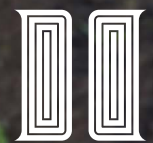




# Cultivating our Future





# Cultivating our future

We initially started writing this column a few months back, when things were a little different here and in most other parts of the globe as well. COVID-19 was something occurring in another country that no one could've imagined would bring such a tsunami of change into our world.

But as things evolved, we knew our report to you needed to be on more than just finances. Because what is happening today is less about the bottom line and more about how banks are helping their employees and customers get through this crisis. So in addition to our financial reporting, we wanted to provide an update on how COVID-19 is impacting us and what we are doing about it. We'll start with that.

We have had a pandemic disaster recovery plan in place for a number of years, based on requirements from our regulatory bodies. Until now, we have never known for sure, outside of limited testing, whether it would work. We are pleased to say that we have been enormously successful in this implementation. 90% of our staff has been working remotely for over a month now (as of this writing April 23, 2020). We have seen no drop off in productivity or customer service with this move. While the personal connections are temporarily lost, we also implemented a Cisco WebEx videoconferencing system about a year ago, and this has been a real game changer for our teams to stay connected and for remotely communicating with our customers.

Our job as a community bank has always been to support the communities we do business in. At no other time has this been tested and rang more true than now. Our banking teams, whether it be the front line Tellers and Personal Bankers, the Commercial and Ag Banking teams, the Electronic Banking teams or the Cash

Management and Treasury teams, have all stepped up to this challenge. As you know, the banking system was charged with implementing the US Small Business Administration's Paycheck Protection Program. ICB has attacked the challenge with limited guidance on the front end to successfully approve and fund nearly \$100 million for our business and ag customers in our communities and saved more than 12,000 jobs. This is truly where our teams have shined.

At this time, no one can predict what impact COVID-19 will have on our customers' businesses, and subsequently to our financial performance. We can say that your bank came into this crisis with a very strong capital base, which is always the last line of defense for banks. We have continued to prudently underwrite credit and have maintained a solid level of on-balance sheet liquidity. We have always lived by the philosophy of Soundness, Profitability then Growth. We know that this ultra-low interest rate environment will most likely squeeze our net interest margin and this novel epidemic will probably see some businesses fail. We are prepared for that, which is why we bolstered our loan loss provision in the first quarter to protect against increased losses. Depending upon how long this virus impacts economic activity, we may need to do more in future quarters.

We will all get through this unprecedented time and hopefully come out the other side better because of it.

## 2019 performance

2019 was again another record year from a profitability standpoint, outpacing last year's net income: \$16.5 million in 2019 as compared to \$14.3 million in 2018. We also grew client deposits

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William Censky  
Chairman of the Board  
County Bancorp, Inc.



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

by \$81.2 million and reduced our Classified Asset levels to 39.85% of our Tier 1 capital. Non-interest income remained strong with a record non-interest income year at \$13.4 million. To better explain the strategy in 2019, we embarked on reducing our reliance on wholesale funding. This was accomplished by increasing our client deposits as well as by participating loans, both on the agricultural and commercial side, to reduce this funding reliance. This created an overall decline in our balance sheet levels, which was intentional given the above.

Capital levels all remain strong at this point. Since year end, we have announced an increase in our common dividend to 7 cents per share from 5 cents per share last year, an increase of 40%. We also recently announced a share repurchase program. Both of these moves were done to create more shareholder value. The Executive Management team and Board continue to strive for long term shareholder value, as we are collectively 23% owners of the Company.

## Looking ahead to 2020

(Most of these initiatives will be predicated on a reasonably quick COVID turnaround)

As we have moved into 2020, we have three primary goals, not much different than 2019: 1) Increasing core deposit generation to allow for on-balance sheet loan growth, as well as continuing to diversify our reliance on wholesale funding. 2) Further reducing our Classified Assets and Non-Performing asset levels. 3) Continue to drive solid shareholder value through bottom line performance. Here's how we plan to do this:

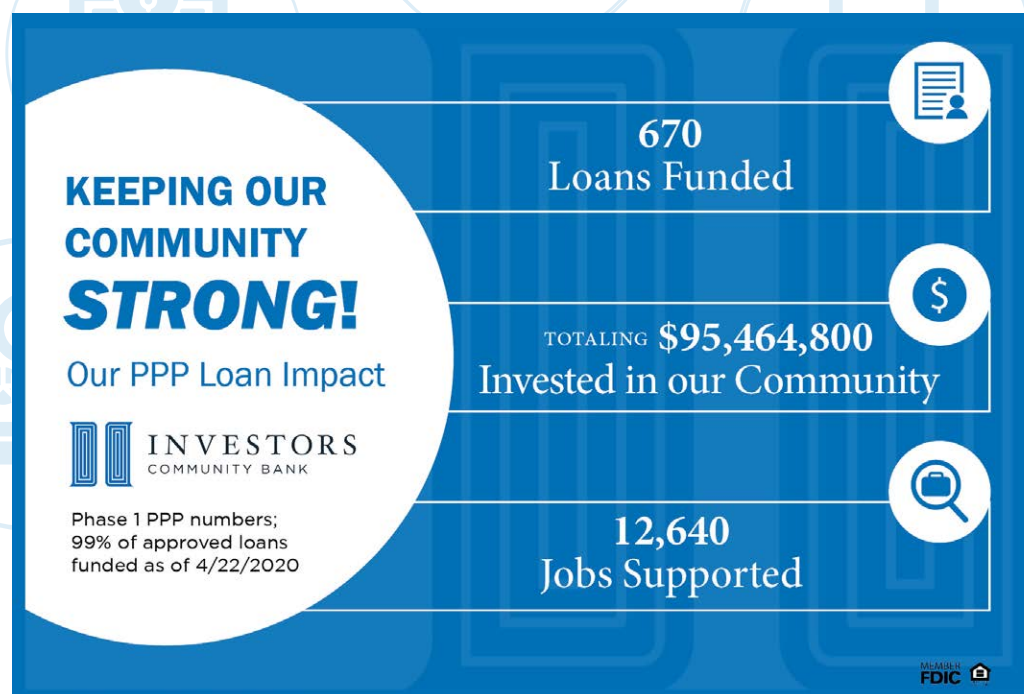
1. **Core deposit generation:** We have had a keen focus on client deposits for at least three years now. Our team has been driving growth in this area by asking more often when these opportunities exist with a client's business and personal deposits. We have built out a strong Treasury and Cash Management team across our footprint. We understand for the bank to grow in the future it will require a stronger base of core deposits.

2. **Reducing Classified Assets and Non-Performing Assets:** In early results, based on 2019 financial information as part of our credit review process,

we have seen improvement in our credit quality metrics. We continue to focus on improving our credit quality where we can. Much of this continued trend will depend upon how deep and how long COVID-19 persists.

3. **Driving shareholder value through bottom line performance:** We continue to manage our net interest margin aggressively. One of the tools we are implementing is new customer profitability software called Axiom. This will allow us to analyze a client's full relationship with the bank, which will assist in ensuring

appropriate loan pricing. We also had a very strong year in Non-Interest Income generation in 2019, primarily through the origination and sale of secondary market loans as well as participations of mainly ag loans. Our Crop Insurance division also continues to increase crop insurance commissions year over year. Finally, we continue to manage our non-interest expense with a disciplined approach maintaining a strong efficiency ratio.



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We recently got back into the residential mortgage business and will be building on that further when we introduce a program called Concierge Banking later this year. We have felt for some time that not having the full suite of services available to our customers was potentially a barrier to the bank having a full customer relationship. We are excited about the opportunities this will present for new non-interest income as well as gathering more client deposits.

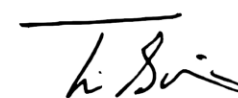
Through our strategic planning process our Board has reiterated that we have a very solid niche in agricultural lending, and we want to continue to pursue opportunities in this space, both dairy and other diversified agriculture. We have been very successful in the ag marketplace for 23 years and feel we should continue to pursue strong operations in diversified agriculture throughout the state. To accomplish this, we have added additional agricultural bankers in the past number of months. These are very experienced bankers in the ag industry and we felt it was time to be opportunistic.

We have hired a strong team of commercial bankers as well in all of our markets. They continue to seek commercial relationship opportunities in our footprint and are helping drive much of our client deposit growth.

These are just a few of the initiatives for 2020. Rest assured your team at County Bancorp, Inc. and Investors Community Bank are committed to remaining strong and independent and providing solid overall shareholder returns. Thank you for your support over the past 23 years!



William Censky



Tim Schneider

## ABOUT COUNTY BANCORP, INC.



<b>CBI Annual Meeting</b>	Virtual meeting on Tuesday, June 16, 2020, 2 PM. Details in the annual meeting notice and proxy.
<b>Corporate Headquarters</b>	2400 S. 44th St., PO Box 700, Manitowoc WI 54221-0700, (920) 686-9998, 1-888-686-9998
<b>Transfer Agent</b>	First Illinois Shareholder Services, 225 N. Water St., Decatur, IL 62523, 1-888-740-5512
<b>Stock Listing</b>	County Bancorp, Inc. common stock is traded on the Nasdaq Global Market under the symbol ICBK.
<b>Shareholder Website</b>	Investors.ICBK.com
<b>Investor Relations</b>	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 <a href="mailto:gstiteley@ICBK.com">gstiteley@ICBK.com</a> .

# SELECTED FINANCIAL HIGHLIGHTS\*

## COUNTY BANCORP, INC. AND SUBSIDIARIES December 31, 2019 and 2018 (Unaudited)

\*Additional financial information is available upon request or can be viewed at Investors. ICBK.com

\*\*This is a non-GAAP measure. Refer to our Form 10-K filed with the SEC on March 13, 2020 for a reconciliation to the most comparable GAAP measurement.

### Cultivating our Future

As of and for the year ended December 31,

2019 2018

(Dollars in thousands except per share data)

#### Selected Income Statement Data:

Interest income	\$66,332	\$64,217
Interest expense	<u>25,550</u>	<u>22,262</u>
Net interest income	40,782	41,955
Provision for loan losses	<u>423</u>	<u>3,195</u>
Net interest income after provision for loan losses	40,359	38,760
Non-interest income	13,393	8,833
Non-interest expense	32,684	28,283
Income tax expense	<u>4,616</u>	<u>5,059</u>
Net income	<u>\$16,452</u>	<u>\$14,251</u>

#### Per Common Share Data:

Basic	\$2.37	\$2.06
Diluted	\$2.36	\$2.04
Cash dividends per common share	\$0.20	\$0.28
Book value per share	\$24.32	\$21.50
Tangible book value per share**	\$23.54	\$20.68
Weighted average common shares - basic	6,747,581	6,704,051
Weighted average common shares - diluted	6,768,925	6,772,927
Common shares outstanding, end of period	6,734,132	6,709,480

#### Performance Ratios:

Return on average assets	1.13%	0.96%
Return on average common shareholders' equity**	10.10%	9.50%
Equity to assets ratio	12.48%	10.00%
Net interest margin	2.93%	2.91%
Interest rate spread	2.58%	2.64%
Non-interest income to average assets	0.92%	0.60%
Non-interest expense to average assets	2.25%	1.91%
Net overhead ratio	1.33%	1.31%
Efficiency ratio**	59.92%	54.42%
Dividend payout ratio	8.47%	13.73%

#### Asset Quality Ratios:

Nonperforming loans to total loans	2.99%	1.90%
Allowance for loan losses to:		
Total loans	1.47%	1.37%
Nonperforming loans	49.30%	71.81%
Net charge-offs to average loans	0.15%	(0.01)%
Nonperforming assets to total assets	2.65%	1.94%

#### Capital Ratios:

Shareholders' common equity to assets	11.90%	9.47%
Total risk-based capital	18.70%	15.35%
Leverage ratio	14.68%	12.44%
Tangible common equity to tangible assets**	11.54%	9.16%



# CONSOLIDATED BALANCE SHEETS

## COUNTY BANCORP, INC. AND SUBSIDIARIES December 31, 2019 and 2018 (Unaudited)

### ASSETS

Cash and cash equivalents	\$129,011	\$61,087
Securities available for sale, at fair value	158,733	195,945
FHLB stock, at cost	1,628	2,978
Loans held for sale	2,151	2,949
Loans, net of allowance for loan losses of \$16,505 as of December 31, 2018; \$13,247 as of December 31, 2017	1,020,506	1,190,790
Premises and equipment, net	13,603	16,075
Loan servicing rights	12,509	9,047
Other real estate owned, net	5,521	6,568
Cash surrender value of bank owned life insurance	18,302	17,842
Deferred tax asset, net	1,453	4,346
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	225	513
Accrued interest receivable and other assets	10,099	7,849
Total assets	<u>\$ 1,378,779</u>	<u>\$ 1,521,027</u>

### LIABILITIES

Deposits:		
Noninterest-bearing	\$138,489	\$121,436
Interest-bearing	962,953	1,101,911
Total deposits	1,101,442	1,223,347
Other borrowings	794	827
Advances from FHLB	44,400	89,400
Subordinated debentures	44,858	44,703
Accrued interest payable and other liabilities	15,256	10,466
Total liabilities	<u>1,206,750</u>	<u>1,368,743</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	54,122	53,122
Retained earnings	113,111	98,475
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	1,798	(2,351)
Total shareholders' equity	<u>172,029</u>	<u>152,284</u>
Total liabilities and shareholders' equity	<u>\$1,378,779</u>	<u>\$1,521,027</u>

# CONSOLIDATED STATEMENTS OF OPERATIONS

COUNTY BANCORP, INC.

AND SUBSIDIARIES

For the year ended December 31,  
2019 and 2018 (Unaudited)

For the year ended December 31,  
2019 2018

(Dollars in thousands except per share data)

## INTEREST AND DIVIDEND INCOME

Loans, including fees	\$59,706	\$58,706
Taxable securities	4,586	3,727
Tax-exempt securities	257	698
Federal funds sold and other	<u>1,783</u>	<u>1,086</u>
Total interest and dividend income	<u>66,332</u>	<u>64,217</u>

## INTEREST EXPENSE

Deposits	21,457	18,649
FHLB advances and other borrowings	1,350	1,809
Subordinated debentures	<u>2,743</u>	<u>1,804</u>
Total interest expense	<u>25,550</u>	<u>22,262</u>
Net interest income	40,783	41,955
Provision for loan losses	<u>423</u>	<u>3,195</u>
Net interest income after provision for loan losses	<u>40,359</u>	<u>38,760</u>

## NON-INTEREST INCOME

Services charges	1,657	1,674
Gain on sale of loans, net	146	172
Loan servicing fees	9,998	6,110
Other	<u>1,592</u>	<u>877</u>
Total non-interest income	<u>13,393</u>	<u>8,833</u>

## NON-INTEREST EXPENSE

Employee compensation and benefits	19,112	16,785
Occupancy	1,402	1,059
Write-down of other real estate owned	873	1,087
Other	<u>5,996</u>	<u>5,666</u>
Total non-interest expense	<u>32,684</u>	<u>28,283</u>
Income before income taxes	21,068	19,310
Income tax expense	<u>4,616</u>	<u>5,059</u>

## NET INCOME

\$16,452 \$14,251

## NET INCOME PER SHARE

Basic	\$2.37	\$2.06
Diluted	\$2.36	\$2.04
Dividends paid per share	\$0.20	\$0.28

Cultivating our Future



## 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.

**Jacob Eisen**, ConnexPay LLC

**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.

## Central Wisconsin Regional Consulting Board

**E. John Buzza**, Buzza Dreier & Johnson LLC

**Jeffery Ebel**, Ebel Consulting LLC

**Richard Okray**, Okray Family Farms, Inc.

**Bill Mullins**, Mullins Cheese, Inc.

**Kenneth Turzinski**, TYRI Americas



*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.*

## Investors Community Bank Officers (as of 4/21/2020)

Trever J. Athorp

Nicole M. Bahn

Tony J. Betley

Mark R. Binversie

Julie Blaha

William C. Censky

Kevin Coffeen

David A. Coggins

Elsa C. Condon

William C. Deppeisse

Anne Denissen

Thomas D. Detienne

Kristina Dewitt

David J. Diedrich

John R. Fillingim

Steven J. Fleming

Jennifer L. Foote

Curtis L. Gerrits

Tracy Gomoluch

William C. Hodgkiss

Brian J. Hoskens

Michael J. Hostak

Jeffrey L. Jagodinsky

Frank Joachim

Matthew K. Kasdorf

David D. Kohlmeyer

Cari A. Larsen

Matthew R. Lemke

Mark D. Ludtke

Mark C. Maurer

Timothy S. McTigue

Lori A. Megow

Jennifer M. Menzynski

Mark A. Miller

Thomas J. Pennings

Renee A. Petersen

Sarah E. Peterson

Sandra M. Retzki

Craig C. Rogan

JoAnn M. Rutta

Alison Schaus

Amy L. Schmitting

Christopher J. Schneider

Timothy J. Schneider

Scott V. Schroeter

Robert A. Seal

Roger P. Sinkula

Sharon A. Slager

James J. Smidel

Karl C. Spaay

Brooke R. Sprang

Katelin R. Steege

Mark J. Sterr

Kristy L. Stiefvater

Glen L. Stiteley

Debbie L. Suettinger

Rose K. Thompson

Susan M. Van De Hey

Jason Wery

Laura A. Wiegert

Cyrene N. Wilke

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

Vice President - Sr. Ag Banking Officer

Executive Vice President – Chief Banking Officer

Vice President - Ag Banking Officer

Vice President – Sr. Business Banking Officer

Vice President - Treasury Management

Vice President – Market President – SE Region

Vice President - Consumer & Mortgage

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

Assistant Vice President - Ag Credit Manager

Senior Vice President – Business Banking

Vice President – Sr. Ag Banking Officer

Vice President – Information Technology

Vice President – Business Banking Officer

Vice President - Assistant Treasurer

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

Assistant Vice President - Sr. Appraisal Manager

Executive Vice President – Chief Risk Officer & Bank Counsel / Secretary

Vice President – Sr. Business Banking Officer

Vice President – Electronic Banking Manager

Vice President – Credit Administration Manager

Vice President – Sr. Business Banking Officer

Vice President - Ag Banking Officer

Assistant Vice President – Banking Services Manager

Assistant Vice President - Assistant Controller

Assistant Vice President - Deposit Operations Manager

Vice President – Sr. Ag Banking Officer

Chief Executive Officer

Assistant Vice President - Ag Banking Officer

Vice President – Business Banking Officer

Assistant Vice President – Ag Banking Officer

Assistant Vice President – Governmental Guarantee Loan Program

Assistant Vice President – Ag Banking Officer

Assistant Vice President - Business Credit Manager

Vice President – Human Resources

Assistant Vice President – Ag Credit Officer

Vice President – Sr. Business Banking Officer

Business Banking Officer

Executive Vice President – Chief Financial Officer / Treasurer

Assistant Vice President – Sr. Benefits & Compensation Specialist

Assistant Vice President - Banking Services Manager

Vice President – Loan Operations Manager

Assistant Vice President - Banking Services Manager

Senior Vice President – Marketing

Senior Vice President – Operations