



Infinity Bank Reports Second Quarter 2021 Earnings

Santa Ana, CA, Aug 3, 2021 (Accesswire) – Infinity Bank (OTCQB: INFT) (the “Bank”) today reported financial results for the second quarter ended June 30, 2021.

Financial Highlights for the second quarter of 2021:

- The Bank realized its third consecutive and largest profitable quarter, \$302 thousand
- Increased profitability by 20.3% over the first quarter of 2021
- Total loans increased by \$10.8 million
- Total deposits increased by \$16.6 million

Loans

For the quarter ended June 30, 2021, total loans equaled \$153.5 million, an increase of \$10.8 million, or 7.5% from previous quarter ended March 31, 2021. Total loans increased by \$17.7 million, or 13% when compared to December 31, 2020. As of June 30, 2021, the Bank recorded an increase of \$34.3 million in new loan commitments. During the second quarter of 2021, \$5.6 million Paycheck Protection Program (“PPP”) loans were forgiven bringing the balance of PPP loans down to \$12.8 million. The loan to deposit ratio decreased to 87.1% as of June 30, 2021, compared to 89.4% at March 31, 2021. Given the current economic conditions, the Bank’s allowance for loan and lease losses (“ALLL”) remains at 1.3% on all non-PPP loans. The ALLL was 1.20%, 1.14% and 1.16% of total loans as of June 30, 2021, March 31, 2021, and December 31, 2020, respectively. PPP loans are guaranteed by the U.S. Government and, therefore, do not require an ALLL amount to be allocated to them and therefore as the total PPP loans outstanding decrease, the ALLL as a % of total loans increases

The yield on average loans has remained relatively stable during 2021 at approximately 5.7%. The yield on average loans increased 54 basis points to 5.70% from the same quarter in 2020 and 10 basis points to 5.71% from the six-month period ended June 30, 2020.

Deposits and Borrowed Funds

Total deposits increased by \$16.6 million, or 10.4% to \$176.3 million when compared to first quarter ended March 31, 2021, and \$3.9 million or 2.2% when compared to December 31, 2020. Noninterest-bearing demand accounts increased by \$14.4 million or 17.4% during the second quarter of 2021 to \$97.3 million as of June 30, 2021 and comprises over 55% of total deposits. Noninterest-bearing demand accounts decreased \$3.4 million or 3.4% when compared to December 31, 2020. Interest-bearing deposits grew by \$2.2 million or 2.9% when compared to March 31, 2021, and by \$7.3 million or 10.2% from December 31, 2020 to June 30, 2021.

The cost of funds for the quarter ended June 30, 2021 at 26 basis points, an increase of 2 basis points when compared to the quarter ended March 31, 2021 and a decrease of 16 basis points when compared to the same quarter of the previous year. The low 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 in the second quarter of 2021 was \$2 million, up \$77 thousand, or 4.0% from the first quarter of 2021 and up \$784 thousand, or 65.1% over the second quarter of 2020. For the six months ended June 30, 2021 the Bank’s net-interest income equaled \$3.9 million, an increase of \$1.5 million, or 63.2% from the six-months ended June 30, 2020. The Bank’s primary source of net-interest income was driven by interest income from loans. The Bank’s net interest margin increased by 5 basis points during the second quarter 2021 when compared to the previous linked quarter. The Bank’s net interest margin increased over 101 basis points when compared to the quarter ended June 30, 2020 due to the decrease in PPP loans as of June 30, 2021 as compared to the prior year. PPP loans earn interest at 1% and comprised 21% of the Bank’s total loans as of June 30, 2020 versus 8% as of June 30, 2021.

Non-Interest Income

For the quarter ended June 30, 2021, total non-interest income totaled \$81 thousand, an increase of \$30 thousand, or 58.8%, from the previous quarter ended March 31, 2021. Non-interest income increased \$28 thousand, or 52.8% when compared to the like period ended June 30, 2020. For the six months ended June 30, 2021 total non-interest income equaled \$132 thousand, an increase of \$25 thousand or 23.4% when compared to the six months ended June 30, 2020. The increase in non-interest income for all periods was driven equally by service charges and other income.

Non-Interest Expense

Total non-interest expense decreased by \$229 thousand, or 13.8% versus the previous quarter ended March 31, 2021. Non-interest expense increased \$169 thousand, or 13.3% when compared to the same period ended June 30, 2020. The decrease in non-interest expense for the three months ended June 30, 2021 was primarily due to certain non-recurring expenses related to salaries and employee benefits that were incurred during the first quarter of 2021. For the six months ended June 30, 2021 non-interest expense totaled \$3.1 million, an increase of \$445 thousand or 14.4% from like period in 2020 and was primarily related to the addition of staff to support the Bank's asset growth of 13.5% year over year as well as incentives paid.

Net Income

The Bank realized its third consecutive quarter of profitability and recorded net income of \$302 thousand, or \$0.09 per share after deducting \$120 thousand in tax expense for the period ending June 30, 2021. This represents an increase in profitability of 20.3% from previous linked quarter of \$251 thousand, or \$0.08 per share and \$503 thousand over the net loss of \$201 thousand, or (\$0.06) per share when compared to June 30, 2020. Net income for the six months ended June 30, 2021 totaled \$553 thousand, or \$0.17 per share, an increase of \$936 thousand as compared to the same period in 2020. The return on average assets increased 9 basis points to 0.60% for the quarter ended June 30, 2021 as compared to 0.51% for the previous linked quarter and 109 basis points from (0.49%) for the quarter ended June 30, 2020. The return on average assets was 0.55% for the six-months ended June 30, 2021 as compared with (0.55%) for the same period last year. The return on average equity increased to 4.59% for the quarter ended June 30, 2021 as compared to 3.91% for the previous quarter and (3.15%) for the quarter ended June 30, 2020. The return on average equity was 4.26% for the six-months ended June 30, 2021 as compared to (2.99%) for the same period in 2020.

Capital

As of June 30, 2021, the Bank remained well-capitalized under the regulatory capital ratio guidelines with a tier 1 leverage ratio of 13.00%, a tier 1 risk-based capital ratio of 15.29%, and a total risk-based capital ratio of 16.36%.

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

Victor Guerrero
President, 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)

| | <u>June 30, 2021</u> | <u>March 31, 2021</u> | <u>December 31, 2020</u> |
|---|--------------------------|---------------------------|------------------------------|
| ASSETS: | | | |
| Cash and due from banks | \$ 37,126 | \$ 26,937 | \$ 44,647 |
| Securities available for sale | 12,557 | 21,409 | 23,014 |
| Total Loans | 153,529 | 142,776 | 135,866 |
| Allowance for loan and lease losses | <u>(1,841)</u> | <u>(1,629)</u> | <u>(1,582)</u> |
| Net Loans | 151,688 | 141,147 | 134,284 |
| Premises and equipment, net | 1,375 | 1,462 | 1,561 |
| Other assets | <u>1,547</u> | <u>1,473</u> | <u>1,376</u> |
| TOTAL ASSETS | <u><u>\$ 204,293</u></u> | <u><u>\$ 192,428</u></u> | <u><u>\$ 204,882</u></u> |
| | | | |
| LIABILITIES | | | |
| Deposits: | | | |
| Non-interest bearing | \$ 97,329 | \$ 82,911 | \$ 100,710 |
| Interest bearing | 78,993 | 76,789 | 71,706 |
| Time certificates of deposit | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deposits | 176,322 | 159,700 | 172,416 |
| Other liabilities | 1,533 | 1,656 | 1,638 |
| FHLB borrowings | <u>-</u> | <u>5,000</u> | <u>5,000</u> |
| TOTAL LIABILITIES | <u>177,855</u> | <u>166,356</u> | <u>179,054</u> |
| | | | |
| Stockholders' Equity: | | | |
| Common stock | 33,072 | 33,018 | 32,944 |
| Accumulated deficit | (7,184) | (7,184) | (6,866) |
| Net income (loss) | 553 | 251 | (318) |
| Accumulated other comprehensive gain | <u>(3)</u> | <u>(13)</u> | <u>68</u> |
| TOTAL STOCKHOLDERS' EQUITY | <u>26,438</u> | <u>26,072</u> | <u>25,828</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u><u>\$ 204,293</u></u> | <u><u>\$ 192,428</u></u> | <u><u>\$ 204,882</u></u> |

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

| | <u>For the Three Months Ended</u> | | | <u>For the Six Months Ended</u> | |
|--|-----------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | <u>June 30,</u> <u>2021</u> | <u>March 31,</u> <u>2021</u> | <u>June 30,</u> <u>2020</u> | <u>June 30,</u> <u>2021</u> | <u>June 30,</u> <u>2020</u> |
| Interest Income: | | | | | |
| Loans | \$ 2,071 | \$ 1,986 | \$ 1,307 | \$ 4,057 | \$ 2,466 |
| Investment securities | 10 | 12 | 19 | 22 | 113 |
| Other short-term investments | 23 | 19 | 25 | 42 | 85 |
| Total interest income | <u>2,104</u> | <u>2,017</u> | <u>1,351</u> | <u>4,121</u> | <u>2,664</u> |
| Interest expense: | | | | | |
| Deposits | 115 | 104 | 146 | 219 | 273 |
| Borrowed funds | - | 1 | - | 1 | - |
| Total interest expense | <u>115</u> | <u>105</u> | <u>146</u> | <u>220</u> | <u>273</u> |
| Net interest income | 1,989 | 1,912 | 1,205 | 3,901 | 2,391 |
| Provision for loan and lease losses | <u>212</u> | <u>47</u> | <u>192</u> | <u>259</u> | <u>225</u> |
| Net interest income after provision for loan and lease losses | <u>1,777</u> | <u>1,865</u> | <u>1,013</u> | <u>3,642</u> | <u>2,166</u> |
| Non-interest income: | | | | | |
| Service charges and other fees | 36 | 28 | 20 | 64 | 43 |
| Other income | 45 | 23 | 31 | 68 | 55 |
| Gain (loss) on securities | - | - | 2 | - | 9 |
| Total non-interest income | <u>81</u> | <u>51</u> | <u>53</u> | <u>132</u> | <u>107</u> |
| Non-interest expense: | | | | | |
| Salaries and employee benefits | 941 | 1,182 | 825 | 2,123 | 1,797 |
| Occupancy | 89 | 88 | 91 | 177 | 183 |
| Furniture, fixture & equipment | 33 | 53 | 51 | 86 | 92 |
| Data processing | 101 | 95 | 77 | 196 | 146 |
| Professional & legal | 109 | 84 | 72 | 193 | 154 |
| Marketing | 16 | 13 | 14 | 29 | 21 |
| Other expense | 147 | 150 | 137 | 297 | 263 |
| Total non-interest expense | <u>1,436</u> | <u>1,665</u> | <u>1,267</u> | <u>3,101</u> | <u>2,656</u> |
| Income (loss) before taxes | 422 | 251 | (201) | 673 | (383) |
| Income tax expense | <u>120</u> | <u>-</u> | <u>-</u> | <u>120</u> | <u>-</u> |
| Net Income (Loss) | <u>\$ 302</u> | <u>\$ 251</u> | <u>\$ (201)</u> | <u>\$ 553</u> | <u>\$ (383)</u> |
| Earnings (loss) per share: Basic | \$ 0.09 | \$ 0.08 | \$ (0.06) | \$ 0.17 | \$ (0.12) |
| Common shares outstanding | 3,312,858 | 3,312,858 | 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 Six Months Ended</u> | |
|-------------------------------------|--|---------------------------------|--------------------------------|--|--------------------------------|
| | <u>June 30,</u> <u>2021</u> | <u>March 31,</u> <u>2021</u> | <u>June 30,</u> <u>2020</u> | <u>June 30,</u> <u>2021</u> | <u>June 30,</u> <u>2020</u> |
| Performance Ratios: | | | | | |
| Net interest margin | 3.99% | 3.90% | 2.98% | 3.97% | 3.50% |
| Cost of funds | 0.26% | 0.24% | 0.42% | 0.25% | 0.48% |
| Yield on average loans | 5.70% | 5.73% | 5.16% | 5.71% | 5.61% |
| Return on average assets | 0.60% | 0.51% | (0.49%) | 0.55% | (0.55%) |
| Return on average equity | 4.59% | 3.91% | (3.15%) | 4.26% | (2.99%) |
| Asset Quality Summary: | | | | | |
| Allowance for loan loss/Total loans | 1.20% | 1.14% | 1.00% | | |
| Loan to Deposit Ratio: | | | | | |
| | 87.07% | 89.40% | 80.64% | | |
| Capital Ratios: | | | | | |
| Tier 1 risk-based capital ratio | 15.29% | 16.77% | 18.77% | | |
| Total risk-based capital ratio | 16.36% | 17.81% | 19.61% | | |
| Tier 1 leverage ratio | 13.00% | 13.03% | 15.37% | | |