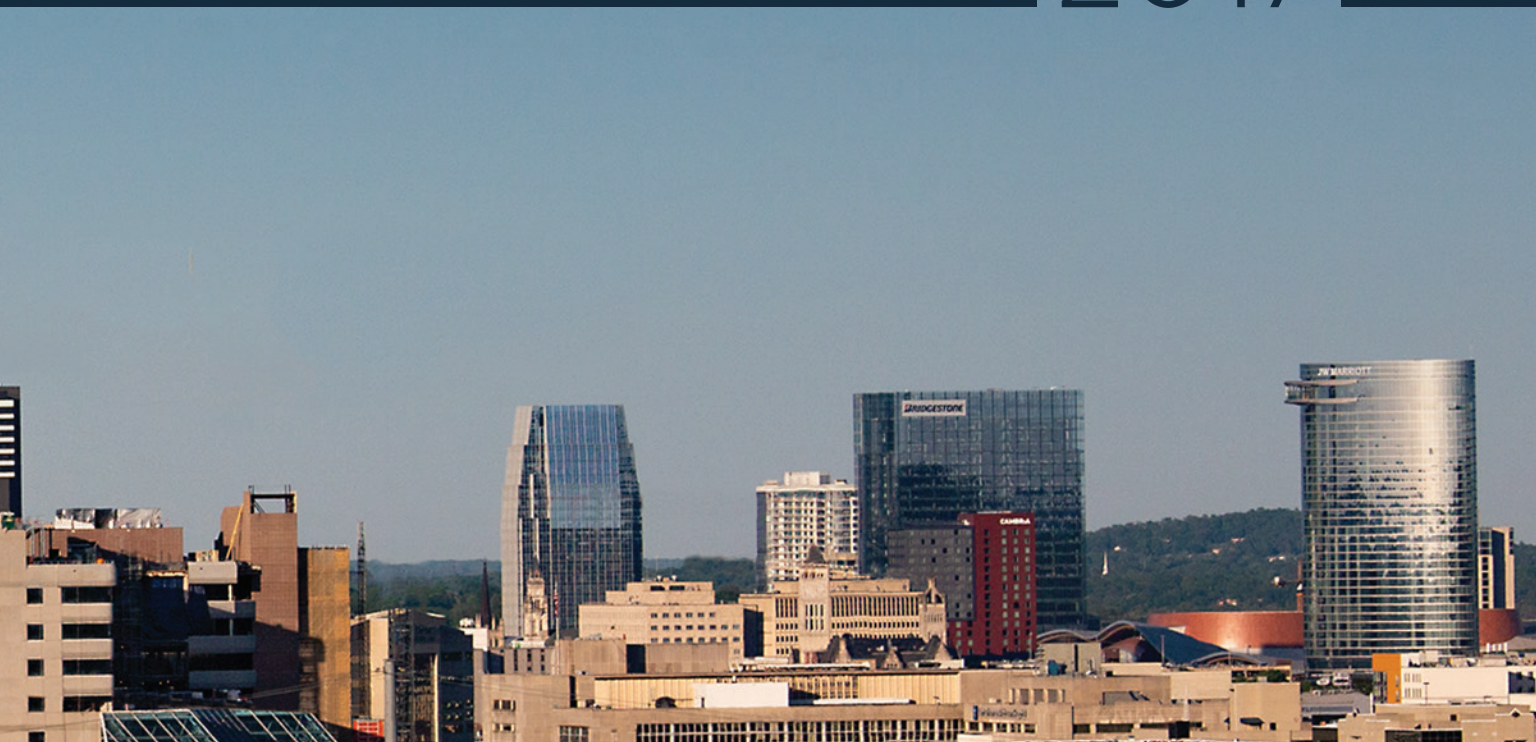


InsCorp
Parent Company of INSBANK

ANNUAL REPORT

INSBANK

2017





INSBANK

Know What Makes Sense for Your Business

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LETTER TO SHAREHOLDERS

The 2017 annual report to shareholders contains a combination of historically familiar themes and forward-looking initiatives. While our company remains grounded on a foundation that includes prudent risk management and a culture of respect, it is our team’s innovative spirit which drives our growth in an ever-evolving industry. We believe that community banks can continue to be very relevant in the post-Dodd-Frank era if they can rise to the challenges of electronic delivery channels, and identifying niche markets to serve where they can create value. INSBANK is focused on both of these criteria, among others, so that we can simultaneously serve the needs of both our customers and shareholders. Supporting this statement are the following highlights from 2017.

Successful 1st Year in Brentwood – Opening during the winter holidays the prior year and staffed with a mix of new employees and existing personnel relocated from our Green Hills office, the Brentwood location quickly became familiar to our customers and the market at-large. While generating awareness for the bank, clients and community groups have appreciated our making available to them our on-site meeting and hospitality space. Additionally, during the 4th quarter a letter of intent was executed for leasing 7,500 sq ft of office space at the Brentwood office, and that tenant is expected to move in during the latter part of the 2nd quarter of 2018.

Building a Bank for the Future – With fintech ventures developing payment system and lending alternatives in various forms, now more than ever banks must provide best-in-class delivery systems. During 2017 we continued an initiative to remain an early adopter of relevant banking platforms. Deployment of systems that enable inception to archive capabilities without paper or manual movement produces a streamlined customer experience, and further enhances the banks efficiency. The bank has also deployed ‘virtualization’ of cash to broaden its ability to service commercial deposits. Additionally, internal system enhancements are being realized through workflow software that provides virtualization to processes eliminating the ‘manual’ handoff of tasks and ensuring all steps are tracked. Innovation is part of the bank’s culture and has been a cornerstone of the banks foundation for nearly 18 years.

Private Banking Launch – As a natural progression of our business model, late in 2017 we launched our Private Client Group. This initiative is consistent with our strategic objective of accelerating core deposit growth, and is synergistic with our core commercial banking line of business. With consolidation taking place in our industry, options for private client customers will likely concentrate to larger institutions, many of which struggle to deliver quality personal service.

Operating Performance – Driven principally by double-digit loan and deposit growth, operating revenues increased 9%. Despite the incremental cost of operating a second location for its first full year, pre-tax income increased 14% over the prior year. Net income after tax would have also seen a double-digit percentage increase if not for a \$400,000, one-time tax adjustment related to recent tax reform legislation. Measures of asset quality remain strong with annual net charge-offs and non-performing assets less than peers.

For shareholders’ review, the following pages include financial statements and overviews of our balance sheet and corresponding lines of business. Should you have any questions regarding InsCorp, please feel free to contact us. On behalf of our customers, employees, and board of directors, we thank you for your support of our company.



James H. Rieniets, Jr., President/CEO



ABOUT US

Frankly, we're different. We're a bank where advice isn't prepackaged. Where clients talk directly to our decision-makers—not a chain of middlemen trapped in branches and bureaucracy.

We're a place where the client's best interests — not the bank's — come first. Where experts go below the surface because they live and breathe your industry and don't just sell to it.

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.

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.



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.



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 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.



WHAT WE DO

The diversity of these business units work together to build sustainable shareholder value. Each one benefits from its relationship and affiliation with the other. The result is a cohesive group, focused on a common goal. Each unit builds off the success of the others, maintaining a culture of growth and success.



Commercial Banking:

INSBANK continues to maintain a focus on the existing small business owner that prefers to deal with a small-to-mid size bank that provides access to local decision makers. INSBANK is 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 and quality solutions.



Treasury Management:

Treasury Management services streamline companies' deposit relationships by accelerating the collection process, improving cash flow, quickly determining daily cash requirements, tracking banking activity and allowing customers to make financial decisions with confidence. INSBANK offers a sophisticated platform of solutions, through technology and partnerships , necessary to manage a business' cash flow with confidence and security.



Private Banking:

At INSBANK, we offer a customized line of banking products and client-centric solutions to our highly valued clients. As a member of the Private Client Group, clients receive a dedicated, experienced private banker to personally help them navigate through the various lifestyle stages and who is also readily accessible to supply the personalized attention and expert advice necessary.



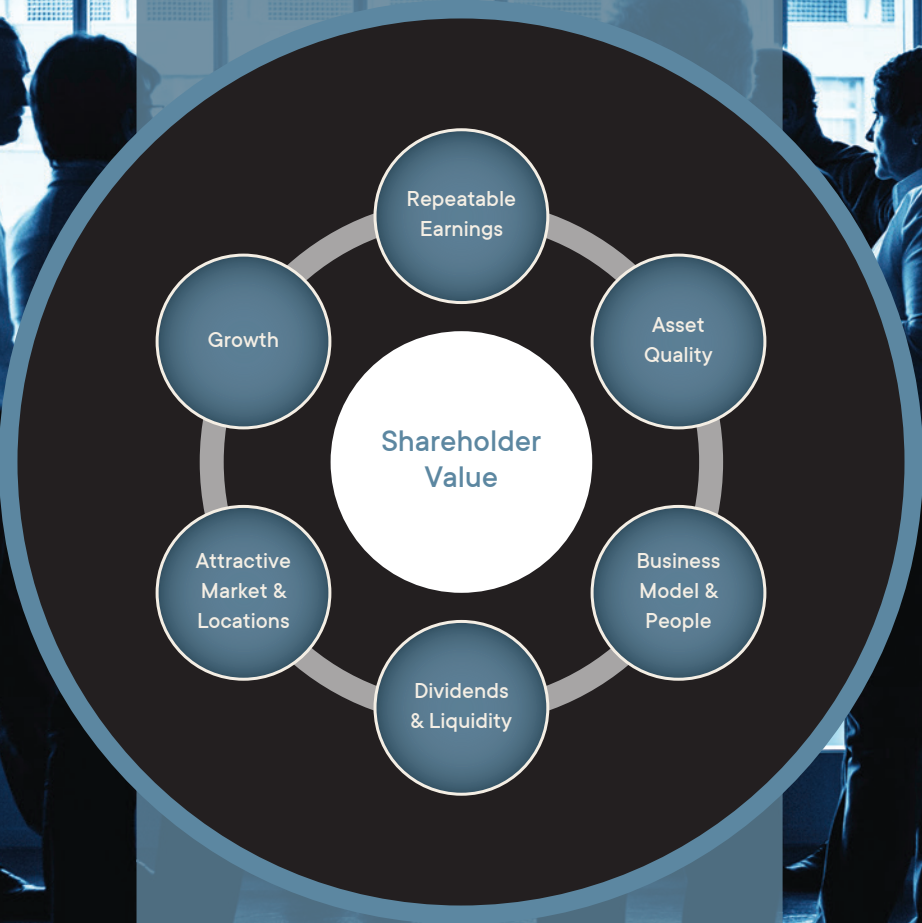
TMA Medical Banking:

TMA Medical Banking, a division of INSBANK, provides commercial loans and deposits for Tennessee's physicians, medical practices, healthcare companies and medical real estate investments, as well as, services for mergers, acquisitions and joint venture transactions. The focus is business-line expertise in healthcare, accessibility to relationship managers and decision makers, excellent customer service and quick turnaround times.



Finworth Mortgage:

Finworth Mortgage, a subsidiary of INSBANK, provides a vast array of mortgage products, which gives its retail customers and wholesale partners a variety of choices. The dedicated and experienced team of mortgage lenders are focused on providing personalized services and privileges at the highest level of customer service.



FINANCIALS

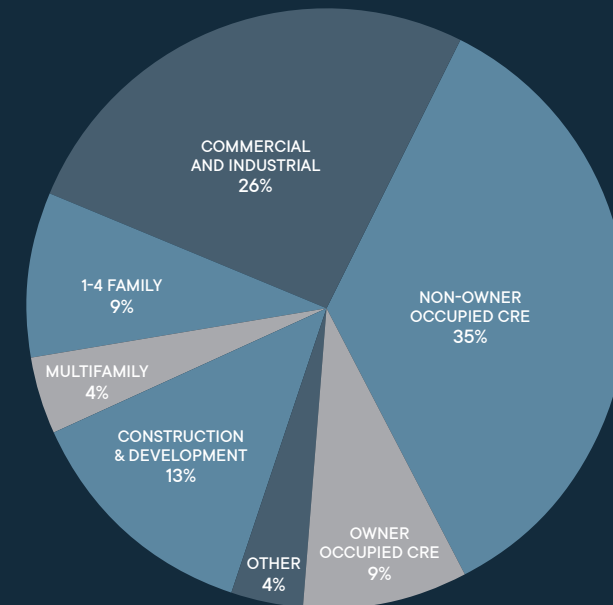
LOAN GROWTH CONTINUED
AT A HEALTHY PACE OF

14%



ASSETS PER EMPLOYEE OF
\$9.1 MILLION
REMAIN WELL ABOVE THE FDIC
PEER GROUP AVERAGE OF
\$5.3 MILLION

LOAN DIVERSIFICATION



BANK INCREASED TOTAL DEPOSITS IN 2017 BY

16%
YEAR OVER YEAR

CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheets		
	12/31/17	12/31/16
Assets		
Cash and Cash Equivalents	\$ 3,580	\$ 2,543
Interest Bearing Deposits	18,486	14,803
Securities	20,193	19,518
Loans Held for Sale	2,431	8,736
Loans	376,498	325,039
Allowance for Loan Losses	(4,313)	(4,004)
Net Loans	372,185	321,035
Premises and Equipment, net	13,808	13,971
Bank Owned Life Insurance	9,361	4,616
Restricted Equity Securities	3,996	3,594
Goodwill and Related Intangibles, net	1,241	1,241
Other Assets	4,129	3,868
Total Assets	\$ 449,410	\$ 393,925
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Non-interest-bearing	\$ 19,946	\$ 21,214
Interest-bearing	338,243	288,393
Total Deposits	358,189	309,607
Federal Home Loan Bank Advances	42,000	40,250
Other Liabilities	8,662	6,544
Total Liabilities	408,851	356,401
Shareholders' Equity		
Preferred Stock*	-	-
Common Stock	30,505	29,646
Accumulated Retained Earnings	10,256	8,005
Accumulated Other Comprehensive Income	(202)	(127)
Total Stockholders' Equity	40,559	37,524
Total Liabilities and Shareholders' Equity	\$ 449,410	\$ 393,925
Book Value per share	\$ 13.97	\$ 13.28

CONSOLIDATED FINANCIAL STATEMENTS

Income Statements	Year Ended	Year Ended
	12/31/17	12/31/16
Net Interest Income	\$ 13,033	\$ 10,798
Provision for Loan Losses	698	954
Non-Interest Income		
Service Charges on Deposit Accounts	117	108
Residential Mortgage Services	1,534	2,959
Bank Owned Life Insurance	244	124
Other	642	317
Non Interest Expense		
Salaries and Benefits	5,866	5,775
Occupancy and Equipment	983	556
Data Processing	415	364
Marketing and Advertising	432	431
Other	2,392	2,042
Net Income from Operations	4,784	4,184
Net Gains on Security Transactions	-	5
Pre-Tax Income	4,784	4,189
Income Tax Expense	(1,612)	(1,336)
Effect of Income Tax Rate Change on Deferred Tax Assets	(404)	-
Net Income	\$ 2,768	\$ 2,853
Statement of Changes in Shareholder's Equity		
Beginning Balance	\$ 37,524	\$ 25,602
Issuance of Common Stock	-	12,356
Redemption of Preferred Stock*	-	(3,000)
Stock Compensation Expense	63	21
Exercise of Stock Options	795	131
Dividends		
Preferred Stock	-	(70)
Common Stock	(516)	(254)
Net Income	2,768	2,853
Change in Unrealized Loss on Securities Available for Sale	(75)	(115)
Ending Balance	\$ 40,559	\$ 37,524

Dollars in Thousands

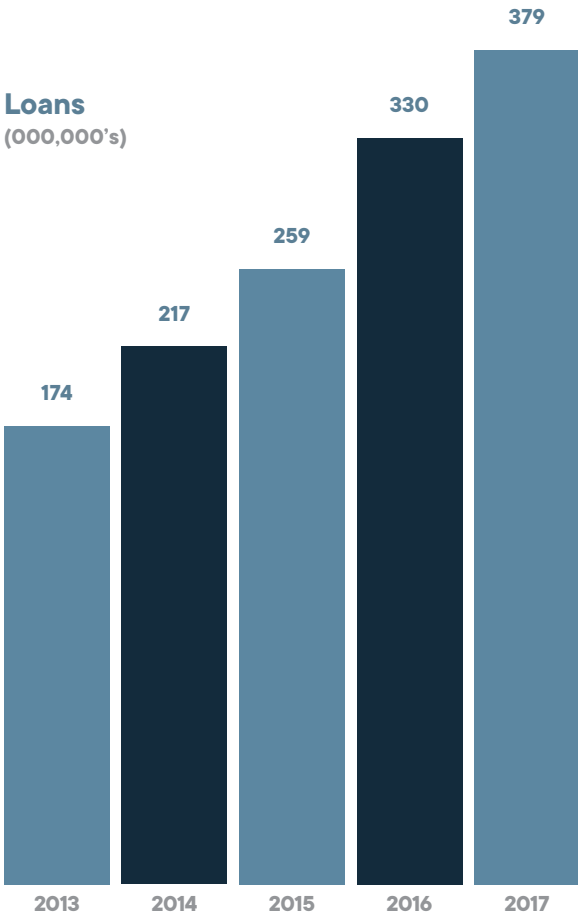
(*) Issued to the US Treasury through the Small Business Lending Fund (SBLF)

MANAGEMENT DISCUSSION OF FINANCIALS

The company’s financial statements for 2017 had a familiar resemblance to the trajectory of recent years. Net interest margin and the efficiency ratio were similar to the prior year, while the first full year of expenses of the new Brentwood office and related staff additions partially offset increased operating revenues from balance sheet growth. During the year key additions to staff were made which were integral to continued growth and risk management. Notwithstanding the one-time adjustment for tax law change, 2017 financials were very consistent with the bank’s strategic plan for optimizing growth and repeatable earnings.

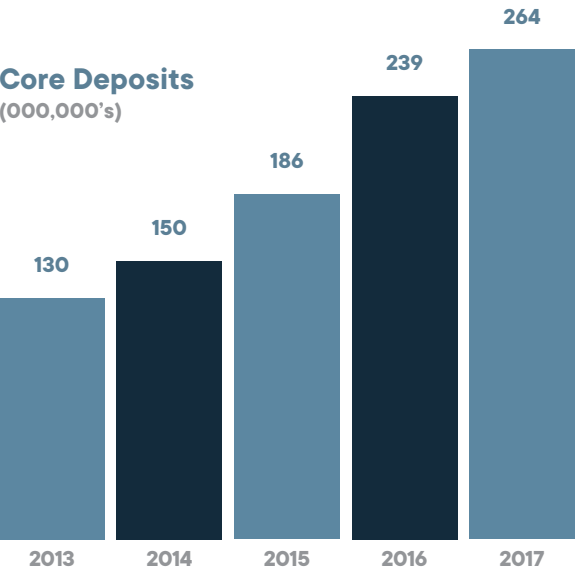
LENDING

Loan growth continued at a healthy pace of 14%, despite the sale of a few participations and government guaranteed loans. The look and feel of new loans in 2017 was similar to prior years, with local real estate and commercial loans being the largest contributors to the portfolio. While the Nashville market has seen strong economic expansion for several years, job and population growth continues in a way that has supported real estate development. TMA Medical Banking grew its portfolio physician-focused loans, and began development of a niche lending program for physicians statewide.



DEPOSITS AND FUNDING

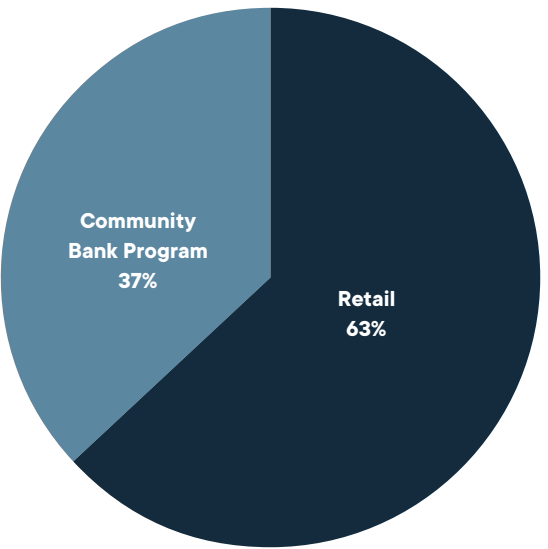
The addition of treasury management personnel and technology-driven service enhancements over the last few quarters enabled the bank to increase total deposits in 2017 by 15.7% year over year, with a 10.6% growth in core deposits. Beyond balance growth, we were pleased with the increase in the number of account openings in the latter part of the year, which provides momentum into 2018. Strategies for interest-bearing deposits include managing maturities of CD's to optimize margin while managing interest rate risk. Raising core deposits to fund our growth continues to be a primary focus for our commercial relationship managers, private bankers, and treasury management staff.



FINWORTH MORTGAGE

During 2017 mortgage objectives were balanced between production and operations enhancements, which are necessary in a business which is increasingly technology-driven. Among other process improvements, the underwriting function was brought in-house to reduce dependence on mortgage investors for application cycle-times. Additionally, Finworth received approval as direct underwriter for FHA and USDA loans. The combination of operations focus and personnel changes contributed to a reduction in gross volume for 2017, but the year ended with the subsidiary positioned for growth.

Mortgage Volume Composition

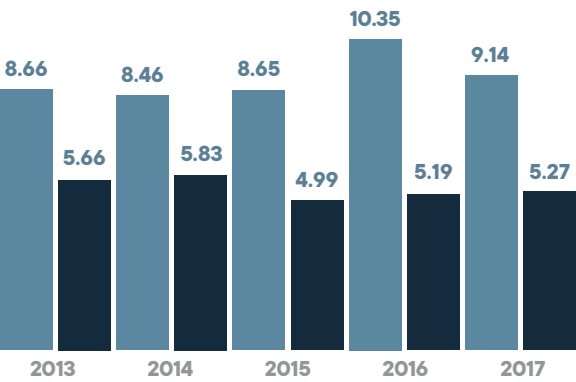


OPERATIONS

During 2017, the first full year with the Brentwood location, InsBank saw a continuation of metrics exceeding peer in a number of critical areas. These were achieved by an increased use of technology and a high functioning staff. Industry measurements including efficiency ratio (63.3%) and pre-provision net revenue (1.41% of assets) compared favorably to peers. Despite the hiring of additional personnel for treasury management support, the mortgage business, and various other positions, assets per employee of \$9.1 million remain well above the FDIC peer group average of \$5.3 million.

Assets Per Employee

(000,000's) ■ Peer ■ Bank



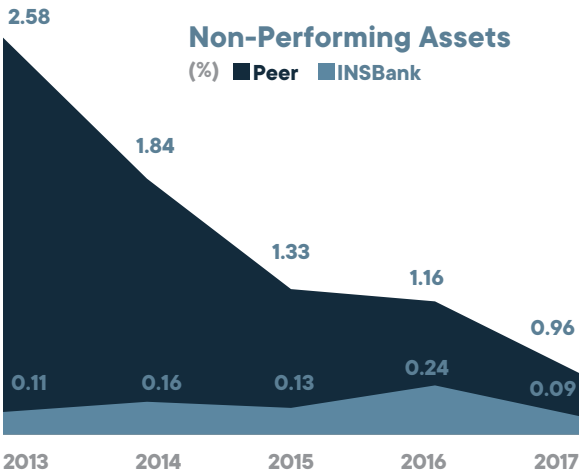


Secure Your Cash Flow
With Confidence



RISK MANAGEMENT

Collective elements of industry risk heightened in 2017: interest rate volatility returned after a docile decade; cyber-criminals continued their perilous assault on banks and bank customers; and a lengthy economic recovery meant that the industry is even closer to an inevitable reversion and resulting credit challenges. Enumerating the above is not meant to deter investors, but to make our shareholders aware that we are proactive in assessing and managing various risks. Our largest asset is our loan portfolio and its quality remained strong in 2017 with non-performing assets at just 0.07% as of December 31, 2017. For the year net charge-offs were 0.11%, which is consistent with our peer group. Interest rate risk is managed with consideration given to dynamic changes on both sides of the balance sheet, with stress testing conducted regularly. Cyber-risks continue to be at the forefront of management’s attention, as we continuously assess best practices for navigating these challenges.



EARNINGS & DIVIDENDS

The formula for growth in earnings in 2017 was a familiar one: operating revenue growth exceeded the level of increased expenses while costs associated with credit losses were manageable. This resulted in another year of strong performance for InsCorp. Earnings per share outstanding for 2017 were \$1.11 before the one-time effect of the tax reform as it relates to corporate income taxes. Earnings per share after the impact of the tax reform were \$0.97. Dividends for 2017 were \$0.18 which was made up of two dividends of \$0.09 paid semi-annually.

2018 Outlook

Our team is approaching the coming year and beyond with consistent core beliefs and processes, but cognizant of dynamic change in financial services industry, rising interest rates, and uncertainty of the magnitude and direction of the economy over the next few years. Our recent focus on core deposits and treasury services has been yielding results in the form of growth in demand deposits. Loan demand remains healthy in the Nashville market, with only isolated real property types and locations giving us cause for concern. While we face headwinds in the form of escalating rates on deposits and incidents of competitive loan pricing and structure that are unwise to match, this year we also expect to realize incremental leverage on investments made last year, including both our Brentwood office and key personnel additions. Notwithstanding an inevitable economic interruption, however, the longer time horizon has us confident that our team of dedicated professionals can wisely deploy InsCorp shareholders’ capital in our market, which we expect to be steadily growing over the coming years.

INSBANK-Unaudited (000's)	Q1 2018
Net Interest Income	3,608
Loan Loss Reserve Expense	200
Non-Int. Income / Inc. from Subs.	465
Operating Revenues	3,873
Operating Expenses	2,562
Gains / (Losses)	37
Income Before Tax	1,348
Taxes	347
Net Income	1,001
Key Ratios	
Efficiency Ratio	63.28%
Pre-Provision Net Rev. (% of assets)	1.38%



SHAREHOLDER INFORMATION

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.

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 BOARD MEMBERS

CHAIRMAN OF THE BOARD

Michael A. Qualls, Retired CEO of INSBANK
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

Philip R. Zanone, Jr., President
Wunderlich Securities

DIRECTOR EMERITUS

Maurice W. Pinson, Partner
Fridrich, Pinson & Associates

William E. Wallace
The Insurance Group

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



2106 Crestmoor Rd
Nashville, TN 37215

5614 Franklin Pike Circle
Brentwood, TN 37027

615.515.2265 | 866.866.2265
www.INSBANKtn.com

