

**FEDERAL DEPOSIT INSURANCE CORPORATION
Washington, D.C. 20429**

FORM 10 - Q

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

For the quarterly period ended March 31, 2010

**[] 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

Indicate by checkmark whether registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the issuer's Common Stock as of May 5, 2010 was 2,160,620 shares.

CHOICE BANK

Form 10-Q

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Item 1. Financial Statements

Choice Bank Balance Sheets Unaudited

Assets	<u>March 31, 2010</u>	<u>December 31, 2009</u>
Cash and due from banks	\$ 1,118,811	\$ 941,962
Federal funds sold	2,022,000	521,000
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Cash and cash equivalents	3,140,811	1,462,962
Securities available for sale	5,455,120	5,521,099
Loans held for sale	183,778	1,422,733
Loans, net	102,789,667	103,096,134
Premises and equipment, net	1,689,709	1,729,539
Other real estate owned	5,432,041	3,304,761
Deferred tax asset	2,735,100	2,727,045
Other assets	1,514,069	1,543,209
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TOTAL ASSETS	\$ 122,940,295	\$ 120,807,482

Liabilities and Stockholders' Equity

Liabilities:		
Non-interest bearing deposits	\$ 5,074,582	\$ 5,057,864
Interest bearing deposits	99,794,758	97,995,367
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Total deposits	104,869,340	103,053,231
Other liabilities	534,538	365,575
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Total Liabilities	105,403,878	103,418,806
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STOCKHOLDERS' EQUITY		
Common Stock - \$1 par value	2,160,620	2,160,620
Authorized - 3,177,000 shares		
Issued and outstanding - 2,160,620 shares		
Additional paid-in capital	20,433,403	20,430,838
Accumulated deficit	(5,281,737)	(5,451,796)
Accumulated other comprehensive income	224,131	249,014
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Total stockholders' equity	17,536,417	17,388,676
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 122,940,295	\$ 120,807,482

Choice Bank
Statements of Operations
Unaudited

Statements of Operations Quarters Ended March 31, 2010 and 2010	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Interest income:		
Loans, including fees	\$ 1,481,947	\$ 1,470,123
Investment securities	68,506	79,472
Federal funds sold	103	1,012
<u>Total interest income</u>	<u>1,550,556</u>	<u>1,550,607</u>
Interest expense		
Deposits	549,604	783,893
Borrowed funds	731	39
<u>Total interest expense</u>	<u>550,335</u>	<u>783,932</u>
Net interest income	1,000,221	766,675
Provision for loan losses	105,000	227,705
<u>Net interest income, after provision for loan losses</u>	<u>895,221</u>	<u>538,970</u>
Non-interest income		
Customer service fees	51,185	71,746
Secondary market fees	44,612	23,695
Rental income from OREO	101,028	0
<u>Total non-interest income</u>	<u>196,825</u>	<u>95,441</u>
Non-interest expense		
Salaries and employee benefits	448,252	416,619
Occupancy and equipment	105,986	87,106
Data processing	45,615	45,255
Professional services	74,891	68,537
Marketing	12,496	14,222
Other general and administrative	122,315	98,053
<u>Total non-interest expenses</u>	<u>809,555</u>	<u>729,792</u>
Income (loss) before income taxes	282,491	(95,381)
Provision (benefit) for income taxes	112,432	(37,675)
<u>Net income</u>	<u>\$ 170,059</u>	<u>\$ (57,706)</u>
<u>Net income (loss) per share</u>	<u>\$ 0.08</u>	<u>\$ (0.03)</u>

Choice Bank
Statements of Stockholders' Equity
Unaudited

	Shares	Amount	Additional Paid-In-Capital-Common Stock	Accumulated Deficit	Accululated Other Comprehensive Income	Total Stockholders' Equity (Deficit)
Balance at January 1, 2010	2,160,620	\$ 2,160,620	\$ 20,430,838	\$ (5,451,796)	\$ 249,014	\$ 17,388,676
Comprehensive income:						
Net income				170,059		170,059
Unrealized gains on securities available for sale, Net of tax					(24,883)	<u>(24,883)</u>
Total comprehensive income						145,176
Options and warants compensation			2,565			2,565
Balance at March 31, 2010	2,160,620	\$ 2,160,620	\$ 20,433,403	\$ (5,281,737)	\$ 224,131	\$ 17,536,417
Balance at January 1, 2009	2,160,620	2,160,620	20,397,138	(2,601,920)	150,000	\$ 20,105,838
Comprehensive income:						
Net loss				(57,706)		(57,706)
Unrealized gains on securities available for sale, Net of tax					67,634	<u>67,634</u>
Total comprehensive income						9,928
Options and warants compensation			19,950			19,950
Balance at March 31, 2009	2,160,620	\$ 2,160,620	\$ 20,417,088	\$ (2,659,626)	\$ 217,634	\$ 20,135,716

Choice Bank
Statements of Cash Flow
Unaudited

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Cash flows from operating activities:		
Net income (loss)	\$ 170,059	\$ (57,706)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation of premises and equipment	42,083	39,529
Provision for loan losses	105,000	227,705
Compensation expense for options and warrants issued	2,565	19,950
Net accretion of securities	(219)	(1,153)
Credit for deferred taxes	79,000	
Changes in operating assests and liabilities	-	-
Loans held for sale	1,238,955	(881,750)
Other asets	29,140	32,545
Other liabilities	22,630	151,022
Net cash provided by operating activities	1,689,213	(469,858)
Cash flows from investing activities:		
Change in interest-bearing deposits in banks	-	(1,149,000)
Proceeds from maturities and pre-payments of securities available for sale	100,593	111,282
Loan originations and principal collections, net	(1,925,813)	(1,894,803)
Purchases of premises and equipment	(2,253)	(7,693)
Net cash used in investing activities	(1,827,473)	(2,940,214)
Cash flows from financing activities:		
Net increase (decrease) in deposits	1,816,109	2,450,881
Net cash provided by (used in) financing activities	1,816,109	2,450,881
Net increase (decrease) in cash and cash equivalents	1,677,849	(959,191)
Cash and cash equivalents at beginning	1,462,962	3,844,714
Cash and cash equivalents at end	\$ 3,140,811	\$ 2,885,523
Supplemental cash flow information		
Interest paid	\$ 541,172	\$ 641,217

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 Annual Report on Form 10-K for the year ended December 31, 2009. 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 three-month periods ended March 31, 2010 and March 31, 2009 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 periods ended March 31, 2010 and March 31, 2009. Actual results could vary from those estimates.

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the presentation in the current year.

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 as set forth in the table below of total and Tier I capital to risk-weighted assets, and of Tier I capital to average assets. For the Bank, Tier 1 capital is defined as total equity capital minus net unrealized gains on available for sale securities or plus any net unrealized losses on such securities. Risk-weighted assets are the sum of all assets on the balance sheet assigned to a designated risk category. The categories, with examples of items included, though not a complete list or definition, are:

- 0%, which includes cash on hand and US Treasury securities
- 20%, which includes cash in banks and US agency securities
- 50%, which includes 1 to 4 family residential mortgages
- 100%, which includes any assets not designated elsewhere

Management believes, as of March 31, 2010, December 31, 2009, and March 31, 2009, that the Bank met all capital adequacy requirements to which it was subject.

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 below. There are no conditions or events since that notification that management believes have changed the institution's category.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<i>(In Thousands)</i>						
As of March 31, 2010						
Total Risk-based Capital (to risk-weighted assets)	\$ 16,311	16.69%	\$ 7,821	≥ 8.00%	\$ 9,776	≥ 10.00%
Tier 1 Capital (to risk-weighted assets)	15,077	15.42%	3,910	≥ 4.00%	5,865	≥ 6.00%
Tier 1 Capital (to average assets)	15,077	12.47%	4,838	≥ 4.00%	6,047	≥ 5.00%
As of December 31, 2009						
Total Risk-based Capital (to risk-weighted assets)	\$ 16,038	16.62%	\$ 7,720	≥ 8.00%	\$ 9,650	≥ 10.00%
Tier 1 Capital (to risk-weighted assets)	14,820	15.36%	3,860	≥ 4.00%	5,790	≥ 6.00%
Tier 1 Capital (to average assets)	14,820	12.18%	4,867	≥ 4.00%	6,084	≥ 5.00%
As of March 31, 2009						
Total Risk-based Capital (to risk-weighted assets)	\$ 20,649	21.52%	\$ 7,676	≥ 8.00%	\$ 9,596	≥ 10.00%
Tier 1 Capital (to risk-weighted assets)	19,525	20.35%	3,838	≥ 4.00%	5,757	≥ 6.00%
Tier 1 Capital (to average assets)	19,525	16.08%	4,858	≥ 4.00%	6,072	≥ 5.00%

The Bank is subject to certain restrictions regarding the declaration and payment of dividends to shareholders without prior regulatory approval. In general terms, Wisconsin law permits our board of directors to declare dividends from the Bank's undivided profits in an amount that the Board considers expedient. Our board of directors must provide for the payment of all expenses, losses, required reserves, taxes and interest accrued or due from the Bank before it may declare dividends from undivided profits. If the dividends declared and paid in either of the two immediately preceding years exceeded net income for either of those two years respectively, then we may not declare or pay any dividend in the current year that would exceed year-to-date net income without first obtaining the written consent of the Wisconsin Department of Financial Institutions.

In addition, under federal law, we may not pay any dividend if the payment of the dividend would cause us to become “undercapitalized” or in the event we are “undercapitalized.” The FDIC may further restrict the payment of dividends by requiring that we maintain a higher level of capital than would otherwise be required to be “adequately capitalized” for regulatory purposes. Moreover, if, in the opinion of the FDIC, we are engaged in an unsound practice (which could include the payment of dividends), the FDIC may require, generally after notice and hearing, that we cease such practice. The FDIC has indicated that paying dividends that deplete a depository institution’s capital base to an inadequate level would be an unsafe banking practice. The FDIC has also issued policy statements providing that insured depository institutions generally should pay dividends only out of current operating earnings.

Note 3 – Earnings/ (loss) per Share

Basic earnings/ (loss) per share represents operating income/ (loss) divided by the weighted average number of shares outstanding during the period. Diluted earnings/ (loss) per share is calculated by dividing net income by the weighted average number of shares adjusted for the potential dilutive effect of vested options and organizer warrants. For the three-month periods ending March 31, 2010 and 2009 there is no dilutive effect because the average market prices of \$7.82 and \$9.66, respectively, are less than the strike prices of \$10 per share for options and organizer warrants and \$12.50 per share for shareholder warrants. The calculation of basic and diluted income/ (loss) per share is presented below:

	Three Months Ended March 31,	
	<u>2010</u>	<u>2009</u>
Net income/(loss)	\$ 170,059	\$ (57,706)
Average shares outstanding	2,160,620	2,160,620
Basic and dilutive income/(loss) per share	<u>\$ 0.08</u>	<u>\$ (0.03)</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, net of applicable taxes.

Note 5- Loan Impairment and Loan Losses

Activity in the allowance for loan losses account for the three-month periods ending March 31, 2010 and 2009 are shown in the following table:

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Beginning Balance	\$ 2,122,837	\$ 1,317,590
Charge-offs:		
Commercial	0	(250,000)
Real Estate - Commercial	0	0
Consumer	(1,748)	0
Total Charge-offs	<u>(1,748)</u>	<u>(250,000)</u>
Recoveries:		
Consumer	0	1,200
Total Recoveries	<u>0</u>	<u>1,200</u>
Net charge-offs	<u>(1,748)</u>	<u>(248,800)</u>
Provision for loan losses charged to operating expense	<u>105,000</u>	<u>227,705</u>
Ending Balance	<u><u>\$ 2,226,089</u></u>	<u><u>\$ 1,296,495</u></u>
Ratio of net charge-offs to average loans outstanding	<u>-0.002%</u>	<u>-0.230%</u>
Allowance as a percent of total loans	<u>2.166%</u>	<u>1.238%</u>
	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Allowance for loan losses:		
General Allowance	\$ 928,089	\$ 1,188,290
Specific Allowance for impaired loans	<u>1,298,000</u>	<u>108,205</u>
	<u><u>\$ 2,226,089</u></u>	<u><u>\$ 1,296,495</u></u>

The table below shows a summary of impaired loans as of March 31, 2010. Discussion follows.

<u>Impaired Loans</u>	
Principal balance	\$ 1,924,662
Number of loans	2
Specific Allowance	1,298,000
% of Gross Loans	1.83%

Generally Accepted Accounting Principles (GAAP) accounting for contingencies requires recognition of a loss and disclosure of a loss contingency if two conditions are met.

First, information available prior to the issuance of financial statements indicates that an asset has been impaired. Management and the Board of Directors have recognized that the above referenced loans are impaired.

Second, the amount of loss can be reasonably estimated. As of March 31, 2010, and the date of filing of this document, the amount of potential loss was reasonably estimated and management believes that the specific reserves of \$1,298,000 is appropriate. Management is continually monitoring impaired loan relationships and, in the event facts and circumstances change, additional provisions may be necessary.

The larger of the two impaired loans has a principal amount of \$1,100,000 and represents a loan participation secured by real estate. The property has been placed in foreclosure and the debtor is currently in bankruptcy. Management is monitoring all proceedings to minimize any potential loss to the bank.

The second impaired loan has a principal balance of \$824,662 and represents a commercial loan secured primarily by inventory and equipment. Bank management is working with this borrower to minimize any potential loss.

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 Bank's 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 March 31, 2010, the Bank had commitments to extend credit and unfunded commitments of approximately \$1.7 million and \$9.0 million, respectively. At December 31, 2009, the Bank had commitments to extend credit and unfunded commitments of approximately \$1.9 million and \$7.1 million, respectively. The March 31, 2009 figures were \$2.1 million and \$2.1 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

The fair value of stock options granted is estimated on the date of grant using a Black-Scholes option pricing model. The fair values of stock grants are amortized as compensation expense on a straight-line basis over the vesting period of the grants. Compensation expense recognized is included in personnel expense in the consolidated statements of income.

Assumptions are used in estimating the fair value of stock options granted. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility is based on the historical volatility of the Corporation's stock. The following assumptions were used in estimating the fair value at date of issuance for options granted:

	July 2006	July 2009	January 2010	March 2010
<i>Fair Value</i>	\$ 3.99	\$ 0.65	\$ 0.49	\$ 0.46
Stock Asset Price	\$ 10.00	\$ 8.60	\$ 8.25	\$ 8.10
Option Strike Price	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Maturity	10.0	10.0	10.0	10.0
Risk-free interest rate	5.00%	0.19%	0.06%	0.16%
Volatility	10.00%	10.00%	10.00%	10.00%

The Bank is required to estimate potential forfeitures of stock grants and adjust compensation expense recorded accordingly. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized in the period of change and will also impact the amount of stock compensation expense to be recognized in future periods.

A summary of the Corporation's stock option activity for the for the three months ended March 31, 2010, is presented below:

Stock Options	Number of Options	Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2009	63,333	\$10.00	7.56 yrs.	\$ 23,079
Granted	60,000	10.00		
Exercised	0			
Forfeited	0			
Outstanding at March 31, 2010	123,333	\$10.00	8.13 yrs.	\$ 28,132
Exercisable at March 31, 2010	58,333	\$10.00		

Options Outstanding				Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Amount
\$ 10.00	123,333	8.13 yrs	\$ 10.00	58,333	\$ 583,330

During 2010, 60,000 options were issued and were nonvested as of March 31, 2010. As of March 31, 2010, 236,667 options remain available for future grants. As of December 31, 2009, 296,667 options remained available for future grants.

The Bank has two types of warrants outstanding to purchase shares of common stock at March 31, 2010, December 31, 2009, and March 31, 2009. 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 431,990 shareholder warrants were issued. Originally, the shareholder warrants were exercisable at a price of \$12.50 per share at any time until July 24, 2009. On October 28, 2008, the Board of Directors extended the expiration date to July 24, 2012. As of March 31, 2010, there were 431,370 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. None of the warrants have been exercised as of March 31, 2010.

Note 8 - Income Taxes

Deferred income tax assets and liabilities have been determined using the liability method. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the current enacted tax rates which will be in effect when those differences are expected to reverse. Provision (credit) for deferred taxes is the result of changes in the deferred tax assets and liabilities. A deferred tax valuation allowance is established if it is more likely than not that all or a portion of the deferred tax assets will not be recognized.

The Bank may also recognize a liability for unrecognized tax benefits from uncertain tax positions. Unrecognized tax benefits represent the difference between a tax position taken or expected to be taken in a tax return and the benefit recognized and measured in the financial statements. Interest and penalties related to unrecognized tax benefits are classified as income taxes.

Note 9 – New Authoritative Accounting Guidance

In January 2010, the Financial Accounting Standards Board ("FASB") issued updated guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. This update requires new disclosures on significant transfers of assets and liabilities between Level 1 and Level 2 of the fair value hierarchy (including the reasons for these transfers) and the reasons for any transfers in or out of Level 3. This update also requires a reconciliation of recurring Level 3 measurements about purchases, sales, issuances and settlements on a gross basis. In addition to these new disclosure requirements, this update clarifies certain existing disclosure requirements. For example, this update clarifies that reporting entities are required to provide fair value measurement disclosures for each class of assets and liabilities rather than each major category of assets and liabilities. This update also clarifies the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. This update became effective for the Bank with the interim and annual reporting period beginning January 1, 2010, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will become effective for the Bank with the interim and annual reporting period beginning January 1, 2011. The Bank will not be required to provide the amended disclosures for any previous periods presented for comparative purposes. Other than requiring additional disclosures, adoption of this update did not have a material effect on the Bank's consolidated financial statements.

The FASB has issued guidance on Subsequent Events (Topic 855) Amendments to Certain Recognition and Disclosure Requirements. The amendments remove the requirement for an SEC filer to disclose a date through which subsequent events have been evaluated in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of U.S. GAAP. The FASB also clarified that if the financial statements have been revised, then an entity that is not an SEC filer should disclose both the date that the financial statements were issued or available to be issued and the date the revised financial statements were issued or available to be issued. The FASB believes these amendments remove potential conflicts with the SEC's literature. All of the amendments were effective upon issuance.

Note 10 – Fair Value Measurement

Accounting standards describe the three levels of inputs that may be used to measure fair value (the fair value hierarchy). The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value of that asset or liability.

Following is a brief description of each level of the fair value hierarchy:

- **Level 1** pricing for an asset or liability is derived from the most actively traded markets, and considered to be very reliable. Quoted prices on actively traded equities, for example, fall into this category.
- **Level 2** pricing of an asset or liability is derived from observable data including market spreads, current and projected rates, prepayment data, and credit quality. Interactive Data Corporation (IDC) pricing, for example, falls into this category as it derives prices using actively quoted rates, prepayment models, other underlying collateral and credit data, etc. Typically, most bonds fall into this category. IDC provides the pricing on the Bank's investment portfolio on a monthly basis.

- **Level 3** pricing is derived without the use of observable data. In such cases, mark-to-market model strategies are typically employed. Often, these types of instruments have no active market, possess unique characteristics, and are thinly traded.

Some assets and liabilities, such as securities available for sale (AFS), are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as impaired loans, are measured at fair value on a non-recurring basis.

Following is a description of the valuation methodology used for each asset and liability measured at fair value on a recurring or non-recurring basis, as well as the classification of the asset or liability within the fair value hierarchy.

Securities available for sale are classified as level 2 measurements within the fair value hierarchy. Level 2 securities include U.S. government and agency securities, obligations of states and political subdivisions, corporate debt securities, and mortgage-related securities. The fair value measurement of a level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data.

Loans held for sale in the secondary market are carried at the lower of aggregate cost or estimated fair market value. The fair value measurement of a loan held for sale is based on current secondary market prices for similar loans, which is a considered a level 2 measurement.

Loans are not measured at fair value on a recurring basis. However, loans considered to be impaired are measured at fair value on a non-recurring basis. The fair value measurement of an impaired loan that is collateral dependent is based on the fair value of the underlying collateral. All other impaired loan fair value measurements are based on the present value of expected future cash flows discounted at the applicable effective interest rate. Fair value measurements of underlying collateral that utilize observable market data, such as independent appraisals reflecting recent comparable sales, are considered level 2 measurements. Other fair value measurements that incorporate estimated assumptions market participants would use to measure fair value, such as discounted cash flow measurements, are considered level 3 measurements.

Other Real estate Owned: From time-to-time, the Bank records non-recurring fair value adjustments to foreclosed real estate to reflect partial write downs based on observable market prices or current appraised values.

Information regarding the fair value of assets measured on a recurring basis at fair value as of March 31, 2010 follows:

Assets measured on a recurring basis at:				
March 31, 2010				
Description	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Securities available for sale	\$ 5,455,120	\$ 0	\$ 5,455,120	\$ 0
Loans held for sale	183,778	0	183,778	0
	<u>\$ 5,638,898</u>	<u>\$ 0</u>	<u>\$ 5,638,898</u>	<u>\$ 0</u>

Information regarding the fair value of assets measured on a non-recurring basis at fair value as of March 31, 2010, follows:

Assets measured on a non-recurring basis at:				
March 31, 2010				
Description	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Impaired Loans	\$ 626,662	\$ 0	\$ 626,662	\$ 0
Other real estate owned	5,432,041	0	5,432,041	0
	\$ 6,058,703	\$ 0	\$ 6,058,703	\$ 0

Accounting standards also require disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial condition, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimate of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets, and, in many cases, could not be realized in immediate settlement of the instruments.

The applicable standards exclude certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Bank. The Bank estimates fair value of all financial instruments regardless of whether such instruments are measured at fair value. The following methods and assumptions were used by the Bank to estimate fair value of instruments not previously discussed.

Cash and cash equivalents – Fair value approximates the carrying value

Interest-bearing deposits in banks – Fair value approximates the carrying value

Loans – Fair value of variable rate loans that re-price frequently are based on carrying values. Fair value of other loans is estimated by discounting future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings. Fair value of impaired and other non-performing loans are estimated using discounted expected future cash flows or the fair value of underlying collateral, if applicable.

Accrued interest receivable and payable – Fair value approximates the carrying value.

Deposits – Fair value of deposits with no stated maturity, such as demand deposits, savings, and money market accounts, by definition, is the amount payable on demand on the reporting date. Fair value of fixed rate time deposits is estimated using discounted cash flows applying interest rates currently being offered on similar time deposits.

The carrying value and estimated fair values of financial instruments as of March 31, 2010, and December 31, 2009 follows:

	March 31, 2010		December 31, 2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<u>Financial Assets</u>				
Cash and cash equivalents	\$ 3,140,811	\$ 3,140,811	\$ 1,462,962	\$ 1,462,962
Interest-bearing deposits in banks	0	0	0	0
Securities available for sale	5,455,120	5,455,120	5,521,099	5,521,099
Loans held for sale	183,778	183,778	1,422,733	1,422,733
Loans, net	102,789,667	102,058,871	103,096,134	109,543,048
Accrued interest receivable	360,039	360,039	357,723	357,723
<u>Total financial assets</u>	<u>\$ 111,929,415</u>	<u>\$ 111,198,619</u>	<u>\$ 111,860,651</u>	<u>\$ 118,307,565</u>
<u>Financial Liabilities</u>				
Deposits	\$ 104,869,340	\$ 104,927,098	\$ 103,053,231	\$ 103,011,580
Accrued interest payable	212,358	212,358	203,195	203,195
<u>Total financial liabilities</u>	<u>\$ 105,081,698</u>	<u>\$ 105,139,456</u>	<u>\$ 103,256,426</u>	<u>\$ 103,214,775</u>

Limitations – The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Bank's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Consequently, the aggregate fair value amounts presented may not necessarily represent fair value of the Bank.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Bank's entire holdings of a particular instrument. Because no market exists for a significant portion of the Bank's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters that could affect the estimates. Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Deposits with no maturities are defined as having a fair value equivalent to the amount payable on demand. This prohibits adjusting fair value derived from retaining those deposits for an expected future period of time. This component, commonly referred to as a deposit base intangible, is neither considered in the above amounts nor is it recorded as an intangible asset on the balance sheet. Significant

assets and liabilities that are not considered financial assets and liabilities include premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies

Our accounting and reporting policies are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry. Our significant accounting policies are described in the notes to the financial statements. Certain accounting policies require management to make significant estimates and assumptions, which have a material impact on the carrying value of certain assets and liabilities, and we consider these to be critical accounting policies. The estimates and assumptions used are based on historical experience and other factors that management believes to be reasonable under the circumstances. Actual results could differ significantly from these estimates and assumptions, which could have a material impact on the carrying value of assets and liabilities at the balance sheet dates and results of operations for the reporting periods. We believe the following critical accounting policy requires the most significant estimates and assumptions that are particularly susceptible to a significant change in the preparation of our financial statements.

Allowance for Loan and Lease Losses

Management's evaluation process used to determine the appropriateness of the allowance for loan losses (ALLL) is subject to the use of estimates, assumptions, and judgments. The evaluation process combines several factors: management's ongoing review and grading of the loan portfolio, consideration of historical loan loss and delinquency experience, trends in past due and nonperforming loans, risk characteristics of the various classifications of loans, concentrations of loans to specific borrowers or industries, existing economic conditions, the fair value of underlying collateral, and other qualitative and quantitative factors which could affect probable credit losses. Because current economic conditions can change and future events are inherently difficult to predict, the anticipated amount of estimated loan losses, and therefore the appropriateness of the allowance for loan losses, could change significantly. As an integral part of their examination process, various regulatory agencies also review the allowance for loan losses. Such agencies may require that certain loan balances be classified differently or charged off when their credit evaluations differ from those of management, based on their judgments about information available to them at the time of their examination. The Bank believes the level of the allowance for loan loss is appropriate as recorded in the financial statements. See further discussion in the section below titled "Allowance for Loan and Lease Losses".

Forward Looking Statements

The following discussion and analysis presents our financial condition as of March 31, 2010, December 31, 2009, and March 31, 2009, and results of operations for the three-month periods ended March 31, 2010 and March 31, 2009. 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-Q.

This Report contains certain statements that are forward-looking within the meaning of section 21E of the Securities Exchange Act of 1934, as amended. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by,

the 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 other similar expressions or future or conditional verbs. Readers of this annual report should not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this report. The statements are representative only as of the date they are made, and the Bank undertakes no obligation to update any forward-looking statement.

These forward-looking statements, implicitly and explicitly, include the assumptions underlying the statements and other information with respect to the Bank’s beliefs, plans, objectives, goals, expectations, anticipations, estimates, financial condition, results of operations, future performance and business, including management’s expectations and estimates with respect to revenues, expenses, return on equity, return on assets, efficiency ratio, asset quality and other financial data and capital and performance ratios.

Although the Bank believes that the expectations reflected in the forward-looking statements are reasonable, these statements involve risks and uncertainties that are subject to change based on various important factors, some of which are beyond our control. Forward-looking statements are subject to significant risks and uncertainties and the Bank’s actual results may differ materially from the results discussed in such forward-looking statements. Factors that might cause actual results to differ from the results discussed in forward-looking statements include, but are not limited to, the factors set forth under “Risk Factors,” Item 1A of the Bank’s Annual Report on Form 10-K for the year ended December 31, 2009 as filed with the FDIC on March 31, 2010 as well as any other risks identified herein. New factors emerge from time to time, and it is not possible for the Bank to predict which factor, if any, will materialize. In addition, the Bank cannot assess the potential impact of each factor on the Bank’s 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.

All forward-looking statements contained in this Report or which may be contained in future statements made for or on behalf of Choice Bank are based upon information available at the time the statement is made and Choice Bank assumes no obligation to update any forward-looking statement.

Management’s Discussion & Analysis

The following discussion describes our results of operations for the three-month period ended March 31, 2010, as compared to the three-month period ended March 31, 2009 and also analyzes our financial condition as of March 31, 2010, December 31, 2009 and March 31, 2009. Like most community banks, we derive most of our income from interest we receive on our loans and investments. Our primary source of funds for making these loans and investments is our deposits, most of which are interest-bearing. Consequently, one of the key measures of our success is the amount of net interest income, or the difference between the income on our interest-earning assets, such as loans and investments, and the expense on our interest-bearing liabilities, such as deposits and borrowed funds. Another key measure is the spread between the yield we earn on these interest-earning assets and the rate we pay on our interest-bearing liabilities.

Of course, there are risks inherent in all loans, so we maintain an allowance for loan losses to absorb probable losses on existing loans that may become uncollectible. We establish and maintain this allowance by charging a provision for loan losses against our operating earnings. In the following section, we have included a detailed discussion of this process.

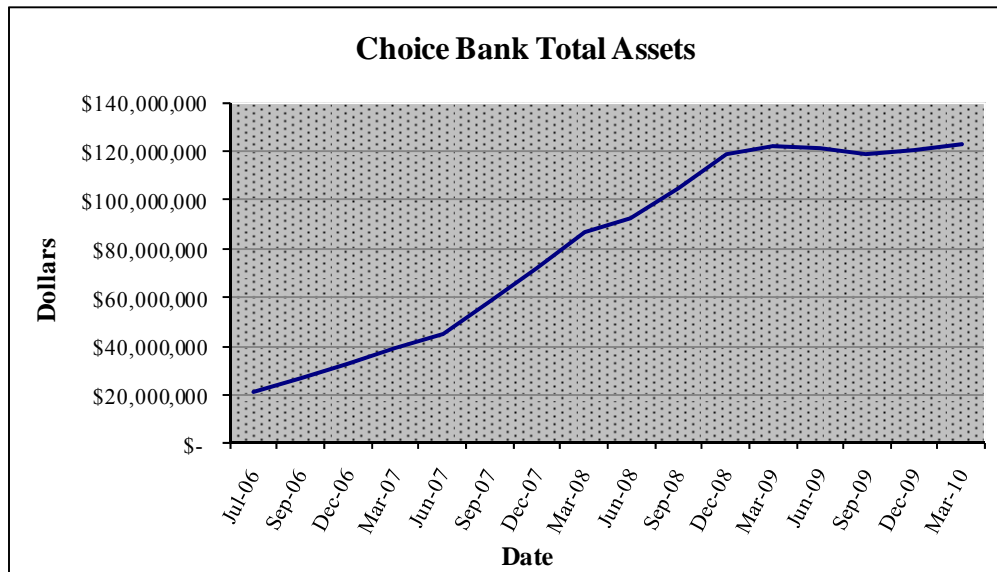
In addition to earning interest on our loans and investments, we earn income through fees charged to our customers for services provided. These fees include the origination of long-term, fixed rate mortgage loans which are sold with servicing released in the secondary market.

Non-interest expenses include personnel, facilities, marketing, FDIC insurance premiums, audit and legal, and other costs relating to insuring we adhere strictly to the stringent banking rules and regulations.

We describe the various components of our non-interest income, as well as our non-interest expense, in the following discussion.

The following discussion and analysis also identifies significant factors that have affected our financial position and operating results during the periods included in the accompanying financial statements. We encourage you to read this discussion and analysis in conjunction with the financial statements and the related notes and the other statistical information also included in this report.

The Bank received its charter and opened for business on July 24, 2006. The table and graph below show the increases and decreases in end-of-quarter assets of the Bank since that time.



Date	Total Assets	% Growth
Jul-06	\$ 20,824,545	
Sep-06	\$ 26,737,176	28%
Dec-06	\$ 32,600,536	22%
Mar-07	\$ 39,447,477	21%
Jun-07	\$ 44,966,989	14%
Sep-07	\$ 58,190,302	29%
Dec-07	\$ 71,851,968	23%
Mar-08	\$ 86,699,212	21%
Jun-08	\$ 92,258,664	6%
Sep-08	\$ 105,211,742	14%
Dec-08	\$ 119,041,620	13%
Mar-09	\$ 121,815,492	2%
Jun-09	\$ 121,626,414	0%
Sep-09	\$ 118,964,450	-2%
Dec-09	\$ 120,807,482	2%
Mar-10	\$ 122,940,295	2%

The graph and table above show that asset growth slowed dramatically subsequent to December 31, 2008 compared to the initial 2 ½ years of operation. Total asset growth remains moderate which is reflective of management strategy to curtail growth under a recessionary environment. Prevailing economic conditions have slowed business expansion activities in general and have reduced the number of applicants qualifying for credit. As economic conditions improve, we believe that we are well positioned to expand services to the communities that we serve.

Management has also slowed deposit growth given the limited opportunities to convert funds into loans. Alternate investment opportunities for the bank such as federal funds sold, Treasury and

agency bonds, and short-term bank certificates of deposit, currently offer yields of less than 1%. Such investment alternatives limit the opportunity to earn a positive spread over interest paid on deposits. We expect to resume more aggressive deposit gathering as the lending environment improves.

The Bank intends to continue to adhere to the business plan that was submitted to Federal and Wisconsin banking regulators in 2006 as part of the Bank's federal deposit insurance and state charter application. The basics of that plan include:

- Serving as a community bank from two locations in Oshkosh, Wisconsin;
- Attracting primarily local deposits;
- Maintaining strong loan growth without sacrificing credit quality; and
- Concentrating on banking services and products, with no ancillary services.

The fundamental tenets of the business plan initiated in 2006 remain intact with appropriate modifications made for changes in budgeted growth, interest rate assumptions, product/service offerings, and staffing.

Allowance for Loan and Lease Losses

Management considers the policies related to the allowance for loan losses as critical to the financial statement presentation. The allowance for loan and lease losses ("ALLL") represents management's assessment of the risk associated with extending credit and its evaluation of the quality of the loan portfolio. That assessment includes thorough review of the portfolio, with analysis of past-due and potentially impaired loans on an individual basis, based upon the following factors:

- A. Specific Reserves for individually analyzed impaired Loans
- B. General Reserves for groups of similar loans analyzed for impairment
- C. General Reserves as calculated

The analysis, and the loan loss provision, is reviewed and approved by the Board of Directors on a quarterly basis.

Other factors considered in the analysis of General Reserves include:

- Changes in the national and local economy and business conditions, including underwriting standards, collections, charge off and recovery practices;
- The asset quality of individual loans;
- Changes in the nature and volume of the loan portfolio;
- Changes in the experience, ability and depth of our lending staff and management;
- Possible deterioration in collateral segments or other portfolio concentrations;
- Changes in the quality of our loan review system and the degree of oversight by our board of directors;
- The effect of external factors such as competition and the legal and regulatory requirement on the level of estimated credit losses in our current loan portfolio;
- Off-balance sheet credit risks.

The factors cited above have been, and will continue to be, evaluated at least quarterly. Changes in the asset quality of individual loans will be evaluated more frequently as needed. Following guidelines established by the FDIC and the Wisconsin Department of Financial Institutions (DFI), we have established minimum general reserves based on the asset quality of the loan. General reserve factors applied to each type of loan are based upon management's experience and common industry and regulatory guidelines. After a loan is underwritten and booked, loans are monitored or reviewed by the account officer, management, and external loan review personnel during the life of the loan. Payment performance is monitored monthly for the entire loan portfolio. Account officers contact customers during the course of business and may be able to ascertain if weaknesses are developing with the borrower. External loan personnel perform an independent review annually, and federal and state banking regulators perform periodic reviews of the loan portfolio. If weaknesses develop in an individual loan relationship and are detected, the loan will be downgraded and higher reserves will be assigned based upon management's assessment of the weaknesses in the loan that may affect full collection of the debt. If a loan does not appear to be fully collectible as to principal and interest, the loan will be recorded as a non-accruing loan and further accrual of interest will be discontinued while previously accrued but uncollected interest is reversed against income. If a loan will not be collected in full, the allowance for loan losses is increased to reflect management's estimate of potential exposure of loss.

The provision for loan losses for the three-month period ended March 31, 2010 is \$105,000, compared to \$227,705 for the same period in 2009. Although the \$105,000 provision is a notable decline from the provision posted for the same period last year it is supported by Management's ongoing assessment of risk associated with the current loan portfolio.

One loan was transferred to Other Real Estate Owned (OREO) in 2010, with an estimated realizable value of about \$2.1 million. No write-off was posted for this transfer as the value of the collateral real estate approximated the loan amount. Two consumer loans totaling \$1,748 were written off in 2010.

The breakdown of the ALLL as of March 31 for 2010 is allocated in the table below:

	<u>March 31, 2010</u>	<u>% of Total Loans</u>
Types of Loans		
Commercial	\$ 887,000	0.718%
Real Estate:		
Commercial	419,000	0.370%
Residential	131,000	0.143%
Construction	42,000	0.057%
Second Mortgages	12,000	0.015%
Equity Lines of Credit	734,000	0.716%
Consumer	1,000	0.002%
Total	<u>\$ 2,226,000</u>	<u>2.021%</u>

A summary of current non-accrual loans:

<u>Non-accrual loans</u>	
Principal balance	\$ 1,880,814
Number of loans	3
% of Gross Loans	1.79%

Per Bank policy, and regulation, loans past due 90 days or more are placed in a non-accrual status. All interest accrued up to that point is reversed out of interest income. In addition, loans less than 90 days past due will be classified as non-accrual if circumstances which jeopardize meeting contractual payment requirements. No further interest accrues as long as the loan remains in non-accrual status. Such loans are considered to be on a cash basis, so any payments received are recognized as principal reductions or as income depending upon the circumstances of the borrower. Even if payments reduce the delinquency to less than 90 days, the loan remains classified as non-accrual until all past due principal and interest is collected.

For the quarter ended March 31, 2010, no interest payments were received on loans classified as non-accrual. The amount of interest that would have been recorded as interest income had the non-accrual loans been current during the quarter ended March 31, 2010 is about \$16,000.

Two of the loans in non-accrual status are included in the impairment discussion in Note 5 above. One is a commercial participation secured by real estate and another is a commercial loan secured primarily by inventory and equipment. Management believes that the specific reserves recognized for these loans are appropriate as detailed in Note 5 above.

As of the filing date, there are no potential problem loans that are not on non-accrual that have caused Management to have serious doubts about the borrower's ability to repay in compliance with the loan terms.

Historical performance is not an indicator of future performance, particularly considering our relatively short operating history. Future results could differ materially. However, management believes, based upon known factors, management's judgment, regulatory methodologies, and generally accepted accounting principles that the current methodology used to determine the adequacy of the ALLL is reasonable.

Our ALLL is also subject to regulatory examinations and determinations as to adequacy, which may take into account such factors as the methodology used to calculate the allowance for loan losses and the size of the allowance for loan losses in comparison to a group of peer banks identified by the regulators. During their routine examinations of banks, regulatory agencies may require a bank to make additional provisions to its allowance for loan losses when, in the opinion of the regulators, credit evaluations and allowance for loan loss methodology differ materially from those of management. While it is our policy to charge off in the current period loans for which a loss is considered probable, there are additional risks of future losses that cannot be quantified precisely or attributed to particular loans or classes of loans.

Management is intent upon maintaining the quality of the loan portfolio. Our loan staff is constantly monitoring the performance of our loans, and working with borrowers to assist in finding solutions to potential problems.

Balance Sheet

The breakdown of the Bank's balance sheet by dollar balances and percentage of total assets is shown below.

We believe that the key to success for the Bank will include (1) leveraging the \$17.5 million of Bank capital, and (2) utilizing funds to increase loan balances, which typically offer significantly higher yields than interest-bearing deposits and securities available for sale (AFS). As discussed above, however, current market conditions have hindered our efforts to grow our loan portfolio. Accordingly, the composition of our balance sheet remained relatively unchanged during the quarter ended March 31, 2010.

The most notable change was the addition of other real estate owned, discussed in detail in the Allowance for Loan and Lease Losses section above. The net effect of the transfer of this loan to other real estate owned was a decline in the loan portfolio of about \$0.3 million for the quarter ended March 31, 2010. Loan portfolio growth was about \$1.9 million before the reduction due to the transfer of this loan to other real estate owned.

Assets	March 31, 2010		December 31, 2009	
	Dollar Amount	%	Dollar Amount	%
Cash and equivalents	\$ 3,140,811	2.55%	\$ 1,462,962	1.20%
Securities available for sale	5,455,120	4.44%	5,521,099	4.57%
Loans held for sale	183,778	0.15%	1,422,733	1.18%
Loans	102,789,667	83.61%	103,096,134	85.34%
Prepaid FDIC Premium	535,068	0.44%	574,737	0.48%
Deferred Tax Asset	2,735,100	2.22%	2,727,045	2.26%
Other Real Estate Owned	5,432,041	4.42%	3,304,761	2.74%
Other assets	2,668,710	2.17%	2,698,011	2.23%
Total assets	\$ 122,940,295	100.00%	\$ 120,807,482	100.00%
Liabilities and Equity				
Deposits	\$ 104,869,340	85.30%	\$ 103,053,231	85.31%
Borrowed funds	0	0.00%	0	0.00%
Other Liabilities	534,538	0.44%	365,575	0.30%
Stockholders' equity	17,536,417	14.26%	17,388,676	14.39%
Total Liabilities and Equity	\$ 122,940,295	100.00%	\$ 120,807,482	100.00%

Loans

As shown in the table below, gross loans have declined about \$0.2 million since December 31, 2009. That compares to an increase of about \$1.8 million for the same period ended March 31, 2009. As previously noted, the decrease in the first quarter of 2010 is primarily the net effect of transferring one loan with a loan amount of \$2.1 million to other real estate owned (OREO) and loan growth of \$1.9 million in line with growth experienced for the same period in 2009.

The Bank will continue to pursue loan opportunities, without sacrificing prudent underwriting.

The Bank has managed its loan portfolio to achieve diversification, both in types of loans made and location. We have bought and sold participations in commercial and commercial real estate loans with banks in other parts of Wisconsin and in Minnesota. The participation loans purchased are underwritten to the same standards as those imposed upon loans we make in our market area, with the lone exception of the “face-to-face” meeting between borrower and our lender. Fifteen and thirty-year fixed-rate mortgage loans are sold in the secondary market, with servicing released to the purchaser. The components of the Bank’s loan portfolio at March 31, 2010 and December 31, 2009 are summarized as follows:

Type of Loans	March 31, 2010	%	December 31, 2009	%
Commercial	\$ 22,439,686	21.37%	\$ 21,502,232	20.44%
Real estate:				
Commercial	42,468,197	40.44%	42,510,972	40.40%
Residential	27,675,867	26.35%	28,520,256	27.11%
Construction & Development	5,489,651	5.23%	5,965,779	5.67%
Second Mortgages	2,051,194	1.95%	2,111,250	2.01%
Equity lines of credit	4,185,022	3.99%	3,800,744	3.61%
Consumer	706,139	0.67%	807,738	0.77%
Subtotals	105,015,756	100.00%	105,218,971	100.00%
Allowance for loan losses	2,226,089	2.12%	2,122,837	2.02%
Loans, net	\$ 102,789,667	97.88%	\$ 103,096,134	97.98%

As of March 31, 2010, approximately 40% of loans were made to finance commercial real estate and approximately 21% of loans were made to finance residential rental property. There were no other loan concentration categories that exceeded 10% as of March 31, 2010.

The table below shows maturities of loans by type:

<u>Maturities</u>	<u>One year or less</u>	<u>Over one year to three years</u>	<u>Over three years to five years</u>	<u>Over five years to fifteen years</u>	<u>Over fifteen years</u>	<u>Total</u>
Types of Loans						
Commercial	\$ 12,984,049	\$ 3,048,420	\$ 6,034,409	\$ 372,808	\$ 0	\$ 22,439,686
Real Estate:						
Commercial	12,266,901	14,946,760	11,467,631	2,275,641	1,511,264	42,468,197
Residential	3,308,209	12,386,961	4,665,643	6,445,679	869,375	27,675,867
Construction	4,141,259	1,348,392	0	0	0	5,489,651
Second Mortgages	512,183	415,330	664,623	459,058	0	2,051,194
Equity Lines of Credit	4,185,022	0	0	0	0	4,185,022
Consumer	117,352	259,536	271,412	57,839	0	706,139
Subtotals	<u>\$ 37,514,975</u>	<u>\$ 32,405,399</u>	<u>\$ 23,103,718</u>	<u>\$ 9,611,025</u>	<u>\$ 2,380,639</u>	<u>\$ 105,015,756</u>

The table below shows past due loans as of March 31, 2010:

<u>Past Due Loans</u>	<u>30 - 59 days</u>	<u>60 - 89 days</u>	<u>Over 90 days</u>	<u>Total</u>
Principal balance	\$ 134,409	\$ 0	\$ 1,880,814	\$ 2,015,223
Number of loans	2	0	3	5
% of Gross Loans	0.13%	0.00%	1.79%	1.92%

Details of the loans over 90 days past due have been discussed in Note 5 and the discussion under "Allowance for Loan and Lease Losses," above.

Investments

The estimated fair market value of the investment portfolio as of March 31, 2010 was \$5,455,120 including a pre-tax unrealized gain of \$370,464. As of December 31, 2009, estimated fair market value was \$5,521,099 including pre-tax unrealized gain of \$336,069.

The Bank's investment strategies are aimed at maximizing income, preserving principal, managing interest rate risk, and avoiding credit risk. Although the Bank has no immediate plans to sell any securities, all investments are classified as "available for sale." This classification allows management the flexibility to sell securities in the future to adjust the portfolio as conditions change

The following table sets forth information regarding the scheduled maturities for the Bank's investment securities as of March 31, 2010, by contractual maturity. The maturities of the mortgage-backed securities are the stated maturity date of each security. The table does not take into consideration the effects of scheduled payments or possible payoffs.

	Within 1 Year		After 1 Year Within 5 Years		After 5 Year Within 10 Years		After 10 Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
<i>(In thousands)</i>								
At March 31, 2010:								
US Agency Securities	\$ 0	0.00%	\$ 597	5.06%	\$ 0	0.00%	\$ 0	0.00%
Municipal Securities	0	0.00%	1,673	5.43%	1,396	5.36%	0	0.00%
Mortgage Backed Securities	0	0.00%	1,418	4.84%	0	0.00%	0	0.00%
Total	\$ 0	0.00%	\$ 3,688	5.14%	\$ 1,396	5.36%	\$ 0	0.00%
Totals								
<i>(In thousands)</i>								
	Amount	Yield						
At March 31, 2010:								
US Agency Securities	\$ 597	5.06%						
Municipal Securities	\$ 3,069	5.40%						
Mortgage Backed Securities	1,418	4.84%						
Total	\$ 5,084	5.20%						

Deposits

Deposit balances increased \$1.8 million in the quarter ended March 31, 2010. The growth was primarily directed into money market accounts which grew by \$3.4 million for the quarter. Regular savings accounts also reported sizable growth of about \$1.0 million for the same period. Time deposits declined by about \$2.8 million primarily for certificates of deposits \$100,000 and greater.

This overall growth compares to an increase of \$2.5 million, for the quarter ended March 31, 2009. The table below shows our deposit breakdown by dollar balance and percentage of total deposits as of March 31, 2010 and December 31, 2009.

Deposits	March 31, 2010		December 31, 2009	
	Dollars	%	Dollars-\$	%
Non interest-bearing deposits	\$ 5,074,582	4.84%	\$ 5,057,864	4.91%
Interest-bearing demand	2,430,195	2.32%	2,275,636	2.21%
Money market accounts	35,858,758	34.19%	32,448,524	31.49%
Savings accounts	5,043,044	4.81%	4,053,869	3.93%
Certificates of deposit less than \$100,000	29,795,179	28.41%	29,670,671	28.79%
Certificates of deposit \$100,000 and greater	26,667,582	25.43%	29,546,667	28.67%
	<u>\$ 104,869,340</u>	<u>100.00%</u>	<u>\$ 103,053,231</u>	<u>100.00%</u>

	Certificates of Deposit Less Than \$100,000	Certificates of Deposit \$100,000 and Greater	Total
Due three months or less	\$ 6,890,654	\$ 5,412,707	\$ 12,303,361
Due more than three months to six months	9,047,534	10,488,369	19,535,903
More than six months to one year	11,533,519	9,058,821	20,592,340
Over one year	2,323,472	1,707,685	4,031,157
	<u>\$ 29,795,179</u>	<u>\$ 26,667,582</u>	<u>\$ 56,462,761</u>

Income Taxes

The Bank has a net operating loss carryforward of approximately \$5,000,000 that may be applied against future federal and state taxable income. These carryforwards begin to expire, if not used, on December 31, 2026 for federal purposes and December 31, 2021 for Wisconsin.

Liquidity

Interest rate risk is fundamental to the business of banking. Changes in interest rates can expose an institution to adverse shifts in the level of net interest income or other rate-sensitive income sources and impair the underlying value of its assets and liabilities.

The Bank's Asset Liability Committee (ALCO) is responsible for managing liquidity and interest rate risk. The Board of Directors has adopted the Liquidity Risk Management Policy which establishes a hierarchy of sources of funds the Bank would use in case of a liquidity crisis.

Our primary potential source of funds on a short-term basis is an overnight line of credit established with our correspondent bank. As of March 31, 2010, we had access to a \$5.1 million secured line of credit and \$5.1 million unsecured line of credit with the Bankers Bank of Madison, Wisconsin. The highest amount utilized in the quarter ending March 31, 2010 was \$1.765 million.

The Bank relies primarily on local deposits to fund lending and investing operations. Besides the lines of credits mentioned above, the Bank has access to needed funds through brokered deposits, which are funds from out of our market area. As of March 31, 2010, the Bank has brokered deposits of \$2.670 million. Another source the Bank has used to obtain deposits from out of our market area is the CDARs One-way Buy program. As of March 31, 2010, the Bank has CDARs One-Way Buy funds of \$1.0 million. The Bank will consider judicious use of brokered certificates of deposit in the future to supplement local deposits in order to fund loan growth. The Bank's ALM Policy allows a maximum percentage of 30% brokered deposits to total deposits.

We also have \$10.0 million of deposits in the CDARs Reciprocal Program. Those are local deposits transferred to other institutions to ensure complete FDIC coverage, with an equal amount transferred to us from other banks in the program. This program allows us to retain local deposits in excess of the FDIC insurance amount, while providing full insurance coverage to our customers.

One measure of short-term interest rate risk is gap analysis, which compares the dollar amount of assets which can be re-priced in a certain time period to liabilities which can be re-priced in the same period. Theoretically, in a period of rising market interest rates, being asset sensitive (more assets re-pricing than liabilities) is advantageous. The converse is true in a declining rate environment. The theoretical advantage is mitigated by the fact that borrowers refinance loans as rates decline, and certificate of deposit holders move to higher yielding CD's in a rising rate environment. The gap analysis is a tool which assist the ALCO to monitor maturities and set loan and deposit rates. As of March 31, 2010, the Bank is liability sensitive meaning that we are better positioned in a declining interest rate environment.

A longer term measure of interest rate risk is the Economic Value of Equity (EVE). Economic Value of Equity is literally the difference between the fair market value of assets and the fair market value of liabilities. EVE usually correlates well with a bank's market value. The Bank calculates EVE on a monthly basis, and reports to the board quarterly.

Management monitors the Bank's capital levels and has not identified significant capital expenditure needs that would have impact to capital requirements at this time.

Results of Operations

The following is a summary of operations for the periods indicated:

	Three months ended	
	March 31, 2010	March 31, 2009
Net interest income	\$ 1,000,221	\$ 766,675
Provision for loan loss	105,000	227,705
Net interest income, after provision for loan loss	895,221	538,970
Non-interest income	196,825	95,441
Non-interest expense	809,555	729,792
	282,491	(95,381)
Income taxes	112,432	(37,675)
Net Income (Loss)	\$ 170,059	\$ (57,706)

Financial Ratios:

Return on average equity	3.93%	-1.16%
Return on average assets	0.57%	-0.19%
Average equity to average assets	14.50%	16.63%

Net income for the quarter ended March 31, 2010, was \$170,059, an increase of \$227,765 compared to the net loss of \$57,706 reported for the corresponding period in 2009.

Net interest income increased \$233,546 for the quarter ended March 31, 2010 versus the comparable quarter last year due solely to a \$233,597 decline in interest expense as interest income remained flat.

A \$105,000 provision for loan loss was charged to earnings for the first quarter of 2010, versus a \$227,705 provision taken during the comparable quarter of 2009. Provision expense is determined based on management's ongoing assessment of risk associated with the loan portfolio. The first quarter 2009 provision was higher due to added provision expense incurred to replenish the ALLL for charged-off loans taken during the quarter.

Non-interest income increased \$101,384 for the quarter ended March 31, 2010 versus the comparable quarter last year due to rental income of \$101,028 earned on other real estate owned that was not a source of revenue for the corresponding period in 2009.

Non-interest expense increased by \$79,763 or 11.0% for the quarter ended March 31, 2010 versus the comparable quarter last year due to increased personnel expense related to expansion of staff and commission-based compensation.

Net Interest Income

Net interest income is the largest component of our operating income and represents the difference between interest earned on loans, investments and other interest earning assets offset by the interest expense attributable to the deposits and borrowings that fund such assets.

Interest rate fluctuations, together with changes in the volume and types of earning assets and interest-bearing liabilities, combine to affect total net interest income.

Net interest spread is the difference between the interest rate earned on average earning assets and the rate paid on average interest-bearing liabilities. The Bank's net interest spread increased 128 basis points to 3.30% for the first quarter of 2010 compared to the net interest spread of 2.02% for the quarter ended March 31, 2009. Management has managed the Bank's earning assets and interest-bearing liabilities to increase net interest performance under a prevailing low rate environment.

The following table represents the average volume of interest earning assets, interest-bearing liabilities, average yields and rates for the quarters ended March 31, 2010 and 2009:

	Three months ended March 31, 2010			Three months ended March 31, 2009		
	Average Balance	Income/Expense	Annualized Yield/Cost	Average Balance	Income/Expense	Annualized Yield/Cost
Assets:						
Deposits in banks	\$ 0	\$ 0	N/A	\$ 1,472,400	\$ 7,322	2.02%
Investment securities	5,501,236	68,506	5.05%	5,748,217	72,149	5.09%
Federal Funds sold	339,367	103	0.12%	2,024,866	1,013	0.20%
Loans (1)	106,786,986	1,481,947	5.63%	108,235,748	1,470,123	5.51%
Total interest-earning assets	112,627,589	\$1,550,556	5.58%	117,481,231	\$1,550,607	5.35%
Allowance for Loan Losses	(2,159,812)			(1,161,852)		
Cash and due from banks	1,086,924			1,173,945		
Other assets	9,387,020			3,951,010		
Total Assets	<u>\$ 120,941,721</u>			<u>\$ 121,444,334</u>		
Liabilities and Shareholders' Equity:						
Interest-bearing demand	\$ 35,038,981	\$ 148,309	1.72%	\$ 21,108,155	\$ 120,255	2.31%
Savings deposits	4,532,271	16,684	1.49%	2,495,988	12,211	1.98%
Certificates of deposit	57,666,849	384,611	2.70%	71,897,502	651,427	3.67%
Borrowed Funds	496,211	731	0.60%	21,355	39	0.74%
Total interest-paying liabilities	97,734,312	\$ 550,335	2.28%	95,523,000	\$ 783,932	3.33%
Non interest-bearing deposits	5,194,954			4,899,925		
Other liabilities	478,417			827,365		
Shareholders equity	17,534,038			20,194,124		
Total liabilities and stockholders equity	<u>\$ 120,941,721</u>			<u>\$ 121,444,334</u>		
Net interest income		<u>\$1,000,221</u>			<u>\$ 766,675</u>	
Net interest spread (2)			<u>3.30%</u>			<u>2.02%</u>
Net interest margin (3)			<u>3.60%</u>			<u>2.65%</u>

(1) Non-accrual loans are included in the average daily loan balance, but interest income associated with these loans is not recognized until received under the cash basis method of accounting.

(2) Interest rate spread is the weighted average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

(3) Net interest margin is net interest income divided by average interest-earning assets. The Bank currently does not hold any tax-exempt securities, which would affect this calculation.

The following table presents a summary of the changes in interest income and expense attributed to both rate and volume for the three-month periods ended March 31, 2010 and 2009.

<u>Assets:</u>	Increase (decrease) due to:		
	<u>Volume</u>	<u>Rate</u>	<u>Net Change</u>
Deposits in banks	\$ (7,322)	\$ 0	\$ (7,322)
Investment securities	(3,100)	(543)	(3,643)
Federal Funds sold	(843)	(67)	(910)
Loans	<u>(19,678)</u>	<u>31,502</u>	<u>11,824</u>
	<u>\$ (30,943)</u>	<u>\$ 30,892</u>	<u>\$ (51)</u>
<u>Liabilities and Shareholders' Equity:</u>			
Interest-bearing demand	\$ 79,365	\$ (51,311)	\$ 28,054
Savings deposits	9,962	(5,489)	4,473
Certificates of deposit	(128,937)	(137,879)	(266,816)
Borrowed Funds	<u>867</u>	<u>(175)</u>	<u>692</u>
Total interest expense	<u>\$ (38,742)</u>	<u>\$ (194,855)</u>	<u>\$ (233,597)</u>
Net Interest Income	<u>\$ 7,799</u>	<u>\$ 225,747</u>	<u>\$ 233,546</u>

Note: The residual effect of changes in both rate and volume are included under volume.
Dollar amounts are immaterial.

The Bank's average interest-earning assets of \$112.6 million for the first quarter of 2010 yielded an average return of 5.58% compared to average interest-earning assets of \$117.5 million and a 5.35% average return for the first quarter of 2009. The overall impact of yield and volume changes between the two comparable quarters was nominal. The 23 basis point rise in yield on average earning assets largely offset the interest revenue reduction attributed to the \$4.9 million decline in average earning assets for the comparable quarters.

Interest-bearing liabilities averaged \$97.7 million for the first quarter of 2010 and posted an average interest rate of 2.28%. The average balance and average interest rate paid on interest-bearing liabilities were \$95.5 million and 3.33% respectively, for the first quarter of 2009. Total interest expense declined by \$233,597 for the first three months of 2010 compared to 2009 due in part to a notable drop in market interest rates coupled with the shifting of deposit balances from higher costing term deposits into interest-bearing checking accounts.

Management focus continues to target core deposit growth as we strive to expand our customer base. We have been able to grow core deposits, transaction accounts which pay a lower rate than certificates of deposit. We have reduced our reliance on certificates of deposit balances which have declined from 72% of total average deposits for the first quarter of 2009 to 56% of average total deposits for the first quarter of 2010. This represents a shifting of about \$14.2 million of average balances from certificates of deposit into core deposit accounts.

Non-Interest Income

The following table reflects the various components of non-interest income for the three months ended March 31, 2010 and 2009, respectively.

<u>Non-interest income</u>	<u>Three months ended</u>		<u>% Change</u>
	<u>March 31, 2010</u>	<u>March 31, 2009</u>	
Loan document preparation fees	\$ 21,590	\$ 40,124	-46.2%
Other customer service fees	29,595	31,622	-6.4%
Total customer service fees	51,185	71,746	-28.7%
Secondary market fees	44,612	23,695	88.3%
Rental income on other real estate	101,028	0	N/A
Total non-interest income	<u>\$ 196,825</u>	<u>\$ 95,441</u>	<u>106.2%</u>

Non-interest income increased \$101,384 (106.2%) for the three months ended March 31, 2010 versus the comparable period in 2009. The increase was due to rental income generated on other real estate owned by the Bank. Rental income was not a source of revenue for the first quarter of 2009.

Non-Interest Expense

The following table reflects the various components of non-interest expense for the three months ended March 31, 2010 and 2009, respectively.

<u>Non-interest expense</u>	<u>Three months ended</u>		<u>% Change</u>
	<u>March 31, 2010</u>	<u>March 31, 2009</u>	
Salaries and benefits	\$ 448,252	\$ 416,619	7.6%
Occupancy and equipment	105,986	87,106	21.7%
Data processing	45,615	45,255	0.8%
Marketing	12,496	14,222	-12.1%
Professional fees	74,891	68,537	9.3%
FDIC Premium	48,107	47,769	0.7%
Director Fees	18,750	0	N/A
Other operating expenses	55,458	50,284	10.3%
	<u>\$ 809,555</u>	<u>\$ 729,792</u>	<u>10.9%</u>

Non-interest expense increased \$79,763 (10.9%) for the three months ended March 31, 2010 versus the comparable period in 2009. Salaries and benefits increased by \$31,633 largely due to (1) commission-based compensation related to mortgage financing activity, (2) additional staffing

relative to the same period last year, and (3) merit-based pay increases for bank personnel. Occupancy and equipment expenditures increased by \$18,880 due primarily to (1) a rise in real estate taxes incurred in 2010, (2) additional snow removal expense, and (3) repairs and maintenance performed at bank facilities for 2010.

Beginning 2010, the Bank began paying Director Fees that account for \$18,750 of the increase in total non-interest expense for the first quarter of 2010 relative to the same period last year. Bank Directors are paid fees based on participation at Board of Director Meetings and Director Committee meetings.

The increase in Other Operating Expenses pertains to legal expenses incurred for the planned formation of a Bank Holding Company for 2010.

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. At March 31, 2010, the Bank had commitments to extend credit and unfunded commitments of approximately \$1.7 million and \$9.0 million, respectively.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

The disclosure contemplated by Item 3 is not required because the Bank qualifies as a smaller reporting company.

ITEM 4T. Controls and Procedures

As of the end of the period covered by this quarterly report on Form 10-Q for the quarter ended March 31, 2010, 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. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance in achieving the desired control objectives and in reaching a reasonable level of assurance our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

There were no changes in our internal controls over financial reporting during the quarter ended March 31, 2010 that materially affected, or were reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 1A. Risk Factors

There have been no material changes in the risk factors reported in Item 1A of the Bank's Annual Report on Form 10-K for the year ended December 31, 2009.

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

Not applicable.

ITEM 3. Default Upon Senior Securities

Not applicable.

ITEM 4. [RESERVED]

ITEM 5. Other Information

There have been no material changes to the procedures by which shareholders may recommend nominees to the Board of Directors.

Subsequent Events have been evaluated through the date the financial statements are filed with the Federal Deposit Insurance Corporation.

ITEM 6 Exhibits required by Item 601 of Regulation S-K

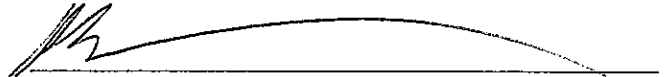
<u>Exhibit Number</u>	<u>Description</u>
31.1	Rule 302 Certification of Principal Executive Officer
31.2	Rule 302 Certification of Principal Financial Officer
32.1	Rule 1350 Certification by Chief Executive Officer
32.2	Rule 1350 Certification by Chief Financial Officer

SIGNATURES

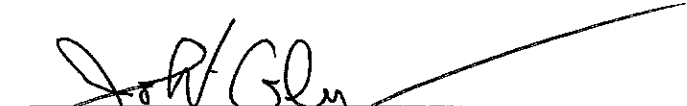
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHOICE BANK

DATE: May 5th, 2010


Keith C. Pollnow, President and Chief Executive Officer (Principal Executive Officer)

DATE: May 5th, 2010


John F. Glynn, Senior Vice President and Chief Financial Officer, (Principal Financial Officer and Principal Accounting Officer)

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) Under the
Securities Exchange Act of 1934

I, Keith C. Pollnow, President and Chief Executive Officer of Choice Bank ("registrant"),
certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;
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 registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are solely 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 registrant 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 registrant, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant'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

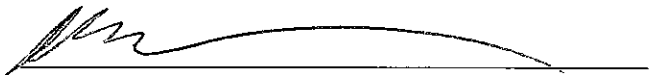
affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant'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 registrant'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 registrant's internal control over financial reporting.

DATE: May 5th, 2010


Keith C. Pollnow, President and Chief Executive
Officer (Principal Executive Officer)

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) Under the
Securities Exchange Act of 1934

I, John F. Glynn, Senior Vice President and Chief Financial Officer of Choice Bank ("registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;
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 registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are solely 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 registrant 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 registrant, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant'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

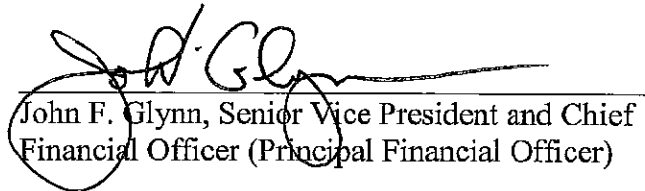
affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant'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 registrant'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 registrant's internal control over financial reporting.

DATE: May 5th, 2010


John F. Glynn, Senior Vice President and Chief
Financial Officer (Principal Financial Officer)

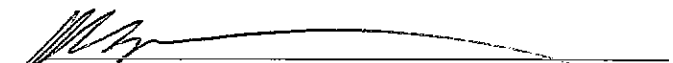
SECTION 1350 CERTIFICATION

by
Chief Executive Officer

I, Keith C. Pollnow, President and Chief Executive Officer of Choice Bank (the "Bank"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

- (1) the Bank's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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.

DATE: May 3th, 2010



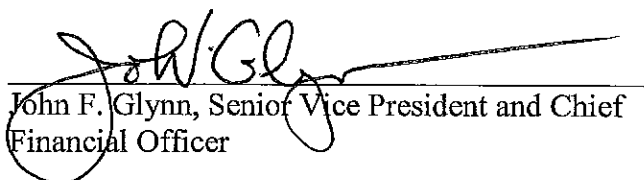
Keith C. Pollnow, President and Chief Executive
Officer

SECTION 1350 CERTIFICATION
by
Chief Financial Officer

I, John F. Glynn, Senior Vice President and Chief Financial Officer of Choice Bank (the "Bank"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

- (1) the Bank's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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.

DATE: May 5th, 2010



John F. Glynn, Senior Vice President and Chief
Financial Officer