



FOR IMMEDIATE RELEASE

Commencement Bancorp, Inc. Announces Third Quarter 2025 Results

2025 Third Quarter Financial Highlights:

- Net income was \$1.9 million compared to \$1.5 million for the second quarter of 2025 and \$1.0 million for the third quarter of 2024.
- Strong year-to-date loan growth of 9.6%.
- Deposits increased \$6.1 million, or 4.0% annualized growth rate.
- Net interest margin increased to 4.21% from 4.02% during the second quarter of 2025.
- Total cost of deposits decreased to 1.51% from 1.53% during the second quarter of 2025.
- The Bank had no nonperforming assets as of September 30, 2025.
- 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 \$1.9 million, or \$0.49 per share, for the third quarter of 2025, compared to \$1.5 million, or \$0.40 per share, for the second quarter of 2025 and \$1.0 million, or \$0.25 per share, for the third quarter of 2024.

“We are very pleased with our third quarter operating results and the momentum we’ve sustained throughout the year. Our disciplined approach to managing deposit costs and loan yields, while strategically pursuing asset growth, is delivering tangible results. This is reflected in our stable cost of funds and continued improvement in quarterly profitability. We believe our long-term focus will continue to drive meaningful shareholder value over time,” said John E. Manolides, Chief Executive Officer.

“I’m appreciative of our bankers’ continued business development activities across multiple business lines. The collaboration with Mary Bridge Children’s Therapy Services Center is a highlight of our efforts this quarter. By supporting the creation of this new 16,000-square-foot children’s outpatient therapy center, we are helping to build a stronger, healthier community for the future. We look forward to its grand opening in late 2026,” stated Nigel L. English, President & Chief Operating Officer. “We continue to achieve strong margin expansion, marking this the sixth consecutive quarter of growth, with a net interest margin of 4.21% during the third quarter. We’re grateful to our bankers, customers, and shareholders as we look forward to finishing out a successful year.”



Balance Sheet

Total assets decreased \$5.4 million to \$676.3 million at September 30, 2025 from \$681.7 million at June 30, 2025.

Investment securities available for sale decreased \$2.8 million, or 3.2%, to \$84.8 million at September 30, 2025 from \$87.6 million at June 30, 2025. This decrease was due to principal payments and amortization of \$4.8 million and a decrease in unrealized losses of \$2.0 million. The decrease in market rates at September 30, 2025 caused the decrease in unrealized losses.

Loans receivable increased \$0.4 million to \$512.3 million at September 30, 2025 from \$511.9 million at June 30, 2025 due primarily to an expected significant loan payoff of \$6.8 million, offset by new loan originations. The Bank originated commitments of \$43.0 million during third quarter of 2025 compared to \$62.3 million during the second quarter of 2025 and \$20.8 million during the third quarter of 2024.

Total deposits increased \$6.1 million, or 1.0%, to \$606.0 million at September 30, 2025 from \$599.9 million at June 30, 2025. Noninterest bearing deposits, as a percentage of total deposits, increased to 28.0% at September 30, 2025.

The Company had no borrowings at September 30, 2025 compared to \$15.0 million at June 30, 2025. The Company paid the 3-month advance from the Federal Home Loan Bank ("FHLB") in early August 2025.

Credit Quality

The Bank had no nonperforming assets at September 30, 2025 or June 30, 2025. The allowance for credit losses to loan receivable remains strong at 1.24% at September 30, 2025.

The percentage of classified loans (loans rated Substandard or worse) to loans receivable improved to 1.63% at September 30, 2025 from 1.67% at June 30, 2025 due primarily to principal payments and an upgrade of a consumer loan. 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 \$127.5 million, or 18.9% of total assets at September 30, 2025, includes cash and cash equivalents as well as unencumbered investment securities. The Bank had access to available Federal Home Loan Bank advances, Federal Reserve discount window, and federal fund lines with correspondent banks of \$220.5 million at September 30, 2025.

Income Statement

Net interest income increased \$742,000, or 12.2%, during the third quarter of 2025 compared to the second quarter of 2025 due to the increase in interest income of \$832,000, offset by the



increase in interest expense of \$90,000. Net interest margin increased 19 basis points (“bps”) to 4.21% during the third quarter of 2025 from 4.02% during the second quarter of 2025 and increased 83 bps from 3.38% during the third quarter of 2024.

Interest income on loans increased \$634,000 during the third quarter of 2025 compared to the second quarter of 2025 due primarily to an increase in average balance of loans of \$22.8 million. The yield on net loans increased 16 bps to 6.28% for the third quarter of 2025 from 6.11% for the second quarter of 2025 due to loan mix, higher yields on new originations, and repricing higher on existing portfolio rates.

Interest expense on deposits increased \$140,000 during the third quarter of 2025 compared to the second quarter of 2025 due to an increase in the average balance of interest bearing deposits of \$24.4 million. Total cost of deposits was 1.51% for third quarter of 2025 compared to 1.53% for the second quarter of 2025. Average noninterest bearing demand deposits increased \$14.5 million during the third quarter of 2025 and represent 28.0% of total deposits at September 30, 2025.

Interest expense on borrowings decreased \$50,000 during the third quarter of 2025 due to the payoff of the FHLB advance of \$15.0 million during the quarter. The cost of the short-term funding was augmented by dividends from the FHLB stock, of which a portion of the dividend is anticipated during fourth quarter of 2025.

Total non-interest income decreased \$130,000 during the third quarter of 2025 compared to the second quarter of 2025 due to the recognition of loan swap fee income of \$188,000 during the second quarter of 2025.

Total non-interest expense increased \$240,000, or 5.4%, during the third quarter of 2025 compared to the second quarter of 2025 due primarily to an increase in compensation and employee benefits related to an increase in full-time equivalents and incentive compensation accrual.

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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.commcementbank.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)

	September 30, 2025	June 30, 2025	December 31, 2024
Assets			
Cash on hand and in banks	\$ 11,113	\$ 16,594	\$ 10,564
Interest earning deposits	24,533	19,828	47,757
Investment securities available for sale, at fair value	84,788	87,566	90,055
Federal funds sold	8,588	9,472	5,779
FHLB, FRB and PCBB stock	1,960	2,630	1,904
Loans receivable	512,316	511,939	467,319
Allowance for credit losses on loans	(6,327)	(6,143)	(5,590)
Loans receivable, net	505,989	505,796	461,729
Premises and equipment, net	13,521	13,667	6,332
Accrued interest receivable	2,079	1,982	1,778
Intangible assets	1,214	1,214	1,214
Other assets	22,518	22,908	22,580
Total Assets	<u>\$ 676,303</u>	<u>\$ 681,657</u>	<u>\$ 649,692</u>
Liabilities and Shareholders' Equity			
Non-interest bearing deposits	\$ 169,736	\$ 163,059	\$ 166,313
Interest bearing deposits	367,469	367,904	341,618
Certificates of deposit	68,789	68,929	83,981
Total Deposits	605,994	599,892	591,912
Borrowings	-	15,000	-
Accrued interest payable	433	400	499
Other liabilities	12,179	11,892	5,859
Total Liabilities	618,606	627,184	598,270
Shareholders' Equity			
Common stock, \$1 par value, 50,000,000 shares authorized	3,723	3,749	3,814
Additional paid in capital	40,986	41,139	41,906
Retained Earnings	22,126	20,276	17,465
Accumulated other comprehensive loss, net	(9,138)	(10,691)	(11,763)
Total Shareholders' Equity	57,697	54,473	51,422
Total Liabilities and Shareholders' Equity	<u>\$ 676,303</u>	<u>\$ 681,657</u>	<u>\$ 649,692</u>
Shares Outstanding	3,723,190	3,749,004	3,814,068

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands)

	Quarter Ended			Nine Months Ended	
	September 30, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest Income					
Interest and fees on loans	\$ 7,998	\$ 7,364	\$ 6,752	\$ 22,235	\$ 19,548
Interest on investment securities	681	666	565	2,014	1,777
Interest on interest earning deposits and federal funds sold	536	359	198	1,231	355
Dividends on other investments	37	31	33	94	96
Total interest income	9,252	8,420	7,548	25,574	21,776
Interest Expense				0	0
Deposits	2,364	2,224	2,695	6,755	7,748
Borrowings	64	114	17	178	134
Total interest expense	2,428	2,338	2,712	6,933	7,882
Net Interest Income	6,824	6,082	4,836	18,641	13,894
Provision for credit losses	261	345	(21)	695	(439)
Net interest income after provision for credit losses	6,563	5,737	4,857	17,946	14,333
Non-Interest Income				-	-
Service charges and other fees	69	62	65	189	195
Loss on sale of investment securities, net	-	-	-	-	-
Other income	393	530	293	1,230	921
Total non-interest income	462	592	358	1,419	1,116
Non-Interest Expense				-	-
Compensation and employee benefits	3,067	2,971	2,587	8,940	8,024
Occupancy and equipment	453	442	391	1,320	1,066
Data Processing	137	147	66	414	285
Marketing	83	84	138	252	340
Professional Services	496	430	519	1,368	1,318
Other expense	478	400	349	1,268	1,492
Total non-interest expense	4,714	4,474	4,050	13,562	12,525
Income before income taxes	2,311	1,855	1,165	5,803	2,924
Income tax expense	461	359	206	1,142	451
Net Income	\$ 1,850	\$ 1,496	\$ 959	\$ 4,661	\$ 2,473



	Quarter Ended				
	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Financial Ratios					
Return on average assets ⁽¹⁾	1.06%	0.91%	0.84%	0.33%	0.62%
Return on average equity ⁽¹⁾	13.10%	11.14%	10.17%	4.11%	7.67%
Efficiency ratio	64.70%	67.04%	71.70%	86.21%	77.97%
Non-interest expense to average assets ⁽¹⁾	2.69%	2.73%	2.80%	2.73%	2.63%
Yield on total interest earning assets ⁽¹⁾	5.71%	5.57%	5.45%	5.37%	5.28%
Cost of total deposits ⁽¹⁾	1.51%	1.53%	1.53%	1.67%	1.93%
Net interest margin ⁽¹⁾	4.21%	4.02%	3.96%	3.74%	3.38%
Tangible book value per share	\$15.17	\$14.21	\$13.83	\$13.16	\$13.45
Earnings per share	\$0.49	\$0.40	\$0.34	\$0.14	\$0.25
Loan to deposits	84.5%	85.3%	81.8%	79.0%	82.0%
Tangible equity to tangible assets	8.4%	7.8%	8.1%	7.7%	8.2%
Credit Quality Ratios					
Allowance for credit losses on loans to loans receivable	1.24%	1.20%	1.21%	1.20%	1.19%
Texas ratio	0.00%	0.00%	0.18%	0.00%	0.05%
Nonperforming assets to total assets	0.00%	0.00%	0.00%	0.00%	0.00%

⁽¹⁾ Annualized.