

Shaping the
future together



INVESTORS
COMMUNITY BANK
A Subsidiary of County Bancorp Inc.

ANNUAL REPORT
2018

 **County Bancorp**
Inc.



Shaping the **future together**



William Censky
Chairman of the Board
County Bancorp, Inc.



Timothy Schneider
President, County
Bancorp, Inc.;
CEO, Investors
Community Bank

2018 brought a record profit for your company at \$14.3 million. We are very pleased to report this, but, as you may know, we also have been experiencing an extended low commodity price environment, which has made it difficult for many of our agricultural customers. The challenges in the ag sector have been well documented in the media over the past number of months. We continue to work with these clients to assist where we can and help them through this challenging time.

We are hopeful that if the United States can finalize a trade deal with China (fingers crossed this has occurred by the time you are reading this) and we finalize the new Mexico Canada Trade Agreement (formerly NAFTA), we will see some relief for our farmers. If the trade agreements do not come to fruition, we will continue to manage through this cycle.

In addition to our record earnings in 2018, we also saw very solid core deposit growth of nearly \$70 million. Our core deposit focus was strong in 2018 and will be even stronger in 2019, as we continue to change the composition of our funding more toward core and less on wholesale sources. This is a strategic shift that will position us well for the future.

Along with this, we are managing our on-balance sheet loan growth in 2019 to allow the deposit composition shift to occur. In 2018, we

grew \$58.3 million in on-balance sheet loans, which was a mix of agricultural and commercial loans. Our gross loans serviced increased \$119.4 million during 2018. Gross loans would include the on-balance sheet loans as well as participated loans and Government Guaranteed loans sold into the secondary market. As you can see from these two numbers, approximately half of our total loan originations during 2018 were either participated or sold, to manage our on-balance sheet loan growth.

With the continued low commodity price environment, this has placed strain on a number of our borrowers and has elevated our non-performing asset levels and classified assets. We are managing both of these with great focus, but until we see commodity prices improve we don't see these levels improving. We are well capitalized as an organization and structure the majority of our agricultural relationships with

continued



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some form of a Farm Service Agency (FSA) Government guarantee. The broad use of the FSA guarantee program is a strong risk mitigant to loan loss exposure. Recently announced through the new Farm Bill, the FSA guarantee limits have been increased by approximately \$325,000, which will allow us to further reduce loan loss exposure on many of our relationships.

Here are some additional bank highlights from 2018:

Talent: In 2018, we continued to add talent to our team in many positions and locations, including our new Chief Credit Officer, John Fillingim. A Florida native, John joined ICB with more than 30 years of experience in commercial and agricultural banking, most recently as a senior executive at Synovus Bank. Overall we have a great team of people committed to the strategic direction we have set for long-term success. Your company has always been focused on Soundness, Profitability and Growth, in that order.

Technology: We continue to research and implement banking technology that helps enhance customer access to services and simplify banking. In 2018, this included new programs such as mobile banking for consumers and businesses, mobile deposit capture, person-to-person payments, Card Valet fraud protection, and more. We are excited to launch online account opening, customer chat, and other new customer-focused technologies in 2019.

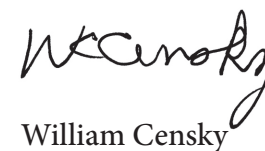


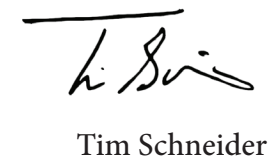
Facilities: Our bank and holding company corporate headquarters moved to a new home



last summer. We now occupy the former Manitowoc Company world headquarters building at 2400 S. 44th Street in Manitowoc. The new site is a perfect fit for our employees and space needs. Additionally, we have purchased land just off of I-41 in the Appleton area, near Navitus and Meijer. The bank plans on constructing a new banking center and moving its existing Appleton branch there sometime in the future.

As always we appreciate your support as shareholders, and if you have any questions feel free to reach out any time.


William Censky


Tim Schneider



Directors, Advisory Board & ICB Officers

Senior Management of County Bancorp, Inc.

William C. Censky, Chairman of the Board
Timothy J. Schneider, President
Glen L. Stiteley, Chief Financial Officer and Treasurer
Mark A. Miller, Secretary and Securities Compliance Officer

Board of Directors*

County Bancorp, Inc. / Investors Community Bank

Mark R. Binversie, Investors Community Bank
William C. Censky, Investors Community Bank
Lynn D. Davis, Ph.D., Nutrition Professionals, Inc.
Edson P. Foster, Foster Needle Co., Inc. (Retired)
Vicki L. Leinbach, Ariens Company
Robert E. Matzke, Financial Services of Northeast Wisconsin
Wayne D. Mueller, Investors Community Bank
Patrick J. Roe, First Community Financial Partners, Inc. (Retired)
Timothy J. Schneider, Investors Community Bank
Kathi P. Seifert, Katapult, LLC
Andrew J. Steimle, Steimle Birschbach LLC
Gary J. Ziegelbauer, Triangle Distributing, Inc.

Stevens Point Advisory Board

E. John Buzza, Buzza Dreier & Johnson LLC
Ted Hesemann, Herrschners, Inc.
Richard Okray, Okray Family Farms, Inc.
Daniel J. Bukowski Sr., Net Alpha Advisers LLC
Bill Mullins, Mullins Cheese, Inc.
Ken Turzinski, TYRI Americas

*As of 2/1/19

Investors Community Bank Officers

Trever J. Athorp
Nicole M. Bahn
Tony J. Betley
Mark R. Binversie
Julie Blaha
William C. Censky
David A. Coggins
William C. Deppiessa
Thomas D. Detienne
David J. Diedrich
John R. Fillingim
Steven J. Fleming
Jennifer L. Foote
Curtis L. Gerrits
Jeffrey J. Hebert
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Brian J. Hoskens
Michael J. Hostak
Jeffrey L. Jagodinsky
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Cyrene N. Wilke
Susan M. Van De Hey

Vice President – Ag & Business Banking Officer
Vice President – Senior Special Assets Officer
Vice President – Sr. Ag Banking Officer
President
Sr. Banking Services Support Specialist | Security Officer
Chairman of the Board
Executive Vice President – Chief Banking Officer
Vice President – Sr. Business Banking Officer
Vice President – Market President – SE Region
Vice President – Sr. Business Banking Officer
Executive Vice President – Chief Credit Officer
Vice President – Ag Banking Officer
Vice President – Compliance Officer | CRA Officer
Assistant Vice President – Ag Banking Officer
Bank Systems Manager
Senior Vice President – Business Banking
Vice President – Sr. Ag Banking Officer
Vice President – Information Technology
Vice President – Business Banking Officer
Senior Vice President - Deputy Chief Credit Officer
Senior Vice President – Finance
Vice President – Controller
Senior Vice President – Banking Services
Assistant Vice President – Ag Banking Officer
Vice President – Sr. Business Banking Officer
Senior Vice President – Agricultural Banking
Assistant Vice President – Banking Services Manager
Executive Vice President – Chief Risk Officer & Bank Counsel / Secretary
Vice President – Sr. Business Banking Officer
Assistant Vice President – Electronic Banking Manager
Vice President – Credit Administration Manager
Vice President – Sr. Business Banking Officer
Assistant Vice President – Banking Services Manager
Vice President – Sr. Ag Banking Officer
Chief Executive Officer
Assistant Vice President - Ag Banking Officer
Assistant Vice President – Business Banking Officer
Assistant Vice President – Ag Banking Officer
Assistant Vice President – Governmental Guarantee Loan Program
Assistant Vice President – Ag Banking Officer
Vice President – Human Resources
Assistant Vice President – Credit Manager – Ag
Vice President – Sr. Business Banking Officer
Executive Vice President – Chief Financial Officer / Treasurer
Assistant Vice President – Sr. Benefits & Compensation Specialist
Assistant Vice President – Banking Services Manager
Senior Vice President – Marketing
Senior Vice President – Operations
Assistant Vice President – Loan Operations Manager



Selected Financial Highlights*

COUNTY BANCORP, INC. AND SUBSIDIARIES
December 31, 2018 and 2017 (Unaudited)

*Additional financial information is available upon request or can be viewed at InvestorsCommunity-Bank.com (click on Investor Relations icon).

**This is a non-GAAP measure. Refer to our Form 10-K filed with the SEC on March 14, 2019 for a reconciliation to the most comparable GAAP measurement.

As of and for the year ended December 31

2018 2017
(Dollars in thousands except per share data)

Selected Income Statement Data:

| | | |
|---|-----------------|-----------------|
| Interest income | \$64,217 | \$53,052 |
| Interest expense | <u>22,262</u> | <u>14,167</u> |
| Net interest income | 41,955 | 38,885 |
| Provision for loan losses | <u>3,195</u> | <u>2,330</u> |
| Net interest income after provision for loan losses | 38,760 | 36,555 |
| Non-interest income | 8,833 | 7,653 |
| Non-interest expense | 28,283 | 25,992 |
| Income tax expense | <u>5,059</u> | <u>7,791</u> |
| Net income | <u>\$14,251</u> | <u>\$10,425</u> |

Per Common Share Data:

| | | |
|--|-----------|-----------|
| Basic | \$2.06 | \$1.52 |
| Diluted | \$2.04 | \$1.49 |
| Cash dividends per common share | \$0.28 | \$0.24 |
| Book value per share | \$21.48 | \$19.93 |
| Tangible book value per share** | \$20.65 | \$19.04 |
| Weighted average common shares - basic | 6,704,051 | 6,635,383 |
| Weighted average common shares - diluted | 6,772,927 | 6,746,846 |
| Common shares outstanding, end of period | 6,709,480 | 6,673,381 |

Performance Ratios:

| | | |
|---|--------|--------|
| Return on average assets | 0.96% | 0.80% |
| Return on average common shareholders' equity** | 9.50% | 7.77% |
| Equity to assets ratio | 10.00% | 10.09% |
| Net interest margin | 2.91% | 3.11% |
| Interest rate spread | 2.64% | 2.89% |
| Non-interest income to average assets | 0.60% | 0.59% |
| Non-interest expense to average assets | 1.91% | 2.01% |
| Net overhead ratio | 1.31% | 1.42% |
| Efficiency ratio** | 54.42% | 54.63% |
| Dividend payout ratio | 13.73% | 16.11% |

Asset Quality Ratios:

| | | |
|--------------------------------------|---------|---------|
| Nonperforming loans to total loans | 1.90% | 1.01% |
| Allowance for loan losses to: | | |
| Total loans | 1.37% | 1.15% |
| Nonperforming loans | 71.81% | 114.60% |
| Net charge-offs to average loans | (0.01)% | 0.16% |
| Nonperforming assets to total assets | 1.94% | 1.15% |

Capital Ratios:

| | | |
|---|--------|--------|
| Shareholders' common equity to assets | 9.47% | 9.52% |
| Total risk-based capital | 15.35% | 12.79% |
| Leverage ratio | 12.44% | 10.76% |
| Tangible common equity to tangible assets** | 9.14% | 9.13% |



Consolidated Balance Sheets

COUNTY BANCORP, INC. AND SUBSIDIARIES
December 31, 2018 and 2017 (Unaudited)

| | As of December 31 | |
|---|---|---------------------|
| | <u>2018</u> | <u>2017</u> |
| | <i>(Dollars in thousands except per share data)</i> | |
| ASSETS | | |
| Cash and cash equivalents | \$61,087 | \$66,771 |
| Securities available for sale, at fair value | 195,945 | 126,030 |
| FHLB stock, at cost | 2,978 | 4,138 |
| Loans held for sale | 2,949 | 6,575 |
| Loans, net of allowance for loan losses of \$16,505 as of December 31, 2018; \$13,247 as of December 31, 2017 | 1,190,790 | 1,135,704 |
| Premises and equipment, net | 16,075 | 9,662 |
| Loan servicing rights | 9,047 | 8,950 |
| Other real estate owned, net | 6,568 | 4,962 |
| Cash surrender value of bank owned life insurance | 17,842 | 17,389 |
| Deferred tax asset, net | 4,346 | 3,265 |
| Goodwill | 5,038 | 5,038 |
| Core deposit intangible, net of amortization of \$1,288 as of December 31, 2018; \$882 as of December 31, 2017 | 513 | 919 |
| Accrued interest receivable and other assets | 7,849 | 7,642 |
| Total assets | <u>\$ 1,521,027</u> | <u>\$ 1,397,045</u> |
| LIABILITIES | | |
| Deposits: | | |
| Noninterest-bearing | \$121,436 | \$125,584 |
| Interest-bearing | <u>1,101,911</u> | <u>984,493</u> |
| Total deposits | 1,223,347 | 1,110,077 |
| Other borrowings | 827 | 1,299 |
| Advances from FHLB | 89,400 | 121,500 |
| Subordinated debentures | 44,703 | 15,523 |
| Accrued interest payable and other liabilities | <u>10,466</u> | <u>7,660</u> |
| Total liabilities | <u>1,368,743</u> | <u>1,256,059</u> |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock-variable rate, non-cumulative, nonparticipating, \$1,000 stated value; 15,000 shares authorized; 8,000 shares issued | 8,000 | 8,000 |
| Common stock - \$0.01 par value; 50,000,000 authorized; 7,153,174 shares issued and 6,709,480 shares outstanding as of December 31, 2018; 7,112,962 shares issued and 6,672,381 shares outstanding as of December 31, 2017 | 28 | 28 |
| Surplus | 53,162 | 52,230 |
| Retained earnings | 98,475 | 86,385 |
| Treasury stock, at cost, 443,694 and 439,581 shares at December 31, 2018 and 2017, respectively | (5,030) | (5,030) |
| Accumulated other comprehensive loss | <u>(2,351)</u> | <u>(627)</u> |
| Total shareholders' equity | 152,284 | 140,986 |
| Total liabilities and shareholders' equity | <u>\$1,521,027</u> | <u>\$1,397,045</u> |



Consolidated Statements of Operations

COUNTY BANCORP, INC. AND SUBSIDIARIES
For the years ended December 31, 2018 and 2017 (Unaudited)

| | For the year ended December 31 | |
|---|---|-----------------|
| | <u>2018</u> | <u>2017</u> |
| | <i>(Dollars in thousands except per share data)</i> | |
| INTEREST AND DIVIDEND INCOME | | |
| Loans, including fees | \$58,706 | \$50,395 |
| Taxable securities | 3,727 | 1,808 |
| Tax-exempt securities | 698 | 350 |
| Federal funds sold and other | <u>1,086</u> | <u>499</u> |
| Total interest and dividend income | <u>64,217</u> | <u>53,052</u> |
| INTEREST EXPENSE | | |
| Deposits | 18,649 | 11,815 |
| FHLB advances and other borrowings | 1,809 | 1,837 |
| Subordinated debentures | <u>1,804</u> | <u>515</u> |
| Total interest expense | <u>22,262</u> | <u>14,167</u> |
| Net interest income | 41,955 | 38,885 |
| Provision for loan losses | <u>3,195</u> | <u>2,330</u> |
| Net interest income after provision for loan losses | <u>38,760</u> | <u>36,555</u> |
| NON-INTEREST INCOME | | |
| Services charges | 1,674 | 1,406 |
| Gain on sale of loans, net | 172 | 118 |
| Loan servicing fees | 6,110 | 5,484 |
| Other | <u>877</u> | <u>645</u> |
| Total non-interest income | <u>8,833</u> | <u>7,653</u> |
| NON-INTEREST EXPENSE | | |
| Employee compensation and benefits | 16,785 | 15,437 |
| Occupancy | 1,059 | 654 |
| Write-down of other real estate owned | 873 | 905 |
| Other | <u>9,566</u> | <u>8,996</u> |
| Total non-interest expense | <u>28,283</u> | <u>25,992</u> |
| Income before income taxes | 19,310 | 18,216 |
| Income tax expense | <u>5,059</u> | <u>7,791</u> |
| NET INCOME | <u>\$14,251</u> | <u>\$10,425</u> |
| NET INCOME PER SHARE | | |
| Basic | \$2.06 | \$1.52 |
| Diluted | \$2.04 | \$1.49 |
| Dividends paid per share | \$0.28 | \$0.24 |



Shaping the **future together**

County Bancorp
Inc.

www.ICBK.com

Annual Meeting

Tuesday, May 21, 2019, 6 PM at the Franciscan Center for Music Education and Performance at Silver Lake College, 2406 S. Alverno Rd., Manitowoc

Corporate Headquarters

2400 S. 44th St., PO Box 700, Manitowoc WI 54221-0700, (920) 686-9998, 1-888-686-9998

Transfer Agent

First Illinois Shareholder Services, 225 N. Water St., Decatur, IL 62523, 1-888-740-5512

Stock Listing

County Bancorp, Inc. common stock is traded on the NASDAQ Global Market under the symbol "ICBK."

Shareholder website

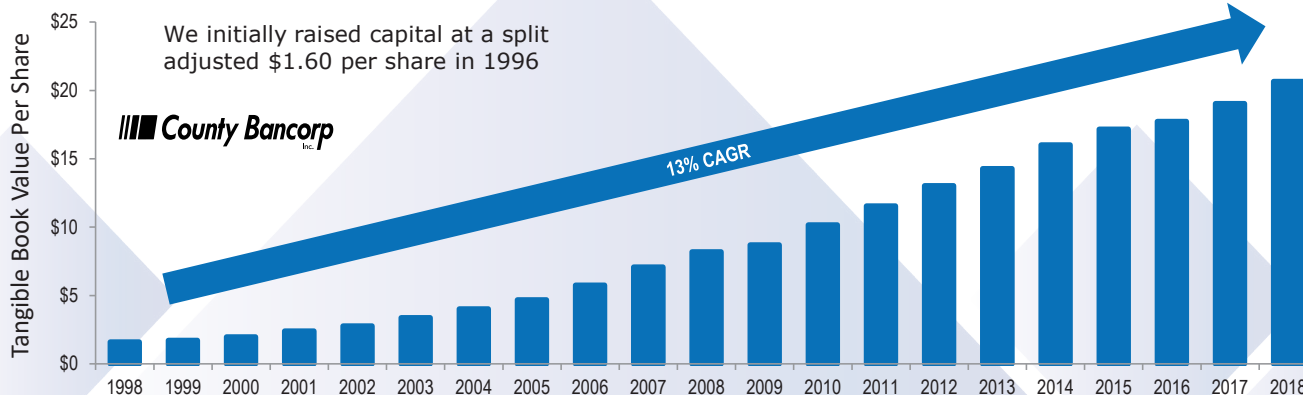
www.ICBK.com (click on Investor Relations icon)

Investor Relations

Shareholders, analysts, the news media and others desiring general information about the company or its subsidiaries may contact Glen Stiteley, CFO, at (920) 686-5658 or gstiteley@ICBK.com.

This report includes "forward-looking statements." Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that the forward-looking information presented in this document is not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking information contained here. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "plan," "seek," "comfortable with," "will," "expect," "intend," "estimate," "anticipate," "believe," "continue" or the negative thereof or variations thereon or similar terminology. Factors that may cause actual results to differ materially from those made or suggested by the forward-looking statements contained herein include those identified in County Bancorp, Inc.'s most recent annual report on Form 10-K and other filings with the Securities and Exchange Commission. Any forward-looking information presented herein is made only as of the date of publication of this annual report, and we do not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events or otherwise.

Growth Since Inception



INVESTORS
INSURANCE SERVICES, LLC



INVESTORS
COMMUNITY BANK
Member FDIC