

PUBLIC DISCLOSURE

November 4, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Infinity Bank
Certificate Number: 59098

6 Hutton Centre Drive, Suite 100
Santa Ana, California 92707

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA.....	2
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	9
APPENDICES	10
SMALL BANK PERFORMANCE CRITERIA.....	10
GLOSSARY	11

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small business loans in its assessment area.
- The geographic distribution of small business loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects poor penetration of loans among businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Infinity Bank (IB) is a newly chartered state nonmember commercial bank headquartered in Santa Ana, California. The bank is a de novo institution established on February 1, 2018. IB provides traditional banking products and services to serve the financial needs of small- and medium-sized businesses, business professionals, and business owners.

IB operates one full-service branch located in a moderate-income census tract (CT) within its AA. IB's commercial loan product offerings include business lines of credit, business term loans, commercial real estate loans, construction loans, business equipment loans, and accounts receivable financing. IB also offers the Small Business Administration (SBA) 7(a) and 504 programs. Additionally, the bank offers letters of credit and small business credit cards. Consumer loans offered include personal loans (including auto loans), lines of credit, and home equity lines of credit. The bank offers a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet, telephone, and mobile banking; electronic bill pay; remote deposit; and mobile check deposit. IB does not operate any automated teller machines.

Assets totaled \$110.1 million as of September 30, 2019 and included total loans of \$46.5 million. The distribution of the loan portfolio by loan type is illustrated in the following table.

Loan Portfolio Distribution as of 9/30/2019		
Loan Category	\$(000s)	%
Construction and Land Development	3,642	7.8
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	798	1.7
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	6,775	14.6
Total Real Estate Loans	11,215	24.1
Commercial and Industrial Loans	34,628	74.5
Agricultural Loans	0	0.0
Consumer Loans	617	1.3
Other Loans	0	0.0
Less: Unearned Income	0	0.0
Total Loans	46,460	100.0
<i>Source: 9/30/2019 Call Report</i>		
<i>Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of the AA.

DESCRIPTION OF ASSESSMENT AREA

Management designated a portion of Orange County, California as its AA. The Orange County AA includes three subdivisions known as census county divisions (CCDs): Mission Viejo CCD,

Silverado CCD, and South Coast CCD. Orange County comprises the Anaheim-Santa Ana-Irvine, CA Metropolitan Division #11244. The original AA included all of Orange and Los Angeles Counties. The current AA eliminated Los Angeles County and the southern portion of Orange County. The defined AA complies with the technical requirements of the CRA. It is reasonably drawn and does not arbitrarily exclude any low- or moderate-income (LMI) areas.

Economic and Demographic Data

Based on the 2015 American Community Survey Census data, IB’s AA consisted of 480 CTs reflecting the following income designations:

- 45 low-income CTs
- 137 moderate-income CTs
- 152 middle-income CTs
- 143 upper-income CTs
- 3 CTs without an income designation

LMI CTs account for 9.4 percent and 28.5 percent, respectively, of the CTs within the AA. The population of the AA was 2,572,213 and does not contain any distressed or underserved nonmetropolitan middle-income geographies. The following table provides a summary of demographic, housing, and business information within the bank’s AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	480	9.4	28.5	31.7	29.8	0.6
Population by Geography	2,572,213	10.4	31.5	30.3	27.8	0.0
Housing Units by Geography	846,529	8.2	27.6	31.9	32.2	0.0
Owner-Occupied Units by Geography	441,409	4.3	21.6	33.0	41.0	0.0
Occupied Rental Units by Geography	365,810	13.0	35.1	30.6	21.2	0.0
Vacant Units by Geography	39,310	7.7	24.7	31.0	36.4	0.2
Businesses by Geography	211,638	7.2	22.5	37.5	32.2	0.7
Farms by Geography	2,566	7.5	25.3	35.8	31.2	0.2
Family Distribution by Income Level	585,272	26.0	17.2	18.3	38.6	0.0
Household Distribution by Income Level	807,219	26.2	16.6	17.4	39.8	0.0
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA MD		\$86,003	Median Housing Value			\$560,885
			Median Gross Rent			\$1,561
			Families Below Poverty Level			10.2%

Source: 2015 ACS Census and 2018 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

D&B demographic data from 2018 shows that there are 211,638 businesses in the AA. Gross annual revenues (GARs) for these businesses are below.

- 85.0 percent have \$1 million or less.
- 7.2 percent have more than \$1 million.
- 7.8 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the bank's small business loans to the distribution of businesses by GAR level. The service industry is the largest industry in the AA and includes 44.6 percent of all businesses. The next largest industries are retail trade (12.7 percent) and non-classified establishments (12.0 percent). A total of 67.1 percent of businesses in the AA have 4 or fewer employees, and 90.6 percent operate from a single location.

Additionally, 7.2 percent of businesses in the AA are located in low-income CTs and 22.5 percent are located in moderate-income CTs. The analysis of small business loans under the Geographic Distribution criterion compares the bank's small business loans to the distribution of businesses in the AA by CT income level.

The following economic data was obtained from Moody's Analytics as of August 2019.

Orange County

Orange County's economic late expansion remains in good standing. The economy is driven by the leisure/hospitality and wholesale trade industries. Hiring has slowed in the education/healthcare, finance, and professional/business services. The current unemployment rate of 2.9 percent reflects the lowest in 20 years. Strengths of the county economy include a highly-trained and well-educated labor force, a strong demand for office space from the research and development industry, and a well-diversified economy. Weaknesses include the high costs which affect competitiveness, an abundance of low-wage jobs, and an overvalued single-family housing market. Orange County top employers include Disneyland Resort, The Walt Disney Co., and University of California Irvine.

Competition

The AA is a highly competitive market that includes a number of large national and regional financial institutions. According to the June 30, 2019 FDIC Deposit Market Share data, there were 79 financial institutions operating 639 full-service branches within the AA. Of these institutions, IB ranked 56th with less than 0.1 percent of the deposit market share. The top 3 large financial institutions have a 49.0 percent deposit market share in the AA.

IB is not required to collect or report its small business loan data and has elected not to do so. Therefore, the analysis of small business loans does not include comparisons against aggregate reported data. The reported data, however, does reflect the level of demand for small business loans in the AA. Aggregate data for 2017, the most recent year for which aggregate data is available, shows that 182 institutions reported 114,316 small business loans in the AA, indicating a high level of competition. The top 5 large financial institutions have a 71.4 percent small business loan market share in the AA.

Community Contact

Examiners reviewed a recent community contact to assist in identifying credit and community development needs of the AA. The contact was an organization that assists the development of small and micro-businesses. The contact identified an overall need for small business lending. The contact noted that there is a need for smaller sized loans from \$35,000 to \$50,000 to assist businesses with working capital and inventory needs. Additionally, there is demand for SBA loans, loans with more flexible terms for borrowers that would not qualify for traditional loans, and financial education training

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the bank's establishment date of February 1, 2018 to the current evaluation. This is the bank's first CRA Performance Evaluation. Examiners used the Interagency Small Institution Examination Procedures to evaluate IB's CRA performance. These procedures include the CRA Small Bank Lending Test.

The Lending Test considered the institution's performance according to the following criteria:

- Loan-to-deposit (LTD) ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Activities Reviewed

Examiners determined that the bank's major product line is small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. According to the September 30, 2019 Consolidated Reports of Condition and Income (Call Report), commercial lending represents approximately 89.1 percent of the bank's loan portfolio. Construction loans are the next largest loan category at approximately 7.8 percent. IB did not originate any 1 to 4 family residential or small farm loans. The following table shows the bank's originations and purchases over the most recent calendar year by loan type.

Loans Originated or Purchased (2018)				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	4,525	14.6	2	8.3
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	0	0.0	0	0.0
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	998	3.2	1	4.2
Commercial and Industrial Loans	25,459	82.1	20	83.3
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	10	0.0	1	4.2
Other Loans	0	0.0	0	0.0
Total Loans	30,992	100.0	24	100.0

Source: Bank Records 2/1/2018 through 12/31/2018

Examiners reviewed and analyzed the universe of small business loans originated from February 1, 2018 to September 30, 2019. During the period, the bank originated 29 small business loans totaling \$14.5 million. D&B data for 2018 provided a standard of comparison for small business lending.

For the Lending Test, examiners reviewed both the number and dollar volume of small business loans. While the number and dollar volume of loans are both presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

IB's lending performance demonstrated reasonable performance under the Lending Test. Reasonable Geographic Distribution and poor Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

IB's LTD ratio is reasonable given its size, financial condition, and AA credit needs. The LTD ratio averaged 31.2 percent over the 7 calendar quarters according to Call Report data from March 31, 2018 through September 30, 2019. The ratio ranged from a low of 6.8 percent on March 31, 2018 to a high of 56.0 percent on September 30, 2019. Although IB's ratio is considerably lower than that of a comparable de novo institution, the bank has only been in operation for approximately 21 months. In addition, the ratio has generally increased steadily since the bank's inception. Examiners selected a comparable institution based on asset size, lending focus, and de novo status, as detailed in the following table.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2019 (\$000s)	Average Net LTD Ratio (%)
Infinity Bank	110,115	31.2
Endeavor Bank	115,943	61.6

Source: Call Report 3/31/2018 through 9/30/2019

Assessment Area Concentration

The bank extended a majority of small business loans within its AA as shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2018	11	78.6	3	21.4	14	4,936	68.8	2,236	31.2	7,172
2019	5	33.3	10	66.7	15	1,715	23.3	5,641	76.7	7,356
Total	16	55.2	13	44.8	29	6,651	45.8	7,876	54.2	14,527

Source: Evaluation Period: 1/1/2018 - 9/30/2019 Bank Data
Due to rounding, totals may not equal 100.0

Geographic Distribution

IB's geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table illustrates the bank's geographic distribution of small business loans by CT income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$ (000s)	%
Low					
2018	7.2	0	0.0	0	0.0
2019	--	0	0.0	0	0.0
Moderate					
2018	22.5	3	27.3	1,045	21.2
2019	--	1	20.0	300	17.5
Middle					
2018	37.5	8	72.7	3,891	78.8
2019	--	3	60.0	800	46.6
Upper					
2018	32.2	0	0.0	0	0.0
2019	--	1	20.0	616	35.9
Not Available					
2018	0.7	0	0.0	0	0.0
2019	--	0	0.0	0	0.0
Totals					
2018	100.0	11	100.0	4,936	100.0
2019	--	5	100.0	1,716	100.0

*Source: 2018 D&B Data; 2/1/2018 - 9/30/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

During the review period, the bank did not originate any small business loans in low-income CTs and its lending performance in moderate-income CTs was slightly above 2018 demographic data. Nominal lending for year-to-date 2019 does not provide any noteworthy trends. Given the highly competitive market for small business loans in the AA, the bank's limited branch presence, and de novo status, the bank's lending performance in LMI CTs is considered reasonable.

Borrower Profile

IB's distribution of small business loans reflects poor penetration among businesses with different revenue sizes. The following table illustrates the bank's distribution of small business loans by the GAR size.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	85.0	1	9.1	998	20.2
2019	--	0	0.0	0	0.0
>1,000,000					
2018	7.2	10	90.9	3,938	79.8
2019	--	5	100.0	1,716	100.0
Revenue Not Available					
2018	7.8	0	0.0	0	0.0
2019	--	0	0.0	0	0.0
Totals					
2018	100.0	11	100.0	4,936	100.0
2019	--	5	100.0	1,716	100.0

*Source: 2018 D&B Data; 1/1/2018 - 9/30/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

In 2018, the bank's performance compares unfavorably to demographic data. Examiners considered that not all small businesses may have credit needs or be creditworthy; however, the bank's performance is significantly below demographic data. The bank did not make any loans to small businesses in 2019.

Although not used as a benchmark for the bank's performance, aggregate reported data reflects the credit demand and opportunities for small businesses in the AA. In 2017, the most recent year with available aggregate data, 51.1 percent of small business loans in the AA were made to businesses with GARs of \$1 million or less. Consequently, IB's lending performance is considered poor.

Response to Complaints

IB did not receive any CRA-related complaints during the review period; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA Rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent

entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory,

persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.