For Immediate Release

Contact: Peyton Green
615.515.2269
pgreen@insbank.com

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INSBANK Reports Record Loan Growth in 4Q24 and InsCorp, Inc. Increases Quarterly Cash Dividend

NASHVILLE, Tenn., January 27, 2025 – Today InsCorp, Inc. (OTCQX: IBTN) reported net income of $1,946,000, or $0.66 per share, in the fourth quarter of 2024 ("4Q24") versus $1,841,000, or $0.64 per share, in 3Q24 and respective levels of $2,267,000 and $0.79 in 4Q23. "Our team closed the year meeting a number of objectives, achieving growth goals as well as recruiting new personnel to support longer-term strategic plans," said Jim Rieniets, President & CEO of INSBANK. "As we embark on the new year, we have the talent in place to both set the course for crossing the billion-dollar mark in the near future, and to deploy technologies necessary for relevancy in a rapidly changing industry." InsCorp generated a ROA of 0.88%, ROATCE of 10.5% in 4Q24, and an efficiency ratio of 60.8% versus 1.08%, 13.5%, and 59.3%, respectively, in 4Q23.

EPS declined 13% to $2.54 in 2024 compared to $2.92 in 2023. The decline was primarily due to: (1) an increase in overhead of $1,143,000, or 8% Y/Y, (2) an increase in provision of $386,000, or 123% Y/Y, and (3) a decrease in net interest income of $355,000, or -1% Y/Y, which was offset in part by (4) growth in noninterest income of $401,000, or 20% Y/Y, in 2024. Personnel growth of $924,000, or 10% Y/Y, represented 80% of expense growth in 2024. Net interest income was adversely affected by margin pressure of 26 bps to 2.93%, which more than offset growth in average earning assets of 6% Y/Y in 2024.

Bank-wide loan origination momentum remained strong at $99 million in 4Q24 compared to $48 million in 3Q24 and $48 million in 4Q23. Origination volume in the quarter reflected a more even distribution, as commercial and industrial ("C&I") and Medquity loan originations represented 55% of originations in 4Q24 compared to 43% for commercial real estate ("CRE") and 2% for consumer. Management remains optimistic that loan growth will remain solid in the first half of 2025, given the loan pipeline of $111 million at year-end compared to $124 million a quarter ago, $53 million a year ago, and a low of $19 million at 3Q23-end.

Loan growth improved to 12% Y/Y in 4Q24 versus 4% Y/Y in 3Q24, 1% Y/Y in 2Q24, and 2% Y/Y in 1Q24. Linked-quarter annualized ("LQA") loan growth accelerated to 35% in 4Q24 versus 10% in 3Q24, 4% in 2Q24, and -2% in 1Q24. Approximately $38 million, or 61% of the $63 million of growth in 4Q24, was recorded in December, including $23 million in the last week of the month; as a result, the average loan balance of approximately $722 million was $43 million below the balance of $765 million at year-end. Growth in C&I (17% Y/Y; 11% LQ), CRE (11% Y/Y; 8% LQ), C&D (13% Y/Y; 13% LQ), Residential (16% Y/Y; 2% LQ), and HELOC (46% Y/Y; 16% LQ) segments all contributed to LQ and Y/Y growth comparisons. The Y/Y and LQ growth in HELOC balances of $4.9 million and $2.2 million, respectively, 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 4Q24, Medquity reported loan growth of 15% Y/Y (22% LQA) in 4Q24 compared to 9% Y/Y (21% LQA) in 3Q24 and 9% Y/Y (6% LQA) in 2Q24. Given an acceleration in activity outside of Medquity, the healthcare segment's loan balance of $232 million declined slightly LQ to just over 30% of the portfolio versus approximately 31% a quarter ago and 29% 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 5% Y/Y (6% LQ) to $7.0 million in 4Q24, as net interest income comparisons improved for the second consecutive quarter since bottoming in 1Q24. Net interest income increased $301,000, or 5% Y/Y (+7% LQ), to $6,391,000 in the quarter, as interest income growth of $1,476,000 Y/Y exceeded interest expense growth of $1,175,000 for the first quarterly period in 2024; on a LQ basis, net interest income growth of $431,000 reflected contributions of $359,000 from growth in interest income and $72,000 from a reduction in interest expense in 4Q24. Noninterest income increased $34,000, or 6%, Y/Y (-2% LQ) to $599,000 in 4Q24. Treasury management income increased 27% Y/Y to $121,000 in 4Q24 compared to $96,000 in 4Q23, which reflected continued new customer growth.

Expense growth of $303,000 Y/Y (8% Y/Y; 11% LQA) to $4,248,000 in 4Q24 primarily consisted of increased salaries and benefits costs of $281,000. Increases in occupancy and equipment and data processing of $55,000 and $27,000 were mostly offset by declines in marketing and advertising and other expenses of $37,000 and $23,000, respectively, in the quarter. The increase in salaries and benefits expense was primarily related to an increase in associate headcount to 66.5 people versus 62 a quarter ago, 59 two quarters ago, and 56 a year ago, in addition to merit raises and increased benefit costs. Growth in headcount should slow in 2025 as management remains focused on hiring revenue production-related talent versus a heavy focus on hiring associates to fill a range of new and existing support roles during 2024. These support roles expand the resources necessary for continued growth. Thus far, in 2025, the bank has added a healthcare banker and a commercial deposit officer.

The bank-level net interest margin of 3.18% in 4Q24 compared to 3.24% in 3Q24 and 3.26% in 4Q23. For the year, the margin of 3.14% in 2024 compared to 3.35% in 2023. The peak margin of 3.50% in 3Q23 vs. the bottom of 2.94% in 1Q24 reflected a much higher reset in the cost of interest-bearing deposits ("IBDs") of 49 bps to 4.27% in 1Q24 vs. a 21 bp increase in the loan yield to 6.73% in 1Q24. The rising cost of IBDs was due to a 55 bp jump in the cost of CDs to 4.65% in 1Q24 vs. 4.10% in 3Q23. Although the cost of CDs has been relatively stable since 1Q24, the increase in the cost of IBDs of 15 bps over the past three quarters reflected a higher mix of CD funding. On a LQ basis, the NIM was adversely affected by a decrease in the loan yield to 6.73% (+7 bps Y/Y; -20 bps LQ) and an increase in the cost of IBDs to 4.42% (+34 bps Y/Y; +20 bps LQ) in 4Q24, which reflected an increased reliance on CDs. The cost of deposits was 3.88% (+27 bps Y/Y; +16 bps LQ) in 4Q24. Additional margin pressure will likely persist in

1Q25 from the immediate pressure on loan yields caused by the 100 bp reduction in the Fed Funds rate in 2H24; however, the continued reduction in the cost of CDs and IBDs should benefit margin comparisons for the rest of the year beginning in 2Q25. IBTN's consolidated margin was 3.04% in 4Q24 vs. 2.96% in 3Q24 and 3.06% in 4Q23.

Deposit growth of 9% Y/Y versus loan growth of 12% Y/Y resulted in a loan to deposit ratio of 102% at 4Q24-end versus 98% a quarter ago and 99% a year ago. Noninterest bearing (19% Y/Y; -6% LQA) and non-CD interest bearing deposit ("IBDs") balances (-1% Y/Y; -16% LQA) compared to growth in higher-cost CDs (6% Y/Y; 13% LQA) in 4Q24. As a result, noninterest-bearing and low-cost IBDs represented 36% of deposits versus 39% a quarter ago and 37% a year ago. Balance sheet liquidity of $100 million compared to $130 million a quarter ago and $116 million a year ago reflected a decline in cash and interest-bearing deposits of $14 million Y/Y and $31 million LQ.

Asset quality measures remain healthy. Net charge-offs represented 0.00% of average loans in 4Q24 compared to (0.01%) in 3Q24 and 0.03% in 4Q24. Provision for credit losses totaled $339,000 in 4Q24 versus $262,000 in 3Q24 and $150,000 in 4Q23. The allowance for credit losses of 1.29% of loans (-5 bps Y/Y) represented 186% of nonperforming loans. The allowance for unfunded commitments of $385,000 represented 0.34% of unfunded loans. Total unfunded commitments increased 11% Y/Y and 10% LQ to $102 million. The Y/Y increase reflected unfunded C&I commitment growth of $14 million, which was in part offset by a $4 million decline in unfunded commitments for C&D loans; on a LQ basis, unfunded C&I and C&D commitments increased $5 million, and $4 million, respectively, compared to LQ unfunded loan commitment growth of $10 million in 4Q24.

Nonperforming loans ("NPLs") improved to 0.70% of loans versus 1.10% a quarter ago and 1.09% a year ago. Most of the LQ and 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 NPLs, or 0.82% of loans, at 3Q24-end. As expected, a significant curtailment on this nonperforming loan was received in 4Q24. Loans 30 days past due represented 0.27% of loans at year-end compared to 0.26% a quarter ago and 0.03% a year ago.

C&D and CRE concentration levels returned to historically normal levels in 4Q24. Due to the increase in funded C&D balances in the quarter, C&D loans increased to 96% of total capital compared to 86% a quarter ago and 90% a year ago. Total CRE, including C&D loans, increased to 314% of total capital versus 288% a quarter ago and 300% a year ago. On a LQ basis in 4Q24, CRE and C&I loans each increased $23 million compared to C&D growth of $12 million, HELOC growth of $2 million, and multi-family and other of $2 million. Although INSBANK's CRE loans exceeded regulatory guidance of 300% of capital, "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 increase in C&D and CRE loans over the past two quarters has resulted in growth in non-farm, non-residential real estate of 32% over the past three years compared to growth in capital of 47% 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 11.53% (+17 bps Y/Y), a common equity tier-1 capital ratio of 11.90% (-39 bps Y/Y), and a total risk-based capital ratio of 13.11% (-43 bps Y/Y). InsCorp, Inc.'s tangible common equity ratio was 8.16% as of year-end, versus 8.42% a quarter ago and 8.23% a year ago. Tangible book value increased 6%, or $1.46 per share, Y/Y to $25.39, as of December 31, 2024. Accumulated Other Comprehensive Income was ($2,467,000), or approximately 2.4% of bank-level tier-1 capital of $101,087,000.

The Board of Directors has approved the payment of a quarterly dividend of $0.11 per common share on March 7, 2025, to shareholders of record on February 14, 2025. The annualized quarterly dividend rate of $0.44 per share represents an increase of 10% compared to dividends of $0.40 per share in 2024. The Company repurchased 23,000 shares during the quarter and a total of 32,000 shares in 2024, leaving 93,000 shares, or 3.2% 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 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)

	December 31, 2024	September 30, 2024	December 31, 2023
Assets			
Cash and Cash Equivalents	$ 6,401	$ 10,640	$ 7,688
Interest Bearing Deposits	37,175	63,788	49,757
Securities	56,426	55,090	58,162
Loans	764,795	702,508	681,558
Allowance for Credit Losses	(9,895)	(9,556)	(9,126)
Net Loans	754,900	692,952	672,432
Premises and Equipment, net	12,451	12,456	12,715
Bank Owned Life Insurance	14,458	14,357	14,065
Restricted Equity Securities	4,307	4,307	8,890
Goodwill and Related Intangibles, net	1,091	1,091	1,091
Other Assets	17,262	15,685	12,290
Total Assets	$ 904,471	$ 870,366	$ 837,090
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Noninterest Bearing	$ 84,017	$ 85,405	$ 70,417
Interest Bearing	666,466	632,279	615,779
Total Deposits	750,483	717,684	686,196
Federal Home Loan Bank Advances	44,000	42,000	45,000
Subordinated Debentures	17,371	17,365	17,348
Notes Payable	7,800	8,281	8,750
Other Liabilities	9,998	10,716	9,939
Total Liabilities	829,652	796,046	767,233
Shareholders' Equity			
Common Stock	34,270	33,725	33,112
Treasury Stock	(4,875)	(4,089)	(3,869)
Accumulated Retained Earnings	47,891	46,246	41,714
Accumulated Other Comprehensive Income	(2,467)	(1,562)	(1,100)
Total Stockholders' Equity	74,819	74,320	69,857
Total Liabilities & Shareholders' Equity	$ 904,471	$ 870,366	$ 837,090
Tangible Book Value	$ 25.39	$ 25.33	$ 23.93

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

	December 31, 2024	September 30, 2024	December 31, 2023	Twelve Months Ended December 31, 2024	Twelve Months Ended December 31, 2023
Interest Income	$ 13,621	$ 13,262	$ 12,145	$ 52,142	$ 46,208
Interest Expense	$ 7,230	7,302	6,055	28,576	22,287
Net Interest Income	6,391	5,960	6,090	23,566	23,921
Provision for Credit Losses	$ 339	262	150	701	315
Noninterest Income					
Service Charges on Deposit Accounts	$ 96	144	60	378	252
Bank Owned Life Insurance	$ 100	100	91	392	345
Other	$ 403	367	414	1,607	1,379
Total Noninterest Income	599	611	565	2,377	1,976
Noninterest Expense					
Salaries and Benefits	$ 2,908	2,754	2,627	10,358	9,434
Occupancy and Equipment	$ 479	407	424	1,701	1,562
Data Processing	$ 114	133	87	442	382
Marketing and Advertising	$ 128	126	165	444	519
Other	$ 619	713	642	2,671	2,576
Total Noninterest Expense	4,248	4,133	3,945	15,616	14,473
Net Income from Operations	2,403	2,176	2,560	9,626	11,109
Gain (Loss) in Interest Rate Hedges	$ (181)	96	53	(430)	(432)
Income Before Income Taxes	2,222	2,272	2,613	9,196	10,677
Income Tax Expense	$ (276)	(431)	(346)	(1,826)	(2,273)
Net Income	$ 1,946	$ 1,841	$ 2,267	$ 7,370	$ 8,404
Earnings per Share	$ 0.66	$ 0.64	$ 0.79	$ 2.54	$ 2.92
Performance Metrics					
InsCorp, Inc.					
ROAA	0.88%	0.87%	1.08%	0.87%	1.25%
ROAE	10.3%	9.9%	13.3%	10.1%	11.1%
ROATCE	10.5%	10.1%	13.5%	10.3%	11.3%
Net Interest Margin	3.04%	2.96%	3.06%	2.93%	3.19%
Efficiency	60.8%	62.9%	59.3%	60.19%	55.9%
Revenue / Employee	418	422	471	440	454
Expense / Employee	254	265	279	265	254
Assets / Employee	13,601	14,038	14,948	13,797	14,272
INSBANK					
ROAA	1.07%	1.12%	1.28	1.08%	1.25%
ROAE	9.5%	9.7%	11.5%	9.5%	11.0%
Net Interest Margin	3.18%	3.24%	3.26%	3.14%	3.35%
Capital Ratios					
Tier-1 Leverage	11.53%	11.78%	11.36%	11.57%	11.36%
Common Equity Tier-1	11.90%	12.69%	12.29%	12.46%	12.29%
Total Risk-Based Capital	13.11%	13.94%	13.54%	13.71%	13.54%