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# Infinity Bank Releases Year End Financial Results

Santa Ana, CA, February 5, 2019 – Infinity Bank (OTCQB: INFT) (the “Bank”) released unaudited financial results for the fourth quarter and year ended December 31, 2018.

Selected highlights for the fourth quarter of 2018 included:

- Total deposits increased from \$31.3 million at the end of the third quarter of 2018 to \$42.9 million at the end of the fourth quarter of 2018.
- Net loan commitments increased by \$16.1 million during the fourth quarter of 2018.
- Total assets increased \$11.0 million 18.5% to \$70.5 million, compared to \$59.5 million at the end of the third quarter of 2018.

## Loans

At December 31, 2018, loans outstanding totaled \$13.7 million, an increase of \$9 million or 191.5% from \$4.7 million at the end of third quarter of 2018. Also, as of December 31, 2018, total loan commitments equaled \$28.0 million.

## Deposits

The Bank continued its strong deposit growth to end 2018 with \$42.9 million in deposits, an increase of \$11.6 million, or 36.9% compared to the third quarter ending September 30, 2018. The Bank’s cost of funds continued to remain low at 29 basis points even as it added key deposit relationships.

## Net-Interest Income

Net-interest income in the fourth quarter of 2018 was \$366 thousand, an increase of \$97 thousand or 36.1% from the third quarter of 2018. Net-interest income for the year ended, December 31, 2018 was \$897 thousand. The Bank’s primary source of revenue was driven by income from interest-bearing deposits held at the Federal Reserve Bank as well as interest on loans and investment securities. The Bank’s net interest margin, at 2.35%, continues to rise as the amount of loans increases as a percentage of the balance sheet.

## Non-Interest Income

Total non-interest income was \$30 thousand for the fourth quarter of 2018, which was \$21 thousand or 233.3% higher compared to the third quarter of 2018. Total non-interest income for 2018 was \$44 thousand.

## Non-Interest Expense

Total non-interest expense was \$1.1 million for the quarter ended December 31, 2018, a decrease of \$134 thousand or 10.6 % from the third quarter of 2018. The decrease for the quarter was primarily a result of certain one-time expenses in the third quarter of 2018 that did not occur in the fourth quarter of 2018. For 2018, total non-interest expense was \$3.9 million.

## Net Income

Net loss for the fourth quarter of 2018 totaled \$852 thousand (\$0.26 per share) versus a net loss of \$922 thousand (\$0.28 per share) for the third quarter 2018. The improvement was due to an increase in interest-bearing assets and a decrease in non-interest expense, which was partially offset with provisions for loan and lease losses, a result of the Bank's loan growth. The Bank's loss for the year 2018 was \$3.1 million (\$0.94 per share).

## Capital

As of December 31, 2018, the Bank's Tier 1 capital ratio was 124.7% and the Bank's Tier 1 leverage ratio was 48.3%. Both of these ratios are well-above regulatory guidelines for a well-capitalized bank.

## ABOUT INFINITY BANK

Infinity Bank is a community bank that commenced operations in February, 2018. The Bank is focused on serving the banking needs of commercial businesses, professional service entities, their owners, employees and families. The Bank offers a broad selection of depository products and services as well as business and commercial real estate financing products uniquely designed for each client. More information about the Bank and its services can be found on Infinity Bank's website at [www.goinfinitybank.com](http://www.goinfinitybank.com).

This news release contains a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements may be identified by use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "likely," "may," "outlook," "plan," "potential," "predict," "project," "should," "will," "would" and similar terms and phrases, including references to assumptions. Forward-looking statements are based upon various assumptions and analyses made by the Bank considering management's experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. These statements are not guaranteeing of future performance and are subject to risks, uncertainties and other factors (many of which are beyond the Bank's control) that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Accordingly, you should not place undue reliance on such statements. Factors that could affect the Bank's results include, without limitation, the following: the timing and occurrence or non-occurrence of events may be subject to circumstances beyond the Bank's control; there may be increases in competitive pressure among financial institutions or from non-financial institutions; changes in the interest rate environment may reduce interest margins; changes in deposit flows, loan demand or real estate values may adversely affect the business of the Bank; unanticipated or significant increases in loan losses; changes in accounting principles, policies or guidelines may cause the Bank's financial condition to be perceived differently; changes in corporate and/or individual income tax laws may adversely affect the Bank's financial condition or results of operations; general economic conditions, either nationally or locally in some or all areas in which the Bank conducts business, or conditions in the securities markets or the banking industry may be less favorable than the Bank currently anticipates; legislation or regulatory changes may adversely affect the Bank's business; technological changes may be more difficult or expensive than the Bank anticipates; there may be failures or breaches of information technology security systems; success or consummation of new business initiatives may be more difficult or expensive than the Bank anticipates; or litigation or other matters before regulatory agencies, whether currently existing or commencing in the future, may delay the occurrence or non-occurrence of events longer than the Bank anticipates.

INFINITY BANK  
 UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
 (Dollars in thousands)

	September 30, 2018	December 31, 2018
	<u>          </u>	<u>          </u>
<b>ASSETS:</b>		
Cash and due from banks	\$ 39,869	\$ 40,285
Securities available for sale	14,127	15,715
Loans	4,772	13,919
Allowance for loan and lease losses	(60)	(174)
Premises and fixed assets, net	545	527
Other assets	300	270
<b>TOTAL ASSETS</b>	<u>\$ 59,553</u>	<u>\$ 70,542</u>
<b>LIABILITIES</b>		
Deposits:		
Noninterest bearing	\$ 22,795	\$ 17,605
Interest-bearing	8,531	25,283
Total deposits	<u>31,326</u>	<u>42,888</u>
Other liabilities	177	280
<b>TOTAL LIABILITIES</b>	<u>31,503</u>	<u>43,168</u>
Stockholders' Equity:		
Common stock	32,285	32,362
Retained earnings	(1,833)	(1,829)
Net income (loss)	(2,253)	(3,105)
Accumulated other comprehensive gain (loss)	(149)	(54)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>28,050</u>	<u>27,374</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 59,553</u>	<u>\$ 70,542</u>

INFINITY BANK  
 UNAUDITED CONSOLIDATED STATEMENTS OF EARNINGS  
 (Dollars in thousands except share and per share amounts)

	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Year to Date December 31, 2018
Interest Income:			
Loans	\$ 64	\$ 97	\$ 176
Investment securities	99	104	283
Other short-term investments	113	189	476
Total interest income	<u>276</u>	<u>390</u>	<u>935</u>
Interest expense:			
Deposits	7	24	38
Borrowed funds	-	-	-
Total interest expense	<u>7</u>	<u>24</u>	<u>38</u>
<b>Net interest income</b>	<b>269</b>	<b>366</b>	<b>897</b>
Provision for loan and lease losses	8	114	174
<b>Net interest income after provision for loan and lease losses</b>	<u>261</u>	<u>252</u>	<u>723</u>
Non-interest income:			
Service charges and other fees	6	29	43
Other income	3	1	1
Total non-interest income:	<u>9</u>	<u>30</u>	<u>44</u>
Non-interest expense:			
Salaries and employee benefits	906	785	2,687
Occupancy	97	87	319
Furniture, fixture & equipment expense	46	40	159
Data processing costs	46	37	93
Professional & legal	74	62	230
Marketing	16	21	68
Other expense	82	101	314
Total non-interest expense	<u>1,267</u>	<u>1,133</u>	<u>3,870</u>
Income (loss) before taxes	(922)	(851)	(3,103)
Income tax expense	-	1	2
<b>Net Income (Loss)</b>	<u>\$ (922)</u>	<u>\$ (852)</u>	<u>\$ (3,105)</u>
Earnings (loss) per share ("EPS"):			
Basic	\$ (0.28)	\$ (0.26)	\$ (0.94)
Common shares outstanding	3,300,000	3,300,000	3,300,000

INFINITY BANK  
UNAUDITED CONSOLIDATED FINANCIAL HIGHLIGHTS  
(Dollar in thousands)

	<u>12/31/2018</u>
Performance Ratios (Based upon Reported Net Income):	
Net interest margin	2.35%
Cost of funds	0.29%
Loan to deposit ratio	32.50%
Asset Quality Summary:	
Allowance for loan loss/total loans	1.25%
Capital Ratios:	
Tier 1 common equity ratio	124.74%
Tier 1 risk-based capital ratio	124.74%
Total risk-based capital ratio	125.53%
Tier 1 leverage ratio	48.34%