

KEY FINANCIAL DATA



(\$ in thousands)

BALANCE SHEET	as of 03/31/2023	as of 12/31/2022	as of 03/31/2022
Total Loans	\$ 26,872,672	\$ 26,719,853	\$ 25,243,625
Allowance for Loan Losses	64,796	52,663	60,040
Total Assets	30,044,639	29,673,309	27,695,771
Total Shareholders' Equity	4,775,764	4,691,749	4,487,924

INCOME STATEMENT	3 months ending 03/31/2023	12 months ending 12/31/2022	3 months ending 03/31/2022
Net Interest Income	\$ 172,051	\$ 609,960	\$ 147,999
Provision for Loan Losses	27,651	(11,000)	(3,697)
Noninterest Income	80,926	299,442	66,030
Noninterest Expenses	97,686	382,078	86,631
Income Tax Provision	6,503	23,751	4,350
Net Income	121,137	514,573	126,745

KEY FINANCIAL RATIOS	as of 03/31/2023	as of 12/31/2022	as of 03/31/2022
Loan Growth (year over year)	6.5%	9.1%	9.7%
Return on Average Assets	1.6%	1.9%	1.9%
Net Interest Margin	2.5%	2.3%	2.3%
Return on Average Equity	10.2%	11.3%	11.4%
Total Capital Ratio	14.1%	14.9%	14.8%
Nonaccrual Loans as % of Total Loans	0.7%	0.4%	0.5%
Allowance as % of Nonaccrual Loans	32.3%	55.0%	49.4%
Adversely-Classified Loans as % of Total Loans	2.1%	2.0%	1.7%

CEO Remarks

It has been an honor to serve my first quarter as President and CEO of a vibrant Compeer Financial.

We continue to grow and support our clients and communities despite some changes in our environment due to economic and industry factors. Our people remain committed to helping our member-owners navigate through volatility by sharing industry knowledge, and we support our clients through record patronage payments and corporate giving programs which have an impact in our local communities.

As we look forward in the year, we see continued growth and solid credit performance after a return to more normal in the first quarter. We also look forward to improving our digital options and building out new avenues to provide financial services to rural America.

JASE WAGNER
President & CEO
Compeer Financial



FINANCIAL HIGHLIGHTS



- During the three months ended March 31, 2023, total loans increased by \$153 million, driven primarily by growth in our capital markets and food/agribusiness sectors, offset by decreases within our ag lending sector.
- Agribusiness loans led the overall year-to-date growth, seizing on momentum gained during 2022. Our real estate loans decreased during the quarter due to the impacts of continued rising interest rates. Production loans decreased as clients utilized strong yields and commodity prices to pay down operating lines.
- Nonaccrual loans increased slightly from 0.5% of total loans at March 31, 2022, to 0.7% at March 31, 2023. This increase was due to activity on a limited number of loans. Overall credit quality continues to remain solid. Net loan charge-offs remain at historically low levels.
- As a reflection of the movement of a limited number of loans to nonaccrual status, Compeer increased our allowance for loan losses through a \$27.7 million provision for loan losses expense. This increase was partially offset by the reversal of about \$14.8 million of our allowance for loan losses, recorded as a result of the adoption of CECL on January 1, 2023.
- Net income for the three months ending March 31, 2023, was \$121 million, compared to \$127 million for the same period during 2022. Net interest income growth (as a result of loan growth and rising interest rates), along with noninterest income increases, were offset by the increases in both our provision for loan losses and noninterest expenses, contributing to the overall decrease in net income from the prior year.
- Noninterest income grew about \$15 million, due to increases in fee income as a result of loan growth, as well as an increase in patronage distributions from AgriBank.
- Noninterest expenses grew by about \$11 million. This is attributed to increases in salaries, benefits and variable compensation expenses, as well as a higher premium rate being charged by the Farm Credit System Insurance Corporation (FCSIC) on accrual loans, as compared to the same period last year.
- Capital levels were in excess of the regulatory minimums established by the FCA, as of March 31, 2023.

OTHER ORGANIZATION HIGHLIGHTS

Compeer Financial Awards \$87K in Farmers Market Grants

The Fund for Rural America®, Compeer Financial's corporate giving program, has awarded Farmers Market Grants totaling \$87,103. This is the fifth year Compeer Financial has offered these grants.

The grants are supporting 77 farmers market organizations, with funding up to \$1,000 for marketing, technology or educational efforts. Thirty-six farmer vendors received grants of up to \$500. Since the grant debuted in 2019, these grants have directly impacted 10,173 people and touched the lives of nine million farmers market visitors.

\$202 Million Returned to Member-Owners in 2023

Compeer Financial will be returning approximately \$202 million in patronage payments to member-owners again in 2023. Approximately 34,000 checks were sent to farmers, rural homeowners and others with ag-related businesses in Illinois, Minnesota and Wisconsin. The February payment of \$52 million reflects equities allocated to member-owners for business they conducted before Compeer Financial was formed in July 2017. The organization will issue a second patronage payment totaling \$150 million in August for business member-owners had with Compeer Financial in 2022. The total \$202 million being paid out in 2023 represents approximately 48 percent of Compeer Financial's 2022 adjusted earnings.

ABOUT COMPEER FINANCIAL

Compeer Financial is a member-owned Farm Credit cooperative serving and supporting agriculture and rural communities. The \$30 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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