



Infinity Bancorp Announces Fourth Quarter 2024 Financial Results

Press Release – 2/6/2025

SANTA ANA, CA, -- (ACCESS Newswire) – Infinity Bancorp (OTCQB: INFT) (the “Company” or “Bancorp”), the holding company for Infinity Bank (the “Bank”), today announced financial results for the quarter ended, December 31, 2024.

Financial highlights for the fourth quarter of 2024:

- A dividend of \$0.07 per share was paid during the fourth quarter of 2024
- Total loans increased \$6.8 million, or 3.1% from third quarter of 2024
- Total assets increased \$2.9 million, or 1.0% since September 30, 2024
- Total deposits increased \$7 million, or 2.5% compared to the third quarter of 2024
- FHLB borrowings decreased \$5 million, or 50% since September 30, 2024
- Total stockholders’ equity increased \$910 thousand from September 30, 2024

Loans and Allowance for Credit Losses

Total loans were \$226.3 million as of December 31, 2024, compared to \$219.5 million for the third quarter of 2024, an increase of \$6.8 million, or 3.1%. When compared to the fourth quarter of 2023, total loans increased \$32 million, or 16.5%. The Bank funded \$26.2 million in new loans/advances in the fourth quarter of 2024. The fundings were offset by \$19.6 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 79.5% as of December 31, 2024, from 79.1% as of September 30, 2024, and increased from 77.8% from a year ago.

Due to the overall growth in the loan portfolio for both the quarter and twelve-months ended December 31, 2024, the Bank made an additional provision, net of charge-offs, to the Bank’s Allowance for Credit Losses (ACL) of \$240 thousand during the fourth quarter of 2024 and \$1.6 million since December 31, 2023. The Bank recorded minimal net charge-offs during the quarter ended December 31, 2024. During the quarter ended September 30, 2024, the Bank charged off \$715 thousand which was related to two relationships in its portfolio. Year to date, the Bank recorded net charge-offs of \$995 thousand related to five relationships. At the time of the charge-offs the necessary reserves had already been established in the Bank’s ACL. The Bank’s ACL increased to 1.64% when compared to the previous quarter at 1.58% and increased 26 basis points from December 31, 2023.

Yields on total loans decreased to 9.12% during the fourth quarter of 2024, compared to 9.30% from third quarter of 2024 and increased from 8.93% in the fourth quarter, 2023. The decrease in yields was due to 100 basis point reduction in the federal funds rates that were approved by the Federal Open Market Committee in the third and fourth quarter of 2024 as well as fluctuations with the mix of the portfolio. For the twelve-months ended December 31, 2024, yield on total loans increased to 9.31% compared to 9.29% for the same period in 2023.

Deposits and Borrowed Funds

Total deposits equaled \$284.5 million as of December 31, 2024, an increase of \$7 million, or 2.5% from the third quarter of 2024, and an increase of \$34.9 million, or 14.0% from December 31, 2023. Interest-bearing deposits increased by \$6.2 million, or 4.9% when compared to the third quarter of 2024 and increased \$8.1 million, or 6.4% when compared to December 31, 2023. Non-interest-bearing deposits increased \$819 thousand, or 0.6% during the fourth quarter to \$150.3 million as of December 31, 2024, and comprise 53% of total deposits. Non-interest-bearing demand accounts increased \$26.7 million, or 21.6% when compared to December 31, 2023. The changes in deposits were generally related to organic evolution in customer deposits.

Federal Home Loan Bank (FHLB) and other borrowings totaled \$5 million at December 31, 2024 compared to \$10 million at September 30, 2024, and \$21.1 million at December 31, 2023. The remaining FHLB advance of \$5 million matures in June 2025. The note bears interest at 4.69%, with interest due at maturity. The FHLB note is secured by the Company’s available for sale securities. The decrease of \$16.1 million from December 31, 2023, was due to a \$10.0 million payoff of the FHLB borrowings and \$6.1 payoff of the line of credit agreement with a correspondent financial institution which was used to facilitate the tender offer during the fourth quarter of 2023. Under the line of credit, the Company may borrow up to \$8 million. The line requires quarterly interest payments at a variable interest rate (currently 7.75%) and matures in October 2025. The line is subject to certain financial and non-financial covenants.

The Company's cost of funds was down to 2.04% for the quarter ended December 31, 2024, compared to 2.08% from the previous linked quarter and up from 1.94% for the same quarter last year. For the twelve-months ended December 31, 2024, the cost of funds increased to 2.22% from 1.55% for the same period in 2023. Cost of funds decreased during the fourth quarter due to the maturity of FHLB borrowings and brokered deposits which had a higher cost of funds. The cost of funds increased over the twelve-months ended December 31, 2023 in part due to the intake of brokered deposits and FHLB advances at the end of 2023 as well as an increase in interest rates paid on deposits in place for much of 2024 in response to the increases in the federal funds rates in 2022 and 2023.

Net-interest Income

Net-interest income for the fourth quarter of 2024 was \$4.6 million, an increase of \$255 thousand, or 5.9% from the third quarter of 2024 and an increase of \$856 thousand, or 23.0% over the fourth quarter of 2023. For the twelve-months ended December 31, 2024, net-interest income was \$16.8 million, an increase of \$986 thousand, or 6.2% from the same period in 2023.

The Company's net interest margin for the fourth quarter of 2024 was down 51 basis points to 5.29% when compared to the third quarter ended September 30, 2024, and down 19 basis points from 5.48% for the comparable period ended December 31, 2023. The net interest margin for the twelve-months ended December 31, 2024, decreased 53 basis points to 5.05% compared to the same period in 2023. The decrease in net interest margin was due to 100 basis point reduction in the federal funds rates in the third and fourth quarter of 2024. The Company's primary source of net-interest income continues to be driven by interest on loans followed by other short-term investments.

Non-interest Income

For the quarter ended December 31, 2024, non-interest income totaled \$122 thousand, an increase of \$23 thousand, or 23.2% when compared to the previous quarter and decreased \$4 thousand, or -3.2% from the same period in 2023. For the twelve-months ended December 31, 2024, non-interest income totaled \$388 thousand, a slight decrease of \$5 thousand, or -1.3% from linked period in 2023. Non-interest income continues to be driven primarily by fees on loans and deposit accounts.

Non-interest Expense

For the fourth quarter of 2024, non-interest expense totaled \$2.6 million, an increase of \$114 thousand, or 4.5% from the third quarter of 2024 and an increase of \$470 thousand, or 21.8% when compared to same quarter in 2023. The increase was driven primarily by an increase in salaries and employee benefits and other expenses. For the twelve-months ended December 31, 2024, non-interest expense increased \$1.1 million, or 11.9%, to \$10 million from linked period in 2023 due primarily to an increase in salaries and employee benefits. The increases in salaries and employee benefits is tied to and driven by the Company's continued growth and other performance indicators. The Company's efficiency ratio equaled to 56.0% for the quarter ended December 31, 2024, compared to 56.9% as of September 30, 2024, and 56.2% for the same quarter in 2023. The efficiency ratio for the twelve-months ended December 31, 2024, was 58% compared to 54.9% for the same period in 2023.

Net Income

For the fourth quarter of 2024 the Company's net income increased \$396 thousand to \$1.3 million, or \$0.41 per share compared to \$879 thousand, or \$0.28 per share for the third quarter of 2024. When compared to the fourth quarter of 2023, profitability increased \$984 thousand, or \$0.32 per share. For the twelve-months ended December 31, 2024, net income increased \$6 thousand, \$0.14 per share, when compared to the twelve-months of 2023. The increase in profitability as compared to both the third quarter of 2024 and the fourth quarter of 2023 was due primarily to the increase in interest income from loan portfolio and a decrease in the provision for credit losses due to fewer charge-offs in the fourth quarter of 2024. The Company has taken a cautious approach in its evaluation of the provision for credit losses, despite the limited number of actual losses experienced. This cautious approach is due to the economic uncertainty related to elevated interest rates and sustained higher inflation.

The return on average assets increased 37 basis points to 1.53% for the fourth quarter of 2024 as compared to 1.16% for the third quarter of 2024 and increased 111 basis points from 0.42% for the fourth quarter of 2023. For the twelve-months ended December 31, 2024, the return on average assets decreased 7 basis points to 1.26% from 1.33% for the same period in 2023.

The return on average equity for the fourth quarter of 2024 was 13.96%, up 397 basis points from 9.99% for the third quarter of 2024 and 995 basis points from 4.01% for the fourth quarter of 2023. For the twelve-months ended December 31, 2024, the return on average equity decreased 99 basis points to 11.73% from 12.72% for the same period in 2023.

The changes in both return on average assets and return on average equity is due to a combination of increases in average assets and average equity as of December 31, 2024 as well as the increase in net income as discussed above.

Capital Management and Subsequent Event

The Company continues to be well-capitalized and exceeds minimum regulatory requirement ratios with a tier 1 leverage ratio of 11.61%, tier 1 risk-based capital ratio of 14.85%, and a total risk-based capital ratio of 17.61%.

On January 30, 2025, the Company declared a \$0.07 cash dividend to shareholders of record as of February 14, 2025, payable on February 28, 2025.

The book value of the Company's common stock was \$11.79 as of December 31, 2024, up from \$11.50 as of September 30, 2024, and \$10.20 as of December 31, 2023. The increase in the book value of the Company's common stock as of December 31, 2024, as compared to September 30, 2024 is primarily related to the additional income recorded in the fourth quarter while the increase as compared to December 31, 2023, is primarily due to the increase in common stock due to the capital raise in early 2024 as well as the decrease in the unrealized loss on investment securities. 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 Company 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 Company 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 Company with additional liquidity of approximately \$750 thousand in monthly payments that are reinvested in higher yielding assets. As of December 31, 2024, the portfolio has an average life of 2.7 years.

ABOUT INFINITY BANCORP AND INFINITY BANK

Infinity Bank is the sole subsidiary of Infinity Bancorp. 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.infinity.bank

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 do not guarantee 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 nonfinancial 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; the effect on customers, collateral value and property insurance markets of the recent wildfires in the Los Angeles metropolitan area and similar events in the future; 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 event longer than the Bancorp anticipates.



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

	December 31, 2024	September 30, 2024	December 31, 2023
ASSETS:			
Cash and due from banks	\$ 69,057	\$ 69,907	\$ 64,158
Securities available for sale	34,947	37,502	42,514
Total Loans	226,305	219,531	194,284
Allowance for loan and lease losses	(3,702)	(3,469)	(3,104)
Net Loans	222,603	216,062	191,180
Premises and equipment, net	1,307	1,356	1,570
Other assets	4,753	4,899	5,542
TOTAL ASSETS	\$ 332,667	\$ 329,726	\$ 304,964
LIABILITIES			
Deposits:			
Non-interest bearing	\$ 150,336	\$ 149,517	\$ 123,616
Interest bearing	134,156	127,935	126,042
Time certificates of deposit	50	50	-
Total deposits	284,542	277,502	249,658
Other liabilities	2,363	2,376	2,388
FHLB and other borrowings	5,000	10,000	21,071
Subordinated debt	3,965	3,961	3,946
TOTAL LIABILITIES	295,870	293,839	277,063
Stockholders' Equity:			
Common stock	33,437	33,249	28,344
Retained earnings (Accumulated deficit)	2,142	2,361	(882)
Net income	3,877	2,602	3,871
Accumulated other comprehensive gain (loss)	(2,659)	(2,325)	(3,432)
TOTAL STOCKHOLDERS' EQUITY	36,797	35,887	27,901
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 332,667	\$ 329,726	\$ 304,964

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

	For the Three Months Ended			Year Ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Interest Income:					
Loans	\$ 5,159	\$ 4,895	\$ 4,171	\$ 19,380	\$ 15,598
Investment securities	137	142	158	580	662
Other short-term investments	777	664	568	2,873	3,566
Total interest income	6,073	5,701	4,897	22,833	19,826
Interest expense:					
Deposits	1,328	1,208	1,034	5,021	3,700
Borrowed funds	170	173	144	989	289
Total interest expense	1,498	1,381	1,178	6,010	3,989
Net interest income	4,575	4,320	3,719	16,823	15,837
Provision for loan and lease losses	240	641	1,255	1,594	1,764
Net interest income after provision for loan and lease losses	4,335	3,679	2,464	15,229	14,073
Non-interest income:					
Service charges	66	52	49	213	202
Other income	56	47	77	175	191
Total non-interest income	122	99	126	388	393
Non-interest expense:					
Salaries and employee benefits	1,898	1,835	1,559	7,283	6,350
Occupancy	63	62	6	253	279
Furniture, fixture & equipment	36	42	39	159	135
Data processing	133	144	132	544	533
Professional & legal	214	142	194	637	618
Marketing	62	65	56	245	109
Other expense	223	225	173	856	889
Total non-interest expense	2,629	2,515	2,159	9,977	8,913
Income before taxes	1,828	1,263	431	5,640	5,553
Income tax expense	553	384	140	1,763	1,682
Net Income	\$ 1,275	\$ 879	\$ 291	\$ 3,877	\$ 3,871
Earnings per share ("EPS"): Basic	\$ 0.41	\$ 0.28	\$ 0.09	\$ 1.29	\$ 1.15
Common shares outstanding	3,121,015	3,121,015	2,734,586	3,121,015	2,734,586

INFINITY BANCORP
UNAUDITED CONSOLIDATED FINANCIAL HIGHLIGHTS

	At and For the Three Months Ended			At and For the Year Ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Performance Ratios:					
Net interest margin	5.29%	5.80%	5.48%	5.05%	5.57%
Cost of funds	2.04%	2.08%	1.94%	2.22%	1.55%
Loan to deposit ratio	79.53%	79.11%	77.82%	79.53%	77.82%
Yield on total loans	9.12%	9.30%	8.93%	9.31%	9.29%
Return on average assets	1.53%	1.16%	0.42%	1.26%	1.33%
Return on average equity	13.96%	9.99%	4.01%	11.73%	12.72%
Efficiency ratio	55.97%	56.91%	56.15%	57.97%	54.92%
Book value of common stock	\$ 11.79	\$ 11.50	\$ 10.20		
Asset Quality Summary:					
Allowance for loan loss/Total loans	1.64%	1.58%	1.38%	1.64%	1.38%
Capital Ratios:					
Tier 1 risk-based capital ratio	14.85%	14.60%	16.00%	14.85%	16.00%
Total risk-based capital ratio	17.61%	17.37%	18.93%	17.61%	18.93%
Tier 1 leverage ratio	11.61%	12.38%	13.26%	11.61%	13.26%