



Infinity Bank Announces First Quarter 2021 Financial Results

Santa Ana, CA, May 5, 2021 (Accesswire) – Infinity Bank (OTCQB: INFT) (the “Bank”) announced financial results as of March 31, 2021.

Financial Highlights for the first quarter of 2021:

- Achieved second consecutive profitable quarter
- Increased profitability by 9%
- Total loans increased by \$6.9 million
- Total deposits decreased by \$12.7 million

Loans

At March 31, 2021, total loans equaled \$142.8 million, an increase of \$6.9 million, or 5.1% from the end of the fourth quarter, 2020. On a year-over-year basis total loans grew by \$66.3 million, or 86.6% when compared to March 31, 2020. During the first quarter of 2021, the Bank increased new loan commitments by \$24.1 million of which 68.1% were commercial loans. Also, during this period, the Bank’s loan portfolio had \$8.3 million in loans pay off, of which \$7.8 million were Paycheck Protection Program (“PPP”) loans that were authorized under the CARES Act. The Bank’s loan to deposit ratio increased to 89.4% as of March 31, 2021 from 78.8% as of December 31, 2020 and decreased from 92.5% as of March 31, 2020. Despite the Bank’s strong loan performance, but given the current economic conditions, the Bank increased its allowance for loan and lease losses (“ALLL”) to 1.30% on total non-PPP Loans and 1.14% on total loans as compared to 1.16% as of December 31, 2020. As of March 31, 2020, the ALLL was 1.25% on total loans. PPP Loans which were first offered in April 2020 are guaranteed by the U.S. Government and, therefore, do not require an ALLL amount to be allocated to them.

Deposits

Total deposits were \$159.7 million, a decrease of \$12.7 million, or 7.4% as of March 31, 2021 compared to December 31, 2020. On a year-over-year basis the Bank nearly doubled its total deposits by \$77 million or 93.0% compared to March 31, 2020. Noninterest-bearing demand accounts decreased by \$17.8 million or 17.7% as of March 31, 2021 when compared to December 31, 2020. On a year-over-year basis noninterest-bearing demand accounts increased \$46.0 million or 124.8% on March 31, 2021 versus March 31, 2020. Interest-bearing deposits increased by \$5.1 million or 7.1% compared to December 31, 2020. Interest bearing deposits increased by \$30.9 million or 67.5% from March 31, 2020 to March 31, 2021. The decrease during the first quarter of 2021 was due to normal volatility in our deposit account activity.

The cost of funds for the quarter ended March 31, 2021 at 24 basis points, a decrease of 1 basis point when compared to quarter ended December 31, 2020 and a decrease of 33 basis points when compared to quarter ended March 31, 2020. The low cost of funds and the direction of the change in the cost of funds is a result of the Bank’s continued focus on long-term deposit relationships that are not solely based on pricing.

Net-Interest Income

Net-interest income totaled \$1.9 million an increase of \$40 thousand, or 2.1% for the quarter ended March 31, 2021 from previous quarter ended December 31, 2020. Net-interest income increased \$726 thousand, or 61.2% 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 39 basis points at the end of the quarter ended March 31, 2021 from the previous linked quarter. The Bank’s net interest margin decreased 30 basis points as compared to the same

period in 2020. The increase in the net interest margin when compared to the previous quarter was primarily driven by the mix of the interest-bearing assets and liabilities. Average loans outstanding, which are the highest yielding asset, are up \$8.1 million while the average balance on interest-bearing liabilities is down \$8.9 million. The decrease in net interest margin when compared to first quarter 2020 is due to a decrease in interest income on available for sale securities and other short-term investments.

Non-Interest Income

Total non-interest income for the first quarter of 2021 totaled \$51 thousand, a decrease of \$5 thousand, or 8.9%, from the previous quarter ended December 31, 2020. Non-interest income decreased \$3 thousand, or 5.6% when compared to the comparable period ended March 31, 2020. The decrease in non-interest income was primarily driven by the number of days in the period: 90, 92, and 91 days in the quarters ended March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

Non-Interest Expense

In the first quarter of 2021 the Bank's total non-interest expense increased by \$163 thousand, or 10.9% versus the prior quarter ended December 31, 2020. Non-interest expense increased \$276 thousand, or 19.9% when compared to the comparable period ended March 31, 2020. The increase in non-interest expense for both periods was mainly a result of certain non-recurring expenses related to salaries and employee benefits totaling approximately \$75 thousand along with the additional staff members to assist in the management of the growth of the Bank which was 75% over March 31, 2020.

Net Income

The Bank reached its second consecutive quarter of profitability and recorded net income of \$251 thousand, or \$0.08 per share, versus net income of \$230 thousand, or \$0.07 per share and a net loss of \$182 thousand, or (\$0.06) per share compared to the fourth quarter ended December 31, 2020 and the first quarter ended March 31, 2020, respectively. This improvement from the fourth quarter of 2020 was mainly due to an increase in net interest margin as discussed above.

Capital

At March 31, 2021, the Bank remained well-capitalized under the regulatory capital ratio guidelines with a tier 1 leverage ratio of 13.03%, a tier 1 risk-based capital ratio of 16.77%, and a total risk-based capital ratio of 17.81%.

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>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
ASSETS:			
Cash and due from banks	\$ 26,937	\$ 44,647	\$ 25,475
Securities available for sale	21,409	23,014	6,542
Total Loans	142,776	135,866	76,499
Allowance for loan and lease losses	<u>(1,629)</u>	<u>(1,582)</u>	<u>(956)</u>
Net Loans	141,147	134,284	75,543
Premises and equipment, net	1,462	1,561	1,859
Other assets	<u>1,473</u>	<u>1,376</u>	<u>726</u>
TOTAL ASSETS	<u><u>\$ 192,428</u></u>	<u><u>\$ 204,882</u></u>	<u><u>\$ 110,145</u></u>
LIABILITIES			
Deposits:			
Non-interest bearing	\$ 82,911	\$ 100,710	\$ 36,879
Interest bearing	76,789	71,706	45,848
Time certificates of deposit	<u>-</u>	<u>-</u>	<u>-</u>
Total deposits	159,700	172,416	82,727
Other liabilities	<u>6,656</u>	<u>6,638</u>	<u>1,780</u>
TOTAL LIABILITIES	<u>166,356</u>	<u>179,054</u>	<u>84,507</u>
Stockholders' Equity:			
Common stock	33,018	32,944	32,732
Accumulated deficit	(7,184)	(6,866)	(6,866)
Net income (loss)	251	(318)	(182)
Accumulated other comprehensive gain	<u>(13)</u>	<u>68</u>	<u>(46)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>26,072</u>	<u>25,828</u>	<u>25,638</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 192,428</u></u>	<u><u>\$ 204,882</u></u>	<u><u>\$ 110,145</u></u>

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

For the Three Months Ended

	March 31, 2021	December 31, 2020	March 31, 2020
Interest Income:			
Loans	\$ 1,986	\$ 1,953	\$ 1,159
Investment securities	12	14	91
Other short-term investments	19	26	63
Total interest income	2,017	1,993	1,313
Interest expense:			
Deposits	104	117	127
Borrowed funds	1	4	-
Total interest expense	105	121	127
Net interest income	1,912	1,872	1,186
Provision for loan and lease losses	47	195	33
Net interest income after provision for loan and lease losses	1,865	1,677	1,153
Non-interest income:			
Service charges	28	29	23
Other income	23	27	24
Gain (loss) on securities	-	-	7
Total non-interest income	51	56	54
Non-interest expense:			
Salaries and employee benefits	1,182	999	972
Occupancy	88	87	92
Furniture, fixture & equipment	53	47	41
Data processing	95	95	69
Professional & legal	84	126	82
Marketing	13	16	7
Other expense	150	132	126
Total non-interest expense	1,665	1,502	1,389
Income (loss) before taxes	251	231	(182)
Income tax expense	-	1	-
Net Income (Loss)	\$ 251	\$ 230	\$ (182)
Earnings (loss) per share ("EPS"): Basic	\$ 0.08	\$ 0.07	\$ (0.06)
Common shares outstanding	3,312,858	3,312,858	3,306,429

INFINITY BANK
UNAUDITED FINANCIAL HIGHLIGHTS

	At and For the Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
Performance Ratios:			
Net interest margin	3.94%	3.55%	4.24%
Cost of funds	0.24%	0.25%	0.57%
Loan to deposit ratio	89.40%	78.80%	92.47%
Asset Quality Summary:			
Allowance for loan loss/Total loans	1.14%	1.16%	1.25%
Capital Ratios:			
Tier 1 risk-based capital ratio	16.77%	15.49%	27.39%
Total risk-based capital ratio	17.81%	16.44%	28.41%
Tier 1 leverage ratio	13.03%	12.01%	22.17%