



January 21, 2026

Dear Eclipse Bancorp Shareholder:

We were pleased to end 2025 with a 3<sup>rd</sup> consecutive quarter of increased earnings along with substantially improved full year results. We enter 2026 with sustainable earnings momentum marked by a more durable interest rate risk position, favorable loan and deposit repricing schedules, a well-contained expense base, and pristine credit profile.

The company reported earnings of \$326 thousand for the 4<sup>th</sup> quarter, a \$47 thousand or 17% increase on a linked quarter basis and a \$1.18 million increase year-over-year. Full year earnings were \$574 thousand, an improvement of \$1.24 million year-over-year, while core earnings excluding 2024's gain on the sale of our St. Matthews property increased by \$2.48 million.

Net Interest Income ("NII") increased by 3.1%, or \$344 thousand annualized on a linked quarter basis and 24%, or \$2.22 million annualized year-over-year. NII for the year improved by \$2.34 million, or 28%, compared to 2024. The Bank's Net Interest Margin ("NIM") of 2.61% improved by 10 basis points or four percentage points on a quarterly basis, and 53 basis points or 25 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. Additionally, we experienced slightly higher prepayment penalty and loan origination revenue during the quarter.

Non-Interest Income of \$172 thousand was 40% lower on a linked quarter basis, as SBA lending was frozen for part of the quarter due to the government shutdown, but 50% higher year-over-year. Based upon the current pipeline, SBA activity is set to meaningfully increase next quarter. Non-Interest Expense ("NIE") was 1.1% higher vs. prior quarter but 2.4% lower year-over-year. NIE was 2.22% of average assets during the quarter. For comparison, our FDIC-defined peer group's NIE percentage was 2.52% as of September 30, 2025 (the most recently available data).

Total assets increased by \$2.1 million, to \$482 million during the year but dipped by \$5.2 million on a linked quarter basis, largely due to seasonality within the deposit portfolio combined with a continued reduction in high-cost Certificates of Deposit ("CD's"). Total deposits declined by 2.8% or \$10 million on a linked quarter basis, with about half of the decrease due to seasonal factors and the other half attributable to the forementioned CD reduction. Deposits decreased by \$1.8 million or 0.50% year-over-year driven by a \$14 million, or 8%, reduction in CD's largely offset by an increase of \$12 million, or 6.8% in all other categories combined.

Our Tier 1 Leverage ratio of 9.43% was 26 basis points higher on a linked-quarter basis, due to a combination of earnings accretion and a 1.7% decline in average assets during the quarter, and 22 basis points higher year-over-year. Credit quality remains strong with Non-Performing Loans as a percentage of total loans at 0.22% and Non-Performing Assets, which include collateral that has been repossessed and not yet sold, at 0.27%. These compared favorably to our FDIC-defined peer group averages of 0.60% and 0.67%, respectively, as of September 30, 2025.

Our continued momentum was reflected in the performance of our stock (OTCQB: ECLP) trading price in 2025 which increased 20% for the year, outperforming the KRE and KBWR regional bank indexes at 3.4% and 7.4%, respectively, and the S&P 500 at 16%.

	<u>Three Months</u> <u>Ended 12/31/25</u>	<u>Three Months</u> <u>Ended 9/30/25</u>	<u>Three Months</u> <u>Ended 12/31/24</u>
Net Return on Average Assets	<b>0.27%</b>	0.23%	-0.70%
Net Return on Average Equity	<b>3.92%</b>	3.41%	-10.33%
Book Value Per Share, ex. AOCI	<b>\$11.02</b>	\$10.96	\$10.76
Book Value Per Share, inc. AOCI	<b>\$10.05</b>	\$9.94	\$9.58
Earnings Per Share (annualized)	<b>\$0.39</b>	\$0.34	-\$1.03
Net Interest Margin (bank level)	<b>2.61%</b>	2.51%	2.08%
Loan Loss Reserve as % of Total Loans	<b>0.89%</b>	0.89%	1.14%
Non-performing Loans as % of Total Loans	<b>0.22%</b>	0.23%	0.52%
Tier 1 Leverage Capital Ratio	<b>9.43%</b>	9.17%	9.21%
Total Assets	<b>\$482,335,569</b>	\$487,535,839	\$480,280,722
Net Loans	<b>\$411,469,291</b>	\$414,796,982	\$405,704,225
Deposits	<b>\$345,198,854</b>	\$355,414,525	\$346,968,788
Equity Capital, ex. AOCI	<b>\$36,711,550</b>	\$36,363,469	\$36,017,248
Equity Capital, inc. AOCI	<b>\$33,505,888</b>	\$32,976,427	\$32,094,540

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

Respectfully,

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