

# CEO Report

## Issue 1, 2018

### Excellent loan growth in 2017; Pipeline is strong

County Bancorp, Inc., the holding company for Investors Community Bank, had a great year. Your company finished 2017 with excellent loan growth on both the agricultural and commercial side, growing annually at 11.5% or \$118.5 million. Pipelines also continue to be very strong. Core deposit growth grew nicely in the fourth quarter as well, seeing \$45.8 million in demand deposit, money market and certificates of deposits. Much of the first three quarters were funded by wholesale funding.

Strategically, a primary focus of ours moving into 2018 is to grow core deposits. We have seen substantial growth in our money market products in particular, where we have been running special promotions since early in the 4th quarter (*see more about our current money market rate below*).

We finished the year with solid earnings of \$10.4 million. Banks are one of the businesses that will benefit most from recently enacted tax reform. Due to timing of the new tax reform, we took the opportunity to accelerate certain eligible expenses, which impacted earnings for the quarter and the year modestly.

Asset quality from a Non-Performing Asset ratio again improved quarter-over-quarter and year-over-year. The outlook for lower dairy and commodity prices into 2018 continues to place pressure on our farming operations. We remain diligent in

monitoring our agricultural relationships and work closely with our borrowers to help them manage through these challenging times.

You may have seen the announcement that we have agreed to purchase the former Manitowoc Company corporate headquarters in Manitowoc, WI. This move was made to accommodate our growing central office staff in that area, as we are nearly out of space in our existing two facilities there. We expect further details related to the move to be announced in the coming months. We are also seeking land in the Fox Valley to accommodate a move from our current facility in Appleton. We feel a more visible and accessible location in that market will better support our continued growth in that office.

Please note that moving forward we have decided to produce a shareholder letter twice a year, and this is the first issue of 2018. As always, we continue to work hard on your behalf to create value for your organization. If you ever have any concerns or questions, please feel free to contact me at 920-686-5604. Thank you for your continued support!



Tim Schneider, President  
County Bancorp, Inc.

### NEW board member welcomed



Investors Community Bank announced the appointment of Vicki Leinbach to serve as a member of its Board of Directors. She will also be nominated to serve on the County Bancorp, Inc. board at the 2018 annual shareholders meeting. Leinbach is Chief Information Officer (CIO) at Ariens Co., Inc. in Brillion, where she directs a team of more than 40 staff

members to support 1,200+ users spread across the United States and Europe. Prior to working at Ariens, she was the Vice President of Information Services / Chief Information Officer at Krueger International in Green Bay as well as Manager of Information Services at the company. She also worked as Programmer-Analyst/Sr. Programmer Analyst/System Analyst at CUNA Mutual Insurance Group in Madison. She earned a Masters of Business Administration: Business Administration from Edgewood College in Madison and a Bachelor of Business Administration: MIS/Administrative Management from UW Oshkosh.

A great money market rate  
... no strings attached

1.26%<sup>APY\*</sup>

with \$100,000 minimum balance, or **earn 1.00% APY\*** with \$10,000 - \$99,999 minimum balance. Contact us today to open an ICB Money Market account.

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Appleton: (920) 739-2660  
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\*Annual Percentage Yield valid as of today's date. This is a tiered account. Other tier available is 0 - \$9,999 at .50% APY. A \$2,500 minimum deposit is required to open the account as well as a \$2,500 daily minimum balance to avoid a \$15 monthly service charge. This is a variable rate account; rate may change after the account is opened. Fees could reduce the earnings on the account. Early closure penalty if closed prior to 120 days after opening. ICB Money Market available to new money market account (MMA) customers only or to existing MMA customers who open an ICB Money Market with a minimum deposit of \$20,000 in new money.



# Financial Highlights

(UNAUDITED)

Selected Income Statement Data <sup>(1)</sup> :	For The Year Ended			
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
	<i>(Dollars in thousands, except per share data)</i>			
Net interest income	\$38,885	\$35,567	\$26,247	\$23,360
Provision for loan losses	<u>2,330</u>	<u>2,959</u>	<u>(1,019)</u>	<u>589</u>
Net interest income after provision for loan losses	36,555	32,608	27,266	22,771
Non-interest income	7,653	8,715	7,685	7,148
Non-interest expense	25,992	24,146	17,458	17,025
Income tax expense	<u>7,791</u>	<u>6,483</u>	<u>6,519</u>	<u>4,684</u>
Net income	<u>\$10,425</u>	<u>\$10,694</u>	<u>\$10,974</u>	<u>\$8,210</u>
Return on average assets	0.80%	0.98%	1.35%	1.10%
Return on average shareholders' equity	7.58%	8.99%	9.45%	9.02%
Return on average common shareholders' equity <sup>(2)</sup>	7.77%	9.51%	11.27%	11.37%
Efficiency ratio <sup>(2)</sup>	54.63%	53.72%	49.95%	50.99%
<b>Per Common Share Data:</b>				
Basic net income per share	\$1.52	\$1.65	\$1.85	\$1.73
Diluted net income per share	\$1.49	\$1.61	\$1.82	\$1.69
Dividends paid per share	\$0.24	\$0.20	\$0.16	\$—
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
	<i>(Dollars in thousands, except per share data)</i>			
<b>Selected Balance Sheet Data<sup>(1)</sup>:</b>				
Total assets	\$1,397,045	\$1,242,670	\$884,889	\$771,756
Total loans	1,148,951	1,030,486	748,189	648,122
Allowance for loan losses	(13,247)	(12,645)	(10,405)	(10,603)
Securities available for sale, at fair value	126,030	123,437	83,281	81,282
Goodwill	5,038	5,038	-	-
Core deposit intangible, net of amortization	919	1,441	-	-
Deposits	1,110,077	977,518	672,226	605,469
Shareholders' equity	140,986	131,288	107,024	80,043
Common equity	132,986	123,288	99,024	72,043
<b>Stock Price Information:</b>				
High - Year-to-date	\$35.89	\$26.97	\$24.20	N/A
Low - Year-to-date	\$22.73	\$18.25	\$15.20	N/A
Market price per common share	\$29.76	\$26.97	\$19.50	N/A
Book value per share	\$19.93	\$18.72	\$17.16	\$16.01
Tangible book value per share <sup>(2)</sup>	\$19.04	\$17.74	\$17.16	\$16.01
Common shares outstanding	6,673,381	6,586,335	5,771,001	4,498,790

(1) Source: SEC filings. (2) This is a non-GAAP financial measure.

## CBI appoints new stock transfer agent

County Bancorp, Inc. has appointed First Illinois Shareholder Services, which is based in Decatur, Illinois, to serve as its stock transfer agent. All shareholders should have received written notice about the change. Any transfer questions can be addressed to:

First Illinois Shareholder Services  
225 N. Water St.  
Decatur, IL 62523  
888.740.5512

## Investor materials available

Annual and quarterly shareholder reports, regulatory filings, press releases and articles about the corporation that have appeared in various publications are generally available in the "Investor Relations" section of our website ([InvestorsCommunityBank.com](http://InvestorsCommunityBank.com)) or may be obtained from Glen Stiteley, (920) 686-5658, [gstiteley@investorscommunitybank.com](mailto:gstiteley@investorscommunitybank.com)

 **County Bancorp**  
Inc.

  
INVESTORS  
INSURANCE SERVICES, LLC

  
INVESTORS  
COMMUNITY BANK  
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