



EARNINGS RELEASE

April 22, 2019

FOR IMMEDIATE RELEASE

For further information contact

J. Scott Sitter, Choice Bank

(920) 267-8052

CHOICE BANCORP, INC. REPORTS 16.4% INCREASE IN NET INCOME

**First Quarter 2019 Net Income of \$1.19 million (\$0.54 per share)
March 31, 2019 Consolidated Book Value of \$16.61 per share
March 31, 2019 Consolidated Assets of \$440.54 million**

April 2019 (Oshkosh, WI) – Choice Bancorp, Inc. (the “Company”) today reported net income of \$1.19 million, or \$0.54 per common share, for the quarter ended March 31, 2019. This compares to net income of \$1.03 million, or \$0.47 per common share, for the quarter ended March 31, 2018. The first quarter 2019 net income represents a 16.4% increase over first quarter 2018 net income.

“We are extremely pleased with our performance to start 2019,” said J. Scott Sitter, President and CEO of the Company. “Our first quarter 2019 operating results exceeded our internal forecast and positions us well to meet or exceed our 2019 annual expectations. I am encouraged that we were able to report a 16.4% increase in net income, despite the increased competition for deposits and a relatively flat yield curve. In addition, this quarter represents the first quarter of year-over-year comparisons following the corporate income tax cuts enacted in December of 2017.” The Tax Cuts and Jobs Act was signed into law in December of 2017. This legislation significantly reduced the federal income tax rate for corporations. The lower income tax rate became effective in January of 2018.

Net interest income continues to drive the Company’s overall earnings model. First quarter 2019 net interest income of \$2.98 million represents a \$0.15 million increase over first quarter 2018 net interest income. “As a community bank, we generate a majority of our total revenue from net interest income,” said Sitter. “By growing the balance sheet and increasing the volume of our earning assets, we have been able to report consistent gains in our net interest income and our overall profitability.” The Company is reporting total assets of \$440.54 million as of March 31, 2019. Gross loans represent \$338.51 million as of March 31, 2019. “During the first quarter, we were able to grow our balance sheet while maintaining adequate margins between our deposit rates and our yields on earning assets.” Sitter explained, “Short term interest rates have improved, which has allowed us to invest more in liquid assets while still generating an acceptable rate of return. Our first priority is always serving the credit needs of our community. Nevertheless, it is important for us to maintain sufficient liquidity as we continue to grow our balance sheet.”

Choice Bancorp continues to post impressive growth rates that greatly exceed national averages and that of other area banks. During the first quarter of 2019, the Company is reporting sequential quarterly growth of \$19.40 million. This equates to an annualized growth rate of 18.43%. “Without question, the move to our new corporate headquarters has been a success. Since making the move, we have experienced increased lobby traffic and a rise in new account activity.” Sitter added, “However, brick and mortar cannot replace good customer service. Although our new location may have provided us with a higher level of visibility, it is the attentiveness and quality of our staff that attracts new customers.”

SELECTED FINANCIAL DATA

(In thousands, except per share data)

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Financial Condition		
Gross Loans (not held for resale)	\$ 338,511	\$ 338,546
Allowance for Loan Losses (ALLL)	4,585	4,312
Total Assets	440,541	421,138
Total Deposits	310,885	272,000
Total Other Borrowings	90,619	111,977
Stockholders' Equity	36,406	35,148
Book Value per Share	\$ 16.61	\$ 16.00
Financial Ratios		
Tier 1 Leverage Capital	9.68%	9.77%
Total Capital to Risk-Weighted Assets	14.81%	14.79%
Nonperforming Assets to Total Assets	0.12%	0.04%
ALLL to Total Loans	1.35%	1.27%
ALLL to Nonaccrual Loans	868%	2,917%

	For the Three Months Ending	
	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>
Operating Results		
Interest Income	\$ 4,719	\$ 4,209
Interest Expense	1,738	1,377
Net Interest Income	2,981	2,832
Provision for Loan Losses	0	150
Non-Interest Income	471	344
Non-Interest Expense	1,831	1,629
Provision for Income Taxes	427	371
Net Income	\$ 1,194	\$ 1,026
Earnings per Share	\$ 0.54	\$ 0.47

During the first quarter of 2019, the Company recognized \$0.27 million in loan loss recoveries. “We were able to recover principal on an SBA guaranteed loan that was charged-off in 2017,” said Sitter. “These recoveries were anticipated, but they were delayed at the end of 2018 due to the government shutdown. Recoveries do not directly impact our net income for the quarter; however, they replenish and add to our loan loss reserve. At quarter-end, our loan loss reserve was funded at \$4.58 million, representing an impressive 1.35% of gross loans. This compares favorably to the \$0.53 million of nonperforming loans we were holding as of March 31st.” Nonperforming loans represents only 0.12% of the Company’s total assets. Furthermore, the Company is not holding any foreclosed real estate or repossessed property as of quarter-end.

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 1041 N. Westhaven Drive, 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.*