



EARNINGS RELEASE

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FOR IMMEDIATE RELEASE

For further information contact

J. Scott Sitter, Choice Bank

(920) 267-8052

CHOICE BANCORP, INC. REPORTS NET INCOME OF \$4.47 MILLION FOR 2018

2018 Earnings of \$2.04 per share

December 31, 2018 Consolidated Book Value of \$16.00 per share

December 31, 2018 Consolidated Total Assets of \$421.14 Million

Choice Bank Voted “Best Bank” of Winnebago County for Fourth Consecutive Year

January 2019 (Oshkosh, WI) – Choice Bancorp, Inc. (the “Company”) today reported net income of \$1.70 million, or \$0.77 per common share, for the quarter ended December 31, 2018. The Company also reported net income of \$4.47 million, or \$2.04 per common share, for the year ended December 31, 2018. This compares to a net loss of \$0.33 million, or \$0.15 per common share, for the quarter ended December 31, 2017, and net income of \$2.08 million, or \$0.96 per common share, for the year ended December 31, 2017. Fourth quarter 2017 earnings were adversely impacted by the passage of the Tax Cuts and Jobs Act that required the Company to adjust its deferred tax asset account in December of 2017.

“2018 was an exceptional year for Choice Bank and our parent company, Choice Bancorp, Inc.,” said J. Scott Sitter, President and CEO of the Company. “Although it was a transitional year with us moving into our new corporate headquarters, our staff was exceptional in executing our relocation plan. System disruptions were minimal and the move was seamless for our existing customers. In addition, the response from the Oshkosh community has been outstanding. We continue to see increased lobby traffic and the rise in new account openings support our decision to make this move.” Choice Bank’s new corporate headquarters opened on July 9, 2018. It is located at 1041 N. Westhaven Drive, Oshkosh.

For 2018, the Company is reporting an increase of \$26.76 million in its core deposits. “Our strategic plan for 2018 was to focus on core deposit growth,” said Sitter. “Over the past several years, we have experienced significant growth in our loan portfolio. Although this growth was instrumental in establishing a strong earnings model, it began to stress our funding sources at the end of 2017. A greater focus on core deposit growth in 2018, combined with the success of our new location, has helped to alleviate these concerns.” The increase in core funding was used to increase the Company’s investment portfolio with a portion used to retire wholesale funding sources that are deemed more volatile. Choice Bank is reporting a 14.55% increase in its core deposits for 2018. Sitter indicated that core deposit growth will continue to be management’s primary focus for 2019.

During the fourth quarter of 2018, the Company recognized \$0.55 million in loan loss recoveries. As of December 31, 2018, the Company had a loan loss reserve of \$4.31 million, representing 1.27% of gross loans. “In December, we recognized several large recoveries on prior charged-off loans.” Sitter added, “These recoveries were anticipated, although the timing was not certain. Upon receiving the recovery, we had sufficient funding in our loan loss reserve which allowed us to reverse provisions we had made throughout the year.” In addition to this significant recovery, the Company is reporting minimal problem assets as of year-end. “The Company’s loan portfolio and overall asset quality are in excellent shape,” declared Sitter. “As of year-end, we had two loans totaling \$148,000 that were nonperforming. Furthermore, we are not holding any foreclosed real estate or repossessed property as of year-end.” The Company’s past due ratio as of December 31, 2018 was 0.04% of gross loans.

The Company is reporting \$35.15 million of stockholders’ equity as of December 31, 2018. This represents a book value of \$16.00 per share. Book value has increased \$2.06 per share for the year ending December 31, 2018. “The Company has seen its stockholders’ equity and book value per share increase dramatically over the past several years,” Sitter explained. “Our earnings performance for 2018 resulted in an annualized Return on Equity of 13.91%. This is a key metric that management measures as we attempt to maximize shareholder returns while maintaining a strong capital base.”

SELECTED FINANCIAL DATA

(In thousands, except per share data)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Financial Condition		
Gross Loans (not held for resale)	\$ 338,546	\$ 339,106
Allowance for Loan Losses (ALLL)	4,312	3,759
Total Assets	421,138	400,064
Total Deposits	272,000	250,848
Total Other Borrowings	111,977	117,798
Stockholders’ Equity	35,148	30,346
Book Value per Share	\$ 16.00	\$ 13.94
Financial Ratios		
Tier 1 Leverage Capital	9.77%	9.88%
Total Capital to Risk-Weighted Assets	14.79%	13.24%
Nonperforming Assets to Total Assets	0.04%	0.40%
ALLL to Total Loans	1.27%	1.11%
ALLL to Nonaccrual Loans	2,917%	1,038%

	For the Three Months Ending		For the Year Ending	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Operating Results				
Interest Income	\$ 4,695	\$ 4,056	\$ 17,610	\$ 14,970
Interest Expense	1,687	1,216	6,126	4,170
Net Interest Income	3,008	2,840	11,484	10,800
Provision for Loan Losses	(450)	1,150	0	1,510
Non-Interest Income	326	228	1,129	746
Non-Interest Expense	1,481	1,541	6,540	5,758
Provision for Income Taxes	601	705	1,599	2,196
Net Income	\$ 1,702	\$ (328)	\$ 4,474	\$ 2,082
Earnings per Share	\$ 0.77	\$ (0.15)	\$ 2.04	\$ 0.96

In October 2018, Choice Bank was recognized as the “Best Bank” and the “Best Mortgage Lender” of Winnebago County. This is the fourth consecutive year that Choice Bank has been recognized as the “Best Bank” in the annual “Best of Winnebago” contest. This is also the second consecutive year that Choice Bank has been recognized as the “Best Mortgage Lender”. “It is great for our staff to receive recognition for the excellent service they provide on a daily basis,” said Sitter. “Our staff works hard to meet the expectations of our customers and it is nice to see that our customers truly appreciate this experience. We understand that we are a people business.”

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 is located at 1041 N Westhaven Drive, Oshkosh with a second location at 2201 Jackson Street, Oshkosh. Choice Bank is 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.

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