



Brian L. Johnson
CHIEF EXECUTIVE OFFICER

WHILE WE ALL HAVE and continue to experience challenges from the past couple of years, I'm writing with a renewed optimism in regard to where Choice Bank is headed. Challenges are still prevalent in our economic, political, and social work environment. However, it is my belief that Choice has continued to evolve and rise up in pushing forward. Leadership has continued to be inquisitive, listening, and reflective in challenging ourselves to maintain our focus on our strategic vision. We rely on our core values to be there for our employees, customers, and communities while embracing the disruption that we continue to experience.

The continued ability to adapt and embrace the expectations of how the customer chooses to do business and how an employee expects a work environment with balance and flexibility is imperative. Choice has to demonstrate that we will continue to invest in resources and opportunities as we strive to be one of the remaining relevant institutions by the end of this decade.

Choice's philosophy is there is no guarantee for future success. We have seen how other industries and customer demands for speed of product and ease of experience have forever altered the business model. Why should banking be any different? We aren't protected by governmental provisions or monopolistic market conditions. We are in a battle for future customers while continuing to deepen our relationships with existing customers that we have developed over the past two decades.

2021 PERFORMANCE

We were able to deliver another record setting performance with \$65.1 million of pre-tax earnings, compared to \$63.1 million in 2020. Our team's PPP efforts continue to contribute to our strong earnings, which will be winding down in 2022 as we forecast down to our final 10 percent of the anticipated revenue stream. It will be a challenge to duplicate performance with the PPP drop off, however, in 2021 Choice made significant investments in people, technology, and building future relationships that should accelerate our growth going forward. Our team is ready for the challenge.

At year end, the tangible book value of our stock was \$222/share. The stock price reflected this past year's performance as shares peaked at \$410/share as of year end. We appreciate that shareholders see the long term value in our stock, and we will continue to look to build value for our shareholders.

WHAT'S AHEAD

We expect our ag and business banking teams to continue to build our balance sheet organically, which will be funded by some new strategic fintech partnerships that will drive our deposit growth. We will seek to reinvest these deposits in bonds, loans, and other strategic investments. We anticipate this will drive an increase of revenue that we hope will replace the PPP revenue of the last two years.

We will continue efforts to grow revenue in non-interest income with insurance and fintech partnerships. In late 2021, we were able to bring

“We were able to deliver another record setting performance with \$65.1 million of pre-tax earnings, compared to \$63.1 million in 2020.”

on a sizable insurance team in Dickinson, ND, that brought us 11 new team members. We also transitioned our Minnesota insurance team into our bank locations, which will blend together our teams and the relationships that have been built over the years. The wealth and benefits teams also posted significant growth in 2021 and will benefit from collaborative sales opportunities, to continue the upward trend with positive operating leverage. We are grateful for the effort and dedication of our non-interest income teams in building up our book of business while strengthening our Choice brand and reputation in our region.

WHAT IS FINTECH?

Fintech has a broad definition and casts a wide net, but generally refers to a computer program/online service that enables or supports a banking financial service. Some commonly known fintech companies are Robinhood, Venmo, Chime, and Cash App.

Fintechs are technology companies who still need a bank, like Choice, to provide money transfers through the banking rails with FDIC insurance protection. Choice specifically designs a technology stack for fintech that eliminates friction in their product delivery and collaborates with them on the regulatory demands of consumer fairness and protection.

Over the the next 12 to 18 months, we anticipate tripling our deposit volume to over \$1 billion and more than doubling our transaction revenues. This will be achieved through the growth of our existing partnerships as well as adding a couple of new ones in 2022.

IN CLOSING

It has been a privilege to serve our shareholders. Our retiring directors Erv Inniger, Craig Tweten, and Joe Bata have been dedicated board members to Choice's culture, growth, and involvement in our communities. They each have a different background and skill set that has contributed to our success over the past decade and beyond. They have set the tone of commitment to our employees, customers, and helping us make the places we live and serve better. Thank you for your dedication and service. You will always be part of Choice and are always welcome to join us at Choice events and celebrations.

Lastly, thank you to our Choice team members who continue to show their commitment to making us better. The work environment has been challenging and the customer is demanding we deliver on how they want to conduct business with the bank.

This has put continuous demand on our team to rise up and persevere together. Our team has felt the stress and strain of these times, however, this has also provided opportunities. I've seen countless examples of team members supporting each other and pulling together to achieve great things. It has been so admirable and shows our continued commitment to #PEOPLEFIRST!

Let's have a great 2022 and thank you for your continued support of Choice!

Take care,

2021 Choice Footprints



Choice Footprints is an annual recognition and reward program that highlights the achievements of top-performing team members who leave lasting footprints on our organization's growth and prosperity. Team members nominate their peers for this prestigious award based on their PeopleFirst passion and values. The Footprints finalists embrace a positive can-do attitude, continuously strive for excellence, and serve as a model of our PeopleFirst promise. In 2021, 251 nominations were submitted.



LEFT TO RIGHT

Matt Beneke
Fargo, ND

Devyn Bell
Remote MN

Pang Xiong
Eagan, MN

Cristen Purdy
Golden Valley, MN

Brooks Grotte
Bismarck, ND

Jess Lupkes
Remote IL

Ben Agnes
Fargo, ND

Megan Sorenson
Moorhead, MN

Dawn Dewitz
Steele, ND

Kärsten Jensen
Golden Valley, MN

Chuck Klabo
Fargo, ND

Tosha Steinwand
Bismarck, ND

Rise Up Program

The Rise Up recognition program is a way for team members to acknowledge each other for going above and beyond – or simply for their everyday hard work or positive attitude. In 2021, 4,391 Rise Ups were submitted. Our September challenge encouraged sending at least one Rise Up every day to spread the trust and collaboration that's fostered by recognizing each other. That challenge alone nearly doubled the amount of Rise Up recognition that we typically see in a year, and since then, about 100 more Rise Ups were sent every month. Last year, we also launched our new internal #PeopleFirst Universe – our platform of sharing video interviews of our team members telling their own Rise Up stories.



(Left to Right) Kirsten Larson, Liz Van Aarde, and Kärsten Jensen, present prizes to the Rise Up winners during the Anniversary Party.

2021 Financial Highlights

Choice Financial Group

INCOME STATEMENT DATA	2021	2020	CHANGE
Interest Income	105,323,000	110,000,000	-4.3%
Interest Expense	7,556,000	15,126,000	-50.0%
Net Interest Income	112,375,000	103,948,000	8.1%
Provision for Credit Losses	4,950,000	6,934,000	-28.6%
Non-Interest Income	29,908,000	25,482,000	17.4%
Non-Interest Expense	72,291,000	59,419,000	21.7%
Income Before Income Taxes	65,041,000	63,077,000	3.1%
Income Tax Expense	16,701,000	15,195,000	9.9%
Net Income	48,340,000	47,882,000	1.0%

AT DECEMBER 31

Assets	3,163,772	2,824,952	12.0%
Securities	676,965	418,357	61.8%
Loans & Leases	2,343,637	2,307,516	1.6%
Allowance for Credit Losses	23,819	20,240	17.7%
Deposits	2,740,615	2,441,265	12.3%
Total Stockholders' Equity	362,248	325,539	11.3%

OPERATING RATIOS

Return on Average Equity	18.8%	20.7%	-10.9%
Return on Average Assets	2.1%	2.4%	-12.0%
Efficiency Ratio	50.8%	45.9%	9.2%
Equity/Assets	11.4%	11.5%	-0.6%

Choice Financial Holdings, Inc.

AT DECEMBER 31

Outstanding Debt - Trust Preferred Securities	28,153,000	28,080,000	0.3%
Total Stockholders' Equity	351,332,000	313,437,000	12.1%

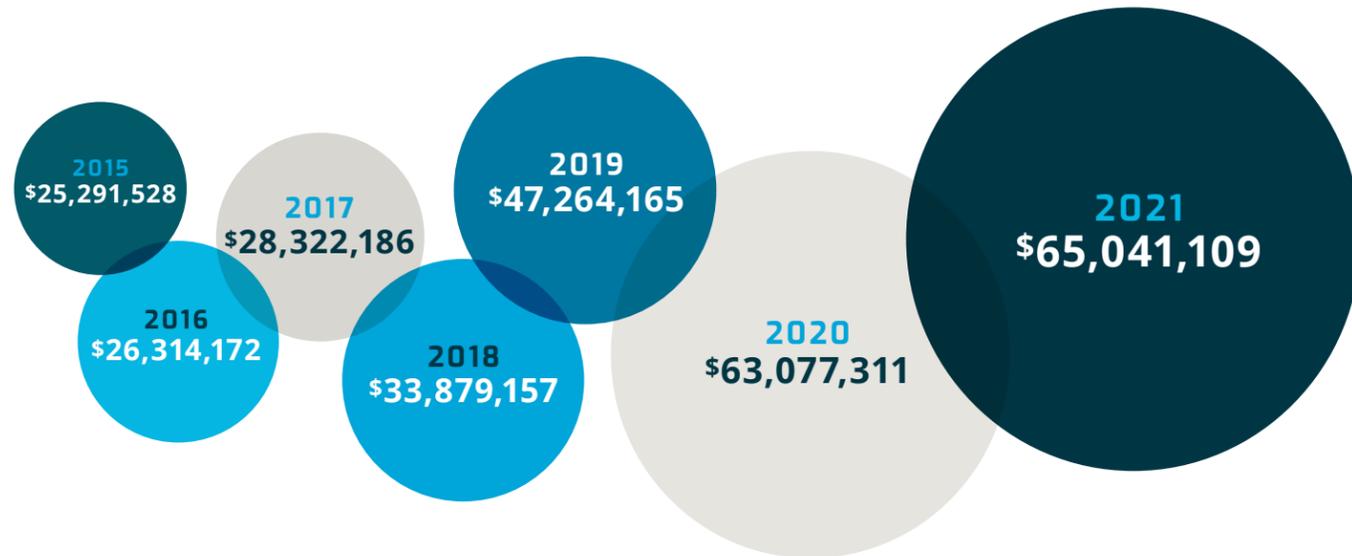
PER COMMON SHARE Shares Outstanding = 1,048,277 on 12/31/2021

Earnings Per Share	44.43	43.55	2.02%
Dividend Paid Per Share	7.50	7.50	-
Tangible Book Value Per Share	222.28	185.19	20.1%

NOT AUDITED

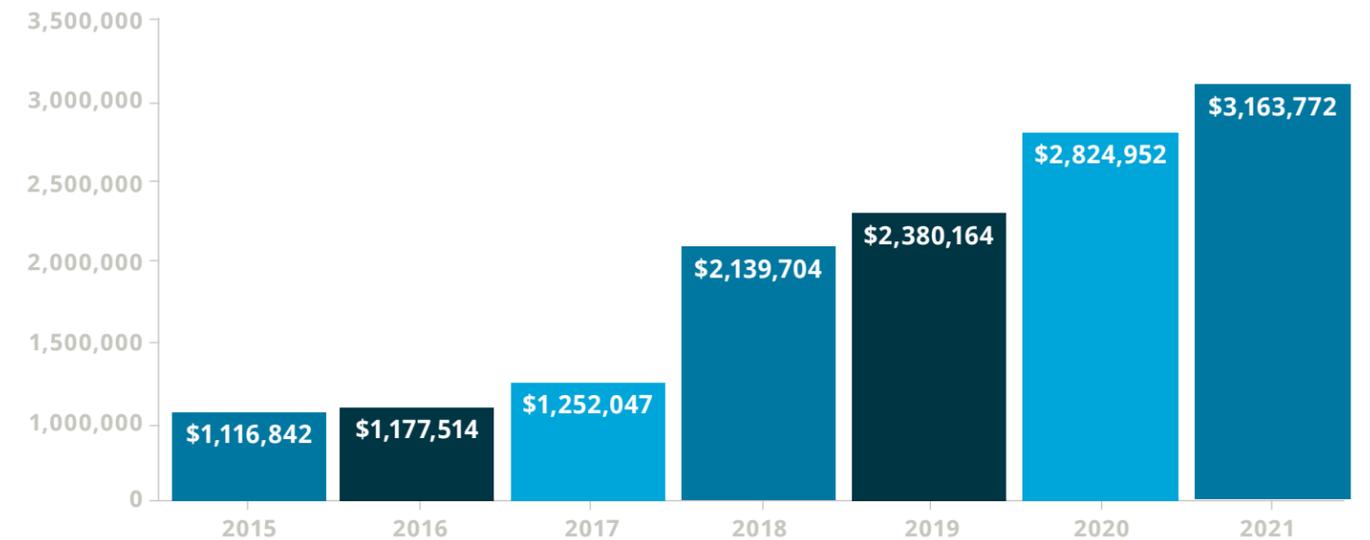
2021 Financial Highlights

Pre-Tax Net Income

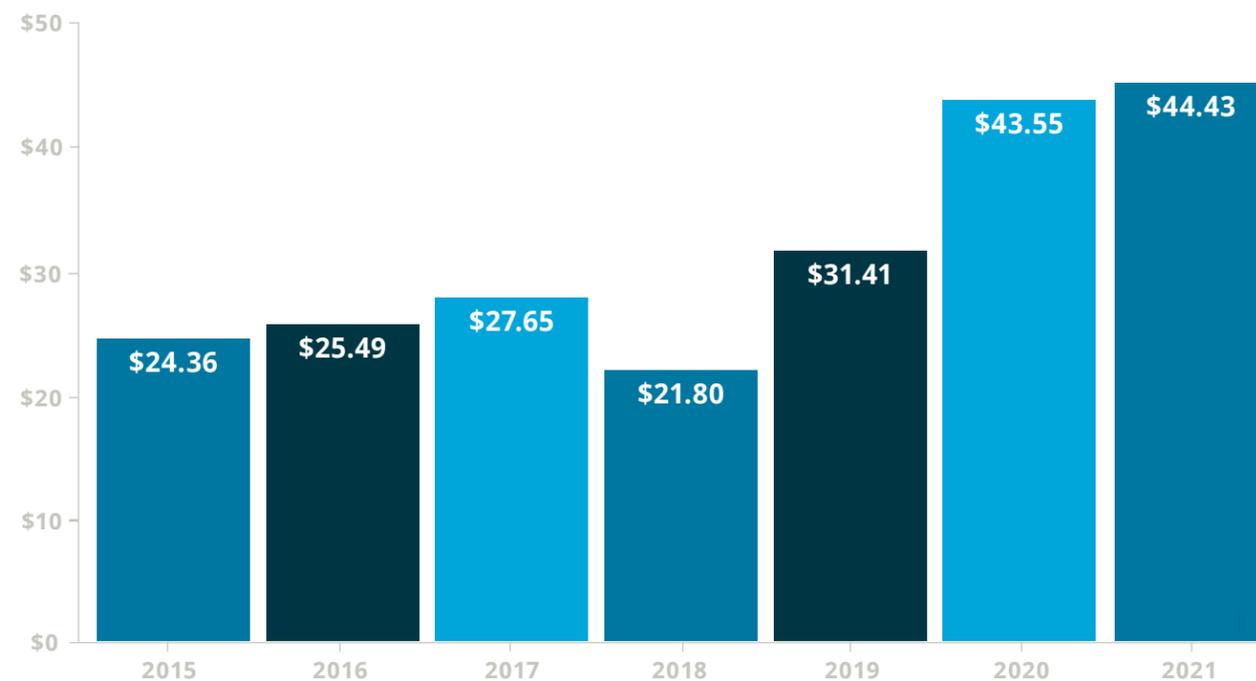


2021 Financial Highlights

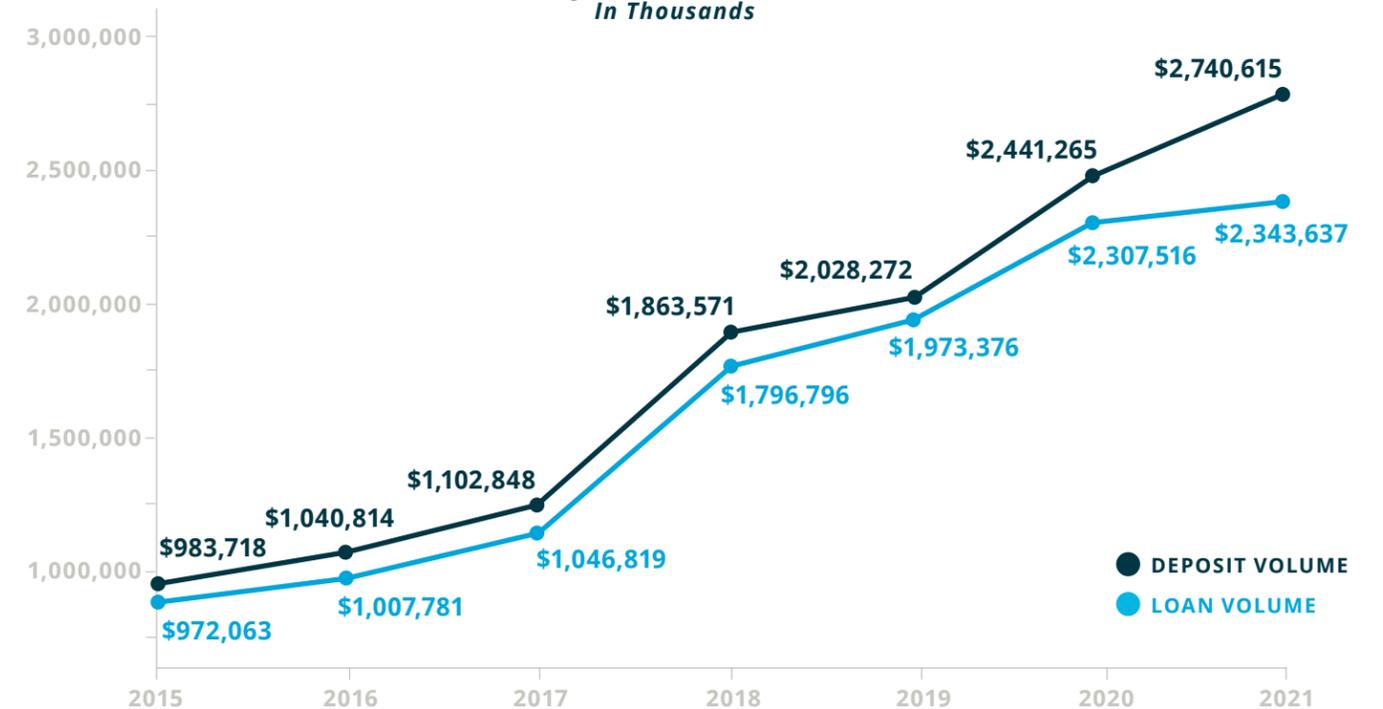
Total Assets In Thousands



Earnings Per Common Share Split-Adjusted



Total Deposit & Loan Volume In Thousands



2021 Growth



Fintech

Our banking-as-a-service function through fintech partnerships continues to grow at Choice. 2021 was a year of building new technology and partnerships, launching industry leading connection to the Federal Reserve and implementing new custom products with new partners. We now have 8 Fintech programs connected to Choice. Many of them continue to lead in their markets by bringing services to the underbanked and extending Choice's reach into new industries and customer bases.

2021 Fintech Growth

- ✓ **11 Full-Time Team Members**
Many integrating with other teams as internal shared services
- ✓ **\$254 Million+ In Balances**
2,800,000+ Active Deposit Accounts
- ✓ **2 New Partner Integrations**
Partnerships to build tomorrow's banks today

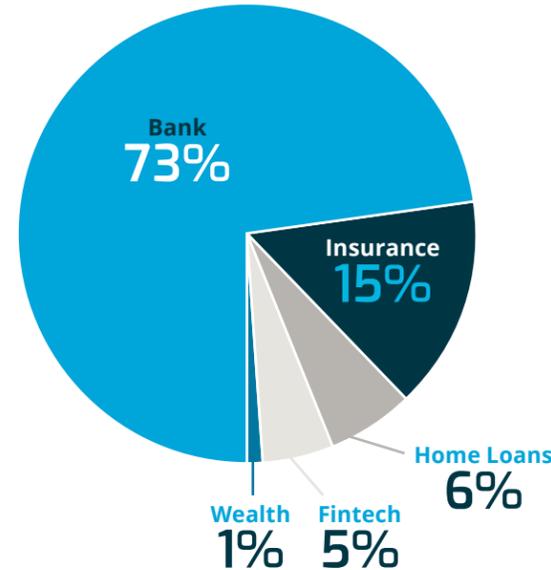
Benefits

Through partnerships with a wide range of reputable and trusted insurers, our Benefits customers have flexibility in the services and coverages they offer to their employees. The Benefits team serves businesses from as little as 2 employees to over 1,600 employees in 20 different states. Their growing team of 10 now serves over 1,000 individuals. In 2021, total commission revenue generated was over \$1.8 million, a year-over-year increase of 12%.

2021 Benefits GROWTH

- ✓ **10 Full-Time Team Members**
- ✓ **\$1.8 Million Total Commission Revenue Generated**
- ✓ **12% Year-Over-Year Revenue Increase**

Business Unit Revenue



2021 NORTH DAKOTA Top Ag Bank

Planting roots and nurturing growth has always been a commitment of ours. For 10 years in a row, Choice was recognized as a leading expert in ag lending as the North Dakota Top Ag Bank by the American Bankers Association.

2021 Growth



Insurance

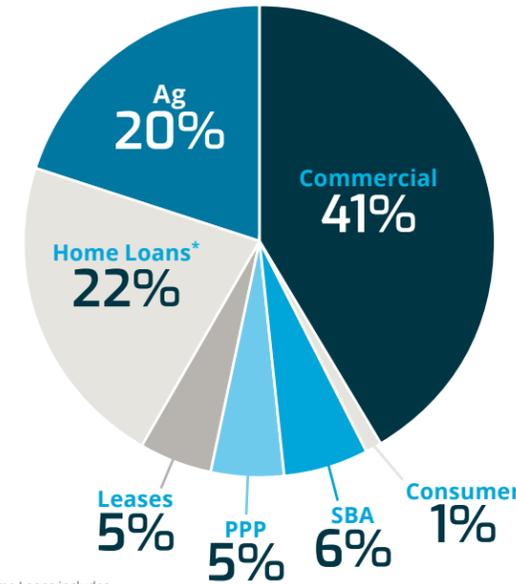
This past year was filled with continued strategic growth for Insurance. We have continued to add experienced and committed members to our team. Most recently, we added 11 individuals to our Dickinson team. We remain committed to providing top-notch customer service,

support, and resources for our clients. We are also excited to announce the build-out of our own internal safety and loss control program. The insurance team now has over 90 employees with a client base reaching over 13,000 insureds across all 50 states.

2021 Insurance Growth

- Welcomed **11 New Dickinson, ND Team Members**
- Total Team of Over **90 Insurance Experts**
- Reaching **13,000 INSURED**s across 50 states

Gross Bank Loan Portfolio



* Home Loans includes In-House, HELOC, and Secondary Market

Wealth Team
\$1.2B Total Assets UNDER MANAGEMENT

Wealth

The Wealth team has focused on steadily growing their expertise and reach. Now with customers in 30 states and Puerto Rico, they are serving 8,000 wealth clients with 17,000 accounts resulting in over \$1.2 billion total assets under management and increasing our department revenue by 30%.



Home Loans

Coming off of a record 2020, the home loans team was able to maintain profitability and nearly reached 2020 revenue numbers despite the rise in mortgage rates and loan production decreasing 20%.



HOME LOANS TEAM GENERATED \$5.59 Million GROSS REVENUE IN 2021

Organizational Strategy

People First. Banking Second.

Choice is #PeopleFirst, banking second. People don't need just another bank. They should be supported by a team of trusted, experienced partners who will get to know you and your financial needs, understand your challenges, understand your dreams, and recognize the success in bringing people and banking together in our communities. Choice's North Star is to be 1 of the 300 relevant, remaining community banks in 2030 by focusing on people first.



Cultural Imperatives

Through our talented employees we will make Choice relevant. We focus on our customers to understand their needs. Our journey will feel different to our employees, but if we embrace a growth mindset and work together as 'one Choice', we will continuously evolve to be 1 of 300 relevant banks.



Leading #PeopleFirst Partner

We will look for opportunities for relationship-driven growth and strategic, complimentary, mergers, acquisitions and partnerships. We will strive to strengthen customer relationships as a trusted #PeopleFirst partner in our communities, through enhanced product and delivery of services.



Guided by our Core Values

- Embrace change and encourage innovation.
- Know when to ask for help and know when to offer help.
- Better the places we live.
- Work hard. Do the right thing. Have a little fun.



Ambitious Financial Goals (2022-2024)

- Grow total revenue to \$200 million, of which 35% will be from non-interest income sources.
- Grow total assets to at least \$5 billion.
- Build upon our historically efficient operating model with an efficiency ratio at or below 50%.
- Generate returns on average tangible capital of 20% or better.
- Attain elite status as top 5% performer in comparative peer group results.

Our primary value proposition is to provide complete customer solutions with new and existing product and service offerings by targeting direct customers: commercial, consumer, agriculture, mortgage, insurance, and wealth customers. Additionally, our partnerships with customers now include: fintech, correspondent banking, and leasing. Our goal is to capture the unique competitive advantages that direct and indirect relationships offer and transfer the value created to benefit each business segments, target customer. Capturing this unique value provides the strategic path forward – to be **1 of the 300 relevant**, remaining U.S. banks by the end of the next decade.

Leadership Team



Travis Barkve
CHIEF STRATEGY &
OPERATING OFFICER
Golden Valley, MN



Samantha Berg
CHIEF HUMAN
RESOURCE OFFICER
Grand Forks, ND



Mike Boub
PRESIDENT OF CHOICE
FINANCIAL SERVICES
Fargo, ND



Molly Cook
INTERIM CHIEF
RISK OFFICER
Golden Valley, MN



Lisa Dow
DIRECTOR OF
CORPORATE RELATIONS
Fargo, ND



John Fritz
PRESIDENT, CHOICE
BANK MINNESOTA
Golden Valley, MN



Tony Gudajtes
AG MARKET
PRESIDENT
Grafton, ND



Tim Heilman
CHIEF INNOVATION
OFFICER
Fargo, ND



Brian L. Johnson
CHIEF EXECUTIVE
OFFICER
Grand Forks, ND



Brian P. Johnson
EXECUTIVE DIRECTOR OF
BANKING & BUSINESS
DEVELOPMENT
Golden Valley, MN



Jay Lies
PRESIDENT, CHOICE
BANK NORTH DAKOTA
Fargo, ND



Chris Kildahl
CHIEF FINANCIAL
OFFICER
Fargo, ND



Scott LeDuc
CHIEF CREDIT
OFFICER
Grand Forks, ND



Mandy Sheeley
CHIEF OPERATIONS
OFFICER
Fargo, ND



Shikhar Singh
CHIEF TECHNOLOGY
OFFICER
Golden Valley, MN



Lauris Molbert
CHAIR OF THE BOARD

2021 WAS A YEAR OF continuing challenges brought about by the impacts of a persistent global pandemic, significant government intervention in the financial markets, the disruptions of supply chains and geopolitical risks, and the continuing difficulties with finding unifying political solutions to these and other challenges.

Despite these challenges, I am pleased to report that Choice had record financial results in 2021. Our CEO Brian Johnson covered in his report the impressive 2021 financial outcomes.

Equally important but perhaps less evident, in 2021 Choice made significant and continuing progress in implementing strategies to prepare for the future of how banking and other financial services are delivered. It is no surprise that customers both expect and demand access to more sophisticated and user-friendly technology platforms and tools. As Brian described, these strategies are already showing impressive results.

In addition to immediate impacts, these strategic changes position Choice to be relevant in the future of banking. As recently reported by the Federal Reserve, between 1984 and 2020, the number of banks decreased by 70%. This means that more than 10,000 banks disappeared, leaving roughly 4,400 banks in the United States. Choice expects this trend will continue and is focused on not only surviving but thriving as one of the long-term relevant banks.

In 2022, we will have changes in our Board of Directors as three longstanding and impactful Directors retire from the Board. During their long tenure, Directors Joe Bata, Erv Inniger, and Craig Tweten were integral to the incredible growth and performance of Choice. They were stewards of Choice, and each made individual contributions to the many achievements and turning

points over their years on the Board. Thank you, Joe, Erv, and Craig for your wisdom and the many years of service and dedication to Choice.

As the Board prepares for the journey ahead, we have been making changes at the Board level to ensure that the right Board governance, oversight, and experience exists. In addition to the development of enhanced committee structures of risk management, audit, compensation, and governance, to fill the vacancies from the retirements the Board has nominated two individuals for Board membership that will have significant expertise in the design and delivery of financial products and services using innovative technology platforms. You can read more about the recommended candidates in the annual shareholder meeting proxy materials.

I WILL CLOSE WITH GRATITUDE

First, to our employees. Choice's high performance and innovative strategies are the result of the extra efforts of Choice employees and partners, and the engaging culture at Choice called #PeopleFirst. It is a recognition and belief that the basis of success comes from People (employees, customers, and communities). Our employees are dedicated to the mission, focused on serving customers and helping their teammates, and embracing change despite challenging times.

And second, to you our Shareholders, we are very grateful for your support and confidence in Choice. We know you have many investment options and do not take your investment in Choice for granted. We are committed to delivering value to you, not only today but in the future.

Sincerely Yours,

Board of Directors



Brian L. Johnson
GRAND FORKS, ND
Board Member Since 2006



Rodger Johnson
GRAND FORKS, ND
Board Member Since 1994



Susan Mathison, MD
FARGO, ND
Board Member Since 2016



Lauris Molbert
FARGO, ND
Board Member Since 2016



Candace Muggerud
BISMARCK, ND
Board Member Since 2016



Clay Swanson
HOOPLE, ND
Board Member Since 1994



George Wald
DICKINSON, ND
Board Member Since 2014



Michael Zenk
MAPLE PLAIN, MN
Board Member Since 2018

Thank You

Thank you Joe Bata, Erv Inniger, and Craig Tweten for your many years of service and dedication to Choice Bank. They have all played instrumental roles in guiding our core values and mission with their insights and expertise.



Joe Bata
ADAMS, ND
Board Member Since 1995



Erv Inniger
FARGO, ND
Board Member Since 2007



Craig Tweten
GRAND FORKS, ND
Board Member Since 2006

2021 TOTALS Choice Shareholders Statistics

411 Total Shareholders
54,462 Shares Changed Hands
29 New Shareholders Added

101 Employee Shareholders
\$410/Share Recent Sale Price
\$363/Share Average Sale Price

Community Impact



Great Plains Food Bank Partnership

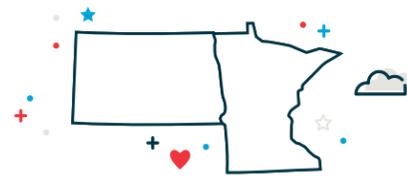
Choice Bank donated \$20,000 to the Great Plains Food Bank, as part of a commitment to donate \$100,000 over the course of five years. Every year, the Great Plains Food Bank collects, warehouses, and distributes more than 21 million pounds of food that would have otherwise gone to waste, providing more than 17.7 million meals to those in need.



THIELEN FOUNDATION

Adam Thielen

When Brooklyn Center High School's stadium lights went out during a football game in 2018, it had an impact on the school and community. Choice Bank partnered with The Thielen Foundation to bring the Friday night lights experience back to the students of BCHS. We also hosted a virtual Q&A with Adam where local kids were able to interact with their favorite football player.



Choice Bank Arts Partnership Grant

Seven Fargo-Moorhead-West Fargo nonprofit organizations have been awarded a total of \$9,000 through the Choice Bank Arts Partnership Grant. This is an innovative pilot grant program created in partnership with The Arts Partnership to encourage human services providers to incorporate art in their work to benefit underserved populations.



Wishing Well

We granted 27 wishes across ND and MN, such as providing a pediatric therapy center in Dickinson with sensory equipment for their clients with autism, covering the cost of medication and eyeglasses for 8-year-old David whose vision was being compromised by disease, supporting the Secret Santa program at Litchville-Marion Public Schools so every student can receive a Christmas gift, and many more!

BIO Girls

BIO Girls is a program proven to increase self-esteem in adolescent girls. When Choice Bank first began supporting BIO Girls in 2016, there were five BIO Girls locations and 200 participants. In 2022, there will be over 70 BIO Girls locations and the capacity to reach over 2,500 girls. Choice Bank is a key donor to organization's scholarship fund, which ensures that financial barriers don't hold girls back from experiencing BIO Girls.



Community Impact



In 2021, our employees gave

4,880

hours of

VOLUNTEER SERVICE

Putting people first drives our everyday decisions and influences how we treat our customers, colleagues, and community. From delivering food to people in need, to educating youth on financial responsibility, to coaching community sports teams—our team members have a passion to better the places we live.

BETTERING THE PLACES WE LIVE #PeopleFirst Pantries

Choice Bank partnered with the Legacy Children's Foundation to help feed our community. Leaders from Choice Bank came together at our annual Ignite Conference in Fargo to build 15 Free Little Pantries that were brought back to each community Choice Bank serves in North Dakota and Minnesota. The pantries are open all the time, helping to fill food service gaps when local food pantries are closed.



Child Care Grant

Choice distributed \$150,000 in grant funding to 16 child care facilities across rural North Dakota. The program was launched to provide financial assistance to licensed child care providers to assist with the extra support they need to remain resilient.

SUPPORTING Hospice

For the 9th year in a row, Choice brought our communities together to support Hospice's mission to provide comfort and care through life's journey. We raised nearly \$50,000 across our Bismarck, Dickinson, Fargo, and Grand Forks locations during the events in 2021. These powerful events do more than just raise funds for Hospice care, they promote community awareness of the physical and spiritual care Hospice provides during people's most difficult times of life.



Taking Care of Business Educational Series



Webinars

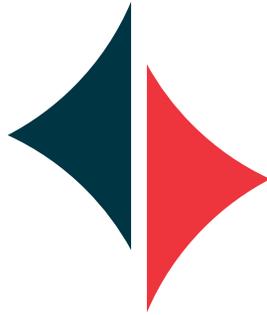
We believe it's our responsibility to help our business customers succeed. This includes Ongoing educational opportunities pertinent to business owners including cybersecurity, benefit planning for employees, surviving the COVID pandemic, and more.



Newsletters

Get news, resources, tips, and inspiration delivered to your inbox! Our eNewsletter is full of important topics like cybersecurity, tax laws, benefits planning, and so much more.

Sign up for these resources by visiting bankwithchoice.com/webinars



#PeopleFirst

bankwithchoice.com insurewithchoice.com choicewealth.com choicefin.io

