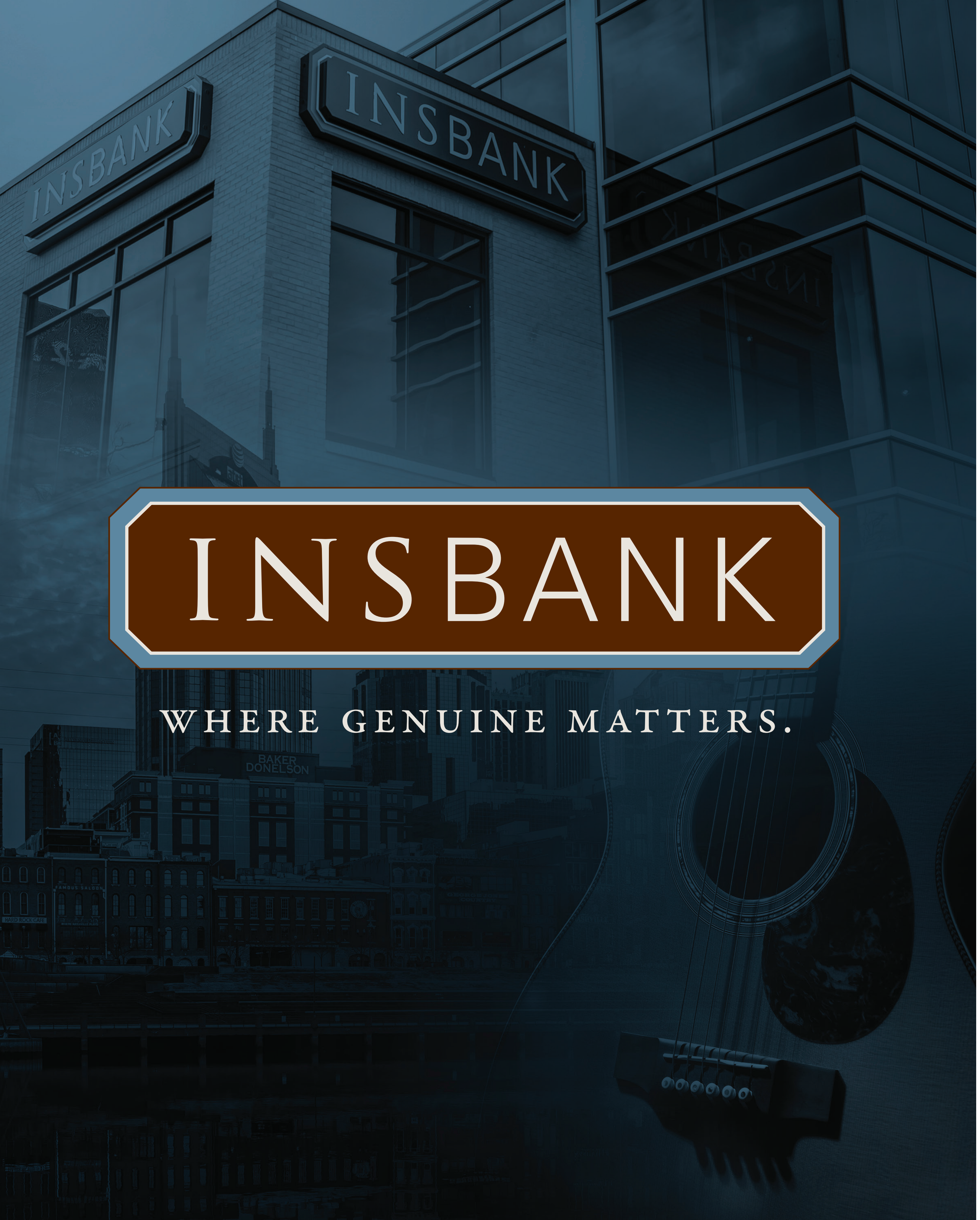
INSCORP

PARENT COMPANY OF INSBANK

ANNUAL REPORT

2022



LETTER TO SHAREHOLDERS

On behalf of INSBANK's employees and board of directors, I'm pleased to share that accomplishments in both financial results and non-financial objectives were significant in 2022, resulting in record profits and a successful migration to a next-generation core software system.

An early draft of this letter to shareholders was to focus on: a summary of bank operations in 2022; a report of financial results; and a narrative around innovation. Then the drama of notorious bank failures unfolded on March 10th, thrusting the entire banking industry into a moment of tremendous uncertainty as regulators embarked on resolving failed institutions, and policymakers sought answers to the reasons for the crisis unfolding and how to respond to its after-effects. Understandably, this final version of the InsCorp 2022 annual report has been enhanced to include even more information about our company's risk management practices, and particularly those which have taken on heightened importance in light of these recent events.

2022

The year was characterized by continued growth of our business units, acquiring new customers on both sides of the balance sheet. Loan growth of 18% was driven by business activity in our local Nashville market, as well as Medquity's niche healthcare lines of business, now with clients in 25 states. The bank commenced the year with excess liquidity that was deployed into loans during subsequent quarters, minimizing the need for commensurate deposit growth as interest rates increased. As a result of the growth of earning assets, net interest margin increased as the year progressed, generating the company's best-ever operating income. As the Fed's cumulative rate increases approached 400 basis points in the latter part of the year, some depositors' preferences shifted from money market accounts to time deposits. This predictable migration pattern increased funding costs and eased margin as the year concluded. As a result of growth, margin expansion, and some non-recurring gains from pandemic-era hedging activities, the company's net income exceeded $10 million.

Risk management remains a bedrock of INSBANK's culture, and 2022 provided a test of interest rate sensitivity that had not been experienced in decades. Our historical practices for managing this risk include: utilization of term liabilities to offset fixed rate loans; use of derivative hedging activities; and minimizing duration in both securities and loan portfolios. Another risk that has yet to emerge in this environment, but is on everyone's radar, is credit risk. INSBANK's measures of credit risk were very healthy in 2022, but our team remained diligent in managing portfolio risks that may emerge in the event of a potential recession.

As the economy was being rocked by inflation, global effects of the war in Ukraine, and rapidly rising interest rates, the team at INSBANK was also engaged in the comprehensive process of converting core software service providers during the course of the year, culminating in a successful customer conversion in October. The new system provides an open API architecture, which will allow the bank to utilize other, non-core software applications for the benefit of our customers. It will also empower the bank to better leverage data and management information systems to further enhance efficiencies.

Addressing the Current Industry Uncertainty

Since we closed the books on 2022, high-profile bank failures have thrust risk management issues into the public vernacular in ways not experienced since the crisis of 2008. Whether the topic is interest rate risk, bond accounting, or uninsured deposits, a new era has unfolded that finds depositors, financial media pundits, and elected officials opining upon banking matters previously of interest only to bankers, regulators, and investors. Unfortunately, the prevalence of social media makes this public discourse both ubiquitous and occasionally dangerous. Against this backdrop INSBANK is relying on its historic risk management practices to protect the interests of our shareholders and continue to serve our customers and our community.

One of the philosophical tenants of our business model has always been diversification, whether that applies to our loan portfolio or the means in which we fund our balance sheet. Our deposit portfolio is a combination of: commercial deposits from a broad spectrum of industries; private client money markets accounts; local time deposits; CD's thru our nationwide Finworth digital brand; and a modest amount of insured brokered deposits which also assist with managing interest rate risk. This diversification has served our company well, as the bank's uninsured deposits are less than 25%, comparing very favorably to industry averages.

As for measuring and managing interest rate risk, the bank's leadership reviews detailed reports and stress scenarios on a quarterly basis in conjunction with a board-level committee. While a bank cannot eliminate all interest rate risk and still produce market-competitive rates of return, INSBANK utilizes a variety of tools, including interest rate caps, floors, and swaps, to minimize risks over multiple years and in periods of volatility. This disciplined approach, for example, prevented INSBANK from investing in long-dated bonds during the low-rate, pandemic era as the price risk was unacceptable in up rate scenarios. As a result, our bank has one of the lowest AOCI adjustments in the industry, measuring at less than a quarter of one percent. As the banking environment remains uncertain and nuanced, we plan to remain focused on the risk elements of the day, while continuing to serve the interests of our clients and shareholders.

The Path Forward

Our bank's business and strategic plans remain very relevant as the bank forges ahead. Will there be legislative or regulatory manifestations of the current environment that require consideration in the future? While that's certainly a possibility, prudent risk management has always been the main tenet of INSBANK's philosophy, and it is the bedrock for all other aspects of the company's operating plans. In the event the industry sees new forms of regulation addressing the recent issues involving interest rate risk management and funding concentrations, INSBANK's historical practices should minimize the effects on its business. Whether the objective is leveraging technology, lending to diverse industries in the Nashville market, growing treasury service deposits, or developing our niche healthcare markets, our team will be guided by not only the wisdom of historic context, but also a forward-looking vision that emphasizes value-creation.

Our annual report seeks to provide a comprehensive summary of the bank's operations, but should you have additional questions please feel free to reach out to me. On behalf of our board of directors and employees, I want to thank our shareholders for their support.

Sincerely,

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

ABOUT US

We're a true local bank—built by and for Nashville business leaders. A place where our people and partners are having as much fun as they are having success. Never heard of a bank like this? It's probably because you haven't been to one where genuine matters.

Welcome to INSBANK

Our Mission

To generate risk-appropriate returns for shareholders through the delivery of financial services that provide value and help fulfill the goals of businesses and individuals in the communities we serve.

Our Vision

Within a competitive industry, INSBANK seeks to differentiate and create competitive advantage through a unique combination of strategies, tactics, and attributes.

The bank strategically targets small businesses and consumers for whom large banks have difficulty delivering quality service.

Tactically, INSBANK utilizes a complimentary mix of convenient technologies with accessible and capable employees to add value to competitively priced services.

Elements of INSBANK's cultural foundation include respect for clients, employees, and shareholders, as well as adaptability as it pertains to an evolving industry.

INNOVATIVE BUSINESS MODEL

INSBANK's culture of innovation was born out of its original vision and mission, and has continued to be a critical component in its success formula. Through a technology forward posture and a culture of efficiency, the bank wraps its operating model with strategies to maintain its position as an innovator. By utilizing unique staffing models, positions and committees, its ability to be nimble and proactive in a rapidly changing banking environment is enhanced and allows the bank to focus its resources on technology modernization and fintech initiatives that support the changing needs of its customer base.

In 2022, the bank completed a project to convert its core operating system to a modern, organic system with open API structure. The enhanced access, integration and data availability through this new system further enhances the banks' position to innovate. System utilization and integration with strategic partners are critical components in continuing to offer a modern banking environment for both internal and external stakeholders. This continued culture of innovation is driven by the bank's Innovation Officer and Innovation Committee, supported by the bank's Senior Management team and Board of Directors.

This focus on innovation, technology and efficiency is designed to support key banking niches, while adding value and expertise to specific segments in the market. Identifying and focusing on these niches has allowed INSBANK to develop products and services that support the unique needs of businesses, benefiting the customers and developing lasting relationships based on providing advisors and advocates in addition to solutions.

INSBANK

With a history built upon a unique business model that encourages thoughtful approaches to solving customers needs, INSBANK's ability to be nimble and pivot towards solutions continues to keep pace with a rapidly changing industry. The banking industry is realizing change not just isolated to technology and innovation, but also in customer expectations, balance sheet structure and needs, and adaptable personnel poised to navigate this evolution.

Continued adaptability within the banks business model further allows INSBANK to focus on key strategies, without the noise of traditional banking models. Executing on innovative and creative strategies is a key to the bank's growth in areas not serviced by others with the level of expertise that the bank can achieve through its focused mission.

INSBANK continues to service a growing and diverse client base from two office buildings in the metropolitan Nashville market. Through expertise in commercial banking and treasury management, paired with excellence in private client services, the bank continues to grow its reputation as a subject matter expert in these areas that match its strategic growth. Carefully augmenting these services as needs in the client base grow, further embodies the strategy of demanding expertise in order to exceed expectations. In 2022, the bank endeavored to position itself to offer trust services, not to the masses, but instead to niches within the commercial and private client spaces, where it could provide a high level of quality and serve as a trusted advisor, ensuring trusts were governed as intended and remained beneficial to the client. INSBANK's ability to adapt to developing needs such as these, coupled with its innovative and unique business model, supports sustainable growth for all its stakeholders.

With both Medquity and Finworth, the bank's client base continues to expand across the nation. While traditional relationships in its primary market continue to be a core strategy, these other silos provide diversification critical for a sustainable growth trajectory. A focus on automation and efficiency provides the bank's staff the ability to focus on unique business opportunities and innovate the process and interaction with its borrowers and depositors. With its infrastructure and resources, client relationships that fit the bank's strategy can occur anywhere.

MEDQUITY
HEALTHCARE BANKING

Medquity, a division of INSBANK, provides banking services to the healthcare industry. As Nashville is home to more than 900 healthcare companies, developing expertise in this area was a natural strategy for the bank.

Medquity was initially established in partnership with the Tennessee Medical Association (TMA Medical Banking), and it has since expanded to a nationwide presence, currently serving customers in 25 states and growing. The US healthcare industry is massive, with healthcare spending at nearly 20% of US GDP. Three million healthcare businesses produce over $3 trillion in revenue (and growing). Healthcare is known for its continued performance in a recession as healthcare services are relatively inelastic to price and income. In fact, healthcare jobs grew in the '91, '01, and Great recessions. These attributes enhance the bank's strategy to continue its growth in this segment.

Medquity provides comprehensive banking solutions focused on the healthcare services sector, namely healthcare operators and management companies plus physicians' banking needs from residency to retirement. Current solutions include loans for working capital, equipment and build-out, residential and commercial real estate, business/practice acquisitions (often by private equity-backed medical or dental management services organizations), and independent or joint venture clinics and centers for physicians, operators, and/or health systems.

Medquity is committed to developing niche solutions for the healthcare industry. This is evidenced by its fintech platform launched in 2020 to refinance medical and dental student loans. This platform has since been further leveraged to improve and promote its second online application: loans for doctors investing in joint venture ambulatory centers, such as surgery centers and dialysis centers. Material development was also completed for Medquity's third online application, a personal loan application for doctors, to be launched in 2023.

Medquity's understanding of the unique journey for each provider, practice, and healthcare company allows the bank to be proactive in providing the financial resources clients need to be successful in the evolving healthcare ecosystem.

FINWORTH
A DIVISION OF INSBANK

'Fintech' ventures often uniquely solve a customer's need. In some cases, solving a need through technology may not be unique unto itself, but rather may provide the bank a conduit to customers and customers a conduit to a distinctive experience.

INSBANK's national online presence, Finworth, does both by virtue of creating a simple access point for deposit customers to experience a 'Virtual Private Client' experience, without the need for proximity.

Through a virtual environment, clients nationwide can access competitive interest-bearing accounts, with the added benefit of direct access to Private Client Advocates. This approach allows depositors to access 'local' style bank service while benefiting from national rates. Finworth strives to automate the deposit opening experience, in tandem with access to experienced bankers when one size may not fit all.

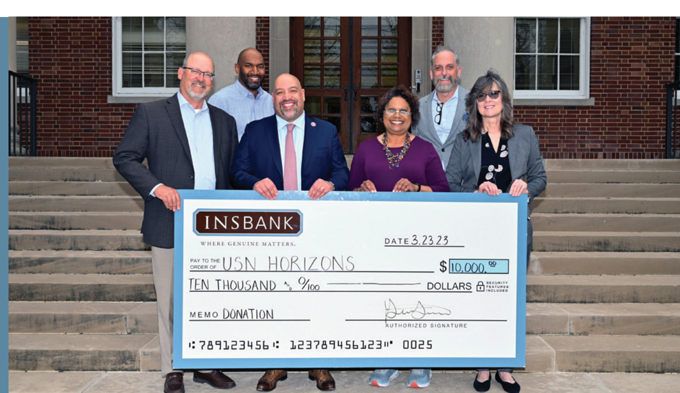
COMMUNITY INVOLVEMENT

INSBANK and its employees, management, and directors all find value in community involvement. These stakeholders devote time and resources to support what inspires them, both personally and professionally. The bank also contributes to these initiatives through allocation of time, organization of group efforts, and monetary contributions.

As a component of its Wellness Program, INSBANK organizes and facilitates regular volunteer activities for its employees. With the belief that wellness includes body, mind, and spirit the company encourages volunteerism as a way to enhance wellness. Employees' participation in charitable organizations, whether as board members, committee members, or volunteers, is supplemented by the company's financial support of a wide variety of non-profit organizations.

In late 2019, INSBANK was presented with an opportunity to partner with the Horizons Program, a 501 (c) 3 non-profit organization closing the opportunity and achievement gaps within under served communities, through University School of Nashville. Because of the pandemic the on-site, financial literacy training element of this partnership was put on hold in 2020, but we are excited to resume our involvement.

The Horizons Program offers top notch instruction in reading, writing, math, and science for six full weeks. The students also participate daily in swimming classes and weekly enrichment classes such as art, African drumming, coding, musical theater, sports, and dance.



PHILANTHROPIC INSBANK FUND

INSBANK believes in supporting a variety of needs in our local community and maintains a desire to contribute when its needed and where its needed. In this same spirit, and to enhance the bank's existing corporate giving, the company established The INSBANK Philanthropic Fund in 2019. This fund facilitates giving back through all the bank's stakeholders, including its customers, who can participate through The Philanthropy Account. The Philanthropy Account offers the same convenience of a typical money market account, but with the added benefit of supporting local organizations. This innovative account allows customers to earn a competitive rate of interest while supporting the community as the bank makes a contribution to the fund based on aggregate deposits in these accounts.

Current Beneficiaries

Alzheimer's Tennessee
www.alzTennessee.org

w.o. smith nashville community music school

LEGACY BENEFICIARIES

AncoraTN

OZ Arts · Nashville

CASA Court Appointed Special Advocates for Children

National Museum of African American Music

The Nashville Food Project

Nashville Children's Theatre

ESG

Environmental, social, and governance (ESG) considerations have become increasingly important for banks and financial institutions in recent years. ESG provides a framework for understanding a company's sustainability and ethical impact.

As a responsible corporate citizen, we recognize the significance of ESG factors and have integrated them into our business strategy. As a bank, ESG factors can have a significant impact on our business, including our ability to manage risk, attract and retain customers, and contribute to the well-being of the communities we serve.

Environmental factors refer to the impact of a company's operations on the natural environment. As part of our commitment to environmental sustainability, we promote sustainable business practices throughout our organization and facilities. Additionally, as a bank, we are in a unique position to assist clients in our community who facilitate responsible environmental stewardship for themselves and others.

Social factors refer to a company's impact on society, including its relationships with employees, customers, and communities. We are committed to promoting diversity, equity, and inclusion within our organization and strive to create a culture that values and respects all individuals. We also provide financial education programs and support for financial literacy initiatives in the communities we serve, helping to promote financial inclusion and economic empowerment. The bank also supports initiatives to give back to the communities in which we operate, such as volunteering, charitable donations, and community outreach programs, which are further highlighted in this report.

Governance factors refer to a company's management and decision-making processes, including transparency, accountability, and ethics. We have established strong governance frameworks to ensure that we conduct our business in a responsible and ethical manner. Our board of directors provides oversight and guidance on ESG issues, and we regularly engage with stakeholders to understand their concerns and incorporate their feedback into our decision-making processes.

Overall, our commitment to ESG principles reflects our dedication to creating long-term value for our shareholders, customers, employees, and communities. We believe that by incorporating ESG considerations into our business strategy, we are better positioned to create long-term value for our shareholders, customers, and communities and can help build a more sustainable future for all.

CORPORATE GOVERNANCE

Good corporate governance is fundamental to INSBANK's business. It is essential that we practice responsible business principles and continue to demonstrate our commitment to excellence to sustain value for our investors and stakeholders.

INSBANK has long been proactive in establishing policies and practices that support strong corporate governance and transparency in financial and non-financial reporting. These practices provide an important framework within which our Board of Directors and management can pursue the strategic objectives of INSBANK and ensure its long-term vitality for the benefit of shareholders.

Board of Directors

Our annually elected board of directors is comprised of independent directors with the only exception being the CEO, James H. Rieniets, Jr. Each director provides a unique business perspective, experience and skills, all valuable to the Bank. The board plays a vital oversight role, which fosters shareholder value and affects stakeholder confidence, through discussions with senior management and external advisors covering a wide range of matters including strategy, financial performance, compliance and policy.

Board Committees

Committee and committee chair assignments are reviewed annually by the Board of Directors after considering factors such as the directors' business and corporate governance experience, the Governance Committee's recommendations, criteria for specific committee service, individual skill sets, the directors' other responsibilities and scheduling flexibility. Assignments are periodically reviewed to ensure that each committee has an appropriate mix of tenure and experience in order to introduce fresh perspectives while preserving continuity.

» Governance Committee *
» Audit Committee *
» Compensation Committee *
» Asset / Liability Committee
» Management Committee
» Loan Policy and Oversight Committee
» Executive Loan Committee

**outside director membership only in order to ensure independence*

Bank Committees

Certain day to day processes and procedures conducted by the bank are better managed and monitored through a committee structure allowing the various departments and management input into enterprise wide issues. Executive Management recommends assignments to committees based on subject matter experience and departmental representation. Executive management is represented on each committee.

» IT Steering Committee (includes Board observation rights)
» Compliance Committee
» Officer Loan Committee
» Innovation Committee
» Process Improvement Committee

FINANCIAL INTRODUCTION

The financial section of the annual report provides an overview of InsCorps financial performance and position over the past year, driven by INSBANK and its divisions. This section aims to offer shareholders, investors, and other stakeholders a clear understanding of the company's financial health, strategic direction, and the results of its operations.

The following pages delve into key financial statements, including the balance sheet and income statement. These statements present a snapshot of InsCorp's financial position, revenue and expenses. By analyzing these statements, readers will gain valuable insights into the profitability, liquidity, and solvency of the organization.

Included in this section is a discussion of important financial ratios and metrics that help assess the performance and efficiency of the company. These ratios provide a deeper understanding of profitability, liquidity, leverage, and other critical aspects of financial operations. They serve as valuable tools for evaluating financial health and comparing performance against industry benchmarks. The discussion includes analysis of significant events, trends, and strategies that have shaped financial performance throughout the year. Highlighted are key factors impacting revenue streams, cost of liquidity, and profitability, as well as risk management strategies.

Transparency and accountability are vital to our commitment to our stakeholders. Information regarding financial performance and other important updates, announcements and press releases can be found throughout the year on our website insbank.com, at the OTCQX page for InsCorp, and on the FFIEC website.

CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet		
	12/31/22	12/31/21
Assets		
Cash and Cash Equivalents	$ 5,412	$ 16,680
Interest Bearing Deposits	18,226	73,746
Securities	40,785	23,089
Loans	648,382	551,463
Allowance for Loan Losses	(8,778)	(8,025)
Net Loans	639,604	543,438
Premises and Equipment, net	13,028	13,345
Bank Owned Life Insurance	13,721	13,398
Restricted Equity Securities	8,496	7,554
Goodwill	1,091	1,091
Other Assets	11,657	8,055
Total Assets	$ 752,020	$ 700,396
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Non-interest-bearing	$ 87,843	$ 79,929
Interest-bearing	488,684	504,781
Total Deposits	576,527	584,710
Federal Home Loan Bank Advances	67,000	32,000
Federal Funds Purchased	15,000	4,000
Paycheck Protection Program Liquidity Fund	-	1,404
Subordinated Debentures	17,330	17,308
Line of Credit	7,500	2,500
Other Liabilities	4,823	3,277
Total Liabilities	688,180	645,199
Shareholders' Equity		
Common Stock	29,443	28,924
Accumulated Retained Earnings	34,810	25,702
Accumulated Other Comprehensive Income	(413)	571
Total Stockholders' Equity	63,840	55,197
Total Liabilities and Shareholders' Equity	$ 752,020	$ 700,396
Tangible Book Value per share	$ 21.70	$ 18.90

CONSOLIDATED FINANCIAL STATEMENTS

Income Statement	Year Ended	Year Ended
	12/31/22	12/31/21
Interest Income	$ 30,415	$ 24,901
Interest Expense	6,202	4,690
Net Interest Income	24,213	20,211
Provision for Loan Losses	670	1,850
Non-Interest Income		
Service Charges on Deposit Accounts	209	240
Bank Owned Life Insurance	322	283
Sale of Government Guaranteed Loans	-	62
Other	1,156	1,114
Non Interest Expense		
Salaries and Benefits	8,402	7,332
Occupancy and Equipment	1,563	1,347
Data Processing	858	597
Marketing and Advertising	524	574
Other	2,266	2,373
Net Income from Operations	11,617	7,837
Gain on Interest Rate Hedges	2,789	748
Interest Expense-Subordinated/Leveraged Debt	1,095	992
Pre-Tax Income	13,311	7,593
Income Tax Expense	(2,975)	(1,564)
Net Income	$ 10,336	$ 6,029
Earnings Per Share	$3.59	$2.06

Statement of Changes in Shareholders' Equity		
Beginning Balance	$ 55,197	$ 51,094
Issuance of Common Stock	115	60
Purchase of Common Stock	(50)	(2,487)
Stock Compensation Expense	325	218
Exercise of Stock Options	128	625
Dividends	(1,227)	(704)
Net Income	10,336	6,029
Change in Unrealized Gain (Loss) on Securities Available for Sale	(984)	362
Ending Balance	$ 63,840	$ 55,197

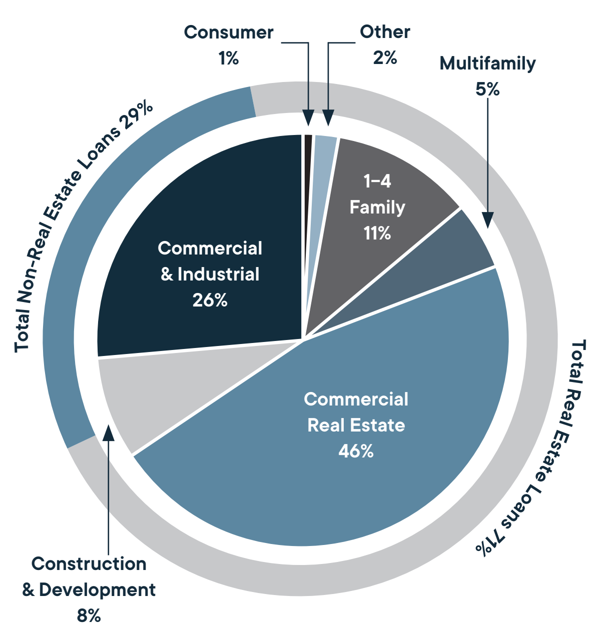
*Dollars in Thousands

MANAGEMENT DISCUSSION OF FINANCIALS

Lending

After a couple of prior years that saw lending activities dominated by pandemic-driven needs, 2022 provided a welcome return of commercial lending that was principally for either clients' normal operations or their growth opportunities. The composition of the loan portfolio was fairly consistent with the prior year as the two largest segments, CRE and C&I, maintained their relative share of loans outstanding. While the broad categories were consistent, the bank's healthcare division, Medquity, had significant contributions to the portfolio, providing net loan growth of $64 million. The portfolio of physician-focused healthcare loans remains very well diversified across geographies, healthcare specialties, facility types, and repayment sources. Yields on loans steadily grew as the Federal Reserve increased interest rates 425 basis points during the course of the year. While loan demand remained healthy in the fourth quarter, clients also began to assess the higher cost of debt as they considered borrowing for expansion or development.

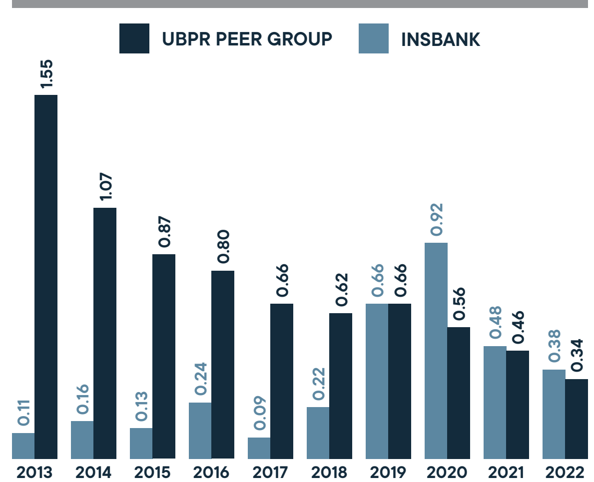
LOAN COMPOSITION



Risk Management

Though pandemic-era concerns of health and safety abated in 2022, the legacy of the related government stimulus manifest in the Federal Reserve rapidly raising interest rates to combat inflation during the year, and thus setting up a test of the industry's ability to manage interest rate risk. INSBANK's historical strategy has been to remain fairly neutral to the direction of changes in interest rates, and to minimize the risk associated with highly volatile scenarios. Methods the bank has utilized to minimize these risks include: balancing the mix of fixed and variable rate loans; minimizing price risk in bond portfolios; prudently using structured term funding; and employing hedging activities such as interest rate caps and floors, as well as interest rate swaps. These collective tactics have allowed the bank to avoid any meaningful AOCI adjustment to capital, and to maintain a net interest margin with sufficient cushion over the bank's operating expenses.

NON-PERFORMING ASSETS



While the industry spotlight has been cast upon interest rate risk, across the country asset quality is expected to emerge as the next challenge. Measures of asset quality across the industry demonstrated strength in 2022, and that held true for INSBANK. Non-performing assets were a modest 0.38% as of December 31, and for the entire year there were no net charge-offs. Wary of a potential credit cycle in the near future, however, we increased the allowance for loan losses to $8.8M. Expressed as a percentage of loans, at 1.35% this reserve compared favorably to the bank's peer group average of 1.32%. Given the convergence of higher interest rates and work at home trends, all eyes are currently trained on office CRE. On this front INSBANK maintains a robust CRE policy that includes: portfolio diversification, stress-testing, and requirements for a high durability underwriting overlay for any concentration thresholds.

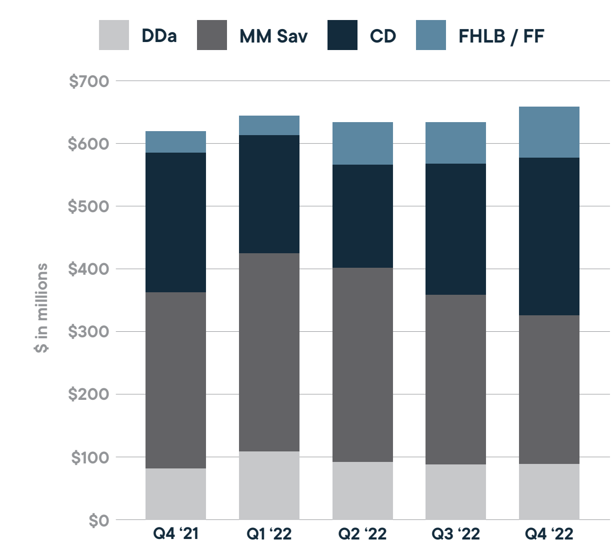
Deposits and Funding

With the year beginning with plenty of excess liquidity as the bank had grown the core deposit base by $100 million in the prior year, deposit efforts were focused on growth of commercial transaction accounts. Those non-interest bearing account balances grew $8 million, or 10% during 2022, and came from a variety of industries, including, but not limited to: healthcare services; trust and custodial services; cannabis (hemp); professional services; hospitality & non-profits.

In recent years our team successfully shifted the mix of interest-bearing deposits away from time deposits in favor of money markets accounts, but as the Federal Reserve Bank raised interest rates seven times for a total of 4.25%, depositors' preferences began to shift back to certificates of deposits. This migration from lower yielding money market accounts, which had been a proxy for a one-year certificate of deposit for depositors in a zero-rate environment, to time deposits with a 4+% rate was inevitable. This transition saw five percent of the portfolio move to time deposits. Additionally, some depositors opted to invest funds in U.S. Treasury securities as the year progressed. As a result of these market dynamics and the excess liquidity to start the year, total deposits decreased $8 million during 2022.

A core element of INSBANK's funding strategy is diversification, and in 2022 the bank leveraged its new core system provider and customer-facing software solutions to enhance its Finworth online deposit platform. This resulted in a 29% growth of these deposits, which come from customers nationwide choosing the convenience of a digital delivery channel in exchange for a competitive rate.

FUNDING COMPOSITION



Operations

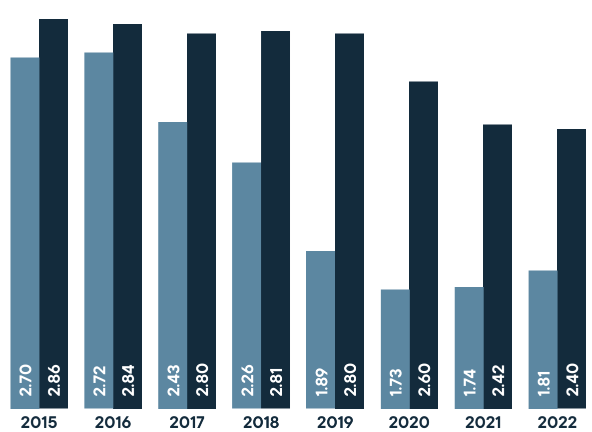
Led by $97 million in net loan growth, and further increased by the Federal Reserve's rate increases totaling 4.25%, interest income increased $5.8M, or 23.4%. Interest expense, exclusive of holding company financing costs, increased $1.8M, or 39.0%. In 2022 recurring sources of non-interest income of approximately $1.7M were consistent with the prior year. The bank had $2.8M in gains on hedging instruments during the year compared to $748,000 in 2021. These gains were a function of the rising rate environment and market measures of volatility.

During the year the bank converted to a new core operating system with an open API structure. This technological advancement further reflects the bank's emphasis on being a model of efficiency. An efficiency ratio of 45.6% compared favorably to FDIC peer group data of 61.6%, driven by relatively low operating expenses of 1.81% of assets. The bank continued to realize efficiencies in leveraging human capital as assets per employee were $14M, well over the peer average of $7M.

OPERATIONS EXPENSE

Non-Interest Expense as a % of Assets

UBPR PEER GROUP INSBANK

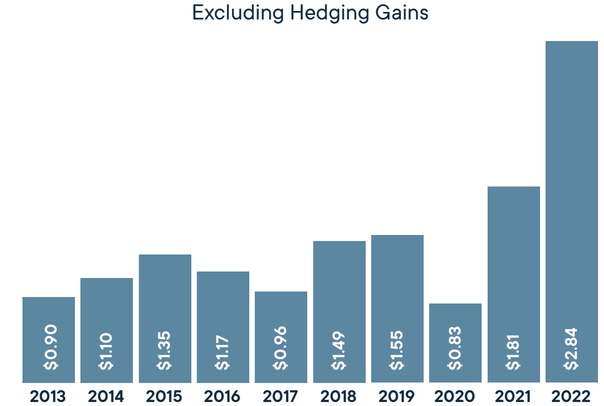


Earnings and Dividends

Continuing the rebound of earnings from the pandemic year of 2020, InsCorp saw record profits of $10.3 million, or $3.59 earnings per share. The primary drivers leading to this record profit were margin improvement, maintaining strong asset quality resulting in lower loan loss reserve expense and gains on hedging positions involved with managing overall interest rate risk. Return on assets increased to 1.42%, while return on equity was 17.4%, both of which set performance records for the company. The 2022 year saw a special dividend paid in the first quarter of $.12 per share plus semi-annual dividends of $.15, a 25% increase over prior quarters, paid in June and December for a total of $0.42 for the year.

EARNINGS PER SHARE

Excluding Hedging Gains



2023 Update and Outlook

In spite of recent industry stress the bank's first quarter results were consistent with our plan for managed growth and double-digit returns on equity. Loan balances grew $13 million, or at an annualized rate of 8%, while deposits increased $52 million. At the bank-level, net interest margin was 3.37%, while the efficiency ratio was 50.1%. Measures of asset quality remained healthy, with past dues loans of just 0.05% and non-performing assets totaling 0.32%. Net income after taxes was $2,050,000, or $0.71 per share, which drove an increase in tangible book value to $22.35. With fears of recession and volatile interest rates, the INSBANK team will rely on its historical risk management disciplines as we navigate the coming quarters for the benefit of our customers and shareholders.

INSCORP	Q1 2023
Net Interest Income	$ 5,772
Provision	$ 125
Non-Interest Income	$ 427
Operating Revenue	$ 6,074
Operating Expenses	$ 3,460
Gain/(Losses)	$ 66
Income Before Tax	$ 2,680
Taxes	$ 630
Net Income	$ 2,050

SHAREHOLDER INFORMATION

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**.

OTCQX Management

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.

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. To remove restrictions, shareholders will need to contact InsCorp's Shareholder Relations representative, **Amanda Richardson** at **arichardson@insbank.com** or **615.515.4280**, sign a Shareholder's Rule 144 Letter and turn in the original stock certificates to Computershare's Processing Office.

MANAGEMENT AND BOARD MEMBERS

Chairman of the Board & InsCorp

Michael A. Qualls, Retired CEO of INSBANK
Consultant

Board of Directors

Russell Echlov, Partner
Ledyard Capital

James Fields, President/CEO
Concept Technology Inc.

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

Stacey Koju, Attorney
Spencer Fane

Hope Lundt, Investment Manager
Spence Limited, L.P.

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

Philip R. Zanone, Jr., Chief Operating Officer
B. Riley Wealth Management

Leadership 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
Blake Wilson, Senior Vice President/Healthcare Banking Division Head
Andrew T. Smith, Senior Vice President/Chief Deposit Officer

Public Relations

Mallory Smith

Shareholder Relations

Amanda Richardson

Transfer Agent: Computershare

Market: OTC-QX
Symbol: IBTN

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