



INBANKSHARES, CORP

FOR IMMEDIATE RELEASE

INBANKSHARES, CORP REPORTS FIRST QUARTER 2021 RESULTS

Company achieved continued balance sheet growth and improved earnings

Denver, CO – May 3, 2021 – InBankshares, Corp ([OTCQX: INBC](#)) (the “Company”), parent company of InBank (“InBank” or the “Bank”), today reported its financial results for the quarter ended March 31, 2021. All results are unaudited.

Highlights for the quarter:

- Net income of \$661,000, or \$0.09 per share, compared to a loss of \$94,000, or \$(0.01) per share for Q1-2020, an increase of \$755,000
- Net interest income of \$6.1 million increased \$2.1 million, or 52.4% compared to Q1-2020
- Loan growth of \$26.8 million, or 6.5%, during the first quarter
- Year-over-year core loan growth (total loans excluding SBA Paycheck Protection Program, or “PPP”, loans) of \$77.0 million, or 29.6%
- Deposit growth of \$94.1 million, or 19.5%, during the first quarter
- Year-over-year deposit growth of \$286.4 million, or 99.0%
- Net interest margin for the quarter was 3.98%
- Funding costs decline to 0.30% in the quarter, a decrease of 5 bps from Q4-2020
- Non-performing assets were 0.15% of assets, down from 0.29% in the Q4-2020, and down from 0.77% from Q1-2020
- All InNeed interest-only modifications returned to normal payment, and only \$2.4 million in loan balances remained in the InNeed full deferral modifications at March 31, 2021
- Continued to recruit key additions to the InBankshares and InBank team

“I am pleased with such a solid start to 2021 with continued balance sheet growth and earnings momentum. The year has started off with many new beginnings for the Company,” said Ed Francis, Chairman of the Board, President and Chief Executive Officer for the Company and InBank. “Dan Patten, EVP, CFO, has joined the Company from Heartland Financial, USA, Inc., where he served as EVP, Finance and Corporate Development. Dan’s deep experience as a CFO, and in leading numerous M&A transactions will provide significant value to the Company and our shareholders. Dan is serving as a member of our Executive Committee and will have responsibility for finance, accounting, treasury,

corporate development and strategy. We also welcomed a new team of seasoned bankers to InBank and announced our plans to enter the Boulder market. Adrienne Tracy, SVP, Boulder Market President has 20 years of commercial banking experience in Boulder and will be leading our commercial expansion. Adrienne is surrounded by a very talented team of treasury management professionals and will focus on commercial and middle-market opportunities in Boulder and surrounding communities. These strategic investments in additional talent and capacity that we expect will accelerate market share growth in our Colorado franchise.”

Results of Operations

Net income for the quarter was \$661,000, or \$0.09 per share, compared to a loss of \$94,000, or \$(0.01) per share, for the same quarter last year, and net income of \$237,000, or \$0.03 per share, for the linked quarter. The increase over the first quarter of 2020 was primarily the result of an increase in net interest income and a reduction in the provision for loan losses, partially offset by a decrease in noninterest income and an increase in noninterest expense. Similarly, the increase over the linked quarter was primarily the result of an increase in net interest income and a decrease in provision for loan losses, partially offset by a decrease in noninterest income.

Net interest margin, expressed as net interest income as a percentage of average earning assets, was 3.98% during the first quarter of 2021, compared to 4.34% during the first quarter of 2020 and 3.56% during the fourth quarter of 2020.

Net interest income for the quarter was \$6.1 million, an increase of \$2.1 million, or 52.4%, over the same quarter last year, and an increase of \$908,000, or 17.4%, over the linked quarter.

- Interest income increased to \$6.5 million from \$4.7 million during the first quarter of 2020 and \$5.6 million during the fourth quarter of 2020.
 - The increase compared to first quarter of 2020 was primarily the result of increases in loan and investment portfolio volumes, partially offset by a decrease in the earning asset yield.
 - Increases over the linked quarter were primarily the result of increases in the loan yields as a result of fees on PPP loans as customers were granted loan forgiveness.
- Interest expense decreased to \$410,000 from \$669,000 during the first quarter of 2020 and \$421,000 during the fourth quarter of 2020.
 - The decrease was primarily the result of the Company’s cost of funds decreasing to 0.30% during the first quarter of 2021, from 0.35% in the fourth quarter of 2020 and compared to 0.83% during the first quarter of 2021.

Noninterest income for the quarter was \$568,000, a decrease of \$224,000, or 28.3%, over the same quarter last year, and a decrease of \$483,000, or 46.0%, over the linked quarter. The current quarter did not have any realized gains on sale of investment securities, compared to sales gains of \$350,000 during the first quarter of 2020 and sales gains of \$612,000 during the linked fourth quarter of 2020.

Noninterest expense increased 24.1% to \$5.7 million for the first quarter of 2021, compared to \$4.6 million for the first quarter of 2020, and was up \$89,000, or 1.6% on a linked quarter basis. This was mostly due to

an increase in salaries and employee benefits as we continued to hire and invest in new personnel to support our growth plans.

Balance Sheet Summary

Total assets were \$698.1 million at March 31, 2021, an increase of \$89.3 million or 14.7% from \$608.7 million at year end 2020. The increase was primarily a result of a \$26.8 million increase in total loans, and an increase of \$44.5 million in investment securities and of \$20.7 million in cash and equivalents, which were funded by growth in deposits. Investment securities were \$172.6 million and total cash and equivalents were \$60.0 million at March 31, 2021, which combined represented 33.3% of total assets. Total assets increased \$274.9, or 64.9%, over the same quarter last year, primarily as a result of increases in loans, investments and cash and equivalents funded by deposit growth.

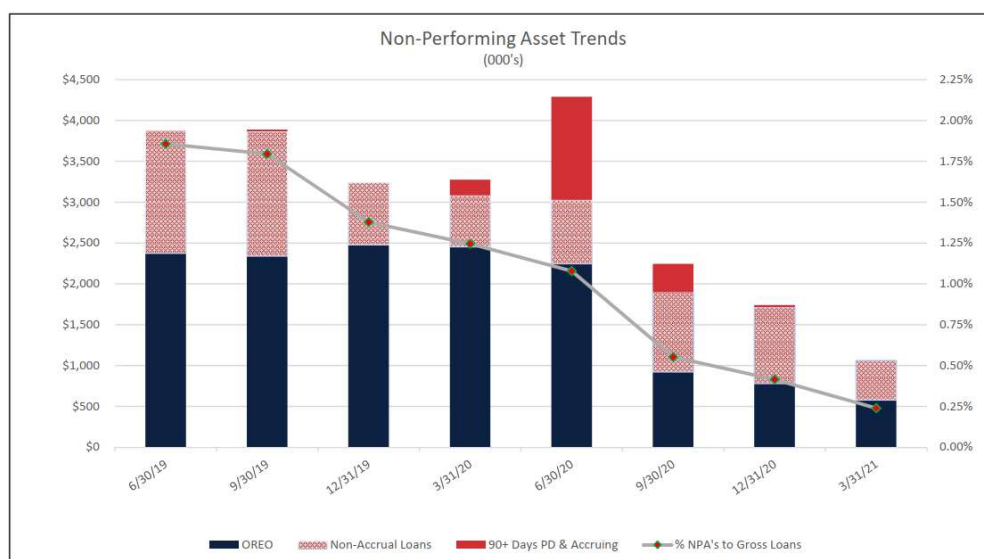
Total deposits were \$575.7 million at March 31, 2021, an increase of \$94.1 million, or 19.5%, from \$481.6 million at December 31, 2020, and increased by \$286.4 million, or 99.9%, compared to \$289.3 million at March 31, 2020. Noninterest-bearing deposits grew by 109.2% from a year ago and represented 37.4% of total deposits at March 31, 2021.

Total loans, which excluded loans held-for-sale ("HFS"), were \$437.6 million at March 31, 2021, compared to \$410.9 million at December 31, 2020, which was an increase of \$26.8 million, or 6.5% during the linked quarter. Year-over-year, the total loans increased \$176.4 million, or 68.2% from March 31, 2020.

- Paycheck Protection Program (PPP) loan balances were \$100.4 million at March 31, 2021 compared to \$82.9 million at December 31, 2020 and \$0 at March 31, 2020.
- During the quarter, the Company continued to assist its customers through the loan forgiveness application process on the PPP loans originated in 2020 from the first round of the PPP program ("PPP1"), and also determined to participate in the second round of the PPP program ("PPP2").
- PPP1 loans decreased \$32.7 million from year-end 2020, and PPP2 loans totaled \$50.3 million at March 31, 2021.
- Excluding total PPP loans, core loans were \$337.2 million at March 31, 2021, an increase of \$9.2 million, or 2.8% (annualized growth of approximately 11%), during the quarter.
- Year-over-year, core loans increased \$77.0 million, or 29.6%, from March 31, 2020.

Asset Quality

Nonperforming assets, which included nonperforming loans and other real estate owned ("OREO"), decreased \$679,000 to \$1.1 million, or 0.15% of total assets at March 31, 2021, compared to \$1.7 million, or 0.29% of total assets at December 31, 2020, and compared to \$3.3 million, or 0.77% of total assets at March 31, 2020. Nonperforming loans, which include non-accrual loans and loans more than 90 days past due and still accruing, were \$486,000, or 0.11% of total loans (excluding HFS) at March 31, 2021, compared to \$962,000, or 0.23% of total loans at December 31, 2020. OREO balances decreased to \$575,000 at March 31, 2021, compared to \$778,000 at December 31, 2020 as the result of two property sales.



Loans delinquent (past due) 30-89 days, were \$1.6 million, or 0.37% of total loans (excluding HFS) at March 31, 2021, compared to \$424,000, or 0.10% of total loans at December 31, 2020.

The allowance for loan losses (ALL) totaled \$2.3 million, or 0.52% of total loans (excluding HFS) at March 31, 2021. If the PPP loans are excluded, the ALL represents 0.68% of total loans (excluding HFS and PPP loans). The Company also has \$3.95 million in purchase discounts on loans acquired in the acquisition of the Bank in 2018. When combined, the purchase discounts and ALL represent 1.43% of the total loans (excluding HFS) at the end of the quarter. Provision for loans losses expense for the quarter ended March 31, 2021, totaled \$129,000, compared to \$353,000 for the quarter ended December 31, 2020 and \$280,000 for the quarter ended March 31, 2020. Net charge-offs/recoveries of \$10,000 were recorded as a recovery for the first three months of 2021.

Loan modifications programs: InBank rolled out InNeed, two programs for loan deferrals for borrowers that were adversely affected by the COVID-19 pandemic. The programs allowed an interest-only option for 90 days or a 90-day total payment deferral (interest and principal). 15 borrowers participated in the interest-only program and as of quarter-end all credits had returned to normal payments without incident. Below is a chart of the loans that were modified for interest only payments.

Interest Only Modifications					
Loans Modified	Principal Balance	Modification Completed	Principal Balance	Modification Ongoing	Principal Balance
15	\$ 15,260,939	15	\$ 15,260,939	0	\$ 0

In the total payment deferral program, deferrals were granted on 42 loans representing \$55.4 million in outstanding balances. Hotels represented the greatest concentration of these deferrals. As of March 31,

2021, 39 of the 42 loans had returned to full payment status from full payment deferral, again without issue and the remaining three loans will be returning to full payment status in the second quarter.

Full Deferral Modifications					
Loans Modified	Principal Balance	Modification Completed	Principal Balance	Modification Ongoing	Principal Balance
42	\$ 55,442,455	39	\$ 53,085,506	3	\$ 2,356,949

During the first quarter, the States of Colorado and New Mexico experienced improved COVID case counts and lower positivity in conjunction with the vaccine roll out and have reduced restrictions. This has been positive for most industries including retail and hospitality businesses. Management believes that the business environment will normalize during the remainder of 2021 and the need for modifications and deferrals will be reduced or eliminated. Based on current conditions, the InNeed program has been discontinued.

The Bank is also tracking the recovery of accrued interest on these loans and as of March 31, 2021, 30 of the loans had repaid the interest accrual and were making principal and interest payments. 11 loans still have an accrued interest balance and the accrued interest is expected to be recovered by the first quarter 2022. One loan was paid in full.

Capital

Capital Ratios of the Company and its subsidiary InBank continue to exceed the “well-capitalized” regulatory thresholds. At March 31, 2021, InBank’s leverage ratio was 9.44% and the total risk-based capital ratio was 13.03%. During the first quarter, InBankshares, Corp contributed \$6.5 million in capital into InBank.

At March 31, 2021, the Company had tangible common equity (total stockholders’ equity less intangible assets) of \$59.7 million and \$8.16 tangible book value per common share, with 7,315,116 shares issued and outstanding as of the same date. The Company and the Bank paid no dividends during the quarter.

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 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)

	March 31, 2021	December 31, 2020	March 31, 2020
ASSETS			
Cash and due from banks	\$ 5,589	\$ 6,688	\$ 2,934
Interest-bearing deposits in banks	54,468	32,704	7,759
Total cash and cash equivalents	60,057	39,392	10,693
Investment securities available for sale	172,617	128,098	124,275
Nonmarketable securities	2,940	2,301	3,816
Loans held for sale	3,846	7,497	-
Total loans	437,646	410,866	260,165
Allowance for loan losses	(2,291)	(2,151)	(1,259)
Net loans	435,355	408,715	258,906
Premises and equipment, net	7,286	7,435	8,365
Other real estate owned	575	778	2,453
Goodwill	7,944	7,944	7,944
Core deposit intangible	2,476	2,630	3,154
Accrued interest and other assets	4,982	3,945	3,619
Total assets	\$ 698,078	\$ 608,735	\$ 423,225
LIABILITIES			
Noninterest-bearing deposits	\$ 215,414	\$ 171,191	\$ 102,984
Interest-bearing deposits (excl brokered)	360,265	310,380	169,600
Brokered deposits	-	-	16,706
Total deposits	575,679	481,571	289,290
Securities under agreements to repurchase	9,993	6,707	21,672
Other short-term borrowings	34,000	39,534	38,000
Subordinated debentures	4,879	4,874	4,857
Other liabilities	3,389	4,142	2,782
Total liabilities	627,940	536,828	356,601
STOCKHOLDER'S EQUITY			
Common stock	73	73	71
Surplus	69,602	69,450	66,915
Retained earnings	(1,170)	(1,831)	(3,218)
Accumulated other comprehensive income	1,633	4,215	2,856
Total stockholders' equity	70,138	71,907	66,624
Total liabilities and stockholders' equity	\$ 698,078	\$ 608,735	\$ 423,225
Select Balance Sheet Ratios:			
Net Loans to deposits	75.6%	84.9%	89.5%
Tangible common equity	\$ 59,718	\$ 61,333	\$ 55,526
Tangible common equity / tangible assets	8.68%	10.25%	13.47%
Common shares outstanding	7,315,116	7,325,116	7,090,946
Book value per share	\$9.59	\$9.82	\$9.40
Tangible book value per share	\$8.16	\$8.37	\$7.83

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

	For the Quartered Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
INTEREST INCOME			
Interest and fees on loans	\$ 5,708	\$ 4,929	\$ 3,898
Interest on securities & interest bearing balances	839	721	799
Total interest income	6,547	5,650	4,697
INTEREST EXPENSE			
Interest on deposits	329	313	527
Interest on repurchase agreements & other borrowings	35	62	73
Interest on subordinated debentures	46	46	69
Total interest expense	410	421	669
NET INTEREST INCOME	6,137	5,229	4,028
Provision for loan losses	129	353	280
NONINTEREST INCOME			
Service charges and fees	301	259	260
Gain on sale of investment securities	-	612	350
Other noninterest income	267	180	182
Total noninterest income	568	1,051	792
NONINTEREST EXPENSE			
Salaries and employee benefits	3,597	3,450	2,874
Occupancy and equipment	367	366	452
IT and data processing	520	565	309
Intangible amortization	154	175	175
Other noninterest expense	1,102	1,095	816
Total noninterest expense	5,740	5,651	4,626
Income (loss) before income taxes	836	276	(86)
Income tax expense	175	39	8
Net income (loss)	\$ 661	\$ 237	\$ (94)
Basic income (loss) per share	\$0.09	\$0.03	(\$0.01)
Weighted average shares outstanding - basic	7,319,894	7,159,511	7,088,239

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

	For the Quarter Ended								
	March 31, 2021			December 31, 2020			March 31, 2020		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Earning Assets									
Investment securities	\$ 139,104	\$ 797	2.32%	\$ 100,569	\$ 657	2.60%	\$ 103,302	\$ 721	2.81%
Other interest-bearing balances	65,230	42	0.26%	66,946	64	0.38%	22,631	78	1.39%
Total investments and interest-bearing	204,334	839	1.67%	167,515	721	1.71%	125,933	799	2.55%
Loans, excluding PPP loans	331,772	4,210	5.15%	315,417	3,993	5.04%	248,381	3,898	6.31%
PPP loans	91,303	1,498	6.65%	103,280	936	3.61%	-	-	0.00%
Loans	423,075	5,708	5.47%	418,697	4,929	4.68%	248,381	3,898	6.31%
Less allowance for loan losses	(2,206)			(1,998)			(1,085)		
Net Loans	420,869	5,708	5.50%	416,699	4,929	4.71%	247,296	3,898	6.34%
Total interest earning assets	625,203	6,547	4.25%	584,214	5,650	3.85%	373,229	4,697	5.06%
Noninterest earning assets	32,407			30,868			36,309		
Total Assets	<u>\$ 657,610</u>			<u>\$ 615,082</u>			<u>\$ 409,538</u>		
Interest Bearing Liabilities									
Interest bearing transaction deposits	\$ 57,420	\$ 77	0.54%	\$ 45,896	\$ 48	0.42%	\$ 39,561	\$ 65	0.66%
Savings and MMDA deposits	188,043	122	0.26%	155,440	114	0.29%	71,161	98	0.55%
Time deposits	91,473	130	0.58%	89,933	151	0.67%	89,034	231	1.04%
Total interest bearing deposits	336,936	329	0.40%	291,269	313	0.43%	199,756	527	1.06%
Repurchase agreements & other borrowings	8,441	35	1.68%	10,731	62	2.30%	15,891	73	1.85%
Subordinated debentures	4,875	46	3.83%	4,872	46	3.76%	4,854	69	5.72%
Total interest bearing liabilities	350,252	410	0.47%	306,872	421	0.55%	220,501	669	1.22%
Noninterest bearing deposits	196,744	-	0.00%	172,315	-	0.00%	103,447	-	0.00%
Total funding liabilities	546,996	410	0.30%	479,187	421	0.35%	323,948	669	0.83%
Noninterest bearing liabilities	38,804			65,785			20,100		
Total Liabilities	585,800			544,971			344,048		
Stockholders' equity	71,810			70,111			65,490		
Total liabilities and stockholders' equity	<u>\$ 657,610</u>			<u>\$ 615,082</u>			<u>\$ 409,538</u>		
Net Interest Income		<u>\$ 6,137</u>			<u>\$ 5,229</u>			<u>\$ 4,028</u>	
Net Interest Margin			3.98%			3.56%			4.34%

InBankshares, Corp

Selected Financial Data (Unaudited)

(Dollars in thousands, except per share data)

	As of and For the Quarter Ended				
	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	June 30, 2020	Mar 31, 2020
Performance Ratios (1)					
Return on average assets	0.41%	0.15%	0.01%	0.90%	-0.09%
Return on average equity	3.73%	1.34%	0.11%	6.64%	-0.58%
Net Interest Margin	3.98%	3.56%	3.22%	4.61%	4.34%
Cost of Funds	0.30%	0.35%	0.32%	0.42%	0.83%
Efficiency Ratio	85.61%	99.70%	99.11%	79.60%	103.49%
Noninterest income to average assets	0.35%	0.68%	0.34%	0.80%	0.78%
Noninterest expense to average assets	3.54%	3.65%	3.41%	3.91%	4.54%
Earnings per share - basic	\$0.09	\$0.03	\$0.00	\$0.16	(\$0.01)

	As of and For the Quarter Ended				
	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	June 30, 2020	Mar 31, 2020
Selected Balance Sheet Ratios					
Net loans (excl HFS) to deposits	75.62%	84.87%	91.77%	97.99%	89.50%
Noninterest-bearing deposits to total deposits	37.42%	35.55%	37.29%	35.07%	35.60%
Share Data:					
Shares Outstanding	7,315,116	7,325,116	7,107,196	7,107,196	7,090,946
Book value per share	\$9.59	\$9.82	\$9.74	\$9.64	\$9.40
Tangible book value per share	\$8.16	\$8.37	\$8.23	\$8.11	\$7.83

InBank Regulatory Capital Ratios (2)					
Tier 1 leverage ratio	9.44%	9.30%	9.43%	10.42%	12.42%
Common Equity Tier 1 capital ratio	12.54%	11.55%	12.33%	12.38%	12.70%
Tier 1 capital ratio	12.54%	11.55%	12.33%	12.38%	12.70%
Total capital ratio	13.03%	12.03%	12.77%	12.80%	13.03%

(1) Ratios are annualized

(2) Represents InBank data

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

	As of and For the Quarter Ended				
	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	June 30, 2020	Mar 31, 2020
Asset Quality					
Loans Past due loans (30-89 days)	\$ 1,601	\$ 424	\$ 673	\$ 4,773	\$ 1,375
Nonaccrual loans	\$ 486	\$ 937	\$ 974	\$ 781	\$ 629
Accruing loans past due 90 days or more	-	25	348	1,262	192
Total nonperforming loans (NPLs)	\$ 486	\$ 962	\$ 1,322	\$ 2,043	\$ 821
Other real estate owned (OREO)	575	778	922	2,246	2,453
Total nonperforming assets (NPAs)	\$ 1,061	\$ 1,740	\$ 2,244	\$ 4,289	\$ 3,274
Performing troubled debt restructured loans	\$ 3,380	\$ 4,732	\$ 3,931	\$ 4,733	\$ 4,896
Allowance for Loan Losses (ALL)					
Balance, beginning of period	\$ 2,152	\$ 1,788	\$ 1,711	\$ 1,259	\$ 971
Provision for loan losses	129	353	67	442	280
Net (chargeoffs) / recoveries	10	11	10	10	8
Balance, end of period	\$ 2,291	\$ 2,152	\$ 1,788	\$ 1,711	\$ 1,259
Purchase discounts on loans acquired in the acquisition	\$ 3,949	\$ 4,173	\$ 4,294	\$ 4,441	\$ 4,594
Selected Ratios					
Loans past due 30-89 days to total loans (excl HFS)	0.37%	0.10%	0.17%	1.21%	0.53%
NPLs to total loans (excl HFS)	0.11%	0.23%	0.33%	0.52%	0.32%
NPLs to total loans (excl HFS and PPP loans)	0.14%	0.29%	0.46%	0.73%	0.32%
NPAs to total loans (excl HFS) and OREO	0.24%	0.42%	0.55%	1.08%	1.25%
NPAs to total assets	0.15%	0.29%	0.36%	0.74%	0.77%
NPAs to total assets (excl PPP Loans)	0.18%	0.33%	0.45%	0.93%	0.77%
ALL to loans (excl HFS)	0.52%	0.52%	0.44%	0.43%	0.48%
ALL to loans (excl HFS and PPP loans)	0.68%	0.66%	0.62%	0.61%	0.48%
ALL plus purchase discount to loans (excl HFS)	1.43%	1.54%	1.51%	1.56%	2.25%
Net chargeoffs (recoveries) to average loans (1)	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%