ANNUAL REPORT 2016



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For Your Business

INSBANK



FDIC EQUAL HOUSING OPPORTUNITY

LETTER TO SHAREHOLDERS

InsCorp Shareholder,

Against a backdrop of a healthy local economy, community bank consolidation, and political and regulatory uncertainty for the banking industry, our report to shareholders for the year 2016 demonstrates a balanced approach to performance, risk management, and planning for the future. With greater detail provided in subsequent pages, some of the year's highlights include:

- Financial performance on various metrics provided for the company's best ever year. Asset growth of 23 percent remained well above the peer average of 7 percent, as loans and deposits both increased more than 20 percent. Growth-driven net interest income led to record profits of $2,853,000.

- Risk management remains paramount at InsCorp, whether its asset quality, interest rate risk, or cybersecurity. As should be expected in a healthy market such as Nashville, measures of asset quality remain very strong. Non-performing loans of just 0.24 percent compare favorably to peers and historical norms, while net charge-offs were a modest 7 basis points for the year.

- In the first half of the year management and the board of directors developed and executed a plan for raising capital which, in June, resulted in one million new shares of common stock being issued. Having experienced double-digit growth over the last five years, this $13 million of new equity provides the bank the capital necessary to continue on a similar trajectory.

- So that we could meet our growth objectives over the coming years, the bank needed additional office space. In 2016 we completed development of our second office in Brentwood, opening in late November. This well-located building should accommodate bank and mortgage personnel sufficient to drive our growth to roughly $600 million in assets in the coming years.

- As a means of enhancing liquidity of InsCorp shares, in July of 2016 our stock began trading on the OTCQX market under the symbol "IBTN." While trading activity has been modest, the price of the stock has increased since the listing began and the listing provides InsCorp greater exposure to a larger audience of prospective investors.

While our team is understandably focused on a number of quantifiable objectives, the most important goal is to maintain and build on our culture. Just how do we define culture? We foster creativity. We respect our clients, our fellow employees, and our shareholders. We periodically take time for fun and comradery. We provide mechanisms for innovation. We encourage employee engagement in our communities. These and other elements of our culture are what make INSBANK a special place for customers to bank and for employees to work, the confluence of which creates a prosperous alignment with our shareholders' interests.

On behalf of our customers, employees, and board of directors, I want to thank you for your support. Please feel free to contact us should you have any questions regarding InsCorp.

Sincerely,



James H. Rieniets, Jr.
President/CEO, INSBANK



Michael A. Qualls
Chairman, INSBANK

INSBANK
WHERE GENUINE MATTERS.



Jim Rieniets
President/CEO

INSBANK continued its focus on 'Technology through High Touch' in 2016 by supplementing its treasury management offerings and deposit service team. By expanding products and strategic partnerships, the bank has broadened its ability to service commercial deposit relationships. INSBANK continues its tradition of being on the forefront of bank technology in order to bring efficiency to its clients banking activities. To supplement the 'high touch' approach, deposit portfolio managers were added to the staff to provide deposit relationship management expertise in addition to existing relationship management through commercial lenders.

The close of 2016 marked another milestone for INSBANK. For the first time in its history, it began operating out of two separate office locations. While not operating a traditional branch model, the additional office space in Brentwood brought exposure to a wider part of the Nashville market and added convenience for our clients along the gateway to Williamson County. In addition to allowing INSBANK to service an expanded market, this location provides technology and facility redundancies that enhance the efficient operating model that the bank was built upon.

INSBANK's focus on local businesses and business owners, physicians and medical practices through TMA Medical Banking, and independent insurance agents through its legacy business model has allowed the bank to maintain its reputation as a leader in the banking industry as well as the Nashville business community. As a true local bank, built by and for local business leaders, INSBANK is poised to continue to enhance its reputation as a banking and business leader and innovator.

FINWORTH MORTGAGE
an INSBANK company



Kieth Collison
FVP/Managing Director

Finworth Mortgage is a realtor and builder-referral based retail mortgage company serving the middle Tennessee market. In addition to providing an expansive line of traditional mortgage products, Finworth has also developed expertise in state and local government loan programs. Finworth has been able to distinguish itself by providing big company resources, with the agility to move quickly to make decisions while delivering services at the highest level of customer service. The ability to deliver on-time financing for its referral partners has established Finworth as a trusted business partner and allowed it to grow market share and increase brand awareness in middle Tennessee's booming real estate market.

While Finworth Mortgage continues to thrive, its Community Bank Program also continues to proliferate and emerge new partnerships across the Southeast. With its steady growth, the Community Bank Program has added additional administrative and operational support to better serve these partners. Improvements and enhancements to its technological platforms will further ease the process of originating mortgages for its partner banks . Today's increased mortgage regulations and compliance restrictions have only enhanced the viability of this solution.

Finworth continues its growth with a focus on the borrower and assisting them to "Borrow Wisely".

TMA Medical Banking
A division of INSBANK



Blake Wilson
VP/Division Head

TMA Medical Banking is a division of INSBANK partnered with the Tennessee Medical Association to provide commercial loans and deposit products for Tennessee's physicians, medical practices, healthcare companies, and medical real estate investments. In addition to these services, TMA Medical Banking also provides niche commercial lending services for merger and acquisition and joint venture transactions. In line with INSBANK's business model, the focus is business-line expertise in healthcare, accessibility to relationship managers and decision makers, excellent customer service, and quick turnaround times.

TMA Medical Banking's Advisory Board, which consists of twenty-one leading physicians throughout the state, helps to steer products and services to align with the constantly evolving challenges and opportunities in healthcare. Its Relationship Managers are active in the State's health care associations including the TMA, specialty and local societies/academies, the Nashville Health Care Council, Leadership Health Care, MGMA, among others. The Division has been interviewed or quoted (related to medical practice financial considerations) in the New York Times, Nashville Medical News, Nashville Globe, and Tennessee Medicine, and has been named as one of Nashville's "In Charge" for Healthcare for the last four years.

COMMERCIAL AND PRIVATE BANKING



Chad Hankins
EVP/CLO

In Nashville the commercial banking environment was competitive in 2016 and looks to be equally challenging in 2017. At INSBANK, we pride ourselves in being prudent and selective when establishing and growing banking relationships. The overall growth in Nashville in both business commerce and population has brought additional financial institutions to our market. While many of these banks are chasing the new construction dollars and offering teaser rates, we have maintained our focus on the void in the market for the existing small business owner that prefers to deal with a small-to-mid size bank that provides access to local decision makers. We are in a good position to capitalize on the existing core of Nashvillians that desire to have a community bank that can continue to deliver quality service.

In 2016, we experienced balanced growth in both C&I and commercial real estate lending. While the fixed rate environment kept margins thin we maintained discipline in pricing loans appropriate to risk. Local bank mergers gave way to opportunities with new clientele that was a good fit for our current portfolio. 2017 looks poised to be promising as we have a healthy pipeline of new relationships; customers referring quality new prospects; and deposit-gathering efforts have gained more traction. The addition of our new location in Brentwood, TN has also resulted in higher visibility and recognition in our market that we are growing. Staying true to our lending fundamentals, taking care of our current customers and staying keen to current trends in our market will allow us to achieve continued success in 2017.

As Nashville's market continues to flourish, INSBANK's dedication to providing solutions and services to individuals within the community becomes even more imperative. Private Banking is a line of business that has been expanded from offering a solution for placing excess funds into interest bearing accounts to also, offering deposit and electronic banking services, custom loan products, and competitive rates and relationship-based pricing to individuals or individual banking clients with complex financials needs. These additional product offerings are tailored to provide a customized line of banking and financial service products, strategies, solutions and advice to service the needs of INSBANK customers as well as physicians of TMA Medical Banking. It is INSBANK's mission to provide deep financial expertise and close partnership that lasts for generations.

TREASURY MANAGEMENT



Lauren Cannon
VP/Director of Treasury & Deposit Services

Treasury Management services have been greatly expanded within the past year, including the addition of enhanced deposit services and new partnerships with niche vendors for additional offerings for clients. It is important that the bank assists business clients with the tools necessary to optimize their company's liquidity, make sound financial investments for the future, and hedge against financial risks. Streamlining a company's receivables management with solutions will enable them to collect funds and integrate information to save both time and money. Treasury Management services provide the opportunity to accomplish this by accelerating the collection process, improving cash flow, quickly determining daily cash requirements, tracking banking activity and making financial decisions with confidence.

CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheets

	12/31/16	12/31/15
Assets		
Cash and Cash Equivalents	$ 2,543	$ 1,782
Interest Bearing Deposits	14,803	19,706
Securities	19,518	19,964
Loans Held for Sale	8,736	6,691
Loans	325,039	255,664
Allowance for Loan Losses	(4,004)	(3,240)
Net Loans	321,035	252,424
Premises and Equipment, net	13,971	7,942
Bank Owned Life Insurance	4,616	4,493
Restricted Equity Securities	3,594	2,982
Goodwill	1,241	1,241
Other Assets	3,868	2,474
Total Assets	$ 393,925	$ 319,699
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Non-interest-bearing	$ 21,214	$ 15,282
Interest-bearing	288,393	234,153
Total Deposits	309,607	249,435
Federal Home Loan Bank Advances	40,250	35,150
Federal Funds Purchased	-	2,035
Other Liabilities	6,544	7,477
Total Liabilities	356,401	294,097
Shareholders' Equity		
Preferred Stock *	-	3,000
Common Stock	29,646	17,138
Accumulated Retained Earnings	8,005	5,475
Accumulated Other Comprehensive Income	(127)	(11)
Total Stockholders' Equity	37,524	25,602
Total Liabilities and Shareholders' Equity	$ 393,925	$ 319,699
Book Value per share	$ 13.28	$ 12.49

Income Statements

	Year Ended 12/31/16	Year Ended 12/31/15
Net Interest Income	$ 10,798	$ 9,710
Provision for Loan Losses	954	699
Non-Interest Income		
Service Charges on Deposit Accounts	108	97
Residential Mortgage Services	2,959	2,365
Bank owned Life Insurance	124	125
Other	317	145
Non-Interest Expense		
Salaries and Benefits	5,775	4,772
Occupancy and Equipment	556	498
Data Processing	364	292
Marketing and Advertising	431	338
Other	2,042	2,037
Net Income from Operations	4,184	3,806
Net Gains on Security Transactions	5	11
Pre-Tax Income	4,189	3,817
Income Tax Expense	(1,336)	(1,376)
Net Income	$ 2,853	$ 2,441

Statement of Changes in Shareholders' Equity

Balance at December 31, 2015	$ 25,602
Issuance of Common Stock	12,356
Exercise of Stock Options	131
Redemption of Preferred Stock	(3,000)
Dividends	
Preferred Stock	(70)
Common Stock	(254)
Stock Compensation Expense	21
Net Income	2,853
Change in Unrealized Loss on Securities Available for Sale	(115)
Balance at December 31, 2016	$ 37,524

Dollars in Thousands

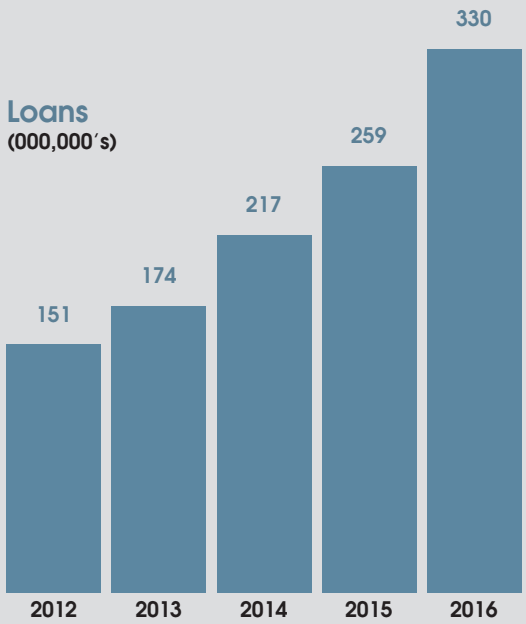
* Issued to the US Treasury through the Small Business Lending Fund (SBLF)

MANAGEMENT DISCUSSION OF FINANCIALS

2016 saw a general continuation of the bank's historical trajectory and operations. Growth accelerated ahead of the prior year's pace, increasing net interest income despite a modest decline in margin. Non-interest income increased primarily through residential mortgage originations and non-interest expenses efficiently grew to support operating revenues. As the company closed the year, it had done so with the addition of several new staff positions hired to develop business out of our new Brentwood location; provide customer service at that office, and to enhance our mortgage operations team as we plan for mortgage lending growth.

LENDING

Driven by an experienced team and a vibrant market, lending continued on its positive trajectory in 2016. Annualized loan growth was 27%, which placed INSBANK in the top 5% of its FDIC peer group. The loan portfolio composition remained consistent with the prior year, with commercial real estate and commercial lending accounting for the majority of the portfolio. Commercial construction projects are in strong demand as population and jobs growth increase demand for office and retail space. TMA Medical Banking continued to experience steady growth of its physician-focused loan portfolio, as well.

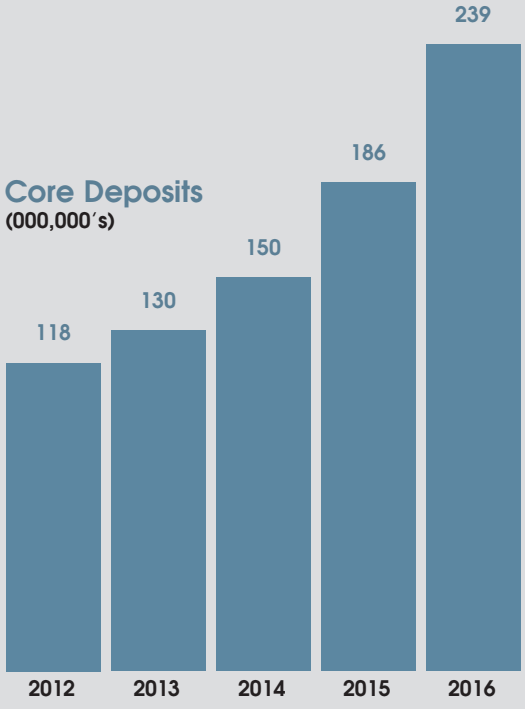


RISK MANAGEMENT

Managing risks is a central tenet of our company's business model. Active committees and board oversight address on-going and evolving risks in the areas of cybersecurity; compliance, and interest rate risk management, among others. Our single largest asset, the loan portfolio, is subject to a variety of quality control processes in policy, underwriting, documentation, and on-going portfolio analysis. Loan portfolio quality remained strong in 2016 with non-performing assets at just 0.20% as of December 31, 2016, while there was $0 in foreclosed real estate. For the year net charge-offs were a modest 0.07%

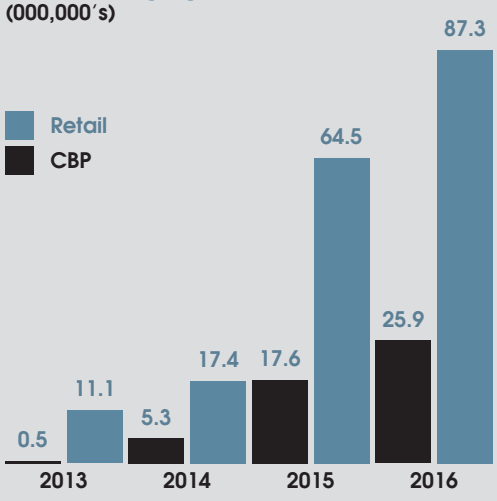
DEPOSITS AND FUNDING

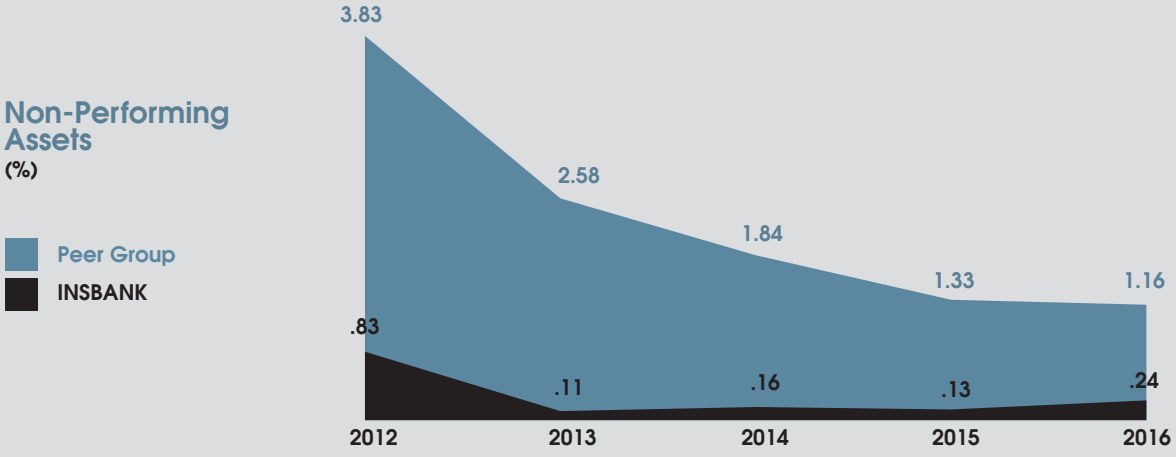
A more recent strategic objective has been to increase low-cost deposits, primarily though business checking account relationships. With the addition of new treasury management personnel and select new, technology-driven services the bank accelerated growth of demand deposits in 2016, increasing them 23%. Total core deposit growth was greater than $53 million, or roughly 28.5% for the year. Additional funding came from a portion of the common stock offering in June, as well.



FINWORTH MORTGAGE

Another corporate objective is to develop our mortgage division to a level which provides for personnel depth and scale efficiencies. 2016 was another growth year for our mortgage business with total volume growing 38% over the prior year. Housing in middle Tennessee is thriving due to steady population and job growth, providing an opportunity for us to expand our traditional retail channel. Our wholesale channel, Community Bank Program (CBP), was designed to provide a secondary market mortgage solution for other community banks. Year-over-year volume from the CBP increased from $17.6 million to $25.9 million.

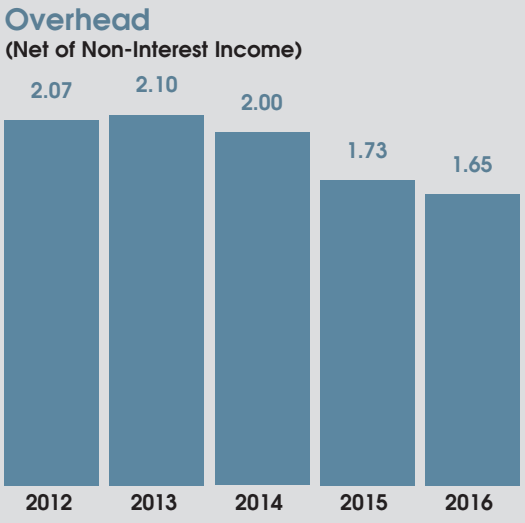





Italian Seasonings
Black Onyx COCOA
Dutch Cocoa
INSBANK
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EQUAL HOUSING OPPORTUNITY

OPERATIONS

Despite the challenge of opening, staffing, and operating a second office facility in 2016, INSBANK was able to increase earnings and experience a high rate of growth by leveraging various resources, including technologies and a high-functioning staff. Industry measurements including efficiency ratio (63.1%) and pre-provision net revenue (1.59% of assets) compared favorably to peers. Despite hiring additional personnel for treasury management support, the mortgage business, and various other positions, assets per employee of $10.4 million remained well above the FDIC peer group average of $5.1 million. One of the best illustrations of escalating operating efficiency is the measure of overhead, net of non-interest income. As charted below, INSBANK continues to improve on this metric.

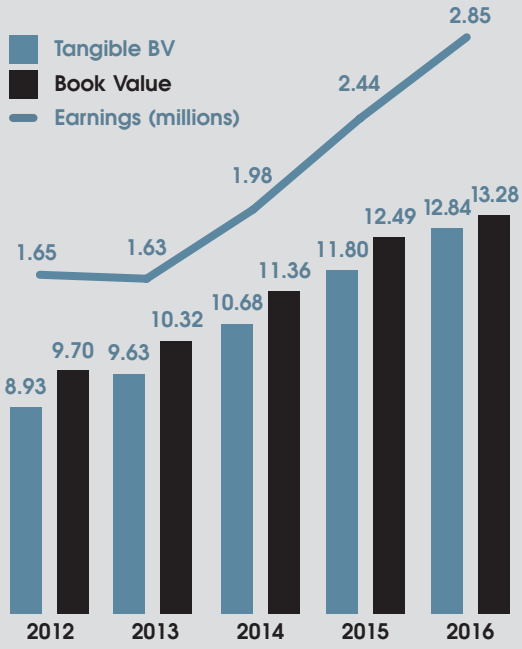


2017 OUTLOOK

We look forward with the benefit of hindsight, but with focus on the future and managing the unknown. Our primary market remains largely healthy, though there are some indicators that certain submarkets of multi-family real estate are now in equilibrium where there had previously been a shortage. Barring a significant reversal of fortune in the local economy, however, there is plenty of opportunity for INSBANK to experience organic growth, particularly with bank consolidation having taken place in our market in recent years. In 2017 we will have a full year of the incremental cost of a 2nd location as we continue to leverage its capacity now and in the coming years. With a talented team, capital to support growth, and a forward-looking business model, we are excited about the prospects for our company this year and beyond.

EARNINGS AND DIVIDENDS

The formula for growth in earnings in 2016 was a familiar one: growth in net interest income; growth in non-interest income; realized operational efficiencies; and minimal costs associated with credit losses all contributed to another year of record performance for InsCorp. Earnings per average share outstanding after issuance of common stock earlier in 2016, was $1.17 for 2016, which was approximately a 9.5% return on average common equity. Based on the capital raise in June 2016 the board of directors chose to move to a semi-annual dividend going forward and authorized a $0.09 dividend which was paid in the 4th quarter 2016.



INSBANK-Unaudited (000's)	Q1 2017
Net Interest Income	3,085
Loan Loss Reserve Expense	80
Non-Int. Income / Inc. from Subs.	365
Operating Revenues	3,370
Operating Expenses	2,338
Gains / (Losses)	0
Income Before Tax	1,032
Taxes	378
Net Income	654
Key Ratios	
Efficiency Ratio	67.7%
Pre-Provision Net Rev. (% of assets)	1.11%

INSBANK
BUILDING RELATIONSHIPS

Left Page: Annual Insby Awards supporting the Entrepreneur Center and TMA Medical Banking at Annual Convention
Right Page: Grand Opening Celebration of Brentwood Office and Annual Clay Shoot









SHAREHOLDER INFORMATION

OTCQX

InsCorp shares are listed on the OTCQX Market under the symbol IBTN. With InsCorp being listed on the OTCQX Market (*www.otcmarkets.com*), shareholders are able to view real-time quote and trading information and can work with their broker to purchase or sell shares of IBTN. Certain corporate information and financial reporting is posted to the OTCQX on a quarterly basis.

TRANSFER AGENT

Computershare, the transfer agent for InsCorp, is the institution that maintains detailed records of the stock transactions of investors. Shareholders can access their account at *https://www-us.computershare.com/Investor* to see a balance of shares held, dividend payment history, transactions and more. Shareholders interested in listing their shares of InsCorp stock that do not currently have a brokerage account can contact Computershare for assistance with listing the shares for sale and setting an asking price. You may contact **Computershare** at **877-373-6374**.

RESTRICTED SHARES

Restricted InsCorp shares that have been held for over 1 year are able to have the restrictive legend removed. This allows for shares to be reissued as book entry (electronic shares) or certificated shares. Book entry shares can be easily transferred into a brokerage account via the Direct Registration System (DRS), while certificated shares can be held in a lockbox at your brokerage office and shares manually uploaded to an account. To remove restrictions, shareholders will need to contact InsCorp's Shareholder Relations representative, **Amanda Richardson** at **arichardson@insbanktn.com** or **615-515-2265**, sign a Shareholder's Rule 144 Letter and turn in the original stock certificates to Computershare's Processing Office.



EMPLOYEES AND MEMBERS OF THE BOARD

CHAIRMAN OF THE BOARD
Michael A. Qualls
Consultant

BOARD OF DIRECTORS
W. Page Barnes, *Executive Vice President/CFO*
Community Healthcare Trust

David Crabtree, *Executive Vice President*
Brookside Properties

Richard S. Hollis, Jr., *Owner*
Hollis & Burns

Stacey Koju, *Attorney*
Bone McAllester Norton PLLC

Thomas H. Loventhal
The Loventhal Group

C. Louis Patten, Jr., *Associate Partner*
Cornerstone Insurance Group

Dennis W. Petty
Certified Public Accountant

James H. Rieniets, Jr., *President/CEO*
INSBANK

Charles T. Tagman, Jr., *Chairman*
Risko Group LLC

Phillip R. Zanone, Jr., *President*
Wunderlich Securities

DIRECTOR EMERITUS
Maurice W. Pinson, *Partner*
Fridrich, Pinson, Rothberg & Associates

William E. Wallace
The Insurance Group

IN MEMORIAM
S. Norfleet Anthony, Jr., *Owner*
S.N. Anthony, Inc.

MANAGEMENT
James H. Rieniets, Jr., *President/Chief Executive Officer*
Mark E. Bruchas, *Executive Vice President/Chief Financial Officer*
Philip C. Fons, *Executive Vice President/Chief Credit Officer*
J. Scott Gupton, *Executive Vice President/Chief Operating Officer*
R. Chad Hankins, *Executive Vice President/Chief Lending Officer*

PUBLIC RELATIONS
Mallory Smith

SHAREHOLDER RELATIONS
Amanda Richardson

TRANSFER AGENT: COMPUTERSHARE
Market: OTC-QX
Symbol: IBTN



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Nashville, TN 37215

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Brentwood, TN 37027

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