



STOCKHOLDER QUARTERLY REPORT

1Q 2019

*Edgewater continues to grow,
with total assets increasing
\$14.6 million, or 9.4%, from
\$154.7 million at 3/31/18 to
\$169.3 million at 3/31/19.*



269-982-4175
WWW.EDGEWATERBANK.COM

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



Financial Highlights

Edgewater Bancorp's first quarter 2019 net income of \$184,006, or \$0.27 per share, compared to net income of \$230,905, or \$0.36 per share, for the first quarter of 2018. The net income figures suggest a material reduction in earnings, however operating income for the first quarter was flat compared to the first quarter of 2018. \$43,264 of income tax expense was recognized in 2019, compared to no income tax expense in 2018 due to the use of a portion of the deferred tax asset valuation allowance. Net income before income tax for the first quarter of 2019 was \$227,270 compared to \$230,905 for the first quarter of 2018.

Net interest income increased \$146,733, or 11.3%, to \$1.4 million for the quarter, compared to \$1.3 million during the first quarter of 2018. Total provision expense of \$12,500 for the first quarter of 2019 compared to \$20,000 for the first quarter of 2018. The level of provision expense is calculated based on growth and other various asset quality considerations.

Total non-interest income was down \$44,261 from \$211,899 during the first quarter of 2018 to \$167,638 during the first quarter of 2019. The decrease is primarily the result of slower residential mortgage loan volume during the current quarter. Total non-interest expense increased by \$113,607 from prior year to \$1.4 million. The increase is attributed to expenses related to new computer



Edgewater's on-going print, electronic, and billboard messaging to clients, stockholders, and communities is created and delivered through the strong relationship maintained with marketing agency Holt Bosse, LLC. Edgewater's relationship with Holt Bosse has served **The Real Local Bank** very well.

software, professional fees for human resource consulting, and personnel costs. A portion of the personnel cost increase realized during the first quarter of 2019 is attributed to a one-time transaction. As previously stated, the first quarter 2019 income statement includes a tax expense whereas the first quarter of 2018 income statement does not include tax expense.

Total consolidated assets at March 31, 2019 were \$169.3 million, down slightly from \$170.0 million at December 31, 2018. Loans receivable, net of allowance, increased from \$126.9 million at December 31, 2018 to \$127.1 million at March 31, 2019. Bank securities and interest-bearing time deposits decreased slightly for the quarter to \$15.1 million, compared to \$15.4 million at December 31, 2018.

Total deposits increased by \$848, 532 during the quarter to \$144.6 million while Federal Home Loan Bank advances decreased by \$2.0 million.

Total equity increased to \$15.6 million at March 31, 2019 compared to \$15.2 million at 12/31/18.

The *real* local bank

Why do we refer to Edgewater as The Real Local Bank? The answer is easy - community involvement, knowledge, financial support, and leadership. It is who we are. It is how we approach business. Our board members, officers, and staff are involved, are leaders, and help to make things happen in our communities. Whether a first deposit account, a start-up venture, a dream house, or a successful local business, Edgewater supports its clients in a flexible, creative and professional manner that focuses the attention on the client, not on the Bank.

Certain statements in this communication are forward-looking and are based on certain assumptions and reflect our current expectations. As a result, these forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ from current expectations.

Consolidated Balance Sheets

	UNAUDITED	AUDITED
	3/31/2019	12/31/2018
ASSETS		
Cash and Due From Banks	\$ 1,007,101	\$ 1,037,182
Federal Funds and Other Deposits	19,483,810	20,254,877
Interest-Bearing Time Deposits	2,705,000	1,964,000
Investment Securities	12,395,886	13,433,921
Loans (Gross)	128,516,714	128,343,456
Allowance for Loan Losses	(1,401,680)	(1,401,935)
Loans (Net)	127,115,034	126,941,521
Fixed Assets	3,010,902	2,957,803
Deferred Tax Asset	1,393,337	1,393,337
Other Assets	2,226,296	2,012,650
TOTAL ASSETS	\$ 169,337,365	\$ 169,995,291
LIABILITIES		
Deposits: Non Interest-Bearing	\$ 23,501,984	\$ 22,176,701
Deposits: Interest-Bearing	121,097,441	121,574,192
Total Deposits	\$ 144,599,425	\$ 143,750,893
FHLB Advances	5,000,000	7,000,000
Other Borrowings	1,928,404	1,967,263
Other Liabilities	2,054,968	1,878,487
Total Liabilities	\$ 153,582,796	\$ 154,596,643
TEMPORARY EQUITY		
ESOP Shares Subject to Redemption	\$ 148,198	\$ 142,822
STOCKHOLDERS' EQUITY		
Common Stock	\$ 7,222	\$ 7,056
Paid-In-Capital and Surplus	4,849,380	4,844,037
Retained Earnings	10,762,947	10,531,225
Accumulated Other Comprehensive Loss	(13,178)	(126,492)
Total Stockholders' Equity	\$ 15,606,371	\$ 15,255,826
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 169,337,365	\$ 169,995,291

Financial Ratios

	3/31/2019	12/31/2018
Return on Average Equity (Annualized)	4.77%	8.45%
Return on Average Assets (Annualized)	0.44%	0.78%
Tier 1 Capital to Average Assets	9.28%	9.23%
Allowance for Loan Loss / Loans	1.09%	1.09%

Consolidated Statements of Income (UNAUDITED)

FORTHE 3 MONTHS ENDING	3/31/2019	3/31/2018
Interest and Fees On Loans	\$ 1,585,635	\$ 1,335,495
Interest on Fed Funds and Other Deposits	117,467	76,133
Interest on Investments	98,801	60,190
Total Interest Income	1,801,903	1,471,818
Interest Expense	360,668	177,316
Net Interest Income	1,441,235	1,294,502
Provision for Loan Losses	12,500	20,000
Net Interest Income After Provision	1,428,735	1,274,502
Non-Interest Income	167,638	211,899
Non-Interest Expense	1,369,103	1,255,496
Income Before Income Taxes	227,270	230,905
Income Tax Expense	43,264	—
NET INCOME	\$ 184,006	\$ 230,905
EARNINGS PER SHARE	\$ 0.27	\$ 0.36

STOCKHOLDER INFORMATION

Stock symbol:
EGDW

Number of Shares Outstanding
March 31, 2019:
722,150

Book Value
March 31, 2019:
\$ 21.63

INVESTOR RELATIONS CONTACTS

RICHARD E. DYER
President & CEO
rdyer@edgewaterbank.com
269-982-7655

COLEEN ROSSMAN
Executive VP & CFO
crossman@edgewaterbank.com
269-982-4176

BOARD OF DIRECTORS

KENNETH F. ANKLI, III, BOARD CHAIRMAN
Retired

RICHARD E. DYER
Edgewater Bank

NORMA TIRADO-KELLENBERGER
Spectrum Health Lakeland

JAMES R. MAROHN
Doubleday Office Products, Inc.

STEPHEN ROSS
Stephen Ross & Company, P.C.

THOMAS L. STARKS
Starks Family Funeral Homes

LYNN C. TODMAN, PH.D.
Spectrum Health Lakeland


EDGEWATER
BANCORP, INC.

269-982-4175
WWW.EDGEWATERBANK.COM

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

Member
FDIC

