eclipse

A FRESH WAY TO BANK

July 15, 2026

Dear Eclipse Bancorp Shareholder:

The 2nd quarter was one of the most profitable in company history, as we recorded a 2nd consecutive 30%+ quarterly earnings increase and 5th consecutive quarterly increase overall.

Earnings increased by 34% on a linked quarter basis and 172% year-over-year, to $576,604. Similarly, Return on Average Assets jumped by 31 percentage points compared to the prior quarter, and 161 percentage points year-over-year, while Return on Average Equity climbed by 29 and 154 percentage points, respectively.

Net Interest Income ("NII") reached a record high for the 2nd consecutive quarter, increasing by 1.5% compared to the prior quarter and 17% year-over-year. The Bank's Net Interest Margin ("NIM") of 2.75% improved by nine basis points on a quarterly basis and 41 basis points year-over-year. The increases in NII and NIM were driven by a combination of existing loans repricing, new loans being added at higher rates, and a decline in average funding costs due to lower market interest rates. While the pace of funding cost declines has slowed considerably, due to increased competition and diminishing expectations for near-term market rate reductions, the pace of asset yield increases is set to accelerate meaningfully over the next 18 months. Particularly noteworthy is that more than $50 million in loan balances, currently yielding in the mid-4% range, are set to re-price in the first half of 2027.

Non-Interest Income was higher on both a linked quarter and year-over-year basis, by 41% and 54%, respectively, largely attributable to increased SBA loan activity, while Non-Interest Expense ("NIE") levels declined by 1.2% and grew by 6.8%, respectively. NIE for the first six months of 2026 were 0.8% lower year-over-year, demonstrating our continued focus on cost discipline.

The balance sheet declined slightly both quarter-over-quarter and year-over-year, as our focus remained on optimizing core underlying profitability metrics and capital ratios. Our Tier 1 Leverage ratio of 9.53% climbed by 11 basis points on a linked-quarter basis and 30 basis points year-over-year. Credit quality remains strong with Non-Performing Loans as a percentage of total loans dropping to 0.31%.

	Three Months Ended 6/30/26	Three Months Ended 3/31/26	Three Months Ended 6/30/25
Net Return on Average Assets	**0.47%**	0.36%	0.18%
Net Return on Average Equity	**6.68%**	5.18%	2.63%
Book Value Per Share, ex. AOCI	**$11.40**	$11.23	$10.87
Book Value Per Share, inc. AOCI	**$10.50**	$10.29	$9.78

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Earnings Per Share (annualized)	**$0.69**	$0.52	$0.26
Net Interest Margin (bank level)	**2.75%**	2.66%	2.34%
Loan Loss Reserve as % of Total Loans	**0.89%**	0.87%	0.87%
Non-performing Loans as % of Total Loans	**0.31%**	0.91%	0.31%
Tier 1 Leverage Capital Ratio	**9.53%**	9.42%	9.23%
Total Assets	**$485,801,438**	$495,253,313	$488,639,417
Net Loans	**$415,523,058**	$423,924,880	$422,718,393
Deposits	**$341,265,063**	$348,229,163	$346,953,246
Equity Capital, ex. AOCI	**$37,767,450**	$37,190,079	$36,068,716
Equity Capital, inc. AOCI	**$34,783,189**	$34,081,919	$32,449,689

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

Technology remained a prevailing theme throughout the quarter, highlighted by the selection of Lumin Digital as our new digital banking provider. Lumin's cloud-native, open-API platform will substantially improve the user experience for both retail and commercial clients. This upgrade enables us to pair our boutique community bank service with the products and digital offerings of a much larger institution. We will share more details prior to the launch date, which is scheduled for the first half of 2027.

I recently had the opportunity to help develop the Independent Community Bankers of America's new *Community Bank AI Security Readiness Guide*. I served as a panelist as we introduced the guide via webinar to hundreds of bankers across the country. It was a privilege to participate in creating this first of its kind guide, as banks grapple with how to manage this rapidly evolving technology.

Lastly, I wish to recognize David McEwan who recently retired from our board of directors. Dave was one of our longest serving board members. He was a valued resource, a steady leader, and we thank him for his many years of service to Eclipse.

Thank you for your continued support and your investment in Eclipse.

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