

KEY FINANCIAL DATA



(\$ in thousands)

BALANCE SHEET	as of 09/30/2021	as of 12/31/2020	as of 09/30/2020
Total Loans	\$ 22,928,136	\$ 22,585,104	\$ 21,367,208
Allowance for Loan Losses	66,444	89,157	97,767
Total Assets	25,382,533	24,942,271	23,707,215
Total Shareholders' Equity	4,395,506	4,026,248	4,033,293

INCOME STATEMENT	9 mos. ending 9/30/2021	12 mos. ending 12/31/2020	9 mos. ending 9/30/2020
Net Interest Income	\$ 410,132	\$ 524,053	\$ 382,434
Provision for (Reversal of) Loan Losses	(21,963)	27,894	29,808
Noninterest Income	224,261	272,662	205,593
Noninterest Expenses	258,623	311,069	219,654
Income Tax Provision	16,661	17,860	11,633
Net Income	381,072	439,892	326,932

KEY FINANCIAL RATIOS	as of 09/30/2021	as of 12/31/2020	as of 09/30/2020
Loan Growth (year over year)	7.3%	13.5%	12.0%
Return on average assets	2.0%	1.9%	1.9%
Net interest margin	2.3%	2.4%	2.3%
Return on average equity	12.1%	11.1%	11.1%
Total capital ratio	16.1%	15.2%	15.2%
Nonaccrual Loans as a % of Total Loans	0.6%	0.6%	0.6%
Allowance as a % of Nonaccrual Loans	49.6%	64.9%	75.5%
Adversely-Classified Loans as % of Total Loans	2.3%	2.8%	3.3%

CEO Remarks

This year's commodity prices have provided many Compeer clients with an opportunity to move into improved financial positions or build on the success they had in 2020. At Compeer Financial, we're seeing solid performance in nearly all aspects of our business, a sign of client fortitude.

At the same time, there have been challenges. Many are withstanding the complications of severe weather thanks to crop insurance and financial reserves. Through careful planning, clients are persevering and consequently keeping Compeer's portfolio strong. This year, member-owners received back a total of \$197 million in patronage based on results from 2020. Each year we look forward to seeing the impact these payments can bring to our member-owners and are excited to see this performance holding.

We continue to be grateful for the partnership of our clients and look forward to growing with agriculture and rural America.

ROD HEBRINK

President & CEO
Compeer Financial



FINANCIAL HIGHLIGHTS



- During the nine months ended September 30, 2021, total loans increased by \$343 million, driven primarily by growth in our AgriAccess sector. These increases were offset by decreases in our food/agribusiness and swine sectors during the period, due to paydowns of operating lines.
- Real estate mortgage loans continued to increase due to continued low interest rates. Commercial loan growth (after peaking in early 2021) has now begun to moderate, due to decreasing grain prices, increased competitive pressures among lenders, and paydown activity.
- It has become clear the pandemic's economic impact on Compeer's loan portfolio has not been as severe as initially predicted. Credit quality remains solid and has continued to increase overall during 2021. Adversely classified loans have decreased to 2.3% of total loans, down from 3.3% at September 30, 2020. Net loan charge-offs remain at historically low levels.
- As a reflection of the improved overall economic outlook, Compeer decreased our allowance for loan losses during the nine months ended September 30, 2021. Provision expense was \$52 million less during the 9-month period ending September 30, 2021, compared to the same period of 2020.
- Net income for the nine months ending September 30, 2021, was \$381 million, compared to \$327 million for the same period of 2020. In addition to the reversals of provision expenses, net interest income and non-interest income increases also contributed to overall net income growth in 2021.
- Non-interest income growth during the current 9-month period was driven by \$18.4 million in fees from the SBA for originated PPP loans (collected in Q1 and Q2). Other fee income moderated to a more "normal" fee income level toward the end of the 9-month period.
- Non-interest expenses grew by about \$39 million during the nine months ending September 30, 2021, due to budgeted strategic technology expenditures, as well as increased premium rates charged on Farm Credit System insurance.
- Capital levels were in excess of the regulatory minimums established by the FCA, as of September 30, 2021.

OTHER ORGANIZATION HIGHLIGHTS

Technology Investments Bring Increased Client Options & Efficiency

Investments in technology continue to bring options to clients and gain efficiencies for Compeer Financial. The organization's Board of Directors supported an increase in the level of investment to accelerate technology enhancements which improve client options, client education, and ease of use.

Investing in Rural School Innovation

The COVID-19 pandemic posed a variety of challenges to rural schools and their communities. Many schools tackled those challenges head on with creativity, innovation and commitment. Compeer Financial partnered with the Rural Schools Collaborative to award \$150,000 in Rural Schools Innovation Grants to 22 rural schools that developed exemplary innovative programs during the pandemic, directly impacting 12,888 students. Grants of up to \$10,000 per school district went to rural public schools in Compeer Financial's 144-county territory in parts of Illinois, Minnesota and Wisconsin.

\$197M in Patronage Returned to Member-Owners

Compeer Financial returned approximately \$197 million in patronage payments to member-owners through two payments in 2021, the second being returned in August. The amount being paid out represents approximately 45 percent of Compeer's 2020 adjusted earnings, and is an increase of \$20 million compared to the prior year.

ABOUT COMPEER FINANCIAL

Compeer Financial is a member-owned Farm Credit cooperative serving and supporting agriculture and rural communities. The \$25.4 billion organization provides loans, leases, risk management and other financial services throughout 144 counties in Illinois, Minnesota and Wisconsin. Based in the Upper Midwest, Compeer Financial exists to champion the hopes and dreams of rural America, while providing personalized service and expertise to clients and the agriculture industry. Compeer Financial is the third largest cooperative of the Farm Credit System, a nationwide network of lending institutions supporting agriculture and rural communities with reliable, consistent credit and financial services.

[Learn more about Compeer Financial.](#)



MEDIA CONTACT

Nora Nolden

Communications Consultant

Nora.Nolden@compeer.com

(651) 245-6804

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