
FEDERAL DEPOSIT INSURANCE CORPORATION
Washington, D.C. 20429

FORM 10 - QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE EXCHANGE ACT

For the transition period from _____ to _____

FDIC Certificate Number 58244

CHOICE BANK

(Exact name of registrant as specified in its charter)

Wisconsin
(State or other jurisdiction of
incorporation or organization)

36-4588704
(I.R.S. Employer
Identification No.)

2450 Witzel Ave., Oshkosh, Wisconsin 54904
(Address of principal executive offices, including zip code)

(920) 230-1300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (i) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (ii) has been subject to such filing requirements for the past 90 days.

Yes [] No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 126-2 of the Exchange Act).

Yes [] No [X]

The number of shares outstanding of the issuer's Common Stock as of August 10, 2007, was 2,160,570 shares.

CHOICE BANK

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**Choice Bank
Balance Sheet**

ASSETS	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Cash and due from banks	\$ 1,050,932	\$ 1,927,992
Federal funds sold	1,681,000	12,471,000
Cash and cash equivalents	<u>2,731,932</u>	<u>14,398,992</u>
Interest-bearing deposits in banks	1,385,000	988,000
Securities available for sale	8,839,410	9,209,274
Loans, net of allowance for loan losses of \$409,000 and \$82,500 at June 30, 2007 and December 31, 2006, respectively	29,809,420	5,933,705
Premises and equipment, net	1,932,029	1,922,200
Other assets	269,198	148,365
TOTAL ASSETS	<u>\$ 44,966,989</u>	<u>\$ 32,600,536</u>
 LIABILITIES		
Deposits:		
Non-interest bearing	\$ 1,821,431	\$ 734,439
Interest bearing	<u>23,390,604</u>	<u>11,596,096</u>
Total deposits	25,212,035	12,330,535
Accrued expenses and other liabilities	339,759	156,217
Total liabilities	<u>25,551,794</u>	<u>12,486,752</u>
 STOCKHOLDERS' EQUITY		
Common stock, \$1 par value, 3,177,000 shares authorized 2,160,570 and 2,160,170 shares issued and outstanding as of June 30, 2007 and December 31, 2006, respectively	2,160,570	2,160,170
Additional paid-in capital	20,276,863	20,206,460
Retained earnings (deficit)	(2,902,648)	(2,287,465)
Accumulated other comprehensive income	(119,590)	12,619
Total stockholders' equity	<u>19,415,195</u>	<u>20,111,784</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 44,966,989</u>	<u>\$ 32,600,536</u>

The Notes to Financial Statements are an integral part of these statements.

**Choice Bank
Statement of Operations
(Unaudited)**

	Three Months Ended <u>June 30, 2007</u>	Year-to-Date <u>June 30, 2007</u>
INTEREST INCOME		
Loans, including fees	\$ 400,755	\$ 609,456
Investment securities	187,306	391,029
Federal funds sold	54,189	144,219
Total interest income	<u>642,250</u>	<u>1,144,704</u>
INTEREST EXPENSE - DEPOSITS	<u>243,020</u>	<u>415,324</u>
Net interest income	399,230	729,380
PROVISION FOR LOAN LOSS	169,000	326,500
Net interest income, after provision for loan losses	<u>230,230</u>	<u>402,880</u>
NON-INTEREST INCOME		
Customer service fees	20,024	30,924
Secondary market fees	20,247	36,476
Total non-interest income	<u>40,271</u>	<u>67,400</u>
NON-INTEREST EXPENSE		
Salaries and employee benefits	306,649	631,551
Occupancy and equipment	88,526	180,123
Data processing	27,800	49,834
Marketing	21,748	29,837
Other general and administrative	112,153	214,119
Total non-interest expenses	<u>556,876</u>	<u>1,105,464</u>
Income (loss) before income taxes	(286,375)	(635,184)
Provision for income taxes	-	-
NET LOSS	<u>\$ (286,375)</u>	<u>\$ (635,184)</u>

The Notes to Financial Statements are an integral part of these statements.

NET LOSS PER SHARE

Basic	(\$0.13)	(\$0.29)
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Choice Bank
Statement of Cash Flows
(Unaudited)

	Three Months Ended June 30, 2007	Year-to-date June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (286,375)	\$ (638,184)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation of premises and equipment	35,902	59,464
Provision for loan losses	169,000	326,500
Compensation expense for options and warrants issued	32,901	65,803
Net amortization of securities	55,605	(76,663)
Net change in other assets	(55,710)	(120,832)
Net change in other liabilities	75,111	181,542
Net cash used in operating activities	<u>26,434</u>	<u>(199,370)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of interest-bearing deposits in banks	(298,000)	(397,000)
Purchase of securities available for sale	(14,375,572)	(44,722,243)
Proceeds from maturities of securities available for sale	18,000,000	45,036,560
Loan originations and principal collections, net	(12,383,357)	(24,202,215)
Purchases of premises and equipment	(16,239)	(69,292)
Net cash used in investing activities	<u>(9,073,169)</u>	<u>(24,354,190)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	5,843,044	12,881,500
Proceeds from issuance of common stock	-	5,000
Net cash provided by financing activities	<u>5,843,044</u>	<u>12,886,500</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,203,690)	(11,667,060)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>5,935,622</u>	<u>14,398,992</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,731,932</u>	<u>\$ 2,731,932</u>
The Notes to Financial Statements are an integral part of these statements		
SUPPLEMENTAL CASH FLOW INFORMATION		
CASH PAID DURING THE PERIOD FOR:		
Interest	\$ 147,023	\$ 244,293
Income taxes	\$ -	\$ -

Choice Bank
Selected Notes to Interim Financial Statements
(Unaudited)

Note 1 – Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. They should be read in conjunction with the audited financial statements of Choice Bank (the "Bank") included in the Bank's Registration Statement on Form 10-SB for the year ended December 31, 2006.

For the period from November 1, 2004 to July 24, 2006, the Bank was in a development stage engaging in the preparation of applications for regulatory approvals, raising capital, financial planning, systems development, acquisition of equipment and facilities, and recruiting activities. On July 11, 2006 the Bank completed an offering of 2,160,000 shares of its common stock at a price of \$10 per share. The gross proceeds from the offering totaled \$21.6 million. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included. The results of operations for the quarter ended June 30, 2007 are not necessarily indicative of the results which may be expected for an entire year or any other period.

The preparation of the financial statements in conformity with the above-mentioned accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of, and for the three-month period and six-month period year-to-date ended June 30, 2007. Actual results could vary from those estimates.

Note 2 – Capital Compliance

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulations to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of June 30, 2007 and December 31, 2006, that the Bank met all capital adequacy requirements to which it was subject.

As of June 30, 2007, the most recent notification from the Bank's regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

As of June 30, 2007 (\$ in thousands)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
	Total Capital/Risk Weighted Assets	\$19,815	61.50%	\$1,718	≥8.00%	\$2,148
Tier 1 Capital/Risk Weighted Assets	19,535	60.25%	859	≥4.00%	1,289	≥6.00%
Tier 1 Capital to Average Assets	19,535	45.80%	1,458	≥4.00%	1,832	≥5.00%

As of December 31, 2006 (\$ in thousands)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
	Total Capital/Risk Weighted Assets	\$21,168	179.22%	\$945	≥8.00%	\$1,181
Tier 1 Capital/Risk Weighted Assets	20,099	170.17%	472	≥4.00%	709	≥6.00%
Tier 1 Capital to Average Assets	20,099	70.56%	1,139	≥4.00%	1,424	≥5.00%

The Bank is subject to certain restrictions regarding the declaration and payment of dividends to shareholders without prior regulatory approval.

Note 3 – Loss per Share

Basic loss per share represents operating losses divided by the weighted average number of shares outstanding during the period. Due to a weighted average strike price of potential common shares outstanding which is lower than the estimated market value of the Bank's common stock, anti-dilution would occur in calculating diluted earnings per share. As such, diluted earnings per share is not presented.

	<u>Three months ended June 30, 2007</u>	<u>Year-to-date</u>
Net Loss	(286,375)	(635,184)
Average shares outstanding	2,160,570	2,160,513
Basic Loss per share	<u>(\$0.13)</u>	<u>(\$0.29)</u>

Note 4- Comprehensive Income

The Bank's only item comprising "Accumulated other comprehensive income" is net unrealized gains or losses on investment securities available for sale.

Note 5- Loan Impairment and Loan Losses

The Bank had no impaired loans or non-accrual loans as of June 30, 2007, or at any time during the three-month period ending at that date. Nor did the Bank incur any losses on loans during that period. Activity in the Allowance for Loan Losses during the period ended June 30, 2007:

Allowance for loan losses:

Beginning Balance, March 31, 2007	\$ 240,000
Provision for loan losses	169,000
Charge-offs	-
Recoveries	-
Ending Balance, June 30, 2007	<u>\$ 409,000</u>

Note 6- Commitments and Contingencies

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and unfunded commitments. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the accompanying balance sheets. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and unfunded commitments is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. At June 30, 2007, the Bank had commitments to extend credit and unfunded commitments of approximately \$6.8 million and \$5.6 million, respectively. At December 31, 2006, the Bank had commitments to extend credit and unfunded commitments of approximately \$757,000 and \$4.2 million, respectively.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Note 7 – Share-based Compensation

Effective July 11, 2006, the Bank adopted the fair value recognition provisions of Financial Accounting Standards Board (FASB) Statement 123(R), *Share-based Payment* (SFAS 123R). Under SFAS 123R compensation cost will include all compensation cost for share-based payments granted subsequent to July 10, 2006, based on the grant date fair value estimated in accordance with provisions of SFAS 123R.

The Choice Bank 2006 Stock Incentive Plan was approved by shareholders on July 11, 2006. The Plan reserved 360,000 shares for use as awards to officers and directors. The table below shows the awards granted to officers as of that date. The options vest ratably over a three-year period, and have a ten-year life. None were exercisable as of June 30, 2007.

Keith C. Pollnow	Director, President & CEO	25,000
Stanley G. Leedle	Director, Executive VP & CCO	20,000
Debra K. Fernau	VP & Chief Operating Officer	5,000
David A. Hayford	VP & Controller	5,000
Mark D. Troutt	Director, Senior VP & CFO	5,000
		<u>60,000</u>

Fair value of the options issued was calculated using the Black-Scholes Method as of the date of

issue. Compensation expense recognized for the period ended June 30, 2007, in accordance with SFAS 123R, totaled \$32,901. As of June 30, 2007, and December 31, 2006, 300,000 options remain available for future grants.

The Bank had issued two types of warrants to purchase shares of common stock at June 30, 2007 and December 31, 2006. Initial shareholders in the Bank received warrants to purchase one share of common stock for every five shares of common stock purchased in the offering ("shareholder warrants"). A total of 431,995 shareholder warrants were issued. The shareholder warrants are exercisable at a price of \$12.50 per share at any time until July 24, 2009. As of June 30, 2007, there were 431,425 shareholder warrants outstanding.

The Bank's organizers advanced funds and guaranteed loans for organizational and other pre-opening expenses. As consideration for the financial risk assumed, the organizers received warrants to purchase one share of common stock for every \$10 placed at risk, up to a maximum of 11,250 warrants per organizer ("organizer warrants"). A total of 213,750 organizer warrants have been issued. The organizer warrants are exercisable at a price of \$10.00 per share at any time until July 24, 2016. The organizer warrants were accounted for under FAS 123R as stock compensation included in start-up expenses at July 24, 2006.

ITEM 2. Management's Discussion and Analysis of Financial Condition or Plan of Operation

Forward Looking Statements

The following discussion and analysis presents our financial condition as of June 30, 2007 and December 31, 2006 our results of operations and results of operations for the three-month period and six-month period ended June 30, 2007. The discussion should be read in conjunction with our financial statements and the notes related thereto which appear elsewhere in this Quarterly Report on Form 10-QSB.

Statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including our expectations, intentions, beliefs, or strategies regarding the future. Any statements in this document about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would" and "outlook," and similar expressions. Accordingly, these statements involve estimates, assumptions and uncertainties, which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document. All forward-looking statements concerning economic conditions, rates of growth, rates of income or values as may be included in this document are based on information available to us on the dates noted, and we assume no obligation to update any such forward-looking statements. It is important to note that our actual results may differ materially from those in such forward-looking statements due to fluctuations in interest rates, inflation, government regulations, economic conditions, customer disintermediation and competitive product and pricing pressures in the geographic and business areas in which we conduct operations, including the following:

- we have limited operating history upon which to base an estimate of our future financial performance;
- we have incurred substantial start-up expenses associated with our organization and our recent public offering and expect to sustain losses or achieve minimal profitability during our initial years of operations;

- if we are unable to implement our business plan and strategies, we will be hampered in our ability to develop business and serve our customers, which, in turn, could have an adverse effect on our financial performance;
- if we fail to retain our key employees, growth and profitability could be adversely affected;
- we face substantial competition in our primary market area;
- the Bank's current legally mandated lending limits are lower than those of our competitors, which may impair our ability to attract borrowers;
- an economic downturn, especially one affecting our primary service area, may have an adverse effect on our financial performance;
- changes in governmental economic and monetary policies, the Internal Revenue Code and banking and credit regulations, as well as other factors, will affect the demand for loans and the ability of the Bank to attract deposits;
- changes in the general level of interest rates and other economic factors can affect the Bank's interest income by affecting the spread between interest-earning assets and interest-bearing liabilities;
- we have no current intentions of paying cash dividends;
- we are subject to significant government regulation and legislation that increases the cost of doing business and inhibits our ability to compete;
- we may not be able to raise additional capital on terms favorable to us; and
- our directors and executive officers beneficially own a significant portion of our outstanding common stock.

These risk factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, and you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made and we do not undertake any obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Management's Discussion

The Bank intends to adhere to the three-year business plan submitted to Federal and Wisconsin regulators as part of the application process to obtain a bank charter. The basics of that plan include:

- Serving as a community bank from two locations in Oshkosh
- Attracting local deposits
- Strong loan growth without sacrificing quality.
- Concentrate on banking, with no ancillary services.

The facilities and staffing are in place to accomplish the targets detailed in the business plan. As demand warrants, one or two loan officers will be added to the current staff.

Pre-opening Advances and Guarantees from Organizers

The Bank's organizers advanced funds and guaranteed loans for organizational and other pre-opening expenses. The advances were non-interest bearing with no stated maturity. The organizers also personally guaranteed loans obtained from Bankers Bank of Georgia to for the organizational expenses and purchase of real estate for the Bank's headquarters. The organizer advances were re-paid with proceeds from the Bankers Bank line of credit. Both loans from Bankers Bank were paid in full, with interest, with the proceeds of the initial stock offering.

Financial data

Choice Bank received its charter and began operations on July 24, 2006 after raising \$21.6 in an initial public offering.

Total assets of the Bank were \$45.0 million at June 30, 2007, an increase of \$12.4 million or 38% since December 31, 2006.

Loans

Choice Bank received its charter and began operations on July 24, 2006 after raising \$21.6 million in an initial public offering.

The loan portfolio grew significantly in the second quarter of 2007. The Bank's plan is to continue to pursue loan opportunities, without sacrificing prudent underwriting. The components of loans at June 30, 2007 and December 31, 2006 are summarized as follows:

Types of Loans	<u>6/30/2007</u>	<u>%</u>	<u>12/31/2006</u>	<u>%</u>
Commercial	\$ 3,385,536	11.4%	\$ 468,661	7.9%
Real Estate - Commercial	20,299,198	68.1%	2,999,848	50.6%
Real Estate - Mortgage	5,966,373	20.0%	2,404,876	40.5%
Consumer	<u>567,313</u>	1.9%	<u>142,820</u>	2.4%
Total, Gross	30,218,420	101.4%	6,016,205	101.4%
Less: Allowance for Loan Loss	<u>409,000</u>	1.4%	<u>82,500</u>	1.4%
Loans, net	<u>\$ 29,809,420</u>	100.0%	<u>\$ 5,933,705</u>	100.0%

Related Parties

Certain directors and officers of the Bank have loan and depository accounts with the Bank. None of those loan deposit accounts have terms more favorable than those available to any other borrower or depositor. As of June 30, 2007, loans to directors and officers totaled \$8.5 million.

Deposits

Deposits	<u>30-Jun-07</u>	<u>%</u>	<u>31-Dec-06</u>	<u>%</u>
Non interest-bearing deposits	\$ 2,488,642	10%	\$ 925,177	8%
Interest-bearing demand	691,089	3%	688,091	6%
Money market accounts	8,662,954	34%	4,987,080	40%
Savings accounts	1,474,878	6%	499,805	4%
Certificates of deposit < \$100,000	6,709,254	27%	3,119,954	25%
Certificates of deposit \$100,000 and greater	<u>5,185,218</u>	<u>21%</u>	<u>2,110,428</u>	<u>17%</u>
Total deposits	<u>\$ 25,212,035</u>	<u>100%</u>	<u>\$ 12,330,535</u>	<u>100%</u>

At June 30, 2007, the scheduled maturities of certificates of deposit (in thousands) were as follows:

2007	\$6,590
2008	<u>5,304</u>
	\$11,894

At June 30, 2007, nor at any time during the three-month period ending that date, the Bank had no borrowed funds.

Income Taxes

The Bank has provided a 100% valuation allowance for its net deferred tax asset due to uncertainty of realization during the carry-forward period. As of June 30, 2007, the Bank had net operating loss carry forwards of approximately \$625,000 that will expire in 2026.

Pre-opening Expenses

As explained in Note 1 to the financial statements, the Bank was in a development stage from November 1, 2004 to July 24, 2006, and incurred certain pre-opening costs, partially offset by interest earned on proceeds from the stock offering held in escrow at Bankers Bank of Georgia. The results are as follows

INCOME:

Interest Income - Escrow Account	\$ 174,560
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EXPENSES:

Consulting Fees - application and pre-opening organization	425,000
Consulting Fees - Internal	-
Legal Fees	80,000
Economic analysis	85,000
Interest Expense - Bankers Bank	59,165
Consulting Fees - Technology Review and Vendor	35,000
Opening Process and Planning	35,000
Application Filing Fee	15,000
Occupancy, Office & Other Expenses	561,915
Organizer Warrants	852,863
TOTAL EXPENSES	<u>2,148,943</u>

NET LOSS ACCUMULATED DURING DEVELOPMENT STAGE

\$ (1,974,383)

Liquidity

The Bank has an asset and liability management program that assists management in maintaining net interest margins during times of both rising and falling interest rates and in maintaining sufficient liquidity. The asset and liability reports for June 30, 2007 substantiates that the Bank remains in a neutral position to changes in rates. A 1% increase or decrease in market rates will not materially affect net interest income. The Bank's policy allows for no more than a 15% movement in net interest income in a 200 basis point movement of market rates over a one-year period. When funds exceed the needs for reserve requirements or short-term liquidity needs, the bank will increase its security investments or sell federal funds. It is management's policy to maintain an adequate portion of its portfolio of assets and liabilities on a short-term basis to insure rate flexibility and to meet loan funding and liquidity needs.

In case of a need for liquidity, the Bank has available an accommodation to purchase up to \$6.7 million of federal funds from Bankers Bank of Georgia.

Results of Operations

Net loss for the quarter ended June 30, 2007 was \$286,375, or \$0.13 per share, and \$635,184 or \$0.29 per share year-to-date. Since the Bank has less than twelve months of history, it has not had the opportunity to achieve sufficient growth to achieve profitable operations. Therefore, current results are not indicative of expected future performance. A summary of quarterly operations is shown below.

	Three months ended June 30, 2007	Year-to-date
Net Interest Income	\$ 399,230	\$ 729,380
Provision for Loan Loss	(169,000)	(326,500)
Non-interest Income	40,271	67,400
Non-interest Expense	<u>(556,876)</u>	<u>(1,105,464)</u>
Pre-tax Income (Loss)	<u>\$ (286,375)</u>	<u>\$ (635,184)</u>

The Bank's operating results depends primarily on its net interest income. As mentioned above, the Bank intends to increase its loan portfolio, which will improve the interest spread.

The provision for loan losses is an estimate that management believes will be adequate to absorb potential losses in the loan portfolio based on evaluation of collectibility. The Bank has no history of loan losses, nor any delinquent or non-performing loans.

The Bank commenced operations in July 2006 and opened its second location in January 2007. Non-interest expenses, primarily salaries and benefits and occupancy costs, are based on the anticipated growth mentioned above. The total expense, as a percentage of assets and total income, is significantly higher than anticipated as the Bank continues to grow.

Off-Balance Sheet Arrangements

The Bank has no material off-balance sheet arrangements other than the Bank's commitments to extend credit and unfunded commitments.

Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in market risk exposures that affect the quantitative and qualitative disclosures presented as of December 31, 2006 in the "Asset/Liability Management" section of the Bank's Registration Statement on Form 10-SB.

ITEM 3. Controls and Procedures

As of the end of the period covered by this quarterly report on Form 10-QSB for the quarter ended June 30, 2007, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our "disclosure controls and procedures," as such term is defined under Exchange Act Rule 13a-15(e) and 15d-15(e).

Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of the end of the fiscal quarter covered by this report, such disclosure controls and procedures were reasonably designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is: (a) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Federal Deposit Insurance Corporation, and (b) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal controls over financial reporting during the quarter ended June 30, 2007 that materially affected, or were reasonably likely to materially affect, our internal controls over financial reporting.

PART II- OTHER INFORMATION

ITEM 1. Legal Proceedings

In the normal course of business, Choice Bank may be defendant in a lawsuit. In regard to any legal proceedings, which occurred during the reporting period, management expects no material impact on the Company's consolidated financial position or results of operation.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not Applicable.

ITEM 3. Default Upon Senior Securities

Not Applicable.

ITEM 4. Submission of Matters to a Vote of Security Holders

None.

ITEM 5. Other Information

Not Applicable.

ITEM 6. Exhibits

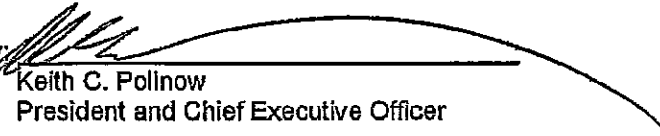
<u>Exhibit Number</u>	<u>Description</u>
31.1	Rule 302 Certification of the Chief Executive Officer
31.2	Rule 302 Certification of the Chief Financial Officer
32.1	Rule 906 Certification

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed in its behalf by the undersigned, thereunto duly authorized.

Dated: August 10, 2007

Choice Bank

By: 
Keith C. Pollnow
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Mark D. Troudt, Chief Financial Officer of Choice Bank, hereby certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Choice Bank;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Reserved];

(c) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting, and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

CHOICE BANK

Date: August 10, 2007

By: 
 Mark D. Troudt
 Chief Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

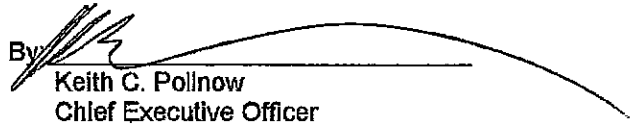
In connection with the Quarterly Report on Form 10-QSB of Choice Bank (the "Bank") for the quarter ended March 31, 2007 as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), Keith C. Pollnow, as Chief Executive Officer of the Bank, and Mark D. Troudt, as Chief Financial Officer of the Bank, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank, as of, and for the period covered by the report.

CHOICE BANK

Date: August 10, 2007

By: 
Keith C. Pollnow
Chief Executive Officer

Date: August 10, 2007

By: 
Mark D. Troudt
Chief Financial Officer