



FOR IMMEDIATE RELEASE

Commencement Bancorp, Inc. Announces 2022 Second Quarter Financial Results

2022 Second Quarter Financials:

- Total assets were \$552 million for quarter-end June 30, 2022.
- Total loans increased \$44 million during second quarter 2022 ending at \$389.3 million.
- Net income exceeded \$1 million for second quarter.
- Minimal remaining Paycheck Protection Program (PPP) loans outstanding with a balance of \$1 million out of \$153 million total PPP originations.

TACOMA, WASH. – Commencement Bancorp, Inc. (OTCQX: CBWA) reported a quarterly net income of \$1.1 million, or \$0.27 earnings per share, for the quarter ending June 30, 2022, compared to a \$62 thousand loss for second quarter 2021, which was the result of a large provision to the Allowance for Loan and Lease Losses (ALLL). Total assets were \$552 million on June 30, 2022, compared to \$562 million, which included \$60 million in PPP loans, one year earlier.

Asset composition improved in the second quarter, as excess overnight funds were deployed to support the \$44 million loan growth. Second quarter loan growth amounted to 13% compared to first quarter. Forgiveness of 1% PPP loans amounted to over \$59 million from the prior year, and over \$4 million from first quarter. The loan portfolio remained well-diversified at 73% commercial real estate, 23% commercial, and 4% consumer and other.

Quarter-end deposit balances have been consistent; however, the mix improved favoring relationship deposits and a reduction in higher-cost time deposits. Demand deposits increased 9% from one year prior, while time deposits decreased 46%. Total deposits remained steady at \$500 million compared to first quarter 2022.

Other Comprehensive Income, a component of Shareholder's Equity, was impacted by rising interest rates affecting the market values of securities. No impairments exist within the securities portfolio. The stock repurchase program implemented in November 2021 was completed in the second quarter and another was announced on June 15, 2022; the third plan issued overall for the bank holding company.

Interest rate increases implemented by the Federal Open Market Committee (FOMC), primarily in the second quarter, positively impacted interest income. Interest expense declined due to an



improved balance of time deposit to transactional accounts. The ALLL remained adequate at 1.21%; therefore, no provision expense was recorded in the first half of 2022. Continued loan growth will impact the level of allowance.

Nonperforming assets to total assets were 0.72%, and the Bank's Texas Ratio, a measurement of problem loans and bank-owned properties to capital, ended at 4.7%. Capital levels remained in excess of regulatory capital requirements.

"The Bank was well-positioned for the interest rate increases implemented by the FOMC, and we continue to monitor the deposit rate environment closely. Due to the hard work of our bankers, we achieved substantial loan growth during the quarter while also improving our deposit mix. Both factors contributed to an improved net interest margin as we re-deployed our excess liquidity from overnight funds into higher yielding loans," said John Manolides, Chief Executive Officer.

###

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.otcm Markets.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 June 30, 2022	Quarter Ended March 31, 2022	Three Month	Quarter Ended June 30, 2021	One Year Change
Interest Income					
Loans	\$ 3,900	\$ 3,696	6%	\$ 4,839	-19%
Interest bearing deposits in banks	81	39	108%	112	-28%
Securities	536	441	22%	149	260%
Total interest income	4,517	4,176	8%	5,100	-11%
Interest Expense					
Deposits	200	226	-12%	385	-48%
Other borrowings	0	0	0%	0	0%
Total interest expense	200	226	-12%	385	-48%
Net Interest Income					
	4,317	3,950	9%	4,715	-8%
Provision for credit losses	0	0	0%	2,400	-100%
Net interest income after provision for credit losses	4,317	3,950	9%	2,315	86%
Non-Interest Income					
Service charges on deposit accounts	23	26	-12%	30	-23%
Other non-interest income	232	215	8%	211	10%
Total non-interest income	255	241	6%	241	6%
Non-Interest Expense					
Salaries and employee benefits	1,810	1,778	2%	1,499	21%
Occupancy and equipment expenses	281	307	-8%	312	-10%
Other operating expenses	1,118	888	26%	852	31%
Total non-interest expense	3,209	2,973	8%	2,663	21%
Net Income Before Income Tax	1,363	1,218	12%	(107)	-1374%
Provision for Income Tax	268	235	14%	(45)	-696%
Net Income	\$ 1,095	\$ 983	11%	\$ (62)	-1866%



BALANCE SHEETS (Unaudited)
(Dollars in thousands)

	June 30, 2022	March 31, 2022	Three Month Change	June 30, 2021	One Year Change
Assets					
Cash and due from banks	\$ 17,556	\$ 18,760	-6%	\$ 16,297	8%
Interest bearing deposits in banks	2,490	2,739	-9%	19,956	-88%
Securities available for sale	112,426	109,269	3%	54,074	108%
Federal funds sold	6,256	51,278	-88%	63,351	-90%
FHLB, FRB and PCBB stock	2,157	2,154	0%	2,140	1%
Loans	389,268	344,726	13%	386,204	1%
Allowance for loan losses	(4,722)	(4,735)	0%	(4,735)	0%
Net Loans	384,546	339,991	13%	381,469	1%
Premises and fixed assets	5,965	6,159	-3%	6,812	-12%
Accrued interest receivable	1,180	985	20%	1,434	-18%
Intangible assets	1,244	1,251	-1%	1,284	-3%
Other assets	18,228	17,019	7%	14,994	22%
Total Assets	\$ 552,048	\$ 549,605	0%	\$ 561,811	-2%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 172,630	\$ 174,770	-1%	\$ 158,147	9%
Savings and interest bearing demand	276,092	261,334	6%	250,845	10%
Time	51,628	58,309	-11%	94,948	-46%
Total Deposits	500,350	494,413	1%	503,940	-1%
Total Borrowing	0	0	0%	0	9900%
Accrued interest payable	10	15	-33%	30	-67%
Other liabilities	4,666	4,984	-6%	4,554	2%
Total Liabilities	505,026	499,412	1%	508,524	-1%
Shareholders' Equity					
Common stock ⁽¹⁾	4,003	4,054	-1%	4,191	-4%
Additional paid in capital	45,087	44,601	1%	45,112	0%
Retained Earnings	6,693	6,696	0%	4,047	65%
Other Comprehensive income	(8,761)	(5,158)	-70%	(63)	13806%
Total Shareholders' Equity	47,022	50,193	-6%	53,287	-12%
Total Liabilities and Shareholders' Equity	\$ 552,048	\$ 549,605	0%	\$ 561,811	-2%

⁽¹⁾ \$1 par value, shares authorized 50,000,000, issued and outstanding 4,002,718



Quarterly

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Financial Ratios					
Return on Average Assets	0.79%	0.73%	0.86%	1.04%	-0.04%
Return on Average Equity	9.47%	7.77%	8.94%	10.77%	-0.46%
Efficiency Ratio	70.54%	70.91%	65.11%	60.29%	53.73%
Yield on Earning Assets	3.48%	3.35%	3.35%	3.56%	3.86%
Cost of Funds	0.16%	0.19%	0.23%	0.26%	0.30%
Net Interest Margin	3.33%	3.17%	3.13%	3.31%	3.57%
Tangible Book Value per Share	\$ 11.44	\$ 12.07	\$ 12.82	\$ 12.73	\$ 12.41
Earnings per Share	\$ 0.27	\$ 0.24	\$ 0.29	\$ 0.34	\$ (0.01)
Loan to Deposits	77.8%	69.6%	73.2%	72.1%	76.5%
Tangible Equity to Tangible Assets	8.3%	8.8%	9.7%	9.6%	9.2%
Asset Quality					
Allowance for Loan Losses to Total Loans	1.21%	1.37%	1.37%	1.34%	1.23%
Texas Ratio	4.7%	4.7%	4.8%	4.8%	5.6%
Nonperforming Assets to Assets	0.72%	0.51%	0.53%	0.51%	0.57%