

**STOCKHOLDER
QUARTERLY
REPORT**

1Q 2018

First quarter 2018 net income of \$230,905 represents a 287% increase over first quarter 2017 net income, with return on average equity (annualized) increasing from first quarter 2017 of 1.78% to first quarter 2018 of 6.67%.

Financial Highlights

Edgewater Bancorp's first quarter 2018 net income was \$230,905, or \$0.36 per share, compared to net income of \$59,600, or \$0.10 per share, for the first quarter of 2017. Return on Average Equity (annualized) was 6.67% at March 31, 2018 compared to 3.52% for December 31, 2017. First quarter financial results continue to be driven by loan portfolio growth, disciplined non-interest expense management, and sound asset quality. The first quarter 2018 net income, following good solid income growth for the year ended December 31, 2017, reflects a positive trend for Edgewater.

Net interest income increased \$180,965, or 16.3%, to \$1.3 million for the quarter, compared to \$1.1 million during the first quarter of 2017. Total provision expense of \$20,000 for the first quarter of 2018 exceeded provision expense of \$10,000 for the first quarter of 2017 due to loan portfolio growth, not a deterioration of asset quality.

Total non-interest expense was flat at \$1.3 million from the first quarter of 2017 to the first quarter of 2018 as the organization continues to monitor and manage expenses.

Total consolidated assets at March 31, 2018 were \$154.7 million, down from \$156.4 million at December 31, 2017. Total loans, however, increased to \$120.7 million from \$120.2 million even with Edgewater exiting the residential mortgage warehouse lending program. Bank securities increased from \$11.2 million to \$16.2 million with the increase funded through proactive actions to redeploy funds from Fed Funds and other deposits to higher-yielding investments.



Edgewater is pleased to assist commercial clients like Lori Costanza with her "Stately Living" and "Private Duty Home Healthcare" businesses, with professional, flexible, and complete lending and deposit services.



Total deposits were flat at \$137.6 million while borrowings from Federal Home Loan Bank decreased \$2.0 million from \$4.0 million at December 31, 2017 to \$2.0 million at March 31, 2018.

Total equity increased to \$14.1 million as of March 31, 2018, with Edgewater's Tier 1 capital ratio improving from 8.67% at March 31, 2017 and 9.01% at December 31, 2017, to 9.18% at March 31, 2018.

"LOVE MORE. WORRY LESS"

When Lori Costanza, RN was 16 years old, she became a Certified Nursing Assistant (CNA). From that point in her life, she gained a warm affection for the care of elderly and "in need" individuals. Since graduating from nursing school, she has dedicated her life to caring. She started Private Duty Home Healthcare in 2009 with the desire to offer in-home healthcare to individuals of all ages, with short-term illnesses, disabilities, diseases, surgical issues, or age-related challenges.

In 2017, Lori took another next step through the opening of Stately Living, a residential care

home "dedicated to providing a better solution for seniors that have physical/mental limitations and are at risk living alone." Located in St. Joseph, MI, Stately Living provides a high quality of life for seniors that value their independence.

Edgewater is proud to support Lori and other business people in their business ventures, but more importantly, in their pursuit of dreams. Edgewater's work with Lori, as a successful businesswoman and a caring individual, is a great example of the organization's commitment to sound commercial relationships.

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BRANCHES IN BRIDGMAN, BUCHANAN,
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Consolidated Balance Sheets

	UNAUDITED	AUDITED
ASSETS	3/31/2018	12/31/2017
Cash and Due From Banks	\$ 709,043	\$ 715,152
Federal Funds and Other Deposits	13,067,968	20,159,757
Investment Securities	16,155,790	11,220,499
Loans Held for Sale	–	–
Loans (Gross)	120,667,121	120,224,820
Allowance for Loan Loss	(1,296,734)	(1,276,434)
Loans (Net)	119,370,387	118,948,386
Fixed Assets	3,008,216	3,026,108
Other Assets	2,425,216	2,314,439
TOTAL ASSETS	\$ 154,736,620	\$ 156,384,341
LIABILITIES	3/31/2018	12/31/2017
Deposits: Non-Interest-Bearing	\$ 18,837,735	\$ 20,277,320
Deposits: Interest-Bearing	118,774,315	117,352,952
Total Deposits	\$ 137,612,050	\$ 137,630,272
FHLB Advances	2,000,000	4,000,000
Other Liabilities	909,116	680,217
Total Liabilities	\$ 140,521,166	\$ 142,310,489
TEMPORARY EQUITY	3/31/2018	12/31/2017
ESOP Shares Subject to Redemption	112,836	107,493
STOCKHOLDERS' EQUITY	3/31/2018	12/31/2017
Common Stock	\$ 7,002	\$ 6,832
Paid-In-Capital and Surplus	4,742,678	4,734,077
Retained Earnings	9,516,319	9,285,414
Accumulated Other Comprehensive Loss	(163,381)	(59,964)
Total Stockholders' Equity	\$ 14,102,618	\$ 13,966,359
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 154,736,620	\$ 156,384,341

Financial Ratios

	3/31/2018	12/31/2017
Return on Average Equity (Annualized)	6.67%	3.52%
Return on Average Assets (Annualized)	0.61%	0.32%
Tier 1 Capital to Average Assets	9.18%	9.01%
Allowance for Loan Loss / Loans	1.07%	1.06%

Consolidated Statements of Income

	UNAUDITED	UNAUDITED
3 MONTHS ENDED MARCH 31	2018	2017
Interest and Fees On Loans	\$ 1,335,495	\$ 1,215,584
Interest on Fed Funds and Other Deposits	76,133	35,771
Interest on Investments	60,190	35,324
Total Interest Income	\$ 1,471,818	\$ 1,286,679
Interest Expense	177,316	173,142
Net Interest Income	\$ 1,294,502	\$ 1,113,537
Provision for Loan Losses	20,000	10,000
Net Interest Income After Provision	\$ 1,274,502	\$ 1,103,537
Non-Interest Income	211,899	220,872
Non-Interest Expense	1,255,496	1,264,809
Income Before Income Taxes	230,905	59,600
Income Tax Expense	–	–
NET INCOME	\$ 230,905	\$ 59,600
EARNINGS (PER COMMON SHARE)	\$.36	\$.10

STOCKHOLDER INFORMATION

Stock symbol:
EGDW

Number of Shares Outstanding
March 31, 2018:
700,158

Book Value
March 31, 2018:
\$ 20.47

INVESTOR RELATIONS CONTACTS

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