



Commencement Bank Reports
2014 Net Income of \$920,000 and
Declares First Cash Dividend Payment

Commencement Bank is pleased to report net income of \$920,000 for 2014.

Due to continued profitability, Commencement Bank's Board of Directors approved a special, one-time cash dividend of \$0.07 per share. This dividend will be payable on February 28, 2015 to Shareholders of record on February 15, 2015.

"We are pleased with our strong financial performance and are delighted to make a special, one-time cash dividend payment to our Shareholders. This is our way of saying 'thank you' for their lasting support as we enter our 9th year of operation. We look forward to seeing our Shareholders at our 2014 Annual Meeting on April 28, 2015 at the Hotel Murano, downtown Tacoma, Washington," said Hal Russell, President and CEO.

Overall financial performance remains strong. Throughout 2014, loan balances increased \$5.3 million while the level of non-performing loans remained very low. The Bank's Texas Ratio, or measurement of non-performing assets to capital, ended 2014 at 2.75%, which is one of the lowest in Washington State. Deposits declined slightly by \$4.1 million, or 3% overall. This decline was due to temporarily placed deposits which were recorded as of year-end 2013; however, withdrawn in early 2014. The Bank did increase demand deposits, or non-interest bearing deposits, by \$3.7 million or 18%. An increase in demand deposits is a better indication of overall growth in core clientele.

The Bank's leverage and total risk based capital ratios continue to be well above regulatory minimums at 12.63% and 17.54%, respectively. Other key financial indicators also remain strong. In 2013, the Bank recognized a deferred tax asset related to previously incurred net operating losses. This posted negative tax expense of \$602,000 resulting in an increase in net income for the year. In 2014, the Bank began recognizing tax expense. Net income before tax increased significantly from \$850,000 in 2013 to \$1,320,000 in 2014. When comparing year-ends 2014 and 2013, return on average equity was 4.35% versus 7.27%, return on average assets was 0.56% versus 1.01%, and basic earnings per share was \$0.41 versus \$0.65, respectively. Lastly, the Bank's book value per share increased to \$9.70 from \$9.26 for the same period.

Selected Key Ratios

Ratio	Year Ended 12/31/14	Year Ended 12/31/13
Return on Average Equity	4.35%	7.27%
Return on Average Assets	0.56%	1.01%
Leverage Ratio	12.63%	13.50%
Risk Based Capital Ratio	17.54%	16.90%
Book Value Per Share	\$9.70	\$9.26
Basic Earnings Per Share	\$0.41	\$0.65

For further discussion please contact the following:

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For more information regarding your Bank please visit our website: commencementbank.com.

COMMENCEMENT BANK
QUARTERLY FINANCIAL INFORMATION
(Unaudited) (000's)

BALANCE SHEET	12/31/14	9/30/14	6/30/14	12/31/13
Assets				
Cash and due from banks	3,795	3,418	4,455	4,458
Interest bearing deposits in banks	22,007	21,260	16,002	27,338
Securities available for sale	2,929	3,076	3,246	4,622
Federal Home Loan Bank and Federal Reserve Bank stock	915	918	913	898
Loans	133,410	133,210	130,141	128,124
Allowance for loan losses	(1,851)	(2,001)	(1,904)	(1,732)
Net Loans	131,559	131,209	128,237	126,392
Leasehold improvements and equipment, net	698	731	759	800
Accrued interest receivable	327	346	348	348
Other real estate owned	642	642	658	700
Other assets	4,807	4,875	4,941	5,081
Total Assets	167,679	166,475	159,559	170,637
Liabilities and Shareholders' Equity				
Liabilities				
Deposits				
Demand, non-interest bearing	24,394	21,230	20,236	20,660
Savings and interest bearing demand	65,183	67,632	65,572	79,766
Time	53,060	52,870	49,247	46,298
Total Deposits	142,637	141,732	135,055	146,724
Federal Home Loan Bank borrowings	3,200	3,200	3,200	3,200
Accrued interest payable	23	24	23	29
Other liabilities	298	252	254	130
Total Liabilities	146,158	145,208	138,532	150,083
Shareholders' Equity				
Common stock (1)	2,219	2,219	2,219	2,219
Additional paid in capital	20,911	20,907	20,902	20,893
Accumulated deficit	(1,631)	(1,883)	(2,098)	(2,551)
Comprehensive income	22	24	4	(7)
Total shareholders' equity	21,521	21,267	21,027	20,554
Total liabilities and shareholders' equity	167,679	166,475	159,559	170,637

(1) \$1 par value, shares authorized 10,000,000, issued and outstanding 2,219,500

SELECTED RATIOS	Quarter Ended			
	12/31/14	9/30/14	6/30/14	12/31/13
Leverage ratio	12.63%	12.78%	13.42%	13.50%
Total risk based capital ratio	17.54%	17.48%	17.66%	17.22%
Loan to deposit ratio	93.53%	93.99%	96.36%	87.32%
Allowance for loan losses to total loans	1.39%	1.50%	1.46%	1.35%
Texas ratio	2.75%	2.76%	3.21%	4.48%
Book value per share	\$ 9.70	\$ 9.58	\$ 9.47	\$ 9.26

COMMENCEMENT BANK
QUARTERLY FINANCIAL INFORMATION
(Unaudited) (000's)

INCOME STATEMENT	For the three months ended		For the twelve months ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Interest Income				
Loans	1,714	1,565	6,564	5,920
Interest bearing deposits in banks	24	16	82	61
Securities available for sale	13	20	66	44
Total interest income	1,751	1,601	6,712	6,025
Interest Expense				
Deposits	192	156	726	661
Federal Home Loan Bank borrowings	7	8	28	32
Total interest expense	199	164	754	693
Net interest income	1,552	1,437	5,958	5,332
Provision for credit losses	-	15	45	15
Net interest income after provision for credit losses	1,552	1,422	5,913	5,317
Non-interest income				
Service charges on deposit accounts	38	44	175	154
Gain (Loss) on sale of other real estate owned	-	13	(5)	(287)
Gain (Loss) on sale of available for sale securities	-	-	8	
Other non-interest income	61	39	237	143
Total non-interest income	99	96	415	10
Non-interest expense				
Salaries and employee benefits	772	648	2,973	2,440
Occupancy and equipment expenses	116	112	455	451
Other operating expenses	393	366	1,580	1,586
Total non-interest expense	1,281	1,126	5,008	4,477
Net Income Before Income Tax	370	392	1,320	850
Income Tax	118	(92)	400	(602)
Net Income	252	484	920	1,452
SELECTED RATIOS				
Return on average equity	4.68%	9.42%	4.35%	7.27%
Return on average assets	0.59%	1.29%	0.56%	1.01%
Net interest margin	3.86%	4.11%	3.89%	4.02%
Basic earnings per share	\$ 0.11	\$ 0.22	\$ 0.41	\$ 0.65