

KEY FINANCIAL DATA



(\$ in thousands)

BALANCE SHEET	as of 12/31/2021	as of 12/31/2020	as of 12/31/2019
Total Loans	\$ 24,490,167	\$ 22,585,104	\$ 19,903,565
Allowance for Loan Losses	63,700	89,157	78,504
Total Assets	27,008,498	24,942,271	22,183,933
Total Shareholders' Equity	4,399,790	4,026,248	3,807,410

INCOME STATEMENT	12 mos. ending 12/31/2021	12 mos. ending 12/31/2020	12 mos. ending 12/31/2019
Net Interest Income	\$ 549,849	\$ 524,053	\$ 481,789
(Reversal of) Provision for Loan Losses	(15,000)	27,894	20,777
Non-interest Income	311,294	272,662	235,679
Non-interest Expenses	354,606	311,069	282,762
Income Tax Provision	23,187	17,860	17,308
Net Income	498,350	439,892	396,621

KEY FINANCIAL RATIOS	as of 12/31/2021	as of 12/31/2020	as of 12/31/2019
Loan Growth (Year Over Year)	8.4%	13.5%	6.1%
Return on Average Assets	2.0%	1.9%	1.9%
Net Interest Margin	2.3%	2.4%	2.4%
Return on Average Equity	11.7%	11.1%	10.6%
Total Capital Ratio	15.8%	15.2%	15.9%
Nonaccrual Loans as a % of Total Loans	0.5%	0.6%	0.8%
Allowance as a % of Nonaccrual Loans	55.7%	64.9%	50.9%
Adversely-Classified Loans as % of Total Loans	1.9%	2.8%	3.6%

CEO Remarks

Compeer Financial saw solid performance in nearly all aspects of our business in 2021, a sign of client fortitude and improving economic conditions. Our credit quality remains strong and our diverse portfolio, paired with prudent risk management, helped our organization end the year in a solid position. We grew by more than \$2 billion, with assets now totaling \$27 billion.

Because of these strong results, Compeer will return \$202 million in patronage to our member-owners in 2022, an increase of \$5 million. It's the fourth consecutive year our Board of Directors has increased patronage returns. By the end of 2022 we'll have paid stockholders more than \$890 million in patronage since the formation of Compeer in 2017.

I'm excited for what the future holds as Compeer is poised to make an even bigger impact for our clients in agriculture and rural America in the coming year.

ROD HEBRINK
President & CEO
Compeer Financial



FINANCIAL HIGHLIGHTS



- During the year ended December 31, 2021, total loans increased by \$1.9 billion, driven by wide-spread growth across many of our sectors, led by core markets and Agri-Access.
- Real estate mortgage loans led the annual growth due to 2021's low interest rate environment and high grain prices. Commercial loans decreased slightly year-over-year (after peaking in early 2021) due to the profitable environment fueling paydown activity on operating lines.
- Our clients' overall solid 2021 performance is reflected in the healthy credit quality of our loan portfolio. Adversely classified loans have decreased to just 1.9% of total loans, down from 2.8% at December 31, 2020.
- While our allowance for loan losses increased in 2020 in response to uncertainty surrounding COVID-19, we subsequently decreased the allowance in 2021 as a reflection of improved economic outlook and credit quality. This resulted in an annual reversal of provision expense of \$15 million for the year, a difference of \$43 million from provision expenses taken in 2020.
- Net income for the year ended December 31, 2021, was a record high of \$498 million, compared to \$440 million during 2020. In addition to the reversals of provision expenses, increases in net interest income and non-interest income also contributed to overall net income growth in 2021.
- Non-interest income growth during 2021 was driven by \$18.4 million in fees from the Small Business Administration for originated Paycheck Protection Program loans. Loan origination fee income also grew, as well as income from our multi-peril crop insurance services. Conversion fee income offset these increases, with a decrease during 2021 to a more moderate level from the high levels of 2020.
- During the year, non-interest expenses grew by \$43.5 million, due to budgeted strategic technology expenses, 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 December 31, 2021. Compeer remains well capitalized.

OTHER ORGANIZATION HIGHLIGHTS

Carbon Initiative Helps Clients Navigate Fast-Growing Market

Compeer Financial has entered a new partnership in the growing carbon market with Indigo Ag, creating an easier path to carbon credit creation. Through its industry-leading carbon farming program, Carbon by Indigo, Indigo connects farmers adopting practices that result in carbon sequestration and abatement with carbon buyers looking to incorporate high-quality offsets as part of their long-term sustainability strategies. The collaboration will help Compeer's clients navigate the soil carbon market to get started on their carbon farming journey and maximize their long-term profitability potential.

Fund for Rural America Awards Grants to Emergency Response Departments

Compeer Financial's corporate giving program, the Fund for Rural America, awarded 155 grants to emergency response departments across Illinois, Minnesota and Wisconsin, totaling over \$450,000. These grants help to offset the cost of equipment that community departments need to carry out their important work throughout rural America. Eight of these grants went directly to COVID-19-related response needs.

Board of Directors Welcome New and Incumbent Members

In the 2021 election, Compeer Financial member-owners elected Ashley Ahl of Merrillan, Wis., Daniel Erickson of Alden, Minn., Larry Fischer of Sleepy Eye, Minn., Kimberly Wedig of Darlington, Wis., and Stephanie Wise of Joliet, Ill., to serve on the board of directors. Ahl, Erickson, Fischer and Wise are all incumbent members of the board and Wedig is a newly-elected director.

ABOUT COMPEER FINANCIAL

Compeer Financial is a member-owned Farm Credit cooperative serving and supporting agriculture and rural communities. The \$27.0 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.](#)



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