ANNUAL REPORT

INSCORP

PARENT COMPANY OF INSBANK

2020

LETTER TO SHAREHOLDERS

Our 2020 annual report to shareholders is inclusive of financial statements and analysis of key metrics, but perhaps, more importantly, illustrates why InsCorp is well-positioned for a rapidly-changing financial services industry.

A DEVASTATING TORNADO, A GLOBAL PANDEMIC, AND AN UNFATHOMABLE BOMBING

We're pleased to share that our customers, our employees, and by corollary, our shareholders' capital are largely in a good place after a year in Nashville that looked like a series of 1970's-era, Irwin Allen disaster films. On March 2, 2020 Nashville was struck by a tornado that ripped through various neighborhoods in the heart of the city. Several INSBANK customers saw their buildings and/or critical infrastructure damaged or destroyed that evening. Just days later Nashville and our entire nation moved into quarantine as COVID-19 had reached our shores and the contagion spread. At that moment, we and many of our customers in a variety of industries embarked on a journey of navigating an unfamiliar foe with uncertain outcomes. Months later, on Christmas morning and while the pandemic was still peaking, a bombing destroyed a vast stretch of historic 2nd Avenue in downtown Nashville. Once again, multiple INSBANK customers were affected, having their businesses shut down, or property damaged and rendered uninhabitable. Fortunately, like most of those fictional disaster films, after periods of fear and near misses, casualties have been limited and our community is now headed for brighter days. Throughout the year, the team members at INSBANK demonstrated poise, focus, and determination whether they were: assisting a business owner needing a credit line or a PPP loan; helping a depositor access a digital mechanism for making a remote deposit; or pursuing a technology platform objective. Though financial results deviated from pre-pandemic expectations, I am proud of the manner in which our team addressed adversity while also keeping focus on growth and innovation. The balanced objectives of protecting our shareholders' capital and advancing our business model evolution in 2020 have InsCorp poised for prosperity in a landscape of change within the banking industry.

AN ECONOMY TRANSFORMS & TRENDS ACCELERATE

Whether it was home delivery of groceries, telehealth appointments, or making a bank deposit on a smartphone, the global pandemic hastened consumers' adoption of established trends on a variety of fronts. For many banks this created a challenge as they had to pivot from traditional branch delivery systems, with some of their customers not previously having adopted remote delivery. Conversely, INSBANK's business model has been focused on convenience and delivery via technology since its inception. Years ago, some viewed us as the little green martians of the banking world since we didn't have teller stations in our lobbies or drive-thru's to accept deposits by hand. With the onset of the pandemic, many of our peers are preoccupied with coming up to speed on digital delivery and/or figuring out how to provide dual channels of branch and digital. With our operating model largely not challenged in this manner, the INSBANK team members will remain focused on growth and innovation.

We are very proud that the pandemic failed to interfere with our completing strategic technology objectives in 2020. We launched our national healthcare brand, Medquity, which included a web-driven medical student loan refinance program. This objective was a natural evolution for the bank which has experienced steady growth in physician and niche healthcare over the past several years. A diverse portfolio of medical-related loans now account for 25% of the bank's portfolio. Another venture which came to fruition in 2020 was a fully-digital deposit platform which allows the bank to gather interest-bearing deposits nationwide, and in a highly efficient manner. Both of these fintech initiatives are expected to accelerate organic and sustainable growth objectives.

WHY INSCORP?

Given challenges such as technology trends, competition from fintechs, and uncertain growth opportunities in some geographic markets, many industry experts are cautioning investors as they select investments in the financial sector. This is with good reason as not all community banks have developed a strategy that will prepare them for future. This is not the case with INSBANK.

We have a culture that is forward-looking and embraces change, with core strategies of serving niche markets where we can create value, as well as utilizing technology to deliver convenient service. While these have historically been consistent elements of our business model, we believe the changing environment in which we operate has rendered INSBANK a relevant, prototype community bank of the future, featuring the attributes listed below.

Repeatable, Organic Growth: With the exception of the pandemic year, INSBANK has demonstrated consistent growth at levels well above its peers. For the years 2011 to 2019, INSBANK's average asset growth was 17.2%, which is more than triple versus our peer group at 5.4%. In 2021 we expect to continue that trend, driven by core commercial banking and our niche business lines. We have established a strategic goal of reaching $1 billion in assets over the next 3 years.

National, Niche Business Lines: Last year's launch of our Medquity division was not the beginning of something new, but instead, the creation of a brand for which our healthcare business had already evolved. Recent years' focus on that silo finds our healthcare portfolio of loans totaling $127 million, and serving a variety of opportunities for physicians and the healthcare industry across geographies. To augment our local deposit and treasury management growth, last year we also developed a fully-digital platform for gathering interest-bearing deposits nationwide. Branded simply as INSBANK Online, this provides another means of core funding growth, but done in a highly efficient manner.

Post-Pandemic Positive Operating Leverage: When looking at prospects for 2021, many banks saw the combination of headwinds including margin compression and low growth opportunity. That is not the case for INSBANK. A historical discipline of laddered funding to manage volatility of interest rate risk finds us with opportunity to reduce funding costs this year, while our loan pipeline is robust.

Technology Leveraging Highly Efficient Operations: An oft-mentioned concern for community banks is the ability to compete with larger banks on the basis of technology, as it pertains to both customer-facing and operational systems. While many smaller banks lag their larger counterparts in this area, it is not because technologies are not available to them. In most cases they have simply failed to invest their resources accordingly, including human capital. Technology is a scalable asset, and INSBANK and other forward-looking peers have managed to partner with fintech vendors and software providers to create efficiencies. Our bank's metrics compare very favorably to peers, large and small, when comparing measures of: assets per employee; efficiency ratio; and operating expense to assets.

Historical Asset Quality: A bedrock element of our core values has always been protecting asset quality. INSBANK's performance in this critical area over its 20-year history has consistently compared very favorably to its peers. The pandemic created a handful of challenges within our loan portfolio, but as a group, our borrowers have been resilient and are experiencing positive trends thus far in 2021. Like many of our peers, last year we set aside loan loss reserves commensurate with the unprecedented uncertainty that the pandemic brought forth. This year, we expect to utilize some of those reserves to resolve isolated situations where borrowers were unable to navigate the challenges 2020 presented. Looking ahead, our team will apply the same disciplines and processes to credit that have served us well historically.

Location & Scarcity: If investors were choosing a market in which to start a bank today, Nashville would surely be on the short list. With established trends of population and job growth driven by a steady flow of corporate relocations, our market is poised for sustainable growth over the coming years. By virtue of industry consolidation, today there are very few community banks based in Nashville. This element of scarcity serves our business model well, as small business owners disproportionately choose to do business with community banks. The scarcity factor is also an inherent value for our company from a strategic perspective.

Innovative & Opportunistic Culture: We recruit for people that have solid banking skills but demonstrate an ability to think like an entrepreneur. By providing an environment that encourages creativity and accepts change as a norm, our team has consistently innovated. Without these cultural norms, we would not have seen the development of TMA Medical Banking, Medquity, and/or INSBANK Online, nor would we have developed our own PPP loan portal or created a money market product that promotes local non-profits. Today our team members are working on even more initiatives to create opportunity for our company, and they will continue do so in the future for our stakeholders' benefit.

Whether for a contentious presidential election, fear and unknowns of a global pandemic, and/or social justice reckoning in cities across the nation, 2020 will forever be a year etched in our consciousness. History might also look back on it as the year when technology most redefined our economy and the manner in which Americans purchase goods and services, work, or pursue entertainment. It is through this lens that the board, management, and employees at INSBANK are directing our shareholders' investment. Our culture has always embraced change, and we will continue to balance the objectives of protecting capital, while taking informed risks as we grow and innovate. On behalf of our entire team, we thank you for your support of InsCorp and INSBANK.

Sincerely,

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

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.

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.

This focus on innovation, technology and efficiency is designed to support key banking niches, allowing the bank to provide excellence in service and solutions, focused on adding value and expertise to specific segments in its markets. 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

WHERE GENUINE MATTERS.

In a year of unprecedented changes in the work and business environment, INSBANK found validation in its business model. For a company with a history of innovation, pivoting to a hybrid work environment was a natural transition. Technology infrastructure, software, process and procedure, and culture were all poised for a 'new' way of both working and interacting with customers. New is relative, as for INSBANK, this was more of an extension of approaches already in use. Over 20 years ago, INSBANK opened its doors as a high touch, high tech financial institution with the mission of bringing the bank to the client and re-inventing the interaction and servicing of its client base.

While its peers may return to pre-pandemic processes and interactions, INSBANK will further innovate, utilizing what was learned during the pandemic to embrace further what works well for the bank and its customers. This continuation and expansion of the bank's unique 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, at 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. With the expansion of its healthcare banking division, Medquity, and its digital brand, INSBANK Online, the bank's client base has expanded 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, clients that fit the bank's strategy can originate anywhere.

The banking industry is going through a metamorphosis and INSBANK continues to build on its legacy as an innovator to move with the industry, remaining relevant and maintaining the quality that has become a primary driver to its growth.

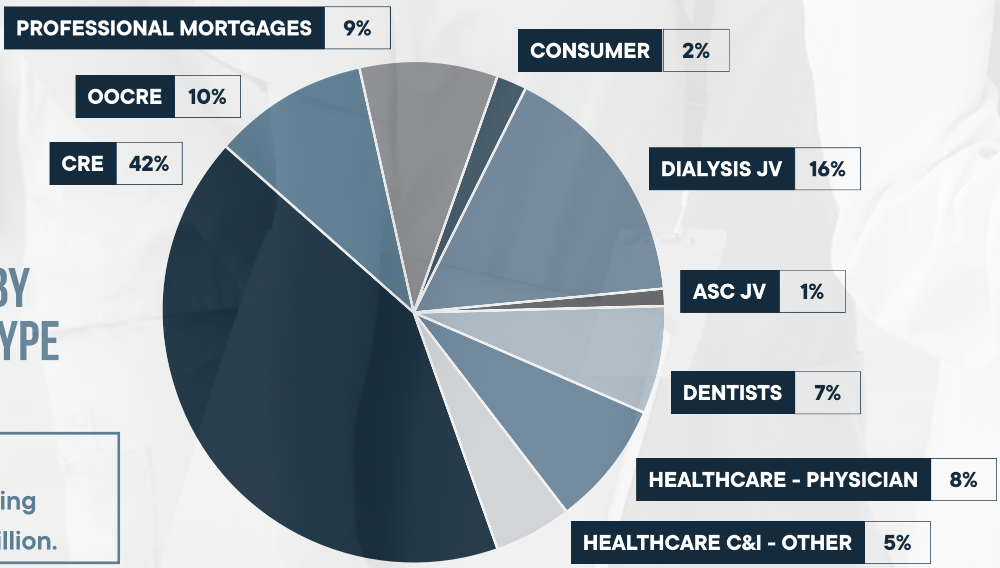
MEDQUITY
HEALTHCARE BANKING

Medquity represents the culmination of a growing expertise in the healthcare banking space. Being headquartered in Nashville, a healthcare hub with over 500 healthcare companies residing in metropolitan Nashville, developing expertise in the healthcare space was a natural strategy for INSBANK. First accomplished through a partnership with the Tennessee Medical Association, TMA Medical Banking, Medquity is an additive strategy to expand and provide resources to the healthcare space beyond the boundaries of the state. While this focus in itself is not necessarily unique, the bank's strategy has developed differently than its peers. Medquity brings together resources that address banking needs in the industry from residency to retirement. Within that framework is a business-focused approach to the needs that develop as physicians navigate through their career. To augment this approach, Medquity does not just focus on the physicians' and practice needs, but also on the healthcare companies around those physicians that supply key resources in the space. This strategy is critical to supporting the infrastructure necessary for physicians, practices and their patients.

In 2020, Medquity launched an online medical student loan refinance program. This fintech venture provides a necessary service to young physicians while allowing the bank to introduce its expertise in the healthcare space. The complexities that exist as a physician navigates an evolving healthcare industry is best understood through partnerships with experts that will take the journey with them. Medquity provides that partnership for financial needs, both personal and business. Through the guidance of an advisory board comprised of 20 physicians and healthcare leaders, Medquity has developed programs that focus on key needs and milestones within this space.

Healthcare-Related: A bank customer that is a provider/professional, facility, business, or vendor (sales, service or investment) with a focus or concentration in healthcare.

HC LOANS BY PRODUCT TYPE



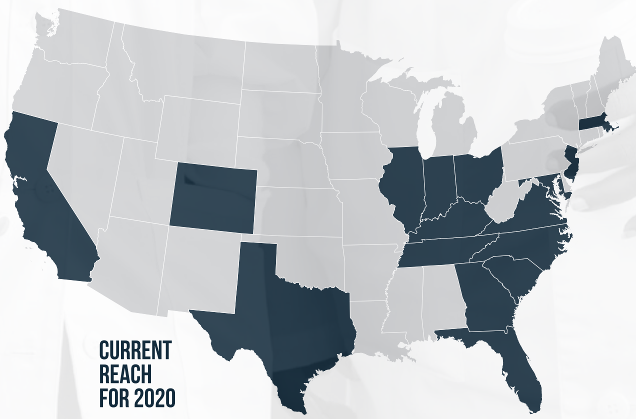
SUMMARY:
169 loans totaling almost $127 million.

In addition to professional mortgages, lines of credits, equipment, and commercial real estate financing to medical/dental practices and healthcare tech and service companies, particular niche expertise focuses on the following areas:

- *Loans to a variety of ambulatory joint ventures, most often to dialysis or surgery centers, consisting of physicians, operators, and health systems, primarily for center-level investment or new physician buy-ins.*
- *Acquisitions of healthcare practices or companies, often by private equity backed medical or dental management services organizations.*

The understanding of the unique journey each physician, practice and healthcare company may travel allows Medquity to be proactive in ensuring clients are well positioned to grow in the healthcare ecosystem.

Continuing into 2021, Medquity will focus execution on expanding the products and systems necessary to support the healthcare industry, and the physicians and providers who are key to its existence. Further expansion in the fintech space will provide physicians and practices efficient access to both loan and deposit products critical in supporting growth and sustainability in a changing industry. Medquity's expertise in the healthcare financial space provides a lifelong partnership to those in the industry with the assurance that the bank will grow and adapt its expertise as the industry continues its journey.



CURRENT REACH FOR 2020

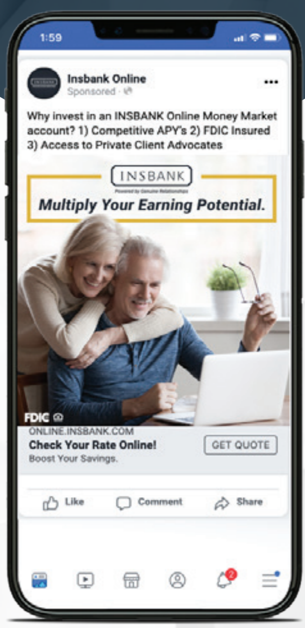
INSBANK

Powered by Genuine Relationships

INSBANK ONLINE

Fintech ventures often uniquely solve a customer need. In some cases, solving a need through technology may not be unique in itself, but rather may provide the bank a unique conduit to customers, and customers a conduit to a unique experience. INSBANK Online 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 in all 50 states can access competitive interest-bearing accounts, with the added benefit of direct access to Private Client Advocates.

INSBANK believes that technology cannot act alone, thus further leveraging the founding concept of High Tech and High Touch. Through INSBANK Online, the bank has begun growing a network of Private Clients across the nation that benefit from a unique virtual experience and provide the bank additional diversity in its funding sources. While clients have all the accesses desired to interact with the bank electronically, they further benefit from the comfort of having access to advocates that assist them in maintaining a meaningful relationship with the bank. INSBANK Online provides a foundation upon which the bank can leverage additional diversity in its client base as expansion of products and services coincide with strategic objectives.



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 underserved 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 INSBANK team members look forward to volunteering their time to the Horizons Program in 2021.

THE PHILANTHROPY ACCOUNT

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.

INSBANK PHILANTHROPIC LEGACY RECIPIENTS

end slavery. TENNESSEE

OZ ARTS · NASHVILLE

98% CASA Recommendations accepted by the Courts

100% Children remained in safe placements at least 6 months after CASA case closure

Babies, Children and Youth served due to abuse and neglect 338

Active CASA Advocates 182

New CASA Volunteer Advocates trained this year 35

CURRENT BENEFICIARIES

CASA
Court Appointed Special Advocates
FOR CHILDREN

CASA provides recruitment, training and coaching of Volunteer Advocates who are assigned to represent babies, children and youth who are in state foster care due to child abuse and neglect. The Advocates represent the best interests of the child and make sure their voice is heard throughout Juvenile Court proceedings relating to their care, custody and potential adoption. CASA Advocates are often the only constant caring adult in the child's life, as they may experience a great deal of turmoil and change of representation through DCS, attorneys, home placements and schools. Unfortunately, one horrific consequence of the pandemic has been sharply increased rates of child abuse and neglect, as well as increases in the severity of those cases. CASA Volunteer Advocates are in greater demand than ever, and child welfare system experts expect this increased service need to continue over perhaps a decade.

NATIONAL MUSEUM OF
AFRICAN AMERICAN MUSIC

The **National Museum of African American Music** opened on Martin Luther King Jr. Day, and is now open to the public. NMAAM is the only museum in the world dedicated solely to preserving African American music traditions and celebrating the central role African Americans have played in shaping American music. The museum shares the story of the American soundtrack by integrating history and interactive technology to honor the musical heroes of African American music of the past and the present. For more information, please visit *www.blackmusicmuseum.org*.

The museum has more than 1,500 artifacts, objects, memorabilia and clothing, along with state-of-the-art technology

CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheets		
	12/31/20	12/31/19
Assets		
Cash and Cash Equivalents	$ 8,219	$ 5,342
Interest Bearing Deposits	33,356	27,418
Securities	17,039	20,996
Loans	525,235	469,172
Allowance for Loan Losses	(7,365)	(5,380)
Net Loans	517,870	463,792
Premises and Equipment, net	13,630	13,982
Bank Owned Life Insurance	10,115	9,865
Restricted Equity Securities	7,612	5,866
Goodwill and Related Intangibles, net	1,091	1,091
Other Assets	8,298	5,022
Total Assets	$ 617,230	$ 553,374
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Non-interest-bearing	$ 52,665	$ 34,854
Interest-bearing	417,731	402,118
Total Deposits	470,396	436,972
Federal Home Loan Bank Advances	50,000	49,000
Paycheck Protection Program Liquidity Fund	18,412	-
Subordinated Debentures	15,000	15,000
Federal Funds Purchased	7,000	-
Other Liabilities	5,328	3,404
Total Liabilities	566,136	504,376
Shareholders' Equity		
Common Stock	30,509	30,993
Accumulated Retained Earnings	20,377	17,944
Accumulated Other Comprehensive Income	208	61
Total Stockholders' Equity	51,094	48,998
Total Liabilities and Shareholders' Equity	$ 617,230	$ 553,374
Tangible Book Value per share	$ 17.24	$ 16.32

CONSOLIDATED FINANCIAL STATEMENTS

Income Statements	Year Ended	Year Ended
	12/31/20	12/31/19
Interest Income	$ 22,694	$ 24,941
Interest Expense	7,221	8,872
Net Interest Income	15,473	16,069
Provision for Loan Losses	2,400	725
Non-Interest Income		
Service Charges on Deposit Accounts	212	154
Bank Owned Life Insurance	251	253
Sale of Government Guaranteed Loans	-	384
Other	705	604
Non Interest Expense		
Salaries and Benefits	6,200	6,023
Occupancy and Equipment	1,233	1,160
Data Processing	553	499
Marketing and Advertising	349	379
Other	1,843	1,988
Net Income from Operations	4,063	6,690
Interest Expense-Subordinated/Leveraged Debt	956	956
Pre-Tax Income	3,107	5,734
Income Tax Expense	(674)	(1,207)
Net Income	2,433	4,527
Earnings Per Share	$0.83	$1.55

Statement of Changes in Shareholders' Equity		
Beginning Balance	$ 48,998	$ 44,307
Issuance of Common Stock	55	-
Purchase of Common Stock	(751)	-
Stock Compensation Expense	176	137
Exercise of Stock Options	35	202
Dividends	-	(588)
Net Income	2,433	4,527
Change in Unrealized Gain (Loss) on Securities Available for Sale	148	413
Ending Balance	$ 51,094	$ 48,998

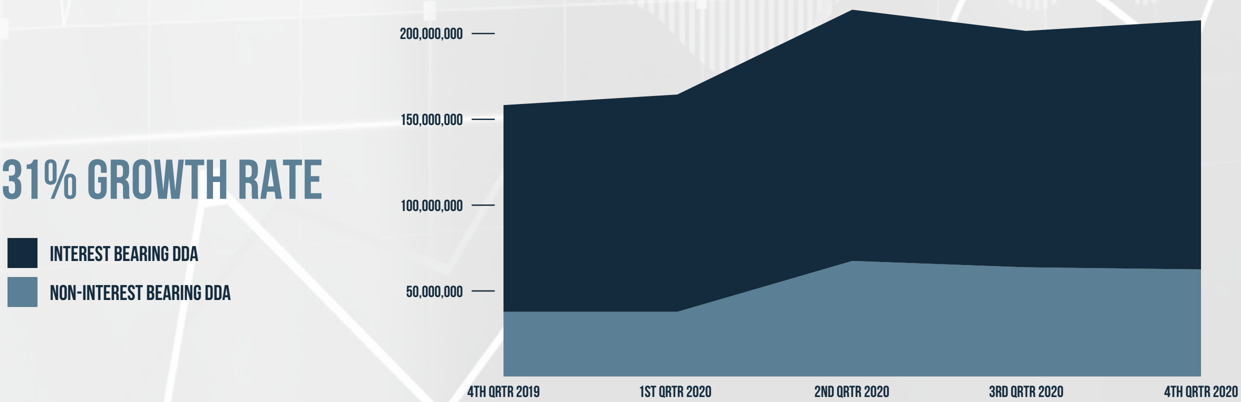
*Dollars in Thousands

MANAGEMENT DISCUSSION OF FINANCIALS

DEPOSITS & FUNDING

The momentum of core deposit growth continued in 2020 as non-interest bearing deposits grew $17.8 million, or 51%, while related fees from treasury management increased 36%. These metrics reflect the services provided by the commercial relationship managers, the private client group and treasury management teams which focuses, through the deployment of customized hardware and software, on the cash management needs of our customers. Our strategic objective of enhancing our funding profile was also advanced as money market account balances increased as a percentage of deposits from 27% to 31%, while the share of CD's decreased from 65% to 58%. This change in funding profile was accomplished during a time when non-PPP related commercial loan growth was challenged due to the pandemic but the deposit side of the balance sheet was growing. Money market activity was focused on our Philanthropy Account, which is designed to promote local non-profits while aggregate deposits formulaically support bank contributions to INSBANK's philanthropic endeavors. Balances in the account were $55.9 million demonstrating significant growth for a product that was developed late 2019.

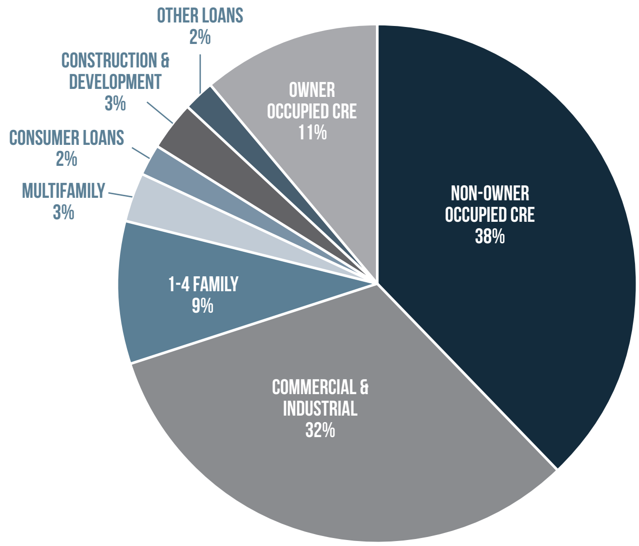
31% GROWTH RATE



LENDING

With our loan portfolio predominantly commercial in nature, new lending activity was curtailed with the onset of COVID-19 in the first quarter. At that time, our relationship managers and credit team members quickly pivoted to working with clients to assist them in navigating pandemic effects of lost revenue and/or changes in operations. INSBANK became an approved SBA lender and processed over $45 million in the first round of Paycheck Protection Program loans during 2020. As businesses and consumers adjusted to a "new economy" of a pandemic in the coming months, commercial lending activity resumed in the latter part of the year, particularly in our healthcare silos. Fourth quarter loan growth, excluding PPP loans, increased $29.6 million, and provided momentum as we started the new year.

LOAN PORTFOLIO COMPOSITION

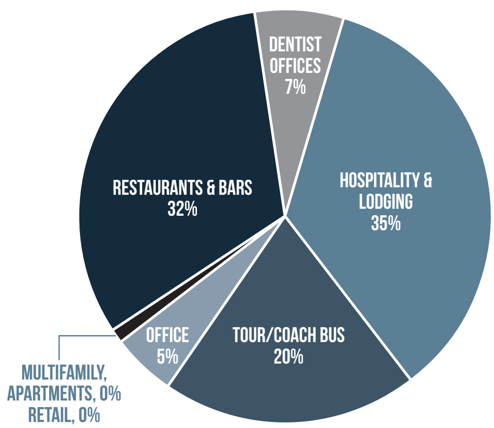


RISK MANAGEMENT

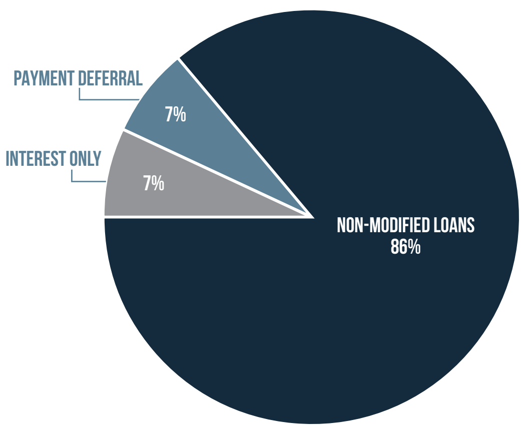
The global pandemic provided a real-life laboratory for testing enterprise risk management for the banking industry. While a variety of risk elements were impacted at INSBANK, with a relatively high loan-to-asset ratio and a focus on business lending, the most significant among them was credit risk. Prior to the public declaration of COVID-19 quarantines in the United States, our credit team had already compiled an at-risk portfolio of clients whose industries were likely to be in harm's way of a pandemic. Over the next several months, we worked with borrowers to assist them in funding operations, whether that included: a new credit facility; a modification of an existing loan to interest-only or deferment; or utilization of a Cares Act program. We also implemented loan-level action plans and semi-annual stress-testing of this portfolio of affected borrowers. Due to the level of uncertainty in such an environment, the bank increased the loan loss provision by $2 million during the year. This increased the ratio of reserves from 1.15% to 1.40% of all loans. At year-end total non-performing assets were 0.92%, as compared to the bank's peer group average of 0.63%. Net charge-offs for the year were 0.08%, which was equal to industry peers.

MODIFIED LOANS

BY INDUSTRY

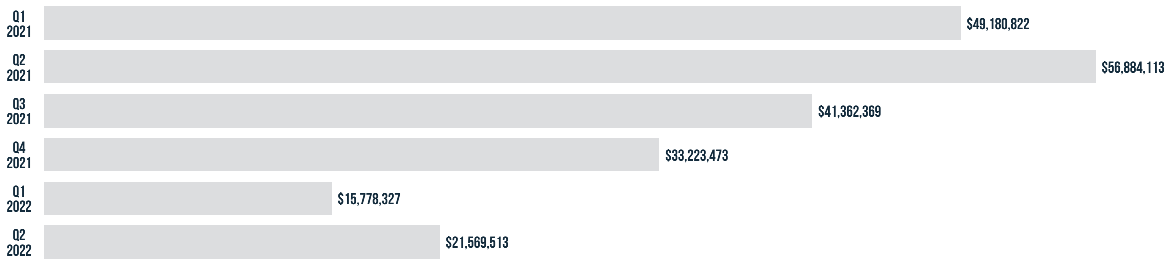


BY TYPE



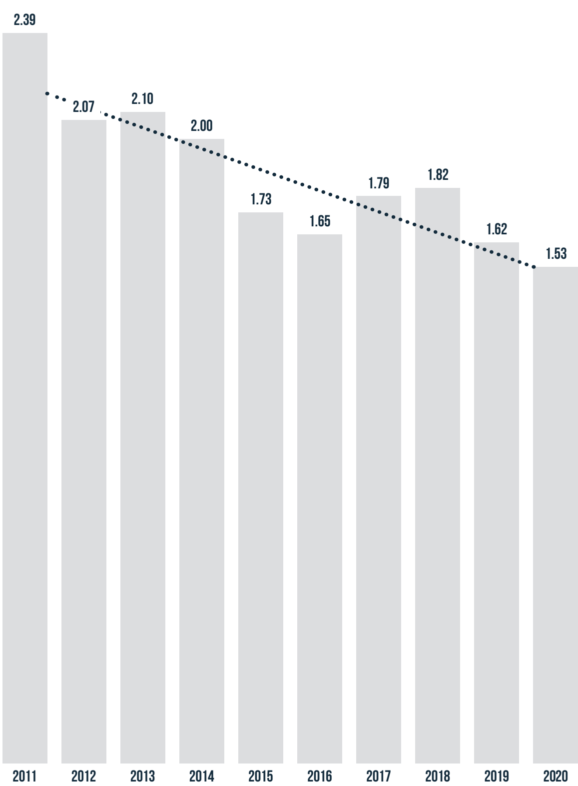
The rate shock induced by the pandemic also imparted Interest rate risk to the company's financials. While this had a negative impact to margin in the 2nd and 3rd quarters of the year, margin expanded in the 4th quarter due to historical disciplines utilized in managing interest rate risk that included match-funding and use of hedging instruments. As of 12/31/20, laddered maturities of CD's and FHLB debts with a current cost of 1.69% totaled more than $204 million for the coming year. Assuming a continuation of the Fed's zero interest rate policy during 2021, the bank's cost of funding is expected to reduce and further ameliorate the margin challenge presented in 2020.

RE-PRICING LIABILITIES



WEIGHTED AVG CD RATE 1.75%

NET OVERHEAD (% of Assets)



OPERATIONS

A forward-looking, technology-driven business model prepared our company well for delivering service to our clients during the pandemic. Being in a heavily regulated industry which requires disaster recovery plans helped facilitate, with relative ease, the transition to remote delivery and working from home without significant costs or challenges. Measures of operational prowess such as efficiency ratio (59.9%) and non-interest expenses to assets (1.73% compared to 1.89% in 2019) continue to compare very favorably to peers. We believe that the pandemic has accelerated technology adoption by customers, and that INSBANK will benefit from not having to "re-tool" its infrastructure and delivery systems as many other banks will be spending time and energy doing so in the near future.

While the web-based, loan origination system for medical student loan refinancing became operational in 2020, its impact was muted due to the federal government's deferral program of student debt repayment which is currently through September 2021. In addition, during 2020, the bank launched a digital deposit platform capable of opening certificate of deposit and money market accounts via the internet with minimal customer interaction. This is another way we are increasing efficiency and maintaining assets per employee in excess of $12 million, well above peers.

EARNINGS & CAPITAL ALLOCATION

The pandemic's effects on credit costs and net interest margin muted earnings relative to the prior year. Despite the headwinds of $2.4 million earmarked for loan loss reserves and a decrease in net interest income due to margin compression, profit after tax was $2,432,636, or $0.83 per share. Those factors positively contributing to earnings included both yield on equity investments and expense control, as bank-level operating expenses rose just 1.3% to support balance sheet growth of 11.4%. Return on tangible common equity was just slightly under 5%. Given the high degree of economic uncertainty early in the pandemic, our board of directors opted to suspend the dividend given economic uncertainty. In lieu of dividends, roughly $750,000, or 30% of 2020 earnings, was utilized during the year to buy-back shares of stock at times when the market had driven community bank stocks well-below tangible book value. The combination of retained earnings and buyback activity increased tangible book value by $0.92 from $16.32 to $17.24.

2021 OUTLOOK

The new year has commenced in a manner that should have our shareholders optimistic, as our team is. During the first quarter loans and deposits grew, funding costs decreased, hedging activities increased in value, and round 2 PPP loans were originated. While loan loss reserve expense remained elevated in anticipation of resolving a few, isolated credits later in the year, quarterly earnings increased to $1,290,000, or $0.44 per common share. This represented an annualized return on common equity of 10.0%. Equally important our loan pipeline ended the quarter at robust levels, and with the Fed maintaining low rates we should continue to benefit from liability re-pricing in the coming months.

TANGIBLE BOOK VALUE

INSBANK	Q1 2021
Net Interest Income	4,445
Loan Loss Reserve Expense	650
Non-Interest Income	357
Operating Revenue	4,152
Operating Expenses	2,659
Gain/(Losses)	505
Income Before Tax	1,998
Taxes	465
Net Income	1,533
Key Ratios	
Efficiency Ratio	59.9%
Pre-Provision Net Rev. (% of assets)	1.67%

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 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 mostly 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, 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*
- *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*
- *Compliance Committee*
- *Officer Loan Committee*

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 **615.515.2265**, 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

W. Page Barnes, Co-founder
Community Healthcare Trust

David Crabtree, Executive Vice President
Brookside Properties

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

Stacey Koju, Attorney
Bone McAllester Norton PLLC

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

Russell Echlov, Partner
Ledyard Capital

DIRECTOR EMERITUS

William E. Wallace
The Insurance Group

IN MEMORIAM

Thomas H. Loventhal, Chairman
The Loventhal Group

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, Division Head of Medquity & TMA MB
Andrew T. Smith, First Vice President, Director of Treasury

PUBLIC RELATIONS

Mallory Smith

SHAREHOLDER RELATIONS

Amanda Richardson

TRANSFER AGENT: COMPUTERSHARE

Market: OTC-QX
Symbol: IBTN

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