



PRESS RELEASE

Edgewater Bancorp Reports Second Quarter Earnings

SAINT JOSEPH, MI., July 26, 2019 -- **Edgewater Bancorp, Inc.** (EGDW) announced year-to-date June 30, 2019 net income of \$949,575, or \$1.32 per share, compared to net income of \$827,377 or \$1.29 per share, for the second quarter of 2018. The net income figures for both periods are impacted by reversals of the valuation reserve previously established for Edgewater's deferred tax asset. During the first six months of 2018, \$1.4 million of the valuation reserve was reversed. During the first six months of 2019, the remaining \$528,146 of the deferred tax asset valuation reserve was reversed. In both cases, the reserve reversal is recognized in the financial statements as an income tax benefit.

Net interest income increased \$321,006, or 12.2%, to \$2.9 million for the first six months of 2019, compared to \$2.6 million for the first six months of 2018. Total provision expense of \$45,000 for the first six months of 2019 compared to \$50,000 for the same period of 2018. The level of provision expense is based on Bank management's assessment of current asset quality indicators along with analytical tools based on several historic, portfolio, and economic considerations.

Total non-interest income was down \$99,014 from \$486,841 during the first six months of 2018 to \$387,827 during the first six months of 2019. The decrease in non-interest income is primarily the result of a lower volume of secondary market residential mortgage loans on a year-to-date basis in 2019 compared to the same period in 2018. The decline is due to higher market interest rates and an increase in portfolio mortgages. Total non-interest expense at 6/30/19 of \$2.8 million compares favorably to total non-interest expense of \$3.8 million at 6/30/18. During the first six months of 2018, a one-time \$1.2 million defined benefit plan expense was recognized, inflating 2018 non-interest expenses. Adjusting for the defined benefit plan expense, total non-interest expense increased \$200,000 during the first six months of 2019 compared to the first six months of 2018, primarily in the areas of data processing and professional services (human resource consulting).

Return on average equity (annualized) improved from 8.45% at June 30, 2018 to 12.08% at June 30, 2019 while return on average assets (annualized) improved from .78% to 1.13% for the same period.

Total consolidated assets at June 30, 2019 were \$169.2 million, down slightly from \$170.0 million at December 31, 2018. Although total assets are fairly flat for the first six months of 2019, total loans (gross) increased \$2.3 million, or 1.8% during the six-month period. Bank

securities and interest-bearing time deposits decreased slightly from \$15.4 million at December 31, 2018 to \$15.2 million at June 30, 2019. The Bank's Fed Funds balance and other deposits decreased from \$20.2 million at December 31, 2018 to \$16.3 million at June 30, 2019 as funds were more effectively utilized for the Bank's loan portfolio.

Total deposits decreased slightly from \$143.8 million at December 31, 2018 to \$143.2 million at June 30, 2018. The level of deposits was impacted by the seasonality of the Bank's public fund deposit clients. During the same six-month period, Federal Home Loan Bank advances decreased by \$2.0 million.

Total equity increased by 8.2% from \$15.2 million at December 31, 2018 to \$16.5 million at June 30, 2019. The ratio of Tier 1 Capital to Average Assets increased from 9.23% to 9.52% during the first six months of 2019.

Based in Saint Joseph, Michigan, Edgewater Bancorp is the bank holding company for Edgewater Bank. Edgewater provides commercial, mortgage, and consumer loan and deposit banking services from 5 banking offices in St. Joseph, Bridgman, Buchanan, Coloma, and Royalton Township. Edgewater Bancorp's common stock is listed under the symbol "EGDW."

This news release contains comments or information that constitute 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. Actual results may differ materially from the results expressed in forward-looking statements. Factors that might cause such a difference include changes in interest rates and interest rate relationships; demand for products and services; the degree of competition by traditional and nontraditional competitors; changes in banking regulation or actions by bank regulators; changes in tax laws; changes in prices, levies, and assessments; the impact of technological advances; governmental and regulatory policy changes; the outcomes of contingencies; trends in customer behavior as well as their ability to repay loans; changes in local real estate values; changes in the national and local economies; and other factors. Edgewater undertakes no obligation to update or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

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