



EARNINGS RELEASE

February 9, 2018

FOR IMMEDIATE RELEASE

For further information contact

J. Scott Sitter, Choice Bank

(920) 267-8052

CHOICE BANCORP, INC. REPORTS NET INCOME OF \$2.08 MILLION FOR 2017

2017 Earnings of \$0.96 per share

December 31, 2017 Consolidated Book Value of \$13.94 per share

Consolidated Total Assets of \$400.06 million as of December 31, 2017

February 2018 (Oshkosh, WI) – Choice Bancorp, Inc. (the “Company”) today reported net income of \$2.08 million, or \$0.96 per common share, for the year ended December 31, 2017. For the three months ended December 31, 2017, the Company reported a net loss of \$0.33 million, or \$0.15 per common share. This compares to net income of \$3.13 million, or \$1.43 per common share, for the year ended December 31, 2016, and \$0.83 million, or \$0.37 per common share, for the three months ended December 31, 2016.

“Despite the reported net loss for our fourth quarter, 2017 was a good year,” said J. Scott Sitter, President and CEO of the Company. “We grew our balance sheet by \$65.8 million in total assets and we continue to be a leader in the Oshkosh market. Construction of our new headquarters is on target and, as previously reported, we were voted the ‘Best Bank’ of Winnebago County for the third consecutive year.”

In December of 2017, the Tax Cuts and Jobs Act was signed into law. The passage of this law required all companies to evaluate its deferred tax asset position under the lower corporate tax rate. Based on this evaluation, the Company was required to expense an additional \$0.43 million for income taxes in the fourth quarter of 2017. “Management believes that passage of the tax reform act will have a positive impact on future earnings and the Company’s financial position,” said Sitter. “While the benefits associated with a lower income tax rate will be reflected in our 2018 earnings, the lower rate had an adverse impact on our fourth quarter and 2017 results. This was due to timing differences of when we can recognize an expense for income tax purposes.”

In addition to the revaluation of its deferred tax asset, the Company significantly increased its loan loss provision during the fourth quarter. “Our board took an aggressive approach in assessing our credit portfolio,” added Sitter. “Wherever possible, when credit weakness was identified, the Company charged-off questionable accounts and increased our loan loss provision as necessary. Any future payments on charged-off accounts would be recognized as a recovery to our loan loss reserve.”

As of December 31, 2017, the Company is reporting \$0.36 million of non-performing loans. Of this total, \$0.25 million is guaranteed by the Small Business Administration. Loans that are 30-89 days past due total

\$0.22 million. “The Company’s loan portfolio is in great shape,” declared Sitter. “When excluding balances that are guaranteed by the Small Business Administration, the Company is reporting \$0.33 million of non-performing and delinquent loans. This represents 0.10% of our \$339.11 million loan portfolio.” The Company is reporting a loan loss reserve of \$3.76 million.

SELECTED FINANCIAL DATA

(In thousands, except per share data)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financial Condition		
Gross Loans (not held for resale)	\$ 339,106	\$ 283,182
Allowance for Loan Losses (ALLL)	3,759	4,909
Total Assets	400,064	334,264
Total Deposits	250,848	222,535
Total Other Borrowings	117,798	82,177
Stockholders’ Equity	30,346	28,611
Book Value per Share	\$ 13.94	\$ 13.05
Financial Ratios		
Tier 1 Leverage Capital	9.88%	11.08%
Total Capital to Risk-Weighted Assets	13.24%	15.21%
Nonperforming Assets to Total Assets	0.40%	0.66%
ALLL to Total Loans	1.11%	1.73%
ALLL to Nonaccrual Loans	1,038%	223%

	For the Three Months Ending		For the Year Ending	
	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>
Operating Results				
Interest Income	\$ 4,056	\$ 3,433	\$ 14,970	\$ 12,639
Interest Expense	1,216	868	4,170	3,165
Net Interest Income	2,840	2,565	10,800	9,474
Provision for Loan Losses	1,150	150	1,510	240
Non-Interest Income	228	230	746	859
Non-Interest Expense	1,541	1,299	5,758	5,036
Provision for Income Taxes	705	516	2,196	1,928
Net Income	\$ (328)	\$ 830	\$ 2,082	\$ 3,129
Earnings per Share	\$ (0.15)	\$ 0.37	\$ 0.96	\$ 1.43

Choice Bank is constructing a new banking facility at 1041 Emmers Lane in Oshkosh. Construction of the 16,000 square foot facility began in 2017 and completion is expected in May of 2018. "Our staff and management team are excited with the construction of a new corporate headquarters. We believe our location at the corner of Emmers Lane and State Highway 21 will help attract new customers and drive growth in our core deposits." Once the new office is open, the Company plans to close its existing banking office on Witzel Avenue in Oshkosh.

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.choicebank.com.