

KEY FINANCIAL DATA



(\$ in thousands)

BALANCE SHEET	as of 03/31/2022	as of 12/31/2021	as of 03/31/2021
Total Loans	\$ 25,243,625	\$ 24,490,167	\$ 23,007,137
Allowance for Loan Losses	60,040	63,700	84,240
Total Assets	27,695,771	27,008,498	25,353,733
Total Shareholders' Equity	4,487,924	4,399,790	4,126,809

INCOME STATEMENT	3 mos. ending 03/31/2022	12 mos. ending 12/31/2021	3 mos. ending 03/31/2021
Net Interest Income	\$ 147,999	\$ 549,849	\$ 136,150
(Reversal of) Provision for Loan Losses	(3,697)	(15,000)	(4,907)
Noninterest Income	66,030	311,294	78,131
Noninterest Expenses	86,631	354,606	78,601
Income Tax Provision	4,350	23,187	4,900
Net Income	126,745	498,350	135,687

KEY FINANCIAL RATIOS	as of 03/31/2022	as of 12/31/2021	as of 03/31/2021
Loan Growth (year over year)	9.7%	8.4%	12.3%
Return on Average Assets	1.9%	2.0%	2.2%
Net Interest Margin	2.3%	2.3%	2.3%
Return on Average Equity	11.4%	11.7%	13.3%
Total Capital Ratio	14.8%	15.8%	14.4%
Nonaccrual Loans as a % of Total Loans	0.5%	0.5%	0.6%
Allowance as a % of Nonaccrual Loans	49.4%	55.7%	56.7%
Adversely-Classified Loans as % of Total Loans	1.7%	1.9%	2.6%

CEO Remarks

In February, I announced my intent to retire in January of 2023. Now five years since Compeer Financial was formed, our organization's diverse portfolio has allowed us to better serve our 144-county territory.

In 2021, we reported our strongest financial results to date. Compeer experienced 8.3% total asset growth, year over year; returned \$202 million in patronage payments for 2022; and allocated \$14.8 million through the Fund for Rural America to support rural communities' emerging needs.

I'm grateful for the opportunity to work alongside the most remarkable clients and team members, while serving the industry I grew up in and have always respected. I believe Compeer is well-positioned for a leadership transition, and our team is poised to ensure Compeer continues to partner with and support our clients and the communities we serve well into the future. I expect all we've built together and the strong foundation of this organization will allow the next CEO to propel Compeer to even greater outcomes in serving our clients in agriculture and rural America.

ROD HEBRINK
President & CEO
Compeer Financial



FINANCIAL HIGHLIGHTS

- During the three months ended March 31, 2022, total loans increased by \$753 million, driven primarily by growth in our capital markets and food/agribusiness units. These increases were offset by decreases in our core markets and swine business units during the period, due to paydowns of operating lines.
- Agribusiness loans have led this growth, as a result of the impacts of the Russian invasion of Ukraine on producers' activities. Commercial loans have decreased, due to the high grain prices driving the paydown of operating lines.
- Credit quality remains solid. Adversely classified loans have decreased to 1.7% of total loans, down from 2.6% on March 31, 2021. Net loan charge-offs remain at historically low levels.
- As a reflection of continued strong credit quality, Compeer has again decreased our allowance for loan losses during the three months ended March 31, 2022. Reversals of provision expense in 2021 have continued in the first three months of 2022.
- Net income for the three months ended March 31, 2022, was \$127 million, compared to \$136 million for the same period during 2021. Loan growth is driving our net interest income increase, which is offset by a decrease in noninterest income. A budgeted increase in noninterest expenses contributed to the overall net income decrease in 2022.
- The decrease in noninterest income is due primarily to the drop in PPP program fees. Other fee income was also down slightly for the quarter, following 2022's decreased loan origination activity.
- Noninterest expenses grew by about \$8 million during the three months ended March 31, 2022, due to budgeted increases in variable compensation related to strong financial performance, continued technology investment, and normalization of COVID categories including client events and travel expenses.
- Capital levels were in excess of the regulatory minimums established by the FCA, as of March 31, 2022.



OTHER ORGANIZATION HIGHLIGHTS

Patronage Increases to \$202 million

Compeer Financial and their board of directors announced the organization would return approximately \$202 million in patronage payments to member-owners through two payments in 2022. The amount being paid out represents over 40 percent of Compeer's 2021 earnings, and is an increase of \$5 million compared to the prior year.

Fund for Rural America Announces Grant Recipients

Compeer Financial's corporate giving program, the Fund for Rural America, awarded \$287,000 in grants in the first quarter of 2022. \$199,000 went to 34 recipients of the General Use Grant, which funds initiatives and organizations whose work enriches agriculture and rural America, aligning with Compeer's mission. Eighty farmers market organizations and 24 vendors received Farmers Market Grants for marketing, technology or educational efforts. In 2022, the Fund for Rural America will celebrate its fifth year with expanded and new grant opportunities including an Emergency Response Collaboration Grant and a Community Building Grant.

Collaboration with Indigo Ag Creates Path to Carbon Credits

A collaboration with Indigo Ag will help Compeer's clients navigate a fast-growing soil carbon market to get started on their carbon farming journey and maximize their long-term profitability potential by creating an easier path to carbon credit creation. The two organizations are working closely together to make data collection and soil health practices easier for farmers looking to enter into the carbon marketplace.

ABOUT COMPEER FINANCIAL

Compeer Financial is a member-owned Farm Credit cooperative serving and supporting agriculture and rural communities. The \$27.7 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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