



Edgewater Bancorp Reports Earnings for 2019

SAINT JOSEPH, Mich., March 10, 2020 (GLOBE NEWSWIRE) -- **Edgewater Bancorp, Inc.** (EGDW) announced unaudited net income of \$1,150,030 for 2019, Richard E. Dyer, President and CEO, announced today. Edgewater Bancorp, Inc. is the holding company for Edgewater Bank.

Dyer indicated, "We experienced another successful year in 2019 with continued loan growth and total balance sheet growth." He also said, "Asset quality remains good as the Bank continues to focus on sound underwriting and credit administrative practices." Audited financial statements are expected to be completed by the end of March, with the annual meeting of stockholders scheduled for May.

During mid-2019, Edgewater opened a second loan production office. The office, located in Greenville, MI, is like the Bank's Fremont, MI loan production office in that its focus is on commercial lending from small-to-moderate sized commercial clients. Edgewater has targeted markets wherein its community banking approach, delivered through experienced and local banking professionals, serves the business community well.

Edgewater was proud to be honored during 2019 as the recipient of the Governor's Fitness Award for Healthy Workplaces. It was selected as the healthiest workplace in the State of Michigan in the small-to-medium sized category.

Income Statement Comments - Net income for the year ended December 31, 2019 decreased to \$1.2 million, or \$1.59 per share from \$1.2 million, or \$1.89 per share, for the year ended December 31, 2018. Total interest income improved from \$6.4 million in 2018 to \$7.7 million in 2019 due to increased loan volume and higher market interest rate. The higher interest rate environment, a growing deposit base, and increased borrowings also increased interest expense from \$973,566 in 2018 to \$1.5 million in 2019. Net interest income increased \$675,845 year-over-year from \$5.5 million to \$6.1 million as the increase in interest income outweighed the increase in interest expense.

Total provision expense was \$262,500 in 2019 compared to \$150,000 in 2018. The increase is attributed to loan portfolio growth as Bank management's assessment of loan quality remains strong. Net-interest income after provision increased \$563,345 from \$5.3 million in 2018 to \$5.9 million in 2019.

Noninterest income increased \$8,094 year-over-year with noninterest income of \$856,013 in 2019 compared to \$847,919 in 2018.

Noninterest expense decreased to \$5.9 million in 2019 from \$6.3 million in 2018. The decrease is attributed to a reduction in the contribution to the Bank's defined benefit plan from \$1.2 million in 2018 to \$371,000 in 2019. Net of the defined benefit plan expense, non-interest expense increased \$468,963 primarily due to additional expenses in the areas of data processing and lending staff (salaries and benefits) additions. The data processing expense increase is related to enhanced technology to improve client services and meet market demands, as well as to augment IT security features. The additional salaries and benefits expense are directly tied to increased commercial loan activities, with additions to staff in both the loan origination and credit areas of the Bank.

The Bank's deferred tax asset reserve was fully reversed during 2019 with \$528,146 recognized as an income tax benefit. During 2018, the income tax benefit attributed to the deferred tax asset reserve reversal was \$1.4 million.

Balance Sheet Comments - Total assets increased from \$170.0 million at December 31, 2018 to \$186.0 million at December 31, 2019. Net loans increased \$31.2 million from \$126.9 million to \$158.1 million. The increase is attributed to strong commercial lending activity as well as mortgage warehouse lending.

The deferred tax asset reserve reversal during 2019 resulted in the deferred tax asset line item on the balance sheet increasing \$528,146.

Deposits were \$143.8 million at December 31, 2018 compared to \$152.1 million at December 31, 2019, an increase of \$8.3 million. Noninterest-bearing demand deposits decreased from \$22.2 million at December 31, 2018 to \$21.2 million at December 31, 2019. Interest-bearing deposits increased from \$121.6 million to \$130.9 million during the same time frame.

Federal Home Loan Bank advances increased \$6.0 million from \$7.0 million at December 31, 2018 to \$13.0 million at December 31, 2019 to help fund the loan portfolio growth.

Edgewater's total stockholders' equity was \$16.8 million at December 31, 2019 compared to \$15.3 million at December 31, 2018, an increase of \$1.6 million.

Book value per share of Edgewater Bancorp common stock increased to \$23.14 at December 31, 2019 from \$21.80 at December 31, 2018.

About Edgewater Bancorp

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, plus loan production offices in Fremont, MI and Greenville, MI.

Edgewater Bancorp's common stock is listed under the symbol "EGDW."

Forward-Looking Statements

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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