



EARNINGS RELEASE

May 1, 2017

**FOR IMMEDIATE RELEASE**

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**CHOICE BANCORP, INC. REPORTS NET INCOME OF \$0.77 MILLION**

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**First Quarter 2017 Net Income of \$0.35 per share  
March 31, 2017 Consolidated Book Value of \$13.45 per share  
March 31, 2017 Consolidated Assets of \$343.74 million  
Choice Bank Announces Construction of New Banking Office**

**May 2017 (Oshkosh, WI)** – Choice Bancorp, Inc. (the “Company”) today reported net income of \$0.77 million, or \$0.35 per common share, for the quarter ended March 31, 2017. This compares to net income of \$0.75 million, or \$0.37 per common share, for the quarter ended March 31, 2016. The first quarter 2017 net income represents a 2.52% increase over first quarter 2016 net income.

“We are extremely pleased with our performance to start 2017,” said J. Scott Sitter, President and CEO of the Company. “We continue to grow our balance sheet by extending new construction and equipment loans to our commercial customers. Our local economy is strong and as the largest community bank in the area, small business owners look to us for their financing and banking needs. We understand the vital role that we play in supporting and stimulating our local economy.” For the first quarter, Choice Bank is reporting a 1.52% increase in its gross loans and a 2.84% increase in its total assets. As of March 31, 2017, Choice Bank is reporting consolidated assets of \$343.74 million, a \$9.48 million increase from December 31, 2016.

Net interest income continues to drive the Company’s overall earnings model. First quarter 2017 net interest income of \$2.51 million represents a \$0.29 million increase over first quarter 2016 net interest income. “As a community bank, we generate approximately 94% of our total revenue from net interest income,” said Sitter. “By growing the balance sheet and increasing the size of our loan portfolio, we have been able to report consistent gains in our net interest income and our overall profitability.”

During the first quarter of 2017, higher net interest income was partially off-set by higher loan loss provisions and non-interest expense. “During 2016, Choice Bank increased its loan portfolio by \$49.89 million,” commented Sitter. “When a Bank increases its loan portfolio, it is prudent to also increase its loan loss reserve account. To maintain a loan loss reserve that is consistent with a larger loan portfolio, we increased our quarterly loan loss provision from \$30,000 to \$120,000.” As of March 31, 2017, Choice Bank reported a loan loss reserve account of \$5.03 million, or 1.75% of total loans. Based on year-end FDIC information, banks

within Choice Bank’s peer group maintain an average loan loss reserve equal to 1.30% of total loans. Choice Bank did not report any loan charge-offs during the first quarter of 2017. “In addition to the higher loan loss provisions, we also experienced a modest increase in our non-interest expense,” added Sitter. “This increase was primarily in personnel expense as we have added a number of staff positions due to our continued growth.” As of March 31, 2017, Choice Bank is reporting 34 full-time equivalent employees (FTE’s). This compares to 30 FTE’s as of March 31, 2016.

## SELECTED FINANCIAL DATA

(In thousands, except per share data)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
<b>Financial Condition</b>		
Gross Loans (not held for resale)	\$ 287,482	\$ 283,182
Allowance for Loan Losses (ALLL)	5,029	4,909
Total Assets	343,742	334,264
Total Deposits	227,006	222,535
Total Other Borrowings	85,651	82,177
Stockholders’ Equity	29,476	28,611
Book Value per Share	\$ 13.45	\$ 13.05
<b>Financial Ratios</b>		
Tier 1 Leverage Capital	10.87%	11.08%
Total Capital to Risk-Weighted Assets	15.24%	15.21%
Nonperforming Assets to Total Assets	0.74%	0.66%
ALLL to Total Loans	1.75%	1.73%
ALLL to Nonaccrual Loans	198%	223%

	<b>For the Three Months Ending</b>	
	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>
<b>Operating Results</b>		
Interest Income	\$ 3,420	\$ 2,911
Interest Expense	906	688
Net Interest Income	2,514	2,223
Provision for Loan Losses	120	30
Non-Interest Income	149	204
Non-Interest Expense	1,294	1,181
Provision for Income Taxes	476	462
Net Income	\$ 773	\$ 754
Earnings per Share	\$ 0.35	\$ 0.37

Choice Bank also announced the construction of a new banking office at 1041 Emmers Lane in Oshkosh, Wisconsin. “Over the past seven years, Choice Bank has nearly tripled in size from \$120.9 million to \$343.7 million in total assets,” said Sitter. “This growth requires additional space to facilitate our increased staffing needs. We have simply outgrown our current facilities. We identified and acquired the Emmers Lane site one year ago. Its close proximity to our existing Witzel Avenue location will allow us to close the Witzel office once the Emmers Lane facility is completed.” The 1.8-acre building site at 1041 Emmers Lane is located on the corner of Emmers Lane and State Highway 21.

### **Forward-Looking Statements**

*Statements in this press release relating to the Company’s plans, objectives, expectations or future performance are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words “believe,” “may,” “should,” “anticipate,” “estimate,” “expect,” “intend,” “objective,” “seek,” “plan,” “strive” or similar words, or negatives of these words, identify forward-looking statements. These forward-looking statements are based on management’s current expectations. The Company’s actual results in future periods may differ materially from those currently expected due to various risks and uncertainties. The forward-looking statements in this press release are made as of the date of the release and the Company does not assume any responsibility to update these statements.*

*Choice Bank, established in July 2006, is located at 2450 Witzel Avenue, Oshkosh with a second location at 2201 Jackson Street, Oshkosh. In March 2011, Choice Bank became a wholly-owned subsidiary of Choice Bancorp, Inc. Choice Bancorp, Inc. is a publicly traded, one-bank holding company, trading under the symbol of CBKW. Choice Bank is a locally owned and operated community bank dedicated to making a difference in your community!  
Choice Bank...Your Community, Your Choice!*

*Member FDIC Equal Housing Lender*

*For additional information about Choice Bank, call (920) 230-1300 or visit [www.choice.bank](http://www.choice.bank).*