

Compeer Financial ACA

Ratings

Compeer Financial ACA	
Action: Assigned	11/12/25
Issuer	A-
Preferred Stock	BBB

Compeer Financial, FLCA & Compeer Financial, PCA

Action: Assigned	11/12/25
Issuer	A-
Subordinated Debt	BBB+

[Finance Company Global Rating Methodology](#) dated November 28, 2017, [Corporate Instruments / Corporate-Linked Obligations Notching Global Methodology](#) dated September 10, 2024 and [ESG Global Rating Methodology](#) dated June 16, 2021.

Outlook/Watch

Compeer	
Long-Term Ratings	Stable

Financial Snapshot

Compeer	YTD3Q25	2024
Total Assets (\$b)	34.3	34.7
Total Debt (\$b)	28.4	28.9
Total Equity (\$b)	5.3	5.1
ROA (%)	1.2	1.5
ROE (%)	7.9	9.5
NPAs to Loans +OREO (%)	1.6	1.2
CET1 (%)	12.2	12.3
Tier 1 Leverage (%)	12.3	12.5

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Company Profile

- Headquartered in Wisconsin, Compeer Financial, ACA (“Compeer” or “the company”) is a member-owned cooperative with ~\$34.3 billion in assets and ~\$5.3 billion in equity as of September 30, 2025 (3Q25). Compeer (which consists of its two operating subsidiaries Compeer Financial, FLCA and Compeer Financial, PCA) is one of 55 associations that operate within the Farm Credit System (FCS). More specifically, the company is the 4th largest association within the FCS and is chartered to operate in certain counties in Illinois, Minnesota, and Wisconsin through ~35 offices.
- The FCS was established by Congress in the early 1900s to meet the credit needs of American agriculture. At 3Q25, the FCS had just over \$561 billion in assets, collectively, between its associations and its four system banks. The system banks provide the vast majority of funding to their associations through General Financing Agreements (GFAs). These funds are obtained through the issuance of joint-and-severally secured debt at the Federal Farm Credit Funding Corporation (Funding Corp.), a government sponsored enterprise (GSE). Compeer’s system bank is AgriBank, FCB (~\$201 billion in assets).

Key Credit Considerations

- Compeer’s ratings reflect its strong market position within the agricultural lending sector and solid capital levels relative to on-balance sheet risks. Ratings are further supported by our view of the company’s well-developed risk management framework (and execution associated with it), which, in combination with its access to low cost, GSE funding, has resulted in a strong track record of financial performance.
- At ~12%+ CET1, Compeer’s capital position is considered strong. While robust over the last few years, balance sheet growth moderated during 2025 driven by the company opportunistically selling down ~\$1.7 billion of its loan portfolio to Agribank during 3Q25, resulting in more efficient capital treatment. Combined with earnings retention, CET1 has been relatively flat over the course of 2025 after declining gradually since the end of 2019 when CET1 was ~15%.
- Meanwhile, financial performance is comparatively strong. Even with a higher-than-normal provision for credit losses throughout 2025, Compeer has generated a ~1.2% ROA, a level which compares favorably to many commercial banks. While the company’s provision expense may remain elevated in the near term due to credit quality deterioration within a digital lending program that is being discontinued and other certain sectors, we expect earnings performance to be supported by lower funding costs given the FCS’s ability to call debt as rates go down.
- On a historical basis, Compeer’s credit quality has been very strong compared to that of other finance companies and commercial banks. Even with volatility seen in commodity prices and interest rates, the levels of nonperforming assets and realized credit losses have been nominal.
- While Compeer’s funding profile is somewhat narrow given its dependence on AgriBank, the company can match-fund the majority of its balance sheet with low-cost, GSE debt. Further, we view Compeer’s relationship with AgriBank as durable and not as credit sensitive as other non-deposit taking financial institutions.

Rating Sensitivities

Over time, higher ratings could be driven by improving credit quality, steady financial performance, and the maintenance of strong capital ratios.

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Although not expected, rating pressure could develop if credit quality deterioration were to accelerate, leading to weaker financial performance and a lower CET1, or if access to low cost GSE funding were to be disrupted meaningfully either through policy actions or due to noncompliance with its GFA.

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Financials

Compeer Financial, ACA

Balance Sheet (\$ m)	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24	YE24	YE23	YE22	YE21	YE20
ASSETS											
Loans held to maturity	\$ 29,822	31,141	30,640	30,563	29,023	29,250	30,563	28,274	26,720	24,490	22,585
Allowance for credit losses on loans	221	147	133	113	131	125	113	76	53	64	89
Net loans held to maturity	29,601	30,994	30,507	30,450	28,892	29,124	30,450	28,198	26,667	24,426	22,496
Loans held for sale	10	5	12	27	28	9	27	16	5	25	52
Net loans	29,611	30,999	30,519	30,476	28,920	29,133	30,476	28,214	26,672	24,451	22,547
Cash	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.3
Investment securities	2,201	2,183	2,015	1,893	1,858	1,765	1,893	1,593	1,305	1,126	1,149
Assets held for lease, net	158	160	165	169	153	151	169	148	139	120	93
Accrued interest receivable	402	362	335	354	384	332	354	311	234	171	172
Investment in AgriBank, FCB	1,346	1,222	1,222	1,214	1,169	1,099	1,214	1,103	923	752	662
Other assets	615	570	592	609	610	552	609	529	398	387	316
Total assets	\$ 34,336	\$ 35,499	\$ 34,849	\$ 34,717	\$ 33,098	\$ 33,034	\$ 34,717	\$ 31,900	\$ 29,673	\$ 27,008	\$ 24,942
LIABILITIES											
Note payable to AgriBank, FCB	28,224	29,293	28,760	28,667	27,175	27,124	28,667	26,133	24,149	21,901	20,458
Subordinated debt	200	200	200	200	200	200	200	200	200	200	67
Accrued interest payable	284	276	268	271	\$282	\$266	271	243	165	70	27
Patronage distribution payable	118	213	176	200	126	216	200	197	211	209	204
Other liabilities	185	221	213	244	202	197	244	261	257	229	161
Total liabilities	\$ 29,012	\$ 30,203	\$ 29,616	\$ 29,582	\$ 27,985	\$ 28,002	\$ 29,582	\$ 27,034	\$ 24,982	\$ 22,609	\$ 20,916
EQUITY											
Preferred stock	100	100	100	100	100	100	100	100	200	200	100
Capital stock and participation certificates	57	56	54	53	52	51	53	47	40	35	34
Capital stock and participation certificates receivable	(49)	(47)	(45)	(43)	(41)	(40)	(43)	(34)	(20)	(7)	(6)
Additional paid-in capital	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781
Allocated retained earnings	110	110	110	110	163	163	110	163	215	268	321
Unallocated retained earnings	3,331	3,302	3,240	3,141	3,066	2,985	3,141	2,816	2,488	2,143	1,813
Accumulated other comprehensive loss	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(7)	(11)	(20)	(17)
Total equity	\$ 5,324	\$ 5,295	\$ 5,233	\$ 5,135	\$ 5,113	\$ 5,032	\$ 5,135	\$ 4,866	\$ 4,692	\$ 4,400	\$ 4,026
Total liabilities and equity	\$ 34,336	\$ 35,499	\$ 34,849	\$ 34,717	\$ 33,098	\$ 33,034	\$ 34,717	\$ 31,900	\$ 29,673	\$ 27,008	\$ 24,942
Income Statement (\$m)											
Interest income	\$ 478	473	460	508	469	404	1,826	1,599	1,065	838	863
Interest expense	284	279	269	355	283	186	1,078	891	455	288	339
Net interest income	\$ 194	\$ 195	\$ 192	\$ 153	\$ 187	\$ 218	\$ 748	\$ 708	\$ 610	\$ 550	\$ 524
Provision for credit losses	77	30	20	52	18	41	114	113	(11)	(15)	28
Net. Int. Income (after provision)	\$ 117	\$ 165	\$ 172	\$ 102	\$ 169	\$ 177	\$ 634	\$ 595	\$ 621	\$ 565	\$ 496
Non-interest income											
Patronage income	33	22	29	16	31	46	128	187	174	173	158
Net operating lease income	4	4	4	1	5	4	14	10	8	5	4
Financially related services income	12	14	15	14	11	11	49	50	53	50	43
Fee and other non-interest income	21	19	21	33	20	14	81	73	65	84	68
Total non-interest income	\$ 70	\$ 59	\$ 69	\$ 64	\$ 67	\$ 75	\$ 273	\$ 320	\$ 299	\$ 311	\$ 273
Non-interest expense											
Salaries and employee benefits	67	65	68	69	64	57	254	241	221	209	209
Farm Credit System insurance	7	7	7	6	6	7	26	42	43	31	18
Other operating expense	33	32	30	36	33	34	130	115	108	100	79
Other non-interest expense	17	9	1	(7)	3	16	13	13	10	14	5
Total non-interest expense	\$ 123	\$ 112	\$ 106	\$ 104	\$ 106	\$ 114	\$ 422	\$ 411	\$ 382	\$ 355	\$ 311
Income before income taxes	64	111	135	61	130	138	484	505	538	522	458
Provision for income taxes	(6)	8	(4)	(13)	4	11	6	27	24	23	18
Net income	\$ 70	\$ 103	\$ 139	\$ 75	\$ 126	\$ 128	\$ 478	\$ 478	\$ 515	\$ 498	\$ 440
<i>Source: Company reports, KBRA</i>											
Performance Measures (%)											
ROAA*	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24	FY24	FY23	FY22	FY21	FY20
	1.2%	1.4%	1.6%	1.5%	1.6%	1.9%	1.5%	1.6%	1.9%	2.0%	1.9%
ROE*	7.9%	9.2%	10.7%	9.1%	10.1%	12.2%	9.5%	9.8%	11.3%	11.7%	11.1%
NIM	2.4%	2.4%	2.4%	2.5%	2.4%	2.5%	2.4%	2.5%	2.3%	2.3%	2.4%
Noninterest Income / Op. Revenue	38%	26%	29%	39%	28%	30%	30%	35%	33%	36%	35%
Efficiency Ratio	47%	44%	41%	48%	42%	39%	41%	40%	42%	41%	39%
Asset Quality (%)											
NPA / Total Loans + OREO	1.5%	1.6%	1.4%	1.2%	1.4%	1.2%	1.2%	0.9%	0.4%	0.5%	0.6%
NCO / Average Loans	0.1%	0.1%	0.0%	0.2%	0.1%	0.0%	0.3%	0.3%	0.0%	0.0%	0.1%
ACL / Total Loans	0.7%	0.5%	0.4%	0.4%	0.5%	0.4%	0.4%	0.3%	0.2%	0.3%	0.4%
Capital (%)											
CET1 Ratio	12.1%	12.0%	11.8%	12.3%	12.3%	12.3%	12.3%	12.6%	13.2%	13.9%	14.3%
TCE Ratio	15.2%	14.6%	14.7%	14.5%	15.1%	14.9%	14.5%	14.9%	15.1%	15.5%	15.7%
Tier 1 Ratio	12.5%	12.3%	12.1%	12.7%	12.7%	12.7%	12.7%	13.1%	14.0%	14.6%	14.7%
Total Capital Ratio	13.6%	13.4%	13.1%	13.7%	13.7%	13.6%	13.7%	14.1%	14.9%	15.8%	15.2%
Leverage Ratio	12.3%	12.1%	11.9%	12.5%	12.6%	12.6%	12.5%	13.1%	14.1%	14.9%	14.8%

*quarterly figures reflect YTD (as reported)

Key Business Factor Rating Determinants

Market Share, Branding and Viability

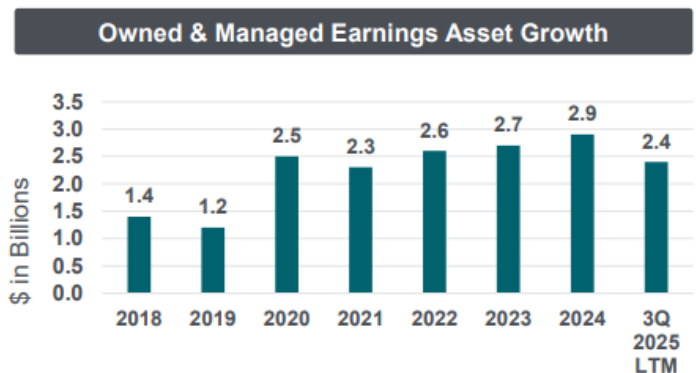
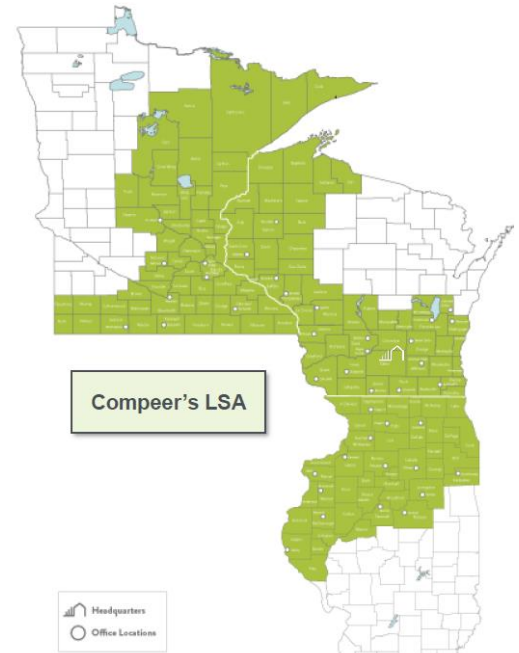
KBRA considers Compeer’s market presence within the agricultural sector a ratings strength, particularly given that it operates within the FCS. The FCS was established by Congress in the early 1900s to meet the credit needs of American agriculture. At 3Q25, the FCS had just over \$561 billion in assets, collectively, between its associations and its four system banks which are owned by the associations. We estimate that the FCS funds between 40% and 50% of all U.S. farm business debt and has historically shown a willingness/ability to lend in tougher agricultural markets when commercial banks may pull back. This is done with the FCS’s broader mission in mind – to provide sound, dependable funding for American agriculture and rural America.

Headquartered in Wisconsin, Compeer is a member-owned cooperative with ~\$34.3 billion in assets and ~\$5.3 billion in equity as of 3Q25. Compeer is one of 55 associations that operate under the FCS. More specifically, the company is the 4th largest association within the FCS, has over 76,000 member owners and is chartered to lend directly in 144 counties in Illinois, Minnesota, and Wisconsin through ~35 retail offices. For comparison and to demonstrate its scale, Compeer would be one of the top 10 largest commercial banks headquartered in its chartered area.

The company was created in 2017 through the merger of three other associations – AgStar Financial Services, Badgerland Financial and 1st Farm Credit Services. The merger came as the result of each association wanting to improve geographic and asset type diversity as well as recognizing that the scale of one merged association could more effectively invest in technology and infrastructure compared to three smaller, separate associations. Asset growth since the merger has been fairly robust, particularly during the pandemic when farmland owners were able to take advantage of low interest rates to refinance mortgages. Because Compeer’s funding base is generally callable, it was able to essentially match fund these assets, minimizing interest rate risk.

As discussed below in “Funding”, Compeer and its peers differ from commercial banks in that they do not collect deposits to fund loan growth. Rather, associations are primarily funded by one of four systems banks within the FCS. These operate as “funding banks” or “wholesale banks” and obtain their funds through the issuance of joint-and-several unsecured debt at the Funding Corp., a GSE. Compeer is within the AgriBank, FCB district, which has over \$200 billion in assets. Compeer’s access to this funding is considered a meaningful credit strength as it allows the company to fund growth without the need of a costly retail branch network and also grants the ability to lend to clients at a number of points on the yield curve without taking undo rate risk.

While Compeer is only allowed to lend directly in its chartered territory, nearly half of its loan portfolio is outside of this area. This is due to the company’s additional business units which have been built out over time, such as its Capital Market Group (CMG) which involves purchasing interest in loans to eligible borrowers with two other Agribank district associations. The CMG focuses on relationships with other commercial banks, other FCS institutions and other lending partners in buying loan participations in primarily syndicated loan transactions. Compeer also started its Agri-Access program 20+ years ago, which enters into agreements to provide correspondent lending programs primarily with commercial banks outside of its chartered territory. For instance, under Agri-Access, a commercial bank will underwrite and originate an agriculture loan, Compeer will also underwrite it and purchase all or part of the loan (if the loan fits within Compeer’s credit box) while the commercial bank services it and remains the face of the relationship. The business unit also services loan portfolios for other institutional investors. Further, Compeer offers its clients (and members), a variety of financially related services such as crop insurance, home loans (that the company can either keep on balance sheet or sell and realize noninterest income), leasing solutions, tax and accounting services as well



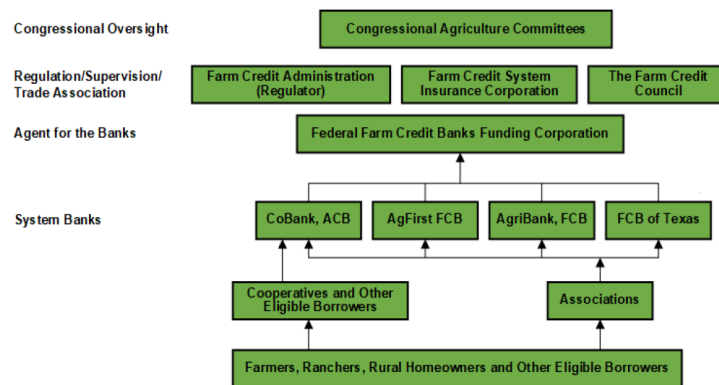
Source: Company Presentation

title services. We view these types of programs as additive to Compeer’s franchise and business model as they enhance balance sheet diversity from an asset type and geographic perspective, provide the company with a diverse mix of income and entrench it in the business and lives of its members.

Business Risk Management

Ownership, Organizational Structure and Corporate Governance

As noted, Compeer is part of the larger FCS which was established by Congress in the early 1900’s. Compeer and its peer associations are owned by their borrowers and the system banks are owned by their affiliated associations (and in the case of CoBank, by other cooperatives, eligible borrowers and its affiliated associations). The system banks jointly own the Funding Corp. which acts as an agent in issuing “Systemwide Debt Securities” which are used to fund lending activities and operations of the system banks and the associations. A depiction of the FCS structure is shown here:



Source: Federal Farm Credit Funding Corp.

AgriBank and Compeer are financially and operationally interdependent as AgriBank is statutorily required to serve as an intermediary between the financial markets and the retail lending activities of Compeer. AgriBank also provides services to Compeer such as interest rate risk management and certain accounting and reporting services. Further, Compeer must receive approval from AgriBank in order to borrow from other financial institutions or issue subordinated debt. And while the unsecured debt securities issued by the Funding Corp. are joint and several obligations of the system banks, subordinated debt and preferred stock issued by Compeer and its peer associations are only obligations of the individual associations.

In terms of Compeer’s corporate structure, we note that the Compeer Financial, FLCA is an operating subsidiary that is exempt from federal and state taxes and is the entity that houses Compeer’s real estate lending as well as purchases participations from other Farm Credit institutions. Compeer Financial, PCA is exempt from some state taxes and is the entity in which Compeer holds its short and intermediate loans. Compeer ACA is the holding company of both operating companies and produces financial statements and related reporting on a consolidated basis. Further, regulatory capital ratios are only measured at the holding company level. Both operating companies are technically the existing subordinated debt issuers while Compeer ACA guarantees the repayment of the debt and is also the issuer of preferred stock.

From a governance perspective, while Compeer is required to invest in AgriBank capital stock, it has its own independent board of directors and manages/controls its own business activities, operations and financial performance. The 15-member board consists of twelve elected, full-time farmers who operate within Compeer’s chartered territory. The remaining three members fill the roles of “subject matter experts” that focus on financial, technology and risk aspects of the company. We positively view this governance structure, which aligns the interests of the owners and borrowers with creditors.

Portfolio and Customer Management

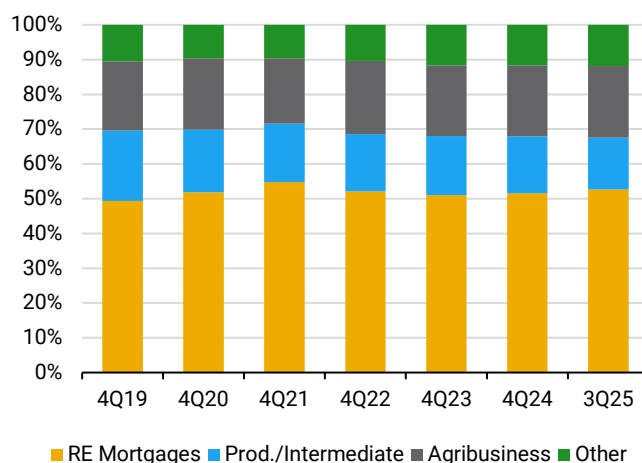
Given its mission and charter, Compeer’s balance sheet exposures are primarily related to the U.S. agricultural sector. As noted throughout, Compeer’s borrowers are also its owners which slightly changes the lender/borrower relationship, in our view. First, given that a farmer or ag producer must invest in Compeer before borrowing, it then becomes eligible for patronage (share in Compeer’s earnings). This essentially lowers the borrower’s all-in cost of debt which entrenches Compeer into the borrower’s business, in our view. Compeer’s patronage amount is based on a borrower’s average daily balances, thus the more that a member borrower has in balances, the higher the patronage payment paid out in August of each calendar year. We also believe the member-borrower/lender dynamic allows Compeer to be more patient from a loan workout perspective. While the company has a commercial bank-like workout group, we think workouts can end



up with more favorable outcomes for both the member-borrower and Compeer which enhances its financial profile through the realization of comparatively lower credit losses.

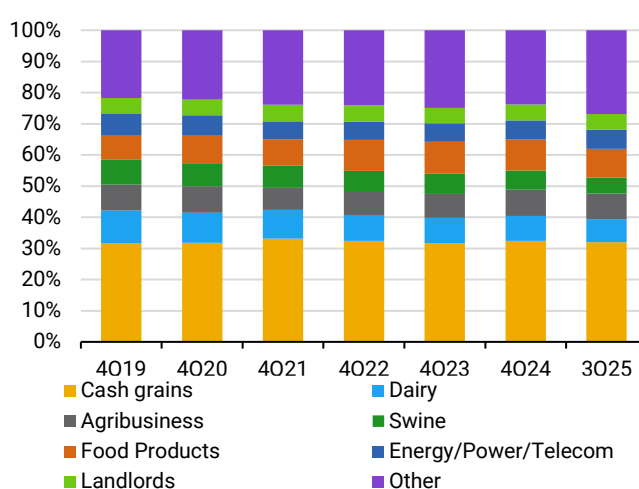
In KBRA's view, Compeer possesses the specific underwriting and industry expertise necessary for managing its specialized agricultural lending portfolio. For instance, the company estimates that loans (owned and managed) backed by real estate total just over ~\$18.5 billion or half of total loans. As such, Compeer spends a significant amount of time and effort in monitoring land values and the potential volatility they present. Types of collateral include crop and pastureland, specialized farm buildings, residences, commercial structures, recreational property, and others. Compeer has a team of 50+ appraisers that monitors over 50 benchmark farmland properties across five states – Illinois, Minnesota, Wisconsin, Iowa and Indiana. The team tracks monthly data to understand shifting market dynamics in real time so that the company can make sound lending decisions. We note that Compeer shares and compares its analysis with other associations that lend in and around the Midwest in order to have even more granular, accurate data on farmland values. Further we note that the real estate portfolio has a bias towards LTVs below 60%, particularly as balance sheet real estate loans amortize over time and as the company generally limits LTV to 65% at the point of origination compared to a regulatory limit of 85%.

Portfolio Mix by Purpose



Source: Company reports, KBRA

Portfolio Mix by Commodity



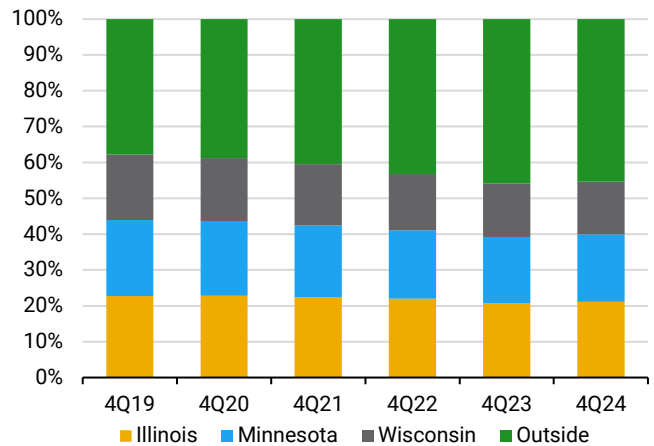
Source: Company reports, KBRA

We also note that Compeer uses specified loan underwriting standards depending on the type of source of repayment (ie – dairy & swine, commercial dairy, cash grain, etc.) These standards provide guidelines for minimum financial performance hurdles such as client solvency, liquidity, leverage, and capacity required for a credit to be approved. These quantitative measures may have qualitative overlays on top of them depending on the borrower and collateral type. Further, exceptions to guidelines are tracked closely and where exceptions are present, underwriters typically note offsetting strengths that mitigate potential risks.

Most of the farming activity within Compeer’s designated territory revolves around cash grains such as corn and soybeans as well as the dairy and swine sectors. That said, the company actively seeks to diversify its balance sheet by geography and asset type through programs such as Agri-Access and its capital markets group that were described above. Compeer also buys loans from CoBank, ACB, the largest system bank within the FCS. CoBank has a unique charter which allows it to originate rural infrastructure (power, water, telecom, etc.) loans across the U.S. Further, CoBank has the ability to act as a joint lead for syndicated loans from commercial banking partners. As such, Compeer and its peer associations (and other system banks) deploy capital by purchasing these loan types directly from CoBank.

Out-of-territory lending provides member-owners a number of benefits. Management indicated that these assets are more diverse than those within the territory with less than 15% of them in cash grain by dollar. Further, industries such as food products, paper & packaging, and agribusiness all provide diversity benefits for the overall portfolio including the fact that they are less correlated to cash grains.

Portfolio Mix by Geography



Source: Company reports, KBRA. Note that the states listed above only indicate if loan is located within territory. Exposure to individual states may be modestly higher but outside of chartered territory.

Participations Purchased & Sold by Purpose (as of 3Q25)

	AgriBank		Other FCS		Non FCS	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
RE Mortgages	\$ -	\$ (2,435.7)	\$ 331.6	\$ (849.5)	\$ 4,958.6	\$ (59.4)
Prod./Intermediate	\$ -	\$ (1,331.5)	\$ 636.8	\$ (1,695.8)	\$ 2,579.6	\$ (18.2)
Agribusiness	\$ -	\$ (1,267.7)	\$ 2,574.9	\$ (3,700.6)	\$ 1,230.8	\$ (16.0)
Other	\$ -	\$ (455.1)	\$ 3,873.7	\$ (1,208.6)	\$ 116.7	\$ -
Total	\$ -	\$ (5,490.0)	\$ 7,417.0	\$ (7,454.5)	\$ 8,885.7	\$ (93.6)

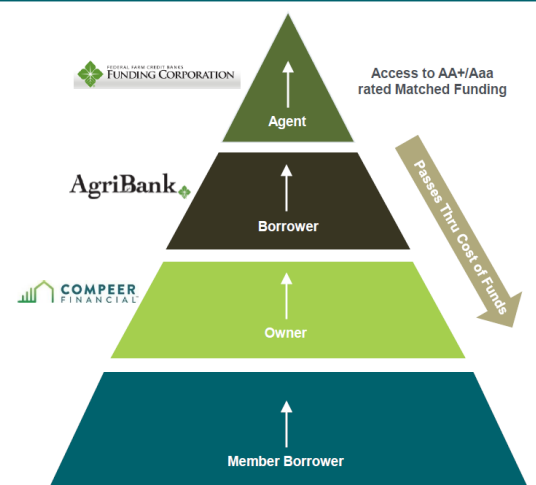
Source: Company reports, KBRA

Similar to other finance companies, Compeer maintains a number of lending limits. The company has individual hold limits as well as industry limit, each established as a percentage of capital. Individual hold limits use a risk-based approach, marrying probability of default and potential loss given default to determine what an individual hold limit should be. Industry hold limits factor Compeer’s mission and local agriculture, as well as perceived diversification benefits.

Funding

While comparatively narrow in nature, KBRA views Compeer’s funding profile as a ratings strength. Compeer obtains the majority of its funding from AgriBank through a revolving, variable rate note payable that is governed by a General Financing Agreement (GFA). The note has a maturity of October 2027 that has historically gotten renewed/renewed well-ahead of the maturity. It has maximum capacity of \$45 billion though the actual availability is driven by the size of Compeer’s balance sheet as substantially all of its assets serve as collateral through a borrowing base. AgriBank currently requires Compeer to maintain an investment equal to 3.1% of average quarterly balances of the note. We note that Compeer receives patronage based on this investment which effectively reduces its cost of funding.

The cost of these funds is very low given the GSE status of AgriBank and the FCS. The Funding Corporation is able to issue GSE unsecured debt at scale on behalf of the system banks. These funds are then passed along to the associations with an incremental cost that incorporates a spread component (which includes a cost of servicing, cost of liquidity and system bank profit) and a marginal cost of debt component. This marginal cost of debt approach





simulates the cost of underlying debt with similar terms to Compeer’s borrowers – creating assets that are “match-funded” which minimizes interest rate risk.

The GFA contains a number of covenants tied to the capital levels, credit quality, credit administration and overall risk profile of Compeer. While not applicable to Compeer, there have been instances in the FCS where an association is not in compliance with certain covenants and either availability of credit on note between the system bank and the association is frozen or a credit premium is added to the cost of the note which ultimately is a drag on association earnings. Importantly, we believe that the relationship between Compeer and AgriBank is durable with interest well-aligned and we expect it to continue into the future, limiting funding risk for Compeer.

Throughout its history, Compeer has also issued preferred stock and subordinated debt in order to augment regulatory capital and support growth. For instance, in 2021, it issued \$100 million of perpetual preferred stock and \$200 million of subordinated debt. The company most recently issued an additional \$300 million of perpetual preferred. That said, we expect the majority of Compeer’s funding to be derived from AgriBank and third-party capital usage to be limited compared to the company’s overall balance sheet.

Economic and Operational Risk

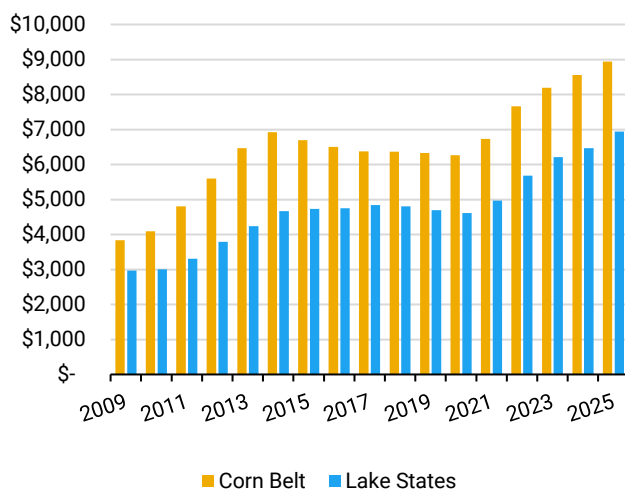
Compeer’s credit quality and financial performance are significantly tied to the health of the U.S. agricultural economic environment.

The United States Department of Agriculture (USDA) updated their 2025 farm income estimates, only slightly lowering their net farm income (NFI) forecast from \$180.1 billion in February 2025 to \$179.8 billion in September 2025. Net cash farm income saw a larger decline from \$193.7 billion in February 2025 to \$180.7 billion in September 2025. Although income forecasts decreased, aggregate farm income remains well above 2024. This is mainly attributed to a \$30.4 billion increase in 2025 government payments--primarily supplemental ad hoc disaster assistance provided to farmers and ranchers through the American Relief Act, 2025. The recent tax bill also includes increases in pricing formulas for traditional Farm Bill Title I Commodity programs that will increase forecast direct government payments for crop year 2025 but will not be paid until 2026.

As it relates to the environment for certain commodities and asset classed, cash grain prices have been challenged during 2025 as trade policy (and specifically China’s lack of buying soybeans) has been a significant headwind. That said, price forecasts for corn has remained in the \$3.90/bushel range over the last couple of months and soybean futures have increased meaningfully since the middle of October 2025 on trade talk progress with China. Meanwhile, we note that swine operators have thrived during a period of low feed costs which have expanded their operating margins.

Finally, farmland values, which collateralize most of Compeer’s loans, have remained resilient over the last decade even during periods of rising rates, trade tensions and volatile crop prices. Values plateaued and even modestly fell during the rate tightening environment ahead of the pandemic but actually remained on a trend upward during the most recent rapid Fed moves in the 2022 to 2023 time period, likely attributable to a similar dynamic as the housing market – there are more potential buyers or farmland than there are sellers given the low rates that were locked in during the pandemic.

Estimated Cropland Values (\$/acre)



Source: USDA, NASS

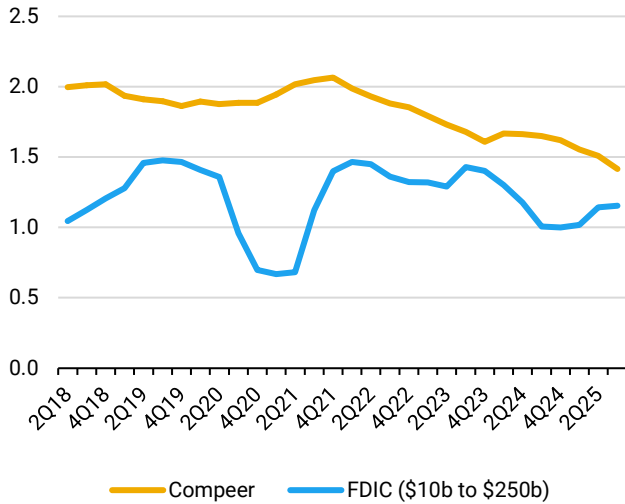
Key Financial Factor Rating Determinants

Profitability

While being a cooperative affords Compeer the ability to not be as focused on profit generation as public commercial bank peers, we positively view the way in which the company strives to have an efficient operation, being good stewards of the GSE funding it receives from AgriBank.

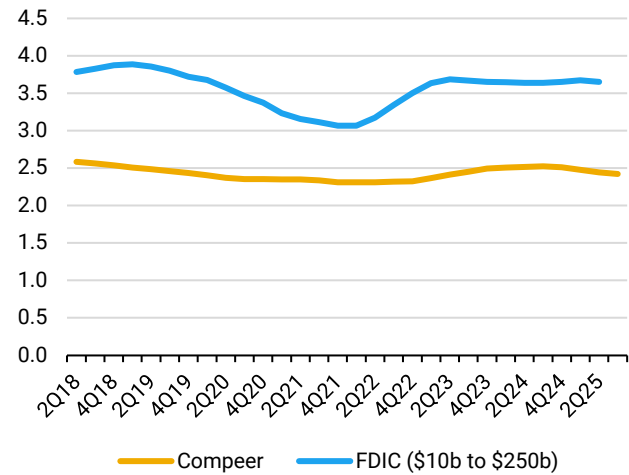
Financial performance, measured by ROA, is comparatively strong relative to similarly sized commercial banks. Going back to the time of its merger in 2017, the company has generated ROAs in the 1.5%-2.0% range. Even with a higher-than-normal provision for credit losses through the first nine months of 2025 of over \$127 million (\$77 million YTD3Q24), Compeer has generated a 1.2% ROA, a level which many commercial banks are striving to achieve on a more regular basis. While the company's provision may remain elevated in the near term due to credit quality deterioration within the discontinued digital lending platform and other certain sectors within the capital markets group business unit, we expect earnings performance to be supported by lower funding costs given the FCS's ability to call debt as rates fall.

Return on Average Assets (% , 4 Qtr. Moving Avg)



Source: Farm Credit Administration, FDIC, KBRA

Net Interest Margin (% , 4 Qtr. Moving Avg.)



Source Farm Credit Administration, FDIC, KBRA

This dynamic is demonstrated in the company's relatively consistent net interest margin (NIM) over time. As shown in the nearby chart, Compeer's NIM is generally lower than commercial banks by anywhere between 75 bps to 125 bps. However, its range has generally been tighter than that of commercial banks which rely on deposit funding, given the aforementioned use of GSE funding and the Fund Corp.'s ability to call debt as rates fall.

Earnings are further supported by a reasonable level of noninterest income, the majority of which is in the form of patronage income received from AgriBank and other Farm Credit institutions. Patronage from AgriBank is based on Compeer's note usage (wholesale patronage) as well as on loans that it participates in with an asset pool program. Further, the form of the patronage can come in the form of actual cash distributions but also come in the form of stock (non-cash). Patronage income is set to be lower in 2025 compared to the year prior. Similar to Compeer, the other associations within AgriBank's district have seen meaningful loan growth during and since the pandemic due to strong borrower demand. This growth requires AgriBank to retain more capital in order maintain their financial position, which results in less earnings available for patronage. Therefore, the patronage rate earned on the average daily balance of Compeer's note payable was 13 bps during the YTD 3Q25 period down from ~22 bps for the same period of 2024.

Non-interest Income

	YTD 3Q25	YTD 3Q24	2024	2023	2022
Patronage Income	\$ 32.6	\$ 31.4	\$ 128.5	\$ 187.2	\$ 173.7
Net Operating Lease Income	4.3	4.8	13.6	10.5	7.7
Financially Related Services Income	12.3	10.7	49.4	50.0	52.7
Fee and Other	21.1	20.1	81.5	72.7	65.3
Total	\$ 70.3	\$ 67.0	\$ 273.0	\$ 320.4	\$ 299.4

Source: Company Reports

Liquidity

Liquidity on Compeer's balance sheet is more limited than other finance companies or commercial banks. However, this is intended as 1) the company is not allowed by statute to have more than 10% of its balance sheet in investments (whereas commercial banks may have upwards of 25-30% of earnings assets) and 2) the company has meaningful availability on its note agreement with AgriBank that can be drawn on immediately to fund loans which makes the balance sheet more efficient. Further, the lack of on balance sheet liquidity is offset by ~\$2 billion of availability on its note with AgriBank based on the borrowing base formula within the GFA. Further, if loan growth was material, the company has another \$15 billion+ to the max capacity on the line under the current agreement though this could be increased as needed.

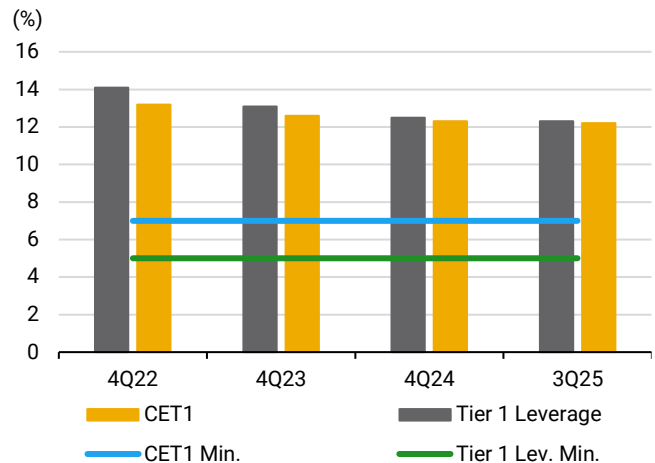
At 3Q25, cash and investments were around \$2.2 billion or ~6.4% of total assets. The investment portfolio consisted of Farmer Mac issued MBS, ABS guaranteed by the Small Business Administration (SBA) and a small portion of municipal revenue and corporate bonds. Over 95% of investments were guaranteed by Farmer Mac or the SBA making the portfolio highly rated and highly liquid.

Capital Adequacy

Compeer operates under a regulatory capital framework laid out by the Farm Credit Administration (FCA), the regulator of the FCS. The capital framework is akin to that of the one commercial banks operate under in that Compeer and its peers must maintain minimums for CET1, Tier 1 Risk based Capital and Total Risk Based Capital. System institutions must also maintain a minimum, non-risk adjusted Tier 1 Leverage ratio. The framework was developed by the FCA over a decade ago in conjunction with Basel III capital rules to make system institutions' capital more comparable to depository banks.

At ~12%+ CET1, Compeer's capital position is considered strong. While robust over the last few years, balance sheet growth moderated during 2025 driven by the company taking the opportunity to sell down ~\$1.7 billion of its loan portfolio to Agribank during 3Q25. Combined with earnings retention, CET1 has been relatively flat over the course of the year after being on a downward trend since the end of 2019 when CET1 was ~15%. Incorporated into the ratings is the expectation that Compeer will manage CET1 in excess of 12% over time.

Compeer Regulatory Capital



Source: Company reports, KBRA

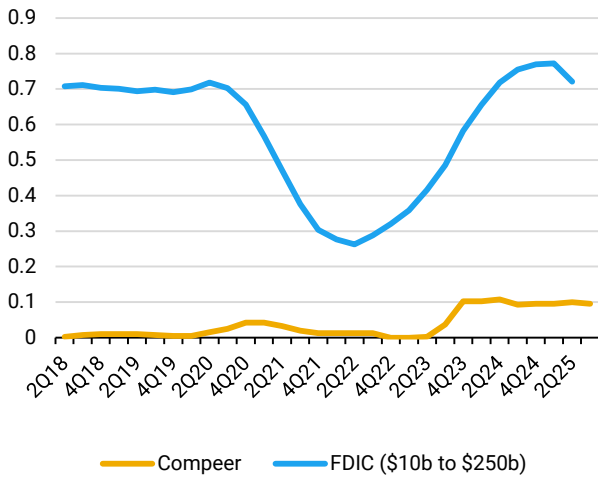
Aside from moderating growth, particularly through less out-of-territory lending activity or issuing the occasional third-party capital, capital growth is primarily augmented through earnings retention. Over time, we note that Compeer's patronage payout ratio has ranged between 30%-40% (inclusive of preferred dividends) though it slightly exceeded this in 2024 as earnings came down from higher provision expense. Patronage is approved each December and ultimately paid out each August and is at the full discretion of the board and we expect the payout ratio in the next few years to be consistent with the past range with the caveat that 2025 has also had higher provisions than historically.

Our view of capital adequacy is also shaped by the stress testing that Compeer performs. As a moderately sized financial institution with a bank-like regulatory capital framework, we positively view the way in which the company stresses its balance sheet and then uses results to inform capital planning and loan pricing. We note that stress testing results, which incorporates an increase in losses as well as loan growth as commercial banks pull back from the ag sector, indicate a strongly capitalized institution.

Asset Quality

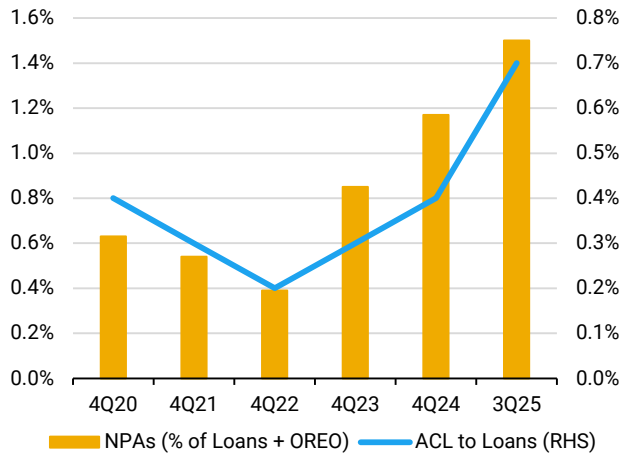
On a historical basis, Compeer's credit quality has been very strong compared to that of other finance companies or commercial banks. Even with volatility seen in commodity prices and interest rates, the levels of nonperforming assets and realized credit losses have been nominal, aided by a strong farm sector going into periods of stress as well as strong underwriting/portfolio management.

Net Charge-Offs (% 4 Qtr. Moving Avg.)



Source: Farm Credit Administration, FDIC, KBRA

Compeer Credit Quality



Source: Company reports, KBRA

That said, credit quality over most recent periods has reflected deterioration in certain subsegments of the loan portfolio leading to nonperforming assets climbing to over 1.5% of loans + OREO. For instance, in 2021, Compeer launched its digital lending platform in 2021, offering operating and term loans, along with leases to ag retail partners at point of sales. Credit performance in this book has been weaker than expected, resulting in modestly higher net charge-offs (NCOs) as well as higher balances of nonperforming loans. We also note that the company tightened/enhanced underwriting in the portfolio soon after weakness developed. Moreover, the company has made the strategic decision to wind this portfolio down over the next couple of years. Credit quality within Compeer’s Capital Markets Group portfolio has also shown modest weakness over recent periods. Changes in inflation, interest rates, and consumer spending patterns have resulted in some commercial agriculture businesses exhibit weakness. Additionally, loans in the California permanent planting sector (i.e. – almond trees) have shown weakness due to changes in water regulation and availability. Still, we note that overall NCOs have remained well-below those of commercial bank peers, albeit higher than 0-5 bps Compeer has historically produced.

With an uptick in nonperforming assets, the company has also increased its level of provisioning, as has been discussed previously. The allowance for credit losses (ACL) was around 0.7% of loans at 3Q25, its highest level since the company’s formation in 2017, now representing almost half of nonperforming loans. While this is below coverage seen at commercial bank peers, we once again note the patient nature of asset management practices of Compeer given its business model and how these have typically resulted in lower credit losses. We also note that allowance coverage tied to the discontinued digital lending platform is nearly 15% which should be sufficient in absorbing losses as that portfolio winds down.

Debt and Hybrid Notching

The instrument rating for a corporate issuer’s obligations (whether secured, senior unsecured, or subordinated) may be notched up or down from the issuer rating. For corporate entities with issuer ratings of BB– or above, KBRA may adjust upwards or downwards from the issuer rating to arrive at the instrument rating.

Similar to KBRA’s approach to the notching of subordinated debt and preferred stock issued at bank holding companies, we have notched Compeer’s subordinated debt by -1 from its issuer rating and the preferred stock by -2. This takes into account both instrument’s expected recoveries and loss absorption features.

ESG Management

KBRA typically analyzes Environmental, Social, and Governance (ESG) factors through the lens of how management teams plan for and manage relevant ESG risks and opportunities. More information on KBRA’s approach to ESG risk management in financial institution ratings can be found [here](#). Over the medium-term, banks and other financial institutions will need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer-specific ESG issues but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under



environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer's product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.

Environmental Factors

There were no environmental factors that were key rating drivers, although environmental considerations including climate-related risks are embedded in management practices.

Social Factors

The organization considers supply chain, labor, community relations, and gender and racial diversity in its lending and underwriting processes.

Governance Factors

An effective risk management framework includes the financial institution's process for identifying, assessing and responding to ESG-related risks and opportunities, such as ESG focused staff and resources, board oversight, ESG issues incorporated into capital allocation, cyber risk and fraud management. As noted above, governance over lending and the risk management function is adequate.

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