



## Edgewater Bancorp Reports Second Quarter Earnings

SAINT JOSEPH, Mich., July 31, 2020 (GLOBE NEWSWIRE) -- **Edgewater Bancorp, Inc.** (EGDW) announced year-to-date June 30, 2020 net income of \$634,482, or \$.92 per share, compared to net income of \$949,575 or \$1.32 per share, for the second quarter of 2019. The net income before taxes increased \$283,421 or 53.9% and after taxes decreased \$315,093 over second quarter of 2019 or 33.2%. During the first six months of 2019, the remaining \$528,146 of the deferred tax asset valuation reserve was reversed. The reserve reversal is recognized in the financial statements as an income tax benefit.

Net interest income increased \$538,995 or 18.3% to \$3.5 million for the first six months of 2020, compared to \$2.9 million for during the first six months of 2019. Total loan loss provision expense was \$85,000 for the first six months of 2020 compared to \$45,000 for the first six months of 2019. The level of provision expense is calculated based on growth and other various asset quality considerations including COVID-19 pandemic.

Total non-interest income was up \$398,908 from \$387,827 during the first six months of 2019 to \$786,735 during the first six months 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 \$614,482 from the prior year to \$3.4 million. The increase is attributed to expenses related to personnel costs from staff additions over prior year and \$261,000 of defined benefit plan expense needed for the final funding to terminate this plan. As of 6/30/2020, this plan was funded and the obligation was assumed by a new issuer. We do not anticipate any future expense associated with the plan. Data processing has increased over prior year due to upgrading equipment, products, and support.

Total consolidated assets as of June 30, 2020 were \$228.5 million, up from \$185.9 million on December 31, 2019. Cash and Cash equivalents increased \$35.2 million from \$7.4 million on December 31, 2019 to \$42.6 million on June 30, 2020. Loans receivable, net of allowance, increased from \$158.1 million on December 31, 2019 to \$165.3 million at June 30, 2020. This includes approximately \$26.4 million of Paycheck Protection Program Loans (PPP) loans made available through the CARES Act. There also was a reduction in the Warehouse Line Participation of \$13.2 million. Loans held for sale increased \$2.3 million from \$50,000 on December 31, 2019 to \$2.4 million on June 30, 2020. Bank investment securities and interest-bearing time deposits decreased \$2.4 million to \$11.1 million, compared to \$13.5 million on December 31, 2019.

Total deposits increased by \$23.6 million to \$175.7 million during the quarter. The Federal Home Loan Bank Advances decreased \$5.0 million to \$8.0 million as of June 30, 2020. The Federal Reserve-Paycheck Protection Program Liquidity Fund (PPPLF) was used to fund the PPP loans. This borrowing will be paid off as the PPP loans are forgiven or paid off.

Total equity increased to \$17.7 million at June 30, 2020 compared to \$16.8 million at December 31, 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 effects of the COVID-19 pandemic, 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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