



# STOCKHOLDER QUARTERLY REPORT

# 1Q 2017

Total assets increased \$16.5 million, or 12.2%, to \$152,451,022 compared to the same quarter in 2016.

Total loans increased \$10.7 million, or 9.8% and total deposits increased by \$13.3 million, or 11.5%, over first quarter 2016

## Financial Highlights

Edgewater Bancorp's earnings through the first quarter of 2017 were \$59,600 or \$0.10 per share, up from a net loss of (\$59,669), or \$(0.10) per share over the same period in 2016. The \$119,269 positive change in quarterly earnings was driven by a \$34,744 increase in net interest income, a \$40,444 increase in noninterest income, and a \$54,081 decrease in noninterest expense.

Net interest income increased \$34,744 due to growth in the bank's total loan portfolio. Provision for loan losses of \$10,000 for the first quarter of 2017 compares to \$0 for the first quarter of 2016, resulting in an increase of \$24,744 in net interest income after provision for loan losses. Noninterest expense was \$54,081, or 4.1%, lower for the first quarter of 2017 compared to the same period in 2016.

Total assets as of March 31, 2017 of \$152.4 million were up slightly from \$152.2 million at December 31, 2016. Total gross loans decreased \$4.4 million from \$124.0 million to \$119.6 million with, what the Board of Directors believes, is a short-term reduction in the mortgage warehouse loan volume of \$3.9 million for the first quarter.



## EDGEWATER LEADERSHIP TEAM

(left to right)

Coleen Rossman, SVP & CFO

Shannon Murphy, VP

Rick Dyer, President & CEO

Julie Thomsen, VP

Maria Kibler, VP

## STRATEGIC DECISIONS

During the first quarter, Edgewater Bancorp, Inc. deregistered its common stock from reporting obligations with the Securities and Exchange Commission (SEC). The action allows the organization to reduce legal, accounting, and other expenses associated with reporting compliance and make those savings available for continued operation and growth of the business. Although it is no longer required to file SEC reports, the Board of Directors is committed to providing on-going financial and non-financial updates to stockholders through annual and quarterly reports.

Edgewater also announced during the first quarter its intention to convert the charter of Edgewater Bancorp, Inc. from a Savings & Loan Holding Company to a Bank Holding Company, and to convert the charter of Edgewater Bank from a federally-regulated Thrift to a State

of Michigan commercial bank. The Board of Directors feel the proposed charters more accurately match the approach and manner in which the organizations operate, and does not feel the charter conversions will materially impact operations. The charter conversions are expected to be finalized mid-year 2017.

## STATEMENTS ONLINE

Edgewater Bancorp's quarterly Comparative Financial Statement for Stockholders is available electronically either through our website or through email. For both cost and environmental reasons, we will not be sending the report via U.S. mail. If you would like the document emailed to you going forward, please visit [www.edgewaterbankinvestor.com](http://www.edgewaterbankinvestor.com), or simply go to the "Investor Relations" tab on our website ([www.edgewaterbank.com](http://www.edgewaterbank.com)). You will see an icon to sign up for electronic delivery of the stockholder report.



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BRANCHES IN BRIDGMAN, BUCHANAN,  
COLOMA, ROYALTON AND ST. JOSEPH



## BOARD OF DIRECTORS

**KENNETH F. ANKLI, III, BOARD CHAIRMAN**  
Brammall Supply Company  
Benton Harbor

**RICHARD E. DYER**  
Edgewater Bank  
St. Joseph

**NORMA TIRADO-KELLENBERGER**  
Lakeland Health  
St. Joseph

**JAMES R. MAROHN**  
Doubleday Office Products, Inc.  
Benton Harbor

**STEPHEN ROSS**  
Stephen Ross & Company, P.C.  
Stevensville

**THOMAS L. STARKS**  
Starks Family Funeral Homes  
St. Joseph

**LYNN C. TODMAN, PH.D.**  
Lakeland Health  
St. Joseph

## Consolidated Balance Sheets (UNAUDITED)

ASSETS	3/31/2017	12/31/2016
Cash and Due From Banks	\$ 780,815	\$ 879,168
Federal Funds and Other Deposits	15,333,304	13,360,600
Investment Securities	12,383,723	9,615,090
Loans Held for Sale	195,000	148,000
Loans (Gross)	119,622,437	124,039,436
Allowance for Loan Loss	(1,242,153)	(1,251,647)
Loans (Net)	118,380,284	122,787,789
Fixed Assets	3,233,635	3,318,566
Other Assets	2,139,479	2,117,709
<b>TOTAL ASSETS</b>	<b>\$ 152,446,240</b>	<b>\$ 152,226,922</b>
LIABILITIES	3/31/2017	12/31/2016
Deposits: Non-Interest-Bearing	\$ 16,151,513	\$ 15,509,534
Deposits: Interest-Bearing	112,969,846	111,596,297
Total Deposits	\$ 129,121,359	\$ 127,105,831
FHLB Advances	9,000,000	11,000,000
Other Liabilities	730,319	599,360
Total Liabilities	\$ 138,851,678	\$ 138,705,191
TEMPORARY EQUITY		
ESOP Shares Subject to Redemption	78,817	73,474
STOCKHOLDERS' EQUITY		
Common Stock	\$ 6,710	\$ 6,679
Paid-In-Capital	4,688,482	4,683,434
Retained Earnings	8,862,849	8,800,092
Accumulated Other Comprehensive (Loss)	(42,296)	(41,948)
Total Stockholders' Equity	\$ 13,515,745	\$ 13,448,257
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 152,446,240</b>	<b>\$ 152,226,922</b>

## Financial Ratios

	3/31/2017	12/31/2016
Return on Average Equity (Annualized)	1.78%	0.01%
Return on Average Assets (Annualized)	.16%	0.11%
Tier 1 Capital to Assets	8.67%	8.49%
Allowance for Loan Loss / Loans	1.04%	1.01%

## Consolidated Statements of Income (UNAUDITED)

3 MONTHS ENDED MARCH 31	2017	2016
Interest and Fees On Loans	\$ 1,215,584	\$ 1,168,000
Interest on Fed Funds Sold and Other Deposits	35,771	17,910
Interest on Investment Securities	35,324	41,845
Total Interest Income	\$ 1,286,679	\$ 1,227,755
Interest Expense	173,142	148,962
Net Interest Income	\$ 1,113,537	\$ 1,078,793
Provision for Loan Losses	10,000	-
Net Interest Income After Provision	\$ 1,103,537	\$ 1,078,793
Non-Interest Income	220,872	180,428
Non-Interest Expense	1,264,809	1,318,890
Income (Loss) Before Income Taxes	59,600	(59,669)
Income Tax Expense	---	---
<b>NET INCOME (LOSS)</b>	<b>\$ 59,600</b>	<b>\$ (59,669)</b>
<b>EARNINGS (LOSS) PER COMMON SHARE</b>	<b>\$ 0.10</b>	<b>\$ (0.10)</b>

## STOCKHOLDER INFORMATION

Stock symbol:  
EGDW

Number of Shares Outstanding  
March 31, 2017:  
670,958

Book Value  
March 31, 2017:  
\$ 20.21

## INVESTOR RELATIONS CONTACTS

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