



Second Quarter 2022 | Report to Shareholders

The Hyperion Bank team was enhanced this quarter with the addition of Brian McNulty in our credit department and Stephanie Berrocal joining our accounting team. Their previous experience in the financial industry will help us as we continue to grow.

Speaking of growth, our loans have increased by 9% over the last year and our deposits are up by 13%. We are expanding the business we are doing with our current customers and attracting some nice new relationships. Our credit quality remains good and as a result, a very small amount was added to our provision for loan losses during the quarter. At the bank level, the first six months of this year were more profitable than last year but that was not the case at the holding company which is where the interest expense on our subordinated debt is accounted for. We are pleased that we were able to obtain a five-year fixed rate on that subordinated debt last year as rates have increased significantly since then. The change in interest rates has negatively impacted our book value per share because of the change in unrealized securities gains and losses on our balance sheet.

You can impact your investment and add value to the company by:

- Doing business with us;
- Referring business such as commercial customers, individuals, and prospective homebuyers to us;
- Connecting us with potential strategic partners; and
- Informing us of talented people who you believe would be a good fit for our organization.

Thank you for your support,

Charles B. Crawford, Jr.
Chairman and CEO

Louis J. DeCesare, Jr.
President & COO

This letter does not constitute an offer to sell or the solicitation of an offer to buy the rights or the underlying shares of common stock or warrants nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of any such jurisdiction.



Consolidated Balance Sheet

(unaudited)

	June 30, 2022	June 30, 2021
Assets:		
Cash and due from banks	19,014,213	47,256,125
Securities available for sale	20,754,093	4,213,791
Other investments	1,373,900	1,339,300
Loans: Less allowance for loan loss	238,167,595	219,070,245
Premises and equipment, net	1,883,377	1,836,034
Accrued interest receivable	1,060,792	974,418
Bank Owned Life Insurance	7,172,938	3,004,937
Other Assets	4,643,163	1,825,193
Total Assets	294,070,071	279,520,043
Liabilities:		
Non interest bearing demand deposits	45,165,221	36,427,331
Interest bearing demand deposits	176,126,166	159,449,462
Total deposits	221,291,387	195,876,793
Federal Home Loan Bank advances	29,164,076	29,105,689
Federal Reserve Bank-PPPLF advances	2,432,150	19,330,157
Subordinated Debt	15,641,069	10,684,345
Accrued interest payable	135,358	159,226
Other liabilities	2,089,947	1,108,964
Total liabilities	270,753,987	256,265,174
Stockholders' equity:		
Common stock	2,255,564	2,238,278
Additional paid-in-capital	28,008,701	27,972,706
Accumulated deficit	(5,103,116)	(7,005,238)
Unrealized securities gain/loss	(1,845,065)	49,123
Total stockholders' equity	23,316,084	23,254,869
Total Liabilities and Stockholders' Equity	294,070,071	279,520,043



Consolidated Statement of Operations

(unaudited)

	Six months ended	
	June 30, 2022	June 30, 2021
Interest Income:		
Loans, including fees	6,109,196	5,725,662
Securities	165,931	24,589
Other investments	77,851	99,968
Total interest income	6,352,978	5,850,219
Interest Expense:		
Deposits	542,498	616,300
Subordinated Debt	474,600	76,494
Other borrowings	207,457	230,843
Total interest expense	1,224,555	923,637
Net interest income	5,128,423	4,926,582
Provision for loan losses	6,995	165,173
Net interest income after provision	5,121,428	4,761,409
Noninterest income:		
Service charges on deposit accounts	44,698	58,879
Gain on sale of loans	27,874	97,216
Loan fees	149,545	156,484
Mortgage broker fee income	-	40,335
Income from mortgage joint venture	11,284	87,438
Income from bank owned life insurance	95,417	4,938
Other income	607	5,280
Total noninterest income	329,425	450,570
Noninterest expense:		
Salaries and employee benefits	2,337,364	1,803,017
Occupancy and equipment	292,917	288,049
Data processing	500,543	396,372
Professional fees	275,493	325,657
Other operating expenses	977,198	899,610
Total noninterest expense	4,383,515	3,712,705
Income before income taxes	1,067,338	1,499,274
Income taxes	211,594	356,460
Net income:	855,744	1,142,814
Book Value Per Share	\$10.34	\$10.39
Earnings Per Share	\$0.38	\$0.51



Hyperion Bank Team

Stephanie Berrocal
Jennifer Carney
Cameron Chislom
Steve Cope
Charles Crawford
Lou DeCesare
Marsha Dollar
Amy Ellis
Lauren Flowers
Lee Green
Christian Guers
Kenny Harris
Andres Herrera

Nicole Hicken
Joel Higdon
Michael Iannarelli
Bridget Jungblut
James Kang
Eric Kellum
Christopher Kober
Brian McNulty
Adam Millman
Asif Mujtaba
Christopher Mumma
Alisha Nasse
George Perkins

Paul Rutkowski
Frank Scherer
Danielle Selway
Bob Senske
Douglas Shelen
Andy Stein
Frank Sullivan
Ryan Sullivan
Naja Thompson
Elisa Varella
Danielle Williams

Board of Directors

Charles Crawford
Lou DeCesare
Jill Jinks
James J. McAlpin, Jr.

Robert N.C. Nix, III
Michael Purcell
Lara Rhame
Gretchen Santamour



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Forward Looking Statements.

This document includes forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions that are not historical facts, and other statements identified by words such as "may," "will," "expects," "believes," "plans," "anticipates," "opportunity," "current," "seeks," "estimates," or "potential," or the negative thereof or other and similar expressions. These forward-looking statements are based on current expectations and projections about future events. Investors are cautioned that forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that cannot be predicted or quantified, and, consequently, our actual performance may differ materially from that expressed or implied by such forward-looking statements.

