

choice
ne

FINANCIAL SERVICES, INC.

AGENDA

35th Annual Shareholder Meeting

INTRODUCTIONS

- Jack Hendon, Chairman of the Board

CALL TO ORDER & PRESENTATION OF PROPOSALS IN PROXY STATEMENT

- Election of Directors
- Approval of the ChoiceOne Financial Services, Inc. Equity Incentive Plan of 2022
- Approval of the ChoiceOne Financial Services, Inc. 2022 Employee Stock Purchase Plan
- Advisory approval of ChoiceOne's Executive Compensation
- Ratification of selection of Plante & Moran, PLLC as independent registered public accounting firm for the year ending December 31, 2022

VOTING

ANNOUNCEMENT OF VOTING RESULTS

FINANCIAL RESULTS & ANNUAL PRESENTATION

- Kelly J. Potes, CEO
- Michael J. Burke, Jr., President

ADJOURNMENT



Forward-looking Statements

- This presentation contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the financial services industry, the economy, and ChoiceOne. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," "may," "could," "look forward," "continue", "future", and variations of such words and similar expressions are intended to identify such forward-looking statements.
- Examples of forward-looking statements also include, but are not limited to, statements related to risks and uncertainties related to, and the impact of, the global coronavirus (COVID-19) pandemic on the businesses, financial condition and results of operations of ChoiceOne and its customers and statements regarding the outlook and expectations of ChoiceOne and its customers. The COVID-19 pandemic is adversely affecting ChoiceOne and its customers, counterparties, employees, and third-party service providers.
- The ultimate extent of the impacts on ChoiceOne's business, financial position, results of operations, liquidity, and prospects is uncertain. All statements with references to future time periods are forward-looking. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("risk factors") that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed, implied or forecasted in such forward-looking statements. Furthermore, ChoiceOne undertakes no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events, or otherwise.
- Additional risk factors include, but are not limited to, the risk factors described in Item 1A in ChoiceOne's Annual Report on Form 10-K for the year ended December 31, 2021.



Company Profile

ChoiceOne Bank maintains the community feel of a small-town bank with the technological capabilities and product offerings of a larger bank

COMPANY OVERVIEW

ChoiceOne Financial Services, Inc. ("COFS") was incorporated in 1986 as a Michigan corporation. ChoiceOne Bank was founded in 1898 (then called Sparta State Bank) in Sparta, MI at the corner of Division and Union Street. Over its more than 120-year history, COFS has grown significantly, due in part to its merger with County Bank Corp. (\$673 million in assets) and acquisition of Community Shores Bank Corporation (\$244 million in assets). Today, COFS is a \$2.4 billion bank holding company listed on the NASDAQ stock exchange with a market capitalization of \$199 million as of December 31, 2021. COFS prides itself on maintaining the community feel of a small-town bank with the technological capabilities and product offerings of a larger bank.

Personal Banking

Provides full array of banking services including checking, savings, CDs/money markets and HSAs, complete with online and mobile banking solutions

Business Banking

Business banking offers business and agriculture loans, treasury services and public funds

Mortgage Lending

A comprehensive offering of residential mortgage options including fixed and adjustable-rate mortgages

Insurance

Insurance subsidiary offers customers a variety of options including life insurance, disability insurance and accidental death insurance

Trust / Fiduciary

Provides corporate trustee services, as well as estate planning including testamentary trusts and revocable living trusts

Investment Services & Wealth Management

Services offered include estate planning, retirement planning, college planning, charitable giving, risk management, tax management, stocks, bonds and mutual funds and asset preservation strategies

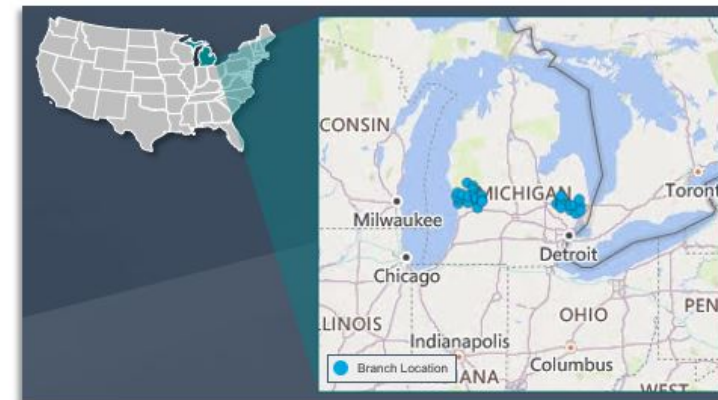
Coast to Coast Coverage

Through 36 locations across western and southeastern Michigan, ChoiceOne Bank leverages advanced technology, innovative services and tailored solutions for its customers

COMPANY SUMMARY FINANCIALS

	Total Assets		Consol. CET-1 Ratio
	\$2,367,000		11.3%
	Deposits		PPP Outstanding
	\$2,052,000		\$33,100
	Gross Loans (Incl. HFS)		Year to Date ROAA
	\$1,069,000		1.02%
	Total Equity		Year to Date ROAE
	\$222,000		9.79%

MAP OF LOCATIONS



Numbers based on ChoiceOne internal data as of 12/31/2021
Note: All dollars in thousands



M&A History

COFS has completed three whole bank M&A deals, most recently, the merger of equals with County Bank Corp. in 2019 and an acquisition of Community Shores Bank Corporation in 2020

COFS M&A HISTORY

Transaction Overview			Deal Profile (Announcement)		Target Operating Metrics (Quarter Before Announcement)		
Target	Target City, State	Announcement Date	Deal Value (\$M)	Consideration	Total Assets	Gross Loans	LTM ROAA
 COMMUNITY SHORES BANK	Muskegon, MI	1/6/2020	\$21.9	76.5% Stock / 23.5% Cash	\$185.1	\$147.2	0.49%
 CBC County Bank Corp	Lapeer, MI	3/25/2019	\$89.0	100.0% Stock / 0.0% Cash	\$616.6	\$363.9	1.13%
	Kent City, MI	4/25/2006	\$29.0	99.9% Stock / 0.1% Cash	\$216.4	\$150.7	0.99%

ORGANIC AND ACQUISITIVE ASSET GROWTH



Numbers based on ChoiceOne internal data as of 12/31/2021 except where specifically identified.
 Note: All dollars in millions, unless otherwise noted; deals sorted by announcement date
 (1) Excludes \$138.0 million and \$33.1 million in PPP loans in 2020 and 2021, respectively





our **mission**

to provide **SUPERIOR SERVICE,**
QUALITY ADVICE, and show
UTMOST RESPECT to everyone we meet.



Member
FDIC



2021



2022

Repeat. Performance.

2021 Board of Directors of ChoiceOne Bank

BACK ROW (L-R)

BRUCE JOHN ESSEX, JR.
HAROLD J. BURNS*
ROXANNE M. PAGE*
KELLY J. POTES*
MICHAEL J. BURKE, JR.*
BRUCE J. CADY*
DAVID H. BUSH, O.D.*
DAVID J. CHURCHILL
NELS W. NYBLAD*
CURT E. COULTER, D.O.
BRADLEY F. MCGINNIS*
GREG L. ARMOCK*

FRONT ROW (L-R)

PAUL L. JOHNSON
JACK G. HENDON*
MICHELLE M. WENDLING
ERIC E. BURROUGH*
GREGORY A. MCCONNELL*
KEITH D. BROPHY*

NOT PICTURED:

PATRICK A. CRONIN*
JAMES A. BOSSERD



*Member, ChoiceOne Financial Services, Inc., Board of Directors



Senior Management

KELLY J. POTES

CEO

MICHAEL J. BURKE, JR.

PRESIDENT

ADOM J. GREENLAND

SVP, CHIEF FINANCIAL OFFICER

PETER BATISTONI

SVP, SENIOR LENDER
EAST MICHIGAN AND
MORTGAGE SALES EXEC.

LEE A. BRAFORD

SVP, CHIEF CREDIT OFFICER

HEATHER D. BROLICK

SVP, HR OFFICER

SHELLY M. CHILDERS

SVP, CHIEF INFO. OFFICER

BRADLEY A. HENION

SVP, CHIEF LENDING OFFICER

ROB JAMULA

SVP, WEALTH MANAGEMENT





2021 DONATIONS OVER
\$402,000



2021 VOLUNTEER HOURS
3,344

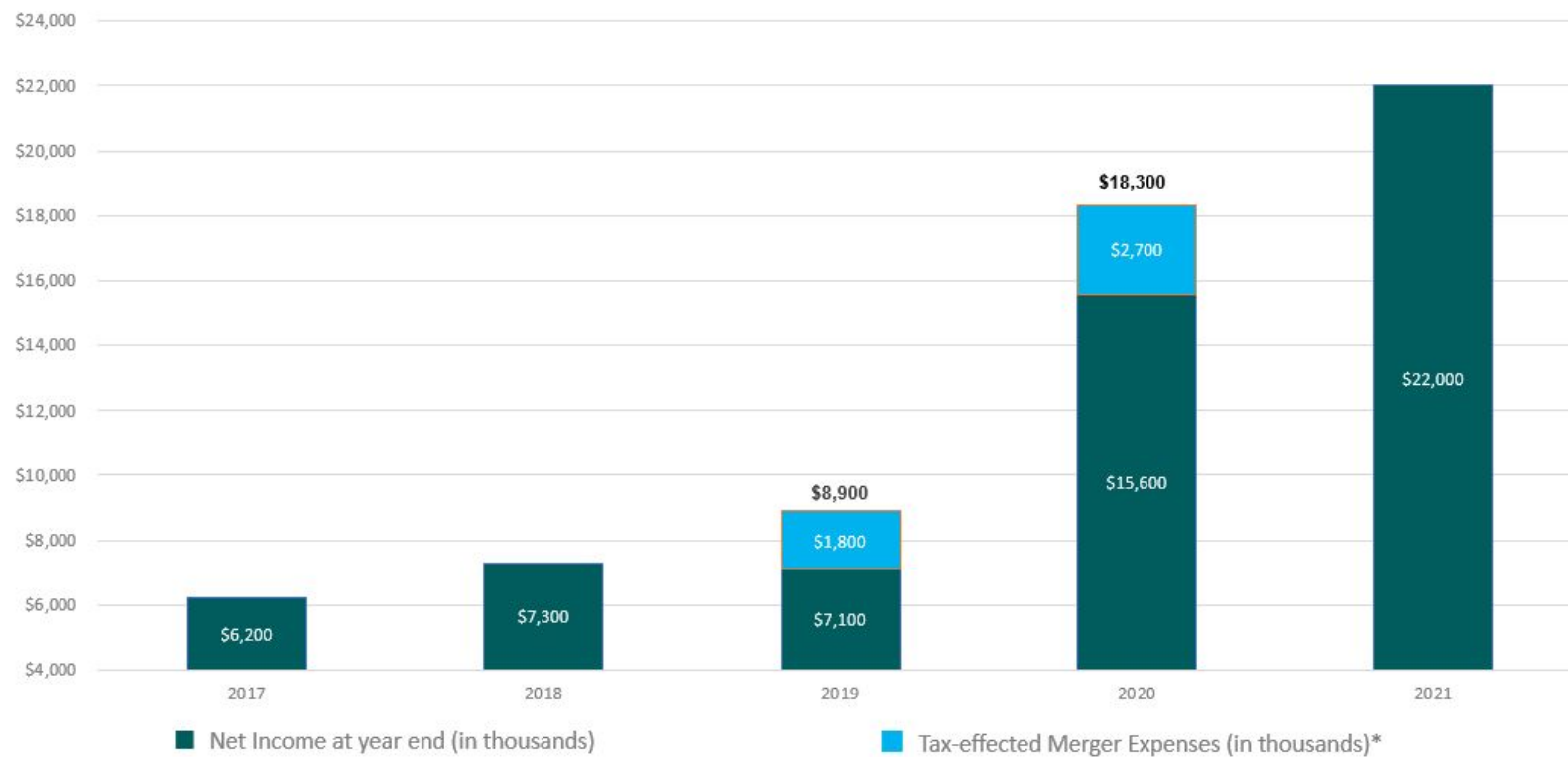




Financial Summary



5 Years Adjusted Net Income



*Tax-effected merger expenses refers to expenses related to the merger with County Bank Corp. effective on October 1, 2019, and the acquisition of Community Shores Bank Corporation effective on July 1, 2020. Adjusted amounts are not GAAP. Refer to Non-GAAP Reconciliation slide for further details.



Historic Balance Sheet Growth – COFS

Outline of COFS' notable balance sheet growth following two M&A transactions in 2019 and 2020, both including & excluding the impact of PPP loans



Numbers based on ChoiceOne internal data as of 12/31/2021 except where specifically identified.

Note: All dollars in thousands

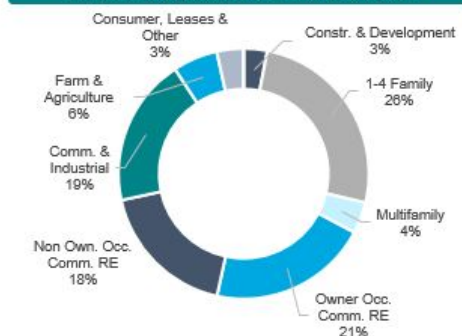
(1) \$138.0 million and \$33.1 million in PPP loans in 2020 and 2021, respectively. All PPP loans are assumed to be deposits for "Total Deposits" graphic.



Attractive Loan and Deposit Mix – ChoiceOne Bank

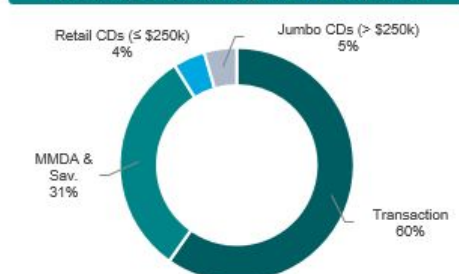
ChoiceOne Bank's loan to deposit ratio was 52% as of December 31, 2021

December 31, 2021 Loan Mix and Detail



	Balance	% of Total
Construction & Development	\$32,432	3.0%
1-4 Family	274,725	25.7%
Multifamily	43,265	4.0%
CRE – Owner Occupied	220,673	20.6%
CRE – Non-Owner Occupied	194,274	18.2%
Total CRE	\$414,947	38.8%
C&I	204,677	19.1%
Farm & Agricultural	61,793	5.8%
Consumer, Leases & Other	36,992	3.6%
Total Loans	\$1,068,831	100.0%
Yield on Loans		4.68%

December 31, 2021 Deposit Mix and Detail



	Balance	% of Total
Transaction	\$1,226,413	59.8%
MMDAs & Savings	643,837	31.4%
Retail CDs (≤ \$250K)	89,971	4.3%
Jumbo CDs (> \$250K)	92,073	4.5%
Total Deposits	\$2,052,294	100.0%
Cost of Interest-Bearing Deposits		0.23%
Cost of Deposits		0.17%

Commentary

Loan Commentary:

- History of successful small business and agriculture lending
- Strong commercial and industrial portfolio
- 53% of CRE loans are owner occupied
- Active residential real estate lending with sold (primarily service retained) and portfolio mortgages

Deposit Commentary:

- Continued success in growing diversified deposit mix
- Focus on locally sourced deposits
- Expansion into growing markets elevates deposit growth
- Significant non-maturity deposit base

Note: All dollars in thousands; yields and costs are annualized on a quarterly basis



Capital Levels

(Dollars in thousands) December 31, 2021	Actual		Minimum Required for Capital Adequacy Purposes	
	Amount	Ratio	Amount	Ratio
ChoiceOne Financial Services Inc.				
Total capital (to risk weighted assets)	\$ 204,353	14.4 %	\$ 113,604	8.0 %
Common equity Tier 1 capital (to risk weighted assets)	160,338	11.3	63,902	4.5
Tier 1 capital (to risk weighted assets)	164,838	11.6	85,203	6.0
Tier 1 capital (to average assets)	164,838	7.4	89,415	4.0
ChoiceOne Bank				
Total capital (to risk weighted assets)	\$ 182,275	12.9 %	\$ 113,444	8.0 %
Common equity Tier 1 capital (to risk weighted assets)	174,587	12.3	63,813	4.5
Tier 1 capital (to risk weighted assets)	174,587	12.3	85,083	6.0
Tier 1 capital (to average assets)	174,587	7.8	89,289	4.0

In September 2021, ChoiceOne completed a private placement of \$32.5 million in aggregate principal amount of 3.25% fixed-to-floating rate subordinated notes due 2031. ChoiceOne used a portion of the net proceeds from the private placement to redeem senior debt, fund common stock repurchases and support bank-level capital ratios.



Financial Performance Trends – COFS

Profitability metrics have improved following the M&A deals in 2019 and 2020; the efficiency ratio was 63.8% for 2021, partly offsetting the effects of Net Interest Margin (NIM) compression over the same period



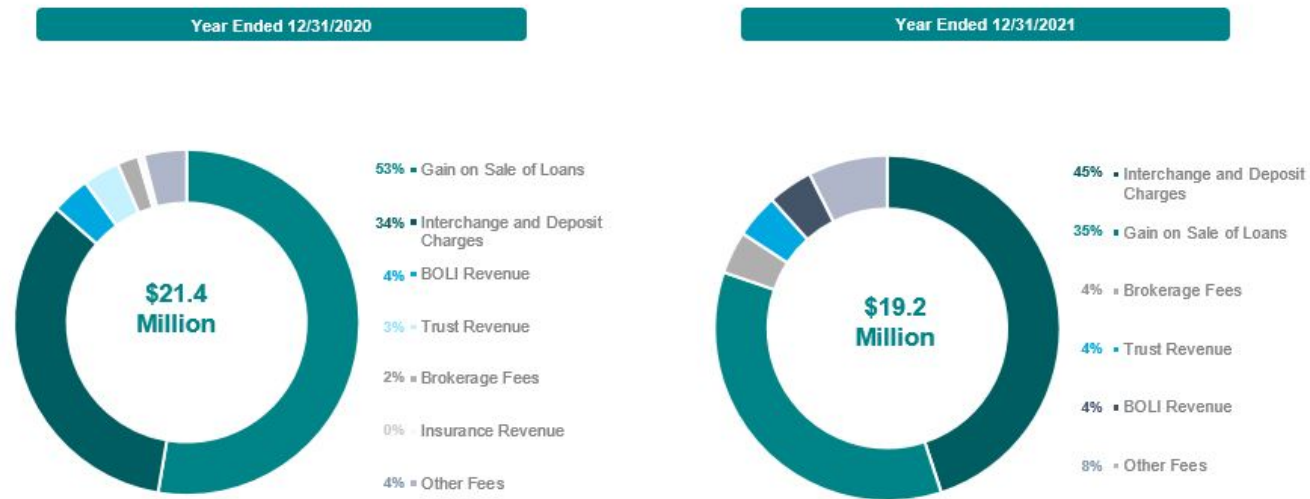
- (1) Net interest margin is presented on a tax-equivalent basis. Amounts are not GAAP. Refer to Non-GAAP Reconciliation slide for further details.
 (2) Source: S&P Global Market Intelligence, as of 12/31/2022



Non-interest Income – COFS

Diversified sources of non-interest income have been consistently growing fee-based revenue

NON-INTEREST INCOME – ANNUAL



Note: Non-Interest Income amounts exclude gain on sale of securities.



Loan Loss Reserve and Credit Mark Build – COFS

COFS has an ALLL balance of \$7.6 million and a \$6.8 million accounting mark against loans acquired from its two recent M&A deals. Combined with ALLL, COFS has \$14.5 million to cover future loan losses, or 1.37% of gross loans (excl. loans HFS)

TOTAL FUNDS AVAILABLE TO COVER FUTURE LOSSES – SINCE 2016



Paycheck Protection Program

PPP loan statistics as of 12/31/2021	
Total Loans Originated (all years) (2)	\$253 million
Total Fees Originated (all years) (2)	\$9.5 million
Total Loans remaining	\$33.1 million
Fees realized 2021	\$5.2 million
Total Fees Remaining at 12/31/2021	\$1.2 million

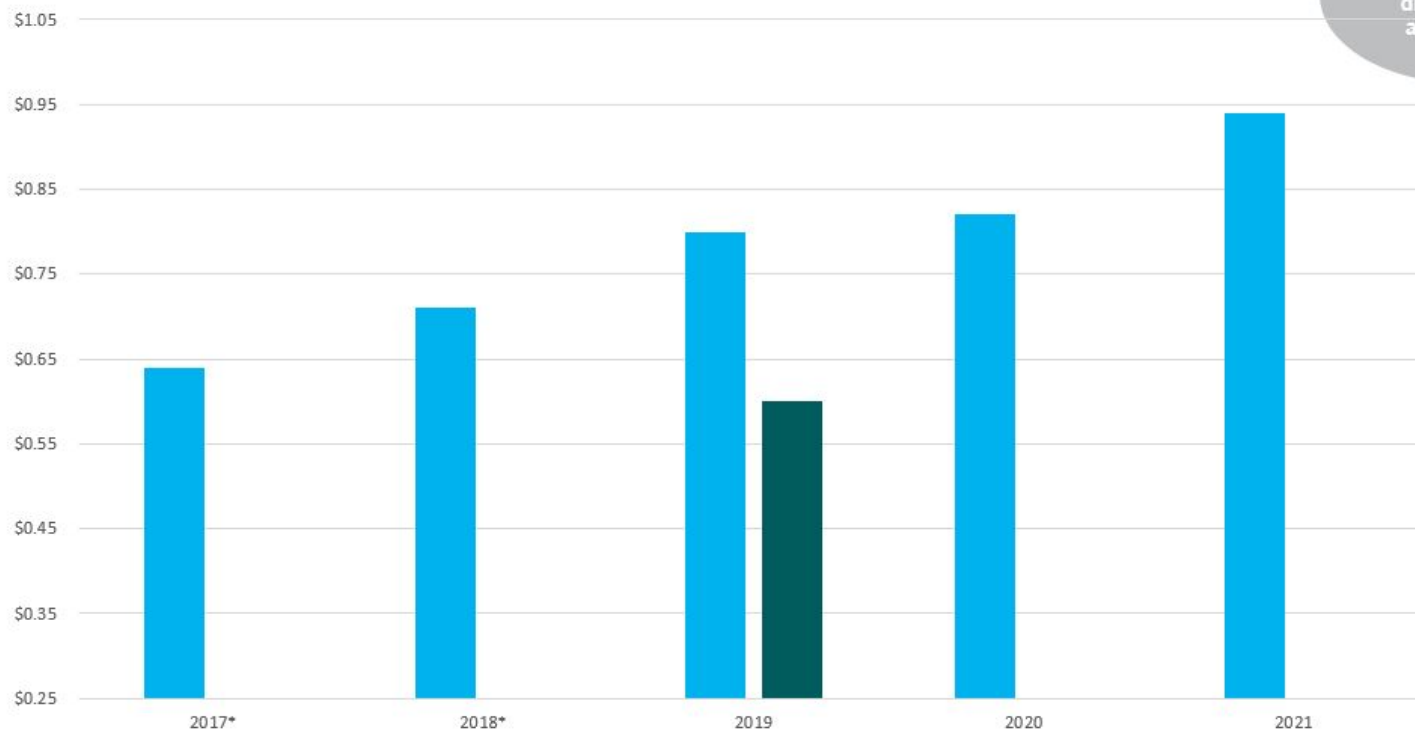
Numbers based on ChoiceOne internal data as of 12/31/2021 except where specifically identified.

Note: All dollars in thousands

- (1) Remaining Credit Mark related to the mark against loans acquired in the County Bank Corp. and Community Shores Bank Corporation transactions
 (2) Includes \$37 million in PPP loans acquired in the merger with Community Shores Bank Corporation



Cash Dividends Per Share



3.55%

dividend yield
as of 12/31/21

■ Ordinary dividends

■ Special dividend paid in connection with the merger with County Bank Corp.

*Amounts have been adjusted for a 5% Stock Dividend on May 31, 2017 and May 31, 2018.





COFS TRADES ON THE NASDAQ®

Since February of 2020, ChoiceOne trades on the NASDAQ Stock Exchange under its symbol, "COFS."

Market Makers in ChoiceOne Stock

D. A. Davidson & Co.
Nick Bicking
800.394.9230

Raymond James & Associates
Anthony LanFranca
312.655.2961

Stifel, Nicolaus & Company, Inc.
Paul Drueke
616.224.1553

Stock Registrar & Transfer Agent

Continental Stock Transfer & Trust Company
1 State Street Plaza, 30th Floor
New York, NY 10004-1561
212.509.4000

Appendix Non-GAAP Reconciliation

(In Thousands, Except Per Share Data)	Year Ended December 31,		
	2021	2020	2019
Income before income tax	\$ 26,498	\$ 18,885	\$ 8,465
Adjustment for pre-tax merger expenses	-	3,219	2,001
Adjusted income before income tax	26,498	22,104	10,466
Income tax expense	4,456	3,272	1,294
Tax impact of adjustment for pre-tax merger expenses	-	505	232
Adjusted income tax expense	4,456	3,777	1,526
Net income	22,042	15,613	7,171
Adjustment for pre-tax merger expenses, net of tax impact	-	2,714	1,769
Adjusted net income	\$ 22,042	\$ 18,327	\$ 8,940

	Year ended December 31,					
	2021		2020		2019	
	Interest	Rate	Interest	Rate	Interest	Rate
Net interest income (tax-equivalent basis) (Non-GAAP) (1)	<u>62,137</u>		<u>51,808</u>		<u>28,181</u>	
Net interest margin (tax-equivalent basis) (Non-GAAP) (1)		<u>3.14 %</u>		<u>3.51 %</u>		<u>3.71 %</u>
Reconciliation to Reported Net Interest Income						
Net interest income (tax-equivalent basis) (Non-GAAP) (1)	62,137		51,808		28,181	
Adjustment for taxable equivalent interest	<u>(1,513)</u>		<u>(737)</u>		<u>(408)</u>	
Net interest income (GAAP)	<u>60,624</u>		<u>51,071</u>		<u>27,773</u>	
Net interest margin (GAAP)		<u>3.08 %</u>		<u>3.38 %</u>		<u>3.47 %</u>

(1) Adjusted to a fully tax-equivalent basis to facilitate comparison to the taxable interest-earning assets. The adjustment uses an incremental tax rate of 21%. The presentation of these measures on a tax equivalent basis is not in accordance with GAAP but is customary in the banking industry. These non-GAAP measures ensure comparability with respect to both taxable and tax-exempt loans and securities.

