



July 15, 2025

Dear Eclipse Bancorp Shareholder:

We are pleased to report our 2nd most profitable quarter since 2022, highlighted by a combination of continued Net Interest Margin expansion, increased revenue, and lower expenses.

Earnings of \$211,776 for the 2nd quarter outperformed both linked quarter and year-over-year results of -\$242,626 and -\$176,388, respectively. Results included a \$50 thousand credit loss provision due to strong loan growth during the quarter. Pre Tax Pre Provision income for the quarter was \$342,381, compared to -\$316,543 for the prior quarter and -\$242,388 for the prior year period.

Net Interest Income ("NII") increased by 6.8%, or \$651 thousand annualized on a linked quarter basis and 15%, or \$1.3 million annualized year-over-year. The Bank's Net Interest Margin ("NIM") of 2.34% improved by 16 basis points or 6.8 percentage points on a quarterly basis, and 43 basis points or 23 percentage points year-over-year. The increases in NII and NIM were driven by a combination of existing loans repricing, new loans being added at higher rates, and a decline in average funding costs due to lower market interest rates.

Non-Interest Income of \$310,377 was higher on both a linked quarter and year-over-year basis, by 31% and 136%, respectively, due to higher gains on SBA and Secondary Market Mortgage loan sales, while Non-Interest Expense levels declined by 14% and 3%, respectively.

Total assets climbed by \$10.7 million during the quarter, to \$489 million, as loan growth surged by 4%, or 16% annualized. Assets declined by \$9 million vs. the prior year period, due mostly to a \$33.7 million reduction in high-cost Certificates of Deposit. Management has favored floating rate funding sources in recent months as the Federal Reserve is expected to resume their rate-cutting cycle as soon as the 3rd quarter. All other deposit categories collectively climbed by \$11 million, or 6%.

Our Tier 1 Leverage ratio of 9.23% declined by three basis points on a linked-quarter basis but increased 21 basis points year-over-year. Credit quality remains strong with Non-Performing Loans as a percentage of assets falling again, to 0.31%, from 0.48% during the prior quarter and 0.69% the prior year.

| | <u>Three Months</u> <u>Ended 6/30/25</u> | <u>Three Months</u> <u>Ended 3/31/25</u> | <u>Three Months</u> <u>Ended 6/30/24</u> |
|------------------------------|---|---|---|
| Net Return on Average Assets | 0.18% | -0.21% | -0.14% |



| | | | |
|--|----------------------|---------------|---------------|
| Net Return on Average Equity | 2.63% | -3.06% | -2.14% |
| Book Value Per Share, ex. AOCI | \$10.87 | \$10.80 | \$11.20 |
| Book Value Per Share, inc. AOCI | \$9.78 | \$9.69 | \$9.98 |
| Earnings Per Share (annualized) | \$0.26 | -\$0.28 | -\$0.21 |
| Net Interest Margin (bank level) | 2.34% | 2.18% | 1.91% |
| Loan Loss Reserve as % of Total Loans | 0.87% | 0.92% | 1.01% |
| Non-performing Loans as % of Total Loans | 0.31% | 0.48% | 0.69% |
| Tier 1 Leverage Capital Ratio | 9.23% | 9.26% | 9.02% |
| | | | |
| Total Assets | \$488,639,417 | \$477,908,972 | \$498,076,736 |
| Net Loans | \$422,718,393 | \$406,622,176 | \$420,252,461 |
| Deposits | \$346,953,246 | \$345,492,295 | \$373,249,274 |
| Equity Capital, ex. AOCI | \$36,068,716 | \$35,838,628 | \$36,967,071 |
| Equity Capital, inc. AOCI | \$32,449,689 | \$32,168,108 | \$32,959,203 |

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

We anticipate continued NIM momentum in the 2nd half of the year as another \$20 million in loan balances are scheduled to reset at an average rate roughly 200 basis points higher, based on current rates. The pace is set to accelerate into 2026 with nearly \$60 million repricing at a similar margin higher. We believe this combined with our demonstrated history of efficiency, strong credit metrics, and ability to generate earning assets positions us well for enhanced earnings in the coming quarters.

Lastly, as a reminder, Eclipse stock trades on the OTCQB market, ticker ECLP. Our primary market maker is Michael Acampora at Janney Montgomery Scott. Michael can be reached at (904)280-4909 or macampora@janney.com. You can also reach our CFO Brian Karst or myself with questions at (502)671-4800.

Thank you for your support and your investment in Eclipse.

Respectfully,

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