



INBANKSHARES, CORP

FOR IMMEDIATE RELEASE

INBANKSHARES, CORP REPORTS THIRD QUARTER 2023 FINANCIAL RESULTS

Denver, CO – October 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 September 30, 2023. The Company reported consolidated net income of \$2.5 million or \$0.21 per share, for the third quarter of 2023 compared to \$2.6 million, or \$0.22 per share, for the second quarter of 2023, and \$3.1 million, or \$0.27 per share, for the third quarter of 2022.

Highlights for the third quarter of 2023:

- Net income for the quarter was \$2.5 million, a decrease of \$129,000, or 4.9% compared to the linked quarter, and decreased \$649,000, or 20.7%, compared to the third quarter of 2022; net income for the nine months ended September 30, 2023 was \$8.2 million, an increase of \$2.5 million, or 44.8% compared to prior year.
- Basic earnings per share (“EPS”) was \$0.21 for the quarter, compared to \$0.22 for the linked quarter, and \$0.27 for the third quarter of 2022; EPS for the nine months ended September 30, 2023 was \$0.70 per share, up \$0.14 per share or 25.0%, compared to \$0.56 per share for the prior year.
- Net interest margin was 3.56% for the quarter, a decrease of 3 basis points compared to 3.59% for the linked quarter, and 4.56% for the third quarter of 2022.
- Loans held for investment at September 30, 2023 increased \$4.0 million, or 0.4%, compared to June 30, 2023, and increased \$104.6 million, or 13.1%, compared to September 30, 2022.
- Total deposits at September 30, 2023 decreased \$15.4 million, or 1.5%, compared to June 30, 2023, and decreased \$12.4 million, or 1.2%, compared to September 30, 2022.
- Credit quality remains resilient with nonperforming assets to total assets of 0.16% at September 30, 2023, compared to 0.18% for the linked quarter, and 0.11% at September 30, 2022; annualized net charge-offs for the quarter were 0.14% of average loans HFI.
- The Company’s tangible book value per share at September 30, 2023 improved to \$7.69, up \$0.15 from the linked quarter, and tangible common equity to tangible asset ratio improved to 7.13%.
- The Bank’s capital ratios remain strong and well above the “well-capitalized” regulatory standards, with a leverage ratio of 10.03%, common equity Tier 1 capital ratio of 11.50% and total capital ratio of 12.55% at September 30, 2023, all up from the linked quarter.

Ed Francis, Chairman of the Board and Chief Executive Officer of the Company, commented, "Our third quarter results demonstrated the strength of our deposit franchise, banking teams, and attractive markets. Despite the macroeconomic trends that have presented challenges to the banking industry this year, we were pleased to report a mostly stabilized balance sheet and other positive trends for InBank this quarter. Our net interest margin decreased just three basis points from the prior quarter, as we were successful in increasing our total loan yield by the same number of basis points as our cost of funds. Our EPS was only down \$0.01 from prior quarter and our noninterest income continued to grow, up 29.3% from the same quarter prior year. Our loan balances grew slightly and although our total deposits decreased modestly during the third quarter, our noninterest-bearing deposits at the end of the quarter still represented a strong 36.0% of our total deposits. Asset quality improved with decreases in both nonperforming assets and past dues during the quarter. In addition, the Bank's regulatory capital ratios, the Company's tangible book value per share, and tangible common equity to tangible assets ratio all improved to the highest level in the trailing five quarters."

"As we look forward, we are encouraged by the strength of our deposit and loan pipelines. Bo Scott, InBank's new President and Chief Commercial Banking Officer, joined the Bank in late July and has hit the ground running and has already added several new talented commercial bankers to the team. In addition, we completed the launch of our national SBA platform branded as INTO Financial. We are confident that we will be able to execute on our strategic plan to grow market share, provide exceptional service to our customers, and build on our growth and profitability," said Mr. Francis.

Results of Operations

Net income for the third quarter of 2023 was \$2.5 million, or \$0.21 per share, a decrease of \$129,000, or \$0.01 per share, compared to the linked quarter, and decreased \$649,000, or \$0.06 per share, compared to the same quarter last year. The decrease over the linked quarter was due to an increase in noninterest expense and a decrease in net interest income, partially offset by an increase in noninterest income, lower provision for credit losses and lower income tax expense. Net income increased \$2.5 million to \$8.2 million for the nine months ended September 30, 2023 compared to the same period in the prior year. The year over year increase 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. The provision for credit losses decreased \$901,000 as compared to September 30, 2022 primarily due to lower loan growth and lower reserve rates in 2023 compared to the prior year.

Net interest income for the third quarter of 2023 was \$10.7 million, a decrease of \$90,000, or 0.8%, over the linked quarter, and a decrease of \$2.5 million, or 19.1%, over the same quarter last year. The decrease in net interest income compared to the linked quarter was due to a \$471,000 increase in interest expense, partially offset by a \$381,000 increase in interest income. The decrease in net interest income compared to

the same quarter last year was due to a \$4.3 million increase in interest expense, partially offset by a \$1.8 million increase in interest income.

- Interest income increased \$381,000, or 2.5%, to \$15.9 million during the third quarter of 2023, compared to \$15.5 million during the linked quarter, and increased \$1.8 million, or 12.8%, compared to \$14.1 million during the same quarter last year.
 - The increase from the linked quarter was primarily due to higher yield on loans of 5.77%, which was up 17 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 \$41.5 million in average interest earning assets and higher yields on investments and loans. During the third quarter of 2022, the Bank sold a \$4.5 million nonaccrual real estate loan resulting in a recognition of interest and fee income of \$983,000, which overstated the loan yield by 29 basis points in prior year third quarter.
 - Accretion of the purchase discount on acquired loans was \$354,000 in the third quarter of 2023, compared to \$329,000 in the linked quarter, and \$706,000 in the third quarter of 2022.
- Interest expense was \$5.2 million in the third quarter of 2023, an increase of \$471,000, or 10.0%, compared to \$4.7 million during the linked quarter, and an increase of \$4.3 million, or 503.4% compared to \$857,000 during the same quarter last year.
 - The increase over the linked quarter was primarily due to a 17 basis point increase in the cost of funds; the cost of deposits was up 13 basis points and the cost of borrowings was up 29 basis points from the linked quarter.
 - The increase from the same quarter last year was due to an increase of \$52.7 million in average interest-bearing deposits, an increase of \$61.3 million in borrowings, and a 149 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 3.56% during the third quarter of 2023, compared to 3.59% during the linked quarter, and 4.56% during the same quarter last year. NIM during the third quarter decreased 3 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 September 30, 2023, totaled \$50,000, compared to \$83,000 for the quarter ended June 30, 2023, and \$525,000 for the quarter ended September 30, 2022. The Company recorded a provision for credit losses on loans of \$150,000 and recorded a benefit for credit losses on unfunded commitments of \$100,000 in the third quarter of 2023. In the second quarter of 2023, the provision for credit losses on loans was \$264,000 and the benefit for credit losses on unfunded commitments was \$181,000. The provision for credit losses was \$525,000 in the third quarter of 2022. No provision or benefit for unfunded commitments was recorded in the third 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. The Company revised the initial adoption of CECL during the second quarter of 2023. As revised, the final adoption resulted in a \$4.2 million increase in the allowance for lending

related credit losses on loans, which included a transfer of \$2.9 million from the purchase discount on acquired loans and a \$1.3 million adjustment directly from retained earnings, net of deferred taxes. Additionally, the allowance for unfunded commitments increased \$1.4 million, which was adjusted directly from retained earnings, net of deferred taxes.

Noninterest income for the third quarter of 2023 was \$1.5 million, an increase of \$82,000, or 6.0% compared to the linked quarter, and an increase of \$329,000, or 29.3%, from the same quarter last year. The increase over the linked quarter was primarily due to an increase in service charges and fees of \$58,000, an increase in gain on sale of loans of \$17,000, and an increase in mortgage fees of \$11,000. 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, partially offset by a decline in mortgage fees.

Noninterest expense for the third quarter of 2023 was \$8.9 million, an increase of \$214,000, or 2.5%, when compared to the linked quarter, and a decrease of \$987,000, or 10.0%, from the same quarter last year. The increase over the linked quarter was primarily due to a \$97,000 increase in other noninterest expense related to increases in legal and professional fees, audit fees, and FDIC insurance assessments; a \$82,000 increase in salaries and benefits due to a decline in deferred loan costs and an increase in base salaries; and a \$75,000 increase in data processing and software expense. These increases were partially offset by a \$30,000 decrease in occupancy and equipment and a \$10,000 decrease in intangible amortization. The decrease in noninterest expense compared to the same quarter in the prior year was due to a \$264,000 decrease in most operating expense categories and a \$1.0 million decrease in merger and acquisition expense, partially offset by a \$291,000 increase in other expense. Full-time equivalent employees were 167 at September 30, 2023, and at June 30, 2023 and 168 at September 30, 2022.

The Company's core efficiency ratio, which excludes gain on sales of securities, merger and acquisition expense, and intangible amortization was 69.9% in the third quarter of 2023, compared with 68.1% in the linked quarter and 58.7% in the third quarter of 2022. The increase in the core efficiency ratio compared to the linked quarter was largely due to the increase in noninterest expense. Similarly, the Company's pre-provision, pre-tax net revenue ("PPNR") for the quarter was \$3.2 million, compared to \$3.4 million for the linked quarter, and \$5.4 million for the third quarter of 2022.

Balance Sheet Summary

Total assets were \$1.29 billion at September 30, 2023, a decrease of \$11.1 million, or 0.9%, from June 30, 2023. During the quarter, cash and cash equivalents decreased \$9.4 million and investment securities decreased \$7.7 million, which were partially offset by a \$4.0 million increase in loans. Intangible assets decreased \$420,000. At September 30, 2023, investment securities were \$284.6 million and total cash and equivalents were \$43.9 million, which combined represented 25.4% of total assets. Total assets increased \$79.4 million, or 6.6%, from \$1.21 billion at September 30, 2022, primarily as a result of organic loan growth.

Total loans held-for-investment (“HFI”), were \$901.7 million at September 30, 2023, compared to \$897.7 million at June 30, 2023, which was an increase of \$4.0 million, or 0.4%. Total loans HFI increased \$104.6 million, or 13.1%, from September 30, 2022.

- SBA Paycheck Protection Program (“PPP”) loan balances were \$117,000 at September 30, 2023, June 30, 2023, and September 30, 2022. As of September 30, 2023, all fees on PPP loans were recognized.

Total deposits were \$1.04 billion at September 30, 2023, a decrease of \$15.4 million, or 1.5%, compared to the linked quarter and decreased \$12.4 million, or 1.2% compared to the same quarter in the prior year. Noninterest-bearing deposits increased 2.1% from the linked quarter, and decreased by 17.0% from September 30, 2022, representing 36.0% of total deposits at September 30, 2023. During the third quarter 2023, total brokered certificates of deposits and listing service deposits remained flat, and represented 4.5% of total deposits at September 30, 2023 and June 30, 2023 compared to 1.7% at September 30, 2022. Estimated uninsured deposits, excluding secured public funds deposits, totaled \$249.2 million, or 23.9% of total deposits as of September 30, 2023.

Other borrowings were \$91.7 million at September 30, 2023, an increase of \$1.4 million compared to the linked quarter, and increased \$88.7 million compared to September 30, 2022. The Bank increased its short-term Federal Home Loan Bank (“FHLB”) borrowings \$2.0 million, to \$72.0 million at September 30, 2023 from \$70.0 million at June 30, 2023, to fund loan growth as deposits declined. There were no FHLB borrowings at September 30, 2022. At September 30, 2023, the Bank had \$16.7 million in short-term advances under the Federal Reserve Bank’s new Bank Term Funding Program. The Company has a \$5 million revolving line of credit, and had \$3.0 million outstanding on the line as of September 30, 2023, June 30, 2023 and September 30, 2022.

Subordinated debentures were \$24.6 million at September 30, 2023, unchanged from the linked quarter, and increased \$111,000 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 \$2.1 million, or 0.16% of total assets at September 30, 2023 and \$2.4 million, or 0.18% of total assets, at June 30, 2023. Nonperforming assets increased \$773,000 from \$1.3 million, or 0.11% of total assets at September 30, 2022. Nonperforming loans, which include non-accrual loans and loans more than 90 days past due and still accruing, were \$1.8 million, or 0.20% of total loans HFI, at September 30, 2023 compared to \$2.2 million, or 0.24% of total loans HFI, at June 30, 2023.

Loans delinquent (past due) 30-89 days were \$1.6 million, or 0.18% of total loans HFI, at September 30, 2023, compared to \$3.2 million, or 0.35% of total loans HFI, at June 30, 2023.

The allowance for credit losses on loans totaled \$10.3 million at September 30, 2023, compared to \$10.4 million at June 30, 2023, and \$4.8 million at September 30, 2022. The decrease of \$180,000 in the allowance for credit losses on loans during the third quarter of 2023 was due to net charge-offs of \$330,000, partially offset by a \$150,000 provision for loan loss. The net charge-off primarily consisted of one loan that was fully reserved for in the second quarter. The allowance for credit losses on loans was 1.14% of total loans HFI as of September 30, 2023. The allowance for unfunded commitments totaled \$1.1 million at September 30, 2023, compared to \$1.2 million at June 30, 2023 and \$14,000 at September 30, 2022. The \$100,000 decrease in the allowance for unfunded commitments during the third quarter of 2023 was due to a reverse provision primarily due to declines in unfunded commitments during the quarter. 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 1.26% of total loans HFI as of September 30, 2023. The Company also had \$3.3 million in purchase discounts on loans acquired in previous acquisitions. When combined, the purchase discounts and allowance for lending related credit losses represented 1.62% 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 September 30, 2023, InBank’s leverage ratio was 10.03%, its common equity Tier 1 capital ratio was 11.50%, and its total risk-based capital ratio was 12.55%.

At September 30, 2023, the Company had tangible common equity of \$90.3 million and tangible book value per share (“TBVPS”) of \$7.69, with 11,729,066 shares of common stock issued and outstanding as of the same date. Tangible common equity increased \$1.7 million and TBVPS increased \$0.15, or 2.1%, compared to June 30, 2023, mostly due to an increase in surplus and retained earnings of \$2.5 million, partially offset by a decrease in accumulated other comprehensive income (“AOCI”) on investment securities of \$1.2 million, or \$0.10 per share, or 1.4%, compared to the linked quarter. Year-over-year, the TBVPS increased \$0.83, or 12.2%, compared to September 30, 2022 primarily due to a \$10.0 million increase in surplus and retained earnings, partially offset by a 1.9% decrease in the AOCI of \$1.5 million, or \$0.13 per share. During the third quarter of 2023, common shares outstanding decreased 9,836 shares, which included the repurchase of 11,900 shares to terminate the Company’s ESOP, partially offset by employee RSUs vesting.

The Company’s tangible common equity to tangible assets ratio was 7.13% at September 30, 2023. The Company paid no dividends during any quarter of 2023. The Bank paid \$350,000, \$700,000, and \$700,000 in dividends to the Company during the first, second, and third 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, and (x) 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.

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)

	September 30, 2023	June 30, 2023	September 30, 2022
ASSETS			
Cash and due from banks	\$ 14,229	\$ 16,300	\$ 15,894
Interest-bearing deposits in banks	29,637	36,938	8,039
Total cash and cash equivalents	<u>43,866</u>	<u>53,238</u>	<u>23,933</u>
Investment securities, available-for-sale	151,101	156,938	183,582
Investment securities, held-to-maturity	133,500	135,335	140,951
Total investment securities	<u>284,601</u>	<u>292,273</u>	<u>324,533</u>
Nonmarketable equity securities	6,699	6,361	4,191
Loans held for sale	-	-	-
Loans HFI, excluding PPP loans	901,619	897,617	796,983
PPP loans	117	117	117
Total loans held for investment	<u>901,736</u>	<u>897,734</u>	<u>797,100</u>
Allowance for credit losses on loans	(10,259)	(10,439)	(4,790)
Net loans	<u>891,477</u>	<u>887,295</u>	<u>792,310</u>
Premises and equipment, net	12,443	12,557	15,788
Other real estate owned	236	236	-
Goodwill	18,660	18,660	18,660
Core deposit intangible	6,775	7,195	8,557
Bank owned life insurance	8,771	8,708	8,528
Accrued interest and other assets (2)	17,173	15,311	14,800
Total assets	<u>\$ 1,290,701</u>	<u>\$ 1,301,834</u>	<u>\$ 1,211,300</u>
LIABILITIES			
Noninterest-bearing deposits	\$ 374,570	\$ 366,708	\$ 451,523
Interest-bearing deposits	667,098	690,332	602,520
Total deposits	<u>1,041,668</u>	<u>1,057,040</u>	<u>1,054,043</u>
Securities sold under agreements to repurchase	8,807	8,434	14,443
Other borrowings	91,718	90,273	3,000
Subordinated debentures	24,648	24,621	24,537
Other liabilities (2)	8,170	7,102	8,046
Total liabilities	<u>1,175,011</u>	<u>1,187,470</u>	<u>1,104,069</u>
STOCKHOLDER'S EQUITY			
Common stock	117	117	117
Surplus	109,896	109,851	109,266
Retained earnings	15,950	13,470	6,594
Accumulated other comprehensive income (loss)	(10,273)	(9,074)	(8,746)
Total stockholders' equity	<u>115,690</u>	<u>114,364</u>	<u>107,231</u>
Total liabilities and stockholders' equity	<u>\$ 1,290,701</u>	<u>\$ 1,301,834</u>	<u>\$ 1,211,300</u>
Select additional information and ratios:			
Net loans to deposits	85.6%	83.9%	75.2%
Tangible common equity (1)	\$ 90,255	\$ 88,509	\$ 80,014
Tangible common equity to tangible assets (1)	7.13%	6.94%	6.76%
Common shares outstanding	11,729,066	11,738,902	11,671,815
Book value per share	\$9.86	\$9.74	\$9.19
Tangible book value per share (1)	\$7.69	\$7.54	\$6.86

(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		
	September 30, 2023	June 30, 2023	September 30, 2022
INTEREST INCOME			
Interest and fees on loans	\$ 13,143	\$ 12,596	\$ 11,359
Interest on securities & interest bearing balances	2,707	2,873	2,698
Total interest income	<u>15,850</u>	<u>15,469</u>	<u>14,057</u>
INTEREST EXPENSE			
Interest on deposits	3,807	3,500	510
Interest on repurchase agreements & other borrowings	1,038	878	64
Interest on subordinated debentures	326	322	283
Total interest expense	<u>5,171</u>	<u>4,700</u>	<u>857</u>
NET INTEREST INCOME	10,679	10,769	13,200
Provision for credit losses	50	83	525
NONINTEREST INCOME			
Service charges and fees	980	922	845
Mortgage fees and gain on loans held for sale	18	7	65
Other noninterest income	279	289	188
Gain on sale of loans	173	156	39
Gain (loss) on sale of OREO and other assets	-	(6)	(16)
Total noninterest income (1)	<u>1,450</u>	<u>1,368</u>	<u>1,121</u>
NONINTEREST EXPENSE			
Salaries and employee benefits	4,643	4,561	4,823
Occupancy and equipment	539	569	560
Data processing and software	1,360	1,285	1,369
Intangible amortization	421	431	475
Merger and acquisition expense	-	-	1,014
Other noninterest expense	1,942	1,845	1,651
Total noninterest expense (1)	<u>8,905</u>	<u>8,691</u>	<u>9,892</u>
Income before income taxes	3,174	3,363	3,904
Income tax expense	695	755	776
Net income	<u>\$ 2,479</u>	<u>\$ 2,608</u>	<u>\$ 3,128</u>
Basic income per share	\$ 0.21	\$ 0.22	\$ 0.27
Weighted average shares outstanding - basic	11,738,738	11,705,738	11,671,215
Pre-provision pre-tax net revenue ("PPNR") (2)	\$ 3,224	\$ 3,446	\$ 5,443

(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, 2023	September 30, 2022
INTEREST INCOME		
Interest and fees on loans	\$ 37,660	\$ 25,191
Interest on securities & interest bearing balances	8,402	6,038
Total interest income	<u>46,062</u>	<u>31,229</u>
INTEREST EXPENSE		
Interest on deposits	9,512	1,067
Interest on repurchase agreements & other borrowings	2,675	119
Interest on subordinated debentures	962	805
Total interest expense	<u>13,149</u>	<u>1,991</u>
NET INTEREST INCOME	32,913	29,238
Provision for credit losses	426	1,327
NONINTEREST INCOME		
Service charges and fees	2,765	2,068
Mortgage fees and gain on loans held for sale	33	139
Other noninterest income	821	513
Gain on sale of loans	560	145
Gain (loss) on sale of OREO and other assets	32	80
Total noninterest income (1)	<u>4,211</u>	<u>2,945</u>
NONINTEREST EXPENSE		
Salaries and employee benefits	13,943	12,320
Occupancy and equipment	1,696	1,446
Data processing and software	3,806	2,784
Intangible amortization	1,307	970
Merger and acquisition expense	-	2,063
Other noninterest expense	5,400	4,037
Total noninterest expense (1)	<u>26,152</u>	<u>23,620</u>
Income before income taxes	10,546	7,236
Income tax expense	2,328	1,560
Net income	<u>\$ 8,218</u>	<u>\$ 5,676</u>
Basic income per share	\$ 0.70	\$ 0.56
Weighted average shares outstanding - basic	11,706,873	10,054,190
Pre-provision pre-tax net revenue ("PPNR") (2)	\$ 10,972	\$ 10,626

(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, 2023			For the Quarter Ended June 30, 2023			September 30, 2022		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Earning Assets									
Investment securities	\$ 289,461	\$ 2,641	3.62%	\$ 295,431	\$ 2,664	3.62%	\$ 323,482	\$ 2,524	3.10%
Other interest-bearing balances (1)	5,965	66	4.39%	17,280	209	4.85%	30,247	174	2.28%
Total investments and interest-bearing	295,426	2,707	3.64%	312,711	2,873	3.69%	353,729	2,698	3.03%
Loans, excluding PPP loans	903,653	13,143	5.77%	901,968	12,596	5.60%	797,509	11,332	5.64%
PPP loans	117	-	0.00%	117	-	0.00%	450	27	23.80%
Total Loans	903,770	13,143	5.77%	902,085	12,596	5.60%	797,959	11,359	5.65%
Less allowance for credit losses on loans	(10,375)	-	0.00%	(10,872)	-	0.00%	(4,389)	-	0.00%
Net loans	893,395	13,143	5.84%	891,213	12,596	5.67%	793,570	11,359	5.68%
Total interest earning assets	1,188,821	15,850	5.29%	1,203,924	15,469	5.15%	1,147,299	14,057	4.86%
Noninterest earning assets	84,617			83,375			86,142		
Total assets	<u>\$ 1,273,438</u>			<u>\$ 1,287,299</u>			<u>\$ 1,233,441</u>		
Interest-Bearing Liabilities									
Interest-bearing transaction deposits	\$ 185,073	\$ 416	0.89%	\$ 183,797	\$ 380	0.83%	\$ 141,168	\$ 101	0.28%
Savings and MMDA deposits	307,205	1,663	2.15%	318,416	1,587	2.00%	350,132	179	0.20%
Time deposits	187,767	1,728	3.65%	189,651	1,533	3.24%	135,998	230	0.67%
Total interest-bearing deposits	680,045	3,807	2.22%	691,864	3,500	2.03%	627,298	510	0.32%
Repurchase agreements & other borrowings	79,011	1,038	5.21%	71,516	878	4.92%	17,740	64	1.43%
Subordinated debentures	24,630	326	5.25%	24,602	322	5.25%	24,519	283	4.58%
Total interest-bearing liabilities	783,686	5,171	2.62%	787,982	4,700	2.39%	669,557	857	0.51%
Noninterest bearing deposits	365,274	-	0.00%	376,817	-	0.00%	447,860	-	0.00%
Total funding liabilities	1,148,960	5,171	1.79%	1,164,799	4,700	1.62%	1,117,417	857	0.30%
Other noninterest bearing liabilities	8,176			7,643			6,485		
Total liabilities	1,157,136			1,172,442			1,123,902		
Stockholders' equity	116,302			114,857			109,539		
Total liabilities and stockholders' equity	<u>\$ 1,273,438</u>			<u>\$ 1,287,299</u>			<u>\$ 1,233,441</u>		
Net Interest Income		<u>\$ 10,679</u>			<u>\$ 10,769</u>			<u>\$ 13,200</u>	
Net Interest Margin			3.56%			3.59%			4.56%
Total Cost of Deposits	\$ 1,045,319	\$ 3,807	1.44%	\$ 1,068,681	\$ 3,500	1.31%	\$ 1,075,158	\$ 510	0.19%

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

	For the Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Earning Assets						
Investment securities	\$ 296,453	\$ 8,013	3.61%	\$ 285,034	\$ 5,778	2.71%
Other interest-bearing balances (1)	10,754	389	4.84%	35,228	260	0.99%
Total investments and interest-bearing	307,207	8,402	3.66%	320,262	6,038	2.52%
Loans, excluding PPP loans	895,529	37,660	5.62%	639,106	24,821	5.19%
PPP loans	117	-	0.00%	5,165	370	9.58%
Loans	895,646	37,660	5.62%	644,271	25,191	5.23%
Less allowance for credit losses on loans	(10,544)	-	0.00%	(4,391)	-	0.00%
Net loans	885,102	37,660	5.69%	639,880	25,191	5.26%
Total interest earning assets	1,192,309	46,062	5.17%	960,142	31,229	4.35%
Noninterest earning assets	84,216			62,147		
Total assets	<u>\$ 1,276,525</u>			<u>\$ 1,022,289</u>		
Interest Bearing Liabilities						
Interest bearing transaction deposits	\$ 175,517	\$ 1,015	0.77%	\$ 103,477	\$ 270	0.35%
Savings and MMDA deposits	318,780	4,378	1.84%	303,243	364	0.16%
Time deposits	176,667	4,119	3.12%	114,124	433	0.51%
Total interest bearing deposits	670,964	9,512	1.90%	520,844	1,067	0.27%
Repurchase agreements & other borrowings	73,604	2,675	4.86%	14,588	119	1.09%
Subordinated debentures	24,602	962	5.23%	24,491	805	4.39%
Total interest bearing liabilities	769,170	13,149	2.29%	559,923	1,991	0.48%
Noninterest bearing deposits	384,146	-	0.00%	364,102	-	0.00%
Total funding liabilities	1,153,316	13,149	1.52%	924,025	1,991	0.29%
Other noninterest bearing liabilities	8,613			4,984		
Total liabilities	1,161,929			929,009		
Stockholders' equity	114,596			93,280		
Total liabilities and stockholders' equity	<u>\$ 1,276,525</u>			<u>\$ 1,022,289</u>		
Net Interest Income		<u>\$ 32,913</u>			<u>\$ 29,238</u>	
Net Interest Margin			3.69%			4.07%
Total Cost of Deposits	\$ 1,055,110	\$ 9,512	1.21%	\$ 884,946	\$ 1,067	0.16%

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

	As of and For the Nine Months Ended		As of and For the Quarter Ended				
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Performance Ratios (1)							
Return on average assets	0.86%	0.74%	0.77%	0.81%	1.00%	1.01%	1.01%
Adjusted return on average assets excluding M&A (2)	0.86%	0.96%	0.77%	0.81%	1.00%	1.13%	1.26%
Return on average equity	9.59%	8.14%	8.46%	9.11%	11.28%	11.41%	11.33%
Return on average tangible common equity (2)	13.98%	11.56%	12.31%	13.33%	16.45%	16.98%	16.94%
Net interest margin	3.69%	4.07%	3.56%	3.59%	3.93%	4.43%	4.56%
Cost of funds	1.52%	0.29%	1.79%	1.62%	1.16%	0.55%	0.30%
Cost of deposits	1.21%	0.16%	1.44%	1.31%	0.85%	0.39%	0.19%
Efficiency ratio	70.44%	73.39%	73.42%	71.61%	66.54%	66.23%	69.07%
Core efficiency ratio (2)	66.92%	63.97%	69.95%	68.06%	63.00%	59.69%	58.68%
Noninterest income to average assets	0.44%	0.39%	0.45%	0.43%	0.45%	0.44%	0.36%
Noninterest expense to average assets	2.74%	3.09%	2.77%	2.71%	2.73%	3.02%	3.18%
Core noninterest expense to average assets (2)	2.60%	2.69%	2.64%	2.57%	2.59%	2.72%	2.70%
Earnings per share - basic	\$0.70	\$0.56	\$0.21	\$0.22	\$0.27	\$0.27	\$0.27

	As of and For the Nine Months Ended		As of and For the Quarter Ended				
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Selected Balance Sheet Ratios							
Net loans HFI to deposits	85.58%	75.17%	85.58%	83.94%	84.36%	79.32%	75.17%
Noninterest-bearing deposits to total deposits	35.96%	42.84%	35.96%	34.69%	38.32%	41.85%	42.84%
Share Data:							
Shares outstanding	11,729,066	11,671,815	11,729,066	11,738,902	11,683,691	11,672,362	11,671,815
Book value per share	\$9.86	\$9.19	\$9.86	\$9.74	\$9.69	\$9.47	\$9.19
Tangible book value per share (2)	\$7.69	\$6.86	\$7.69	\$7.54	\$7.44	\$7.18	\$6.86
Adjusted tangible book value per share (2)	\$8.57	\$7.60	\$8.57	\$8.31	\$8.11	\$7.93	\$7.60
InBank Regulatory Capital Ratios (3)							
Tier 1 leverage ratio	10.03%	9.44%	10.03%	9.71%	9.66%	9.79%	9.44%
Common equity Tier 1 capital ratio	11.50%	10.99%	11.50%	11.07%	10.77%	10.89%	10.99%
Tier 1 capital ratio	11.50%	10.99%	11.50%	11.07%	10.77%	10.89%	10.99%
Total capital ratio	12.55%	11.45%	12.55%	12.11%	11.78%	11.42%	11.45%

(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 Nine Months Ended		As of and For the Quarter Ended				
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Loans and Unfunded Commitments							
Total loans held for investment (HFI)	\$ 901,736	\$ 797,100	\$ 901,736	\$ 897,734	\$ 898,694	\$ 846,740	\$ 797,100
Loans HFI, excluding PPP loans	\$ 901,619	\$ 796,983	\$ 901,619	\$ 897,617	\$ 898,577	\$ 846,623	\$ 796,983
Average loans HFI over period	\$ 895,646	\$ 644,271	\$ 903,770	\$ 902,085	\$ 880,831	\$ 819,122	\$ 797,959
Unfunded commitments	\$ 268,791	\$ 360,600	\$ 268,791	\$ 298,915	\$ 307,509	\$ 329,945	\$ 360,600
Asset Quality							
Loans past due (30-89 days)	\$ 1,620	\$ 1,162	\$ 1,620	\$ 3,160	\$ 1,069	\$ 957	\$ 1,162
Nonaccrual loans	\$ 1,720	\$ 1,183	\$ 1,720	\$ 2,010	\$ 1,345	\$ 1,197	\$ 1,183
Accruing loans past due 90 days or more	117	117	117	157	117	117	117
Total nonperforming loans (NPLs)	1,837	1,300	1,837	2,167	1,462	1,314	1,300
Other real estate owned (OREO)	236	-	236	236	244	-	-
Total nonperforming assets (NPAs)	\$ 2,073	\$ 1,300	\$ 2,073	\$ 2,403	\$ 1,706	\$ 1,314	\$ 1,300
Allowance for Credit Losses on Loans							
Balance, beginning of period	\$ 5,685	\$ 3,374	\$ 10,439	\$ 10,673	\$ 5,685	\$ 4,790	\$ 4,210
Provision for credit losses - loans	756	1,327	150	264	342	900	525
Net (chargeoffs) recoveries	(352)	89	(330)	1	(23)	(5)	55
Impact of adopting ASC 326	4,170	-	-	(499)	4,669	-	-
Balance, end of period	\$ 10,259	\$ 4,790	\$ 10,259	\$ 10,439	\$ 10,673	\$ 5,685	\$ 4,790
Allowance for Unfunded Commitments							
Balance, beginning of period	\$ 14	\$ 14	\$ 1,172	\$ 516	\$ 14	\$ 14	\$ 14
Provision for credit losses - unfunded commitments	(331)	-	(100)	(181)	(50)	-	-
Impact of adopting ASC 326	1,389	-	-	837	552	-	-
Balance, end of period	\$ 1,072	\$ 14	\$ 1,072	\$ 1,172	\$ 516	\$ 14	\$ 14
Total Allowance for Lending Related Credit Losses	\$ 11,331	\$ 4,804	\$ 11,331	\$ 11,611	\$ 11,189	\$ 5,699	\$ 4,804
Purchase discounts on loans acquired in M&A	\$ 3,297	\$ 8,293	\$ 3,297	\$ 3,651	\$ 3,813	\$ 7,267	\$ 8,293
Allowance for lending related credit losses plus purchase discount	\$ 14,628	\$ 13,097	\$ 14,628	\$ 15,262	\$ 15,002	\$ 12,966	\$ 13,097
Provision for Credit Losses							
Provision for credit losses - loans	\$ 756	\$ 1,327	\$ 150	\$ 264	\$ 342	\$ 900	\$ 525
Provision for credit losses - unfunded commitments	(331)	-	(100)	(181)	(50)	-	-
Total provision for credit losses	\$ 425	\$ 1,327	\$ 50	\$ 83	\$ 292	\$ 900	\$ 525
Selected Ratios							
Loans past due 30-89 days to total loans HFI	0.18%	0.15%	0.18%	0.35%	0.12%	0.11%	0.15%
NPLs to total loans HFI	0.20%	0.16%	0.20%	0.24%	0.16%	0.16%	0.16%
NPAs to total loans HFI and OREO	0.23%	0.16%	0.23%	0.27%	0.19%	0.16%	0.16%
NPAs to total assets	0.16%	0.11%	0.16%	0.18%	0.13%	0.11%	0.11%
Allowance for credit losses on loans to total loans HFI	1.14%	0.60%	1.14%	1.16%	1.19%	0.67%	0.60%
Allowance for lending related credit losses to total loans HFI	1.26%	0.60%	1.26%	1.29%	1.25%	0.67%	0.60%
Allowance for lending related credit losses plus purchase discount to total loans HFI plus purchase discount	1.62%	1.63%	1.62%	1.69%	1.66%	1.52%	1.63%
Net (chargeoffs) recoveries to average loans (1)	-0.05%	0.02%	-0.14%	0.00%	-0.01%	0.00%	0.03%

(1) Ratios are annualized

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

	As of and For the Nine Months Ended		As of and For the Quarter Ended				
	Sep 30,	Sep 30,	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,
	2023	2022	2023	2023	2023	2022	2022
Tangible Common Equity, Tangible Assets, Tangible Common Equity to Tangible Assets, and Tangible Book Value Per Share							
Total stockholders' equity (GAAP)	(A)	\$ 115,690 \$ 107,231	\$ 115,690	\$ 114,364	\$ 113,251	\$ 110,554	\$ 107,231
Less: Goodwill		(18,660) (18,660)	(18,660)	(18,660)	(18,660)	(18,660)	(18,660)
Less: Core deposit intangible, net		(6,775) (8,557)	(6,775)	(7,195)	(7,627)	(8,081)	(8,557)
Tangible common equity (non-GAAP)	(B)	\$ 90,255 \$ 80,014	\$ 90,255	\$ 88,509	\$ 86,964	\$ 83,813	\$ 80,014
Tangible common equity (non-GAAP)		\$ 90,255 \$ 80,014	\$ 90,255	\$ 88,509	\$ 86,964	\$ 83,813	\$ 80,014
Less: Accumulated other comprehensive income (loss)		(10,273) (8,746)	(10,273)	(9,074)	(7,754)	(8,764)	(8,746)
Adjusted tangible common equity (non-GAAP)	(C)	\$ 100,528 \$ 88,760	\$ 100,528	\$ 97,583	\$ 94,718	\$ 92,577	\$ 88,760
Total assets (GAAP)	(D)	\$ 1,290,701 \$ 1,211,300	\$ 1,290,701	\$ 1,301,834	\$ 1,298,400	\$ 1,245,212	\$ 1,211,300
Less: Goodwill		(18,660) (18,660)	(18,660)	(18,660)	(18,660)	(18,660)	(18,660)
Less: Core deposit intangible, net		(6,775) (8,557)	(6,775)	(7,195)	(7,627)	(8,081)	(8,557)
Tangible assets (non-GAAP)	(E)	\$ 1,265,266 \$ 1,184,083	\$ 1,265,266	\$ 1,275,979	\$ 1,272,113	\$ 1,218,471	\$ 1,184,083
Equity to assets (GAAP)	(A/D)	8.96% 8.85%	8.96%	8.78%	8.72%	8.88%	8.85%
Tangible common equity to tangible assets (non-GAAP)	(B/E)	7.13% 6.76%	7.13%	6.94%	6.84%	6.88%	6.76%
Adjusted tangible common equity to tangible assets (non-GAAP)	(C/E)	7.95% 7.50%	7.95%	7.65%	7.45%	7.60%	7.50%
Common shares outstanding	(F)	11,729,066 11,671,815	11,729,066	11,738,902	11,683,691	11,672,362	11,671,815
Book value per share (GAAP)	(A/F)	\$9.86 \$9.19	\$9.86	\$9.74	\$9.69	\$9.47	\$9.19
Tangible book value per share (non-GAAP)	(B/F)	\$7.69 \$6.86	\$7.69	\$7.54	\$7.44	\$7.18	\$6.86
Adjusted tangible book value per share (non-GAAP)	(C/F)	\$8.57 \$7.60	\$8.57	\$8.31	\$8.11	\$7.93	\$7.60

	As of and For the Nine Months Ended		As of and For the Quarter Ended				
	Sep 30,	Sep 30,	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,
	2023	2022	2023	2023	2023	2022	2022
Pre-Provision, Pre-Tax Net Revenue (PPNR)							
Net income (GAAP)		\$ 8,218 \$ 5,676	\$ 2,479	\$ 2,608	\$ 3,131	\$ 3,138	\$ 3,128
Add: Provision for credit losses		426 1,327	50	83	293	900	525
Add: Income tax expense		2,328 1,560	695	755	878	743	776
Add: Merger and acquisition expense		- 2,063	-	-	-	451	1,014
Pre-provision, pre-tax net revenue (PPNR) (non-GAAP)		\$ 10,972 \$ 10,626	\$ 3,224	\$ 3,446	\$ 4,302	\$ 5,232	\$ 5,443

	As of and For the Nine Months Ended		As of and For the Quarter Ended				
	Sep 30,	Sep 30,	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,
	2023	2022	2023	2023	2023	2022	2022
Return on Average Tangible Common Equity							
Net income (GAAP)	(A)	\$ 8,218 \$ 5,676	\$ 2,479	\$ 2,608	\$ 3,131	\$ 3,138	\$ 3,128
Add: Intangible amortization		1,307 970	421	431	455	475	475
Less: Tax effect on intangible amortization (at 21.0%)		(274) (204)	(88)	(91)	(96)	(100)	(100)
Tangible income to common stockholders (non-GAAP)	(B)	\$ 9,251 \$ 6,442	\$ 2,812	\$ 2,948	\$ 3,490	\$ 3,513	\$ 3,503
Average stockholders equity	(C)	\$ 114,596 \$ 93,280	\$ 116,302	\$ 114,857	\$ 112,587	\$ 109,125	\$ 109,539
Less: Average intangible assets		(26,126) (18,791)	(25,695)	(26,121)	(26,571)	(27,037)	(27,517)
Average tangible common equity (non-GAAP)	(D)	\$ 88,470 \$ 74,489	\$ 90,607	\$ 88,736	\$ 86,016	\$ 82,088	\$ 82,022
Return on average equity	(A/C)	9.59% 8.14%	8.46%	9.11%	11.28%	11.41%	11.33%
Return on average tangible common equity	(B/D)	13.98% 11.56%	12.31%	13.33%	16.45%	16.98%	16.94%

