



STOCKHOLDER QUARTERLY REPORT 1Q 2020

Edgewater Bank is working proactively with its clients and communities to assist through the COVID-19 pandemic by offering prudent and responsible financial accommodations to individuals and businesses during these unprecedented times.



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BRANCHES IN BRIDGMAN, BUCHANAN,
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Financial Highlights

Net income after taxes increased \$62,052 over first quarter of 2019 or 33.7%. Net income before income tax for the first quarter of 2020 was \$313,948 compared to \$227,270 for the first quarter of 2019 or an increase of \$86,678 or 38.1%. Net interest income increased \$183,107, or 12.7% to \$1.6 million for the quarter, compared to \$1.4 million during the first quarter of 2019. Total loan loss provision expense was \$30,000 for the first quarter of 2020 compared to \$12,500 for the first quarter of 2019. The level of provision expense is calculated based on growth and other various asset quality considerations, including the impact of COVID-19.

Total non-interest income was up \$91,452 from \$167,638 during the first quarter of 2019 to \$259,090 during the first quarter of 2020. The increase was due to increased residential mortgage sales as a result of the refinance market which was driven by a decline in rates. Total non-interest expense increased by \$170,381 from the prior year to \$1.5 million. The increase is attributed to expenses related to personnel costs from staff additions over prior year. Data processing has increased over prior year due to upgrading equipment and support to accommodate more electronic banking, off-site staff work, and video conferencing for both internal and client interactions.

NOTICE: The Annual Meeting of Stockholders is postponed due to the State of Michigan's "Stay Home, Stay Safe" Executive Order. The new date for the Annual Meeting of Stockholders is July 8, 2020. The meeting will be held at Edgewater Bank's Main Office, 321 Main Street, Saint Joseph, MI at 5:30 p.m. local time. Shareholders who have not already voted are encouraged to cast their vote by returning their completed proxy card or by providing voting direction to their broker if shares are held in a brokerage account.

Total consolidated assets as of March 31, 2020 were \$188.0 million, up from \$185.9 million on December 31, 2019. Cash and Cash equivalents increased \$7.1 million from \$7.4 million on December 31, 2019 to \$14.5 million on March 31, 2020. Loans receivable, net of allowance, decreased from \$158.1 million on December 31, 2019 to \$152.1 million at March 31, 2020. Loans held for sale increased \$1.95 million from \$50,000 on December 31, 2019 to \$2.0 million on March 31, 2020. Bank investment securities and interest-bearing time deposits decreased slightly for the quarter to \$12.3 million, compared to \$13.5 million on December 31, 2019.

Total deposits increased by \$1.3 million to \$153.3 million during the quarter while the Federal Home Loan Bank Advances remained the same at \$13.0 million.

Total equity increased to \$17.2 million at March 31, 2020 compared to \$16.8 million at December 31, 2019.

The COVID-19 pandemic began during the latter part of the first quarter. Edgewater's financial results for the quarter were minimally impacted as a result. The Bank continues to work with its clients on an individualized basis to develop plans and accommodations, as needed, for each client. Edgewater is active with the Paycheck Protection Program as well as other programs to help its clients retain employees and remain in operation. Modifications in the manner in which Edgewater operates have been made to protect employees and clients, however the personalized and service-based approach of **The Real Local Bank** has remained consistent.

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.

Condensed Consolidated Balance Sheets

	UNAUDITED	AUDITED
ASSETS	3/31/2020	12/31/2019
Cash and Due From Banks	\$ 1,070,575	\$ 914,818
Federal Funds and Other Deposits	13,383,762	6,441,172
Interest-Bearing Time Deposits	4,436,000	4,436,000
Investment Securities	7,908,523	9,052,997
Loans Held for Sale	2,012,200	50,000
Loans (Gross)	153,756,658	159,723,493
Allowance for Loan Losses	(1,648,390)	(1,614,390)
Loans (Net)	152,108,268	158,109,103
Fixed Assets	3,007,411	3,046,523
Deferred Tax Asset	1,715,146	1,695,219
Other Assets	2,316,056	2,192,011
TOTAL ASSETS	\$ 187,957,940	\$ 185,937,843
LIABILITIES	3/31/2020	12/31/2019
Deposits: Non Interest-Bearing	\$ 22,534,790	\$ 21,195,230
Deposits: Interest-Bearing	130,793,307	130,863,522
Total Deposits	153,328,097	152,058,752
FHLB Advances	13,000,000	13,000,000
Other Borrowings	1,766,961	1,807,908
Other Liabilities	2,513,051	2,105,094
Total Liabilities	170,608,109	168,971,754
TEMPORARY EQUITY	3/31/2020	12/31/2019
ESOP Shares Subject to Redemption	185,384	180,006
STOCKHOLDERS' EQUITY	3/31/2020	12/31/2019
Common Stock	7,333	7,250
Paid-In-Capital and Surplus	5,151,915	5,074,545
Retained Earnings	11,865,642	11,629,325
Accumulated Other Comprehensive Income	139,557	74,963
Total Stockholders' Equity	17,164,447	16,786,083
TOTAL LIABILITIES & EQUITY	\$ 187,957,940	\$ 185,937,843

Financial Ratios

	3/31/2020	12/31/2019
Return on Average Equity (Annualized)	5.74%	6.68%
Return on Average Assets (Annualized)	0.53%	0.63%
Tier 1 Capital to Average Assets	9.05%	9.21%
Allowance for Loan Loss / Loans	1.07%	1.01%

Condensed Consolidated Statements of Income (UNAUDITED)

FORTHE 9 MONTHS ENDING	3/31/2020	3/31/2019
Interest and Fees On Loans	\$ 1,961,142	\$ 1,585,635
Interest on Fed Funds and Other Deposits	28,722	117,467
Interest on Investments	82,496	98,801
Total Interest Income	2,072,360	1,801,903
Interest Expense	448,018	360,668
Net Interest Income	1,624,342	1,441,235
Provision for Loan Losses	30,000	12,500
Net Interest Income After Provision	1,594,342	1,428,735
Non-Interest Income	259,090	167,638
Non-Interest Expense	1,539,484	1,369,103
Income Before Income Taxes	313,948	227,270
Income Tax Expense	67,890	43,264
NET INCOME	\$ 246,058	\$ 184,006
EARNINGS PER SHARE	\$ 0.36	\$0.27

STOCKHOLDER INFORMATION

Stock Symbol:
EGDW

Number of Shares Outstanding
March 31, 2020:
733,310

Book Value
March 31, 2020:
\$ 23.22

INVESTOR RELATIONS CONTACTS

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BOARD OF DIRECTORS

KENNETH F. ANKLI, III, BOARD CHAIRMAN
Retired

RICHARD E. DYER
Edgewater Bank

NORMA TIRADO-KELLENBERGER
Spectrum Health Lakeland

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Stephen Ross & Company, P.C.

THOMAS L. STARKS
Starks Family Funeral Homes

LYNN C. TODMAN, PH.D.
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