



FOR IMMEDIATE RELEASE

Commencement Bancorp, Inc. Announces Record Fourth Quarter and Annual 2025 Results

2025 Fourth Quarter and Annual Financial Highlights:

- Record high quarterly net income of \$2.0 million, or \$0.55 earnings per share.
- Record high annual net income of \$6.7 million and return on average assets of 1.00%.
- Annual earnings per share of \$1.78, a 78.0% increase from prior year, adjusted for 2024 Strategic Measures.
- Tangible book value per share of \$15.83, a 20.0% increase from prior year, adjusted for 2024 Strategic Measures.
- Loans increased \$57.0 million for the year ended 2025, or 12.2% annual growth rate.
- Average deposits increased \$52.8 million for the year ended 2025, or 9.6% annual growth rate.
- Net interest margin of 4.17% during the fourth quarter of 2025 and 4.10% for the year ended 2025 (3.44% for the year ended 2024).
- Total cost of deposits of 1.41% during the fourth quarter of 2025 and 1.49% for the year ended 2025 (1.85% for the year ended 2024).
- Capital ratios remained well above regulatory requirements.

TACOMA, WASH. – Commencement Bancorp, Inc. (OTCQX: CBWA) (the “Company”, “we,” or “us”), the parent company of Commencement Bank (the “Bank”) reported net income of \$2.0 million, or \$0.55 per share, for the fourth quarter of 2025, which is the highest ever single quarter earnings per share for the Company. Comparable earnings were \$1.9 million, or \$0.49 per share, for the third quarter of 2025 and \$538,000, or \$0.14 per share, for the fourth quarter of 2024. Net income for the year ended 2025 was \$6.7 million, or \$1.78 per share, and represent the highest annual earnings for the Company. Comparable earnings were \$3.0 million, or \$0.78 per share, for the year ended 2024. The Bank recorded return on average assets of 1.15% for the fourth quarter of 2025, compared to 1.06% for the third quarter of 2025 and 0.33% for the fourth quarter of 2024. Return on assets for the year ended 2025 increased to 1.00% compared to 0.50% for the year ended 2024. The fourth quarter and year ended 2024 were impacted by strategic measures; adjusted results are shown in the *2024 Strategic Measures Impact* chart below.

“I am incredibly proud that the hard work and dedication of our bankers produced record earnings for the fourth quarter and for 2025 as a whole. Over the past several years, we’ve invested in our personnel and our technology to grow the Bank with increased efficiency. We remain firmly committed to maintaining a disciplined approach in managing our deposit costs



and loan yields, even as we strategically accelerate asset growth. It's rewarding to see these efforts delivering tangible results," said John E. Manolides, Chief Executive Officer.

"The year 2025 was a culmination of our heightened brand awareness stemming from our successful business development activities across our footprint. These dedicated efforts were centered on increasing new loan originations and new customer acquisitions, which grew year-over-year by 72% and 64%, respectively. Several of our record achievements in 2025 reflect our unwavering commitment to deliver a meaningful increase in tangible book value per share," stated Nigel L. English, President & Chief Operating Officer. "I would like to thank our dedicated bankers for their commitment to our bank and customers this past year."

Balance Sheet

Total assets increased \$6.9 million to \$683.3 million at December 31, 2025, from \$676.3 million at September 30, 2025.

Investment securities available for sale decreased \$1.9 million, or 2.3%, to \$82.8 million at December 31, 2025, from \$84.8 million at September 30, 2025. This decrease was due to principal payments and amortization of \$2.4 million and a decrease in unrealized losses of \$374,000. The decrease in market rates at December 31, 2025, caused the decrease in unrealized losses.

Loans receivable increased \$12.0 million to \$524.4 million at December 31, 2025, from \$512.3 million at September 30, 2025, due to loan originations, offset by scheduled loan payments. Loans increased \$57.0 million, or 12.2%, during the year-ended 2025. The Bank originated commitments of \$38.7 million during fourth quarter of 2025 compared to \$43.0 million during the third quarter of 2025 and \$13.4 million during the fourth quarter of 2024. Originated loan commitments were \$164.8 million during the year ended 2025 compared to \$95.1 million during the year ended 2024, or a 73.3% increase.

Total deposits increased \$4.3 million, or 2.8%, to \$610.3 million at December 31, 2025 from \$606.0 million at September 30, 2025. Deposits increased \$18.4 million, or 3.1%, during the year-ended 2025. Noninterest bearing deposits, as a percentage of total deposits, increased to 29.34% at December 31, 2025, compared to 28.1% at December 31, 2024.

Credit Quality

The Bank had nonperforming assets of \$1.3 million, or 0.19% of total assets, at December 31, 2025, compared to no nonperforming assets at September 30, 2025 or December 31, 2024. The increase is related to three credit relationships, two of which were previously classified as Substandard but experienced additional deterioration during the recent quarter. The three relationships are recorded at net realizable value, resulting in one charge-off of \$241,000 during the fourth quarter of 2025. The allowance for credit losses to loan receivable remains strong at 1.20% at December 31, 2025, compared to 1.24% at September 30, 2025, and 1.20% at December 31, 2024.

The percentage of classified loans (loans rated Substandard or worse) to loans receivable increased to 2.06% at December 31, 2025, from 1.63% at September 30, 2025, due primarily to the addition of three relationships, two of which were previously classified as Watch. The Bank proactively downgrades loans if the borrower is experiencing financial difficulties and upgrades loans if the borrower demonstrates sustained financial performance.

Liquidity

The Bank has ample liquidity with both on-and off-balance sheet sources. Total on-balance sheet liquidity of \$114.7 million, or 16.8% of total assets, at December 31, 2025, includes unencumbered cash, cash equivalents and investment securities. The Bank also had access to available Federal Home Loan Bank advances, Federal Reserve's discount window, and federal funds lines with correspondent banks of \$217.8 million at December 31, 2025.

Income Statement

Net interest income increased \$65,000, or 0.95%, during the fourth quarter of 2025 compared to the third quarter of 2025 due to the decrease in interest expense of \$167,000, offset by the decrease in interest income of \$102,000. Net interest income was impacted by the reduction of the federal funds rate of 75 basis points ("bps") in the latter part of 2025 (September, October, December). Net interest margin ("NIM") decreased 4 bps to 4.17% during the fourth quarter of 2025 from 4.21% during the third quarter of 2025 also as a result of the decrease in market interest rates. NIM increased 43 bps from 3.74% during the fourth quarter of 2024 due to a combination of a reduction of deposit costs and an increase in loan yields. NIM increased to 4.10% for the year ended 2025 compared to 3.44% for the year ended 2024.

Interest income on loans decreased \$61,000 during the fourth quarter of 2025 compared to the third quarter of 2025 due primarily to the repricing of variable rate loans in conjunction with the federal funds rate decreases. The yield on net loans decreased 10 bps to 6.18% for the fourth quarter of 2025 from 6.28% for the third quarter of 2025 due to the previously mentioned variable loan repricing, offset partially by higher yields on new originations and renewals, and higher repricing rates on the adjustable portfolio.

Interest expense on deposits decreased \$103,000 during the fourth quarter of 2025 compared to the third quarter of 2025 due to a decrease in exception pricing rates, offset by an increase in the average balance of interest-bearing deposits of \$6.5 million. Total cost of deposits was 1.41% for fourth quarter of 2025 compared to 1.51% for the third quarter of 2025. Average noninterest bearing demand deposits increased \$9.2 million during the fourth quarter of 2025 and represent 29.3% of total deposits at December 31, 2025.

There was no interest expense on borrowings during the fourth quarter of 2025 as the Federal Home Loan Bank ("FHLB") advance of \$15.0 million was paid off during the third quarter of 2025. Interest expense was \$64,000 during the third quarter of 2025. The cost of the short-term funding



was augmented by dividends from the FHLB stock, which is included in Dividends and Other Interest.

Total non-interest income increased \$74,000 during the fourth quarter of 2025 compared to the third quarter of 2025 due primarily to the increase in income from a one-way sale of deposits of \$47,000. The Bank did not have any non-reciprocal deposit balances at December 31, 2025.

Total non-interest expense decreased \$80,000, or 1.7%, during the fourth quarter of 2025 compared to the third quarter of 2025 due primarily to a decrease in compensation and employee benefits related to the incentive compensation accrual based on final year end results.

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About Commencement Bancorp, Inc.

Commencement Bancorp, Inc. is the holding company for Commencement Bank, headquartered in Tacoma, Washington. Commencement Bank was formed in 2006 to provide traditional, reliable, and sustainable banking in Pierce, King, Kitsap, and Thurston counties and the surrounding areas. Their team of experienced banking experts focuses on personal attention, flexible service, and building strong relationships with customers through state-of-the-art technology as well as traditional delivery systems. As a local bank, Commencement Bank is deeply committed to the community. For more information, please visit www.commencementbank.com. For information related to the trading of CBWA, please visit www.otcmarkets.com.

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Forward-Looking Statement Safe Harbor: This news release contains comments or information that constitutes forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations that involve a number of risks and uncertainties. Forward-looking statements describe Commencement Bancorp, Inc.'s projections, estimates, plans and expectations of future results and can be identified by words such as "believe," "intend," "estimate," "likely," "anticipate," "expect," "looking forward," and other similar expressions. They are not guarantees of future performance. Actual results may differ materially from the results expressed in these forward-looking statements, which because of their forward-looking nature, are difficult to predict. Investors should not place undue reliance on any forward-looking statement, and should consider factors that might cause differences including but not limited to the degree of competition by traditional and nontraditional competitors, declines in real estate markets, an increase in unemployment or sustained high levels of unemployment; changes in interest rates; greater than expected costs to integrate acquisitions, adverse changes in local, national and international economies; changes in the Federal Reserve's actions that affect monetary and fiscal policies; changes in legislative or regulatory actions or reform, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act; demand for products and services; changes to the quality of the loan portfolio and our ability to succeed in our problem-asset resolution efforts; the impact of technological advances; changes in tax laws; and other risk factors. Commencement Bancorp, Inc. undertakes no obligation to publicly update or clarify any forward-looking statement to reflect the impact of events or circumstances that may arise after the date of this release.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)

(Dollars in thousands, except shares)

	December 31, 2025	September 30, 2025	December 31, 2024
Assets			
Cash on hand and in banks	\$ 8,580	\$ 11,113	\$ 10,564
Interest earning deposits	11,731	24,533	47,757
Investment securities available for sale, at fair value	82,845	84,788	90,055
Federal funds sold	13,065	8,588	5,779
FHLB, FRB and PCBB stock	1,976	1,960	1,904
Loans receivable	524,350	512,316	467,319
Allowance for credit losses on loans	(6,292)	(6,327)	(5,590)
Loans receivable, net	518,058	505,989	461,729
Premises and equipment, net	13,309	13,521	6,332
Accrued interest receivable	2,308	2,079	1,778
Intangible assets	1,214	1,214	1,214
Other assets	30,166	22,518	22,580
Total Assets	<u>\$ 683,252</u>	<u>\$ 676,303</u>	<u>\$ 649,692</u>
Liabilities and Shareholders' Equity			
Non-interest bearing deposits	\$ 179,046	\$ 169,736	\$ 166,313
Interest bearing deposits	362,234	367,469	341,618
Certificates of deposit	69,037	68,789	83,981
Total Deposits	610,317	605,994	591,912
Borrowings	-	-	-
Accrued interest payable	492	433	499
Other liabilities	12,239	12,179	5,859
Total Liabilities	623,048	618,606	598,270
Shareholders' Equity			
Common stock, \$1 par value, 50,000,000 shares authorized	3,727	3,723	3,814
Additional paid in capital	41,153	40,986	41,906
Retained Earnings	24,173	22,126	17,465
Accumulated other comprehensive loss, net	(8,849)	(9,138)	(11,763)
Total Shareholders' Equity	60,204	57,697	51,422
Total Liabilities and Shareholders' Equity	<u>\$ 683,252</u>	<u>\$ 676,303</u>	<u>\$ 649,692</u>
Shares Outstanding	3,726,859	3,723,190	3,814,068

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands)

	Quarter Ended			Year Ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Interest Income					
Interest and fees on loans	\$ 7,937	\$ 7,998	\$ 6,966	\$ 30,172	\$ 26,514
Interest on investment securities	589	681	591	2,603	2,368
Interest on interest earning deposits and federal funds sold	591	536	456	1,822	811
Dividends and other interest	33	37	27	127	122
Total interest income	9,150	9,252	8,040	34,724	29,815
Interest Expense	0			0	
Deposits	2,261	2,364	2,438	9,016	10,185
Borrowings	-	64	-	178	134
Total interest expense	2,261	2,428	2,438	9,194	10,319
Net Interest Income	6,889	6,824	5,602	25,530	19,496
Provision for credit losses	249	261	(3)	944	(442)
Net interest income after provision for credit losses	6,640	6,563	5,605	24,586	19,938
Non-Interest Income				-	
Service charges and other fees	66	69	67	255	262
Interest rate swap fees	-	-	-	188	43
Loss on sale of investment securities, net	-	-	(944)	-	(944)
Other income	470	393	373	1,512	1,252
Total non-interest income	536	462	(504)	1,955	613
Non-Interest Expense				-	
Compensation and employee benefits	2,873	3,067	2,756	11,813	10,781
Occupancy and equipment	445	453	411	1,765	1,477
Data Processing	167	137	160	581	438
Marketing	110	83	120	362	475
Professional Services	502	496	533	1,870	1,851
Other expense	537	478	416	1,805	1,899
Total non-interest expense	4,634	4,714	4,396	18,196	16,921
Income before income taxes	2,542	2,311	705	8,345	3,630
Income tax expense	495	461	167	1,637	618
Net Income	\$ 2,047	\$ 1,850	\$ 538	\$ 6,708	\$ 3,012



SELECT QUARTERLY FINANCIAL STATISTICS (Unaudited)

(Dollars in thousands, except per share amounts)

	As of or for the Quarter Ended					As of or for the Year Ended	
	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Select Balance Sheet:							
Total assets	683,252	676,303	681,657	643,975	649,692		
Loans receivable, net	518,058	505,989	505,796	468,309	461,729		
Total deposits	610,317	605,994	599,892	579,367	591,912		
Non-interest demand deposits	179,046	169,736	163,059	168,389	166,313		
Shareholders' equity	60,204	57,697	54,473	53,532	51,422		
Earnings							
Earnings per share	\$0.55	\$0.49	\$0.40	\$0.34	\$0.14	\$1.78	\$0.78
Net income	2,047	1,850	1,496	1,315	538	6,708	3,012
Net interest income	6,889	6,824	6,082	5,735	5,602	25,530	19,496
Financial Ratios							
Return on average assets ⁽¹⁾	1.15%	1.06%	0.91%	0.84%	0.33%	1.00%	0.50%
Return on average equity ⁽¹⁾	13.69%	13.10%	11.14%	10.17%	4.11%	12.10%	6.21%
Efficiency ratio	62.41%	64.70%	67.04%	71.70%	86.23%	66.20%	84.15%
Non-interest expense to average assets ⁽¹⁾	2.60%	2.69%	2.73%	2.80%	2.73%	2.70%	2.79%
Yield on total interest earning assets ⁽¹⁾	5.54%	5.71%	5.57%	5.45%	5.37%	5.57%	5.27%
Cost of total deposits ⁽¹⁾	1.41%	1.51%	1.53%	1.53%	1.67%	1.49%	1.85%
Net interest margin ⁽¹⁾	4.17%	4.21%	4.02%	3.96%	3.74%	4.10%	3.44%
Financial Measures							
Tangible book value per share	\$15.83	\$15.17	\$14.21	\$13.83	\$13.16		
Tangible equity to tangible assets	8.6%	8.4%	7.8%	8.1%	7.7%		
Loan to deposits	85.9%	84.5%	85.3%	81.8%	79.0%		
Credit Quality Ratios							
Allowance for credit losses on loans to loans receivable	1.20%	1.24%	1.20%	1.21%	1.20%		
Nonperforming assets to total assets	0.19%	0.00%	0.00%	0.00%	0.00%		

⁽¹⁾ Quarterly amounts are annualized.

Significant strategic measures were taken during the fourth quarter of 2024 to improve future profitability and risk profile of the Bank, including an investment securities loss trade, an interest rate swap, and a BOLI restructure. The after-tax net income impact of these measures was a loss of \$849,000 during the fourth quarter of 2024. The adjusted financial metrics, excluding these strategic measures were as follows:

2024 STRATEGIC MEASURES IMPACT (Unaudited)

Financial Ratios	Adjusted Quarter Ended	Adjusted Year Ended
	December 31, 2024	December 31, 2024
Return on average assets ⁽¹⁾	0.61%	0.64%
Return on average equity ⁽¹⁾	7.51%	7.96%
Efficiency ratio	72.76%	80.37%
Earnings per share	\$0.32	\$1.00
Tangible book value per share	\$13.19	\$13.19

⁽¹⁾ Quarterly amounts are annualized