

FOR IMMEDIATE RELEASE

## Commencement Bancorp, Inc. Announces 2024 Second Quarter Earnings

### **2024 Second Quarter Financial Highlights:**

- Total loans ended the quarter at \$464 million, a 7% increase year-over-year.
- Interest income increased 11% year-over-year to \$7.4 million as compared to \$6.6 million in second quarter 2023.
- Non-interest income saw a 9% increase compared to one year earlier.
- Nonperforming assets to total assets decreased from 0.42% at second quarter 2023 to 0.08% in 2024.
- Tangible book value per share increased to \$12.52 in second quarter 2024 from \$11.90 the year prior.
- Capital ratios remained well above regulatory requirements.

TACOMA, WASH. – Commencement Bancorp, Inc. (OTCQX:CBWA) reported quarterly net income of \$776 thousand, or \$0.20 per share, for second quarter, 2024, compared to \$723 thousand, or \$0.18 per share, for second quarter 2023. Total non-interest income increased 9%, while non-interest expense recorded an increase of 5% year-over-year, an anticipated rise due to expansion and adoption of new technologies.

The Bank's non-interest-bearing deposits increased 11% to \$155 million from \$140 million in second quarter 2023. Despite the rising cost of funds from 1.58% in second quarter 2023 to 2.04%, the Bank's loan growth, improving loan yield, and favorable deposit mix contributed to an increase in net interest margin of 3.25% compared to 3.11% from second quarter 2023.

"It is no secret that the deposit rate environment has put a strain on the nation's financial institutions. We have been fortunate to weather the challenges, and as a result, were pleased to offer our shareholders a cash dividend during the second quarter. We also took the opportunity to repurchase stock at an attractive price accretive to shareholders, as we were able to purchase these shares below book value," said John E. Manolides, Chief Executive Officer.

Total assets showed little variance from second quarter 2023 and ended at \$597 million, while total loans recognized a 7% increase year-over-year, ending the quarter at \$464 million compared to \$435 million in second quarter 2023. In addition, loan income rose 17% to \$6.7 million from \$5.7 million compared to second quarter 2023. Asset quality improved substantially, evidenced by the decrease in the Bank's Texas Ratio (a measurement of problem loans and bank-owned properties to capital) to 0.8% from 4.0% one year prior.



The Bank also prepared for several key events, most notably the opening of its permanent branch for its Gig Harbor, Wash. location, scheduled for early third quarter. Commencement's banking team continued to exceed expectations, onboarding 128 new relationships over the quarter.

"The balanced and disciplined growth of our loan portfolio, along with our dedicated team of bankers, allowed us to focus our efforts on improving loan yields despite the challenging rate environment. Our solid reputation in our communities continues to grow, enhancing the Bank's name and brand recognition and leading to an overall increase in market share," said Nigel L. English, President and Chief Operating 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](http://www.commencementbank.com). For information related to the trading of CBWA, please visit [www.otcm Markets.com](http://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*

*Brandi Parker, 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, 2024	Quarter Ended March 31, 2024	Three Month Change	Quarter Ended June 30, 2023	One Year Change
<b>Interest Income</b>					
Loans	\$ 6,701	\$ 6,095	10%	\$ 5,728	17%
Interest bearing deposits in banks	56	101	-45%	197	-72%
Securities	615	660	-7%	706	-13%
Total interest income	7,372	6,856	8%	6,631	11%
<b>Interest Expense</b>					
Deposits	2,618	2,435	8%	2,107	24%
Other borrowings	97	20	385%	41	137%
Total interest expense	2,715	2,455	11%	2,148	26%
<b>Net Interest Income</b>					
	4,657	4,401	6%	4,483	4%
Provision for credit losses	-	(500)	-100%	0	0%
Net interest income after provision for credit losses	4,657	4,901	-5%	4,483	4%
<b>Non-Interest Income</b>					
Service charges on deposit accounts	68	62	10%	63	8%
Other non-interest income	330	298	11%	302	9%
Total non-interest income	398	360	11%	365	9%
<b>Non-Interest Expense</b>					
Salaries and employee benefits	2,767	2,670	4%	2,271	22%
Occupancy and equipment expenses	332	343	-3%	312	6%
Other operating expenses	1,052	1,393	-24%	1,385	-24%
Total non-interest expense	4,151	4,406	-6%	3,968	5%
Net Income Before Income Tax	904	855	6%	880	3%
Provision for Income Tax	128	117	9%	157	-18%
<b>Net Income</b>	<b>\$ 776</b>	<b>\$ 738</b>	<b>5%</b>	<b>\$ 723</b>	<b>7%</b>



**BALANCE SHEETS (Unaudited)**

(Dollars in thousands)

	June 30, 2024	March 31, 2024	Three Month Change	June 30, 2023	One Year Change
<b>Assets</b>					
Cash and due from banks	\$ 9,006	\$ 9,907	-9%	\$ 9,192	-2%
Interest bearing deposits in banks	19	499	-96%	998	-98%
Securities available for sale	94,562	98,073	-4%	106,307	-11%
Federal funds sold	-	7,475	-100%	37,310	-100%
FHLB, FRB and PCBB stock	2,168	1,894	14%	2,229	-3%
Loans	464,370	446,811	4%	435,317	7%
Allowance for loan losses	(5,532)	(5,242)	6%	(5,166)	7%
<b>Net Loans</b>	<b>458,838</b>	<b>441,569</b>	<b>4%</b>	<b>430,151</b>	<b>7%</b>
Premises and fixed assets	5,799	4,794	21%	5,279	10%
Accrued interest receivable	2,163	1,933	12%	1,565	38%
Intangible assets	1,214	1,214	0%	1,219	0%
Other assets	23,109	22,994	1%	21,033	10%
<b>Total Assets</b>	<b>\$ 596,878</b>	<b>\$ 590,352</b>	<b>1%</b>	<b>\$ 615,283</b>	<b>-3%</b>
<b>Liabilities and Shareholders' Equity</b>					
Deposits					
Demand, non-interest bearing	\$ 155,159	\$ 155,217	0%	\$ 139,613	11%
Savings and interest bearing demand	296,561	303,294	-2%	327,105	-9%
Time	83,632	77,230	8%	95,588	-13%
<b>Total Deposits</b>	<b>535,352</b>	<b>535,741</b>	<b>0%</b>	<b>562,306</b>	<b>-5%</b>
Total Borrowing	6,040	0	100%	0	100%
Accrued interest payable	436	381	14%	67	551%
Other liabilities	5,975	4,797	25%	4,482	33%
<b>Total Liabilities</b>	<b>547,803</b>	<b>540,919</b>	<b>1%</b>	<b>566,855</b>	<b>-3%</b>
<b>Shareholders' Equity</b>					
Common stock <sup>(1)</sup>	3,819	3,925	-3%	3,966	-4%
Additional paid in capital	42,430	42,968	-1%	42,907	-1%
Retained Earnings	15,405	15,698	-2%	13,634	13%
Other Comprehensive income	(12,579)	(13,158)	-4%	(12,079)	4%
<b>Total Shareholders' Equity</b>	<b>49,075</b>	<b>49,433</b>	<b>-1%</b>	<b>48,428</b>	<b>1%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 596,878</b>	<b>\$ 590,352</b>	<b>1%</b>	<b>\$ 615,283</b>	<b>-3%</b>

<sup>(1)</sup> \$1 par value, shares authorized 50,000,000, issued and outstanding 3,821,606



	Quarterly				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<b>Financial Ratios</b>					
Return on Average Assets	0.53%	0.52%	0.58%	0.52%	0.49%
Return on Average Equity	6.91%	6.51%	7.69%	6.67%	6.27%
Efficiency Ratio	82.08%	92.32%	80.37%	81.31%	81.82%
Non-interest Expense to Average Assets	2.81%	3.05%	2.76%	2.76%	2.67%
Yield on Earning Assets	5.14%	4.88%	4.89%	4.69%	4.60%
Cost of Funds	2.04%	1.87%	1.73%	1.50%	1.58%
Net Interest Margin	3.25%	3.13%	3.28%	3.28%	3.11%
Tangible Book Value per Share	\$12.52	\$12.29	\$12.31	\$11.67	\$11.90
Earnings per Share	\$0.20	\$0.19	\$0.21	\$0.19	\$0.18
Loan to Deposits	86.7%	83.4%	83.4%	86.3%	77.4%
Tangible Equity to Tangible Assets	8.0%	8.2%	8.3%	8.0%	7.7%
<b>Asset Quality</b>					
Allowance for Loan Losses to Total Loans	1.19%	1.17%	1.28%	1.21%	1.19%
Texas Ratio	0.8%	0.7%	0.7%	3.4%	4.0%
Nonperforming Assets to Assets	0.08%	0.09%	0.08%	0.39%	0.42%