



**For Immediate Release**

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## **INSBANK Parent InsCorp Reports Second Quarter Results, Declares Quarterly Cash Dividend, and Authorizes Share Repurchase**

NASHVILLE, Tenn., August 2, 2024 – InsCorp, Inc. reported net income of \$1,820,000, or \$0.63 per share, in the second quarter of 2024 (“2Q24”) versus \$1,763,000, or \$0.61 per share, in 1Q24 and respective levels of \$1,776,000 and \$0.62 in 2Q23. “While we’re pleased with growth in net income over the prior quarter, the more exciting aspect of Q2 was key additions to our team,” said Jim Rieniets, President & CEO of INSBANK. “During the quarter a number of experienced, local professionals joined us in both production and operations roles, which should allow us to maintain growth momentum across our business lines.” InsCorp generated a ROAE of 10.1% in 2Q24 versus 10.0% in 1Q24 and 10.8% in 2Q23.

***Excluding gains and losses from hedging activities, operating EPS of \$0.65 in 2Q24 compared to \$0.67 in 1Q24 and \$0.70 in 2Q23.*** A lower tax rate in 2Q24 benefitted EPS in the quarter by \$0.01 compared to 1Q24 and 2Q23. Excluding gains and losses from hedging activities, pretax income of \$2,461,000 in 2Q24 was 4.8% lower than the previous quarter and 7.0% lower than 2Q23. The mark-to-market pretax adjustment to interest rate floor contracts was (\$93,000) in 2Q24 versus (\$252,000) in 1Q24 and (\$304,000) in 2Q23, which reflected changes in the futures market for interest rates during the quarter. These hedging contracts remain in place as an insurance policy against an unexpected drop in rates.

***Bank-wide loan originations continued to gain momentum—increasing to \$57 million in 2Q24 versus \$23 million in 1Q24, \$48 million in 4Q23, and \$26 million in 3Q23.*** Originations reflected strength in Medquity, commercial real estate (“CRE”), construction (“C&D”), and commercial and industrial (“C&I”) loans. The loan pipeline increased to \$79 million, as of June 30, 2024, which exceeded \$67 million a quarter ago, \$53 million at 2023-end, \$19 million at 3Q24-end, and \$35 million a year ago. Choppy loan growth over the past year (+1% year-over-year; “Y/Y”) resulted from elevated payoffs over much of the year and a smaller pipeline in 3Q23 and 4Q23.

***Given a resumption of loan growth to 4% on a linked quarter annualized basis (“LQA”) and continued momentum in origination and the pipeline levels in 2Q24, management is optimistic that loan growth***

**will improve during the remainder of 2024.** Coupled with the arrival of funded loan growth of \$7.1 million late in 2Q24, unfunded commitment growth in construction loans of \$17.6M in 2Q24, should benefit net interest income and margin comparisons on a LQ basis in 3Q24 and 4Q24. Growth in the loan pipeline to \$79 million represents a positive signal for growth in the second half of 2024, too.

**Medquity, INSBANK's healthcare business, continues to provide solid growth and diversification given its national focus and reduced sensitivity to economic and real estate cycles.** In 2Q24, Medquity reported loan growth of 9% Y/Y (+6% LQA) to \$209 million, lifting the segment's loans to nearly 31% of the loan portfolio versus approximately 28% a year ago. Medquity's origination and pipeline activity remained strong and suggest solid growth over the balance of 2024.

**"Our team had one of its best-ever quarters for new commercial deposit accounts, and the growth in noninterest bearing deposits reflects that activity," Rieniets stated.** "As we have methodically focused on treasury resources in recent years, we're pleased to report both balance expansion in operating accounts as well as double-digit fee income growth on an annualized basis." Customer rationalization of low-cost deposits into a combination of higher yielding CDs, loan payoffs, and business investment has adversely affected INSBANK's deposit mix over the past two years. Importantly, demand deposit balances (noninterest bearing and interest bearing) increased 6% LQ to approximately \$226 million at 2Q24-end, or 33.3% of deposits, compared to \$213 million, or 31.7% of deposits, at 1Q24-end.

**Revenue declined 1.1% Y/Y and improved 2.7% LQA to \$6,212,000 in 2Q24.** Net interest income declined 4% Y/Y (+2% LQA) to \$5,622,000 in the quarter. This was mostly offset by noninterest income growth of 37% Y/Y (+9% LQA) to \$590,000 in 2Q24. Expense growth of 5% Y/Y (+13% LQA) to \$3,676,000 primarily consisted of increased personnel costs, as increases in occupancy and other lines were mostly offset by decreases in data processing and marketing and advertising.

**The bank-level net interest margin of 3.08% in 2Q24 compared to 2.94% in 1Q24 and 3.38% in 2Q23.** Although the Company benefited from an increase in the loan yield of 49 basis points ("bps") Y/Y to 6.73% in 2Q24, the cost of deposits increased 88 bps Y/Y (+8 bps LQ) to 3.89% in 2Q24. In a static interest rate environment, management would expect the margin to improve gradually given continued sales traction in transaction and money market accounts and funded loan growth. Management is optimistic that continued customer growth and a solid deposit customer pipeline will result in low-cost deposit balance growth going forward.

**Asset quality measures remain healthy.** Net chargeoffs represented 0.00% of average loans in 2Q24, unchanged compared to 1Q24 and 2Q23. Provision for credit losses totaled \$75,000 in 2Q24 compared to \$25,000 in 1Q24 and \$141,000 in 2Q23. The allowance for credit losses represented 1.35% of loans, which remained above peer. The \$140,000 increase in the allowance for unfunded commitments to \$449,000, or 0.41% of unfunded loans, was mostly due to an increase in unfunded construction loan commitments of \$17.6 million to \$50.2 million, and to an increase in C&I commitments of \$3.8 million to \$36.5 million at 2Q24-end compared to 1Q24-end.

**Nonperforming assets were 1.08% of loans versus 1.11% a quarter ago and 0.18% a year ago.** The entire Y/Y change reflected the migration of one real estate secured credit from the bank's watch list at the end of 2023. Virtually all nonperforming assets are real estate-secured, for which specific reserves are relatively low. "Thus far in this cycle, the only observable sector in our portfolio experiencing stress is assisted living and memory care, where the pandemic reduced occupancy while increasing healthcare labor costs. Fortunately, both trends seem to be improving for operators in the sector, and this segment only accounts for 3.0% of our loan portfolio," Rieniets stated.

**Although the aggregate level of watch list loans increased slightly compared to the prior quarter-end, the balance decreased approximately 41% Y/Y.** The watch list to total loan ratio remained consistent with the level that existed prior to the pandemic. Loans 30-days past due represented 0.14% of loans, as of June 30, 2024, compared to 0.01% a quarter ago and 0.00% a year ago. The change in 30-day past dues represented the movement of one well-collateralized relationship.

**C&D and CRE concentration levels remain below regulatory guidance and historically normal levels.** Specifically, C&D increased + 0.9% linked quarter ("LQ") to 78.3% of total capital, while CRE increased 0.2% LQ to 284.9% of capital. C&D and CRE to capital ratios remained below the year ago levels of 87.2% and 312.6%, respectively, historically normal levels for the bank, and respective regulatory guidance levels of 100% and 300%. "Our bank is known to have a robust CRE risk management program, and those portfolio analytics continue to demonstrate durability," said CEO Rieniets. "Additionally, our consistent application of underwriting standards across the economic cycle positions INSBANK to take advantage of growth opportunities in the vibrant middle-Tennessee market." The decline in these ratios was due in part to payoffs and paydowns as well as growth in capital of 44% over the past three years, which exceeded the growth in non-farm, non-residential real estate of 29% over the same period.

**Measures of liquidity risk remain healthy and remain adequate to fund loan growth over the near-term.** Specifically, balance sheet liquidity ended 2Q24 at \$109 million compared to \$110 million a quarter ago and \$97 million a year ago. Estimated uninsured deposits were approximately 22% of total deposits at quarter-end versus 21% a quarter ago and 19% a year ago. Balance sheet liquidity and reciprocal deposit capacity of \$139 million at 2Q24-end provide ample risk mitigation strategies and capacity to fund loan growth over the near-term, in addition to a solid deposit relationship pipeline.

**Tangible book value increased 11.4%, or \$2.54 per share, Y/Y to \$24.89, as of June 30, 2024.** InsCorp, Inc.'s tangible common equity ratio increased to 8.61%, as of June 30, 2024, versus 8.52% a quarter ago and 8.11% a year ago. Accumulated Other Comprehensive Income was (\$1,437,000), or approximately 1.4% of bank-level tier-1 capital of \$96,867,000. INSBANK remains well capitalized with a tier-1 leverage ratio of 11.63%, a common equity tier-1 capital ratio of 12.52%, and a total risk-based capital ratio of 13.77%. INSBANK's risk-based capital ratios increased by 75 bps Y/Y.

**"With healthy equity ratios, internally generated capital of roughly 10%, and access to funding at the holding company level, we're fortunate to be in a position to enhance shareholder value in a variety of ways,"** said Jim Rieniets, CEO and Board Chairman of INSBANK and InsCorp, Inc. "Alongside supporting further balance sheet growth and dividends to shareholders, the recent share repurchase authorization

provides another potential means of increasing shareholder returns.” InsCorp, Inc.’s Board authorized the repurchase of 125,000 shares, or 4.3% of the Company’s outstanding shares, through January 27, 2026, and the payment of a quarterly dividend of \$0.10 per common share payable on September 6, 2024, to shareholders of record on August 16, 2024. The annualized quarterly dividend rate of \$0.40 per share represents an annualized increase of 17.6% compared to dividends of \$0.34 per share in 2023.

### **About INSBANK**

Since 2000, INSBANK has offered its clients highly personalized service provided by experienced relationship managers, while positioning itself as an innovator, utilizing technologies to deliver those services efficiently and conveniently. In addition to its commercial focused operation, INSBANK operates through three divisions, Medquity, TMA Medical Banking and Finworth. Medquity offers healthcare banking solutions to physicians, partnerships, and practices nationwide, while TMA Medical Banking provides banking services specifically to members of the Tennessee Medical Association. Finworth offers nationally available virtual private client services for interest bearing deposits. INSBANK is owned by InsCorp, Inc., a Tennessee bank holding company. Shares of InsCorp, Inc., are traded on the OTCQX under the ticker symbol IBTN. The bank is headquartered in Nashville at 2106 Crestmoor Road and has an office in Brentwood at 5614 Franklin Pike Circle. For more information, please visit [www.insbank.com](http://www.insbank.com).

**InsCorp, Inc.**  
**Consolidated Balance Sheets**  
(000's)  
(unaudited)

	<u>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 5,203	\$ 7,688	\$ 4,237
Interest Bearing Deposits	47,383	49,757	39,416
Securities	56,056	58,162	53,264
Loans	684,533	681,558	675,627
Allowance for Credit Losses	(9,216)	(9,126)	(9,536)
Net Loans	675,317	672,432	666,091
Premises and Equipment, net	12,568	12,715	12,879
Bank Owned Life Insurance	14,257	14,065	13,888
Restricted Equity Securities	9,379	8,890	8,758
Goodwill and Related Intangibles, net	1,091	1,091	1,091
Other Assets	13,082	12,290	13,904
Total Assets	<u>\$ 834,336</u>	<u>\$ 837,090</u>	<u>\$ 813,528</u>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
<b>Deposits</b>			
Non-interest-bearing	\$ 76,417	\$ 70,417	\$ 75,624
Interest-bearing	600,949	615,779	580,025
Total Deposits	677,366	686,196	655,649
Federal Home Loan Bank Advances	45,000	45,000	58,000
Subordinated Debentures	17,360	17,348	17,500
Notes Payable	8,516	8,750	8,250
Other Liabilities	13,283	9,939	7,182
Total Liabilities	761,525	767,233	746,581
<b>Shareholders' Equity</b>			
Common Stock	33,426	33,112	32,906
Treasury Stock	(3,882)	(3,869)	(3,857)
Accumulated Retained Earnings	44,704	41,714	37,633
Accumulated Other Comprehensive Income	(1,437)	(1,100)	265
Total Stockholders' Equity	72,811	69,857	66,947
Total Liabilities & Shareholders' Equity	<u>\$ 834,336</u>	<u>\$ 837,090</u>	<u>\$ 813,528</u>
Tangible Book Value	<u>\$ 24.89</u>	<u>\$ 23.93</u>	<u>\$ 22.35</u>

**InsCorp, Inc.**  
**Consolidated Statements of Income**  
(000's)  
(Unaudited)

	<i>Three Months Ended</i>			<i>Six Months Ended</i>	
	<u><i>June 30, 2024</i></u>	<u><i>March 31, 2024</i></u>	<u><i>June 30, 2023</i></u>	<u><i>June 30, 2024</i></u>	<u><i>June 30, 2023</i></u>
Interest Income	\$ 12,696	\$ 12,563	\$ 11,548	\$ 25,259	\$ 21,934
Interest Expense	7,074	6,970	5,694	14,044	10,308
Net Interest Income	5,622	5,593	5,854	11,215	11,626
Provision for Credit Losses	75	25	140	100	265
Noninterest Income					
Service Charges on Deposit Accounts	71	67	51	138	98
Bank Owned Life Insurance	97	95	85	192	167
Other	422	415	294	837	592
Noninterest Expense					
Salaries and Benefits	2,395	2,301	2,232	4,696	4,483
Occupancy and equipment	422	393	374	815	747
Data Processing	101	94	116	195	215
Marketing and Advertising	71	119	160	190	276
Other	687	652	616	1,339	1,237
Net Income from Operations	2,461	2,586	2,646	5,047	5,260
Gain (Loss) in Interest Rate Hedges	(93)	(252)	(304)	(345)	(238)
Income Before Income Taxes	2,368	2,334	2,342	4,702	5,022
Income Tax Expense	(548)	(571)	(566)	(1,119)	(1,196)
Net Income	<u>\$ 1,820</u>	<u>\$ 1,763</u>	<u>\$ 1,776</u>	<u>\$ 3,583</u>	<u>\$ 3,826</u>
Earnings per Share	<u>\$ 0.63</u>	<u>\$ 0.61</u>	<u>\$ 0.62</u>	<u>\$ 1.24</u>	<u>\$ 1.33</u>