



Infinity Bank Announces 2020 Year End Financial Results and 3rd Anniversary

Santa Ana, CA, February 1, 2021 (Accesswire) – Infinity Bank (OTCQB: INFT) (the “Bank”) announced financial results as of December 31, 2020.

In addition, as today marks Infinity Bank’s 3rd anniversary since opening its doors, the Bank is no longer classified as a “denovo” institution by the regulatory agencies. A denovo bank is a recently opened bank that is less than 3 years old which requires it to be subject to exceptional scrutiny and limitations with regard to its operations and strategic direction. Bala Balkrishna, Chief Executive Officer of Infinity Bank noted that, “Today marks the beginning of an exciting and dynamic season for Infinity Bank. I know I speak for every member of the Board and Management, and for all the Employees of the Bank when I say that we are proud of what we have accomplished and are looking ahead in great anticipation of our future.”

Financial Highlights for the fourth quarter of 2020:

- Achieved first profitable quarter
- Total assets surpassed \$200 million
- Total deposits increased by \$20 million

Loans

At December 31, 2020 total loans totaled \$134.3 million a decrease of \$403 thousand, or 3% from the end of the third quarter 2020. On a year-over-year basis total loans grew by \$61.4 million, or 84.2% when compared to December 31, 2019. During the fourth quarter of 2020, the Bank increased new loan commitments by \$24.4 million of which 22.2% were commercial loans. Also, during this period, the Bank’s loan portfolio had \$10.3 million in loans pay off, of which \$7.5 million were Paycheck Protection Program (“PPP”) loans that were authorized under the CARES Act. The Bank’s loan to deposit ratio decreased to 78.8% as of December 31, 2020 from 89.1% and 83% as of September 30, 2020 and December 31, 2019, respectively. Given the current economic conditions, the Bank increased its ALLL to 1.30% on non-PPP Loans and 1.16% on total loans. This is compared to 1.25% on non-PPP loans, and 1.02% and 1.25% on total loans as of September 30, 2020 and December 31, 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.

Deposits

Total deposits were \$172.4 million, an increase of \$19.7 million, or 12.9% as of December 31, 2020 compared to September 30, 2020. On a year-over-year basis the Bank almost doubled its total deposits by \$83.4 million or 93.7% compared to December 31, 2019. Noninterest-bearing demand accounts increased by \$37.5 million or 59.2% as of December 31, 2020 when compared to September 30, 2020. On a year-over-year basis noninterest-bearing demand accounts increased \$57.3 million or 131.8% on December 31, 2020 versus December 31, 2019. Interest-bearing deposits increased by \$2.3 million or 3.3% compared to September 30, 2020. Interest bearing deposits increased by \$26.1 million or 57.4% from December 31, 2019 to December 31, 2020. For a six-month period during 2020, the Bank had \$20 million in brokered certificates of deposit. These brokered deposits were redeemed during the fourth quarter of 2020.

The growth in deposit relationships was accomplished while maintaining the cost of total funds for the quarter ended December 31, 2020 at 25 basis points, a decrease of 14 basis points when compared to quarter ended September 30, 2020 and a decrease of 34 basis points when compared to quarter ended December 31, 2020. For the twelve months ended December 31, 2020 cost of funds margin decreased to 38 basis points, a decrease of 21 basis points when compared to the same period ended December 31, 2019.

Net-Interest Income

Net-interest income totaled \$1.9 million an increase of \$301 thousand, or 19.2% for the quarter ended December 31, 2020 from previous quarter ended September 30, 2020. Net-interest income for the twelve months ended December 31, 2020 was \$5.8 million compared to \$3.3 million, an increase of \$2.6 million, or 79.2%, for the comparable period ending December 31, 2019. The Bank's primary source of revenue was driven by interest income from loans. The Bank's net interest margin increased by 23 basis points at the end of the quarter ended December 31, 2020 from the previous linked quarter. For the twelve months ended December 31, 2020 net interest margin increased by 17 basis points to 3.77% from 3.60% when compared to the comparable period ended December 31, 2019. The increase in the net interest margin when compared to the prior year was primarily driven by three factors: (1) Interest rate floors on many of the Bank's loan products provided some protections to the Bank from 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 2020. (2) The Bank recognized \$222 thousand in interest and fees on PPP loans forgiven during 2020. This product did not exist in 2019. (3) The 131.8% increase in non-interest bearing deposits contributed to the lowering of the Bank's cost of funds.

Non-Interest Income

Total non-interest income for the fourth quarter of 2020 totaled \$56 thousand, an increase of \$5 thousand, or 9.8%, from the previous quarter ended September 30, 2020. Non-interest income for the twelve months ended December 31, 2020 totaled \$214 thousand, a decrease of \$122 thousand, or 36.3%, as compared to the comparable period ended December 31, 2019. The decrease in non-interest income was primarily driven by a reduction in gain on sale of investments securities of \$194 thousand as compared to 2019.

Non-Interest Expense

In the fourth quarter of 2020 the Bank's total non-interest expense decreased by \$46 thousand, or 3% versus the prior quarter ended September 30, 2020. Non-interest expense for the twelve months ended December 31, 2020 totaled \$5.7 million versus \$4.8 million, an increase of \$932 thousand, or 19.5%, compared to the comparable period ended December 31, 2019. The increase in non-interest expense for the twelve months ended was mainly a result of additional staff as the Bank continued to grow.

Net Income

The Bank reached profitability this quarter and recorded net income of \$230 thousand \$0.07 per share, an increase of 239.4% for the quarter ended December 31, 2020 versus a net loss of \$165 thousand (\$0.05 per share) from the third quarter ended September 30, 2020. For the twelve months ended the Bank's net loss for the year 2020 was \$318 thousand (\$0.10 per share) versus \$1.9 million (\$0.58) in 2019, an improvement of 83.5%. This improvement was mainly due to an increase in net interest margin as discussed above.

Capital

At December 31, 2020, the Bank remained well-capitalized under the regulatory capital ratio guidelines with a tier 1 leverage ratio of 12.0%, a tier 1 risk-based capital ratio of 15.5%, and a total risk-based capital ratio of 16.4%.

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.

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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>December 31, 2020</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
ASSETS:			
Cash and due from banks	\$ 44,647	\$ 27,952	\$ 13,476
Securities available for sale	23,014	24,350	27,788
Total Loans	135,866	136,074	73,840
Allowance for loan and lease losses	(1,582)	(1,387)	(923)
Net Loans	134,284	134,687	72,917
Premises and equipment, net	1,561	1,662	1,960
Other assets	1,376	1,319	491
TOTAL ASSETS	<u>\$ 204,882</u>	<u>\$ 189,970</u>	<u>\$ 116,632</u>
LIABILITIES			
Deposits:			
Non-interest bearing	\$ 100,710	\$ 63,258	\$ 43,451
Interest bearing	71,706	69,393	45,567
Time certificates of deposit	-	20,037	-
Total deposits	172,416	152,688	89,018
Other liabilities	6,638	11,768	1,835
TOTAL LIABILITIES	<u>179,054</u>	<u>164,456</u>	<u>90,853</u>
Stockholders' Equity:			
Common stock	32,944	32,881	32,652
Accumulated deficit	(6,866)	(6,866)	(4,934)
Net income (loss)	(318)	(548)	(1,932)
Accumulated other comprehensive gain	68	47	(7)
TOTAL STOCKHOLDERS' EQUITY	<u>25,828</u>	<u>25,514</u>	<u>25,779</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 204,882</u>	<u>\$ 189,970</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 Twelve Months Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Interest Income:					
Loans	\$ 1,953	\$ 1,688	\$ 943	\$ 6,107	\$ 2,320
Investment securities	21	29	168	163	561
Other short-term investments	19	17	67	121	763
Total interest income	<u>1,993</u>	<u>1,734</u>	<u>1,178</u>	<u>6,391</u>	<u>3,644</u>
Interest expense:					
Deposits	117	163	119	553	389
Borrowed funds	4	-	-	4	-
Total interest expense	<u>121</u>	<u>163</u>	<u>119</u>	<u>557</u>	<u>389</u>
Net interest income	1,872	1,571	1,059	5,834	3,255
Provision for loan and lease losses	<u>195</u>	<u>239</u>	<u>342</u>	<u>659</u>	<u>749</u>
Net interest income after provision for loan and lease losses	<u>1,677</u>	<u>1,332</u>	<u>717</u>	<u>5,175</u>	<u>2,506</u>
Non-interest income:					
Service charges and other fees	29	26	19	98	55
Other income	27	25	33	107	78
Gain (loss) on securities	-	-	106	9	203
Total non-interest income	<u>56</u>	<u>51</u>	<u>158</u>	<u>214</u>	<u>336</u>
Non-interest expense:					
Salaries and employee benefits	999	1,076	831	3,872	3,187
Occupancy	87	86	83	356	324
Furniture, fixture & equipment	47	43	41	182	168
Data processing	95	88	66	330	232
Professional & legal	126	107	119	387	360
Marketing	16	18	19	55	53
Other expense	132	130	122	524	450
Total non-interest expense	<u>1,502</u>	<u>1,548</u>	<u>1,281</u>	<u>5,706</u>	<u>4,774</u>
Income (loss) before taxes	231	(165)	(406)	(317)	(1,932)
Income tax expense	1	-	1	1	1
Net Income (Loss)	<u>\$ 230</u>	<u>\$ (165)</u>	<u>\$ (407)</u>	<u>\$ (318)</u>	<u>\$ (1,933)</u>
Earnings (loss) per share ("EPS"):					
Basic	\$ 0.07	\$ (0.05)	\$ (0.12)	\$ (0.10)	\$ (0.58)
Common shares outstanding	3,312,858	3,312,858	3,306,429	3,312,858	3,306,429

**INFINITY BANK
UNAUDITED FINANCIAL HIGHLIGHTS**

	At and For the Three Months Ended			At and For the Twelve Months Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Performance Ratios (Based upon Reported Net Income):					
Net interest margin	3.55%	3.32%	4.06%	3.77%	3.60%
Cost of funds	0.25%	0.39%	0.59%	0.38%	0.59%
Loan to deposit ratio	78.80%	89.12%	82.95%	78.80%	82.95%
Asset Quality Summary:					
Allowance for loan loss/Total loans	1.16%	1.02%	1.25%	1.16%	1.25%
Capital Ratios:					
Tier 1 risk-based capital ratio	15.49%	15.67%	28.55%	15.49%	28.55%
Total risk-based capital ratio	16.44%	16.52%	29.57%	16.44%	29.57%
Tier 1 leverage ratio	12.01%	13.28%	24.13%	12.01%	24.13%