



FOR IMMEDIATE RELEASE

Commencement Bancorp, Inc. Announces 2022 First Quarter Earnings

2022 First Quarter Financial Highlights:

- Total assets grew to \$550 million.
- Core loans (not including PPP) grew by 9% annualized in the first quarter and 8% from prior year.
- Total deposits increased 19% annualized in the first quarter 2022. Total deposits decreased 5% from prior period, including a 50% decrease in time deposits. Non-time deposits increased 8% in that period.
- Net income of \$983 thousand, or \$0.24 per share, was earned for the quarter ending March 31, 2022. Net interest income was \$3.95 million.
- Nonperforming assets to total assets remained stable at 0.5%.

TACOMA, WASH. – Commencement Bancorp, Inc. (OTCQX:CBWA) reported quarterly net income of \$983 thousand, or \$0.24 per share, for the quarter ending March 31, 2022, compared to \$1.6 million and \$0.38 per share for first quarter 2021. As expected, the Bank experienced a reduction in loan balances from Paycheck Protection Program (PPP) payoffs, and corresponding loan fees were recorded at a slower speed compared to first quarter 2021. Still, first quarter 2022 neared \$1 million in net income and recognized a slight improvement in net interest margin.

Total assets were \$550 million on March 31, 2022, compared to \$579 million one year earlier. Total loan balances remained stable at \$345 million, while PPP loan balances fell \$96 million from first quarter 2021 to first quarter 2022. Core loans (not including PPP) grew by 9% annualized during first quarter and 8% from the prior period. The portfolio remained well-diversified at 72% commercial real estate, 24% commercial, and 4% consumer and other.

In first quarter, the Bank recognized a 5% increase in total deposits compared to year-end 2021 (19% annualized) in the amount of \$22.4 million, a reflection of new relationships and organic growth. Compared to one year earlier, time deposits experienced a 50% decrease while non-time deposits increased 8%. Interest expense decreased 48% from the prior year, as cost of funds dropped to 0.19% from 0.36%. Non-interest expense increased 4% from the prior period, affected by inflation and adjustments to salary and benefit expense.

The first in a series of expected rate increases occurred in March 2022, when the Federal Open Market Committee raised the targeted Federal Funds rate from 0% - 0.25% to 0.25% - 0.50%.



Prime followed suit at 3.50%. The Bank anticipates improvement in variable and adjustable loan rates, as well as an opportunity to improve loan pricing, which has been limited due to competition and the low-rate environment. The Bank is well positioned for a rising rate environment and Management will continue to watch market rate changes.

“First quarter experienced an uptick in loan funding and the Bank is headed into second quarter with a robust pipeline. I am pleased to announce that Nigel L. English joined our team during first quarter 2022 as president and chief operating officer. Nigel’s experience and positive community connections will provide new market opportunities and leadership for the Bank’s projected growth initiatives. Our team has never been stronger nor our reputation so solid. We have a lot to look forward to,” said John Manolides, Chief Executive Officer.

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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, 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.

For further discussion, please contact the following:

John E. Manolides, Chief Executive Officer | 253-284-1802

Nigel L. English, President & Chief Operating Officer | 253-284-1801

Thomas L. Dhamers, Executive Vice President & Chief Financial Officer | 253-284-1803

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.



STATEMENTS OF INCOME (Unaudited)
(Dollars in thousands)

	Quarter Ended March 31, 2022	Quarter Ended December 31, 2021	Three Month	Quarter Ended March 31, 2021	One Year Change
Interest Income					
Loans	\$ 3,696	\$ 3,954	-7%	\$ 4,797	-23%
Interest bearing deposits in banks	39	86	-55%	132	-70%
Securities	441	304	45%	119	271%
Total interest income	4,176	4,344	-4%	5,048	-17%
Interest Expense					
Deposits	226	281	-20%	433	-48%
Other borrowings	0	0	0%	0	0%
Total interest expense	226	281	-20%	433	-48%
Net Interest Income	3,950	4,063	-3%	4,615	-14%
Provision for credit losses	0	0	0%	0	0%
Net interest income after provision for credit losses	3,950	4,063	-3%	4,615	-14%
Non-Interest Income					
Service charges on deposit accounts	26	34	-24%	30	-13%
Other non-interest income	215	183	17%	218	-1%
Total non-interest income	241	217	11%	248	-3%
Non-Interest Expense					
Salaries and employee benefits	1,778	1,506	18%	1,630	9%
Occupancy and equipment expenses	307	327	-6%	323	-5%
Other operating expenses	888	955	-7%	914	-3%
Total non-interest expense	2,973	2,788	7%	2,867	4%
Net Income Before Income Tax	1,218	1,492	-18%	1,996	-39%
Provision for Income Tax	235	298	-21%	395	-41%
Net Income	\$ 983	\$ 1,194	-18%	\$ 1,601	-39%



BALANCE SHEETS (Unaudited)
(Dollars in thousands)

	March 31, 2022	December 31, 2021	Three Month Change	March 31, 2021	One Year Change
Assets					
Cash and due from banks	\$ 18,760	\$ 12,881	46%	\$ 15,847	18%
Interest bearing deposits in banks	2,739	4,731	-42%	36,920	-93%
Securities available for sale	109,269	100,316	9%	31,169	251%
Federal funds sold	51,278	45,549	13%	55,141	-7%
FHLB, FRB and PCBB stock	2,154	2,141	1%	2,140	1%
Loans	344,726	346,319	0%	415,767	-17%
Allowance for loan losses	(4,735)	(4,735)	0%	(4,661)	2%
Net Loans	339,991	341,584	0%	411,106	-17%
Premises and fixed assets	6,159	6,399	-4%	6,985	-12%
Accrued interest receivable	985	1,079	-9%	1,794	-45%
Intangible assets	1,251	1,259	-1%	1,296	-3%
Other assets	17,019	15,498	10%	16,667	2%
Total Assets	\$ 549,605	\$ 531,437	3%	\$ 579,065	-5%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 174,770	\$ 145,640	20%	\$ 160,655	9%
Savings and interest bearing demand	261,334	255,903	2%	241,554	8%
Time	58,309	70,487	-17%	117,663	-50%
Total Deposits	494,413	472,030	5%	519,872	-5%
Total Borrowing	0	0	0%	0	9900%
Accrued interest payable	15	21	-29%	34	-56%
Other liabilities	4,984	5,766	-14%	5,884	-15%
Total Liabilities	499,412	477,817	5%	525,790	-5%
Shareholders' Equity					
Common stock ⁽¹⁾	4,054	4,084	-1%	4,181	-3%
Additional paid in capital	44,601	43,902	2%	44,996	-1%
Retained Earnings	6,696	6,698	0%	4,109	63%
Other Comprehensive income	(5,158)	(1,064)	-385%	(11)	46791%
Total Shareholders' Equity	50,193	53,620	-6%	53,275	-6%
Total Liabilities and Shareholders' Equity	\$ 549,605	\$ 531,437	3%	\$ 579,065	-5%

⁽¹⁾ \$1 par value, shares authorized 50,000,000, issued and outstanding 4,054,125



Quarterly

	March 31, 2021	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Financial Ratios					
Return on Average Assets	0.73%	0.86%	1.04%	-0.04%	1.16%
Return on Average Equity	7.77%	8.94%	10.77%	-0.46%	12.36%
Efficiency Ratio	70.91%	65.11%	60.29%	53.73%	58.95%
Yield on Earning Assets	3.35%	3.35%	3.56%	3.86%	3.89%
Cost of Funds	0.19%	0.23%	0.26%	0.30%	0.36%
Net Interest Margin	3.17%	3.13%	3.31%	3.57%	3.56%
Tangible Book Value per Share	\$ 12.07	\$ 12.82	\$ 12.73	\$ 12.41	\$ 12.30
Earnings per Share	\$ 0.24	\$ 0.29	\$ 0.34	\$ (0.01)	\$ 0.38
Loan to Deposits	69.6%	73.2%	72.1%	76.5%	79.9%
Tangible Equity to Tangible Assets	8.8%	9.7%	9.6%	9.2%	8.9%
Asset Quality					
Allowance for Loan Losses to Total Loans	1.37%	1.37%	1.34%	1.23%	1.12%
Texas Ratio	4.7%	4.8%	4.8%	5.6%	4.6%
Nonperforming Assets to Assets	0.51%	0.53%	0.51%	0.57%	0.46%