



Infinity Bank Announces 2019 Year End Financial Results

Santa Ana, CA, February 3, 2020 – Infinity Bank (OTCQB: INFT) (the “Bank”) announced financial results as of December 31, 2019.

Financial Highlights for the fourth quarter of 2019:

- Total loans increased by \$27.4 million
- Total deposits increased by \$7.1 million
- Net Interest Margin increased to 4.06%
- Total assets increased to \$116.6 million

Loans

At December 31, 2019, the Bank’s loan portfolio totaled \$73.8 million, an increase of \$27.4 million, or 58.9% from the end of the third quarter of 2019 and by \$59.9 million, or 430.5% compared to December 31, 2018. The Bank increased its loan to deposit ratio to 83.0% as of December 31, 2019. This represents an increase of 26.2% from the third quarter ending September 30, 2019, and an increase of 50.5% compared to December 31, 2018.

Deposits

On a year-over-year basis the Bank more than doubled its total deposits compared to December 31, 2018. The growth in deposit relationships was accomplished while maintaining the cost of funds at 59 basis points for the year ended December 31, 2019. Noninterest-bearing demand deposits increased by \$8.4 million, or 23.9% compared to the third quarter ended September 30, 2019. On a year-over-year basis noninterest-bearing demand accounts increased \$25.8 million, or 146.8% at December 31, 2019 versus December 31, 2018. Interest-bearing deposits decreased by \$1.3 million, or 2.7% compared to the third quarter ending, September 30, 2019. On a year-over-year basis, interest bearing deposits increased by \$20.3 million or 80.2% from December 31, 2018 to December 31, 2019. As of December 31, 2019, total deposits increased by \$7.1 million, or 8.7% compared to September 30, 2019 and by \$46.1 million or 107.6% compared to December 31, 2018.

Net-Interest Income

Net-interest income for the fourth quarter ended December 31, 2019 exceeded \$1 million, an increase of \$160 thousand or 17.8% compared to the third quarter of 2019. Net-interest income for the twelve months ended December 31, 2019 was \$3.2 million compared to \$897 thousand for the comparable period ending December 31, 2018 an increase of \$2.3 million or 262.9%. The Bank’s primary source of revenue was driven by interest income from loans and investment securities. The Bank’s net interest margin increased by 168 basis points for the twelve months ended December 31, 2019 to 4.03% compared to the comparable period ended December 31, 2018.

Non-Interest Income

Total non-interest income for the fourth quarter of 2019 totaled \$158 thousand, an increase of \$26 thousand or 19.7% compared to the third quarter of 2019. Non-interest income for the twelve months ended December 31, 2019 totaled \$336 thousand, an increase of \$292 thousand or 663.6%, as compared to the comparable period ended December 31, 2018. The increase in non-interest income was primarily driven by gains on sale of investment securities in the amount of \$203 thousand as the Bank took advantage of changes in interest rates to re-align the composition of its investment securities portfolio.

Non-Interest Expense

During the fourth quarter of 2019, the Bank's total non-interest expense increased by \$126 thousand, or 10.9% versus the third quarter ended September 30, 2019. Non-interest expense for the twelve months ended December 31, 2019 totaled \$4.8 million versus \$3.9 million, an increase of \$904 thousand or 23.4%, compared to the comparable period ended December 31, 2018. The increase in non-interest expense for the twelve months ended December 31, 2019 was primarily a result of additional staff as the Bank continued to grow.

Net Income

The Bank's net loss for the fourth quarter of 2019 totaled \$407 thousand (\$0.12 per share) versus a net loss of \$298 thousand (\$0.09 per share), or an increase of \$109 thousand or 36.6% from the third quarter of 2019. On a year-over year basis, the Bank's net loss for the year 2019 was \$1.9 million (\$0.58 per share) versus \$3.1 million (\$0.94 per share) in 2018, an improvement of 37.7%. This improvement occurred despite the increase of reserves made to the allowance for loan and lease losses as a result of the substantial increase in the Bank's outstanding loans. The Bank's allowance for loan and lease losses represents 1.25% of total loans outstanding as of December 31, 2019.

Capital

As of December 31, 2019, the Bank remained well-capitalized with a tier 1 risk-based capital ratio of 28.55%, a total risk-based capital ratio of 29.57%, and a tier 1 leverage ratio of 24.13%.

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 loan and commercial real estate financing products uniquely designed for each client. For more information about Infinity Bank and its services, please visit the website at www.goinfinitybank.com.

Contact Information:

Bala Balkrishna
President & CEO
Phone: (657) 223-1000
Bala@goinfinitybank.com

Victor Guerrero
COO & CFO
Phone: (657) 223-1000
Victor@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 STATEMENTS OF FINANCIAL CONDITION
 (Dollars in thousands)

	December 31, 2019	September 30, 2019	December 31, 2018
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and due from banks	\$ 13,476	\$ 26,847	\$ 40,285
Securities available for sale	27,788	34,833	15,715
Total Loans	73,840	46,460	13,919
Allowance for loan and lease losses	(923)	(581)	(174)
Net Loans	<u>72,917</u>	<u>45,879</u>	<u>13,745</u>
Premises and equipment, net	1,960	2,061	527
Other assets	<u>491</u>	<u>495</u>	<u>270</u>
TOTAL ASSETS	<u>\$ 116,632</u>	<u>\$ 110,115</u>	<u>\$ 70,542</u>
LIABILITIES			
Deposits:			
Non-interest bearing	\$ 43,451	\$ 35,075	\$ 17,605
Interest bearing	<u>45,567</u>	<u>46,825</u>	<u>25,283</u>
Total deposits	89,018	81,900	42,888
Other liabilities	<u>1,835</u>	<u>1,906</u>	<u>280</u>
TOTAL LIABILITIES	<u>90,853</u>	<u>83,806</u>	<u>43,168</u>
Stockholders' Equity:			
Common stock	32,652	32,577	32,362
Accumulated deficit	(4,934)	(4,934)	(3,105)
Net income (loss)	(1,932)	(1,525)	(1,829)
Accumulated other comprehensive gain	<u>(7)</u>	<u>191</u>	<u>(54)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>25,779</u>	<u>26,309</u>	<u>27,374</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 116,632</u>	<u>\$ 110,115</u>	<u>\$ 70,542</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Interest Income:					
Loans	\$ 943	\$ 651	\$ 97	\$ 2,320	\$ 176
Investment securities	168	159	104	561	283
Other short-term investments	67	188	189	763	476
Total interest income	<u>1,178</u>	<u>998</u>	<u>390</u>	<u>3,644</u>	<u>935</u>
Interest expense:					
Deposits	119	99	24	389	38
Borrowed funds	-	-	-	-	-
Total interest expense	119	99	24	389	38
Net interest income	1,059	899	366	3,255	897
Provision for loan and lease losses	342	174	114	749	174
Net interest income after provision for loan and lease losses	<u>717</u>	<u>725</u>	<u>252</u>	<u>2,506</u>	<u>723</u>
Non-interest income:					
Service charges and other fees	19	33	29	94	43
Other income	33	2	1	39	1
Gain (loss) on securities	106	97	-	203	-
Total non-interest income	158	132	30	336	44
Non-interest expense:					
Salaries and employee benefits	831	769	785	3,187	2,687
Occupancy	82	82	87	324	319
Furniture, fixture & equipment	42	42	40	168	159
Data processing	66	60	37	232	93
Professional & legal	119	65	62	360	230
Marketing	19	12	21	53	68
Other expense	122	125	101	450	314
Total non-interest expense	<u>1,281</u>	<u>1,155</u>	<u>1,133</u>	<u>4,774</u>	<u>3,870</u>
Income (loss) before taxes	(406)	(298)	(851)	(1,932)	(3,103)
Income tax expense	1	-	1	1	2
Net Income (Loss)	<u>\$ (407)</u>	<u>\$ (298)</u>	<u>\$ (852)</u>	<u>\$ (1,933)</u>	<u>\$ (3,105)</u>
Earnings (loss) per share ("EPS"): Basic	\$ (0.12)	\$ (0.09)	\$ (0.26)	\$ (0.58)	\$ (0.94)
Common shares outstanding	3,306,429	3,306,429	3,300,000	3,306,429	3,300,000

INFINITY BANK
UNAUDITED FINANCIAL HIGHLIGHTS

	Three Months Ended			Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Performance Ratios (Based upon Reported Net Income):					
Net interest margin	4.06%	3.75%	2.64%	4.03%	2.35%
Cost of funds	0.59%	0.54%	0.32%	0.59%	0.29%
Loan to deposit ratio	82.95%	56.73%	32.45%	82.95%	32.50%
Asset Quality Summary:					
Allowance for loan loss/Total loans	1.25%	1.25%	1.25%	1.25%	1.25%
Capital Ratios:					
Tier 1 risk-based capital ratio	28.55%	40.30%	124.74%	40.30%	124.74%
Total risk-based capital ratio	29.57%	41.20%	125.53%	41.20%	125.53%
Tier 1 leverage ratio	24.13%	26.26%	48.35%	26.26%	48.35%