



Infinity Bank Announces First Quarter 2022 Financial Results

Santa Ana, CA, May 6, 2022 (Accesswire) – Infinity Bank (OTCQB: INFT) (the “Bank”) announced financial results as of March 31, 2022.

Financial Highlights for the first quarter of 2022:

- Net income increased 7% over fourth quarter of 2021 and 88% over the first quarter of 2021
- Recorded \$32 million in new commitments
- Total assets increased by \$12 million from fourth quarter of 2021
- Total deposits increased by \$13 million

Loans

Total loans were \$147.3 million as of March 31, 2022, a decrease of \$2.8 million, or -1.9% from previous quarter ended December 31, 2021 and an increase of \$4.5 million, or 3.1% when compared to quarter ended March 31, 2021. The Bank recorded \$32 million in new loan commitments, of which \$13.9 million were funded, which was offset by \$20 million in loan payoffs, most of which were expected based on the contractual terms of the loans during the quarter ended March 31, 2022. On a related note, the Bank also received \$2.3 million in Paycheck Protection Program (“PPP”) forgiveness bringing the outstanding balance for PPP loan to zero. The Bank’s loan to deposit ratio decreased to 53.4% as of March 31, 2022 from 57.2% as of December 31, 2021 and from 89.4% from the same period last year. The decrease in the loan to deposit ratio was due to an increase in total deposits and the timing of loan payoffs/paydowns versus draws on commitments.

Given the current economic conditions, the Bank had its Allowance for Loan and Lease Losses (“ALLL”) at 1.54% of total loans. The ALLL was 1.54%, 1.51%, and 1.14% of total loans as of March 31, 2022, December 31, 2021, and March 31, 2021, respectively. The ALLL as of March 31, 2021 was lower than the other periods because total loans include \$7.8 million of PPP loans that were guaranteed by the U.S. Government and not subject an allowance.

Deposits

Total deposits increased by \$13.2 million, or 5.0% to \$275.7 million when compared to fourth quarter ended December 31, 2021. On a year-over-year basis total deposits increased by \$116 million, or 72.6% when compared to March 31, 2021. Noninterest-bearing demand accounts increased by \$13.1 million, or 8.8% during the first quarter of 2022 when compared to the fourth quarter of 2021 and comprises 59% of total deposits. On a year-over-year basis, noninterest bearing deposits increased by \$80 million, or 96.4% when compared to March 31, 2021. Interest-bearing deposits grew by \$48 thousand, or 0.04% when compared to December 31, 2021, and by \$26.6 million, or 34.7% from same period last year. Time certificates of deposit totals \$9.4 million of brokered time deposits purchased in the third quarter of 2021. These deposits bear interest at 0.08% and mature in the third quarter of 2022. The drivers behind the dramatic increase in deposits were the growth in the amounts our clients hold with the Bank as well as the growth in the number of clients.

The cost of funds for the quarter ended March 31, 2022, was 29 basis points, an increase of 3 basis points when compared to the quarter ended December 31, 2021 and an increase of 5 basis point 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 as well as the large increase in non-interest-bearing demand accounts during 2021 and into 2022.

Net-Interest Income

Net-interest income for the first quarter was \$2.4 million, down \$304 thousand, or -11.1% from the fourth quarter of 2021 and up \$515 thousand, or 26.9% over the first quarter of 2021. The Bank's primary source of revenue was driven by interest income from loans. The yield on average loans for the quarter ended March 31, 2022 was 6.61%, a decrease of 32 basis points when compared to the previous quarter and an increase of 88 basis points when compared to the same quarter in 2021.

The Bank's net interest margin decreased by 22 basis points when compared to the fourth quarter ended December 31, 2021 and 59 basis points when compared to first quarter ended March 31, 2021. For the three months ended March 31, 2022, December 31, 2021, and March 31, 2021 net interest margin was 3.35%, 3.57% and 3.94%, respectively. The decrease in the net interest margin was due, in part, to the overall decrease in net fee income earned on PPP loans over the periods reported.

Non-Interest Income

Total non-interest income for the first quarter of 2022 totaled \$77 thousand, remaining flat to the previous quarter ended December 31, 2021. When compared to March 31, 2021 total non-interest income increased \$26 thousand, or 51%. Non-interest income was driven equally by service charges on deposit accounts and other income during the first quarter of 2022.

Non-Interest Expense

In the first quarter of 2022 the Bank's total non-interest expense decreased by \$315 thousand, or -15.8% versus the prior quarter ended December 31, 2021. The decrease in non-interest expense was primarily due to a number of factors that included cost saving measures (as part of our ongoing commitment to keeping overhead low), reduced incentive payments, as well as the completion of certain projects and audits earlier in the year in 2021. Non-interest expense is flat when compared to the quarter ended March 31, 2021.

Income Tax Expense

Income tax expense for the quarter ended March 31, 2022 totaled \$199 thousand, a decrease of \$26 thousand, or -11.6% less than the fourth quarter of 2021 and an increase of \$199 thousand when compared to March 31, 2021. The tax expense is recorded at approximately 31% of the income before taxes adjusted for differences between book and tax deductions. The Bank did not record tax expense until the third quarter of 2021 when the valuation allowance on the deferred tax asset was reversed.

Net Income

During the first quarter of 2022, the Bank recorded net income of \$472 thousand, or \$0.14 per share, an increase of 7.3% from the \$440 thousand, or \$0.13 per share, recorded in the fourth quarter of 2021 and an increase of 88% from the \$251 thousand, or \$0.08 per share, recorded for the same quarter in 2021.

The income before taxes for the quarter ended March 31, 2022, was \$671 thousand, an increase of \$6 thousand, or 0.9% when compared to the previous quarter. For the quarter ended March 31, 2022, income before taxes increased \$420 thousand, or 167.3% when compared to the same quarter in 2021.

The return on average assets totaled 0.64%, 0.56%, and 0.51% as of March 31, 2022, December 31, 2021, and March 31, 2021, respectively.

The return on average equity totaled 6.77% for the quarter ended March 31, 2022 as compared to 6.13% for the quarter ended December 31, 2021 and 3.91% for the quarter ended March 31, 2021.

The increase in the net income, income before taxes, return on average assets and return on equity are due to the focused effort to continue to grow revenue while keeping overhead reasonable.

Capital

At March 31, 2022, the Bank remained well-capitalized under the regulatory capital ratio guidelines with a tier 1 leverage ratio of 9.7%, a tier 1 risk-based capital ratio of 14.2%, and a total risk-based capital ratio of 15.3%.

The book value of the Bank's common stock was \$8.20, \$8.62, and \$7.87 as of March 31, 2022, December 31, 2021, and March 31, 2021, respectively. The book value of common stock as of December 31, 2021 included \$0.57 related to the \$1.89 million reversal of the valuation allowance on the deferred tax asset in 2021.

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,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
ASSETS:			
Cash and due from banks	\$ 92,311	\$ 77,292	\$ 26,937
Securities available for sale	64,454	66,764	21,409
Total Loans	147,250	150,113	142,776
Allowance for loan and lease losses	(2,274)	(2,273)	(1,629)
Net Loans	<u>144,976</u>	<u>147,840</u>	<u>141,147</u>
Premises and equipment, net	1,136	1,236	1,462
Other assets	5,559	3,694	1,473
TOTAL ASSETS	<u><u>\$ 308,436</u></u>	<u><u>\$ 296,826</u></u>	<u><u>\$ 192,428</u></u>
LIABILITIES			
Deposits:			
Non-interest bearing	\$ 162,866	\$ 149,739	\$ 82,911
Interest bearing	103,436	103,388	76,789
Time certificates of deposit	<u>9,391</u>	<u>9,391</u>	<u>-</u>
Total deposits	275,693	262,518	159,700
Other liabilities	1,613	1,792	6,656
Subordinated debt	<u>3,913</u>	<u>3,909</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>281,219</u></u>	<u><u>268,219</u></u>	<u><u>166,356</u></u>
Stockholders' Equity:			
Common stock	33,275	33,210	33,018
Accumulated deficit	(4,011)	(7,184)	(7,184)
Net income	472	3,173	251
Accumulated other comprehensive loss	<u>(2,519)</u>	<u>(592)</u>	<u>(13)</u>
TOTAL STOCKHOLDERS' EQUITY	<u><u>27,217</u></u>	<u><u>28,607</u></u>	<u><u>26,072</u></u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 308,436</u></u>	<u><u>\$ 296,826</u></u>	<u><u>\$ 192,428</u></u>

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

For the Three Months Ended

	March 31, 2022	December 31, 2021	March 31, 2021
Interest Income:			
Loans	\$ 2,422	\$ 2,743	\$ 1,986
Investment securities	161	127	12
Other short-term investments	39	41	19
Total interest income	<u>2,622</u>	<u>2,911</u>	<u>2,017</u>
Interest expense:			
Deposits	148	143	104
Borrowed funds	47	37	1
Total interest expense	<u>195</u>	<u>180</u>	<u>105</u>
Net interest income	2,427	2,731	1,912
Provision for loan and lease losses	153	149	47
Net interest income after provision for loan and lease losses	<u>2,274</u>	<u>2,582</u>	<u>1,865</u>
Non-interest income:			
Service charges	39	44	28
Other income	38	34	23
Total non-interest income	<u>77</u>	<u>78</u>	<u>51</u>
Non-interest expense:			
Salaries and employee benefits	1,123	1,389	1,182
Occupancy	89	90	88
Furniture, fixture & equipment	35	40	53
Data processing	98	105	95
Professional & legal	112	158	84
Marketing	15	45	13
Other expense	208	168	150
Total non-interest expense	<u>1,680</u>	<u>1,995</u>	<u>1,665</u>
Income before taxes	671	665	251
Income tax expense	199	225	-
Net Income	<u>\$ 472</u>	<u>\$ 440</u>	<u>\$ 251</u>
Earnings per share ("EPS"): Basic	\$ 0.14	\$ 0.13	\$ 0.08
Common shares outstanding	3,319,287	3,319,287	3,312,858

INFINITY BANK
UNAUDITED FINANCIAL HIGHLIGHTS

At and For the Three Months Ended

	March 31, 2022	December 31, 2021	March 31, 2021
Performance Ratios:			
Net interest margin	3.35%	3.57%	3.94%
Cost of funds	0.29%	0.26%	0.24%
Loan to deposit ratio	53.41%	57.18%	89.40%
Yield on total loans	6.61%	6.93%	5.73%
Return on average assets	0.64%	0.56%	0.51%
Return on average equity	6.77%	6.13%	3.91%
Book value of common stock	\$ 8.20	\$ 8.62	\$ 7.87
Asset Quality Summary:			
Allowance for loan loss/Total loans	1.54%	1.51%	1.14%
Capital Ratios:			
Tier 1 risk-based capital ratio	14.21%	14.50%	16.77%
Total risk-based capital ratio	15.32%	15.66%	17.81%
Tier 1 leverage ratio	9.70%	9.19%	13.03%