



# Infinity Bank Announces Third Quarter 2020 Financial Results

Santa Ana, CA, November 4, 2020 (Accesswire) – Infinity Bank (OTCQB: INFT) (the “Bank”) announced financial results as of September 30, 2020.

## Financial Highlights for the third quarter of 2020:

- Total loans increased by \$21 million
- Total deposits increased by \$10 million
- The net loss for the quarter decreased 18% from the prior quarter
- Net income (before provisions for loan and lease losses) totaled \$74 thousand for the quarter

## Loans

Total loans increased by \$21 million, or 18.3% to \$136.1 million for the quarter ended September 30, 2020 compared to the second quarter of 2020 and by \$62.2 million, or 84.3% compared to December 31, 2019. During the third quarter of 2020, the Bank increased new loan commitments by \$23.3 million of which 53% were commercial loans. Also included in the loan portfolio is \$28 million of loans funded in the second quarter under the Paycheck Protection Program (“PPP”) that were authorized under the CARES Act. The Bank increased its loan to deposit ratio to 89.1% as of September 30, 2020 from 80.6% and 56.7% as of June 30, 2020 and September 30, 2019, respectively. PPP Loans are guaranteed by the U.S. Government and, therefore, do not require an allowance for loan and lease losses (“ALLL”) to be allocated to them. As a result, while the Bank maintained an ALLL ratio of 1.25% on non-PPP loans, the overall ratio of ALLL to total loans remained at 1.0%.

## Deposits

Total deposits were \$152.7 million, an increase of \$10 million, or 7.0% for the quarter ended September 30, 2020 compared to June 30, 2020. Noninterest-bearing demand accounts decreased by \$1.5 million, or 2.4% for the quarter ended September 30, 2020 compared to June 30, 2020. Interest-bearing deposits increased by \$11.6 million, or 20.0% compared to the quarter ended, June 30, 2020. As a result of the PPP loan program, during the second quarter the Bank experienced deposit growth in the form of both loan proceeds deposited into the Bank and the addition of several key relationships.

The cost of total deposits for the quarter ended September 30, 2020 was 39 basis points, a decrease of 3 basis points compared to quarter ended June 30, 2020 and a decrease of 15 basis points when compared to the same time last year.

## Net-Interest Income

Net-interest income totaled \$1.6 million an increase of \$366 thousand, or 30.4% for the quarter ended September 30, 2020 from previous quarter ended June 30, 2020. Net-interest income grew by \$673 thousand, or 74.9% when compared to the same period last year. The Bank’s primary source of revenue was driven by interest income from loans. The Bank’s net interest margin increased by 34 basis points at the end of the quarter ended September 30, 2020 from the previous linked quarter and a decrease of 39 basis points compared to the same period in 2019. The increase in the net interest margin during the third quarter of 2020 was driven by the increase in loans outstanding which are higher yielding than other assets, such as cash or investments. The decrease in the net interest margin when compared to the prior year was primarily driven by the substantial lowering of a key rate by the Federal Reserve’s Open Market Committee (“FOMC”). In particular, the FOMC lowered the target federal funds rates by 150 basis points during March of this year. That decrease continues to have a direct impact on the Bank’s net interest margin as many of our loans are tied to rate indices that are directly or indirectly based on the target federal

funds rate set by the FOMC.

## **Non-Interest Income**

At September 30, 2020, total non-interest income totaled \$51 thousand, a decrease of \$2 thousand, or 3.8% from previous quarter ended June 30, 2020. Non-interest income decreased \$81 thousand, or 61.4% when compared to this same period last year.

## **Non-Interest Expense**

The Bank's total non-interest expense increased by \$281 thousand, or 22.2% for the quarter ended September 30, 2020 versus the previous quarter ended June 30, 2020. Non-interest expense increased \$394 thousand, or 34.1% when compared to the comparable period ended September 30, 2019. The increase in non-interest expense from the second quarter of 2020 compared to the third quarter of 2020 was primarily driven by an increase in employee expense. This increase was driven by incentives paid and onetime charges related to internal restructuring.

## **Net Income**

The Bank recorded a net loss of \$165 thousand (\$0.05 per share), a decrease of 18% for the quarter ended September 30, 2020 versus a net loss of \$201 thousand (\$0.06 per share) and a net loss of \$298 thousand (\$0.09 per share) compared to the quarter ended, June 30, 2020 and quarter ended, September 30, 2019, respectively. The Bank continues to inch closer to profitability. The total of non-cash transactions related to the ALLL and employee stock options was \$315 thousand for the third quarter and \$265 thousand for the second quarter of 2020. If these were not included, the Bank would have a net income of \$150 thousand and \$64 thousand for the quarters ended September 30, 2020 and June 30, 2020, respectively.

## **Capital**

At September 30, 2020, the Bank remained well-capitalized under the regulatory capital ratio guidelines with a tier 1 risk-based capital ratio of 15.7%, a total risk-based capital ratio of 16.5%, and a tier 1 leverage ratio of 13.3%.

## **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](http://www.goinfinitybank.com).

## **Contact Information:**

Bala Balkrishna  
CEO  
Phone: (657) 223-1000  
[Bala@goinfinitybank.com](mailto:Bala@goinfinitybank.com)

Victor Guerrero  
President, COO & CFO  
Phone: (657) 223-1000  
[Victor@goinfinitybank.com](mailto: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)

	<u>September 30, 2020</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
<b>ASSETS:</b>			
Cash and due from banks	\$ 27,952	\$ 42,136	\$ 13,476
Securities available for sale	24,350	21,130	27,788
Total Loans	136,074	115,036	73,840
Allowance for loan and lease losses	(1,387)	(1,148)	(923)
Net Loans	134,687	113,888	72,917
Premises and equipment, net	1,662	1,754	1,960
Other assets	1,319	1,100	491
<b>TOTAL ASSETS</b>	<u>\$ 189,970</u>	<u>\$ 180,008</u>	<u>\$ 116,632</u>
<b>LIABILITIES</b>			
Deposits:			
Non-interest bearing	\$ 63,258	\$ 64,800	\$ 43,451
Interest bearing	69,393	57,820	45,567
Time certificates of deposit	20,037	20,037	-
Total deposits	152,688	142,657	89,018
Other liabilities	11,768	11,801	1,835
<b>TOTAL LIABILITIES</b>	<u>164,456</u>	<u>154,458</u>	<u>90,853</u>
Stockholders' Equity:			
Common stock	32,881	32,806	32,652
Accumulated deficit	(6,866)	(6,866)	(4,934)
Net income (loss)	(548)	(383)	(1,932)
Accumulated other comprehensive gain	47	(7)	(7)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>25,514</u>	<u>25,550</u>	<u>25,779</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 189,970</u>	<u>\$ 180,008</u>	<u>\$ 116,632</u>

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

	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>Interest Income:</b>					
Loans	\$ 1,688	\$ 1,307	\$ 651	\$ 4,154	\$ 1,377
Investment securities	29	19	159	142	393
Other short-term investments	17	25	187	102	696
<b>Total interest income</b>	<u>1,734</u>	<u>1,351</u>	<u>997</u>	<u>4,398</u>	<u>2,466</u>
<b>Interest expense:</b>					
Deposits	163	146	99	436	270
Borrowed funds	-	-	-	-	-
<b>Total interest expense</b>	<u>163</u>	<u>146</u>	<u>99</u>	<u>436</u>	<u>270</u>
<b>Net interest income</b>	1,571	1,205	898	3,962	2,196
<b>Provision for loan and lease losses</b>	239	192	174	464	407
<b>Net interest income after provision for loan and lease losses</b>	<u>1,332</u>	<u>1,013</u>	<u>724</u>	<u>3,498</u>	<u>1,789</u>
<b>Non-interest income:</b>					
Service charges and other fees	26	20	16	69	36
Other income	25	31	19	80	45
Gain (loss) on securities	-	2	97	9	97
<b>Total non-interest income</b>	<u>51</u>	<u>53</u>	<u>132</u>	<u>158</u>	<u>178</u>
<b>Non-interest expense:</b>					
Salaries and employee benefits	1,076	825	768	2,873	2,356
Occupancy	86	91	82	268	241
Furniture, fixture & equipment	43	51	41	136	127
Data processing	88	77	60	235	166
Professional & legal	107	72	65	261	241
Marketing	18	14	12	38	35
Other expense	130	137	126	393	327
<b>Total non-interest expense</b>	<u>1,548</u>	<u>1,267</u>	<u>1,154</u>	<u>4,204</u>	<u>3,493</u>
<b>Income (loss) before taxes</b>	(165)	(201)	(298)	(548)	(1,526)
<b>Income tax expense</b>	-	-	-	-	-
<b>Net Income (Loss)</b>	<u>\$ (165)</u>	<u>\$ (201)</u>	<u>\$ (298)</u>	<u>\$ (548)</u>	<u>\$ (1,526)</u>
<b>Earnings (loss) per share ("EPS"):</b>					
<b>Basic</b>	\$ (0.05)	\$ (0.06)	\$ (0.09)	\$ (0.17)	\$ (0.46)
<b>Common shares outstanding</b>	3,312,858	3,306,429	3,306,429	3,312,858	3,306,429

**INFINITY BANK**  
**UNAUDITED FINANCIAL HIGHLIGHTS**

	<u>At and For the Three Months Ended</u>			<u>At and For the Nine Months Ended</u>	
	<u>September 30,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2020</u>	<u>September 30,</u> <u>2019</u>
<b>Performance Ratios</b>					
<b>(Based upon Reported Net Income):</b>					
Net interest margin	3.32%	2.98%	3.71%	3.42%	3.41%
Cost of funds	0.39%	0.42%	0.54%	0.44%	0.58%
Loan to deposit ratio	89.12%	80.64%	56.73%	89.12%	56.73%
<b>Asset Quality Summary:</b>					
Allowance for loan loss/Total loans	1.02%	1.00%	1.25%	1.02%	1.25%
<b>Capital Ratios:</b>					
Tier 1 risk-based capital ratio	15.67%	18.77%	40.30%	15.67%	40.30%
Total risk-based capital ratio	16.52%	19.62%	41.20%	16.52%	41.20%
Tier 1 leverage ratio	13.28%	15.37%	26.26%	13.28%	26.26%