



FOR IMMEDIATE RELEASE

Commencement Bancorp, Inc. Announces Record First Quarter Earnings

2021 First Quarter Financial Highlights:

- Total assets increased \$183.7 million, or 46%, to \$579.1 million at March 31, 2021 from \$395.4 million for the period ending March 31, 2020.
- Net income of \$1.6 million, or \$0.38 per share, was earned for the quarter ending March 31, 2021 versus \$947 thousand, or \$0.23 per share, in first quarter 2020.
- Total loans increased \$110.6 million, or 36%, compared to one year prior.
- Total deposits increased by \$179.7 million, or 53%, from first quarter 2020.
- Tangible book value per share increased to \$12.30 for the quarter from \$11.34 one year earlier.
- Nonperforming assets to total assets remained stable at 0.5%.

TACOMA, WASH. – Commencement Bancorp, Inc. (OTCQX:CBWA) reported quarterly net income of \$1.6 million, or \$0.38 per share, for the quarter ending March 31, 2021, compared to \$947 thousand and \$0.23 per share for first quarter 2020. Net interest income increased by 38% compared to one year prior. Total assets increased 46% from \$395.4 million in first quarter 2020 to \$579.1 million in first quarter 2021.

Total loans increased \$110.6 million, or 36%, to \$415.8 million compared to \$305.1 million in first quarter 2020. Paycheck Protection Program (PPP) loans reached a total of \$114.5 million during 2020 and the Bank continues to receive forgiveness proceeds from the first round of funding. The second round of funding began in January 2021. As of March 31, 2021, the Bank provided an additional \$38.8 million in PPP loans for new or second draw applications.

Nonperforming assets to total assets were 0.5% and the Bank's Texas Ratio, a measurement of problem loans and bank-owned properties to capital, decreased to 4.6%. The Bank's loan portfolio remained well-diversified at 56% commercial real estate, 40% commercial, and 4% consumer and other. Industry concentrations are also monitored and remained well-diversified.

Total deposits increased by \$179.7 million, or 53%, from first quarter 2020. Deposit growth has been considered a reflection of the influx of cash approved through several congressional packages used to stimulate the economy. Net interest margin and cost of funds showed slight improvements compared to year-end 2020.



“We continue to be pleased with the Bank’s strong financial performance as the economy reopens. We have found an increased need for community banking services and our team has worked diligently to provide our local businesses with tailored solutions. We look forward to continuing this momentum throughout 2021,” said John Manolides, President & 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.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, 2021	Quarter Ended December 31, 2020	Three Month	Quarter Ended March 31, 2020	One Year Change
Interest Income					
Loans	\$ 4,797	\$ 4,635	3%	\$ 3,652	31%
Interest bearing deposits in banks	132	135	-2%	233	-43%
Securities	119	124	-4%	111	7%
Total interest income	5,048	4,894	3%	3,996	26%
Interest Expense					
Deposits	433	498	-13%	662	-35%
Other borrowings	0	0	0%	0	0%
Total interest expense	433	498	-13%	662	-35%
Net Interest Income	4,615	4,396	5%	3,334	38%
Provision for credit losses	0	150	-100%	0	0%
Net interest income after provision for credit losses	4,615	4,246	9%	3,334	38%
Non-Interest Income					
Service charges on deposit accounts	30	35	-14%	38	-21%
Other non-interest income	218	379	-42%	239	-9%
Total non-interest income	248	414	-40%	277	-10%
Non-Interest Expense					
Salaries and employee benefits	1,630	1,602	2%	1,330	23%
Occupancy and equipment expenses	323	335	-4%	331	-2%
Other operating expenses	914	1,086	-16%	773	18%
Total non-interest expense	2,867	3,023	-5%	2,434	18%
Net Income Before Income Tax	1,996	1,637	22%	1,177	70%
Provision for Income Tax	395	343	15%	230	72%
Net Income	\$ 1,601	\$ 1,294	24%	\$ 947	69%



BALANCE SHEETS (Unaudited)
(Dollars in thousands)

	March 31, 2021	December 31, 2020	Three Month Change	March 31, 2020	One Year Change
Assets					
Cash and due from banks	\$ 15,847	\$ 8,873	79%	\$ 11,867	34%
Interest bearing deposits in banks	36,920	31,871	16%	35,040	5%
Securities available for sale	31,169	22,032	41%	14,128	121%
Federal funds sold	55,141	28,886	91%	8,666	536%
FHLB, FRB and PCBB stock	2,140	1,966	9%	1,966	9%
Loans	415,767	413,978	0%	305,149	36%
Allowance for loan losses	(4,661)	(4,665)	0%	(3,337)	40%
Net Loans	411,106	409,313	0%	301,812	36%
Premises and fixed assets	6,985	7,292	-4%	7,889	-11%
Accrued interest receivable	1,794	1,898	-5%	998	80%
Intangible assets	1,296	1,308	-1%	1,357	-4%
Other assets	16,667	14,328	16%	11,633	43%
Total Assets	\$ 579,065	\$ 527,767	10%	\$ 395,356	46%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 160,655	\$ 138,587	16%	\$ 97,676	64%
Savings and interest bearing demand	241,554	221,167	9%	147,323	64%
Time	117,663	109,955	7%	95,129	24%
Total Deposits	519,872	469,709	11%	340,128	53%
Total Borrowing	0	0	-90%	0	0%
Accrued interest payable	34	38	-11%	59	-42%
Other liabilities	5,884	6,208	-5%	6,219	-5%
Total Liabilities	525,790	475,955	10%	346,406	52%
Shareholders' Equity					
Common stock ⁽¹⁾	4,181	4,181	0%	4,200	0%
Additional paid in capital	44,996	44,957	0%	39,513	14%
Retained Earnings	4,109	2,508	64%	4,996	-18%
Other Comprehensive income	(11)	166	-107%	241	-105%
Total Shareholders' Equity	53,275	51,812	3%	48,950	9%
Total Liabilities and Shareholders' Equity	\$ 579,065	\$ 527,767	10%	\$ 395,356	46%

⁽¹⁾ \$1 par value, shares authorized 50,000,000, issued and outstanding 4,180,975



	Quarterly				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Financial Ratios					
Return on Average Assets	1.16%	1.02%	0.92%	0.46%	0.98%
Return on Average Equity	12.36%	10.43%	9.56%	4.70%	7.88%
Efficiency Ratio	58.95%	61.75%	58.94%	62.60%	67.40%
Yield on Earning Assets	3.89%	3.86%	3.62%	3.74%	4.42%
Cost of Funds	0.36%	0.42%	0.49%	0.60%	0.79%
Net Interest Margin	3.56%	3.47%	3.15%	3.16%	3.68%
Tangible Book Value per Share	\$ 12.30	\$ 12.05	\$ 11.75	\$ 11.47	\$ 11.34
Earnings per Share	\$ 0.38	\$ 0.30	\$ 0.29	\$ 0.14	\$ 0.23
Loan to Deposits	79.9%	88.1%	93.4%	90.0%	89.7%
Tangible Equity to Tangible Assets	8.9%	9.6%	9.7%	9.4%	12.1%
Asset Quality					
Allowance for Loan Losses to Total Loans	1.12%	1.13%	1.06%	1.03%	1.09%
Texas Ratio	4.60%	4.70%	4.80%	4.90%	5.10%
Nonperforming Assets to Assets	0.50%	0.50%	0.50%	0.60%	0.70%