

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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

Smaller reporting company

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 30, 2009 was approximately \$15,000,000. Shares of common stock held by each officer and director and each person owning more than ten percent of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of the affiliate status is not necessarily a conclusive determination for other purposes. The share price used is \$8.80, the listed price as of June 30, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

None

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Part I

Forward Looking Statements

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 to this Report 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.

Item 1. Business

Choice Bank (the “Bank” or “we” or “us”) is a Wisconsin chartered bank that opened for business on July 24, 2006. We are a full service commercial bank located in Oshkosh, Wisconsin. We conduct business from our main office on the west side of Oshkosh, and we have a full-service branch on the north side of the city. As of December 31, 2009, the Bank had total assets of \$120.9 million, net loans of \$103.1 million, deposits of \$103.1 million, and stockholders’ equity of \$17.4 million.

Choice Bank is a community-oriented financial services provider that focuses on providing a broad range of lending and deposit products to retail clients and to small and medium sized commercial clients. We emphasize commercial real estate and commercial lending to small and medium sized businesses and professionals. We concentrate on establishing relationships with clients primarily in our market area. We also offer on-line banking and bill pay, bank by phone, debit and credit cards, ATM access at both locations and a network providing free ATM transactions, and safe deposit boxes at the main office.

Our investment policy allows us to invest excess funds in treasury and U.S. government agency securities, mortgage-backed pass-through securities, municipal bonds, and certificates of deposit in other financial institutions.

The Federal Deposit Insurance Corporation (FDIC) insures the Bank's deposits to the fullest extent allowed by law. The Bank is not a member of the Federal Reserve System.

At December 31, 2009, the Bank employed 22 full-time and 2 part-time staff members. The employees are not represented by a union or any collective bargaining agreement. The Bank believes its relationship with its employees is satisfactory.

Market Area

The Bank's primary service area is composed of the City of Oshkosh and the surrounding Townships of Algoma, Omro, Utica, Black Wolf, and Nekimi, which together make up the Greater Oshkosh area. Our headquarters is located on the west side of Oshkosh and our branch facility is located on the north side of Oshkosh.

Although 2009 brought one of the worst economic turndowns since the Great Depression there appears to be signs that economic recovery has begun. An economic update provided by the Oshkosh Chamber of Commerce reported a number of positive indicators that give rise to optimism:

- 900 commercial building permits were issued in 2009, for a total of more than \$20 million. This compares to 1,538 commercial building permits issued in 2008 for a total of more than \$40.8 million.
- Residential construction totaled \$15.8 million in 2009 compared to \$42.5 million in 2008.
- 252 new businesses incorporated in 2009, 66 more than the previous year.
- The unemployment rate for Oshkosh as of December 31, 2009 stood at 8.7%, a full point below the state average. This compares to an unemployment rate of 5.5% as of December 31, 2008.

Although Bank management curtailed loan growth during 2009 given the economic uncertainty that prevailed during much of the year, our strong capital base gives us the capacity to once again pursue our growth objectives in 2010.

Competition

The market for financial services is rapidly changing, intensely competitive and is likely to become more competitive as the number and types of market entrants increase. We compete in both lending and attracting funds with other commercial banks, savings and loan associations, credit unions, consumer finance companies, pension trusts, mutual funds, insurance companies, mortgage bankers and brokers, brokerage and investment banking firms, asset-based non-bank lenders, government agencies and certain other non-financial institutions, including retail stores, that may offer more favorable alternatives than us. Many of these competitors have the advantage of long-term presence in the market area, established customer base, name recognition and greater financial resources. On the other hand, many competitors are local branches of institutions headquartered elsewhere in Wisconsin or out-of-state. Oshkosh, Wisconsin is not necessarily their primary focus or concern, providing an opportunity for a community bank.

We believe that we are well-positioned as a community bank in our market focused primarily on individuals and small and medium-sized businesses who desire a consistent and professional relationship with a local banker. At Choice Bank we combine an intriguing, warm and welcoming atmosphere with high touch and high tech customer service in our effort to provide a comfortable banking environment, a fair profit for our shareholders, and a rewarding place for our employees to

work. We focus on the needs of retail banking consumers as well as small and medium sized businesses that want true relationship banking, and the level of service it represents. We differentiate ourselves from our competitors with timely loan decisions made locally in Oshkosh, flexible terms and customized products delivered in concert with the latest technology. With the recent trend of consolidation in the banking business, we believe many banking customers in our market area want the opportunity to do business at a “hometown” bank, which has roots in the community. We expect to continue providing existing and potential customers with the option of banking with a locally-owned and managed bank that focuses on personalized service and local decision-making.

Lending Activities

The Bank’s lending function entails the evaluation and acceptance of credit and interest rate risk. The Bank manages credit risk by establishing and adhering to underwriting policies and procedures, loan monitoring, and portfolio diversification. In the current economic environment the Bank’s strict underwriting standards remain in place and have become even more conservative due to the economic downturn the country has experienced. Loans above pre-determined dollar limits require the approval of the Bank’s Officers’ Loan Committee, Board Loan Committee, or Board of Directors. We also engage an independent review of loans on a regular basis. We monitor our interest rate risk using various modeling techniques, and we manage such risk by making adjustable rate loans and fixed rate loans with limited terms. Major loan categories are discussed below.

Commercial and Industrial Loans. We make loans to small and medium-sized businesses in our primary market area for purposes such as purchasing new, or making upgrades to, plant and equipment, inventory acquisition and various working capital purposes. Factors considered in making commercial loans include the borrower’s cash flow, ability to repay and degree of management expertise. Commercial loans may be subject to many types of risks that will differ depending on the particular industry a borrower is engaged in. General risks to an industry, or industry segment, are monitored by senior management on an ongoing basis. When warranted, individual borrowers who may be subject to risk due to an industry condition may be more closely analyzed and reviewed at a loan committee or board of directors’ level. On a regular basis, commercial and industrial borrowers are required to provide financial statements for our review. These statements are analyzed for trends and the loan is assigned a credit grade accordingly. Based upon this grade, the loan may receive an increased degree of scrutiny by management up to and including the requirement of additional loss reserves. Commercial loans will usually be secured by collateral, generally business assets that may comprise general intangibles, inventory, equipment or real estate. These types of collateral are subject to the risks that it will not be readily convertible into a liquid asset, if necessary, as well as risks associated with degree of specialization, mobility and general collectability in a default situation. To mitigate these kinds of collateral risk, we underwrite commercial loans to very strict standards, including requiring independent valuations of collateral and general acceptability based on our ability to monitor its ongoing value.

Commercial Real Estate Loans. We make loans to borrowers secured by commercial real estate located in our market area. In underwriting this type of loan, we consider the historical and projected future cash flows from the property. We make an assessment of the physical condition and general location of the property securing the loan and the effect these factors will have on its future desirability from a tenant standpoint. We will generally lend up to a maximum 80% loan-to-value ratio and require a minimum debt service coverage ratio of 1.2 or other compensating factors. Commercial real estate lending entails certain risks not found in traditional residential real estate lending. Repayment is dependent upon successful management and marketing of properties and on the level of expense necessary to maintain the property. Repayment of these loans may be adversely affected by conditions in the real estate market or the general economy. Also, commercial real estate loans typically involve relatively large loan balances to a single borrower. To mitigate these risks, we monitor our loan concentration and loans are reviewed by our Risk Management Officer, who has experience as a bank lender and bank examiner. Commercial real estate loans generally have a shorter maturity than other loan types, giving us the opportunity to re-price, restructure or decline to renew the loan, as appropriate. As with other loans, all commercial real estate loans are graded depending upon strength of credit and performance. A lower grade will result in increased scrutiny by management and the board of directors.

Construction and Development Loans. We make residential construction and development loans to customers in our market area. Loans are granted for both speculative projects and for projects being built with end buyers already secured. This type of loan is subject primarily to market and general economic risk caused by inventory buildup in periods of economic prosperity. During times of economic stress, this type of loan has typically had a greater degree of risk than other loan types. To mitigate that risk, management reviews our entire construction and development portfolio on a monthly basis. The percentage of our portfolio being built on a speculative basis is tracked very closely. On a quarterly basis, our portfolio is segmented by market area to allow analysis of exposure and a comparison to current inventory levels in these areas. Loan policy also provides for limits on speculative lending by borrower and by real estate project.

Residential real estate. Our residential real estate loans consist of residential second mortgage loans, residential construction loans and traditional mortgage lending for one-to-four family residences. All of our long-term fixed rate mortgages are underwritten for resale to the secondary market. We offer primarily adjustable rate mortgages. A majority of our fixed rate loans are sold in the secondary mortgage market. All loans are made in accordance with our appraisal policy, with the ratio of the loan principal to the value of collateral as established by independent appraisal not exceeding 80%, unless the borrower has private mortgage insurance. We expect that these loan-to-value ratios will be sufficient to compensate for fluctuations in real estate market value and to minimize losses that could result from a downturn in the residential real estate market.

Consumer Loans. We offer various types of consumer loans to retail customers in the communities we serve. These include vehicle financing, loans secured by deposits, overdraft protection lines, and secured and unsecured personal loans. Consumer loans generally carry a moderate degree of risk compared to other loans. They are generally more risky than traditional residential real estate loans, but less risky than commercial loans. Risk of default is usually determined by the well being of the local economies. During times of economic stress, there is usually some level of job loss both nationally and locally, which directly affects the ability of the consumer to repay debt. We manage our risk on consumer loans through policy limitations on the debt levels that consumer borrowers may carry and limitations on loan terms and amounts, depending upon collateral type.

Loans secured by deposits carry little or no risk, but the other categories of consumer loans all carry varying degrees of risk:

- Home equity lines carry additional risk because of the increased difficulty of converting real estate to cash in the event of a default. We require our customers to carry adequate insurance coverage to pay all mortgage debt in full if the collateral is destroyed.
- Vehicle financing presents additional risks compared to real estate lending because the collateral is declining in value over the life of the loan and is mobile. We attempt to manage the risks inherent in vehicle financing by matching the loan term with the age and remaining useful life of the collateral to ensure the customer always has an equity position and is never “upside down.” Collateral is protected by requiring the customer to carry insurance that lists the Bank as loss payee.
- Secured personal loans are generally smaller and made to borrowers with somewhat limited financial resources and credit histories. These loans are secured by a variety of collateral with varying degrees of marketability in the event of default. We manage risks on these types of loans primarily at the underwriting level, with strict adherence to debt to income ratio limitations and conservative collateral valuations.
- Overdraft protection lines and other unsecured personal loans carry the greatest degree of risk in our consumer lending portfolio. Without collateral, we are completely dependent on the commitment of the borrower to repay and the stability of the borrower’s income stream.

Loan Participations. We sell loan participations in the ordinary course of business when a loan we originate exceeds our legal lending limit as defined by state banking laws. These loan participations have been generally sold to other financial institutions without recourse.

From time to time in the ordinary course of business we also purchase loan participations without recourse from other banks. Purchased loan participations are underwritten in accordance with our loan policy. Although the originating financial institution provides much of the initial underwriting documentation, we are responsible for the appropriate underwriting, approval and the ongoing evaluation of the loan. One risk associated with purchasing loan participations is that we often rely on information provided to us by the selling bank regarding collateral value and the borrower's capacity to pay. To the extent this information is not accurate, we may experience a loss on these participations. Otherwise, we believe that the risk related to purchased loan participations is consistent with similar loans in the portfolio. If a purchased loan participation defaults, we would have no direct recourse against the selling bank but will take other commercially reasonable steps to minimize our loss.

The Bank's gross loans equaled \$106.6 million, including loans held for sale, as of December 31, 2009 compared to \$106.4 million one year earlier. Net loans equaled 87% of total assets as of December 31, 2009, a slight decline from the 88% reported for the previous year.

The breakdown of our loan portfolio, including loans held for sale, is shown below:

	<u>December 31, 2009</u>	<u>%</u>	<u>December 31, 2008</u>	<u>%</u>
Commercial	\$ 21,502,232	20.16%	\$ 23,039,262	21.65%
Real estate:				
Commercial	42,510,972	39.86%	42,949,850	40.36%
Residential	29,942,989	28.08%	28,080,413	26.38%
Construction & Development	5,965,779	5.59%	6,004,100	5.64%
Second Mortgages	2,111,250	1.98%	1,810,330	1.70%
Equity lines of credit	3,800,744	3.57%	3,746,075	3.52%
Consumer	807,738	0.76%	797,909	0.75%
Subtotals	<u>106,641,704</u>	<u>100.00%</u>	<u>106,427,939</u>	<u>100.00%</u>
Allowance for loan losses	2,122,837		1,317,590	
Loans, net	<u>\$ 104,518,867</u>		<u>\$ 105,110,349</u>	

Bank management held the loan portfolio relatively flat during 2009 as we opted to put growth goals on hold until the economy stabilized. Although we reported modest growth in gross loans, the table above shows that we were able to shift about \$477,000 from commercial real estate and construction & development into residential and second mortgage loans. This change in mix reflected a lower tolerance for risk as we limited funding for speculative projects.

As of December 31, 2009, approximately 26% 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 December 31, 2009.

The following table provides the breakdown between fixed and variable rate loans as of December 31, 2009. Variable rate loans that include floor interest rates restrictions and that are currently at their respective floor interest rates are reported as fixed interest rate loans.

Types of Loans	Fixed Rates	Variable (Floating or Adjustable) Rate	Total
Commercial	\$ 21,176,490	\$ 325,742	\$ 21,502,232
Real Estate:			
Commercial	40,083,692	2,427,280	42,510,972
Residential	29,942,989	-	29,942,989
Construction	5,965,779	-	5,965,779
Second Mortgages	2,107,599	3,651	2,111,250
Equity Lines of Credit	1,955,624	1,845,120	3,800,744
Consumer	807,738	-	807,738
Subtotals	\$ 102,039,911	\$ 4,601,793	\$ 106,641,704

	Loans Maturing		
	Within 1 Year	After 1 Year	Total
Loans with:			
Fixed interest rates	\$ 29,000,202	\$ 73,039,709	\$ 102,039,911
Variable interest rates	4,295,124	306,669	4,601,793
	\$ 33,295,326	\$ 73,346,378	\$ 106,641,704

The table below shows maturities of loans by type:

Maturities	One year or less	Over one year to three years	Over three years to five years	Over five years to fifteen years	Over fifteen years	Total
Types of Loans						
Commercial	\$ 11,957,363	\$ 5,021,839	\$ 4,142,211	\$ 380,819	\$ 0	\$ 21,502,232
Real Estate:						
Commercial	11,281,240	14,628,519	13,686,843	1,387,807	1,526,564	42,510,973
Residential	2,988,448	8,901,903	8,401,924	8,060,700	1,590,014	29,942,989
Construction	4,610,726	1,355,053	-	-	-	5,965,779
Second Mortgages	383,503	457,971	769,198	500,578	-	2,111,250
Equity Lines of Credit	1,845,120	-	-	1,955,624	-	3,800,744
Consumer	228,926	272,415	200,810	105,586	-	807,737
Subtotals	\$ 33,295,326	\$ 30,637,700	\$ 27,200,986	\$ 12,391,114	\$ 3,116,578	\$ 106,641,704

Activity in the Allowance for loan losses is detailed below. The charge-offs shown in 2009 relates primarily to four loans. The bank incurred provision expense of \$5.5 million, shown below, to more than replenish the allowance for loan losses. Management anticipates that notable recoveries will materialize beginning in 2010.

	Twelve months Ended <u>December 31, 2009</u>	Twelve months Ended <u>December 31, 2008</u>
Beginning Balance	\$ 1,317,590	\$ 819,000
Provision for loan losses	5,500,572	501,000
Charge-offs	(4,697,785)	(4,960)
Recoveries	<u>2,460</u>	<u>2,550</u>
Ending balance	<u>\$ 2,122,837</u>	<u>\$ 1,317,590</u>

The breakdown of the Allowance for loan losses as of December 31 for 2009 and 2008 is allocated in the table below:

	<u>2009</u>	<u>2008</u>
Types of Loans		
Commercial	\$ 754,000	\$ 276,000
Real Estate:		
Commercial	389,000	473,000
Residential	150,000	140,000
Construction	60,000	385,000
Second Mortgages	16,000	14,000
Equity Lines of Credit	752,000	28,000
Consumer	<u>2,000</u>	<u>2,000</u>
Total	<u>\$ 2,123,000</u>	<u>\$ 1,318,000</u>

As of December 31, 2009, the Bank has five loans totaling \$3.8 million classified as non-accrual. Three of the loans totaling \$3.3 million are secured by real estate. The remaining two loans total \$479,000 and are primarily secured by inventory and equipment. Management has factored these loans into the allowance for loan loss reported as of December 31, 2009.

In accordance with the Bank's Loan Policy, all loans of \$25,000 and more are assigned a risk rating at the time of closing. The scale runs from "1" (minimal risk) to "10" (loss). Loans are re-evaluated on a regular basis, with adjustments in the risk rating when necessary.

Our Loan Policy also dictates that Loans 90 days or more delinquent and credits with risk ratings of 8, 9 or 10 that are 60 days or more delinquent be placed on non-accrual status unless the principal and interest is either secured by readily marketable securities or guaranteed by a U.S. Government agency. Restoration to accrual status is allowed only if principal and interest are current to terms and reasonable certainty exists as to the obligor's repayment capacity and with the approval of the Board of Directors Loan Committee.

Investment Activities

The Bank's Investment Policy includes strict standards regarding permissible investments, credit quality, maturity intervals and duration, and investment concentrations. The Asset/Liability Committee (ALCO) is responsible for making investment decisions in accordance with policies approved by the Board of Directors. The Bank utilizes the services of an investment advisor to assist in the investment process. All transactions must be made through brokers on a list approved by the Board of Directors as an addendum to the Investment Policy. As of December 31, 2009, the investment portfolio included U.S. government agency debt, mortgage pass-through securities, and taxable municipal bonds.

The estimated fair market value of the investment portfolio as of December 31, 2009 was \$5,521,099, including a pre-tax unrealized gain of \$336,069. As of December 31, 2008, estimated fair market value was \$5,774,113 including pre-tax unrealized gain of \$250,000.

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 table below shows the amortized cost and estimated fair market value of components of the Bank's available for sale investment portfolio.

	December 31, 2009		December 31, 2008	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
US Agency Securities	\$ 596,702	\$ 640,313	\$ 595,002	\$ 645,002
Municipal Securities	3,069,587	3,263,977	3,070,413	3,170,413
Mortgage Backed Securities	1,518,741	1,616,809	1,858,698	1,958,698
Total Securities Available for Sale	<u>\$ 5,185,030</u>	<u>\$ 5,521,099</u>	<u>\$ 5,524,113</u>	<u>\$ 5,774,113</u>

The following table sets forth information regarding the scheduled maturities for the Bank's investment securities as of December 31, 2009, 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
At December 31, 2009:								
US Agency Securities	\$ 0	0.00%	\$ 597	5.08%	\$ 0	0.00%	\$ 0	0.00%
Municipal Securities	0	0.00%	1,673	5.44%	1,396	5.36%	0	0.00%
Mortgage Backed Securities	0	0.00%	1,519	4.84%	0	0.00%	0	0.00%
Total	\$ 0	N/A	\$ 3,789	5.14%	\$ 1,396	5.36%	\$ 0	N/A
Totals								
	Amount	Yield						
At December 31, 2009:								
US Agency Securities	\$ 597	5.08%						
Municipal Securities	\$ 3,069	5.40%						
Mortgage Backed Securities	1,519	4.84%						
Total	\$ 5,185	5.20%						

Sources of Funds

The Bank uses deposits as the major external source of funding to finance lending and investment activities. In addition, the Bank derives funds from the amortization of loans, maturities of investment securities and certificates of deposit held at other banks. The scheduled loan principal and interest payments and investment maturities are a relatively stable source of funds. On the other hand, deposit flows and loan prepayments are significantly influenced by market interest rates, economic conditions, and competition.

We offer a full line of deposit products, including checking accounts, money market accounts, savings accounts, and certificates of deposit. We also offer Individual Retirement Accounts ("IRA") and Health Savings Accounts ("HSA"). We offer account access on-line via our web site, www.choicebank.com. On-line bill payment service is also available. Virtually all account holders reside in our primary service area.

The Bank has also utilized funding from the wholesale brokered deposit market and participates in the CDARS program offered by the Promontory Interfinancial Network. These funding sources provide access to deposits often at lower interest rates than we must pay in our local competitive market area. Brokered deposits totaled \$15.7 million, (15.2% of total deposits) at December 31, 2009 compared to \$11.7 million (11.9% of total deposits) at the end of 2008. Our policy allows brokered deposits to be a maximum of 30 percent of total deposits.

The Bank has a \$9.8 million federal funds line of credit from its correspondent, Bankers Bank of Madison, Wisconsin. The line is secured by the Bank's investment portfolio. The federal funds line has been used at times during the course of 2009 to fund loans and to provide liquidity. The maximum outstanding at any one time was \$2.9 million. At December 31, 2009, there was no outstanding balance on our line of credit.

The Bank's deposit classifications as of December 31, 2009 and 2008 were as follows:

	December 31, 2009		December 31, 2008	
	Dollars	%	Dollars	%
Deposits				
Non-interest-bearing demand deposits	\$ 5,057,864	4.91%	\$ 5,431,951	5.52%
Interest-bearing demand deposits	2,275,636	2.21%	2,200,895	2.24%
Savings deposits	4,053,869	3.93%	2,317,802	2.36%
Money market deposits	32,448,524	31.49%	17,560,435	17.86%
Certificates of deposit less than \$100,000	29,670,671	28.79%	45,425,494	46.21%
Certificates of deposit \$100,000 and greater	29,546,667	28.67%	25,374,424	25.81%
	<u>\$ 103,053,231</u>	<u>100.00%</u>	<u>\$ 98,311,001</u>	<u>100.00%</u>

Selected maturities of certificates of deposit at December 31, 2009 were as follows:

	Certificates of Deposit \$100,000 and Greater	Certificates of Deposit Less Than \$100,000	Total
Due three months or less	\$ 8,927,419	\$ 7,454,049	\$ 16,381,468
Due more than three months to six months	4,052,845	6,791,553	10,844,398
More than six months to one year	11,230,909	9,836,166	21,067,075
Over one year	5,335,494	5,588,903	10,924,397
	<u>\$ 29,546,667</u>	<u>\$ 29,670,671</u>	<u>\$ 59,217,338</u>

The weighted average interest rate paid on certificates of deposit for 2009 was 3.22%, compared to 4.22% paid during 2008. Our overall cost of funds averaged 2.80% for 2009 which was a decline of 112 basis points from the 3.92% cost of funds paid in 2008. The significant drop in rates was reflective of the declining interest rate environment that continued throughout 2009. The Bank's cost of funds was also favorably impacted by the notable shift of deposits from more expensive term deposits into money market balances.

Supervision and Regulation

As a Wisconsin-chartered bank and federally insured depository institution, we are subject to state and federal banking laws and regulations that impose specific requirements or restrictions on and provide for general regulatory oversight with respect to virtually all aspects of our operations. These laws and regulations are generally intended to protect depositors, not shareholders. To the extent that the following summary describes statutory or regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions. Any change in applicable laws or

regulations may have a material effect on our business and prospects. Our operations may be affected by legislative changes and policies of various regulatory authorities. We are unable to predict the nature or the extent of the effect on our business and earnings that fiscal or monetary policies or new federal or state legislation may have in the future.

General

We operate as a Wisconsin-chartered commercial bank subject to examination by the Wisconsin Department of Financial Institutions (“DFI”). Deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor through December 31, 2013 per legislation enacted in 2008, subject to aggregation rules, and \$250,000 for self-directed retirement accounts. The coverage will revert to \$100,000, except for self-directed retirement accounts, effective January 1, 2014. The Bank elected to participate in the FDIC’s Transaction Account Guarantee Program whereby, through June 30, 2010, all noninterest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

We are under the supervision of, and subject to regulation and examination by, the DFI and the FDIC. We are subject to various statutes and regulations administered by these agencies that govern, among other things, the following:

- required reserves;
- investments;
- loans and lending limits;
- mergers and consolidations;
- establishment of branch offices; and
- the payment of dividends by the Bank.

As our primary federal regulator, the FDIC has the authority to impose penalties, initiate civil and administrative actions and take other steps to prevent us from engaging in unsafe and unsound practices.

Payment of Dividends

Statutory and regulatory limitations apply to our ability to pay dividends to our shareholders. The federal banking agencies have indicated that paying dividends that deplete a depository institution’s capital base to an inadequate level would be an unsafe and unsound banking practice. Further, a depository institution may not pay any dividend if payment would cause it to become undercapitalized or if it already is undercapitalized. We do not expect to consider paying dividends unless and until such time as the Bank becomes profitable.

Capital Regulations

The federal bank regulatory authorities have adopted risk-based capital guidelines for banks that are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and to account for off-balance sheet items. The guidelines are minimums, and the federal regulators have noted that banks contemplating significant expansion programs should not allow expansion to diminish their capital ratios and should maintain such ratios in excess of the minimums.

The current guidelines require all federal-regulated banks to maintain a minimum risk-based total capital ratio equal to 8%, of which at least 4% must be tier 1 capital. Tier 1 capital includes common shareholders’ equity, qualifying perpetual preferred stock and minority interests in equity accounts of consolidated subsidiaries, but excludes goodwill and most other intangibles and excludes the allowance for loan losses. Tier 2 capital includes the excess of any preferred stock not included in tier 1 capital,

mandatory convertible securities, hybrid capital instruments, subordinated debt and intermediate term-preferred stock and general reserves for loan losses up to 1.25% of risk-weighted assets.

Under these guidelines, banks' assets are given risk-weights of 0%, 20%, 50% or 100%. In addition, certain off-balance sheet items are given credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight will apply. These computations result in the total risk-weighted assets. Most loans are assigned to the 100% risk category, except for first mortgage loans fully secured by residential property and, under certain circumstances, residential construction loans, both of which carry a 50% rating. Most investment securities are assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% rating, and direct obligations of or obligations guaranteed by the United States Treasury or United States Government agencies, which have a 0% rating.

The federal bank regulatory authorities have also implemented a leverage ratio, which is equal to tier 1 capital as a percentage of average total assets less intangibles, to be used as a supplement to the risk-based guidelines. The principal objective of the leverage ratio is to place a constraint on the maximum degree to which a bank may leverage its equity capital base. The minimum required leverage ratio for top-rated institutions is 4%, but most institutions are required to maintain an additional cushion of at least 100 to 200 basis points. The Bank's leverage ratio was 15.36% as of December 31, 2009 and 20.72% as of December 31, 2008. The Bank's additional leverage ratio cushion as of December 31, 2009 and 2008 was 1,136 basis points and 1,672 basis points respectively.

Prompt Corrective Action

Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), the federal banking regulators (in this case, the FDIC) are required to take prompt corrective action if an insured depository institution fails to satisfy certain minimum capital requirements. All institutions, regardless of their capital levels, are restricted from making any capital distribution or paying any management fees if the institution would thereafter fail to satisfy the minimum levels for any of its capital requirements.

An institution that fails to meet the minimum level for any relevant capital measure (an "undercapitalized institution") may be: (i) subject to increased monitoring by the appropriate federal banking regulator; (ii) required to submit an acceptable capital restoration plan within 45 days, (iii) subject to asset growth limits; and (iv) required to obtain prior regulatory approval of acquisitions, branching and new lines of businesses. A "significantly undercapitalized" institution may be subject to regulatory demands for recapitalization, broader application of restrictions on transactions with affiliates, limitations on interest rates paid on deposits, asset growth and other activities and possible replacement of directors and officers. The senior executive officers of a significantly undercapitalized institution may not receive bonuses or increases in compensation without prior regulatory approval and the institution is prohibited from making payments of principal or interest on its subordinated debt. If an institution's ratio of tangible capital to total assets falls below the "critical capital level," the institution will be subject to conservatorship or receivership within 90 days unless periodic determinations are made that forbearance from such action would better protect the deposit insurance fund.

Federal banking regulators have adopted regulations implementing the prompt corrective action provisions of FDICIA. Under these regulations, the federal banking regulators will generally measure a depository institution's capital adequacy on the basis of the institution's total risk-based capital ratio (the ratio of its total capital to risk-weighted assets), tier 1 risk-based capital ratio (the ratio of its core capital to risk-weighted assets) and leverage ratio (the ratio of its core capital to adjusted total assets).

Under the regulations, an institution that is not subject to an order or written directive by its primary federal regulator to meet or maintain a specific capital level will be deemed "well capitalized" if it also has: (i) a total risk-based capital ratio of 10% or greater; (ii) a tier 1 risk-based capital ratio of 6.0% or greater; and (iii) a leverage ratio of 5.0% or greater. An "adequately capitalized" depository institution

is an institution that does not meet the definition of well capitalized and has: (i) a total risk-based capital ratio of 8.0% or greater; (ii) a tier 1 risk-based capital ratio of 4.0% or greater; and (iii) a leverage ratio of 4.0% or greater (or 3.0% or greater if the depository institution has a composite 1 CAMEL rating). An “undercapitalized institution” is a depository institution that has (i) a total risk-based capital ratio less than 8.0%; or (ii) a Tier 1 risk-based capital ratio of less than 4.0%; or (iii) a leverage ratio of less than 4.0% (or less than 3.0% if the institution has a composite 1 CAMEL rating). A “significantly undercapitalized” institution is defined as a depository institution that has: (i) a total risk-based capital ratio of less than 6.0%; or (ii) a tier 1 risk-based capital ratio of less than 3.0%; or (iii) a leverage ratio of less than 3.0%. A “critically undercapitalized” institution is defined as a depository institution that has a ratio of “tangible equity” to total assets of less than 2.0%. Tangible equity is defined as core capital plus cumulative perpetual preferred stock (and related surplus) less all intangibles other than qualifying supervisory goodwill and certain purchased mortgage servicing rights.

At December 31, 2009 and 2008, the Bank had the requisite capital to be considered well capitalized.

Deposit Insurance Premiums

As an FDIC-insured institution, the Bank is required to pay deposit insurance premiums based on the risk it poses to the FDIC Deposit Insurance Fund (the “DIF”). In 2008, the FDIC had the authority to raise or lower assessment rates on insured deposits in order to achieve certain designated reserve ratios in the insurance funds and to impose special additional assessments. The FDIC had adopted a premium rate schedule, which provided for an assessment range in 2008 of 0.05% to 0.43% of domestic deposits, depending on the risk category to which the Bank was assigned based on capital levels, supervisory ratings and other risk measures. For the first quarter of 2009 these ranges were increased by 0.07%.

Under regulations that became effective on April 1, 2009, the assessment system was revised to take into consideration not only each institution's risk category as determined by capital levels, supervisory ratings and other risk measures, but also the institution's unsecured debt, secured liabilities and brokered deposits. In the second quarter of 2009, there was a 70.5 basis point spread between the highest and lowest possible assessment rates. Banks classified by the FDIC in Risk Category I are subject to an assessment ranging from 12-16 basis points, but that range can be adjusted from 7 to 24 basis points under the revised system. Banks classified by the FDIC in Risk Category IV are subject to an assessment of 45 basis points, with possible adjustments ranging from 40-77.5 basis points under the revised system. Risk assessment rates are determined on the last day of each quarter.

In May 2009, the FDIC also voted to levy a .05% special assessment on each insured depository institution's assets minus Tier 1 capital as of June 30, 2009. The special assessment was collected on September 30, 2009 and was capped at .10% of an institution's domestic deposits. Additional .05% special assessments on each institution's total assets minus Tier 1 capital may also be assessed by the FDIC if the agency believes that the Deposit Insurance Fund is estimated to fall to a level that would adversely affect public confidence.

On November 12, 2009, the FDIC issued new assessment regulations that required FDIC-insured institutions to prepay on December 30, 2009, their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. While the Bank made the full prepayment of \$613,924 in 2009, the quarterly amounts will not be reflected as a charge against earnings until the periods to which they apply.

Community Reinvestment Act and Fair Lending

The Bank is subject to the provisions of the Community Reinvestment Act (the “CRA”). The CRA generally requires federal banking agencies to evaluate whether financial institutions are meeting the credit needs of their local communities, including low- and moderate-income neighborhoods and to rate such institutions and publicly disclose such ratings. State and federal agencies also examine financial institutions compliance with fair

lending laws. A bank may be subject to substantial penalties and corrective measures for violating certain fair lending laws. Federal banking agencies are also authorized to take compliance with such laws and a bank's CRA rating into consideration when regulating and supervising other activities of a bank holding company and the Bank, including expansionary activities. As of the date of its most recent examination, the Bank has a CRA rating of satisfactory.

Compliance with Consumer Protection Laws

The Bank is subject to many federal consumer protection statutes and regulations including the Truth in Lending Act, Truth in Savings Act, Equal Credit Opportunity Act, the Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act of 2003, Fair Housing Act, Real Estate Settlement Procedures Act and Home Mortgage Disclosure Act. Among other things, these acts:

- require the Bank to disclose credit terms in meaningful and consistent ways;
- prohibit discrimination against an applicant in any consumer or business credit transaction;
- prohibit discrimination in housing-related lending activities;
- regulate the manner in which the Bank must deal with customers and certain information about customers;
- require the Bank to collect and report applicant and borrower data regarding loans for home purchases or improvement projects;
- require lenders to provide borrowers with information regarding the nature and cost of real estate settlements;
- prohibit certain lending practices and limit escrow account amounts with respect to real estate transactions; and
- prescribe possible penalties for violations of the requirements of consumer protection statutes and regulations.

Privacy and Security

The Gramm-Leach-Bliley Act ("GLBA") also establishes a minimum federal standard of financial privacy by, among other provisions, requiring the Bank to adopt and disclose privacy policies with respect to consumer information and setting forth certain rules with respect to the disclosure to third parties of consumer information. The Bank has adopted and disseminated its privacy policies pursuant to the GLBA. Regulations adopted under the GLBA set standards for protecting the security, confidentiality and integrity of customer information, and require notice to regulators, and in some cases, to customers, in the event of security breaches. A number of states have adopted their own statutes requiring notification of security breaches. In addition, the GLBA requires the disclosure of agreements reached with community groups that relate to the CRA, and contains various other provisions designed to improve the delivery of financial services to consumers while maintaining an appropriate level of safety in the financial services industry.

USA PATRIOT Act

The terrorist attacks in September 2001 impacted the financial services industry and led to federal legislation that attempts to address certain related issues involving financial institutions. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA PATRIOT Act”), enacted in October 2001, among other things requires each financial institution: (i) to establish an anti-money laundering program; (ii) to establish due diligence policies, procedures and controls with respect to its private banking accounts and correspondent banking accounts involving foreign individuals and certain foreign banks; and (iii) to avoid establishing, maintaining, administering or managing correspondent accounts in the United States for, or on behalf of, a foreign bank that does not have a physical presence in any country.

State Bank Activities

Under federal law and FDIC regulations, FDIC-insured state banks are prohibited, subject to certain exceptions, from making or retaining equity investments of a type or amount, either of which is not permitted for a national bank. Federal law and FDIC regulations also prohibit FDIC-insured state banks and their subsidiaries, subject to certain exceptions, from engaging as a principal in any activity that is not permitted for a national bank or its subsidiary, respectively, unless the bank meets, and continues to meet, its minimum regulatory capital requirements and the FDIC determines the activity would not pose a significant risk to the deposit insurance fund of which the bank is a member.

Eligible state banks are authorized to engage through “financial subsidiaries,” in certain activities that are permissible for financial holding companies and certain activities that the Secretary of the Treasury, in consultation with the Federal Reserve, determines to be financial in nature or incidental to any such financial activity.

Change of Control

Federal law restricts the amount of voting stock of a bank or a bank holding company that a person may acquire without the prior approval of banking regulators. The overall effect of such laws is to make it more difficult to acquire a bank by tender offer or similar means than it might be to acquire control of another type of corporation. Consequently, the Bank’s shareholders may be less likely to benefit from the rapid increase in stock prices that might result from tender offers or similar efforts to acquire control of other companies.

Recent Regulatory Developments

In response to global credit and liquidity issues involving a number of financial institutions, the United States government, particularly the Treasury Department and the FDIC, have taken a variety of extraordinary measures designed to restore confidence in the financial markets and to strengthen financial institutions, including capital injections, guarantees of bank liabilities and the acquisition of illiquid assets from Bank.

On October 3, 2008, President Bush signed into law the Emergency Economic Stabilization Act of 2008 (the “EESA”) enacted by the U.S. Congress. Pursuant to the EESA, the Treasury Department was granted the authority to take a range of actions for the purpose

of stabilizing and providing liquidity to the U.S. financial markets and has proposed several programs, including the purchase by the Treasury Department of certain troubled assets from financial institutions (the “Troubled Asset Relief Program” or “TARP”) and the direct purchase by the Treasury Department of equity of healthy financial institutions (the “Capital Purchase Program” or “CPP”). The EESA also temporarily raised the limit on federal deposit insurance coverage provided by the FDIC from \$100,000 to \$250,000 per depositor. The limits are presently scheduled to return to \$100,000 on January 1, 2014.

Among other programs and actions taken by the Bank regulatory agencies, the FDIC implemented the Temporary Liquidity Guarantee Program (“*TLGP*”) to strengthen confidence and encourage liquidity in the Banking system. Included in the TLGP is the Transaction Account Guarantee Program (“*TAGP*”). The TAGP offers full guarantee for noninterest-bearing transaction accounts held at FDIC-insured depository institutions. The unlimited deposit coverage was voluntary for eligible institutions and was in addition to the \$250,000 FDIC deposit insurance per account that was included as part of the EESA. The TAGP coverage became effective on October 14, 2008 and was scheduled to terminate on December 31, 2009, however the FDIC extended the program until June 30, 2010 unless a participating institution opted out of such extension. Institutions remaining in the program are subject to increased assessment rate of between 15 basis points and 25 basis points depending on the institution’s composite regulatory rating. The Bank did not opt out of the TLGP extension period and therefore is subject to such applicable increased assessment rates and will continue to offer transaction accounts with an unlimited FDIC insurance guaranty through June 2010.

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the “ARRA”) was signed into law. Section 7001 of the ARRA amended Section 111 of the EESA in its entirety. While the Treasury Department must promulgate regulations to implement the restrictions and standards set forth in Section 7001, the ARRA, among other things, significantly expands the executive compensation restrictions previously imposed by the EESA. Such restrictions apply to any entity that has received or will receive financial assistance provided under TARP, and shall generally continue to apply for as long as any obligations arising from financial assistance provided under TARP, including preferred stock issued under the CPP, remains outstanding. Since the Bank did not participate in the CPP, Section 7001 of the ARRA does not apply to it.

Future Legislation

Various legislation is from time to time introduced in Congress and state legislatures with respect to the regulation of financial institutions. Such legislation may change the banking statutes and the operating environment of the Bank in substantial and unpredictable ways. We cannot determine the ultimate effect that potential legislation, or implementing regulations, if enacted, would have upon the financial condition or results of operations of the Company or the Bank.

THE LAWS AND REGULATIONS DISCUSSED ABOVE, AS WELL AS THOSE NOT DISCUSSED HEREIN, ADD SIGNIFICANTLY TO THE COST OF THE BANK'S OPERATIONS AND THUS HAVE A NEGATIVE AND INDETERMINATE IMPACT ON ITS PROFITABILITY. THERE HAS ALSO BEEN AN EXPANSION IN RECENT YEARS OF THE NUMBER OF FINANCIAL SERVICES PROVIDERS THAT ARE NOT SUBJECT TO SOME OR ALL OF THE SAME RULES AND REGULATIONS AS THE BANK IS. THOSE INSTITUTIONS, BECAUSE THEY ARE NOT AS HIGHLY REGULATED AS THE BANK, HAVE A COMPETITIVE ADVANTAGE OVER THE BANK AND MAY CONTINUE TO DRAW FUNDS AWAY FROM TRADITIONAL BANKING INSTITUTIONS.

Item 1A. Risk Factors

AN INVESTMENT IN THE BANK INVOLVES SIGNIFICANT RISKS. SPECIFICALLY, THERE ARE RISKS AND UNCERTAINTIES THAT COULD CAUSE THE FUTURE OPERATING RESULTS AND FINANCIAL CONDITION OF THE BANK TO BE LESS FAVORABLE THAN MANAGEMENT EXPECTS. THIS SECTION SUMMARIZES SOME OF THESE POTENTIAL RISKS. THE ORDER IN WHICH THE RISK FACTORS ARE DISCUSSED IN THIS SECTION IS NOT INTENDED TO INDICATE THEIR RELATIVE IMPORTANCE.

Our management may not accurately assess our risks.

Our ability to be successful is based in large part on the accuracy of management's assumptions inherent in our business, marketing and growth strategies, as well as management's ability to identify and implement strategies to address the risks identified in such strategies. There are the risks that management's assumptions may prove to be incorrect, that management has not fully identified all of the material risks associated with our business, and that management has not fully estimated the potential for these risks to materialize or the effectiveness of its strategies to address these risks.

We are subject to credit risk.

We are exposed to the risk that third parties that owe us money, securities, or other assets will not repay their obligations. Credit risk arises anytime we commit, invest or otherwise extend funds through contractual agreements, whether reflected on or off our balance sheet. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons.

Our credit risk is concentrated in our loan portfolio. Credit risk is affected by a variety of factors including credit-worthiness of the borrower, the sufficiency of underlying collateral, the enforceability of third-party guarantees, changing economic and industry conditions and concentrations of credit by loan type, terms or geographic area, changes in the financial condition of the borrower or other party, and by credit and underwriting policies.

We have established an allowance for loan losses which represents management's best estimate of probable losses inherent in our loan portfolio. See the discussion in Item 7 of this Report, entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Allowance for Loan and Lease Losses."

We are subject to credit concentration risk.

Concentrations of credit risk occur when the aggregate amount owed by one borrower, a group of related borrowers, or borrowers within the same or related industries or groups, represent a relatively large percentage of the total capital or total credit extended by a bank. Although each loan in a concentration may be of sound quality, concentration risks represent a risk not present when the same loan amounts are extended to borrowers that are not a part of a concentration. Loans concentrated in one borrower depend, to a large degree, upon the financial capability and character of the individual borrower. Loans made to a group of related borrowers can be susceptible to financial problems experienced by one or a few members of that group. Loans made to borrowers that are part of the same or related industries or groups can be all adversely impacted with respect to their ability to repay some or all their obligations when adverse conditions prevail in the broader economy or even within just the respective industries or groups. At December 31, 2009 we had certain concentrations of credit risk, which are described in more detail in the discussion in Item 7 of this Report, entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Lending Activities.”

We are subject to risks associated with making real estate mortgage and construction loans.

We originate fixed and adjustable interest rate loans, with terms of up to 30 years. At December 31, 2009, loans secured by real estate represented 80 percent of our total loan portfolio. Although the majority of the residential mortgage loans that we originate are fixed-rate, adjustable rate mortgage (“ARM”) loans increase the responsiveness of our loan portfolio to changes in market interest rates. However, because ARM loans are more responsive to changes in market interest rates than fixed-rate loans, ARM loans also increase the possibility of delinquencies in periods of high interest rates.

We also originate loans secured by mortgages on commercial real estate and multi-family residential real estate. Because these loans are usually larger than one-to-four family residential mortgage loans, they generally involve greater risks than one-to-four family residential mortgage loans. In addition, because our customers’ ability to repay these loans is often dependent on operating and managing those properties successfully, adverse conditions in the real estate market or the economy generally can impact repayment more severely than loans secured by one-to-four family residential properties. Moreover, the commercial real estate business is particularly subject to downturns, overbuilding and adverse changes in local economic conditions.

We also make construction loans for residences and commercial buildings. While these loans enable us to increase the interest rate sensitivity of its loan portfolios and receive higher yields than those obtainable on permanent residential mortgage loans, the higher yields correspond to higher risk perceived to be associated with construction lending. These include risks associated generally with loans on the type of property securing the loan. Moreover, commercial construction lending often involves disbursing substantial funds with repayment dependent largely on the success of the ultimate project instead of the borrower’s or guarantor’s ability to repay. Again, adverse conditions in the real estate market or the economy generally can impact repayment more severely for commercial loans than for loans secured by one-to-four family residential properties.

Our allowance for loan losses may be inadequate.

Our management makes various assumptions and judgments about the collectability of our loan portfolio and provides an allowance for potential losses based on a number of factors. Our allowance for potential loan losses is established and maintained at a level considered adequate by management to absorb loan losses that are inherent in our loan portfolio. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, that may be beyond our control, and such losses may exceed current estimates. Although management believes that the allowance for potential loan losses as of the date hereof is adequate to absorb losses that may develop in its existing portfolio of loans, there can be no assurance that the allowance will prove sufficient to cover actual loan losses in the future.

In addition, federal and state regulators periodically review our allowance for loan losses and may require us to increase our provision for potential loan losses or recognize further loan charge-offs, based on judgments different than those of our management. Any increase in the our allowance for loan losses or loan charge-offs as required by these regulatory agencies could have a negative effect on our operating results.

We are subject to limits on the amount of money we can lend.

The aggregate amount that we may loan to any one customer is limited by state law to 20% of our capital (approximately \$3.5 million as of December 31, 2009). As a result of this lending limit, the size of the loans that we are able to offer to potential customers is less than the size of loans that most of our competitors, who are larger than us, are able to offer. This limit may affect our ability to seek relationships with larger businesses in our market area. Through our management's previous experience and relationships with a number of other financial institutions in the region, we have and expect to continue to accommodate loan volumes in excess of our lending limit through the sales of participations in such loans to other banks. However, there can be no assurance that we will be successful in attracting or retaining customers seeking larger loans or that we will be able to sell participations in such loans on terms favorable to us.

We depend on the accuracy and completeness of information about customers and counterparties.

In evaluating and deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information provided by customers and counterparties, including financial statements and other financial information. We may also rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to business entities, we may assume that the customer's audited financial statements conform to generally accepted accounting principles ("GAAP") and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. We may also rely on the audit report covering those financial statements. Our financial condition and results of operations could be negatively impacted to the extent we rely on financial statements that do not comply with GAAP or that are materially misleading.

We are especially dependent on our local economy.

We operate as a community-oriented retail and business bank, with a focus on servicing both individual and business customers in our market area. Our future growth opportunities will depend largely on market area penetration, market area growth and our ability to compete for traditional banking business within our market area. We anticipate that as a result of this concentration, a downturn in the local economy could increase the risk of loss associated with our loan portfolio.

We are subject to interest rate risk.

Our primary source of income is net interest income, which is the difference between the interest income earned on interest-earning assets (consisting primarily of loans and securities) and the interest expense paid on interest-bearing liabilities (consisting primarily of deposits and other borrowings). The level of net interest income is a function of the average balance of interest-earning assets, the average balance of interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by our ability to attract loans and core deposits and the pricing and mix of these and other interest-earning assets and interest-bearing liabilities which, in turn, are impacted by such external factors as the local economy, competition for loans and deposits, monetary policy, and market interest rates.

The level of net interest income is influenced by movements in such rates of interest, and the pace at which such movements occur. If the interest rates on interest-bearing liabilities increase at a faster pace than the interest rates on interest-earning assets, the result could be a reduction in net interest income and with it, a reduction in earnings. Our net interest income and earnings would be similarly impacted if the interest rates on interest-earning assets decline more quickly than the interest rates on interest-bearing liabilities. In addition, such changes in interest rates could have an effect on the ability to originate loans and attract and retain deposits; the fair value of financial assets and liabilities; and the average life of loan and securities portfolios.

We face substantial competition in all areas of our operations.

We face substantial competition in all areas of our operations from a variety of different competitors, many of which are significantly larger than us and have more financial, managerial and human resources. Such competitors primarily include national and super-regional banks as well as smaller community banks within the markets in which we operate. However, we also face competition from many other types of financial institutions, including savings associations, credit unions, mortgage banking companies, finance companies, mutual funds, insurance companies, investment management firms, investment banking firms, broker-dealers, and other local, regional, and national financial services firms. The financial services industry could become even more competitive as a result of economic, legislative, regulatory, and technological changes and continued consolidation. Also, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks. Our ability to compete successfully depends on a number of factors, including, among other things:

- our ability to develop and execute strategic plans and initiatives;
- our ability to develop, maintain and build upon long-term customer relationships based on quality service, high ethical standards, and safe, sound assets;

- our ability to expand our market position;
- the scope, relevance, and pricing of products and services offered to meet customer needs and demands;
- the rate at which we introduce new products and services relative to our competitors; and
- industry and general economic trends.

Our failure to perform in any of these areas could significantly weaken our competitive position, adversely affect our growth and profitability, and have a material adverse effect on our financial condition and results of operations.

Consumers may decide not to use banks to complete their financial transactions, which could result in a loss of income.

Technology and other changes are allowing consumers to complete financial transactions electronically that historically have involved banks at one or both ends of the transaction. For example, consumers can now pay bills and transfer funds directly without banks. The process of eliminating banks as intermediaries, known as disintermediation, could result in the loss of fee income as well as the loss of customer deposits and income generated from those deposits.

General economic conditions can significantly affect our business and financial condition.

The national and global economic downturn has resulted in unprecedented levels of financial market volatility which has depressed overall the market value of financial institutions, limited access to capital, and has had a material adverse effect on the financial condition or results of operations of banking companies in general. The possible duration and severity of the adverse economic cycle is unknown and may exacerbate our exposure to credit risk.

Like other financial institutions, we have been particularly exposed to downturns in the U.S. housing and commercial real estate markets. Approximately 80 percent of our loan portfolio consists of loans collateralized with mortgages on residential or commercial real estate (see the discussion in Item 7 of this Report, entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Lending Activities.”). Dramatic declines in the housing market over the past two years, with falling home prices and increasing foreclosures, unemployment and under-employment, have negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. The resulting economic pressure on consumers and lack of confidence in the financial markets has adversely affected our business, financial condition and results of operations. We cannot predict whether the difficult conditions in the financial markets will improve in the near future or, if they do, the extent to which they will improve or how long it will take. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on us and others in the financial institutions industry. In particular, we may face the following risks in connection with these events:

- Increased regulation of the financial institutions industry would likely increase our cost of doing business and limit our ability to pursue business opportunities.
- Our ability to assess the creditworthiness of our customers may be impaired if the models and approaches we have historically used or develop in the future to select, manage and underwrite its customers become less predictive of future behaviors.
- The process we use to estimate losses inherent in our credit portfolio requires difficult, subjective and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans, which may no longer be capable of accurate estimation and which may, in turn, impact the reliability of the process.
- Competition in the banking industry could intensify as a result of the increasing consolidation of financial services companies in connection with current market conditions.
- We have been and may, in the future, be required to pay significantly higher Federal Deposit Insurance Corporation premiums because market developments have significantly depleted the Deposit Insurance Fund and reduced the ratio of reserves to insured deposits.
- Our liquidity could be negatively impacted by an inability to access the capital markets, unforeseen or extraordinary demands on cash, or regulatory restrictions, which could, among other things, materially and adversely affect our business, prospects and financial condition.

The economic downturn has also resulted in the failure of a number of prominent financial institutions, resulting in further losses as a consequence of defaults on securities issued by them and defaults under contracts with such entities as counterparties. In addition, declining asset values, defaults on mortgages and consumer loans, the lack of market and investor confidence and other factors have all combined to cause rating agencies to lower credit ratings and to otherwise increase the cost and decrease the availability of liquidity. Some banks and other lenders have suffered significant losses and have become reluctant to lend, even on a secured basis, due to the increased risk of default and the impact of declining collateral values. Although the U.S. government, the Federal Reserve Board, and other regulators took numerous steps in 2008 and 2009 to increase liquidity and to restore investor confidence, including investing in the equity of other banking organizations, asset values have continued to decline, and access to liquidity continues to be limited.

We may be adversely affected by the creditworthiness of other financial institutions.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We engage in transactions in the ordinary course of business with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and other institutional clients. Many of these transactions expose us to credit risk in the event of default of our counterparty or customer. In such instances, the collateral we hold may be insufficient to cover our losses, as we may be unable to realize upon or liquidate at prices sufficient to recover the full amount of our credit or derivative exposure. Such events could have a material and adverse affect on our operating results and financial condition.

Uncertainty in the financial markets could result in lower fair values for securities we hold in our investment portfolio.

The upheaval in the financial markets over the past two years has adversely impacted all classes of securities and has resulted in volatility in the fair values of our investment securities. Issues with credit quality of the securities could result in lower fair values for these securities and may result in recognition of an other-than-temporary impairment charge, which would have a direct adverse impact on our results of operations.

Terrorism, acts of war, international conflicts and natural disasters can adversely affect us.

Acts or threats of war or terrorism, international conflicts, natural disasters, and the actions taken by the United States and other governments in response to such events, could disrupt business operations and negatively impact general business and economic conditions in the country. If terrorist activity, acts of war, other international hostilities or natural disasters disrupt business operations, trigger technology delays or failures, or cause damage to our physical facilities, our customers or service providers, or cause an overall economic decline, our financial condition and operating results could be materially adversely affected. The potential for future occurrences of these events has created many economic and political uncertainties that could adversely affect our business and results of operations in ways that we cannot presently predict.

We operate in a highly regulated environment.

We are subject to extensive federal and state regulation and supervision, including regulation and supervision by the Federal Deposit Insurance Corporation (the "FDIC") and the Wisconsin Department of Financial Institutions (the "Wisconsin DFI"). Existing state and federal banking laws subject us to substantial limitations with respect to loans, purchase of securities, payment of dividends and many other aspects of our business. Increased regulation of the financial institutions industry would likely increase our cost of doing business and could limit our ability to pursue business opportunities. There can be no assurance that future legislation or government policy will not adversely affect the banking industry in general, or our operations specifically, resulting in a competitive disadvantage.

Recent and proposed legislative and regulatory actions taken to stabilize the United States banking system may not succeed or may disadvantage us.

In response to the recent financial market crisis, the United States government, specifically the U.S. Treasury, the Federal Reserve Board and the FDIC, working in cooperation with foreign governments and other central banks, has taken a variety of extraordinary measures designed to restore confidence in the financial markets and to strengthen financial institutions, including measures available under the Emergency Economic Stabilization Act ("EESA"). EESA followed, and has been followed by, numerous actions by the Federal Reserve Board, United States Congress, Department of Treasury, FDIC, SEC and others to address the current liquidity and credit crisis. These measures include homeowner relief that encourages loan restructuring and modification; the establishment of significant liquidity and credit facilities for financial institutions and investment banks, the lowering of the Fed Funds rate; emergency action against short selling practices; a temporary guaranty program for money market funds; the establishment of a commercial paper funding facility to provide back-stop liquidity to commercial paper issuers; and coordinated international efforts to address illiquidity and other weaknesses in the financial sector. The purpose of these legislative and regulatory actions is to stabilize the U.S. banking system. However, there can be no assurance as to the actual impact the EESA will have on the financial markets, including

the extreme levels of volatility and limited credit availability currently being experienced by some institutions, and they may not have the desired effects. If the volatility in the markets continues and economic conditions fail to improve or worsen, our business, financial condition, and results of operations could be materially adversely affected.

As discussed below, the U.S. Treasury is currently developing additional programs to further alleviate the ongoing financial crisis. There can be no assurance that we will be able to, or wish to, participate in future programs. If we do not participate in any such programs, it may have a material adverse effect on our competitive position (especially if our competitors do take advantage of these programs and the programs are successful), financial condition and operating results.

Legislative developments could force us to change the way we do business, increase our costs, or otherwise have an adverse effect on us.

Since October 2008, various legislation has been signed into law including the EESA which, among other measures, authorized the Secretary of the U.S. Treasury Department to establish the Troubled Asset Relief Program ("TARP"). The EESA gives broad authority to the Treasury Department to purchase, manage, modify, sell and insure the troubled mortgage related assets that triggered the current economic crisis as well as other "troubled assets." The EESA includes additional provisions directed at bolstering the economy, including:

- Authority for Federal Reserve Banks to pay interest on depository institution balances.
- Mortgage loss mitigation and homeowner protection.
- Authority to the SEC to suspend mark-to-market accounting requirements for any issuer or class of category of transactions.

Pursuant to the TARP, the Treasury Department has created a Capital Purchase Program ("CPP") to provide access to capital to financial institutions through a standardized program to acquire preferred stock (accompanied by warrants) from eligible financial institutions that will serve as Tier I capital.

The EESA also contains a number of significant employee benefit and executive compensation provisions, some of which apply to employee benefit plans generally, and others which impose on financial institutions that participate in the TARP program restrictions on executive compensation.

In October 2008, the FDIC announced the establishment of a Temporary Liquidity Guarantee program ("TLGP") to temporarily provide insurance for all non-interest bearing transaction accounts and guarantees of certain newly issued senior unsecured debt issued by financial institutions such as the Bank.

There can be no assurance as to the actual impact that the EESA and such related measures undertaken to alleviate the credit crisis will have generally on the financial markets, including the extreme levels of volatility and limited credit availability currently being experienced. The failure of such measures to help stabilize the financial markets and a continuation or worsening of current financial market conditions could materially and adversely affect our business, financial condition, results of operations, access to credit or the trading price of our common stock.

Finally, there can be no assurance regarding the specific impact that such measures may have on the Company, or whether (or to what extent) the Company will be able to benefit from such programs.

Changes in the fiscal and monetary policies of the federal government and its agencies could affect the general or local economies, change the way we do business, increase our costs, or otherwise have an adverse effect on us.

The policies of the Board of Governors of the Federal Reserve ("FRB") impact us significantly. The FRB regulates the supply of money and credit in the United States. Its policies directly and indirectly influence the rate of interest earned on loans and paid on borrowings and interest-bearing deposits and can also affect the value of financial instruments we hold. Those policies determine to a significant extent our cost of funds for lending and investing. Changes in those policies are beyond our control and are difficult to predict. FRB policies can affect our borrowers, potentially increasing the risk that they may fail to repay their loans. For example, a tightening of the money supply by the FRB could reduce the demand for a borrower's products and services. This could adversely affect the borrower's earnings and ability to repay its loan, which could materially adversely affect us.

We have experienced increases in our FDIC insurance premiums and those premiums could increase in the future.

Effective January 1, 2007, the FDIC adopted a risk-based system for assessment of deposit insurance premiums under which all institutions are required to pay at least minimum annual premiums. In addition, in an effort to replenish the Deposit Insurance Fund in the wake of the recent increase in bank failures in the United States, the FDIC changed its rate structure in December 2008 to generally increase premiums effective for assessments in the first quarter of 2009. Further, in May 2009, the FDIC issued a final rule to impose a special one-time assessment against all financial institutions in the second quarter of 2009 that was payable in the third quarter of 2009. The system categorizes institutions into one of four risk categories depending on capitalization and supervisory rating criteria. Most recently, on November 12, 2009, the FDIC issued a Final Rule pursuant to which banks were required to prepay three years' worth of FDIC insurance premiums (2010, 2011 and 2012) on December 30, 2009. Financial institutions were permitted to apply for an exemption or, alternatively, the FDIC was entitled, on its own initiative, to exempt certain institutions from this prepayment requirement. In December 2009 the Bank prepaid three years' worth of FDIC insurance premiums. Nonetheless, due to the changes to the FDIC premium structure, our FDIC insurance premiums increased significantly during 2009 and may be subject to further increases in the future, which could have a material adverse effect on our operating results.

We are subject to examinations and challenges by tax authorities.

In the normal course of business, we are routinely subject to examinations and challenges from federal and state tax authorities regarding the amount of taxes due in connection with investments we have made and the businesses in which we engage. Recently, federal and state taxing authorities have become increasingly aggressive in challenging tax positions taken by financial institutions. These tax positions may relate to tax compliance, sales and use, franchise, gross receipts, payroll, property and income tax issues, including tax base, apportionment and tax credit planning. The challenges made by tax authorities may result in adjustments to the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions. If any such challenges are made and not resolved in our favor, they could have an adverse effect on our financial condition and results of operations.

Our accounting policies and methods are the basis of how our financial condition and results of operations are reported, and they may require management to make estimates about matters that are inherently uncertain.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods in order to ensure that they comply with GAAP and reflect management's judgment as to the most appropriate manner in which to record and report our financial condition and operating results. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in our reporting materially different amounts than it would have reported under a different alternative.

Changes in technology may affect our operations.

The banking industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part on our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements. There can be no assurance that we will be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our customers. Further, we rely on third-party providers to handle virtually all of the data processing aspects of our business and technological or personnel failures by these providers could also adversely affect our operations.

We have not and have no present plans to pay dividends on our common stock.

We have historically used our earnings for operating capital and to support our growth and we have not paid dividends on our common stock at any time since we opened in 2006 and have no present intention to pay dividends in the foreseeable future. There may be limitations on our ability to pay dividends. See the discussion in Item 7 of this Report, entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Dividend Policy."

We are dependent upon the services of certain key individuals.

Two of our most senior officers, Keith Pollnow and Stanley Leedle, and all nineteen of our directors have been involved since we originally opened for business in 2006. We believe that these individuals, as well as other skilled personnel and directors, have played a significant role in our success over the past 3½ years. See "Directors, Executive Officers and Corporate Governance," Item 10 of this Report. Moreover, although none of our senior officers currently has plans to retire in the near future, our continued success will be dependent on our ability to retain the services of these individuals and to insure continuity among our management team. The sudden loss of the services of any or all of these individuals, or our inability to attract and retain qualified senior management personnel in the future, could have an adverse effect on our operations and prospects.

Our stock is illiquid.

Although our stock is publicly traded, transactions in our stock are limited and sporadic and our shareholders may not be able to readily liquidate their investment in our stock in the case of financial emergency or otherwise.

Our directors and members of our management team effectively control the Bank.

Our directors and executive officers currently beneficially own or hold the power to vote more than 21 percent of our issued and outstanding common stock which, although it does not constitute numerical control, gives them significant influence and, in some cases, effective control over most corporate decisions to be made by our shareholders (see “Security Ownership of Certain Beneficial Owners, Management and Related Shareholder Matters,” Item 12 of this Report). Among other things, this could, as a practical matter, limit the ability of non-management shareholders to effect a change in management or control key corporate decisions, such as amendments to the Articles of Incorporation or any merger or acquisition that is subject to shareholder approval.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2009 the Bank is operating out of two locations.

Our main office is located at 2450 Witzel Avenue on the west side of Oshkosh. The building contains approximately 19,000 square feet on two levels. The Bank owns approximately 60% of the building in a condominium relationship. A local CPA firm owns the remaining 40%. The CPA firm performs payroll processing services for the bank. The CPA firm does not perform any auditing or consulting services for the Bank.

Our branch office is a free-standing, newly constructed facility located at 2201 Jackson Street on the north side of Oshkosh that opened in January 2007. The building contains 3,087 square feet of floor area. It is a leased facility with rent of \$4,116 per month. The Bank is responsible for real estate taxes and utilities. The term of the lease is ten years, expiring in December, 2016. The lessor is an entity owned by Director Thomas Rusch. Terms of the lease were reviewed by an independent appraiser, and found to be in line with current market conditions for the area. Lease terms were approved by the full Board of Directors, with Mr. Rusch absent from discussions. We believe that the properties are adequately covered by insurance and that these facilities are adequate to meet our present needs.

Item 3. Legal Proceedings

We may be involved from time to time in various routine legal proceedings incidental to our business. To our knowledge, there are no pending legal proceedings to which the Bank is a party and which may have a materially adverse effect on the Bank’s property, business, financial condition, or results of operations.

Item 4. [RESERVED]

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Bank’s common stock is traded over the counter on the OTC Bulletin Board (“OTCBB”) under the symbol “CBKW.OB.” Trading on the OTCBB began on July 24, 2006. Prior to which, there was no established market for our common stock. Since we became listed on the OTC Bulletin Board, trading activity has been light, and there is no expectation that trading activity will increase in the future. OTCBB quotations do not reflect retail mark-up, mark-down or commission and may not necessarily reflect actual transactions. The following table sets forth the high and low OTCBB bid quotations for the Bank’s common stock by quarter for the past two years:

	Quarter ended			
	12/31/2009	9/30/2009	6/30/2009	3/31/2009
High bid	\$9.30	\$9.25	\$9.25	\$10.25
Low bid	\$7.25	\$7.80	\$8.80	\$8.00
	12/31/2008	9/30/2008	6/30/2008	3/31/2008
High bid	\$10.25	\$10.25	\$11.00	\$10.65
Low bid	\$6.50	\$8.55	\$9.50	\$9.05

At March 3, 2010, there were approximately 950 shareholders of record, with 2,160,620 shares outstanding. The number of shares outstanding includes 2,160,000 shares sold in the Bank’s initial public offering and 620 shares issued upon the exercise of shareholder warrants. There are outstanding warrants to purchase 431,370 shares of Bank stock that were awarded to the Bank’s initial shareholders based on one warrant for every five shares of stock purchased, each having an exercise price of \$12.50 per share and expiring on July 24, 2012. Finally, the Bank has outstanding warrants to purchase 213,750 shares of Bank stock that were awarded to the Bank’s organizers, each having an exercise price of \$10.00 per share and expiring on July 24, 2016.

Since organizing in 2006, the Bank has not declared or paid dividends on its common stock, and none are anticipated during the upcoming year. As a relatively new financial institution, the Bank is subject to significant regulatory restrictions on the payment of cash dividends. At the present time, we have no plans to pay dividends but, instead, we expect to reinvest earnings to expand and grow the Bank. Dividend decisions in the future will be made by our Board of Directors, taking into account growth potential, earnings, capital requirements, economic conditions, and any other factors deemed relevant.

The Choice Bank Stock Incentive Plan was approved by our shareholders on July 11, 2006. The table below shows warrants awarded to Bank organizers and options granted to executive officers as of December 31, 2009. Options vest ratably over a three year period, are exercisable at \$10 per share, and have a ten-year term. As of December 31, 2009, 58,333 of the 63,333 options granted were exercisable.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities shown in column a)
<u>Equity compensation plans</u>	<u>a</u>	<u>b</u>	<u>c</u>
approved by shareholders	63,333 (1)	\$10.00	296,667
not approved by shareholders	213,750 (2)	\$10.00	0
Total	<u>277,083</u>	\$10.00	<u>296,667</u>

(1) Includes options awarded under the Choice Bank Stock Option Plan. Options granted include:

Keith C. Pollnow	Director, President & CEO	25,000
Stanley G. Leedle	Director, Executive VP & CCO	20,000
John F. Glynn	Senior Vice President & CFO	5,000
Debra K. Fernau	Vice President & COO	5,000
Mark D. Troudt	Director, Risk Management Officer	5,000
David A. Hayford	Former Bank Officer	3,333
		<u>63,333</u>

(2) Includes organizer warrants issued to our Bank organizers.

Item 6. Selected Financial Data

Item 6 is not required because the Bank is a Smaller Reporting Company.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

Attention is called to the discussion under the caption "Forward-Looking Statements" appearing in Part I of this Report, immediately preceding Item 1. Business.

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.

Income Taxes

Deferred income taxes and liabilities are determined using the liability method. Under this 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 these 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 realized.

The Bank may also recognize a liability for unrecognized tax benefits from uncertain tax positions. Unrecognized tax benefits represent the differences 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.

Allowance for Loan and Lease Losses

Management considers the policies related to the allowance for loan and lease losses (the "Allowance") as critical to the financial statement presentation. The Allowance represents management's assessment of the risk associated with extending credit and its evaluation of the quality of the loan portfolio. Management's assessment of the adequacy of the Allowance is determined based on evaluation of individual loans as well as the general risk factors inherent to the extension of credit. At December 31, 2009 and 2008, our allowance was 2.00% and 1.24% of our gross loan portfolio respectively.

A provision for loan losses is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors affecting the adequacy of the Allowance.

The following factors are considered in maintaining our Allowance:

- the asset quality of individual loans;
- changes in the national and local economy and business conditions/development, including underwriting standards, collections, charge off and recovery practices;
- 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 requirements on the level of estimated credit losses in our current loan portfolio; and
- off-balance sheet credit risks.

These factors are evaluated at least quarterly and changes in the asset quality of individual loans will be evaluated more frequently as needed. We establish 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 is increased through a loan loss provision charged to earnings to reflect management's estimate of potential exposure of loss.

In 2009, the Bank charged off approximately \$4.7 million related to four loans. Management elected to provide regular and special loan loss provisions in the amount of \$5.5 million to replace depleted loan loss reserves and bolster our reserves under a recessionary environment. As of December 31, 2009, the Bank has five loans classified as non-accrual. Three of the loans, totaling \$3.3 million, are secured by real estate. The two remaining loans total approximately \$479,000 and are secured primarily by inventory and equipment. Management has factored these loans into the Allowance reported as of December 31, 2009.

Management believes that resolution of these credits will be achieved without substantial additional impact to earnings.

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

The Allowance 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 and the size of the Allowance 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 and lease losses when, in the opinion of the regulators, credit evaluations and 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.

General

Our results of operations depend primarily on net interest income, which is the difference between interest earned on interest-earning assets such as loans and securities, and interest expense paid on interest-bearing liabilities such as deposits and borrowed funds. We also generate non-interest income such as service charges, secondary market fees for mortgage loans, and other fees. Non-interest expenses consist primarily of employee compensation and benefits, occupancy expenses, marketing expenses, data processing costs, and other operating expenses. We are subject to losses from our loan portfolio if borrowers fail to meet their obligations. Results of operations can also be significantly affected by general economic and competitive conditions, particularly changes in market interest rates, government policies and actions of regulatory agencies.

The following discussion focuses on the major components of the Bank's operations. This discussion should be read in conjunction with our financial statements and accompanying notes. Current performance may not be indicative of our future performance.

Management Strategy

Management's primary strategy is to leverage the nearly \$17.4 million in Stockholders' Equity by increasing loan and deposit market share in our market area. We plan to accomplish this with superior service, competitive pricing, local decision making, and business networks developed by Bank officers and directors.

Comparisons of Operating Results for the periods ended December 31, 2009 and 2008

The Bank reported a net loss of \$2,850,000, or -\$1.32 per share, for the year ended December 31, 2009. This compares to net income of \$821,000, or 38 cents per share, for the year ended December 31, 2008.

The Bank experienced very disappointing operating results in 2009 as a direct result of loan quality issues that centered on losses on a select number of high balance credit relationships. The Bank charged off approximately \$4.7 million in loans during 2009 related to the deterioration of the commercial real estate market and general decline in the economy. The sizable amount of charge-offs and an elevated level of non-performing loans required a \$5.5 million provision for loan losses charged to our earnings for 2009. The Bank also incurred a charge to income of \$405,000 related to the devaluation of real estate property held as other real estate owned.

Although the Bank was not immune to asset quality issues during 2009, there were a number of positive results to report. For example, the Bank's average net interest spread and average net interest margin improved by 57 basis points and 16 basis points respectively from the average ratios reported for 2008. Contributing to this positive performance was the increase in average core deposits by almost 80% from the prior year. The growth in core deposits combined with a reduction in term deposits helped lower overall cost of funds during 2009.

Non-interest revenues for 2009 were up \$419,000 from 2008 due to rental income and mortgage financing fees.

The Bank's capital position remains strong with a 16.60% average capital to average assets ratio for 2009, a 20.26% ratio for 2008. The Bank continues to maintain a strong capital position in relation to its peers which, when combined with the Allowance, provides ample cushion in the event of additional loan charge-offs.

Although non-interest expenses increased by approximately \$880,000 from the prior year, almost half of this increase relates to the noted devaluation of other real estate held by the Bank. Another \$208,000 of the increase was due to increased FDIC insurance premiums paid during 2009.

Basic ratios measuring performance for the year ended December 31, 2009 are shown below:

Return on Assets (net income divided by average total assets)	\$ (2,849,876)	=	<u><u>-2.34%</u></u>
	\$ 121,684,334		
Return on Equity (net income divided by average equity)	\$ (2,849,876)	=	<u><u>-14.11%</u></u>
	\$ 20,193,754		
Equity to Assets Ratio (average equity divided by average assets)	\$ 20,193,754	=	<u><u>16.60%</u></u>
	\$ 121,684,334		

Net interest income

Net interest income is the difference between the income earned on assets and interest paid on deposits and borrowings used to support such assets. Net interest income is determined by the yields earned on our interest-earning assets and the rates paid on our interest-bearing liabilities, the relative amounts of interest-earning assets and interest-bearing liabilities, and the degree of mismatch and the maturity and repricing characteristics of our interest-earning assets and interest-bearing liabilities. Net interest income divided by average interest-earning assets represents our net interest margin. Competition for loans and deposits has a direct effect on net interest margin.

The following table represents the average volume of interest-earning assets, interest-bearing liabilities, average yields and rates for the years ended December 31, 2009 and 2008:

	Year ended December 31, 2009			Year ended December 31, 2008		
Assets:	Average Balance	Income/ Expense	Annualized Yield/Cost	Average Balance	Income/ Expense	Annualized Yield/Cost
Deposits in banks	\$ 690,345	\$ 15,321	2.22%	\$ 1,700,593	\$ 76,101	4.47%
Investment securities	5,708,438	284,052	4.98%	5,867,323	299,458	5.10%
Federal Funds sold	1,291,868	1,999	0.15%	940,387	21,517	2.29%
Loans (1)	107,931,479	5,933,376	5.50%	83,434,381	5,066,926	6.07%
Total interest-earning assets	115,622,130	\$ 6,234,748	5.39%	91,942,684	\$ 5,464,002	5.94%
Allowance for Loan Losses	(1,324,158)			(1,005,694)		
Cash and due from banks	1,330,347			1,195,671		
Other assets	6,056,015			2,940,777		
Total Assets	<u>\$ 121,684,334</u>			<u>\$ 95,073,438</u>		
<u>Liabilities and Shareholders' Equity:</u>						
Interest-bearing demand	\$ 24,393,214	\$ 452,215	1.85%	\$ 13,806,654	\$ 450,135	3.26%
Savings deposits	3,344,056	55,737	1.67%	1,675,635	40,964	2.44%
Certificates of deposit	67,574,990	2,176,051	3.22%	53,113,622	2,240,298	4.22%
Borrowed Funds	500,534	3,329	0.67%	2,433,547	56,489	2.32%
Total interest-paying liabilities	95,812,794	\$ 2,687,332	2.80%	71,029,458	\$ 2,787,886	3.92%
Non interest-bearing deposits	4,832,955			4,073,714		
Other liabilities	844,831			711,249		
Shareholders equity	20,193,754			19,259,017		
Total liabilities and stockholders equity	<u>\$ 121,684,334</u>			<u>\$ 95,073,438</u>		
Net interest income		<u>\$ 3,547,416</u>			<u>\$ 2,676,116</u>	
Net interest spread (2)			<u>2.59%</u>			<u>2.02%</u>
Net interest margin (3)			<u>3.07%</u>			<u>2.91%</u>

- (1) Non-accrual loans are included in the average daily loan balance, but interest income associated with these loans is recognized 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 bonds, 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 periods indicated.

2009 Compared to 2008: Increase (decrease) due to:

Assets:	Volume	Rate	Net Change
Deposits in banks	\$ (45,208)	\$ (15,572)	\$ (60,780)
Investment securities	(8,109)	(7,297)	(15,406)
Federal Funds sold	8,042	(27,560)	(19,518)
Loans	1,487,696	(621,246)	866,450
	\$ 1,442,421	\$ (671,675)	\$ 770,746
<u>Liabilities and Shareholders' Equity:</u>			
Interest-bearing demand	\$ 345,151	\$ (343,071)	\$ 2,080
Savings deposits	\$ 40,788	\$ (26,015)	\$ 14,773
Certificates of deposit	609,971	(674,218)	(64,247)
Borrowed Funds	(44,870)	(8,290)	(53,160)
Total interest expense	\$ 951,040	\$ (1,051,594)	\$ (100,554)
Net Interest Income	\$ 491,381	\$ 379,919	\$ 871,300

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

Average interest-earning assets of the Bank of \$115.6 million for 2009 yielded an average return of 5.39%, compared to average interest-earning assets of \$91.9 million and a 5.94% average return for 2008. The growth from 2008 to 2009 in average interest-earning asset balances occurred despite nominal actual growth in those balances during 2009, due to the fact that the full-year average for 2008 was depressed because much of the interest-earning asset growth occurred in the latter half of 2008. The drop in yield was indicative of the low interest rate environment that dominated 2009 and placed downward pressure on the pricing of new credits and repricing of current loans. Total interest income earned for 2009 exceeded 2008 due to the notable growth in average earning assets. Therefore the impact of the decline in earning asset yield was more than offset by the growth in average assets for 2009.

Interest-bearing liabilities averaged \$95,812,794 in 2009 and posted an average interest rate of 2.80%. The Bank's average cost of funds declined by 112 basis points when compared to the prior year. The ability to significantly reduce cost of funds enabled the Bank to decrease total interest expense compared to 2008 while growing average deposits by \$24.8 million.

The average net interest spread reported for 2009 was 2.59%, compared to 2.02% for 2008. The sharp decline in cost of funds was the most notable factor impacting interest spread for 2009. The favorable increase in net interest spread coupled with the notable growth in average earning assets enabled the Bank to generate an additional \$871,300 in net interest income when compared to 2008.

The Bank's net interest margin was 3.07% for 2009 compared to 2.91% for 2008. The 16 basis point rise in margin reflects the noted improvement in funding and earning asset management for 2009.

Management looks to resume expansion of lending relationships to continue to improve interest spread and leverage bank capital. We are optimistic that new opportunities will be presented in 2010 to grow the Bank and increase its market share.

Interest Income

Total interest income was \$6.2 million in 2009, compared to \$5.5 million in 2008. The increase is attributed to the higher volume of average earning assets deployed in 2009 compared to the prior year total for average earning assets. Although actual asset growth was very nominal by design for 2009, we were able to leverage the sizable growth achieved during 2008 by maintaining a stable level of earning assets throughout 2009. The noted improvement in net interest spread and net interest margin also reflects management success in achieving higher producing earning assets.

Interest Expense

Interest expense decreased from \$2.8 million in 2008 to \$2.7 million in 2009. As previously noted, the ability to significantly reduce cost of funds enabled the Bank to decrease total interest expense while growing average deposits by \$24.8 million. The Bank's average cost of funds declined by 112 basis points when compared to the prior year. Management anticipates that further expansion of customer relationships will continue to have positive impact on the banks cost of funds.

Interest Rate Sensitivity

The Bank is subject to interest rate risk inherent in its lending, investing, and financing activities. Fluctuations in market interest rates will impact both interest income and interest expense on all interest-bearing assets and interest-paying liabilities. The Bank's primary objective in managing interest rate risk is to minimize any adverse impact of changes in interest rates on the net interest income while maintaining an asset/liability structure that maximizes net interest income. Our Asset Liability committee ("ALCO") actively manages the Bank's interest rate exposure using a simulation model to measure Economic Value of Equity ("EVE") and gap analysis.

EVE is defined as the present value of the expected cash flow of assets minus the present value of expected cash flows of liabilities. It measures a Bank's long-term interest rate risk and identifies what the long-term effects of interest rate shocks, defined as immediate and permanent changes in rates, on the Bank's balance sheet at a point in time. Typical shock testing measures 100 and 200 basis points increase and decrease in rates.

The interest rate-sensitivity gap is the difference between the interest-earning assets and interest-bearing liabilities scheduled to mature or re-price within such time period. A gap is considered positive when the amount of interest rate-sensitive assets exceeds the amount of interest rate-sensitive liabilities. A gap is considered negative when the amount of interest rate-sensitive liabilities exceeds the interest rate-sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. Conversely, during a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to adversely affect net interest income. If our assets and liabilities were equally flexible and moved concurrently, the impact of any increase or decrease in interest rates on net interest income would be minimal.

A simple interest rate "gap" analysis by itself may not be an accurate indicator of how net interest income will be affected by changes in interest rates. Accordingly, we also evaluate how the repayment of particular assets and liabilities is impacted by changes in interest rates. Income associated with interest-earning assets and costs associated with interest-bearing liabilities may not be affected uniformly by changes in interest rates. In addition, the magnitude and duration of changes in interest rates may have a significant impact on net interest income. For example, although certain assets and liabilities may have similar maturities or periods of repricing, they may react in different degrees to changes in market interest rates. Interest rates on certain types of assets and liabilities fluctuate in advance of changes in general market rates, while interest rates on other types may lag behind changes in general market rates. In addition, certain assets, such as adjustable rate mortgage loans, have features (generally referred to as "interest rate caps") which limit changes in interest rates. Prepayment and early withdrawal levels also could deviate significantly from those assumed in calculating the interest

rate gap. The ability of many borrowers to service their debts also may decrease in the event of an interest rate increase.

The following table sets forth the amount of the Bank's interest earning assets and interest-bearing liabilities at December 31, 2009, using the static gap method, which are expected to mature or re-price in each of the time periods shown.

	Repricing Periods					Total
	Up to 1 Year	1 - 3 Years	3 - 5 Years	5 - 15 Years	More than 15 years	
<u>Interest-earning assets</u>						
Federal funds sold	\$ 521,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 521,000
Deposits in banks						0
Securities	0	1,916,254	2,120,357	1,484,488	0	5,521,099
Loans, gross	33,295,326	30,637,700	27,200,986	12,391,114	3,116,578	106,641,704
Total Interest-earning assets	<u>\$ 33,816,326</u>	<u>\$ 32,553,954</u>	<u>\$ 29,321,343</u>	<u>\$ 13,875,602</u>	<u>\$ 3,116,578</u>	<u>\$ 112,683,803</u>
<u>Interest-bearing liabilities</u>						
Demand deposits	\$ 2,275,636	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,275,636
Savings and money markets	36,502,393	0	0	0	0	36,502,393
Time deposits	48,355,246	9,687,754	1,174,338	0	0	59,217,338
Total interest-bearing deposits	<u>\$ 87,133,275</u>	<u>\$ 9,687,754</u>	<u>\$ 1,174,338</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,995,367</u>
Federal Funds Purchased						0
Total interest-bearing liabilities	<u>\$ 87,133,275</u>	<u>\$ 9,687,754</u>	<u>\$ 1,174,338</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,995,367</u>
Interest rate sensitivity gap	\$ (53,316,949)	\$ 22,866,200	\$ 28,147,005	\$ 13,875,602	\$ 3,116,578	\$ 14,688,436
Cumulative interest rate sensitivity gap	\$ (53,316,949)	\$ (30,450,749)	\$ (2,303,744)	\$ 11,571,858	\$ 14,688,436	
Ratio of cumulative gap to interest-earning assets	-47.32%	-27.02%	-2.04%	10.27%	13.04%	

Adjustable rate loans are included in the period in which their interest rates are scheduled to adjust. Fixed rate loans are included in the periods in which they are anticipated to be repaid based on scheduled maturities. Investment securities are included in their period of maturity while mortgage backed securities are included according to expected repayment. Certificates of deposit are presented according to contractual maturity.

As shown above, as of December 31, 2009, the Bank is highly liability sensitive over the next twelve month period. That means that our interest rate spread would decrease if rates rise during that period. But, it is essential to note that the loans re-pricing are tied to an index (generally 30-day LIBOR or Wall Street Prime) and would automatically increase if and as those rates increase. The rates we pay on our interest-bearing liabilities (primarily deposits), on the other hand, are not tied to an index, but are adjusted by management based on local market rates, need for funds, and other considerations, such that the rates of interest we pay are somewhat within our control and typically do not re-price as quickly or dramatically as loans.

Non-interest Income

Non-interest income was \$689,000 in 2009, compared to \$270,000 earned in 2008. The \$419,000 or 155% increase was due largely to rental income and loan document preparation fees as shown in the table below. The rental income was generated on other real estate acquired by the Bank during 2009. Loan preparation fees and secondary market fees were driven by the continued surge in mortgage financing activity that carried into 2009. Management anticipates that rental income is likely to continue into the second half of 2010 whereupon divestiture of the property should be realized.

<u>Non-interest income</u>	Twelve-month period ended		<u>Change-%</u>
	<u>December 31, 2009</u>	<u>December 31, 2008</u>	
Loan document preparation fees	\$ 181,581	\$ 57,101	218.00%
Other customer service fees	114,755	96,312	19.15%
Total Customer service fees	296,336	153,413	93.16%
Secondary market fees	137,513	117,017	17.52%
Rental income on other real estate	255,580	-	N/A
Total non-interest income	<u>\$ 689,429</u>	<u>\$ 270,430</u>	<u>154.94%</u>

Non-interest Expense

Non-interest expense increased from \$2.6 million in 2008 to \$3.5 million in 2009.

Non-interest Expense	Twelve-month period ended		<u>Change-%</u>
	<u>December 31, 2009</u>	<u>December 31, 2008</u>	
Salaries and benefits	\$ 1,583,623	\$ 1,447,377	9.41%
Occupancy and equipment	355,482	348,485	2.01%
Data processing	182,074	156,234	16.54%
Marketing	97,502	119,614	-18.49%
Professional fees	339,942	234,115	45.20%
FDIC Premium	247,388	39,008	534.20%
Loss on devaluation of other assets	405,000	0	N/A
Other	241,237	227,468	6.05%
	<u>\$ 3,452,248</u>	<u>\$ 2,572,301</u>	<u>34.21%</u>

The increase in salaries and benefits reflects (1) additional commission based compensation related to increased mortgage financing activity, (2) implementation of an employer 401k matching contribution program, and (3) merit-based pay increases for Bank personnel.

Data processing expenses increased due to the continued growth in number of customer accounts and volume of banking transactions compared to the prior year.

Marketing expenditures were contained during 2009 as growth initiatives were put on hold under the recessionary environment. Professional fees paid in 2009 included expenses related to the replacement of the Bank's former Chief Financial Officer.

FDIC premium expense increased in part due to our larger deposit base. However, a substantial amount of the increase was tied to the agency's need to replenish the insurance fund for the banking industry. During 2009, the FDIC implemented a "special assessment" that drew additional premium dollars from insured institutions.

The Bank incurred an expense of \$405,000 related to the devaluation of real estate property held as other real estate owned.

Allowance for Loan Losses

The Allowance at December 31, 2009 was \$2,123,000, compared to \$1,318,000 at December 31, 2008. During the fourth quarter of 2009, management took action to increase reserves available to offset potential loan losses given the economic uncertainty experienced during recent recessionary periods. The adequacy of the Allowance is determined based on evaluation of individual loans as well as the general risk factors inherent to all extensions of credit. As of December 31, 2009, the Bank's Allowance was 2.0% of the Bank's gross loan portfolio, compared to 1.2% at December 31, 2008.

The charge-off and recovery activity shown in the table below relates primarily to four loans. The Bank incurred provision expense of \$5.5 million during 2009 that more than replenished the Allowance.

As of December 31, 2009, the Bank has five loans classified as non-accrual. Three of the loans totaling \$3.3 million are secured by real estate. The remaining two loans total \$479,000 and are primarily secured by inventory and equipment. The Bank will classify loans as non-accrual when payments become past due more than 90 days. Classifying loans as non-accrual involves reversing the 90 days of interest income accrued, but not received, up to that point, as well as not accruing any income after that point. Management has factored these loans into the Allowance reported as of December 31, 2009, and has recognized specific reserves of \$1,020,000.

The Allowance represents the most significant estimate in a bank's financial statements and regulatory reports. Because of its significance, the Bank realizes a responsibility for developing, maintaining, and documenting a comprehensive, systematic, and consistently applied process for determining the amount of the Allowance. The Bank has implemented policies and procedures to ensure that this analysis complies with Generally Accepted Accounting Principles ("GAAP") and relevant supervisory guidelines.

Our policies and procedures will result in an allowance based on management's evaluation of economic conditions, volume and composition of the loan portfolio, the level of nonperforming and past due loans, and other indicators derived from reviewing the loan portfolio. Management will perform such reviews quarterly and adjust the level of the Allowance accordingly.

The Allowance is subject to regulatory review in the examination process to determine its adequacy. Regulators will take into consideration such factors as methodology used to calculate the Allowance and comparison of the Allowance level to our peers. Regulatory agencies, during the examination process, may require a bank to make additional provisions to their allowance for loan losses when the

examiners' assessment of credit evaluations and methodology differ materially from those of management.

Management believes that the Allowance as of December 31, 2009 will be adequate to cover future losses incurred in the current loan portfolio.

Activity in the Allowance account for the years ended December 31, 2009 and 2008 are shown:

	Twelve months Ended December 31, 2009	Twelve months Ended December 31, 2008
Allowance at beginning of year	\$ 1,317,590	\$ 819,000
Charge-offs:		
Commercial	(4,288,567)	0
Real Estate - Commercial	(407,685)	0
Consumer	(1,533)	(4,960)
Total Charge-offs	<u>(4,697,785)</u>	<u>(4,960)</u>
Recoveries:		
Consumer	2,460	2,550
Total Recoveries	<u>2,460</u>	<u>2,550</u>
Net charge-offs	<u>(4,695,325)</u>	<u>(2,410)</u>
Provision for loan losses charged to operating expense	<u>5,500,572</u>	<u>501,000</u>
Allowance at end of year	<u>\$ 2,122,837</u>	<u>\$ 1,317,590</u>
Ratio of net charge-offs to average loans outstanding	<u>-4.35%</u>	<u>0.00%</u>
Allowance as a percent of total loans	<u>1.99%</u>	<u>1.24%</u>

	At December 31,	
	<u>2009</u>	<u>2008</u>
Nonperforming Assets:		
Nonaccrual loans	\$ 3,793,286	\$ 730,000
Loans past due 90 days or more and still accruing	0	0
Foreclosed assets	3,304,761	0
	<u>\$ 7,098,047</u>	<u>\$ 730,000</u>

Income Taxes

The basic principles for accounting for income taxes requires that deferred income taxes be analyzed to determine if a valuation allowance is required. A valuation allowance is required "if it is more likely than not that some portion of the deferred tax asset will not be realized." The amount of the deferred tax asset related to operations is approximately \$2,727,000 as of December 31, 2009. The loss carryforward will be applied against future federal and Wisconsin income. If not used, the benefits will begin to expire on December 31, 2026 for federal, and December 31, 2021 for Wisconsin tax purposes.

Primarily due to the loan losses recognized during 2009, the Bank's net deferred tax asset increased to \$2,727,000. The deferred tax asset primarily consisted of book-to-tax differences related to the Allowance, start-up costs and federal and state net operating losses. We considered all available

evidence, both positive and negative, to determine whether impairment of our deferred tax asset should be recognized. This evidence considered consisted of (but was not limited to):

- Financial projections which included a conservative estimate of financial performance that agrees with the Bank's current strategic plan. We also provided for two stressed scenarios which included 3% asset growth through 2019 and flat growth through 2019. In addition, loan losses were estimated at the Bank's peer group averages in the state of Wisconsin.
- A significant portion of the Net Operating loss carryforwards were generated through the four loans discussed under "Allowance for Loan Losses" on page 43. Without the losses on these credits during 2009 the Bank would have generated pre-tax income in line with financial projections determined at the start of 2009.
- History of net operating losses from denovo period and current year.
- The length of the carryforward periods for our federal and state net operating losses.

Based on management's assessment of the available evidence considered above, a valuation allowance for deferred assets was not considered necessary at December 31, 2009 and 2008 since it was determined the positive evidence analyzed was sufficient to overcome the negative evidence present in the cumulative net operating losses. We determined it is more likely than not that these assets will be realized. However, our forecast process includes judgmental and quantitative elements that may be subject to significant change. If our forecast of taxable income within the carryback/carryforward periods available under applicable law is not sufficient to cover the amount of net deferred tax assets, such assets may be impaired.

Comparison of Financial Condition at December 31, 2009 and 2008

Total assets at December 31, 2009 were \$120.9 million, a \$1.8 million increase over total assets of \$119.1 million at December 31, 2008.

Assets	December 31, 2009		December 31, 2008	
	Dollar Amount	%	Dollar Amount	%
Cash and cash equivalents	\$ 1,462,962	1.21%	\$ 3,844,714	3.23%
Other interest-bearing deposits	0	0.00%	290,000	0.24%
Securities available for sale	5,521,099	4.57%	5,774,113	4.85%
Loans held for sale	1,422,733	1.18%	246,344	0.21%
Loans	103,096,134	85.34%	105,110,349	88.30%
Prepaid FDIC Premium	574,737	0.48%	0	0.00%
Deferred Tax Asset	2,727,045	2.26%	848,000	0.71%
Other Real Estate Owned	3,304,761	2.73%	0	0.00%
Other assets	2,698,011	2.23%	2,928,100	2.46%
Total assets	\$ 120,807,482	100.00%	\$ 119,041,620	100.00%
Liabilities and Equity				
Deposits	\$ 103,053,231	85.31%	\$ 98,311,001	82.59%
Borrowed funds	0	0.00%	0	0.00%
Other Liabilities	365,575	0.30%	624,781	0.52%
Stockholders' equity	17,388,676	14.39%	20,105,838	16.89%
Total Liabilities and Equity	\$ 120,807,482	100.00%	\$ 119,041,620	100.00%

Total assets growth was a moderate 1.47% for 2009, which was reflective of Management strategy to reduce the emphasis on growth under a recessionary environment. The increase in other assets reported as of December 31, 2009 includes other real estate owned of \$3.3 million, additional \$1.9 million of deferred tax assets, and \$574,000 in prepaid FDIC assessments. Total deposits increased by \$4.7 million during 2009 primarily through growth in money market accounts. Deposit growth was primarily from our local market area.

Other real estate owned (OREO) totaled \$3,304,761 as of December 31, 2009 and consists of two commercial real estate properties that were acquired through foreclosure in 2009. The Bank records other real estate at fair value, less costs to sell the property, with any difference between the fair value of the property and the carrying value of the loan being charged to the Allowance. A charge-off of approximately \$407,700 was made to the Allowance at the time of transfer to reflect the difference in the fair value of the property and the carrying value of the related loan. A subsequent change in fair value on one of the properties resulted in the recognition of a charge of \$405,000 against noninterest expense.

Regulatory capital requirements

We are subject to minimum capital standards as set forth by federal bank regulatory agencies. Our capital for regulatory purposes differs from our equity as determined under generally accepted accounting principles. Generally, "Tier 1" regulatory capital will equal capital as determined under generally accepted accounting principles less any unrealized gains or losses on securities available for sale while "Tier 2" capital includes the allowance for loan losses up to certain limitations. Total risk based capital is the sum of Tier 1 and Tier 2 capital. Our capital ratios and required minimums are shown below.

As of December 31, 2009	Actual		
	Amount	Ratio	Requirement
Total Capital/Risk Weighted Assets	\$ 16,038	16.62%	≥ 8.00%
Tier 1 Capital/Risk Weighted Assets	\$ 14,820	15.36%	≥ 4.00%
Tier 1 Leverage Ratio	\$ 14,820	12.18%	≥ 4.00%

As of December 31, 2008	Actual		
	Amount	Ratio	Requirement
Total Capital/Risk Weighted Assets	\$ 20,603	21.97%	≥ 8.00%
Tier 1 Capital/Risk Weighted Assets	\$ 19,429	20.72%	≥ 4.00%
Tier 1 Leverage Ratio	\$ 19,429	17.37%	≥ 4.00%

Our total capital also has an important effect on the amount of FDIC insurance premiums paid. Institutions not considered well capitalized are subject to higher rates for FDIC insurance.

Dividend Policy

The future dividend policy of the Bank is subject to the discretion of the Board of Directors. Factors that our Board considers include future earnings, financial conditions, cash needs, and general business conditions. Holders of our common stock will be entitled to receive dividends as and when declared by the Board of Directors out of funds legally available for that purpose. In addition, under the Wisconsin Banking Law, dividends are only permitted to be paid from our undivided profits, and our Board of Directors is required to pay all expenses, losses, required reserves, taxes and interest accrued or due from banks before it may declare a dividend.

Off-Balance Sheet Obligations

As of December 31, 2009 and 2008, we have the following commitments which do not appear on our balance sheet.

	<u>2009</u>	<u>2008</u>
Commitments to extend credit	\$ 8,983,094	\$ 2,778,136

Further discussion of these commitments is included in Note 9, “Commitments, Contingencies, and Credit Risk” of the Notes to Financial Statements.

Liquidity

Liquidity represents the ability to meet the needs of customers to withdraw funds from deposit accounts, to borrow funds and to meet their credit needs. We manage our liquidity needs in such a way that the needs of depositors and borrowers are met on a timely basis so that our operations are not interrupted. Sources of liquidity available to meet these needs include cash on deposit, federal funds, securities available for sale, maturities of securities and principal payments on loans. Growth in our deposit base provides an additional source as does access to funds through relationships with correspondent banks. Our liquidity needs can also be met through loan participations sold to other financial institutions. At December 31, 2009 and 2008 our liquidity position was considered adequate and within guidelines set forth in our liquidity policy.

Management of the liquidity needs and requirements of the Bank is performed by our Asset Liability Committee (ALCO), which is comprised of the five senior officers of the Bank. ALCO sets deposit prices, based on market rates and liquidity requirements. The loan pipeline is constantly monitored to ensure that adequate funds are available to meet commitments. Excess funds are invested in short-term interest-earning instruments.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Item 7A is not required because the Bank is a Smaller Reporting Company.

Item 8. Financial Statements and Supplementary Data

The audited financial statements and related documents are included as part of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in accountants in 2009, nor any disagreements with Wipfli, LLP on accounting and financial disclosure.

Item 9A(T). Controls and Procedures

Disclosure Controls and Procedures

The Bank’s management, with the participation of the Bank’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Bank’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, the Bank’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Bank’s disclosure controls and procedures are effective in recording,

processing, and reporting, on a timely basis, information required to be disclosed by the Bank in the reports that it files or submits under the Exchange Act.

There are inherent limitations in the effectiveness of any system of internal control over financial reporting, including the possibility of human error and circumvention or overriding of controls. Accordingly, even an effective system of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Change in Internal Control Over Financial Reporting

There have not been any changes in the Bank's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the final fiscal quarter of the year to which this report relates that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The internal control over financial reporting is a process designed 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. The Bank's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorization of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements. Management of the Bank is responsible for establishing and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. The Bank's management, including its Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of its internal control over financial reporting as of December 31, 2009, based on the criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon their assessment and those criteria, management believes that as of December 31, 2009, the Bank's internal control over financial reporting was effective.

Attestation Report

This Annual Report on Form 10-K does not include an attestation report of the Bank's registered accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Bank's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Bank to provide only management's report in this Annual Report.

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

DIRECTORS

The Bank has nineteen directors, all of whom have served on our board since the bank was organized in 2006. Bank directors are elected annually, generally at the Bank’s annual shareholders’ meeting. The Bank’s Board of Directors is “classified,” meaning that the directors are divided into three classes each consisting of approximately one-third of the entire board, and the directors in one of the three classes are elected by the shareholders each year to serve three-year terms. Below is biographical information on our directors:

Name, Age	Principal Occupation for the Past 5 Years
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CLASS I DIRECTORS (TERMS EXPIRING IN 2011)

Kenneth Balda, 54	Mr. Balda owns and operates a truck repair/dealership business that he founded in 1986. His company currently generates over \$35 million in annual revenues and is consistently in the top quartile of performance for the industry. Mr. Balda’s company now employs 160 employees with four dealership locations in Appleton, Green Bay, Oshkosh and Fond du Lac, Wisconsin.
Paul Getchel, 51	Mr. Getchel has been employed as a real estate agent for approximately 25 years, where he consistently ranks as one of the top sales agents in the Oshkosh market. Mr. Getchel has also been involved as an investor in numerous local real estate development projects and investments.
Mark Troudt, 49	Mr. Troudt currently serves as president of a manufacturing company and works on a part-time basis as the Bank’s RMO. Beginning in 1985, Mr. Troudt served as a bank examiner for the Wisconsin Office of Commissioner of Banking, where his duties included working on field examinations for state chartered banks and trust companies. In 1988, he became a credit/compliance officer with Valley Bank of Oshkosh (n/k/a M&I Bank) where he was responsible for various commercial lending, compliance and community reinvestment act activities. Mr. Troudt took a similar position in 1994 as a vice president of F&M Bank in Oshkosh, Wisconsin, where he was employed until he left in 2000.
Gerald Thiele, 47	Mr. Thiele, is a current director of the bank. He is the Northwest Manager for Vista Window Company. He directs the sales and marketing efforts for the window manufacturer in Illinois, Iowa, Indiana and Wisconsin. He previously was engaged in the wholesale distribution of exterior building products in Wisconsin through Prestige Wholesale Supply, a company that he founded in 1986 and expanded through an additional distribution center in 2002. A Wisconsin native, Mr. Thiele has lived in Oshkosh for the past fifteen years. He is a graduate of Green Lake High School and the University of Wisconsin – La Crosse, where he earned a bachelor of science degree in accounting, with a minor in marketing. He currently serves the bank as Chairman of the Audit Committee and a member of the compensation committee.

- Randall Schmiedel, 42.... Mr. Schmiedel, is a current director of the bank. A life-long resident of Oshkosh, he is an entrepreneur who has been on instrumental in the start-up of eight private companies, each of which he remains the owner or a co-owner. Mr. Schmiedel currently serves on the board of directors of the YMCA and The Paine Art Center. He is also a member of South West Rotary, the Elks, the Chamber of Commerce, a past President of the Winnebago Apartment Association, and a volunteer for Meals on Wheels and the West Side Association.
- Richard Gabert, 66.... Mr. Gabert, is a current director of the bank. Since 1984, he has been involved in the construction and management of large apartment complexes and commercial buildings. He is a lifelong resident of Winnebago County, Wisconsin.
- Stephen Ford, 55..... Mr. Ford, age 54, is current director of the bank. He has worked for Lapham-Hickey Steel Corporation for the past thirty-five years and, since 1998, and serves in the capacity of Executive Vice President. Mr. Ford currently offices in Oshkosh, Wisconsin and is responsible for operations and sales in seven locations.

CLASS II DIRECTORS (TERMS EXPIRING IN 2012)

- Michael Hanneman,
D.D.S., 53 Dr. Hanneman has been practicing dentistry in Oshkosh, Wisconsin since 1982. He is a member of the Winnebago County Dental Association, Wisconsin Dental Association, Wisconsin Dental Association, American Dental Association, Academy of General Dentistry, as well as the American Academy of Cosmetic Dentistry. He also is a member of the Winnebago Chapter of the Seattle Study Club Dr. Hanneman also served as director of M&I-Western State Bank from 1990-1994, until it was acquired by Associated Bank. Thereafter, he served for ten years on the Community Advisory Board of Associated Bank-Oshkosh. He is currently serving on the Marquette University School of Dentistry Alumni Board as treasurer. Dr. Hanneman is also currently on the Board of Directors of Oshkosh's Grand Opera House Foundation.
- Stanley Leedle, 54 Stan Leedle has more than twenty-eight years of experience in the financial services industry, with more than ten of those years serving in the capacity of a senior lending officer. He was involved in the application and capital campaign of the Bank since inception, and has served as Executive Vice President and Chief Credit Officer since opening of the Bank. Mr. Leedle most recently served as Senior Vice President of Business Banking and Senior Lender at First Federal Capital Bank from 2003-2004. While at First Federal Capital Bank, he was responsible for the management of all aspects of the business lending function for the Oshkosh office. During his tenure at the bank, he oversaw the growth of the loan portfolio from \$0 to \$38 million in approximately eighteen months. Before joining First Federal Capital Bank, he spent approximately twenty years at several banking subsidiaries of M&I Corporation.
- Arend Stam, 54..... Mr. Stam has been employed with Oshkosh Corporation since 1979,

where he has held numerous positions, including service representative, field service manager, regional sales manager, product manager, Director of Sales and Marketing, Director of Engineering, Vice President of Manufacturing Operations, and Vice President of Cost Reduction and Best Practices. He is currently General Manager of Construction Products.

Thomas Muza, 55 Mr. Muza has served as President of Muza Metal Products, a company he acquired from his father in 1997. Under Mr. Muza's ownership, Muza Metal Products has doubled its sales volume during the past eight years and has added approximately 50 employment opportunities for the Oshkosh community. Prior to becoming President, Mr. Muza was employed by Muza Metal Products for approximately twenty years. In the past year, Mr. Muza was also instrumental in attracting one of his company's major vendors to Oshkosh from Appleton. Mr. Muza brings prior banking experience to our board of directors through his service as a director of Leach Credit Union during the mid-1990s.

David A. Janssen, M.D.
FACS, 50 Dr. Janssen is President and a co-owner of Fox Valley Plastic Surgery, S.C. Since founding the practice in 1993, the company has provided plastic, reconstructive, and hand surgical services to 30,000 patients in the Fox Valley area of Wisconsin. Dr. Janssen has served the medical community as the chief of surgery at Mercy Medical Center for four years. Dr. Janssen is a member of the American Society of Plastic Surgeons, The American Society for Aesthetic Plastic Surgery, The Rhinoplasty Society, the American Association for Surgery of the Hand, and the American Society of Laser Medicine and Surgery. He has been on the board of directors of Affinity Health System, serving as president of the Physician Activities Committee for three years. He is currently the Medical Director of Theda Clark Surgery Center-Oshkosh.

Julie Leschke, 52 Ms. Leschke is currently employed as Education Coordinator of the Oshkosh Chamber of Commerce, which involves developing, promoting, and coordinating business/education collaborations, projects, and programs. In 2009 she completed her Masters of Business Administration with Graduate Honors at the University of Wisconsin Oshkosh. Previous professional and other activities in Oshkosh include serving as: piano teacher, performer, and coach at the Oshkosh Suzuki Talent Education Center at UW-Oshkosh; elected official on the Winnebago County Board of Supervisors; practice manager for Anesthesia Services of the Fox Valley; executive director of the Oshkosh Symphony Orchestra; and candidate for the 54th District of the Wisconsin State Assembly in 2006. Over the last 23 years, Ms. Leschke has diligently served on area non-profit boards and has been involved in numerous volunteer, community and political activities in Oshkosh.

CLASS III DIRECTORS (TERMS EXPIRING IN 2013)

John Supple III, 51 Mr. Supple is the founder and or co-owner of several restaurants and related businesses and currently serves as President of the

- Supple Restaurant Group, which operates four restaurants and is headquartered in Oshkosh, Wisconsin. His success in the industry has afforded him numerous awards, including the 2000 Small Business Person of The Year by The Oshkosh Chamber of Commerce, the Wisconsin Entrepreneur of the Year – Retail 2004 by Marian College Business & Industry Awards, and the Small Business of The Year 2004 Award by the Appleton Post Crescent. He is currently a Director of the bank.
- Jeffrey Rogge, 48..... Mr. Rogge, is a current Director of the bank and has been actively engaged in his family's food distribution business since 1986, acquiring it in January 2000. He currently serves as President of the company and has recently expanded its operations to Omro, Wisconsin. He also serves as Vice President of Martin Lutheran Church in Oshkosh.
- James Poeschl, 52 Mr. Poeschl, is a current Director of the bank and is a professional trader in the stock and options market. Mr. Poeschl served as Vice President and Secretary of Poeschl Industries, Inc., a furniture manufacturer and supplier to the music industry, from August 1989 until March 2002, when the business was sold. He was licensed as a Registered Investment Advisor from December 1995 to July 1997.
- Rodney Oilschlager, 59 Mr. Oilschlager, is President and co-owner of Midwest Real Estate Development Company and their other related entities. He has been actively engaged in the real estate construction, development and management business for the past 30 years. Prior to coming to Oshkosh Mr. Oilschlager served seven years as a pilot in the United States Navy. He is currently responsible for the overall administration of the company's business and financial positions and oversees the company's multi-family portfolio, valued at over \$270 million with 100 employees. He currently serves as the bank's Chairman of the Board.
- Keith C. Pollnow, 54 Mr. Pollnow has more than thirty years of experience in the financial services industry, with 29 of those years in the Oshkosh market. Mr. Pollnow was involved in the application and capital-raising process for the Bank since the beginning. Prior to that, Mr. Pollnow served in a number of senior management positions with First Federal Capital Bank, where he was instrumental in its expansion into Northeast Wisconsin. As a Regional Vice President, Mr. Pollnow opened seventeen banking offices in northeast Wisconsin, five of them in Oshkosh. In 2002, Mr. Pollnow was promoted to Community President of First Federal Capital Bank's de novo business banking unit in Oshkosh where Mr. Pollnow, along with our chief credit officer, built a \$38 million commercial loan portfolio funded by \$43 million of local core deposits. He has served as President and Chief Executive Officer of Choice Bank since its inception in 2006.
- Thomas Rusch, 64 Mr. Rusch has been actively engaged in the real estate development business for forty years, primarily in the holding of rental property in land development. He is currently a partner with Director Richard Gabert in Gabert & Rusch Properties. From 1997 to 2001, he served as a director for F&M Bank.

Executive Officers

Information is provided below with respect to the Executive Officers of the Bank. With respect to each individual who does not also serve as a director of the Bank, his or her age and principal occupation for the past five years are also provided:

Name	Bank Office(s) Held
Keith C. Pollnow (1)	President and Chief Executive Officer
Stanley Leedle (1)	Executive Vice President
Mark D. Troudt (1)	Part-time Risk Management Officer
John F. Glynn (2)	Senior Vice President and Chief Financial Officer
Debra K. Fernau (3)	Vice President

- (1) Biographical information for Messrs. Pollnow, Leedle and Troudt is set forth under “Directors,” above.
- (2) Mr. Glynn, age 50, was hired on July 27, 2009 as the Bank’s Senior Vice President and Chief Financial Officer. Prior to joining Choice Bank, Mr. Glynn was employed for 23 years with a community bank located in central Wisconsin serving as Chief Financial Officer. Mr. Glynn has over 27 years of financial industry experience.
- (3) Ms. Fernau, age 49, serves as the Bank’s Vice President responsible for operations and has been employed by the Bank since the Bank opened for business on July 24, 2006. Prior to joining Choice Bank, Ms. Fernau was employed for 22 years with a regional bank located in central Wisconsin serving as Vice President of Internal Audit.

Section 16(A) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as administered by the FDIC, requires the Bank’s executive officers, directors and 10% shareholders to file reports with the FDIC disclosing their ownership, and changes in their ownership of stock in the Bank. Copies of these reports must also be furnished to the Bank. Based solely on a review of these copies, the Bank believes that during 2008, its officers, directors and 10% shareholders complied with all filing requirements under Section 16(a) of the Securities Exchange Act of 1934.

Code of Ethics

The Bank has adopted a Code of Ethics that applies to the Bank’s Chief Executive Officer, Chief Financial Officer, and all directors, officers and employees. The Bank will provide a copy of the Code of Ethics upon written request to the Bank’s Secretary.

If any substantive amendments are made to the Code of Ethics, or we grant any waiver or implicit waiver from any provision of the code, we will disclose the nature of the amendment on our website (www.choicebank.com) or in a report 8-K as required by applicable law.

Item 11. Executive Compensation

The following Summary Compensation Table includes information concerning compensation for the period starting July 24, 2006, when the Bank received its charter, through December 31, 2009 for executives earning more than \$100,000 per year.

Name and Principal Position	Year	Salary	Bonus	Non-equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	Option Awards	All Other Compensation	Total
Keith C. Pollnow President & CEO	2009	\$ 142,000	\$ -	\$ 28,826	\$ 0	\$ 0	\$ 22,397	\$ 193,223
	2008	117,474	0	14,762	0	0	15,764	148,000
Stanley G. Leedle Executive VP & CCO	2009	\$ 138,894	\$ 0	\$ 27,405	\$ 0	\$ 0	\$ 14,102	\$ 180,401
	2008	114,768	0	7,622	0	0	15,039	137,429

The non-equity incentive plan is a performance-based plan that includes Mr. Pollnow, Mr. Leedle, and three other executive officers. Goals are established annually for loan growth, total deposit growth, demand deposit growth, and profitability. The amounts paid in 2009 were based on performance from January 1, 2008 through December 31, 2008. The amounts paid in 2008 were based on performance from January 1, 2007 through December 31, 2007.

The Bank sponsors a 401(k) profit sharing plan that is available to all employees. During 2009, the Bank made matching contributions on behalf of each employee participant. Executive officers were able to participate in the 401(k) profit sharing plan under the same terms available to all employees.

“All other compensation” includes an auto allowance, life insurance premiums, country club dues and the Bank’s matching contributions to the individuals 401(k) profit sharing plan accounts.

Compensation of Directors

Bank directors received no fees or other form of remuneration for Board or committee meetings in 2009. For 2010, Bank directors will receive \$250 per Board meeting and \$100 per committee meeting attended.

The Bank sponsors a 401(k) profit sharing plan that is available to all employees. During 2009, the Bank made matching contributions on behalf of each employee participant. Executive officers were able to participate in the 401(k) profit sharing plan under the same terms available to all employees.

Employment Agreements

Keith C. Pollnow

On July 1, 2006 the Bank entered into an employment agreement with Keith Pollnow regarding his employment as our President and Chief Executive Officer. The agreement is in effect for an initial period of three years with certain exceptions. Thereafter, the agreement will automatically renew annually unless either party elects to terminate the agreement by sending prior notice to the other party.

Under the terms of the agreement, Mr. Pollnow received an initial base salary of \$110,000 per year. At any time during the term of the agreement our board may review and increase Mr. Pollnow's base salary as a result of that review. His annual base salary is \$142,000 as of December 31, 2009. During the first year of his employment, Mr. Pollnow was eligible to receive, at the sole discretion of our board of directors, an incentive bonus in an amount of up to 30% of his base salary. Since then, he has participated in the executive incentive bonus plan which allows an annual bonus of up to 35% of salary upon attainment of growth and profitability goals. Mr. Pollnow also receives other customary benefits such as health, dental and life insurance, membership fees to banking and professional organizations and a monthly allowance for automobile expenses of up to \$600. In addition, we provide Mr. Pollnow with country club membership fees of up to \$800 per month at a club that our board of directors deems to be appropriate. Mr. Pollnow's agreement provides that he is entitled to 200 hours of paid time off each year and will be provided with term life insurance coverage with a term of not less than ten years and in an amount not less than \$500,000.

Mr. Pollnow's employment agreement also provides that we will grant him options to purchase 25,000 shares of our common stock at an exercise price of \$10.00 per share, exercisable within ten (10) years from the date of grant of the options, and vesting ratably over a three-year period from date of issuance.

In the event that Mr. Pollnow is terminated, or elects to terminate his employment, in connection with a "change of control," he would be entitled to receive a cash lump-sum payment equal to 100% of his "base amount" as defined in section 280G of the Internal Revenue Code. In general, "base amount" means the executive's annualized compensation over the prior five-year period. Other than as a result of a "change in control," if Mr. Pollnow's employment is terminated for any reason other than for cause, then we would be obligated to pay as severance, an amount equal to his annual base salary for the year during which his employment terminates. For example, had he terminated for one of the above reasons on December 31, 2009, Mr. Pollnow would have received \$142,000.

The agreement also generally provides for a one year non-competition and a one year non-solicitation provision that would apply following the termination of Mr. Pollnow's employment, regardless of the reason for such termination.

Stanley G. Leedle

On July 1, 2006 the Bank entered into an employment agreement with Stanley G. Leedle regarding his employment as our Executive Vice President and Chief Credit Officer. The agreement is in effect for an initial period of three years with certain exceptions. Thereafter, the agreement will automatically renew annually unless either party elects to terminate the agreement by sending prior notice to the other party.

Under the terms of the agreement, Mr. Leedle received an initial base salary of \$100,000 per year. At any time during the term of the agreement our board may review and increase Mr. Leedle's base salary as a result of that review. His annual salary is \$135,000 as of December 31, 2009. During the first year of his employment, Mr. Leedle was eligible to receive, at the sole discretion of our board of directors, an incentive bonus in an amount of up to 20% of his base salary. Since then, he has participated in the executive incentive bonus plan which allows an annual bonus of up to 35% of salary upon attainment of growth and profitability goals. Mr. Leedle also receives other customary benefits such as health, dental and life insurance, membership fees to banking and professional organizations and a monthly allowance for automobile expenses of up to \$700. In addition, we provide Mr. Leedle with country club membership fees of up to \$800 per month at a club that our board of directors deems to be appropriate. Mr. Leedle's agreement provides that he is entitled to 200 hours of paid time off each year and will be provided with term life insurance coverage with a term of not less than ten years and in an amount not less than \$500,000.

Mr. Leedle's employment agreement also provides that we will grant him options to purchase 20,000 shares of our common stock at an exercise price of \$10.00 per share, exercisable within ten (10) years from the date of grant of the options, and vesting ratably over a three-year period from date of issuance.

In the event that Mr. Leedle is terminated, or elects to terminate his employment, in connection with a "change of control," he would be entitled to receive a cash lump-sum payment equal to 100% of his "base amount" as defined in section 280G of the Internal Revenue Code. In general, "base amount" means the executive's annualized compensation over the prior five-year period. Other than as a result of a "change in control," if Mr. Leedle's employment is terminated for any reason other than for cause, then we would be obligated to pay as severance, an amount equal to his annual base salary for the year during which his employment terminates. For example, had he terminated for one of the above reasons on December 31, 2009, Mr. Leedle would have received \$135,000.

The agreement also generally provides for a one year non-competition and a one year non-solicitation provision that would apply following the termination of Mr. Leedle's employment, regardless of the reason for such termination.

Stock Options

The following table is intended to provide additional information concerning option awards outstanding as of December 31, 2009. No stock options were granted in 2009. The Bank has not granted any stock awards.

Outstanding Equity Awards at December 31, 2009

<u>Name</u>	<u>Grant Date</u>	<u>Number of securities underlying unexercised option exercisable</u>	<u>Number of securities underlying unexercised option unexercisable</u>	<u>Option exercise price</u>	<u>Fair Value as of grant date</u>	<u>Option expiration date</u>
Keith C Pollnow	7/11/2006	25,000	0	\$10.00	\$99,750	7/11/2016
Stanley G Leedle	7/11/2006	20,000	0	\$10.00	\$79,800	7/11/2016

In accordance with FAS 123(R), the fair value reflects the value as of the grant date, based on calculations using the Black-Scholes Method. The total amount is recognized as an expense by the Bank for financial statement purposes, amortized over the three-year vesting period. More details can be found in the Bank's financial statements, which accompany this proxy statement.

Item 12. Security Ownership of Certain Beneficial Owners, Management and Related Shareholder Matters

Name	Position	Number of Shares		Percentage Beneficial Ownership
		Beneficially Owned*	Note Reference	
Kenneth Balda	Director	48,390	(1), (2)	2.22%
Stephen Ford	Director	23,730	(1), (3), (20)	1.09%
Richard Gabert	Director	69,585	(1), (4)	3.19%
Paul Getchel	Director	28,410	(1), (5), (21)	1.31%
Dr. Michael Hanneman	Director	35,850	(1), (6), (22)	1.65%
Dr. David Janssen	Director	54,650	(1), (7), (23)	2.51%
Stanley Leedle	Director, Ece. VP & CCO	59,750	(1), (8), (24), (31)	2.72%
Julie Leschke	Director	59,250	(1), (9)	2.72%
Thomas Muza	Director	29,250	(1), (10)	1.34%
Rodney Oilschlager	Director, Chairman of Board	24,600	(1), (11), (25)	1.13%
Jame Poeschl	Director	25,290	(1), (12), (26)	1.16%
Keith Pollnow	Director, President & CEO	60,884	(1), (13), (27), (32)	2.77%
Jeffrey Rogge	Director	38,250	(1), (14)	1.76%
Thomas Rusch	Director	69,585	(1), (4)	3.19%
Randell Schmiedel	Director	33,500	(1), (15)	1.54%
Arend Stam	Director	24,090	(1), (16), (28)	1.11%
John Supple	Director	24,690	(1), (17), (29)	1.14%
Gerald Thiele	Director	48,450	(1), (18), (30)	2.22%
Mark Troutt	Director, Risk Mgt Officer	42,120	(1), (19), (33)	1.93%
All Directors and executive officers as a group, consisting of 21 persons:		808,324		32.14%

Notes

*"Beneficial ownership" (as defined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934) includes shares for which the named individual has sole or shared voting or dispositive power. The numbers of shares shown for each individual includes shares held directly by that individual, as well shares held by, jointly with, or in trust for the benefit of, the individual's spouse and dependent children, which are reported on the presumption that the individual may share voting and/or investment power because of the family relationship. "Beneficial ownership" also includes shares for which the individual holds Organizer Warrants, Shareholder Warrants (all of which are currently exercisable) and stock options that are currently exercisable or will become exercisable within 60 days of the date of this Report.

** Percentage is based on 2,160,620 shares of common stock issued and outstanding as of the date of this Report. Shares subject to warrants and currently-exercisable stock options are treated as outstanding for the purpose of computing the number and percentage of outstanding securities of the class owned by each individual and for all directors and executive officers as a group, but not for the purpose of computing the percentage of class owned by any other person.

(1) Includes 11,250 Organizer Warrants

(2) Includes 5,440 shareholder warrants

- (3) Includes 2,080 shareholder warrants.
- (4) Includes 7,400 shareholder warrants.
- (5) Includes 2,860 shareholder warrants.
- (6) Includes 4,100 shareholder warrants.
- (7) Includes 6,400 shareholder warrants.
- (8) Includes 4,750 shareholder warrants.
- (9) Includes 8,000 shareholder warrants.
- (10) Includes 3,000 shareholder warrants.
- (11) Includes 2,100 shareholder warrants.
- (12) Includes 2,340 shareholder warrants.
- (13) Includes 4,106 shareholder warrants.
- (14) Includes 4,500 shareholder warrants.
- (15) Includes 4,000 shareholder warrants.
- (16) Includes 2,140 shareholder warrants.
- (17) Includes 2,240 shareholder warrants.
- (18) Includes 6,200 shareholder warrants.
- (19) Includes 3,500 shareholder warrants.
- (20) Includes 400 shares and 80 shareholder warrants owned by spouse, Mary Ford.
- (21) Includes 800 shares and 160 shareholder warrants owned by spouse, Sherri Getchel,
and 1,000 shares and 200 shareholder warrants owned by minor child, Brian Getchel.
- (22) Includes 250 shares and 50 shareholder warrants each owned by minor children, Sarah Hanneman
Peter Hanneman.
- (23) Includes 250 shares and 50 shareholder warrants each owned by minor children, Jenna Janssen,
Michael Janssen, Geoffrey Janssen, and Gregory Janssen.
- (24) Includes 250 shares and 50 shareholder warrants owned by spouse, Lynne Leedle.
- (25) Includes 500 shares and 100 shareholder warrants owned by spouse, Patti Oilschlager.
- (26) Includes 1,700 shares and 340 shareholder warrants owned by spouse, Jody Poeschl.
- (27) Includes 264 shares and 53 shareholder warrants each owned by minor children, Brennan
Pollnow and Griffin Pollnow.
- (28) Includes 400 shares and 80 shareholder warrants owned by spouse, Ann Stam, and
300 shares and 60 shareholder warrants owned by minor child, Megan Stam.
- (29) Includes 600 shares and 120 shareholder warrants each owned by minor children, Ashley
Supple and John Supple IV.
- (30) Includes 250 shares and 50 shareholder warrants each owned by minor children, Erin Thiele,
Andrew Thiele, Gerald Thiele, and Ryan Thiele.
- (31) Includes 20,000 vested stock options.
- (32) Includes 25,000 vested stock options.
- (33) Includes 5,000 vested stock options.

Item 13. Certain Relationships and Related Transactions, and Director Independence

There were no transactions between the Bank and Bank directors that would be required to be reported for 2009.

Certain directors and executive officers of the Bank, and their related interests, had loans outstanding in the aggregate amounts of \$14.6 million and \$14.9 million at December 31, 2009 and 2008 respectively. During 2009 and 2008, \$1.3 million and \$11.9 million of new loans were made and repayments totaled \$1.6 million and \$9.2 respectively. Management believes these loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons and did not involve more than normal risks of collectability or present other unfavorable features.

Item 14. Principal Accounting Fees and Services.

The following table presents fees for professional services rendered by Wipfli, LLP for audit of the Bank’s annual financial statements and other related professional services for the years ended December 31, 2009 and 2008:

	<u>Wipfli, LLP</u>	
	<u>2009</u>	<u>2008</u>
Audit fees	\$ 76,940	\$ 47,188
Audit-related fees	11,128	5,068
Tax fees	5,812	7,184
All other fees	25,989	3,747
Total	<u>\$ 119,869</u>	<u>\$ 63,187</u>

Audit fees paid to Wipfli, LLP in 2009 include services for the 2008 audit and review of the 2008 Form 10-K, preliminary work for the 2009 audit, and reviews of Form 10-Q for the quarters ended March 31, June 30, and September 30, 2009. Audit-related fees include consultations related to SOX 404 readiness and application of general accepted accounting principles. All other fees relate to the facilitation of a strategic planning session and related consultations.

Audit fees paid to Wipfli in 2008 include services for the 2007 audit and review of the 2007 Form 10-K, preliminary work for the 2008 audit, and reviews of Form 10-Q for the quarters ended March 31, June 30, and September 30, 2008.

Part IV

Item 15. Exhibits, Financial Statement Schedules

- (a) Exhibits
 - 3.1 Articles of Incorporation. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.
 - 3.2 Amended articles of Incorporation. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.
 - 3.3 By-laws. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.

- 10.1 Employment Agreement with Keith C. Pollnow. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.
- 10.2 Employment Agreement with Stanley G. Leedle. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.
- 10.3 Employment Agreement with John F. Glynn. The information required relating to this exhibit is incorporated by reference to the Form 8-K filed by the Bank on July 28, 2009.
- 10.4 Employment Agreement with Debra K. Fernau. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.
- 10.5 Employment Agreement with Mark D. Troudt. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.
- 10.6 Lease (2201 Jackson Street, Oshkosh, WI). The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.
- 10.7 2006 Stock Option Plan. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007.
- 13. Annual Report to shareholders for the year ended December 31, 2009.
- 14.1 Choice Bank Code of Ethics. The information required relating to this exhibit is incorporated by reference to the Form 10-SB filed by the Bank on April 29, 2007, and is posted on the Bank's website, www.choicebank.com.
- 31.1 Certification of Chief Executive Officer. Filed herewith.
- 31.2 Certification of Chief Financial Officer. Filed herewith.
- 32.1 Statement of Chief Executive Officer and Chief Financial Officer. Filed herewith.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Keith C. Pollnow, certify that:

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

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

(b) [Reserved];

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

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

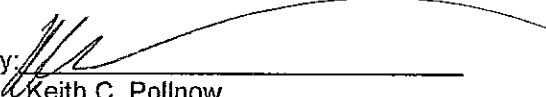
5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the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

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

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

CHOICE BANK

Date: March 30, 2010

By: 
Keith C. Pollnow
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

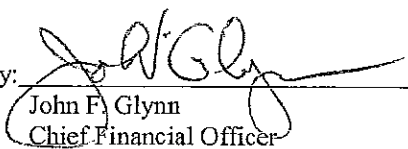
I, John F. Glynn hereby certify that:

1. I have reviewed this annual report on Form 10-K of Choice Bank;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Reserved];
 - (c) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting, and
5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

CHOICE BANK

Date: March 30, 2010

By: _____


John F. Glynn
Chief Financial Officer

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

In connection with the Annual Report on Form 10-K of Choice Bank (the "Bank") for the year ended December 31, 2009 as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), Keith C. Pollnow, as Chief Executive Officer of the Bank, and John F. Glynn, as Chief Financial Officer of the Bank, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank, as of, and for the period covered by the report.

CHOICE BANK

Date: March 30, 2010

By: 

Keith C. Pollnow
Chief Executive Officer

Date: March 30, 2010

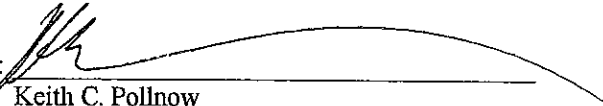
By: 

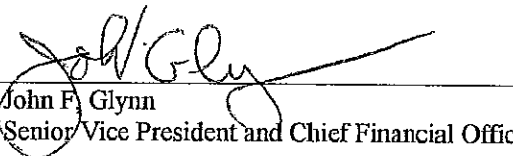
John F. Glynn
Chief Financial Officer

SIGNATURES

In accordance with the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this Annual report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Oshkosh, Wisconsin on the 30 day of March, 2010.

CHOICE BANK

By: 
Keith C. Pollnow
President and Chief Executive Officer

By: 
John F. Glynn
Senior Vice President and Chief Financial Officer

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report of Choice Bank on Form 10-K for the year ended December 31, 2009 to be signed on its behalf by the undersigned, thereunto duly authorized.

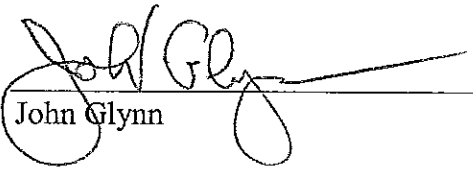
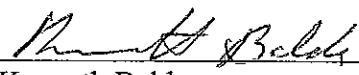
CHOICE BANK

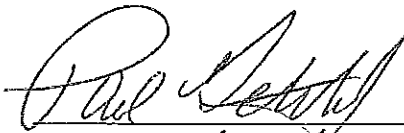
Date MARCH 29, 2010

By: /s/ KEITH C. POLLNOW

Keith Pollnow, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ KEITH C. POLLNOW</u> Keith C. Pollnow	President and Chief Executive Officer (Principal Executive Officer); Director	March 29, 2010
 John Glynn	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March <u>30</u> , 2010
 Kenneth Balda	Director	March <u>29</u> , 2010
_____ Stephen Ford	Director	March ____, 2010
_____ Richard Gabert	Director	March ____, 2010



Paul Getchel

Director

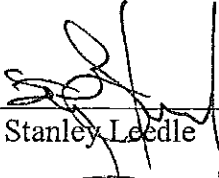
March 30, 2010



Michael Hanneman D.D.S.

Director

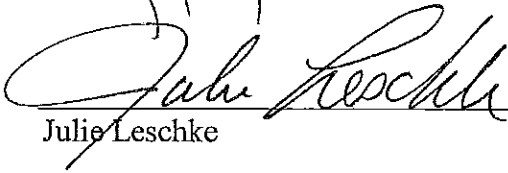
March 29, 2010



Stanley Leedle

Executive Vice President; Director

March 29, 2010



Julie Leschke

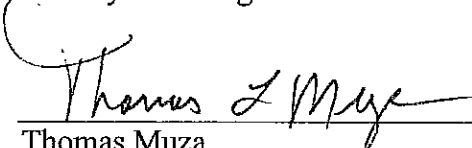
Director

March 30, 2010

Rodney Oilschlager

Director

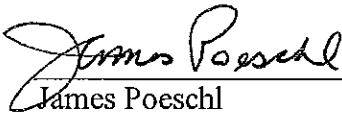
March ____, 2010



Thomas Muza

Director

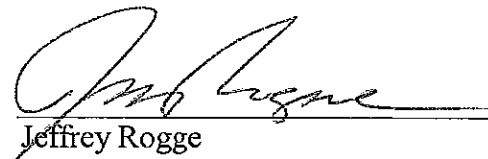
March 30, 2010



James Poeschl

Director

March 29, 2010



Jeffrey Rogge

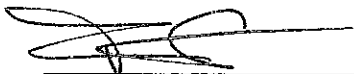
Director

March 30, 2010

Thomas Rusch

Director


March ____, 2010



Randall Schmiedel

Director

March 29, 2010



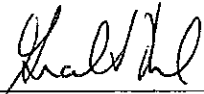
Arend Stam

Director

March 29, 2010


John Supple III Director

March ____, 2010




Gerald Thiele Director

March 29, 2010



Mark Troudt Director

March 30, 2010



David Janssen, M.D. Director

March 30, 2010