

# **Eclipse Bancorp, Inc.**

## ***Report on Consolidated Financial Statements***

***For the years ended December 31, 2025 and 2024***

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# Eclipse Bancorp, Inc.

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## Independent Auditor's Report

Board of Directors  
Eclipse Bancorp, Inc.  
Louisville, Kentucky

### Opinion

We have audited the consolidated financial statements of Eclipse Bancorp, Inc. and its Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the related consolidated statements of income (loss), comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued.

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## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina  
April 24, 2026

**Eclipse Bancorp, Inc.**  
**Consolidated Balance Sheets**  
**As of December 31, 2025 and 2024**

(Dollars in thousands, except share amounts)

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and cash equivalents:		
Cash and due from banks	\$ 2,392	\$ 1,888
Interest-bearing deposits with other banks	2,613	2,677
Federal funds sold	<u>12,584</u>	<u>17,304</u>
Total cash and cash equivalents	<u>17,589</u>	<u>21,869</u>
Investment securities:		
Debt securities available-for-sale, at fair value	18,963	19,518
Debt securities held-to-maturity	<u>12,147</u>	<u>11,770</u>
Total investment securities	<u>31,110</u>	<u>31,288</u>
Loans held for sale	805	650
Loans held for investment	414,357	409,729
Less: allowance for credit losses	<u>3,693</u>	<u>4,675</u>
Total loans receivable, net	<u>410,664</u>	<u>405,054</u>
Premises and equipment, net	8,534	8,932
Federal Home Loan Bank stock	4,345	4,369
Right-of-use asset - operating	4,101	3,884
Accrued interest receivable	1,488	1,610
Deferred income tax asset	2,531	2,916
Other assets	<u>959</u>	<u>1,115</u>
Total assets	<u>\$ 482,126</u>	<u>\$ 481,687</u>
<b>Liabilities</b>		
Deposits:		
Demand deposits	\$ 34,917	\$ 32,523
Savings, NOW, and money market	153,461	143,921
Time deposits	<u>156,821</u>	<u>170,524</u>
Total deposits	<u>345,199</u>	<u>346,968</u>
Federal Home Loan Bank advances	88,000	88,000
Other Borrowings	9,392	8,469
Accrued interest payable	986	1,173
Lease liability - operating	4,204	3,934
Other liabilities	<u>839</u>	<u>1,048</u>
Total liabilities	<u>448,620</u>	<u>449,592</u>
<b>Stockholders' equity</b>		
Common stock, \$3 par value, 4,000,000 shares authorized, 3,320,919 and 3,316,119 shares issued and outstanding at December 31, 2025 and 2024, respectively	9,924	9,910
Additional paid-in capital	24,248	24,142
Retained earnings	2,540	1,966
Accumulated other comprehensive loss, net taxes	<u>(3,206)</u>	<u>(3,923)</u>
Total stockholders' equity	<u>33,506</u>	<u>32,095</u>
Total liabilities and stockholders' equity	<u>\$ 482,126</u>	<u>\$ 481,687</u>

**See Notes to Consolidated Financial Statements**

## Eclipse Bancorp, Inc.

### Consolidated Statements of Income (Loss)

For the years ended December 31, 2025 and 2024

(Dollars in thousands, except per share amounts)

	<u>2025</u>	<u>2024</u>
<b>Interest and dividend income</b>		
Loans, including fees	\$ 24,648	\$ 24,086
Debt securities	611	630
Federal funds sold	644	1,077
Dividends on Federal Home Loan Bank stock	<u>382</u>	<u>406</u>
Total interest and dividend income	<u>26,285</u>	<u>26,199</u>
<b>Interest expense</b>		
Deposits	11,485	14,082
Federal Home Loan Bank advances	3,626	3,515
Other borrowings	<u>567</u>	<u>334</u>
Total interest expense	<u>15,678</u>	<u>17,931</u>
<b>Net interest income</b>	10,607	8,268
Provision for credit losses	<u>50</u>	<u>640</u>
Net interest income after provision for credit losses	<u>10,557</u>	<u>7,628</u>
<b>Noninterest income</b>		
Customer service fees	113	64
Other service charges and fees	154	152
Mortgage banking income	298	342
(Loss) gain on sale of premises and equipment	(6)	1,707
Other income	<u>400</u>	<u>-</u>
Total noninterest income	<u>959</u>	<u>2,265</u>
<b>Noninterest expense</b>		
Salaries and employee benefits	5,620	6,041
Occupancy and equipment	1,319	1,497
Data processing	993	915
Professional fees	651	475
Local taxes	111	118
Deposit insurance premiums	447	400
Other operating expenses	<u>1,651</u>	<u>1,250</u>
Total noninterest expense	<u>10,792</u>	<u>10,696</u>
<b>Income (loss) before taxes</b>	724	(803)
Income tax expense (benefit)	<u>150</u>	<u>(273)</u>
Net income (loss)	<u>\$ 574</u>	<u>\$ (530)</u>
Basic earnings (loss) per share	<u>\$ 0.17</u>	<u>\$ (0.16)</u>
Diluted earnings (loss) per share	<u>\$ 0.17</u>	<u>\$ (0.16)</u>

See Notes to Consolidated Financial Statements

**Eclipse Bancorp, Inc.**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2025 and 2024**

<i>(Dollars in thousands)</i>	<u>2025</u>	<u>2024</u>
<b>Net income (loss)</b>	\$ 574	\$ (530)
<b>Other comprehensive income</b>		
Change in unrealized loss on available-for-sale debt securities, net of taxes of \$178 and \$33 for 2025 and 2024, respectively	722	126
Reclassification adjustment for amortization of transferred discount, net of taxes of \$77 and \$199 for 2025 and 2024, respectively	311	747
Change in fair value of interest rate swap, net of taxes of \$(78) and \$31 for 2025 and 2024, respectively	<u>(316)</u>	<u>116</u>
<b>Total other comprehensive income</b>	<u>717</u>	<u>989</u>
<b>Total comprehensive income</b>	<u>\$ 1,291</u>	<u>\$ 459</u>

**See Notes to Consolidated Financial Statements**

## Eclipse Bancorp, Inc.

### Consolidated Statements of Changes in Stockholders' Equity For the years ended December 31, 2025 and 2024

<i>(Dollars in thousands, except share amounts)</i>	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
<b>Balance, January 1, 2024</b>	3,292,092	\$ 9,869	\$ 23,970	\$ 2,496	\$ (4,912)	\$ 31,423
Net loss	-	-	-	(530)	-	(530)
Issuance of common stock	24,027	41	95	-	-	136
Stock-based compensation expense	-	-	77	-	-	77
Other comprehensive income, net of tax	-	-	-	-	989	989
<b>Balance, December 31, 2024</b>	<u>3,316,119</u>	<u>9,910</u>	<u>24,142</u>	<u>1,966</u>	<u>(3,923)</u>	<u>32,095</u>
Net income	-	-	-	574	-	574
Issuance of common stock	4,800	14	31	-	-	45
Stock-based compensation expense	-	-	75	-	-	75
Other comprehensive income, net of tax	-	-	-	-	717	717
<b>Balance, December 31, 2025</b>	<u>3,320,919</u>	<u>\$ 9,924</u>	<u>\$ 24,248</u>	<u>\$ 2,540</u>	<u>\$ (3,206)</u>	<u>\$ 33,506</u>

See Notes to Consolidated Financial Statements

# Eclipse Bancorp, Inc.

## Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

<i>(Dollars in thousands)</i>	<u>2025</u>	<u>2024</u>
<b>Operating activities</b>		
Net income (loss)	\$ 574	\$ (530)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	394	407
Noncash operating lease expense	343	342
Provision for credit losses on loans	50	639
Provision for credit losses on off-balance-sheet credit exposures	-	1
Net amortization of premiums/discounts	29	13
Change in deferred income tax asset, net	208	(295)
Gain on loans held for sale	(298)	(326)
Loss (gain) on sale of premises and equipment	6	(1,707)
Stock-based compensation expense	75	77
Change in cash due to changes in operating assets and liabilities:		
Change in accrued interest receivable	122	147
Change in other assets	(238)	(845)
Change in loans held for sale	143	(565)
Change in accrued interest payable	(187)	(234)
Change in operating lease liabilities	(290)	(295)
Change in other liabilities	(209)	(217)
Net cash provided by (used by) operating activities	<u>722</u>	<u>(3,388)</u>
<b>Investing activities</b>		
Proceeds from principal repayments of debt securities available-for-sale	1,437	2,094
Net change in loans receivable	(5,660)	22,553
Purchases of Federal Home Loan Bank stock	(400)	(625)
Redemption of Federal Home Loan Bank stock	424	1,199
Proceeds from sale of premises and equipment	25	4,537
Purchases of premises and equipment	(27)	(161)
Net cash (used by) provided by investing activities	<u>(4,201)</u>	<u>29,597</u>
<b>Financing activities</b>		
Net decrease in deposit accounts	(1,769)	(16,189)
Proceeds from advances from Federal Home Loan Bank	41,500	26,000
Repayments of advances from Federal Home Loan Bank	(41,500)	(40,500)
Proceeds from other borrowings	1,500	-
Repayments of other borrowings	(577)	(555)
Issuance of common stock	45	136
Net cash used by financing activities	<u>(801)</u>	<u>(31,108)</u>
Decrease in cash and cash equivalents	(4,280)	(4,899)
<b>Cash and cash equivalents, beginning of year</b>	<u>21,869</u>	<u>26,768</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 17,589</u>	<u>\$ 21,869</u>

See Notes to Consolidated Financial Statements

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**Eclipse Bancorp, Inc.**  
**Consolidated Statements of Cash Flows, Continued**  
**For the years ended December 31, 2025 and 2024**

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(Dollars in thousands)

	<u>2025</u>	<u>2024</u>
<b>Cash paid during the year for:</b>		
Interest	\$ 15,860	\$ 18,165
Income taxes	\$ 69	\$ -
<b>Non-cash investing and financing activities:</b>		
Unrealized loss on securities available for sale	\$ 722	\$ 126
Unrealized (loss) gain on cash flow hedges	\$ (316)	\$ 116
Lease liabilities arising from obtaining right-of-use assets	\$ 560	\$ 3,756

# Eclipse Bancorp, Inc.

## Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

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### Note 1. Summary of Significant Accounting Policies and Activities

#### Consolidation:

Eclipse Bancorp, Inc. (the "Company") is a bank holding company, the primary activity of which is the ownership and management of its wholly owned subsidiary, Eclipse Bank (the "Bank"). The Company and Bank are subject to regulations of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

The state-chartered Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in Louisville, Kentucky, and surrounding areas; Johnson City, Tennessee, and surrounding areas; and Cincinnati, Ohio, and surrounding areas. The Bank is subject to competition from other financial institutions and to the regulation of Kentucky Department of Financial Institutions and the Federal Deposit Insurance Corporation and undergoes periodic examinations by those regulatory authorities.

#### Principles of consolidation:

The consolidated financial statements include the accounts of the Company and Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### Management's estimates:

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and revenues and expenses for the year. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses, including valuation allowances for individually evaluated loans, and valuation of investment securities. Management must also make estimates in determining the estimated useful lives and methods for depreciating premises and equipment.

While management uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowance for credit losses may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses on loans. Such agencies may require the Company to recognize additions to the allowance for credit losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowance for credit losses on loans may change materially in the near term.

#### Cash equivalents:

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025 and 2024, cash equivalents consisted primarily of federal funds sold to correspondent banks. At times, the Company's cash accounts at correspondent banks may exceed federally insured limits.

## **Eclipse Bancorp, Inc.**

### **Notes to Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### Investment securities:

Debt securities held by the Company are generally classified as either available-for-sale (“AFS”) or held-to-maturity (“HTM”). AFS securities are recorded at fair value, with unrealized gains and losses (for those not subject to an allowance for credit losses) excluded from earnings and reported in other comprehensive income. Unrealized losses on securities due to credit loss factors are recognized when it is determined that present value of cash flows expected to be collected is less than the amortized cost basis of the securities. On a monthly basis, the Company marks its AFS securities to market using prices obtained from independent third-party pricing services. Management does not actively trade securities classified as available-for-sale but intends to hold these securities for an indefinite period of time and may sell them prior to maturity to achieve certain objectives. Reductions in market value considered by management to be other than temporary are reported as a realized loss and a reduction in the cost basis in the security. The adjusted cost basis of securities available-for-sale is determined by specific identification and is used in computing the realized gain or loss from a sales transaction.

HTM securities are recorded at amortized cost. In order to qualify as held-to-maturity, the Company must have the ability and intent to hold the securities to maturity. Security transfers to held-to-maturity classification are recorded at fair value as of the date of transfer, which becomes the new cost basis for the securities held-to-maturity. Unrealized gains or losses from the transfer of available-for-sale securities continue to be reported in other comprehensive income. The Company reassessed classification of certain investments effective June 30, 2022, the Company transferred \$11.9 million of state and political subdivision debt securities from AFS to HTM securities. For the years ending December 31, 2025 and 2024, the Company recognized amortization, net of taxes, of approximately \$311,000 and \$747,000, respectively. Through December 31, 2025, the remaining balance to be amortized is approximately \$1.6 million over the remaining life of the securities.

Debt securities as of December 31, 2025 and 2024 also include \$1.5 million in interest bearing deposits with other banks (certificates of deposit or “CDs”).

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses on sale are recorded on the trade date and determined using the specific identification method.

##### Loans receivable:

Loans are stated at their unpaid principal balance, less any charge-offs. Interest income on loans is computed using the simple interest method and is recorded in the period earned, when serious doubt exists as to the collectability of a loan or a loan is contractually 90 days past due, the accrual of interest income is generally discontinued. When interest accruals are discontinued, interest accrued is reversed against interest income.

The Company’s loan portfolio comprises several distinct loan segments that possess different risk characteristics and underwriting considerations, which inform both the recognition of interest income and the estimation of expected credit losses under the Current Expected Credit Loss (“CECL”) framework.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

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#### Note 1. Summary of Significant Accounting Policies and Activities, Continued

##### Loans receivable, continued:

While a loan is on nonaccrual status, the Company's policy is that all cash receipts are applied to principal. Once the recorded principal balance has been reduced to zero, future cash receipts are applied to recoveries of any amounts previously charged off. Further cash receipts are recorded as interest income to the extent that any interest has been foregone. Loans are removed from nonaccrual status when they become current as to both principal and interest, when concern no longer exists as to the collectability of principal or interest, and after a sufficient history of satisfactory payment performance has been established.

The Company identifies individually evaluated loans through its normal internal loan review process. These loans are evaluated in determining whether all outstanding principal and interest are expected to be collected. Loans are not considered individually evaluated if minimal delay occurs and all amounts due including principal and accrued interest at the contractual interest rate for the period of delay are expected to be collected.

Accrued interest receivable related to loans, excluded from allowance for credit losses ("ACL"), totaled approximately \$1.4 million and \$1.5 million as of December 31, 2025 and 2024, respectively.

##### Allowance for credit losses – available-for-sale securities:

For available-for-sale securities, management evaluates all investments in an unrealized loss position on at least an annual basis and more frequently when economic or market conditions warrant such evaluation. If the Company has the intent to sell the security, or it is more likely than not that the Company will be required to sell the security, the security is written down to fair value, and the entire loss is recorded in earnings.

If either of the above criteria is not met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Company may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income.

Changes in the allowance for credit loss are recorded as provision for credit loss expense. Losses are charged against the allowance for credit losses when management believes an AFS security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. There was no allowance for credit loss related to the AFS portfolio at December 31, 2025 or 2024.

Accrued interest receivable on AFS securities totaled approximately \$40,000 and \$42,000 at December 31, 2025 and 2024, respectively, and was excluded from the estimate of credit losses.

## **Eclipse Bancorp, Inc.**

### **Notes to Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### Allowance for credit losses – held-to-maturity securities:

The allowance for credit losses on held-to-maturity (“HTM”) securities is a contra-asset valuation account that is deducted from the amortized cost basis of HTM securities to present the Company’s best estimate of the net amount expected to be collected. Held-to-maturity securities are charged off against the allowance when deemed uncollectible. Adjustments to the allowance are reported in the consolidated statement of income as a component of credit loss expense. The Company measures expected credit losses on HTM securities on a collective basis by major security type with each type sharing similar risk characteristics and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The Company excludes accrued interest receivable on HTM securities of approximately \$75,000 as of December 31, 2025 and 2024 from the estimate of credit losses. At December 31, 2025 and 2024, the Company determined no allowance for credit losses was required on HTM securities.

##### Allowance for credit losses – loans:

The allowance for credit losses is a valuation account that is deducted from the loans’ amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the lack of collectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Accrued interest receivable is excluded from the estimate of credit losses.

The allowance for credit losses represents management’s estimate of lifetime of credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

A weighted-average remaining life method is used for the general component of the ACL for each loan in a pool, and the results are aggregated at the pool level. The analysis produces an expected annual loss rate and applies the loss rate to the pools based on the average expected remaining life developed through an attrition calculation. In determining the proper level of the allowance for credit loss, the Company considers both historical loss experience for the Company and peer data as the basis for the assessment of expected credit losses. The Company therefore used historical credit loss experience by each loan segment over an economic cycle.

Additionally, the allowance for credit losses calculation includes subjective adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and include adjustments for effect of changes in risk selection and underwriting practices, national and local economic trends and conditions, experience, ability, and depth of lending and management staff, industry conditions, changes in credit concentration, and credit administration risk.

Loans that do not share risk characteristics are evaluated on an individual basis. When the borrower is experiencing financial difficulty and repayment is expected to be provided through operation or sale of the collateral, the expected credit losses are based on the fair value of collateral at the reporting date, adjusted for selling costs as appropriate.

## **Eclipse Bancorp, Inc.**

### **Notes to Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### Allowance for credit losses – liability for unfunded commitments:

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded and are included within the Company's Consolidated Balance Sheets in other liabilities.

The Company records an allowance for credit losses on off-balance sheet credit exposures and unfunded commitments, unless the commitments to extend credit are unconditionally cancelable, through a charge to, or reversal of, provision for credit losses in the Company's Consolidated Statements of Income (Loss). The allowance for credit losses – unfunded commitments is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur as well as any third-party guarantees. The allowance for unfunded commitments is included in other liabilities on the Company's Consolidated Balance Sheets.

##### Loans Held For Sale:

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to noninterest income. Gains and losses on loan sales are recorded in noninterest income.

##### Premises and equipment:

Premises and equipment are stated at cost, less accumulated depreciation. The provision for depreciation is computed by the straight-line method. Rates of depreciation are generally based on the following estimated useful lives: buildings and improvements – 35 to 40 years; Land improvements – 5 to 20 years; furniture and equipment - 3 to 7 years. The cost of assets sold, or otherwise disposed, and the related accumulated depreciation is eliminated from the accounts, and the resulting gains or losses are reflected in the Consolidated Statements of Income (Loss). Maintenance and repairs are charged to current expense as incurred, and the costs of major renewals and improvements are capitalized.

##### Long-lived asset impairment:

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2025 and 2024.

## **Eclipse Bancorp, Inc.**

### **Notes to Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### Federal Home Loan Bank (FHLB) stock:

The FHLB requires the Company to maintain stock in an amount equal to 3.75% of outstanding borrowings. At December 31, 2025 and 2024, the Company held approximately 5% of FHLB stock in comparison to the outstanding FHLB advances.

##### Derivatives:

Derivatives are recognized as assets and liabilities on the consolidated balance sheets and measured at fair value. For exchange-traded contracts, fair value is based on quoted market prices. For nonexchange-traded contracts, fair value is based on dealer quotes, pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value may require significant management judgment or estimation.

Accounting for changes in fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. To qualify for hedge accounting, the Company must comply with detailed rules and documentation requirements at inception of the hedge, and hedge effectiveness is assessed at inception and periodically throughout the life of each hedging relationship. Hedge ineffectiveness, if any, is measured periodically throughout the life of the hedging relationship.

For derivatives designated as cash flow hedges, the effective portion of changes in fair value of the derivative is initially reported in other comprehensive income (loss) and subsequently reclassified to interest income or expense when the hedged transaction affects earnings, while the ineffective portion of changes in fair value of derivative, if any, is recognized immediately in other noninterest income. The Company assesses the effectiveness of each hedging relationship by comparing cumulative changes in cash flows of the derivative hedging instrument with cumulative changes in cash flows of the designated hedged item or transaction. No component of the change in the fair value of the hedging instrument is excluded from the assessment of hedge effectiveness.

##### Derivative interest rate lock commitments:

Interest rate lock commitments that relate to the origination of a mortgage that will be held for sale upon funding are considered derivative instruments under the derivatives and hedging accounting guidance (ASC 815). Interest rate lock commitments that are derivatives are recognized at fair value on the consolidated balance sheets in other assets and liabilities with changes in their fair values recorded in noninterest income.

##### Leases:

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date. The Company combines lease and non-lease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings and employee vehicles.

## **Eclipse Bancorp, Inc.**

### ***Notes to Consolidated Financial Statements***

***For the years ended December 31, 2025 and 2024***

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#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### *Leases, continued:*

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The implicit rates of the Company's leases are not readily determinable; accordingly, the Company uses its incremental rate based on the information available at the commencement date for each lease. The Company's incremental borrowing rate for a lease is the rate of interest it would pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The Company determines its incremental borrowing rates by starting with the interest rates on its recent borrowings and other observable market rates and adjusting those rates to reflect the differences in the collateral amount and the payment terms of the leases.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Company has elected not to record leases with an initial term of 12 months or less on the Consolidated Balance Sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

During February of 2024, the Company entered a sale-leaseback transaction with an unrelated third party. Under the arrangement, the property with a netbook value of \$2.8 million was sold for \$4.5 million and leased back under a twenty-year operating lease agreement. The transaction resulted in gains of \$1.7 million. There were no sale-leaseback transactions in 2025.

##### *Stock options:*

The Company recognizes the calculated value of stock-based awards to employees as compensation cost over the requisite service period. The share-based employee compensation plan is described more fully in Note 15. The Company's accounting policy is to recognize forfeitures as they occur.

##### *Income taxes:*

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*. Under ASC 740, deferred tax assets or liabilities are computed based upon the difference between financial statement and income tax bases of assets and liabilities using the enacted marginal tax rate. The Company provides a valuation allowance on its net deferred tax assets where it is more likely than not such assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. See Note 11, "Income Taxes" for additional information. The Company records any penalties and interest attributed to uncertain tax positions as a component of income tax expense.

##### *Income and expense recognition:*

The accrual method of accounting is used for all significant categories of income and expense. Immaterial amounts of miscellaneous fees are recorded when received.

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## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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#### Note 1. Summary of Significant Accounting Policies and Activities, Continued

##### Advertising expense:

Advertising and public relations costs are generally expensed as incurred. External costs incurred in producing media advertising are expensed the first time the advertising takes place. External costs relating to direct mailing costs are expensed in the period in which the direct mailings are sent. Advertising and related costs of approximately \$27,000 and \$136,000 were included in the Company's Consolidated Statements of Income (Loss) in other operating expenses for 2025 and 2024, respectively.

##### Per share amounts:

Basic earnings per share is computed by dividing net income by the weighted-average number of shares outstanding for the period excluding the effects of any dilutive potential common shares. The Company presents basic and diluted earnings per share.

##### Other comprehensive income:

The Company reports other comprehensive income in accordance with generally accepted accounting principles, which require that all items that are required to be reported under accounting standards as other comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The disclosure requirements have been included in the Company's Consolidated Statements of Comprehensive Income.

##### Off-balance-sheet financial instruments:

In the ordinary course of business, the Company enters into off-balance-sheet financial instruments consisting of commitments to extend credit and letters of credit. These financial instruments are recorded in the consolidated financial statements when they become payable by the customer.

##### Revenue recognition:

The Company records revenue from contracts with customers in accordance with ASC Topic 606, *Revenue from Contracts with Customers (Topic 606)*. Under Topic 606, the Company must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the Company satisfies a performance obligation. Significant revenue has not been recognized in the current reporting period that results from performance obligations satisfied in previous periods.

The Company's primary sources of revenue are derived from interest and dividends earned on loans, investment securities, and other financial instruments that are not within the scope of Topic 606. The Company has evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the Company's Consolidated Statements of Income (Loss) was not necessary. The Company generally satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity.

## **Eclipse Bancorp, Inc.**

### **Notes to Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### Recently issued accounting pronouncements:

The following is a summary of recent authoritative pronouncements that could impact the accounting, reporting, or disclosure of financial information by the Company:

The Company adopted Accounting Standards Update 2023-07 *Segment Reporting (Topic 280) - Improvement to Reportable Segment Disclosures* on January 1, 2024. The Company has determined that all of its banking divisions and subsidiaries meet the aggregation criteria of ASC 280, Segment Reporting, as its current operating model is structured whereby banking divisions and subsidiaries serve a similar base of primarily commercial clients utilizing a company-wide offering of similar products and services managed through similar processes and platforms that are collectively reviewed by the Company's Chief Executive Officer, who has been identified as the chief operating decision maker ("CODM").

The CODM regularly assesses performance of the aggregated single operating and reporting segment and decides how to allocate resources based on net income calculated on the same basis as is net income reported in the Company's consolidated statements of income (loss) and other comprehensive income. The CODM is also regularly provided with expense information at a level consistent with that disclosed in the Company's Consolidated Statements of Income (Loss) and other comprehensive income.

In September 2023, the FASB issued guidance for public business entities to disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate (the rate reconciliation) for federal, state, and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a specified threshold. For public business entities, the amendments are effective for annual periods beginning after December 15, 2024. Adoption of this update as of January 1, 2025 did not have a material impact on the consolidated financial statements; see Note 11 for disclosures required by this update.

In November 2024, the FASB issued made amendments to ASU 2024-03, *Income Statement—Reporting Comprehensive Income* topic of the ASC to require enhanced disaggregation of income statement expenses. The update focuses on improving transparency by requiring entities to disclose significant natural expense categories within functional expense line items, such as employee compensation, depreciation, amortization, and inventory costs. These amendments are intended to provide more consistent and decision-useful information to financial statement users.

The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either prospectively to financial statements issued for reporting periods after the effective date of this update or retrospectively to any or all prior periods presented in the financial statements. The Company does not expect these amendments to have a material effect on the financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

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## **Eclipse Bancorp, Inc.**

### **Notes to Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### Risks and uncertainties:

In the normal course of its business, the Company encounters two significant types of risks: economic and regulatory. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk to the degree that its interest-bearing liabilities mature or reprice at different speeds, or on a different basis, than its interest-earning assets. Credit risk is the risk of default on the Company's loan portfolio that results from a borrower's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of collateral underlying loans receivable and the valuation of real estate held by the Company.

The Company is subject to the regulations of various governmental agencies. These regulations can and do change significantly from period to period. The Company also undergoes periodic examinations by the regulatory agencies, which may subject it to further changes with respect to asset valuations, amounts of required loss allowances and operating restrictions from the regulators' judgments based on information available to them at the time of their examination.

##### Reclassifications:

Certain captions and amounts in the 2024 financial statements were reclassified to conform with the 2025 presentation. These reclassifications had no impact on net income or stockholders' equity.

#### **Note 2. Cash and Due From Banks**

As of December 31, 2025 and 2024, the Company was not required to maintain reserve funds in cash and/or on deposit with the Federal Reserve Bank.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 3. Investment Securities

The amortized cost and approximate fair values, together with gross unrealized gains and losses, of securities are as follows:

<i>(Dollars in thousands)</i>	<u>December 31, 2025</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>Available-for-Sale</b>				
Government sponsored enterprises	\$ 6,000	\$ -	\$ (173)	\$ 5,827
Residential mortgage-backed securities	15,877	-	(2,741)	13,136
Total available-for-sale	<u>\$ 21,877</u>	<u>\$ -</u>	<u>\$ (2,914)</u>	<u>\$ 18,963</u>

<i>(Dollars in thousands)</i>	<u>December 31, 2024</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>Available-for-Sale</b>				
Government sponsored enterprises	\$ 6,000	\$ -	\$ (440)	\$ 5,560
Residential mortgage-backed securities	17,332	-	(3,374)	13,958
Total available-for-sale	<u>\$ 23,332</u>	<u>\$ -</u>	<u>\$ (3,814)</u>	<u>\$ 19,518</u>

<i>(Dollars in thousands)</i>	<u>December 31, 2025</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>Held-to-Maturity</b>				
State and political subdivisions	<u>\$ 12,147</u>	<u>\$ 3</u>	<u>\$ (674)</u>	<u>\$ 11,476</u>

<i>(Dollars in thousands)</i>	<u>December 31, 2024</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>Held-to-Maturity</b>				
State and political subdivisions	<u>\$ 11,770</u>	<u>\$ 1</u>	<u>\$ (830)</u>	<u>\$ 10,941</u>

## Eclipse Bancorp, Inc.

Notes to Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

### Note 3. Investment Securities, Continued

The following is a summary of maturities of securities available-for-sale and held-to-maturity as of December 31, 2025. The amortized cost and estimated fair values are based on the contractual maturity dates. Actual maturities may differ from the contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

(Dollars in thousands)

	Securities Available-For-Sale	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 2,000	\$ 1,995
Due after one year but within five years	4,000	3,832
Due after five years but within ten years	-	-
Due after more than ten years	-	-
Residential mortgage-backed securities	15,877	13,136
Total	<u>\$ 21,877</u>	<u>\$ 18,963</u>

(Dollars in thousands)

	Securities Held-To-Maturity	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 225	\$ 221
Due after one year but within five years	4,585	4,431
Due after five years but within ten years	1,533	1,322
Due after more than ten years	5,804	5,502
Total	<u>\$ 12,147</u>	<u>\$ 11,476</u>

# Eclipse Bancorp, Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

### Note 3. Investment Securities, Continued

The following table shows gross unrealized losses and fair value, aggregated by investment category and duration that individual securities have been in a continuous unrealized loss position, at December 31, 2025 and 2024:

<i>(Dollars in thousands)</i>		<b>December 31, 2025</b>					
<b>Available-for-Sale</b>	<b>Less Than Twelve Months</b>		<b>Twelve Months or More</b>		<b>Total</b>		
	<b>Unrealized</b>		<b>Unrealized</b>		<b>Unrealized</b>		
	<b>Fair Value</b>	<b>Losses</b>	<b>Fair Value</b>	<b>Losses</b>	<b>Fair Value</b>	<b>Losses</b>	
Government sponsored enterprises	\$ -	\$ -	\$ 5,827	\$ (173)	\$ 5,827	\$ (173)	
Residential mortgage-backed securities	-	-	13,136	(2,741)	13,136	(2,741)	
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,963</b>	<b>\$ (2,914)</b>	<b>\$ 18,963</b>	<b>\$ (2,914)</b>	
<i>(Dollars in thousands)</i>		<b>December 31, 2024</b>					
<b>Available-for-Sale</b>	<b>Less Than Twelve Months</b>		<b>Twelve Months or More</b>		<b>Total</b>		
	<b>Unrealized</b>		<b>Unrealized</b>		<b>Unrealized</b>		
	<b>Fair Value</b>	<b>Losses</b>	<b>Fair Value</b>	<b>Losses</b>	<b>Fair Value</b>	<b>Losses</b>	
Government sponsored enterprises	\$ -	\$ -	\$ 5,560	\$ (440)	\$ 5,560	\$ (440)	
Residential mortgage-backed securities	-	-	13,958	(3,374)	13,958	(3,374)	
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,518</b>	<b>\$ (3,814)</b>	<b>\$ 19,518</b>	<b>\$ (3,814)</b>	
<i>(Dollars in thousands)</i>		<b>December 31, 2025</b>					
<b>Held-to-Maturity</b>	<b>Less Than Twelve Months</b>		<b>Twelve Months or More</b>		<b>Total</b>		
	<b>Unrealized</b>		<b>Unrealized</b>		<b>Unrealized</b>		
	<b>Fair Value</b>	<b>Losses</b>	<b>Fair Value</b>	<b>Losses</b>	<b>Fair Value</b>	<b>Losses</b>	
State and political subdivisions	\$ -	\$ -	\$ 9,473	\$ (674)	\$ 9,473	\$ (674)	
<i>(Dollars in thousands)</i>		<b>December 31, 2024</b>					
<b>Held-to-Maturity</b>	<b>Less Than Twelve Months</b>		<b>Twelve Months or More</b>		<b>Total</b>		
	<b>Unrealized</b>		<b>Unrealized</b>		<b>Unrealized</b>		
	<b>Fair Value</b>	<b>Losses</b>	<b>Fair Value</b>	<b>Losses</b>	<b>Fair Value</b>	<b>Losses</b>	
State and political subdivisions	\$ -	\$ -	\$ 8,941	\$ (830)	\$ 8,941	\$ (830)	

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## **Eclipse Bancorp, Inc.**

### ***Notes to Consolidated Financial Statements***

***For the years ended December 31, 2025 and 2024***

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#### **Note 3. Investment Securities, Continued**

Securities classified as available-for-sale are recorded at fair market value. At December 31, 2025 and 2024, the Company had forty-four securities in an unrealized loss position. The Company has forty-four securities that have been in an unrealized loss position greater than 12 months as of December 31, 2025 and 2024. The Company has the ability and intent to hold these securities until such time as the value recovers or the securities mature. The Company's available-for-sale are investment grade and considered to be of high credit quality. The Company believes, based on industry analyst reports and credit ratings, that the deterioration in value is attributable to changes in market interest rates and is not in the credit quality of the issuer and therefore, no credit loss has been recorded.

Securities with a par value and market value of approximately \$653,000 and \$598,000, respectively, were pledged at December 31, 2025 to secure certain deposits and for other purposes as permitted or required by law.

For the Company's investments in each type of security having a significant effect on unrealized losses, without a recorded allowance for credit loss note the following:

#### **U.S. Government Agencies**

The unrealized losses on the Company's investments in direct obligations of U.S. Government agencies were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of its amortized cost bases, which may be maturity, the Company has not recorded an ACL at December 31, 2025 and 2024.

#### **Residential Mortgage-Backed Securities**

The unrealized losses on the Company's investment in residential mortgage-backed securities were caused by interest rate increases. The Company expects to recover the amortized cost basis over the term of the securities. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company has not recorded an ACL at December 31, 2025 and 2024.

#### **State and Political Subdivisions**

The unrealized losses on the Company's investments in securities of state and political subdivisions were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of its amortized cost bases, which may be maturity, the Company has not recorded an ACL at December 31, 2025 and 2024.

# Eclipse Bancorp, Inc.

## Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

### Note 4. Loans Receivable

Loans receivable are summarized by class as follows as of December 31:

<i>(Dollars in thousands)</i>	<u>2025</u>	<u>2024</u>
Real estate		
Commercial – owner occupied	\$ 34,350	\$ 33,962
Commercial – nonowner occupied	100,202	87,522
Residential	193,400	194,087
Other	29,941	38,969
Commercial loans	30,541	34,366
Consumer and other	25,923	20,823
Gross loans	<u>414,357</u>	<u>409,729</u>
Less: allowance for credit losses	<u>(3,693)</u>	<u>(4,675)</u>
Total loans receivable, net	<u>\$ 410,664</u>	<u>\$ 405,054</u>

The following table presents an analysis of past-due loans as of December 31, 2025:

	<u>December 31, 2025</u>					
	<u>Loans 30-59 Days Past Due</u>	<u>Loans 60-89 Days Past Due</u>	<u>Loans 90 Days or More Past Due and Still Accruing</u>	<u>Nonaccrual Loans</u>	<u>Current Loans</u>	<u>Total Loans</u>
Real estate						
Commercial – owner occupied	\$ -	\$ -	\$ -	\$ -	\$ 34,350	\$ 34,350
Commercial – nonowner occupied	-	-	-	433	99,769	100,202
Residential	98	146	-	333	192,823	193,400
Other	-	-	-	-	29,941	29,941
Commercial Loans	-	-	-	136	30,405	30,541
Consumer and other	3	-	-	-	25,920	25,923
Total loans	<u>\$ 101</u>	<u>\$ 146</u>	<u>\$ -</u>	<u>\$ 902</u>	<u>\$ 413,208</u>	<u>\$ 414,357</u>

The following table presents an analysis of past-due loans as of December 31, 2024:

	<u>December 31, 2024</u>					
	<u>Loans 30-59 Days Past Due</u>	<u>Loans 60-89 Days Past Due</u>	<u>Loans 90 Days or More Past Due and Still Accruing</u>	<u>Nonaccrual Loans</u>	<u>Current Loans</u>	<u>Total Loans</u>
Real estate						
Commercial – owner occupied	\$ -	\$ -	\$ -	\$ 830	\$ 33,132	\$ 33,962
Commercial – nonowner occupied	-	-	-	-	87,522	87,522
Residential	137	55	590	-	193,305	194,087
Other	-	-	-	-	38,969	38,969
Commercial Loans	347	-	-	1,271	32,748	34,366
Consumer and other	-	-	-	-	20,823	20,823
Total loans	<u>\$ 484</u>	<u>\$ 55</u>	<u>\$ 590</u>	<u>\$ 2,101</u>	<u>\$ 406,499</u>	<u>\$ 409,729</u>

Interest recognized on nonaccrual loans was not significant in 2025 or 2024.

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## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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#### Note 4. Loans Receivable, Continued

##### Credit quality indicators:

The Company uses a risk based approach based on the following credit quality measures when analyzing the loan portfolio: pass, special mention, substandard and doubtful. These indicators are used to rate the credit quality of loans for the purposes of determining the Company's allowance for credit losses.

**Pass** – Loans are performing and are deemed adequately protected by the net worth of the borrower or the underlying collateral value. These loans are considered the least risky in terms of determining the allowance for credit losses.

**Special Mention** – Loans have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Company's credit position at some future date.

**Substandard** – Loans typically have an identified weakness or weaknesses and are inadequately protected by the net worth of the borrower or collateral value.

**Doubtful** – Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

# Eclipse Bancorp, Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

### Note 4. Loans Receivable, Continued

*Credit quality indicators, continued:*

The following is a summary of loans by credit quality as of December 31, 2025:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>Commercial real estate – owner occupied</b>								
Pass	\$ 9,473	\$ 3,620	\$ 7,592	\$ 6,138	\$ 1,177	\$ 4,416	\$ 982	\$ 33,398
Special Mention	-	-	952	-	-	-	-	952
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 9,473</u>	<u>\$ 3,620</u>	<u>\$ 8,544</u>	<u>\$ 6,138</u>	<u>\$ 1,177</u>	<u>\$ 4,416</u>	<u>\$ 982</u>	<u>\$ 34,350</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257</u>
<b>Commercial real estate – nonowner occupied</b>								
Pass	\$ 1,853	\$ 7,526	\$ 20,367	\$ 31,379	\$ 11,090	\$ 7,500	\$ 20,054	\$ 99,769
Special Mention	-	-	-	-	-	433	-	433
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 1,853</u>	<u>\$ 7,526</u>	<u>\$ 20,367</u>	<u>\$ 31,379</u>	<u>\$ 11,090</u>	<u>\$ 7,933</u>	<u>\$ 20,054</u>	<u>\$ 100,202</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>
<b>Residential real estate</b>								
Pass	\$ 21,819	\$ 8,681	\$ 24,463	\$ 64,847	\$ 35,683	\$ 15,410	\$ 22,030	\$ 192,933
Special Mention	-	-	-	-	-	134	-	134
Substandard	-	-	-	-	198	135	-	333
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 21,819</u>	<u>\$ 8,681</u>	<u>\$ 24,463</u>	<u>\$ 64,847</u>	<u>\$ 35,881</u>	<u>\$ 15,679</u>	<u>\$ 22,030</u>	<u>\$ 193,400</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other real estate</b>								
Pass	\$ 5,769	\$ 1,247	\$ 1,117	\$ 262	\$ 490	\$ 41	\$ 21,015	\$ 29,941
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 5,769</u>	<u>\$ 1,247</u>	<u>\$ 1,117</u>	<u>\$ 262</u>	<u>\$ 490</u>	<u>\$ 41</u>	<u>\$ 21,015</u>	<u>\$ 29,941</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Commercial</b>								
Pass	\$ 3,800	\$ 6,071	\$ 3,695	\$ 1,292	\$ -	\$ -	\$ 15,547	\$ 30,405
Special Mention	-	-	136	-	-	-	-	136
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 3,800</u>	<u>\$ 6,071</u>	<u>\$ 3,831</u>	<u>\$ 1,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,547</u>	<u>\$ 30,541</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>\$ -</u>	<u>\$ 241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 797</u>
<b>Consumer and other</b>								
Pass	\$ 1,028	\$ 325	\$ 1,829	\$ 2,467	\$ 19	\$ 3,212	\$ 17,043	\$ 25,923
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 1,028</u>	<u>\$ 325</u>	<u>\$ 1,829</u>	<u>\$ 2,467</u>	<u>\$ 19</u>	<u>\$ 3,212</u>	<u>\$ 17,043</u>	<u>\$ 25,923</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>

**Eclipse Bancorp, Inc.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**

**Note 4. Loans Receivable, Continued**

*Credit quality indicators, continued:*

The following is a summary of loans by credit quality as of December 31, 2024:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>Commercial real estate – owner occupied</b>								
Pass	\$ 3,916	\$11,617	\$5,185	\$ 1,262	\$ 3,085	\$ 3,721	\$ 4,344	\$ 33,130
Special Mention	-	-	832	-	-	-	-	832
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 3,916</u>	<u>\$11,617</u>	<u>\$ 6,017</u>	<u>\$ 1,262</u>	<u>\$ 3,085</u>	<u>\$ 3,721</u>	<u>\$ 4,344</u>	<u>\$ 33,962</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Commercial real estate – nonowner occupied</b>								
Pass	\$ 518	\$15,362	\$ 36,532	\$ 15,344	\$ 5,012	\$ 3,280	\$ 11,474	\$ 87,522
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 518</u>	<u>\$15,362</u>	<u>\$ 36,532</u>	<u>\$ 15,344</u>	<u>\$ 5,012</u>	<u>\$ 3,280</u>	<u>\$ 11,474</u>	<u>\$ 87,522</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Residential real estate</b>								
Pass	\$11,086	\$28,337	\$ 72,894	\$ 39,481	\$ 12,886	\$ 7,195	\$ 20,993	\$192,872
Special Mention	-	246	-	-	-	-	500	746
Substandard	-	-	-	195	-	75	199	469
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$11,086</u>	<u>\$28,583</u>	<u>\$ 72,894</u>	<u>\$ 39,676</u>	<u>\$ 12,886</u>	<u>\$ 7,270</u>	<u>\$ 21,692</u>	<u>\$194,087</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other real estate</b>								
Pass	\$ 3,408	\$ 1,791	\$ 275	\$ 511	\$ -	\$ 59	\$ 32,925	\$ 38,969
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 3,408</u>	<u>\$ 1,791</u>	<u>\$ 275</u>	<u>\$ 511</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 32,925</u>	<u>\$ 38,969</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Commercial</b>								
Pass	\$ 8,471	\$ 4,487	\$ 2,546	\$ 73	\$ 131	\$ -	\$ 15,352	\$ 31,060
Special Mention	1,388	-	-	-	-	-	-	1,388
Substandard	-	646	-	848	-	424	-	1,918
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 9,859</u>	<u>\$ 5,133</u>	<u>\$ 2,546</u>	<u>\$ 921</u>	<u>\$ 131</u>	<u>\$ 424</u>	<u>\$ 15,352</u>	<u>\$ 34,366</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320</u>	<u>\$ -</u>	<u>\$ 320</u>
<b>Consumer and other</b>								
Pass	\$ 370	\$ 2,258	\$ 3,362	\$ 40	\$ 69	\$ 613	\$ 14,111	\$ 20,823
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 370</u>	<u>\$ 2,258</u>	<u>\$ 3,362</u>	<u>\$ 40</u>	<u>\$ 69</u>	<u>\$ 613</u>	<u>\$ 14,111</u>	<u>\$ 20,823</u>
Gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89</u>

## Eclipse Bancorp, Inc.

Notes to Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

### Note 4. Loans Receivable, Continued

*Credit quality indicators, continued:*

The following table is a summary of the Bank's nonaccrual loans by major categories as of December 31, 2025.

<i>(Dollars in thousands)</i>	<b>Nonaccrual Loans with No Allowance</b>	<b>Nonaccrual Loans with an Allowance</b>	<b>Total Nonaccrual Loans</b>
Real estate			
Commercial – owner occupied	\$ -	\$ -	\$ -
Commercial – nonowner occupied	-	433	433
Residential	333	-	333
Other	-	-	-
Commercial	136	-	136
Consumer and other	-	-	-
Total nonaccrual loans	<u>\$ 469</u>	<u>\$ 433</u>	<u>\$ 902</u>

The following table is a summary of the Bank's nonaccrual loans by major categories as of December 31, 2024.

<i>(Dollars in thousands)</i>	<b>Nonaccrual Loans with No Allowance</b>	<b>Nonaccrual Loans with an Allowance</b>	<b>Total Nonaccrual Loans</b>
Real estate			
Commercial – owner occupied	\$ -	\$ -	\$ -
Commercial – nonowner occupied	830	-	830
Residential	-	-	-
Other	-	-	-
Commercial	423	848	1,271
Consumer and other	-	-	-
Total nonaccrual loans	<u>\$ 1,253</u>	<u>\$ 848</u>	<u>\$ 2,101</u>

# Eclipse Bancorp, Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

### Note 4. Loans Receivable, Continued

#### Credit quality indicators, continued:

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2025.

(Dollars in thousands)	Real estate owner- occupied	Real estate non-owner occupied	Real estate residential	Real estate other	Commercial	Consumer and other	Total
<b>Allowance for credit losses</b>							
Balance, December 31, 2024	\$ 175	\$ 601	\$ 3,294	\$ 91	\$ 142	\$ 372	\$ 4,675
Charge-offs	(257)	-	-	-	(797)	(3)	(1,057)
Recoveries	24	-	-	-	-	1	25
Provision for (release of) credit losses	216	(57)	(1,068)	(7)	859	107	50
Balance, December 31, 2025	<u>\$ 158</u>	<u>\$ 544</u>	<u>\$ 2,226</u>	<u>\$ 84</u>	<u>\$ 204</u>	<u>\$ 477</u>	<u>\$ 3,693</u>

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2024.

(Dollars in thousands)	Real estate owner- occupied	Real estate non-owner occupied	Real estate residential	Real estate other	Commercial	Consumer and other	Total
<b>Allowance for credit losses</b>							
Balance, December 31, 2023	\$ 251	\$ 620	\$ 2,654	\$ 88	\$ 192	\$ 475	\$ 4,280
Charge-offs	-	-	-	-	(320)	(89)	(409)
Recoveries	-	-	155	-	9	-	164
Provision for (release of) credit losses	(76)	(19)	485	3	261	(14)	640
Balance, December 31, 2024	<u>\$ 175</u>	<u>\$ 601</u>	<u>\$ 3,294</u>	<u>\$ 91</u>	<u>\$ 142</u>	<u>\$ 372</u>	<u>\$ 4,675</u>

The Company has certain loans for which repayment is dependent upon the operation or sale of collateral, as the borrower is experiencing financial difficulty. The underlying collateral can vary based upon the type of loan. The following provides more detail about the types of collateral that secure collateral-dependent loans:

*Commercial Real Estate Owner Occupied and Nonowner Occupied:* Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

*Residential Real Estate:* The residential 1-4 family real estate loans are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over many borrowers.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

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#### Note 4. Loans Receivable, Continued

##### Credit quality indicators, continued:

*Other Real Estate:* Other real estate is comprised of construction and land development real estate loans which are usually based upon estimates of costs and estimated value of the completed project and include independent appraisal reviews and a financial analysis of the developers and property owners. Sources of repayment of these loans may include permanent loans, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are considered to be higher risk than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions and the availability of long-term financing. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

*Commercial:* The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

*Consumer:* The consumer loan portfolio consists of various term and line-of-credit loans, such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower's income source that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company's market area) and the creditworthiness of a borrower.

There were approximately \$469,000 of collateral dependent loans as of December 31, 2025. As of December 31, 2024, there were approximately \$2,691,000 of collateral dependent loans.

##### Modifications made to borrowers experiencing financial difficulty:

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification.

Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification.

Occasionally, the Company modifies loans by providing principal forgiveness on certain of its loans. When principal forgiveness is provided, the amortized cost basis of the asset is written off against the allowance for credit losses. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the allowance for credit losses.

## **Eclipse Bancorp, Inc.**

### **Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024**

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#### **Note 4. Loans Receivable, Continued**

##### Modifications made to borrowers experiencing financial difficulty, continued:

In some cases, the Company will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. The combination is at least two of the following: a term extension, principal forgiveness, and interest rate reduction.

There were no loans modified due to borrowers experiencing financial difficulty that were material to the financial statements during the years ended December 31, 2025 or 2024.

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

The Company had no loan defaults that were modified in the previous twelve months.

##### Unfunded commitments:

In the normal course of business, the Company is a party to financial instruments with off-balance-sheet risk. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty.

Collateral held for commitments to extend credit and standby letters of credit varies but may include accounts receivable, inventory, property, plant, equipment, and income-producing commercial properties.

The Company had approximately \$73.6 million and \$70.5 million of off-balance sheet commitments as of December 31, 2025 and 2024, respectively. There was no additional provision for unfunded commitments recognized during December 31, 2025. The liability for unfunded commitments was approximately \$8,000 as of December 31, 2025 and 2024, respectively.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 5. Premises and Equipment

Premises and equipment is summarized as follows as of December 31:

<i>(Dollars in thousands)</i>	<u>2025</u>	<u>2024</u>
Land	\$ 1,503	\$ 1,503
Buildings and land improvements	6,865	6,859
Equipment	<u>2,626</u>	<u>2,668</u>
Premises and equipment, gross	10,994	11,030
Less: accumulated depreciation	<u>2,460</u>	<u>2,098</u>
Premises and equipment, net	<u>\$ 8,534</u>	<u>\$ 8,932</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was approximately \$394,000 and \$407,000, respectively.

#### Note 6. Interest-Bearing Time Deposits

Interest-bearing time deposits in denominations of \$250,000 or more were \$65.1 million on December 31, 2025, and \$59.4 million on December 31, 2024. Brokered deposits were \$37.6 million and \$37.5 million at December 31, 2025 and 2024, respectively. At December 31, 2025, the scheduled maturities of time deposits are as follows:

<i>(Dollars in thousands)</i>	<u>Maturing In</u>	<u>Amount</u>
	2026	\$ 135,750
	2027	17,476
	2028	3,534
	2029	-
	2030	<u>61</u>
	Total	<u>\$ 156,821</u>

#### Note 7. FHLB Advances

FHLB advances are secured by a blanket lien on qualifying mortgage loans totaling approximately \$260.0 million and \$275.4 million at December 31, 2025 and 2024, respectively. Advances, at interest rates from 3.79% to 4.58% are subject to restrictions or penalties in the event of prepayment. Aggregate annual maturities of FHLB advances at December 31, 2025, are:

<i>(Dollars in thousands)</i>	<u>Maturing In</u>	<u>Amount</u>
	2026	\$ 83,000
	2027	<u>5,000</u>
	Total	<u>\$ 88,000</u>

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 8. Other Borrowings

The debt is secured by all shares of capital stock of Eclipse Bank owned by Eclipse Bancorp, Inc. The Company can request advances up to \$10 million to be repaid in quarterly installments amortized over 15 years until the maturity date of January 22, 2037. Accrued and unpaid interest on this note, along with quarterly principal payments, shall be paid quarterly on the 15th day of each calendar quarter until final maturity. The note bears interest at a fixed rate of 3.75% of outstanding principal per year until January 22, 2026, at which time the note will bear interest at a variable rate equal to the sum of a floating rate equal to the Wall Street Journal Index.

Aggregate annual maturities of the debt at December 31, 2025, were:

<i>(Dollars in thousands)</i>	<u>Maturing In</u>	<u>Amount</u>
	2026	\$ 694
	2027	694
	2028	694
	2029	694
	2030	694
	Thereafter	<u>4,422</u>
	Total	<u>\$ 7,892</u>

Other borrowings also consist of indebtedness under a Loan Agreement dated January 31, 2025 between Eclipse Bancorp Inc. and OSK XIX-US, LLC, which provides for a term loan facility of up to \$5.0 million available through September 30, 2026. The Company received an initial advance of \$1.5 million at closing, with additional advances permitted in minimum increments of \$500,000 during the draw period. Borrowings bear interest at a fixed rate of 10.0% per annum, payable quarterly, and mature on December 31, 2026, subject to a one-year extension at the lender's discretion upon payment of an extension fee. The loan does not require scheduled amortization, with principal repayable in full at maturity unless voluntarily prepaid in whole. A non-utilization fee of 4.0% per annum applies to the unused portion of the commitment. The loan is subject to customary covenants, including financial covenants related to tangible equity, net interest margin, and includes a minimum return requirement upon repayment, and the Texas Ratio, which is calculated by taking non-performing assets divided by tangible common equity plus allowance for credit losses.

As of December 31, 2025, no scheduled principal payments were due, and the entire outstanding balance is contractually due at maturity in 2026. No other long-term debt with annual maturities was identified in the closing documents. As of December 31, 2025, the balance was \$1.5 million.

#### Note 9. Derivative Financial Instruments

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount is exchanged by reference to the notional amount and the other terms of the individual interest rate swap agreements.

## Eclipse Bancorp, Inc.

Notes to Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

### Note 9. Derivative Financial Instruments, Continued

#### Cash flow hedge:

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Company entered into two interest rate swaps during 2023 with the below terms to hedge cash flows of rolling one-month fixed rate FHLB borrowings:

- A swap where the agreement provides for the Company to receive interest from the counterparty at USD Secured Overnight Financing Rate ("SOFR") Overnight Indexed Swap ("OIS") compound rate and to pay interest to the counterparty at a fixed rate of 3.692% on notional amount of \$21.3 million at December 31, 2025 and which matures in April 2026.
- A swap where the agreement provides for the Company to receive interest from the counterparty at USD SOFR OIS compound rate and to pay interest to the counterparty at a fixed rate of 3.494% on notional amount of \$21.3 million at December 31, 2025 and which matures in April 2027.

While the Company expects to utilize fixed-rate one-month FHLB advances with respect to these interest rate swaps, brokered CDs or other fixed rate advances may be utilized for the same one-month terms instead should those sources be more favorable. For purposes of hedging, rolling fixed rate advances are considered to be floating rate liabilities.

Under the agreements, the Company pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

The gain or loss on the derivatives is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on hedge components excluded from the assessment of effectiveness are recognized in current earnings.

The following table presents the fair value of derivative instruments as of December 31, 2025 and 2024:

<i>(Dollars in thousands)</i>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Included in other assets:		
Interest rate lock commitments	\$ -	\$ 101
Interest rate swaps	-	240
Total	<u>\$ -</u>	<u>\$ 341</u>
Included in other liabilities:		
Interest rate lock commitments	\$ 5	\$ -
Interest rate swaps	48	-
Total	<u>\$ 53</u>	<u>\$ -</u>

## Eclipse Bancorp, Inc.

Notes to Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

### Note 10. Leases

The Company has operating leases on four of its facilities at December 31, 2025 and three of its facilities at December 31, 2024. In March 2025, the Company entered into a new lease agreement for the Johnson City, Tennessee location. This increased the lease liability by approximately \$560,000.

The Company's leases have maturities ranging from 2027 to 2044, some of which containing renewal options and require the Company to pay all executory costs (property taxes, maintenance, and insurance). Termination of the leases is generally prohibited unless there is a violation under the lease agreement. The right-of-use asset was \$4.1 million and \$3.9 million at December 31, 2025 and 2024, respectively. The lease liability was \$4.2 million and \$3.9 million at December 31, 2025 and 2024, respectively. The weighted average remaining lease term as of December 31, 2025 is 15.79 years and the weighted average discount rate is 7.34%.

#### Short-term leases:

The Company leases certain equipment on seasonal demand. The expected lease terms are less than 12 months.

#### All leases:

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### Lease obligations:

Future discounted lease payments for operating leases with initial terms of one year or more as of December 31, 2025 are as follows:

<i>(Dollars in thousands)</i>	<u>Maturing In</u>	<u>Amount</u>
	2026	\$ 591
	2027	505
	2028	454
	2029	484
	2030	384
	Thereafter	<u>5,312</u>
	Total payments	7,730
	Less, imputed interest	<u>3,526</u>
	Total	<u>\$ 4,204</u>

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 11. Income Taxes

Income tax expense is summarized as follows for the years ended December 31, 2025 and 2024:

<i>(Dollars in thousands)</i>	<u>2025</u>	<u>2024</u>
Current income tax expense (benefit):		
Federal	\$ (59)	\$ 22
State	<u>1</u>	<u>-</u>
Total current income tax expense	<u>(58)</u>	<u>22</u>
Deferred income tax expense (benefit):		
Federal	118	(295)
State	<u>90</u>	<u>-</u>
Total deferred income tax expense (benefit)	<u>208</u>	<u>(295)</u>
Income tax expense (benefit)	<u>\$ 150</u>	<u>\$ (273)</u>

The components of the net deferred tax asset as of December 31, 2025 and 2024 were as follows:

<i>(Dollars in thousands)</i>	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for credit losses	\$ 860	\$ 1,202
Federal net operating loss carryforward	243	-
State net operating loss carryforward	28	-
Unrealized loss on securities available-for-sale	1,305	1,579
Interest rate swap	13	-
Net operating loss carryforward	-	162
Nonaccrual loan interest	139	113
Nonqualified stock options	21	21
Accrual to cash	72	160
Other	<u>48</u>	<u>23</u>
Total deferred tax assets	<u>2,729</u>	<u>3,260</u>
Deferred tax liabilities:		
Accumulated depreciation	(198)	(259)
Interest rate swap	<u>-</u>	<u>(85)</u>
Total deferred tax liabilities	<u>(198)</u>	<u>(344)</u>
Net deferred tax asset	<u>\$ 2,531</u>	<u>\$ 2,916</u>

Deferred tax assets represent the future tax benefit of future deductible differences, and, if it is more likely than not that a tax asset will not be realized, a valuation allowance is required to reduce the recorded deferred tax assets to net realizable value. Management has determined that it is more likely than not that the remaining deferred tax asset at December 31, 2025 and 2024 will be realized, and accordingly, has not established a valuation allowance.

The Company generated a federal and state net operating loss in the current year of \$557 and \$619, respectively. These losses are carried forward indefinitely and have no expiration period but may only be used to offset up to 80% of taxable income in the future, with the remaining to continue to be carried forward. The Company expects to generate taxable income in the future and to fully utilize its deferred tax assets, including the net operating losses.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 11. Income Taxes, Continued

A reconciliation between the income tax expense and the amount computed by applying the Federal statutory rate of 21% in 2025 and 2024, respectively, to income before income taxes follows for the years ended December 31:

	2025		2024	
	Amount	Ratio	Amount	Rate
Tax expense (benefit) at statutory rate	\$ 152	21.0%	\$ (169)	21.0%
State income tax expense (benefit), net of Federal income tax benefit (expense) (1)	72	10.0	(45)	5.6
Nontaxable or nondeductible items:				
Nondeductible expenses	1	0.1	3	(0.4)
Tax-exempt interest	(48)	(6.7)	(48)	6.0
Other items, net	(27)	(3.7)	(14)	1.7
Income tax expense (benefit)	<u>\$ 150</u>	<u>20.7%</u>	<u>\$ (273)</u>	<u>34.0%</u>

(1) State income taxes in Kentucky made up the majority of the tax effect in this category.

The following table presents income taxes paid net of refunds received (amounts in thousands):

(Dollars in thousands)

	2025	2024
Federal taxes paid, net of refunds	\$ -	\$ -
State and city taxes paid, net of refunds:		
Indiana	7	-
Kentucky	41	-
Tennessee	<u>21</u>	<u>-</u>
Total state and city taxes paid	<u>69</u>	<u>-</u>
Total income taxes paid, net of refunds	<u>\$ 69</u>	<u>\$ -</u>

Tax returns for 2022 and subsequent years are subject to examination by taxing authorities. The Company has analyzed the tax positions taken or expected to be taken on its tax returns and concluded it has no liability to uncertain tax positions in accordance with ASC Topic 740, *Accounting for Income Taxes*.

## **Eclipse Bancorp, Inc.**

### **Notes to Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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#### **Note 12. Capital Requirements**

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these consolidated financial statements.

Quantitative measures established by regulatory reporting standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined) to risk-weighted assets (as defined), common equity Tier I capital (as defined) to total risk weighted assets (as defined) and of Tier I capital (as defined) to average assets (as defined).

Alternatively, the Community Bank Leverage Ratio (CBLR) framework, which became effective January 1, 2020, provides an optional simple leverage capital measure, which is generally calculated the same as the Tier I capital ratio described above. A banking organization that has less than \$10 billion in total consolidated assets can elect to opt into the CBLR framework if its leverage ratio is greater than 9% and the banking organization meets the framework's qualifying criteria.

A qualifying institution with a leverage ratio that exceeds 9% and opts into the CBLR framework shall be considered to have met: (i) the generally applicable risk-based and leverage capital requirements in the agencies' capital rules; (ii) the capital ratio requirements to be considered well capitalized under the agencies' prompt corrective action (PCA) framework; and (iii) any other applicable capital or leverage requirements. A qualifying banking organization can opt into or out of the CBLR framework at any time by following the prescribed procedures and completing the associated reporting line items that are required on its Call Report and/or form FR Y-9SP, as applicable. The banking organization becomes subject to the CBLR framework when it makes an election. If a CBLR banking organization fails to satisfy one of the qualifying criteria, but has a leverage ratio of greater than 8%, the banking organization can continue to apply the CBLR framework and be considered "well capitalized" for a grace period of up to two quarters. The Bank opted for the CBLR framework effective June 30, 2022.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 12. Capital Requirements, Continued

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below). Management believes, as of December 31, 2025 and 2024, the Bank meets all capital adequacy requirements to which it is subject.

	Actual		Minimum Capital Requirement (CBLR Framework)	
	Amount	Ratio	Amount	Ratio
December 31, 2025				
Tier 1 Capital to Average Assets	\$ 45,627	9.43%	\$ 43,546	9.00%
December 31, 2024				
Tier 1 Capital to Average Assets	\$ 44,541	9.28%	\$ 43,334	9.00%

The Bank is subject to certain restrictions on the amount of dividends that it may declare without prior regulatory approval. At December 31, 2025 and 2024, \$0 of retained earnings were eligible to be distributed via dividend without prior regulatory approval.

#### Note 13. Related-Party Transactions

At December 31, 2025 and 2024, the Company had loans outstanding to executive officers, directors, significant stockholders and their affiliates (related parties), as follows.

*(Dollars in thousands)*

Beginning balance, December 31, 2023	\$ 3,002
Advances	3
Repayments	(118)
Total loans, December 31, 2024	<u>\$ 2,887</u>
Advances	2,092
Repayments	(1,792)
Total loans, December 31, 2025	<u>\$ 3,187</u>

As of December 31, 2025 and 2024, there were approximately \$6.1 million and \$6.9 million, respectively, in deposits from related parties held by the Company. The Company had Director's Fees for the years ending December 31, 2025 and 2024 of approximately \$147,000 and \$190,000, respectively.

#### Note 14. Employee Benefits

The Company has a retirement savings 401(k) plan covering substantially all employees. Employees may contribute up to 80% of their compensation with the Company matching 100% of the employee's contribution on the first 3% of the employee's compensation. Employer contributions charged to expense for 2025 and 2024 were approximately \$117,000 and \$123,000, respectively.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 15. Stock-Based Compensation

The Company has three stock plans, which are stockholder approved, and permits the grant of stock options to its current employees, as well as the organizing directors. The 2005 plan authorized up to 75,000 shares of common stock and the 2011 plan authorized up to 80,000 shares of common stock; however, both plans prohibit issuance of new options after the tenth anniversary of the plans. The 2022 plan authorizes 160,000 shares of common stock. The Company believes that such awards better align the interests of its employees with those of its stockholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards have vesting periods ranging from immediate to three years and have contractual terms of 10 years.

The fair value of each option award is estimated on the date of grant using a Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatility is based on historical volatility of the Company's stock and other factors. The Company uses historical data to estimate option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted represents the period of time that options are expected to be outstanding; the range given below results from certain groups of employees exhibiting different behavior. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	<u>2025</u>	<u>2024</u>
Expected volatility	20.00%	20.00%
Expected dividend rate	0.12%	0.12%
Expected term (in years)	10	10
Risk-free rate	4.79%	3.58%

The following table presents a summary of the stock option activity for the years ended December 31, 2025.

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term</u>	<u>Intrinsic Value</u>
Outstanding at December 31, 2024	97,500	\$ 9.91	6.30	\$ -
Granted	2,000	5.80	-	-
Exercised	-	-	-	-
Forfeited or expired	<u>(27,500)</u>	8.47	-	-
Outstanding at December 31, 2025	<u>72,000</u>	\$ 9.89	5.39	\$ -
Exercisable at December 31, 2025	72,000	\$ 9.89	5.39	\$ -

As of December 31, 2025 and 2024, there was approximately \$95,000 and \$115,000 of unrecognized compensation costs related to nonvested stock options under the Plan.

During the years ended December 31, 2025 and 2024, the Company has recorded \$75,000 and \$77,000 in award-based compensation expense, respectively.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

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#### Note 16. Fair Value of Financial Instruments

Generally accepted accounting principles provide a framework for measuring and disclosing fair value under generally accepted accounting principles. Disclosures are also required about the fair value of assets and liabilities recognized in the balance sheet in periods subsequent to initial recognition, whether the measurements are made on a recurring basis (for example, available-for-sale investment securities) or on a nonrecurring basis (for example, individually evaluated loans).

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1:** Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as U.S. Treasuries, and money market funds.
- Level 2:** Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, mortgage-backed securities, municipal bonds, corporate debt securities, and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes certain derivative contracts and individually evaluated loans.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. For example, this category generally includes certain private equity investments, retained residual interests in securitizations, residential mortgage servicing rights, and highly-structured or long-term derivative contracts.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value.

*Investment Securities Available-for-Sale* – Investment securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange such as the New York Stock Exchange, Treasury securities that are traded by dealers or brokers in active over-the counter markets and money market funds. Level 2 securities include mortgage-backed securities issued by government sponsored entities, municipal bonds and corporate debt securities. Securities classified as Level 3 include asset-backed securities in less liquid markets.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 16. Fair Value of Financial Instruments, Continued

*Loans* – The Bank does not record loans at fair value on a recurring basis, however, from time to time, a loan is individually evaluated and an allowance for credit loss is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan are considered for individual evaluation. The fair value of individually evaluated loans is estimated using one of several methods, including the collateral value, market value of similar debt, enterprise value, liquidation value and discounted cash flows. Those individually evaluated loans not requiring a specific allowance represents loans for which the fair value of expected repayments or collateral exceed the recorded investment in such loans. At December 31, 2025 and 2024, substantially all of the individually evaluated loans were evaluated based upon the fair value of the collateral. Individually evaluated loans where an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value, the Bank records the loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Bank records the loan as nonrecurring Level 3.

*Interest Rate Lock Commitments* – The fair value of interest rate lock commitments is determined using current secondary market prices for loans with comparable terms, reduced by estimated loan origination costs and adjusted for the expected funding probability (pull-through rate). These valuations rely on significant unobservable inputs and are therefore classified as Level 3 within the fair value hierarchy.

*Interest Rate Swaps* - The fair value of interest rate swaps is calculated using forward-looking interest rate yield curves and discounted expected cash flows. These inputs are observable or can be substantiated by observable market data, resulting in a Level 2 classification within the fair value hierarchy.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy for December 31, 2025 and 2024.

	<b>December 31, 2025</b>			
<i>(Dollars in thousands)</i>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Government-sponsored enterprises	\$ 5,827	\$ -	\$ 5,827	\$ -
Residential mortgage-backed securities	13,136	-	13,136	-
Total	<u>\$ 18,963</u>	<u>\$ -</u>	<u>\$ 18,963</u>	<u>\$ -</u>

  

	<b>December 31, 2024</b>			
<i>(Dollars in thousands)</i>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Government-sponsored enterprises	\$ 5,560	\$ -	\$ 5,560	\$ -
Residential mortgage-backed securities	13,958	-	13,958	-
Interest rate lock commitments	101	-	-	101
Interest rate swaps	240	-	240	-
Total	<u>\$ 19,859</u>	<u>\$ -</u>	<u>\$ 19,758</u>	<u>\$ 101</u>

The table below present the balances of liabilities measured at fair value on a recurring basis by level within the hierarchy for December 31, 2025. There were no liabilities measured at fair value on a recurring basis as of December 31, 2024.

## Eclipse Bancorp, Inc.

### Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### Note 16. Fair Value of Financial Instruments, Continued

The table below present the balances of liabilities measured at fair value on a recurring basis by level within the hierarchy for December 31, 2025. There were no liabilities measured at fair value on a recurring basis as of December 31, 2024.

<i>(Dollars in thousands)</i>	<b>December 31, 2025</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Interest rate lock commitments	\$ 5	-	-	5
Interest rate swaps	48	-	48	-
Total	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 5</u>

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following table presents the assets and liabilities carried on the balance sheet by caption and by level within the valuation hierarchy (as described above) for which a nonrecurring change in fair value has been recorded during the years ended December 31, 2025 and 2024.

Assets measured at fair value on a nonrecurring basis are as follows as of 2025 and 2024:

<i>(Dollars in thousands)</i>	<b>December 31, 2025</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Collateral dependent loans, net of specific reserves	\$ 469	\$ -	\$ -	\$ 469

  

<i>(Dollars in thousands)</i>	<b>December 31, 2024</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Collateral dependent loans, net of specific reserves	\$ 768	\$ -	\$ -	\$ 768

There were no liabilities measured at fair value on a nonrecurring basis at December 31, 2025 and 2024.

# Eclipse Bancorp, Inc.

## Notes to Consolidated Financial Statements For the years ended December 31, 2025 and 2024

### Note 17. Commitments and Credit Risk

#### Standby letters of credit:

Standby letters of credit are irrevocable conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Financial standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. Performance standby letters of credit are issued to guarantee performance of certain customers under nonfinancial contractual obligations. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to customers. Should the Company be obligated to perform under the standby letters of credit, the Company may seek recourse from the customer for reimbursement of amounts paid.

The Company had total outstanding standby letters of credit amounting to approximately \$160,000 and \$386,000 at December 31, 2025 and 2024, respectively.

#### Lines of credit:

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate. Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

At December 31, 2025, the Company granted unused lines of credit to borrowers aggregating approximately \$51.0 million and \$22.6 million for commercial lines and open-end consumer lines, respectively. At December 31, 2024, the Company granted unused lines of credit to borrowers aggregated approximately \$48.5 million and \$22.0 million for commercial lines and open-end consumer lines, respectively.

### Note 18. Earnings Per Share

The factors used in earnings per share computation follow:

	<u>Earnings per share</u>	
	<u>December 31,</u>	
<i>(Dollars and shares in thousands)</i>	<u>2025</u>	<u>2024</u>
<b>Basic and diluted</b>		
Net income (loss) available to common shareholders	\$ 574	\$ (530)
Weighted average common shares outstanding	<u>3,321</u>	<u>3,299</u>
Basic and diluted earnings per share	<u>\$ 0.17</u>	<u>\$ (0.16)</u>

## Eclipse Bancorp, Inc.

Notes to Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

### Note 19. Parent Company Only Condensed Financial Information

Condensed financial information of Eclipse Bancorp, Inc. follows:

#### Condensed Balance Sheets

<i>(Dollars in thousands)</i>	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash	\$ 455	\$ 7
Investment in Bank subsidiary	42,422	40,618
Prepaid expenses	64	-
Deferred income taxes	31	31
Total assets	<u>\$ 42,972</u>	<u>\$ 40,656</u>
<b>Liabilities</b>		
Other borrowings	\$ 9,392	\$ 8,469
Accrued interest payable	74	92
Total liabilities	<u>9,466</u>	<u>8,561</u>
<b>Stockholders' equity</b>		
Common stock	9,924	9,910
Additional paid-in capital	24,248	24,142
Retained earnings	2,540	1,966
Accumulated other comprehensive loss, net of taxes	<u>(3,206)</u>	<u>(3,923)</u>
Total stockholders' equity	<u>33,506</u>	<u>32,095</u>
Total liabilities and stockholders' equity	<u>\$ 42,972</u>	<u>\$ 40,656</u>

# Eclipse Bancorp, Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

### Note 19. Parent Company Only Condensed Financial Information, Continued

#### Condensed Statements of Income

<i>(Dollars in thousands)</i>	<u>For the Years Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<b>Income</b>		
Miscellaneous income	\$ 1,264	\$ -
Total income	1,264	-
<b>Expenses</b>		
Interest expense		
Other borrowings	\$ 567	\$ 334
Noninterest expense		
Salaries and benefits expenses	75	77
Professional fees	48	-
Other expenses	-	119
Total expenses	690	530
Net income	\$ 574	\$ (530)

#### Condensed Statements of Cash Flows

<i>(Dollars in thousands)</i>	<u>For the Years Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<b>Operating activities</b>		
Net income (loss)	\$ 574	\$ (530)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in undistributed earnings of banking subsidiary	(230)	600
Stock-based compensation expense	75	77
Change in cash due to changes in operating assets and liabilities:		
Change in interest payable	(16)	(2)
Net cash provided by operating activities	403	145
<b>Financing activities</b>		
Net repayments of advances from FHLB	-	(555)
Issuance of common stock	45	136
Net cash used in financing activities	45	(419)
<b>(Decrease) increase in cash</b>	448	(274)
<b>Cash and cash equivalents, beginning of year</b>	7	281
<b>Cash and cash equivalents, end of year</b>	\$ 455	\$ 7

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**Eclipse Bancorp, Inc.**

*Notes to Consolidated Financial Statements*

*For the years ended December 31, 2025 and 2024*

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**Note 20. Subsequent Events**

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Non-recognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date. Management has reviewed events occurring through April 27, 2026, the date the financial statements were available to be issued, and no subsequent events occurred requiring accrual or disclosure.