



Infinity Bancorp Announces Second Quarter 2023 Financial Results

Press Release – 08/03/2023

SANTA ANA, Calif, -- (ACCESSWIRE) – Infinity Bancorp (OTCQB: INFT) (the “Company” or “Bancorp”), the holding company for Infinity Bank (the “Bank”), today announced financial results for the quarter ended, June 30, 2023.

Financial highlights for the second quarter of 2023:

- Total liquidity remains very high at \$137 million, which equates to 44% of the Bank’s total assets
- Total loans increased \$14.9 million from prior period ended March 31, 2023
- Total assets equaled to \$310.5 million, an increase of \$3.9 million when compared to the previous linked quarter
- Net interest margin increased to 5.55% from 3.41% a year ago
- Net income increased to \$2.5 million for the six months ended June 30, 2023 compared to \$902 thousand in 2022
- Year to date earnings per share increased to \$0.74 compared to \$0.27 as of the same period last year

Loans

Total loans were \$169.7 million at June 30, 2023, compared to \$154.8 million for the first quarter ending March 31, 2023, an increase of \$14.9 million, or 9.6%. When compared to December 31, 2022, total loans increased \$13.1 million, or 8.4%. The Bank funded \$35.4 million in new loans/advances in the second quarter of 2023. The fundings were offset by \$20.5 million in payoffs, most of which were expected based on the contractual terms of the loans. The Bank’s loan to deposit ratio increased to 63.5% as of June 30, 2023, from 57.2% as of March 31, 2023, and increased from 54.6% from a year ago.

The Bank’s ALLL decreased 30 basis points to 1.38% from 1.68% due to a partial charge-off of \$377 thousand during the quarter ended June 30, 2023. This amount was fully reserved as of the end of the previous quarter and the quarter ended June 30, 2022 thereby decreasing the allowance rate. The charge off was on the Bank’s sole non-performing relationship.

Yield on total loans increased to 9.50% during the second quarter of 2023, compared to 9.38% from first quarter of 2023 and 6.45% in the second quarter a year ago.

Deposits

Total deposits equaled to \$267.1 million at June 30, 2023, a decrease of \$3.4 million, or -1.3% from the first quarter of 2023 and a decrease of \$9.2 million, or -3.3% from December 31, 2022. Interest-bearing deposits decreased by \$18.8 million, or -13.4% when compared to the first quarter of 2023 and decreased \$10.2 million, or -7.7% when compared to December 31, 2022. Noninterest-bearing demand accounts increased \$15.4 million, or 11.9% during the second quarter to \$145.2 million as of June 30, 2023, and comprise 54.4% of total deposits. Noninterest-bearing demand accounts increased \$956 thousand, or 0.7% when compared to December 31, 2022.

In response to the increases in the federal funds rates approved by the Federal Open Market Committee since March 2022, the Bank increased rates paid on interest-bearing deposits in late 2022 and then again in the first quarter of 2023. This resulted in an increase in the Bank’s cost of funds to 1.48% for the quarter ended June 30, 2023, compared to 1.06% for the previous linked quarter and 0.32% for the same quarter last year. For the six months ended June 30, 2023, the Bank’s cost of funds was 1.27% up 96 basis points from same period last year.

Net-interest Income

Net-interest income for the second quarter of 2023 was \$4.0 million, a slight decrease of \$64 thousand, or -1.6% from the first quarter of 2023 and an increase of \$1.5 million, or 59.3% over the second quarter of 2022. For the six months ended June 30, 2023, net interest income was \$8.1 million, an increase of \$3.2 million, or 63.9% from same period in 2022.

The Bank's net interest margin was down 17 basis points to 5.55% when compared to first quarter ended March 31, 2023, and up 214 basis points from 3.41% for the comparable period ended June 30, 2022. For the six months ended June 30, 2023, the Bank's net-interest margin was up 225 basis points to 5.63% when compared to the same period ended June 30, 2022. The Bank's primary source of net-interest income continues to be driven by interest on loans followed by cash held at other banks and other short-term investments.

Non-interest Income

For the quarter ended June 30, 2023, the Bank's non-interest income totaled \$88 thousand, an increase of \$9 thousand, or 11.4% from the first quarter of 2023, and down \$11 thousand, or -11.1% from same period in 2022. For the six months ended June 30, 2022, non-interest income totaled \$167 thousand, a decrease of \$9 thousand, or -5.1%. The increase in non-interest income for the quarter was mainly driven by an increase in account analysis fees.

Non-interest Expense

For the second quarter of 2023, non-interest expense increased \$245 thousand, or 11.7% to \$2.3 million, versus the first quarter of 2023 and increased of \$543 thousand, or 30.2% when compared to same quarter in 2022. The increase over the first quarter of 2023 was driven primarily by an increase in salaries and employee benefits which is tied to and driven by the Bank's increase in net income and other performance indicators. For the six months ended June 30, 2023, non-interest expense increased \$959 thousand to \$4.4 million from June 30, 2022. This increase over like periods in 2022 is reflected in the change in the average assets per employee and efficiency ratios. The average assets per employee for the quarter ended June 30, 2023 remained flat at \$9.3 million when compared to March 31, 2023 and decreased from \$10.5 million as of June 30, 2022. Furthermore, the efficiency ratio increased to 46.0% for the quarter ended June 30, 2023, from 43.1% at March 31, 2023 and decreased from 63.1% for the same quarter in 2022. For the six months ended June 30, 2023, the efficiency ratio decreased to 44.6% from 62.7% for the same period in 2022.

Income Tax Expense

The Bank's income tax expense decreased \$70 thousand, or -12.2% from the first quarter of 2023, totaling \$505 thousand for the second quarter of 2023 and increased \$318 thousand, or 170.1% from the same period in 2022. For the six months ended June 30, 2023, the Bank's income tax expense equaled \$1.1 million, an increase of \$695 thousand, or 180.5% from the same period last year. The change is directly related to the increase in income before taxes for these periods.

Net Income

For the second quarter of 2023 the Bank's net income was \$1.1 million, or \$0.34 per share, a \$0.07 decrease when compared to the first quarter of 2023. When compared to the second quarter of 2022, profitability increased \$715 thousand, or \$0.21 per share.

The income before taxes for the quarter ended June 30, 2023, was \$1.7 million, a decrease of \$293 thousand, or -15.1% when compared to the previous linked quarter and up \$1 million, or 167.4% when compared to the same quarter in 2022.

The return on average assets decreased 26 basis points to 1.62% for the second quarter of 2023 as compared to 1.88% for the first quarter of 2023 and increased 106 basis points from 0.56% for the second quarter of 2022.

The return on average equity for the second quarter of 2023 was 15.46%, down 370 basis points from 19.16% for the first quarter of 2023 and an increase of 907 basis points from 6.39% for the fourth quarter of 2022.

Capital Management

The Bank continues to be well-capitalized and exceeds minimum regulatory requirement ratios with a tier 1 leverage ratio of 11.9%, tier 1 risk-based capital ratio of 17.3%, and a total risk-based capital ratio of 20.3%.

Common stock totaled \$34.4 million at June 30, 2023, compared to \$33.6 million for the first quarter of 2023, an increase of \$838 thousand, or 2.5% due primarily to the exercise of options on 77,000 shares of stock.

The book value of the Bank's common stock was \$9.34 as of June 30, 2023, up from \$9.11 as of March 31, 2023, and \$8.03 at June 30, 2022. The book value of the common stock increased due to the additional income earned for the quarter plus the exercise of stock

options at \$10 per share offset by the increase in the unrealized loss on investment securities for the quarter. The investment portfolio consists entirely of government agency or government sponsored enterprise securities and therefore, the risk of incurring an actual loss is unmeasurably low. Although the Bank holds its investment securities ("securities") as available for sale, we do not have the intent to sell any securities at this time. These securities are pledged to the Federal Home Loan Bank and provide the Bank with liquidity by allowing us to borrow approximately 95% of the fair market value of the portfolio. Also, the securities are amortizing which provides the bank with additional liquidity of approximately \$800 thousand in monthly payments that are reinvested in higher yielding assets. As of June 30, 2023, the portfolio has an average life of 3.4 years.

ABOUT INFINITY BANCORP AND INFINITY BANK

Formation of Infinity Bancorp and basis of presentation:

On October 21, 2022, management received final approval for the formation of a Bank Holding Company, Infinity Bancorp. Infinity Bank is the sole subsidiary of Infinity Bancorp. The financial data presented in this press release as of and for the three months ended June 30, 2023, and March 31, 2023, is consolidated. Financial data presented as of and for the three and six months ended June 30, 2022, was prior to the formation of Infinity Bancorp and therefore represents the activity of Infinity Bank only.

Infinity Bancorp, formed on October 21, 2022, is the bank holding company for Infinity Bank. The Bancorp does not have any operations other than through its sole subsidiary, Infinity Bank. The 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.

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 Bancorp (which includes 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 Bancorp'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 Bancorp's results include, without limitation, the following: the timing and occurrence or non-occurrence of events may be subject to circumstances beyond the Bancorp'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 Bancorp; unanticipated or significant increases in loan losses; changes in accounting principles, policies or guidelines may cause the Bancorp's financial condition to be perceived differently; changes in corporate and/or individual income tax laws may adversely affect the Bancorp's financial condition or results of operations; general economic conditions, either nationally or locally in some or all areas in which the Bancorp conducts business, or conditions in the securities markets or the banking industry may be less favorable than the Bancorp currently anticipates; legislation or regulatory changes may adversely affect the Bancorp's business; technological changes may be more difficult or expensive than the Bancorp 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 Bancorp 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 Bancorp anticipates.



INFINITY
— BANK —

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INFINITY BANCORP
UNAUDITED STATEMENTS OF FINANCIAL CONDITION
(Dollars in thousands)

	As of June 30, 2023	March 31, 2023	December 31, 2022
	(Consolidated)	(Consolidated)	(Consolidated)
ASSETS:			
Cash and due from banks	\$ 90,660	\$ 98,632	\$ 98,234
Securities available for sale	46,382	49,787	51,979
Total Loans	169,680	154,807	156,567
Allowance for loan and lease losses	(2,348)	(2,597)	(2,661)
Net Loans	167,332	152,210	153,906
Premises and equipment, net	676	762	856
Other assets	5,400	5,195	5,198
TOTAL ASSETS	\$ 310,450	\$ 306,586	\$ 310,173
LIABILITIES			
Deposits:			
Non-interest bearing	\$ 145,237	\$ 129,817	\$ 144,281
Interest bearing	121,848	140,642	132,034
Time certificates of deposit	-	-	-
Total deposits	267,085	270,459	276,315
Other liabilities	3,630	1,885	1,713
Subordinated debt	3,937	3,932	3,927
FHLB and Other Borrowings	4,000	-	-
TOTAL LIABILITIES	278,652	276,276	281,955
Stockholders' Equity:			
Common stock	34,415	33,577	33,502
Accumulated deficit	(882)	(882)	(4,011)
Net income	2,513	1,368	3,001
Accumulated other comprehensive gain (loss)	(4,248)	(3,753)	(4,274)
TOTAL STOCKHOLDERS' EQUITY	31,798	30,310	28,218
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 310,450	\$ 306,586	\$ 310,173

INFINITY BANCORP
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, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Consolidated)	(Consolidated)		(Consolidated)	
Interest Income:					
Loans	\$ 3,755	\$ 3,704	\$ 2,399	\$ 7,459	\$ 4,820
Investment securities	165	174	164	339	316
Other short-term investments	1,085	910	189	1,995	237
Total interest income	5,005	4,788	2,752	9,793	5,373
Interest expense:					
Deposits	925	646	174	1,571	322
Borrowed funds	49	47	47	96	94
Total interest expense	974	693	221	1,667	416
Net interest income	4,031	4,095	2,531	8,126	4,957
Provision for loan and lease losses	128	135	215	263	368
Net interest income after provision for loan and lease losses	3,903	3,960	2,316	7,863	4,589
Non-interest income:					
Service charges	56	48	53	104	92
Other income	32	31	46	63	84
Total non-interest income	88	79	99	167	176
Non-interest expense:					
Salaries and employee benefits	1,718	1,470	1,275	3,188	2,398
Occupancy	90	89	84	179	173
Furniture, fixture & equipment	31	33	40	64	75
Data processing	128	108	89	236	187
Professional & legal	144	129	113	273	225
Marketing	18	13	15	31	30
Other expense	212	254	182	466	390
Total non-interest expense	2,341	2,096	1,798	4,437	3,478
Income before taxes	1,650	1,943	617	3,593	1,287
Income tax expense	505	575	187	1,080	385
Net Income	\$ 1,145	\$ 1,368	\$ 430	\$ 2,513	\$ 902
Earnings per share ("EPS"): Basic	\$ 0.34	\$ 0.41	\$ 0.13	\$ 0.74	\$ 0.27
Common shares outstanding	3,402,716	3,325,716	3,319,287	3,402,716	3,319,287

INFINITY BANCORP
UNAUDITED FINANCIAL HIGHLIGHTS

	At and For the Three Months Ended			At and For the Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Performance Ratios:					
Net interest margin	5.55%	5.72%	3.41%	5.63%	3.38%
Cost of funds	1.48%	1.06%	0.32%	1.27%	0.31%
Loan to deposit ratio	63.53%	57.24%	54.56%	63.53%	54.56%
Yield on total loans	9.50%	9.38%	6.45%	9.44%	6.53%
Return on average assets	1.62%	1.88%	0.56%	1.75%	0.60%
Return on average equity	15.46%	19.16%	6.39%	17.24%	6.58%
Efficiency ratio	45.97%	43.07%	63.07%	44.55%	62.68%
Average assets per employee (in thousands)	\$ 9,296	\$ 9,258	\$ 10,519	\$ 9,277	\$ 10,414
Book value of common stock	\$ 9.34	\$ 9.11	\$ 8.03		
Asset Quality Summary:					
Allowance for loan loss/Total loans	1.38%	1.68%	1.61%	1.38%	1.61%
Capital Ratios:					
Tier 1 risk-based capital ratio	17.27%	17.00%	14.19%	17.27%	14.19%
Total risk-based capital ratio	20.30%	20.21%	17.24%	20.30%	17.24%
Tier 1 leverage ratio	11.90%	11.27%	9.63%	11.90%	9.63%