



October 15, 2025

Dear Eclipse Bancorp Shareholder:

The 3<sup>rd</sup> quarter saw an acceleration in earnings momentum, driven by higher Net Interest Income and continued expense containment.

Earnings of \$279 thousand marked an improvement of \$67 thousand, or 32%, on a linked quarter basis and \$547 thousand year-over-year. Earnings are now positive on the year, at \$248 thousand – a 37% increase year-over-year – while core earnings, which exclude last year’s gain on sale of our St. Matthews property, are \$1.38 million higher.

Net Interest Income (“NII”) increased by 9.7%, or \$989 thousand annualized on a linked quarter basis and 28%, or \$2.44 million annualized year-over-year. The Bank’s Net Interest Margin (“NIM”) of 2.51% improved by 17 basis points or 6.8 percentage points on a quarterly basis, and 58 basis points or 30 percentage points year-over-year. The increases in NII and NIM were driven by a combination of existing loans repricing, new loans being added at higher rates, and a decline in average funding costs due to lower market interest rates.

Non-Interest Income of \$240,185 was 23% lower on a linked quarter basis, due primarily to fewer SBA loan closings, but 60% higher year-over-year. Non-Interest Expense (“NIE”) was 7.8% higher vs. prior quarter but 2.1% lower year-over-year. NIE was 2.16% of average assets during the quarter. For comparison, our FDIC-defined peer group’s NIE percentage was 2.51% as of June 30, 2025 (the most recently available data).

Total assets were essentially flat on both a quarterly and annual basis, at \$488 million. Total deposits climbed by 2.4% on a linked quarter basis but were nearly flat year-over-year. However, checking account balances jumped by 9.8% and 13%, respectively. Loans were 1.9% lower for the quarter and flat year-over-year.

Our Tier 1 Leverage ratio of 9.17% was six basis points lower on a linked-quarter basis, due to a \$10 million increase in average assets during the quarter, and one basis point lower year-over-year. Credit quality remains strong with Non-Performing Loans as a percentage of total loans at 0.23%. Non-Performing Assets, which include collateral that has been repossessed and not yet sold, increased one basis point during the quarter to 0.32%. These compared favorably to our FDIC-defined peer group averages of 0.58% and 0.65%, respectively, as of June 30, 2025.

	<u>Three Months</u> <u>Ended 9/30/25</u>	<u>Three Months</u> <u>Ended 6/30/25</u>	<u>Three Months</u> <u>Ended 9/30/2024</u>
Net Return on Average Assets	0.23%	0.18%	-0.21%



Net Return on Average Equity	<b>3.41%</b>	2.63%	-3.25%
Book Value Per Share, ex. AOCI	<b>\$10.96</b>	\$10.87	\$11.12
Book Value Per Share, inc. AOCI	<b>\$9.94</b>	\$9.78	\$9.92
Earnings Per Share (annualized)	<b>\$0.34</b>	\$0.26	-\$0.32
Net Interest Margin (bank level)	<b>2.51%</b>	2.34%	1.84%
Loan Loss Reserve as % of Total Loans	<b>0.89%</b>	0.87%	0.94%
Non-performing Loans as % of Total Loans	<b>0.23%</b>	0.31%	0.61%
Tier 1 Leverage Capital Ratio	<b>9.17%</b>	9.23%	9.18%

Total Assets	<b>\$487,535,839</b>	\$488,639,417	\$490,843,873
Net Loans	<b>\$414,796,982</b>	\$422,718,393	\$414,520,993
Deposits	<b>\$355,414,525</b>	\$346,953,246	\$358,463,933
Equity Capital, ex. AOCI	<b>\$36,363,469</b>	\$36,068,716	\$36,713,474
Equity Capital, inc. AOCI	<b>\$32,976,427</b>	\$32,449,689	\$32,777,751

\*AOCI = Accumulated Other Comprehensive Income (includes "mark-to-market" securities adjustment)

We continued to lead our FDIC-defined peer group in multiple areas, based on June 30 data, including earning asset yields, Non-Interest Expense, and Non-Performing Loans/Assets, as a percentage of Total Assets. Interest Expense continues to run higher than peer. However, our cost of funds declined by 47 basis points, or 13 percentage points, as a percentage of assets over the 12-month period ending June 30, far outpacing peer reductions of nine basis points or 4.7 percentage points, respectively. Recent and expected reductions to the Federal Funds rate, combined with an acceleration of low-rate loans scheduled to reprice, position us exceptionally well for continued NIM/NII improvement over the next 12 months.

Thank you for your support and your investment in Eclipse.

Respectfully,

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