



FOR IMMEDIATE RELEASE

Commencement Bancorp, Inc. Announces 2024 First Quarter Earnings

2024 First Quarter Financial Highlights:

- Total loans ended the quarter at \$446.8 million, a \$11.7 million increase year-over-year.
- Interest income increased 13% year-over-year to \$6.9 million.
- Non-interest income recognized an 8% increase compared to one year earlier.
- Eliminated all borrowed funds and brokered certificates of deposit from first quarter 2023 to first quarter 2024.
- Nonperforming assets to total assets decreased to 0.09% from 0.45% compared to one year earlier.
- Tangible book value per share increased from \$12.11 in first quarter 2023 to \$12.29 in first quarter 2024.
- Capital ratios remained well above regulatory requirements.

TACOMA, WASH. – Commencement Bancorp, Inc. (OTCQX:CBWA) reported quarterly net income of \$738 thousand, or \$0.19 per share, for the quarter ending March 31, 2024, compared to \$720 thousand and \$0.18 per share for first quarter 2023. Total non-interest income increased 8%, while non-interest expense recorded an increase of 13% year-over-year. As stated during recent quarters, the Bank has continued with expansion plans and technology upgrades resulting in higher-than-normal expenses. Additionally, the Bank recorded a \$440 thousand extraordinary expense for accrued legal fees that were reclassified following the settlement of two nonperforming credits in late 2023.

A \$500K reverse provision from the Bank's Allowance for Credit Losses (ACL) was recognized in first quarter 2024. During 2023, the Bank successfully recovered \$711 thousand from previously recorded loan losses. Given the overall portfolio performance, expected future loan growth, and significant recoveries, the ACL was overallocated and the recapture of the reserves brought the ACL coverage in line with allowance methodology and the Bank's peers.

"Our loan portfolio continues to perform well under the stresses of higher interest rates. Based on that performance and the significant recoveries collected in 2023, the ACL was overallocated. The recapture of the funds brings our loan loss reserves in line with our allowance methodology and the Bank's peers," said John E. Manolides, Chief Executive Officer.

Total assets ended the quarter at \$590 million with no significant variation to report. Total loan balances were \$447 million at quarter end, an increase of 3%, or \$12 million, compared to first



quarter 2023. Asset quality improved based on net recoveries, which resulted in an improved Texas Ratio (a measurement of problem loans and bank-owned properties to capital) of 0.7% compared to 4.0% one year prior.

Total deposits increased 4%, to \$536 million, compared to first quarter 2023. While 4% growth appears modest, this number contains no brokered deposits or overnight borrowings, which were all eliminated over the course of 2023 despite the challenging rate environment. More notably, the Bank improved its deposit portfolio mix with a 14% increase in non-interest bearing deposits and 15% reduction in interest bearing deposits.

Yield on earning assets increased 49 basis points year-over-year and cost of funds rose 62 basis points over the same period. These increases resulted in a slight corresponding decrease in net interest margin.

The Bank recently announced that the Tacoma headquarters will be moving in early 2025 to a new location at 1313 Broadway, also in downtown Tacoma, Wash. The new building will be situated close to the existing headquarters and is owned by a prominent, local real estate investor. This move will take place after the opening of the Bank's new branch location in Gig Harbor, Wash., where they have operated out of a temporary office since August 2023. Amidst the many events over the quarter, the bank successfully onboarded 130 new client relationships, continuing the momentum from previous quarters.

"I'm extremely proud of our bankers' continued resilience and steadfast approach in navigating through a very challenging interest rate environment. Our relationship-centric approach has contributed to a high-quality deposit franchise with stable low-cost deposits. These efforts will position the Bank for continued success when interest rates and earnings stabilize," said Nigel L. English, President and Chief Operating 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.otcm Markets.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.



STATEMENTS OF INCOME (Unaudited)
(Dollars in thousands)

	Quarter Ended March 31, 2024	Quarter Ended December 31, 2023	Three Month	Quarter Ended March 31, 2023	One Year Change
Interest Income					
Loans	\$ 6,095	\$ 6,217	-2%	\$ 5,308	15%
Interest bearing deposits in banks	101	90	12%	19	432%
Securities	660	705	-6%	719	-8%
Total interest income	6,856	7,012	-2%	6,046	13%
Interest Expense					
Deposits	2,435	2,242	9%	1,531	59%
Other borrowings	20	68	-71%	78	-74%
Total interest expense	2,455	2,310	6%	1,609	53%
Net Interest Income					
Provision for credit losses	(500)	52	-1062%	0	0%
Net interest income after provision for credit losses	4,901	4,650	5%	4,437	10%
Non-Interest Income					
Service charges on deposit accounts	62	75	-17%	56	11%
Other non-interest income	298	264	13%	276	8%
Total non-interest income	360	339	6%	332	8%
Non-Interest Expense					
Salaries and employee benefits	2,670	2,587	3%	2,370	13%
Occupancy and equipment expenses	343	366	-6%	317	8%
Other operating expenses	1,393	1,053	32%	1,197	16%
Total non-interest expense	4,406	4,006	10%	3,884	13%
Net Income Before Income Tax	855	983	-13%	885	-3%
Provision for Income Tax	117	138	-15%	165	-29%
Net Income	\$ 738	\$ 845	-13%	\$ 720	3%



BALANCE SHEETS (Unaudited)
(Dollars in thousands)

	March 31, 2024	December 31, 2023	Three Month Change	March 31, 2023	One Year Change
Assets					
Cash and due from banks	\$ 9,907	\$ 8,090	22%	\$ 9,845	1%
Interest bearing deposits in banks	499	4,771	-90%	1,009	-51%
Securities available for sale	98,073	101,290	-3%	110,587	-11%
Federal funds sold	7,475	2,429	208%	9	82956%
FHLB, FRB and PCBB stock	1,894	1,888	0%	2,668	-29%
Loans	446,811	443,085	1%	435,103	3%
Allowance for loan losses	(5,242)	(5,690)	-8%	(5,035)	4%
Net Loans	441,569	437,395	1%	430,068	3%
Premises and fixed assets	4,794	5,018	-4%	5,450	-12%
Accrued interest receivable	1,933	2,066	-6%	1,515	28%
Intangible assets	1,214	1,214	0%	1,224	-1%
Other assets	22,994	22,030	4%	20,336	13%
Total Assets	\$ 590,352	\$ 586,191	1%	\$ 582,711	1%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 155,217	\$ 154,950	0%	\$ 136,494	14%
Savings and interest bearing demand	303,294	310,358	-2%	279,335	9%
Time	77,230	65,886	17%	101,395	-24%
Total Deposits	535,741	531,194	1%	517,224	4%
Total Borrowing	0	0	0%	11,075	-100%
Accrued interest payable	381	368	4%	77	395%
Other liabilities	4,797	4,520	6%	4,937	-3%
Total Liabilities	540,919	536,082	1%	533,313	1%
Shareholders' Equity					
Common stock ⁽¹⁾	3,925	3,973	-1%	3,978	-1%
Additional paid in capital	42,968	43,151	0%	42,939	0%
Retained Earnings	15,698	15,241	3%	12,913	22%
Other Comprehensive income	(13,158)	(12,256)	7%	(10,432)	26%
Total Shareholders' Equity	49,433	50,109	-1%	49,398	0%
Total Liabilities and Shareholders' Equity	\$ 590,352	\$ 586,191	1%	\$ 582,711	1%

⁽¹⁾ \$1 par value, shares authorized 50,000,000, issued and outstanding 3,924,843



	Quarterly				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Financial Ratios					
Return on Average Assets	0.52%	0.58%	0.52%	0.49%	0.53%
Return on Average Equity	6.51%	7.69%	6.67%	6.27%	6.79%
Efficiency Ratio	92.32%	80.37%	81.31%	81.82%	80.83%
Non-interest Expense to Average Assets	3.05%	2.76%	2.76%	2.67%	2.72%
Yield on Earning Assets	4.88%	4.89%	4.69%	4.60%	4.39%
Cost of Funds	1.87%	1.73%	1.50%	1.58%	1.25%
Net Interest Margin	3.13%	3.28%	3.28%	3.11%	3.22%
Tangible Book Value per Share	\$12.29	\$12.31	\$11.67	\$11.90	\$12.11
Earnings per Share	\$0.19	\$0.21	\$0.19	\$0.18	\$0.18
Loan to Deposits	83.4%	83.4%	86.3%	77.4%	84.1%
Tangible Equity to Tangible Assets	8.2%	8.3%	8.0%	7.7%	8.3%
Asset Quality					
Allowance for Loan Losses to Total Loans	1.17%	1.28%	1.21%	1.19%	1.16%
Texas Ratio	0.7%	0.7%	3.4%	4.0%	4.0%
Nonperforming Assets to Assets	0.09%	0.08%	0.39%	0.42%	0.45%