



Infinity Bank Announces Second Quarter 2020 Financial Results

Santa Ana, CA, August 3, 2020 (Accesswire) – Infinity Bank (OTCQB: INFT) (the “Bank”) announced financial results as of June 30, 2020.

Financial Highlights for the second quarter of 2020:

- Both total loans and total deposits surpassed the \$100 million mark
- Total loans increased by \$38.5 million at June 30, 2020
- Total deposits increased by \$59.9 million at June 30, 2020
- Total assets reached \$180 million at June 30, 2020

Loans

Total loans increased by \$38.5 million, or 50.4% to \$115 million for the quarter ended June 30, 2020 compared to the first quarter of 2020 and by \$41.2 million, or 55.8% compared to December 31, 2019. During the second quarter of 2020, the Bank funded more than \$24.5 million in Paycheck Protection Program (“PPP”) loans that were authorized under the CARES Act which was signed into law on March 27, 2020. The Bank decreased its loan to deposit ratio to 80.6% as of June 30, 2020 which is a decrease from 92.5% from the first quarter ending March 31, 2020, and an increase from 42.0% compared to the same time last year. PPP loans are guaranteed by the US Government and, therefore, do not require an allowance for loan and leases 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 decreased to 1.00%.

Deposits

Total deposits were \$142.7 million, an increase of \$59.9 million, or 72.4% for the quarter ended June 30, 2020 compared to March 31, 2020. Noninterest-bearing demand accounts increased by \$27.9 million, or 75.7% for the quarter ended June 30, 2020 compared to March 31, 2020. Interest-bearing deposits increased by \$12 million, or 26.1% compared to the quarter ended, March 31, 2020. During the second quarter of 2020, the Bank added short-term certificates of deposits in the amount of \$20 million. These short-term certificates of deposit are expected to runoff by year end as the Bank’s high levels of liquidity mitigates the need for these deposits. Additionally, as a result of the PPP loan program, the Bank added several key relationships that increased the Bank’s overall core deposit base. Also, loan proceeds from the PPP loans were deposited into the Bank which further increased the deposit base.

The cost of total deposits for the quarter ended June 30, 2020 was 42 basis points, a decrease of 15 basis points compared to quarter ended March 31, 2020 and a decrease of 24 basis points when compared to the same time last year.

Net-Interest Income

Net-interest income totaled \$1.2 million an increase of \$19 thousand, or 1.6% for the quarter ended June 30, 2020 from previous quarter ended March 31, 2020. Net-interest income grew by \$458 thousand, or 61.3% when compared to the same period last year. The Bank’s primary source of revenue was driven by interest income from loans and other short-term investments. The Bank’s net interest margin decreased by 125 basis points at the end of the quarter ended June 30, 2020 from the previous linked quarter and a decrease of 31 basis points compared to the same period in 2019. This decrease 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 directly impacted 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 June 30, 2020, total non-interest income totaled \$53 thousand, a decrease of \$1 thousand, or 1.9% from previous quarter ended March 31, 2020. Non-interest income increased \$26 thousand, or 96.3% when compared to this same period last year.

Non-Interest Expense

During the second quarter of 2020, the Bank's total non-interest expense decreased by \$122 thousand, or 8.8% versus the quarter ended March 31, 2020. Non-interest expense increased \$132 thousand, or 11.6% when compared to the comparable period ended June 30, 2019. The decrease in non-interest expense from the first quarter of 2020 compared to the second quarter of 2020 is primarily driven by a decrease in employee expense. A portion of employee expenses can vary based on the number and type of loans funded in a given period and have an inverse relationship with each other.

Net Income

The Bank recorded a net loss of \$201 thousand (\$0.06 per share) for the quarter ended June 30, 2020 versus a net loss of \$182 thousand (\$0.06 per share) and a net loss of \$494 thousand (\$0.15 per share) compared to the quarter ended, March 31, 2020 and quarter ended, June 30, 2019, respectively.

Capital

At June 30, 2020, the Bank remained well-capitalized under the regulatory capital ratio guidelines with a tier 1 risk-based capital ratio of 18.8%, a total risk-based capital ratio of 19.6%, and a tier 1 leverage ratio of 15.4%.

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>June 30, 2020</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>
ASSETS:			
Cash and due from banks	\$ 42,136	\$ 25,475	\$ 13,476
Securities available for sale	21,130	6,542	27,788
Total Loans	115,036	76,499	73,840
Allowance for loan and lease losses	<u>(1,148)</u>	<u>(956)</u>	<u>(923)</u>
Net Loans	113,888	75,543	72,917
Premises and equipment, net	1,754	1,859	1,960
Other assets	<u>1,100</u>	<u>726</u>	<u>491</u>
TOTAL ASSETS	<u><u>\$ 180,008</u></u>	<u><u>\$ 110,145</u></u>	<u><u>\$ 116,632</u></u>
LIABILITIES			
Deposits:			
Non-interest bearing	\$ 64,800	\$ 36,879	\$ 43,451
Interest bearing	57,820	45,848	45,567
Time certificates of deposit	<u>20,037</u>	<u>-</u>	<u>-</u>
Total deposits	142,657	82,727	89,018
Other liabilities	<u>11,801</u>	<u>1,780</u>	<u>1,835</u>
TOTAL LIABILITIES	<u><u>154,458</u></u>	<u><u>84,507</u></u>	<u><u>90,853</u></u>
Stockholders' Equity:			
Common stock	32,806	32,732	32,652
Accumulated deficit	(6,866)	(6,866)	(4,934)
Net income (loss)	(383)	(182)	(1,932)
Accumulated other comprehensive gain	<u>(7)</u>	<u>(46)</u>	<u>(7)</u>
TOTAL STOCKHOLDERS' EQUITY	<u><u>25,550</u></u>	<u><u>25,638</u></u>	<u><u>25,779</u></u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 180,008</u></u>	<u><u>\$ 110,145</u></u>	<u><u>\$ 116,632</u></u>

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

	For the Three Months Ended			For the Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest Income:					
Loans	\$ 1,307	\$ 1,159	\$ 453	\$ 2,466	\$ 726
Investment securities	19	94	127	113	234
Other short-term investments	25	60	275	85	509
Total interest income	<u>1,351</u>	<u>1,313</u>	<u>855</u>	<u>2,664</u>	<u>1,469</u>
Interest expense:					
Deposits	146	127	108	273	171
Borrowed funds	-	-	-	-	-
Total interest expense	<u>146</u>	<u>127</u>	<u>108</u>	<u>273</u>	<u>171</u>
Net interest income	1,205	1,186	747	2,391	1,298
Provision for loan and lease losses	<u>192</u>	<u>33</u>	<u>133</u>	<u>225</u>	<u>233</u>
Net interest income after provision for loan and lease losses	<u>1,013</u>	<u>1,153</u>	<u>614</u>	<u>2,166</u>	<u>1,065</u>
Non-interest income:					
Service charges and other fees	20	23	13	43	20
Other income	31	24	14	55	26
Gain (loss) on securities	2	7	-	9	-
Total non-interest income	53	54	27	107	46
Non-interest expense:					
Salaries and employee benefits	825	972	766	1,797	1,588
Occupancy	91	92	78	183	160
Furniture, fixture & equipment	51	41	43	92	85
Data processing	77	69	60	146	105
Professional & legal	72	82	72	154	175
Marketing	14	7	11	21	23
Other expense	137	126	105	263	203
Total non-interest expense	<u>1,267</u>	<u>1,389</u>	<u>1,135</u>	<u>2,656</u>	<u>2,339</u>
Income (loss) before taxes	(201)	(182)	(494)	(383)	(1,228)
Income tax expense	-	-	-	-	-
Net Income (Loss)	<u>\$ (201)</u>	<u>\$ (182)</u>	<u>\$ (494)</u>	<u>\$ (383)</u>	<u>\$ (1,228)</u>
Earnings (loss) per share ("EPS"): Basic	\$ (0.06)	\$ (0.06)	\$ (0.15)	\$ (0.12)	\$ (0.37)
Common shares outstanding	3,306,429	3,306,429	3,300,000	3,306,429	3,300,000

INFINITY BANK
UNAUDITED FINANCIAL HIGHLIGHTS

	At and For the Three Months Ended			At and For the Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Performance Ratios					
(Based upon Reported Net Income):					
Net interest margin	2.98%	4.23%	3.29%	3.50%	3.23%
Cost of funds	0.42%	0.57%	0.66%	0.48%	0.62%
Loan to deposit ratio	80.64%	92.47%	41.97%	80.64%	41.97%
Asset Quality Summary:					
Allowance for loan loss/Total loans	1.00%	1.25%	1.25%	1.00%	1.25%
Capital Ratios:					
Tier 1 risk-based capital ratio	18.77%	27.39%	58.16%	18.77%	58.16%
Total risk-based capital ratio	19.61%	28.41%	59.05%	19.61%	59.05%
Tier 1 leverage ratio	15.37%	22.17%	28.40%	15.37%	28.40%