For Immediate Release

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Date: October 29, 2024

INSBANK Parent InsCorp Reports Third Quarter Results and Declares Quarterly Cash Dividend

NASHVILLE, Tenn., October 29, 2024 – Today InsCorp, Inc. (OTCQX: IBTN) reported a net income of $1,841,000, or $0.64 per share, in the third quarter of 2024 ("3Q24") versus $1,820,000, or $0.63 per share, in 2Q24 and respective levels of $2,311,000 and $0.80 in 3Q23. "We're proud of our team's accomplishments in the third quarter, as we had healthy growth in each of our value-creating business lines: commercial lending, healthcare banking, and commercial deposits and related treasury services," said Jim Rieniets, President & CEO of INSBANK. "Our outlook for the rest of the year remains positive, as we have a strong pipeline of new business opportunities and stable asset quality." InsCorp generated a ROATCE of 10.1% in 3Q24 versus 10.3% in 2Q24 and 13.8% in 3Q23.

The decline in EPS on a year-over-year basis ("Y/Y") in 3Q24 reflected the following factors: (1) an increase in provision expense of $362,000 (EPS: -$0.09), (2) net interest income pressure of $245,000 (EPS: -$0.06), and (3) expenses totaling $214,000 not expected to recur in 4Q24 (EPS: -$0.06), which were partially offset by (4) a lower tax rate (EPS: +$0.04). Net interest margin pressure of 25 bps Y/Y, offset in part by average earning asset growth of 4% Y/Y, resulted in net interest income growth of -4% Y/Y; on a positive note, margin expansion of 10 bps linked quarter ("LQ") and average earning asset growth of 1% LQ lifted net interest income by 6% LQ in 3Q24. The expenses, which did not affect 2Q24 or 3Q23, represented 75% of the LQ decline in pretax income of $285,000. On an after-tax basis, the aforementioned expenses adversely affected EPS by $0.06 versus 2Q24. A lower tax rate benefited quarterly EPS by $0.03 in 3Q24 compared to 2Q24. Mark-to-market gains and losses from hedging activities contributed $0.02 to EPS in 3Q24 versus ($0.02) in 2Q24 and ($0.06) in 3Q23. Hedging contracts remain in place as an insurance policy against an unexpected drop in rates.

Bank-wide loan origination momentum remained solid at $48 million in 3Q24 versus $57 million in 2Q24 and $26 million in 3Q23. Commercial and industrial ("C&I") and Medquity loan originations represented 71% of originations in 3Q24 compared to smaller volumes of commercial real estate ("CRE") and consumer loans, which represented 19% and 10%, respectively, of originations. Management remains optimistic that loan growth will improve in 4Q24 and 1Q25 as the increase in the loan pipeline to $124 million versus $79 million a quarter ago and $19 million a year ago remains a positive harbinger for growth in future periods.

Loan growth improved to 4% Y/Y in 3Q24 compared to 1% Y/Y in 2Q24. On a LQ annualized basis ("LQA") loan growth accelerated to 10% in 3Q24 versus 4% in 2Q24. Growth in C&D (2% Y/Y; 12% LQ) and C&I (13% Y/Y; 18% LQA) loans accounted for net growth on a LQ basis, as growth in HELOC (26% Y/Y; 25% LQ) offset a small decline in CRE (-1% Y/Y; -3% LQA). On a Y/Y basis, growth was concentrated in C&I (+13%), residential (+20%), and HELOC (+26%), which were offset in part by declines in multi-family (-28%) and CRE (-1%). The Y/Y and LQ growth in HELOC balances of $2.7 million was attributable to the hiring of INSBANK's Lead Private Banker in April 2024.

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 3Q24, Medquity reported loan growth of 9% Y/Y (21% LQA) compared to 9% Y/Y (6% LQA) in 2Q24. Medquity's loan balance of $220 million lifted the segment's mix to just over 31% of the portfolio versus approximately 28% a year ago. Medquity's origination and pipeline activity remained strong and suggested solid growth into 2025. However, as Medquity's portfolio seasons over time, it is reasonable to expect lumpiness in growth due to the increasing potential for payoff activity.

Revenue improved 6% LQ (-3% Y/Y) to $6,571,000 in 3Q24, as net interest income comparisons improved for the second consecutive quarter since bottoming in 1Q24. Although net interest income declined $245,000, or -4%, Y/Y to $5,960,000 in the quarter, the contribution to revenue improved to $338,000, or 6%, LQ in 3Q24 versus an improvement of $29,000 LQ in 2Q24. Noninterest income increased $57,000, or 10%, Y/Y (+14% LQA) to $611,000 in 3Q24. Treasury management income increased 3% Y/Y to $130,000 compared to the previous quarterly record level of $126,000 in 3Q23 and by 24% LQ in 3Q24, which reflected continued new customer growth.

Expense growth of $563,000 Y/Y (16% Y/Y; 12% LQ) to $4,133,000 in 3Q24 primarily consisted of increased salaries and benefits costs of $430,000, data processing of $46,000, and marketing and advertising of $48,000. Approximately $214,000 of the quarterly increase in overhead consisted of salaries and benefits expense related to long-term incentive compensation expense ($182,000) that vests annually and data processing expense ($32,000), both of which were recognized in 3Q24 and are not expected to recur in 4Q24. The remaining increase in salaries and benefits expense of $248,000 primarily reflected an increase in associate headcount to 62 versus 59 a quarter ago and 57 a year ago, in addition to merit raises and increased benefit costs.

The bank-level net interest margin of 3.24% in 3Q24 compared to 3.08% in 2Q24 and 3.50% in 3Q23. On an LQ basis, the margin benefited from an increase in the loan yield to 6.93% (+41 bps Y/Y; +20 bps LQ) in 3Q24 and an LQ decrease in the cost of deposits to 3.72% (+71 bps Y/Y; -17 bps LQ). The loan yield improvement was attributable to accelerating loan growth. The LQ decrease in the cost of deposits reflected strong growth in noninterest bearing (11% Y/Y; 12% LQ) and non-CD interest bearing deposit ("IBDs") balances (15% Y/Y; 25% LQ) compared to slower growth in higher-cost CDs (7% Y/Y; -2% LQ) in 3Q24. As a result, noninterest-bearing and low-cost IBDs represented 39% of deposits versus 34% a quarter ago and 37% a year ago. Deposit growth of 9% Y/Y versus loan growth of 4% Y/Y resulted in a loan to deposit ratio of 98% at 3Q24-end versus 101% a quarter ago and 103% a year ago. Balance sheet liquidity of $130 million compared to $109 million a quarter ago and $97 million a year ago reflected growth in cash and interest-bearing deposits of $31 million Y/Y and $22 million LQ.

Asset quality measures remain healthy. Net charge-offs represented 0.00% of average loans in 3Q24 and 2Q24 compared to (0.01%) in 3Q23. Provision for credit losses totaled $262,000 in 3Q24 versus $75,000 in 2Q24 and ($100,000) in 3Q23. The allowance for credit losses of 1.36% of loans was unchanged on a Y/Y basis (+1 bp LQ). The allowance for unfunded commitments decreased $65,000 LQ to $385,000, or 0.38% of unfunded loans. Although total unfunded commitments only declined $4.3 million, or -4.1%, to $102.2 million, unfunded construction loan commitments decreased $11.8 million LQ, or -24%, to $38.4 million. The LQ decline in unfunded construction loans was only partially offset by increases in C&I commitments of $5.4 million to $41.8 million and HELOC commitments of $1.8 million to $15.1 million at 3Q24-end. The decrease in unfunded construction loans largely reflected the migration of unfunded commitments to funded balances in 3Q24, resulting in an increase in the allowance for credit losses.

Nonperforming assets (NPAs") were 1.10% of loans versus 1.08% a quarter ago and 0.19% a year ago. Most of the Y/Y change reflected the migration of one well-secured real estate loan from the bank's watch list at the end of 2023. Virtually all nonperforming assets are well-secured and collateralized by real estate with significant equity, for which specific reserves are relatively low. As previously noted, in 2024, one very well-collateralized real estate loan accounted for 75% of NPAs, or 0.82% of loans, at 3Q24-end. Management expects to receive a significant curtailment on this nonperforming loan in 4Q24.

The aggregate level of watch list loans improved Y/Y and LQ in 2Q24. Specifically, the balance of watch list loans declined 31% Y/Y and 5% LQ during the most recent quarter, as the watch list to total loan ratio remained consistent with the level that existed prior to the pandemic. Loans 30 days past due represented 0.26% of loans as of September 30, 2024, compared to 0.11% a quarter ago and 0.00% a year ago. The change in 30-day past dues represented the movement of two well-collateralized real estate secured relationships that were less than 60 days past due as of quarter-end.

C&D and CRE concentration levels remain below regulatory guidance and historically normal levels. Due to the increase in funded C&D balances in the quarter, C&D loans increased to 86% of total capital compared to 78% a quarter ago. Total CRE, including C&D loans, increased to 288% of total capital versus 285% a quarter ago. C&D and CRE to capital ratios remained below the year-ago levels of 94% and 305%, 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 19% over the same period.

Existing capital levels and ratios remained supportive of meaningful balance sheet growth. INSBANK remained "well capitalized" from a regulatory perspective with a tier-1 leverage ratio of 11.78% (+37 bps Y/Y), a common equity tier-1 capital ratio of 12.69% (+100 bps Y/Y), and a total risk-based capital ratio of 13.94% (+109 bps Y/Y). InsCorp, Inc.'s tangible common equity ratio increased to 8.42%, as of 3Q24-end, versus 8.61% a quarter ago and 8.27% a year ago. Tangible book value increased 8.0%, or $1.87 per share, Y/Y to $25.33, as of September 30, 2024. Accumulated Other Comprehensive Income was ($1,562,000), or approximately 1.6% of bank-level tier-1 capital of $99,240,000.

The Board of Directors has approved the payment of a quarterly dividend of $0.10 per common share on December 6, 2024, to shareholders of record on November 15, 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. The Company repurchased 9,000 shares during the quarter, leaving 116,000 shares, or 4.0% of the Company's outstanding shares, available for repurchase under the existing authorization through January 27, 2026.

About INSBANK

Since 2000, INSBANK has offered its clients highly personalized services 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. InsCorp, Inc., a Tennessee bank holding company, owns INSBANK. InsCorp, Inc. shares 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.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Assets			
Cash and Cash Equivalents	$ 10,640	$ 7,688	$ 5,182
Interest Bearing Deposits	63,788	49,757	38,575
Securities	55,090	58,162	53,565
Loans	702,508	681,558	673,256
Allowance for Credit Losses	(9,556)	(9,126)	(9,164)
Net Loans	692,952	672,432	664,092
Premises and Equipment, net	12,456	12,715	12,799
Bank Owned Life Insurance	14,357	14,065	13,975
Restricted Equity Securities	4,307	8,890	8,980
Goodwill and Related Intangibles, net	1,091	1,091	1,091
Other Assets	15,685	12,290	15,206
Total Assets	$ 870,366	$ 837,090	$ 813,465
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Noninterest Bearing	$ 85,405	$ 70,417	$ 77,253
Interest Bearing	632,279	615,779	579,247
Total Deposits	717,684	686,196	656,500
Federal Home Loan Bank Advances	42,000	45,000	53,000
Subordinated Debentures	17,365	17,348	17,500
Notes Payable	8,281	8,750	8,250
Other Liabilities	10,716	9,939	9,932
Total Liabilities	796,046	767,233	745,182
Shareholders' Equity			
Common Stock	33,725	33,112	32,999
Treasury Stock	(4,089)	(3,869)	(3,857)
Accumulated Retained Earnings	46,246	41,714	39,943
Accumulated Other Comprehensive Income	(1,562)	(1,100)	(802)
Total Stockholders' Equity	74,320	69,857	68,283
Total Liabilities & Shareholders' Equity	$ 870,366	$ 837,090	$ 813,465
Tangible Book Value per Share	$ 25.33	$ 23.93	$ 23.46

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

	Three Months Ended			*Nine Months Ended*	
	September 30, 2024	***June 30, 2024***	***September 30, 2023***	***September 30, 2024***	***September 30, 2023***
Interest Income	$ 13,262	$ 12,696	$ 12,129	$ 38,521	$ 34,063
Interest Expense	7,302	7,074	5,924	21,346	16,232
Net Interest Income	5,960	5,622	6,205	17,175	17,831
Provision for Credit Losses	262	75	(100)	362	165
Noninterest Income					
Service Charges on Deposit Accounts	144	71	94	282	192
Bank Owned Life Insurance	100	97	87	292	254
Other	367	422	373	1,204	965
Total Noninterest Income	611	590	554	1,778	1,411
Noninterest Expense					
Salaries and Benefits	2,754	2,395	2,324	7,450	6,807
Occupancy and equipment	407	422	391	1,222	1,138
Data Processing	133	101	80	328	295
Marketing and Advertising	126	71	78	316	354
Other	713	687	697	2,052	1,934
Total Noninterest Expense	4,133	3,676	3,570	11,368	10,528
Net Income from Operations	2,176	2,461	3,289	7,223	8,549
Gain (Loss) in Interest Rate Hedges	96	(93)	(247)	(249)	(485)
Income Before Income Taxes	2,272	2,368	3,042	6,974	8,064
Income Tax Expense	(431)	(548)	(731)	(1,550)	(1,927)
Net Income	$ 1,841	$ 1,820	$ 2,311	$ 5,424	$ 6,137
Earnings per Share	$ 0.64	$ 0.63	$ 0.80	$ 1.88	$ 2.13
Performance Metrics					
Consolidated					
ROAA	0.87%	0.88%	1.14%	1.09%	1.23%
ROAE	9.9%	10.1%	13.6%	9.48%	10.85%
ROATCE	10.1%	10.3%	13.8%	10.2%	12.6%
Net Interest Margin	2.96%	2.87%	3.21%	2.90%	3.19%
Efficiency	62.9%	59.2%	52.8%	60.0%	54.7%
Revenue / Employee	422	423	470	429	451
Expense / Employee	265	251	248	257	247
Assets / Employee	14,038	14,141	14,271	13,789	13,803
Bank Level					
ROAA	1.12%	1.07%	1.36%	1.09%	1.23%
ROAE	9.7%	9.4%	11.9%	9.5%	10.9%
Net Interest Margin	3.24%	3.08%	3.50%	3.15%	3.39%
Capital Ratios					
Tier-1 Leverage	11.78%	11.63%	11.41%		
Common Equity Tier-1	12.69%	12.52%	11.69%		
Total Risk-Based Capital	13.94%	13.77%	12.85%		