29%
Total interest earning assets	1,203,924	15,469	5.15%	1,184,128	14,744	5.05%	1,001,230	11,066	4.43%
Noninterest earning assets	83,375			84,659			66,479		
Total assets	<u>\$ 1,287,299</u>			<u>\$ 1,268,787</u>			<u>\$ 1,067,709</u>		
<b>Interest-Bearing Liabilities</b>									
Interest-bearing transaction deposits	\$ 183,797	\$ 380	0.83%	\$ 157,378	\$ 220	0.57%	\$ 117,919	\$ 100	0.34%
Savings and MMDA deposits	313,982	1,580	2.02%	326,288	1,122	1.39%	321,516	110	0.14%
Time deposits	194,086	1,540	3.18%	156,886	864	2.23%	122,321	134	0.44%
Total interest-bearing deposits	691,865	3,500	2.03%	640,552	2,206	1.40%	561,756	344	0.25%
Repurchase agreements & other borrowings	71,516	878	4.92%	70,189	760	4.39%	15,859	42	1.06%
Subordinated debentures	24,602	322	5.25%	24,574	314	5.18%	24,491	267	4.37%
Total interest-bearing liabilities	787,983	4,700	2.39%	735,315	3,280	1.81%	602,107	653	0.44%
Noninterest bearing deposits	376,817	-	0.00%	410,848	-	0.00%	366,467	-	0.00%
Total funding liabilities	1,164,800	4,700	1.62%	1,146,163	3,280	1.16%	968,574	653	0.27%
Other noninterest bearing liabilities	7,642			10,037			4,225		
Total liabilities	1,172,442			1,156,200			972,799		
Stockholders' equity	114,857			112,587			94,910		
Total liabilities and stockholders' equity	<u>\$ 1,287,299</u>			<u>\$ 1,268,787</u>			<u>\$ 1,067,709</u>		
Net Interest Income		<u>\$ 10,769</u>			<u>\$ 11,464</u>			<u>\$ 10,413</u>	
Net Interest Margin			3.59%			3.93%			4.17%
Total Cost of Deposits	\$ 1,068,682	\$ 3,500	1.31%	\$ 1,051,400	\$ 2,206	0.85%	\$ 928,223	\$ 344	0.15%

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

	For the Six Months Ended					
	June 30, 2023			June 30, 2022		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate
<b>Earning Assets</b>						
Investment securities	\$ 300,007	\$ 5,373	3.61%	\$ 265,491	\$ 3,254	2.47%
Other interest-bearing balances (1)	13,187	323	4.94%	37,920	89	0.47%
Total investments and interest-bearing	313,194	5,696	3.67%	303,411	3,343	2.22%
Loans, excluding PPP loans	891,400	24,517	5.55%	558,628	13,490	4.87%
PPP loans	117	-	0.00%	7,526	342	9.16%
Loans	891,517	24,517	5.55%	566,154	13,832	4.93%
Less allowance for credit losses on loans	(10,630)	-	0.00%	(4,392)	-	0.00%
Net loans	880,887	24,517	5.61%	561,762	13,832	4.97%
Total interest earning assets	1,194,081	30,213	5.10%	865,173	17,175	4.00%
Noninterest earning assets	84,013			49,790		
Total assets	<u>\$ 1,278,094</u>			<u>\$ 914,963</u>		
<b>Interest Bearing Liabilities</b>						
Interest bearing transaction deposits	\$ 170,660	\$ 600	0.71%	\$ 84,319	\$ 172	0.41%
Savings and MMDA deposits	320,101	2,702	1.70%	279,410	182	0.13%
Time deposits	175,588	2,404	2.76%	103,007	203	0.40%
Total interest bearing deposits	666,349	5,706	1.73%	466,735	557	0.24%
Repurchase agreements & other borrowings	70,856	1,638	4.66%	12,986	55	0.85%
Subordinated debentures	24,588	635	5.21%	24,478	522	4.30%
Total interest bearing liabilities	761,793	7,979	2.11%	504,199	1,134	0.45%
Noninterest bearing deposits	393,738	-	0.00%	321,529	-	0.00%
Total funding liabilities	1,155,531	7,979	1.39%	825,728	1,134	0.28%
Other noninterest bearing liabilities	8,835			4,219		
Total liabilities	1,164,366			829,947		
Stockholders' equity	113,728			85,016		
Total liabilities and stockholders' equity	<u>\$ 1,278,094</u>			<u>\$ 914,963</u>		
Net Interest Income		<u>\$ 22,234</u>			<u>\$ 16,041</u>	
Net Interest Margin			3.75%			3.74%
Total Cost of Deposits	\$ 1,060,087	\$ 5,706	1.09%	\$ 788,264	\$ 557	0.14%

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

	As of and For the Six Months Ended		As of and For the Quarter Ended				
	Jun 30,	Jun 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,
	2023	2022	2023	2023	2022	2022	2022
Performance Ratios (1)							
Return on average assets	0.91%	0.56%	0.81%	1.00%	1.01%	1.01%	0.79%
Adjusted return on average assets excluding M&A (2)	0.91%	0.74%	0.81%	1.00%	1.13%	1.26%	1.05%
Return on average equity	10.18%	6.04%	9.11%	11.28%	11.41%	11.33%	8.89%
Return on average tangible common equity (2)	14.86%	8.39%	13.33%	16.45%	16.98%	16.94%	12.34%
Net interest margin	3.75%	3.74%	3.59%	3.93%	4.43%	4.56%	4.17%
Cost of funds	1.39%	0.28%	1.62%	1.16%	0.55%	0.30%	0.27%
Cost of deposits	1.09%	0.14%	1.31%	0.85%	0.39%	0.19%	0.15%
Efficiency ratio	69.00%	76.86%	71.61%	66.54%	66.23%	69.07%	71.08%
Core efficiency ratio (2)	65.46%	68.21%	68.06%	63.00%	59.69%	58.68%	60.20%
Noninterest income to average assets	0.44%	0.40%	0.43%	0.45%	0.44%	0.36%	0.36%
Noninterest expense to average assets	2.72%	3.03%	2.71%	2.73%	3.02%	3.18%	3.04%
Core noninterest expense to average assets (2)	2.58%	2.69%	2.57%	2.59%	2.72%	2.70%	2.57%
Earnings per share - basic	\$0.49	\$0.28	\$0.22	\$0.27	\$0.27	\$0.27	\$0.20

	As of and For the Quarter Ended		As of and For the Quarter Ended				
	Jun 30,	Jun 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,
	2023	2022	2023	2023	2022	2022	2022
Selected Balance Sheet Ratios							
Net loans HFI to deposits	83.94%	75.41%	83.94%	84.36%	79.32%	75.17%	75.41%
Noninterest-bearing deposits to total deposits	34.69%	38.94%	34.69%	38.32%	41.85%	42.84%	38.94%
Share Data:							
Shares outstanding	11,738,902	11,616,576	11,738,902	11,683,691	11,672,362	11,671,815	11,616,576
Book value per share	\$9.74	\$9.22	\$9.74	\$9.69	\$9.47	\$9.19	\$9.22
Tangible book value per share (2)	\$7.54	\$6.84	\$7.54	\$7.44	\$7.18	\$6.86	\$6.84
Adjusted tangible book value per share (2)	\$8.31	\$7.33	\$8.31	\$8.11	\$7.93	\$7.60	\$7.33
InBank Regulatory Capital Ratios (3)							
Tier 1 leverage ratio	9.71%	10.54%	9.71%	9.66%	9.79%	9.44%	10.54%
Common equity Tier 1 capital ratio	11.07%	10.68%	11.07%	10.77%	10.89%	10.99%	10.68%
Tier 1 capital ratio	11.07%	10.68%	11.07%	10.77%	10.89%	10.99%	10.68%
Total capital ratio	12.11%	11.09%	12.11%	11.78%	11.42%	11.45%	11.09%

(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 Six Months Ended		As of and For the Quarter Ended				
	Jun 30, 2023	Jun 30, 2022	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	June 30, 2022
<b>Loans and Unfunded Commitments</b>							
Total loans held for investment (HFI)	\$ 897,734	\$ 799,171	\$ 897,734	\$ 898,694	\$ 846,740	\$ 797,100	\$ 799,171
Loans HFI, excluding PPP loans	\$ 897,617	\$ 798,563	\$ 897,617	\$ 898,577	\$ 846,623	\$ 796,983	\$ 798,563
Average loans HFI over period	\$ 902,085	\$ 691,406	\$ 902,085	\$ 880,831	\$ 819,122	\$ 797,959	\$ 691,406
Unfunded commitments	\$ 298,915	\$ 361,350	\$ 298,915	\$ 307,509	\$ 329,945	\$ 360,600	\$ 361,350
<b>Asset Quality</b>							
Loans past due (30-89 days)	\$ 3,160	\$ 1,157	\$ 3,160	\$ 1,069	\$ 957	\$ 1,162	\$ 1,157
Nonaccrual loans	\$ 2,010	\$ 6,502	\$ 2,010	\$ 1,345	\$ 1,197	\$ 1,183	\$ 6,502
Accruing loans past due 90 days or more	157	317	157	117	117	117	317
Total nonperforming loans (NPLs)	2,167	6,819	2,167	1,462	1,314	1,300	6,819
Other real estate owned (OREO)	236	200	236	244	-	-	200
Total nonperforming assets (NPAs)	\$ 2,403	\$ 7,019	\$ 2,403	\$ 1,706	\$ 1,314	\$ 1,300	\$ 7,019
<b>Allowance for Credit Losses on Loans</b>							
Balance, beginning of period	\$ 5,685	\$ 3,374	\$ 10,673	\$ 5,685	\$ 4,790	\$ 4,210	\$ 3,632
Provision for credit losses - loans	606	802	264	342	900	525	497
Net (chargeoffs) recoveries	(22)	34	1	(23)	(5)	55	81
Impact of adopting ASC 326	4,170	-	(499)	4,669	-	-	-
Balance, end of period	\$ 10,439	\$ 4,210	\$ 10,439	\$ 10,673	\$ 5,685	\$ 4,790	\$ 4,210
<b>Allowance for Unfunded Commitments</b>							
Balance, beginning of period	\$ 14	\$ 14	\$ 516	\$ 14	\$ 14	\$ 14	\$ 14
Provision for credit losses - unfunded commitments	(231)	-	(181)	(50)	-	-	-
Impact of adopting ASC 326	1,389	-	837	552	-	-	-
Balance, end of period	\$ 1,172	\$ 14	\$ 1,172	\$ 516	\$ 14	\$ 14	\$ 14
Total Allowance for Lending Related Credit Losses	\$ 11,611	\$ 4,224	\$ 11,611	\$ 11,189	\$ 5,699	\$ 4,804	\$ 4,224
Purchase discounts on loans acquired in M&A	\$ 3,651	\$ 8,999	\$ 3,651	\$ 3,813	\$ 7,267	\$ 8,293	\$ 8,999
Allowance for lending related credit losses plus purchase discount	\$ 15,262	\$ 13,223	\$ 15,262	\$ 15,002	\$ 12,966	\$ 13,097	\$ 13,223
<b>Provision for Credit Losses</b>							
Provision for credit losses - loans	\$ 606	\$ 802	\$ 264	\$ 342	\$ 900	\$ 525	\$ 497
Provision for credit losses - unfunded commitments	(231)	-	(181)	(50)	-	-	-
Total provision for credit losses	\$ 375	\$ 802	\$ 83	\$ 293	\$ 900	\$ 525	\$ 497
<b>Selected Ratios</b>							
Loans past due 30-89 days to total loans HFI	0.35%	0.14%	0.35%	0.12%	0.11%	0.15%	0.14%
NPLs to total loans HFI	0.24%	0.85%	0.24%	0.16%	0.16%	0.16%	0.85%
NPAs to total loans HFI and OREO	0.27%	0.88%	0.27%	0.19%	0.16%	0.16%	0.88%
NPAs to total assets	0.18%	0.58%	0.18%	0.13%	0.11%	0.11%	0.58%
Allowance for credit losses on loans to total loans HFI	1.16%	0.53%	1.16%	1.19%	0.67%	0.60%	0.53%
Allowance for lending related credit losses to total loans HFI	1.29%	0.53%	1.29%	1.25%	0.67%	0.60%	0.53%
Allowance for lending related credit losses plus purchase discount to total loans HFI plus purchase discount	1.69%	1.64%	1.69%	1.66%	1.52%	1.63%	1.64%
Net (chargeoffs) recoveries to average loans (1)	0.00%	0.01%	0.00%	-0.01%	0.00%	0.03%	0.05%

(1) Ratios are annualized

InBankshares, Corp  
Non-GAAP Financial Measures (unaudited)  
(Dollars in thousands, except per share data)

	As of and For the Six Months Ended		As of and For the Quarter Ended					
	Jun 30,	Jun 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,	
	2023	2022	2023	2023	2022	2022	2022	
Tangible Common Equity, Tangible Assets, Tangible Common Equity to Tangible Assets, and Tangible Book Value Per Share								
Total stockholders' equity (GAAP)	(A)	\$ 114,364	\$ 107,139	\$ 114,364	\$ 113,251	\$ 110,554	\$ 107,231	\$ 107,139
Less: Goodwill		(18,660)	(18,660)	(18,660)	(18,660)	(18,660)	(18,660)	(18,660)
Less: Core deposit intangible, net		(7,195)	(9,032)	(7,195)	(7,627)	(8,081)	(8,557)	(9,032)
Tangible common equity (non-GAAP)	(B)	\$ 88,509	\$ 79,447	\$ 88,509	\$ 86,964	\$ 83,813	\$ 80,014	\$ 79,447
Tangible common equity (non-GAAP)		\$ 88,509	\$ 79,447	\$ 88,509	\$ 86,964	\$ 83,813	\$ 80,014	\$ 79,447
Less: Accumulated other comprehensive income (loss)		(9,074)	(5,671)	(9,074)	(7,754)	(8,764)	(8,746)	(9,032)
Adjusted tangible common equity (non-GAAP)	(C)	\$ 97,583	\$ 85,118	\$ 97,583	\$ 94,718	\$ 92,577	\$ 88,760	\$ 85,118
Total assets (GAAP)	(D)	\$ 1,301,834	\$ 1,203,390	\$ 1,301,834	\$ 1,298,400	\$ 1,245,212	\$ 1,211,300	\$ 1,203,390
Less: Goodwill		(18,660)	(18,660)	(18,660)	(18,660)	(18,660)	(18,660)	(18,660)
Less: Core deposit intangible, net		(7,195)	(9,032)	(7,195)	(7,627)	(8,081)	(8,557)	(9,032)
Tangible assets (non-GAAP)	(E)	\$ 1,275,979	\$ 1,175,698	\$ 1,275,979	\$ 1,272,113	\$ 1,218,471	\$ 1,184,083	\$ 1,175,698
Equity to assets (GAAP)	(A/D)	8.78%	8.90%	8.78%	8.72%	8.88%	8.85%	8.90%
Adjusted tangible common equity to tangible assets (non-GAAP)	(B/E)	6.94%	6.76%	6.94%	6.84%	6.88%	6.76%	6.76%
Tangible common equity to tangible assets (non-GAAP)	(C/E)	7.65%	7.24%	7.65%	7.45%	7.60%	7.50%	7.24%
Common shares outstanding	(F)	11,738,902	11,616,576	11,738,902	11,683,691	11,672,362	11,671,815	11,616,576
Book value per share (GAAP)	(A/F)	\$9.74	\$9.22	\$9.74	\$9.69	\$9.47	\$9.19	\$9.22
Tangible book value per share (non-GAAP)	(B/F)	\$7.54	\$6.84	\$7.54	\$7.44	\$7.18	\$6.86	\$6.84
Adjusted tangible book value per share (non-GAAP)	(C/F)	\$8.31	\$7.33	\$8.31	\$8.11	\$7.93	\$7.60	\$7.33

	As of and For the Six Months Ended		As of and For the Quarter Ended					
	Jun 30,	Jun 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,	
	2023	2022	2023	2023	2022	2022	2022	
Pre-Provision, Pre-Tax Net Revenue (PPNR)								
Net income (GAAP)		\$ 5,739	\$ 2,548	\$ 2,608	\$ 3,131	\$ 3,138	\$ 3,128	\$ 2,104
Add: Provision for credit losses		376	802	83	293	900	525	497
Add: Income tax expense		1,633	784	755	878	743	776	690
Add: Merger and acquisition expense		-	1,049	-	-	451	1,014	876
Pre-provision, pre-tax net revenue (PPNR) (non-GAAP)		\$ 7,748	\$ 5,183	\$ 3,446	\$ 4,302	\$ 5,232	\$ 5,443	\$ 4,167

	As of and For the Six Months Ended		As of and For the Quarter Ended					
	Jun 30,	Jun 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,	
	2023	2022	2023	2023	2022	2022	2022	
Return on Average Tangible Common Equity								
Net income (GAAP)	(A)	\$ 5,739	\$ 2,548	\$ 2,608	\$ 3,131	\$ 3,138	\$ 3,128	\$ 2,104
Add: Intangible amortization		886	495	431	455	475	475	362
Less: Tax effect on intangible amortization (at 21.0%)		(186)	(104)	(91)	(96)	(100)	(100)	(76)
Tangible income to common stockholders (non-GAAP)	(B)	\$ 6,439	\$ 2,939	\$ 2,948	\$ 3,490	\$ 3,513	\$ 3,503	\$ 2,390
Average stockholders equity	(C)	\$ 113,728	\$ 85,016	\$ 114,857	\$ 112,587	\$ 109,125	\$ 109,539	\$ 94,910
Less: Average intangible assets		(26,345)	(14,356)	(26,121)	(26,571)	(27,037)	(27,517)	(17,241)
Average tangible common equity (non-GAAP)	(D)	\$ 87,383	\$ 70,660	\$ 88,736	\$ 86,016	\$ 82,088	\$ 82,022	\$ 77,669
Return on average equity	(A/C)	10.18%	6.04%	9.11%	11.28%	11.41%	11.33%	8.89%
Return on average tangible common equity	(B/D)	14.86%	8.39%	13.33%	16.45%	16.98%	16.94%	12.34%



