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The Country Is Where We're Most at Home



As Americans continue their migration toward urban areas, we remain committed to helping rural communities thrive. Farm Credit actually exists because the need for a dependable source of credit for rural areas was identified over a century ago. At the end of 2016, our centennial year, Central Texas Farm Credit had \$432 million in loans and loan commitments to farmers, ranchers and rural property owners.

In the early days, nearly everyone in rural Texas made a living from farming or ranching. But you don't have to be a full-time farmer to enjoy raising your children in a small town or retiring where you can watch wildlife at sunrise. Today our lending cooperative puts the rural lifestyle within reach for people from all walks of life.

Our staff understands rural property in west-central Texas, and we will put our expertise to work for you when you want to buy or build your dream home in the country. Whether your goal is to find the right property, maintain an ag-use tax valuation, build a barn or hire someone to get the job done, our knowledgeable loan officers can point you in the right direction.

Once you're settled in, you won't need to go anywhere else to finance anything related to your rural property or agricultural operation. If you want to buy livestock or farm equipment or make improvements to your property — such as home renovations, fences, barns and tanks — we can help. We also offer operating loans to help with expenses until your crops are sold. Since we return the majority of our earnings to our stockholder-borrowers in patronage refunds, it make sense to finance anything you can with us.

Central Texas Farm Credit understands why you make your home in the country, because we wouldn't want to be anywhere else, either. If you have friends who are ready to finance a rural home or property, send them our way. We'll be happy to help them become members of our cooperative and our community.

Boyd J. Chambers

Boyd J. "Jimmy" Chambers
Chief Executive Officer



IT ALL STA

Nestled below the Brady Mountains in McCulloch County, surrounded by rolling wheat fields, sits Lohn, Texas, a tight-knit rural community where the number of cattle outweigh the 100 or so residents.

Local farmer, rancher and real estate broker Doug Hemphill is one of those residents.

Home Is Where the Heart Is

Upon graduation from Tarleton State University in 1987, Doug, a Lohn native and fifth-generation farmer and rancher, moved to South Texas to do what so many do — embark on a journey to see what the world had to offer outside of his hometown. A year later, the gig was up. He missed the familiarity of his hometown, the open blue skies of McCulloch County and the calming sight of cattle grazing in a wheat field.

“I wasn’t happy down South,” says Doug. “So my dad offered to bring me back to work for our family farm as a partner.”

Doug eagerly accepted the offer from his dad, Jerell. He returned to the Lohn Valley and family farm in 1988 to start the partnership.

“We’ve been partners from the beginning, and that’s how it’ll always be,” Doug says. “None of this would have been possible without my dad.”

Today, the father-son duo runs a commercial cow-calf operation, and they also grow hay, wheat and cotton.

Doug married Tammy, a Brady, Texas, native in 1989, and the couple had two daughters, Courtney, now 24, and Kristen, now 17.

Farm Credit in the Family

The Hemphill family is not new to Farm Credit.

Jerell served as an outside director for the Farm Credit System’s former FLBA of Coleman and showed his son the value of financing with Farm Credit.

Doug and Tammy Hemphill

STARTED WITH A “LOHN”

“When it came time to purchase land of my own I thought, ‘Why go anywhere else?’” says Doug. “One of the main reasons I went to Farm Credit was because of the patronage program.”

With his father’s guidance and the help of Central Texas Farm Credit, Doug saw Hemphill Farms flourish.

“Not only has Central Texas Farm Credit been very beneficial to me from a farming and ranching standpoint,” says Doug, “but as a realtor I get to see firsthand the benefits [of doing business with a cooperative] that many others receive as they make their first big purchase and begin to see their dream of owning their own farm or ranch become a reality.”

“I Pledge My Hands to Larger Service...”

In addition to managing his farming and ranching operation, Doug is an associate broker with Texas Prime Country Real Estate in Brady.

“Real estate has been the perfect fit,” says Doug.

In addition to his real estate endeavors, he serves on the boards of Lohn Independent School District and the McCulloch County Farm Bureau, and is an adult leader and rifle coach for the McCulloch County 4-H Club. He believes in giving back to his community and serving others, a trait he has passed on to his daughters, who have developed a similar drive and formed their own unique paths.

Courtney graduated magna cum laude with a bachelor’s degree in animal science in 2015 and a master’s degree in animal science in May 2017, both from Texas A&M University. She will continue her education at Kansas State University this fall, where she will pursue a Ph.D. in grain science and management.

Courtney credits 4-H for shaping her life up to this point.

“It’s where it all started for her,” says Doug. “Agriculture is her passion.”

Kristen is a testament to 4-H’s claim that there is something for everyone in the organization. An active competitor in shooting sports, she has won numerous awards and qualified twice for the Junior Olympics in air rifle and small-bore rifle. She plans to shoot at the collegiate level and has had top shooting program schools like Texas Christian University, the University of Mississippi, West Virginia University and the U.S. Air Force Academy express interest in her joining their elite programs.

Passion, Community and Stewardship

Participation in 4-H empowered both sisters with lifetime leadership skills and instilled them with passion, a sense of community and stewardship — three attributes that the Hemphill and Central Texas Farm Credit families have in common.

“I cannot say enough about the staff at the Central Texas office,” says Doug. “Their

professionalism is second to none, and you can just tell that they are committed to providing you the best product with the best customer service possible. They want you to be successful because your success adds to their success.”



Courtney Hemphill



Kristen Hemphill

STOCKHOLDER SPOTLIGHT:

Young Leaders Bryan and Carrie Morris



Stockholders Bryan and Carrie Morris of De Leon were selected to represent Central Texas Farm Credit at the 2016 Farm Credit Young Leaders Program in New York City and Washington, D.C. The program was hosted by the Tenth District Farm Credit Council.

Chosen for their leadership and involvement in agriculture in their communities, the Morrises were among 22 other agricultural producers who took part in the program. During visits to Wall Street and the Capitol, the group had the opportunity to observe firsthand how Farm Credit's cooperative structure and unique funding mechanism enable it to help rural communities and agriculture flourish. They also were able to interact with governmental, financial and agricultural decision-makers.

The Morrises grow coastal Bermuda hay for feed stores and for private sale. A fourth-generation farmer, Bryan also raises cow-calf pairs, club calves and bred replacement heifers. Carrie manages the farm office, and operates a seasonal pumpkin market and a bed-and-breakfast. The couple has three children.

Central Texas is proud to have sponsored this fine young couple and to have them as customers.



Carrie and Bryan Morris, right, of De Leon, Texas, attended the 2016 Farm Credit Young Leaders Program on behalf of Central Texas Farm Credit. They celebrated the completion of the program in Washington, D.C., with Stan Ray, left, Farm Credit Bank of Texas chief administrative officer and Tenth District Farm Credit Council president.



YOUR CO-OP. YOUR SHARE.

As a borrower and stockholder, you share in our cooperative's earnings through our patronage program.

We are excited to report that based on our solid 2016 financial performance, we were able to return a record \$6 million cash patronage to our members this spring.

"We are pleased that our cooperative has the financial strength to provide this all-cash patronage refund to our customers, who collectively own the business," said Jimmy Chambers, Central Texas Farm Credit chief executive officer. "We are committed to sharing our earnings with them, and are proud to be able to thank them for their business in this way."

We Appreciate You!

GOOD FOOD AND FELLOWSHIP AT CUSTOMER APPRECIATION DINNERS

More than 600 customers attended our customer appreciation dinners held at each of our branch offices this past year. These dinners gave us the opportunity to thank our member-owners for contributing to our success. We hope you enjoy the following photo collage of our good times together!



Celebration and Charity at Early Open House

Central Texas Farm Credit held an open house to celebrate the opening of our new office building in Early last November. Renowned western artist Mike Capron was on hand to display some of his fantastic paintings, including a print of Horsehead Crossing 1886 that we gave as a door prize to one lucky winner.

Because our open house was in November, it was timely to combine our celebration with a charitable effort in anticipation of Thanksgiving. We held a canned food drive to benefit Good Samaritan Ministries in Brownwood — asking people to bring one nonperishable canned protein food item, such as chicken, tuna or beef, to donate to those in need. Together we donated 255 pounds of canned protein to hungry Brown County families.



From left to right, Central Texas CEO Jimmy Chambers, Marketing Manager Jennifer Spraberry and Heather Thomas, Good Samaritan Ministries assistant director, proudly display the canned food collected for Good Samaritan Ministries.



Customer Nancy Petta was the lucky winner of artist Mike Capron's Horsehead Crossing 1886. She is pictured with Marcus Amthor, the association's Early branch manager, left, and CEO Jimmy Chambers, right.



SUPPORTING OUR YOUTH

Central Texas takes pride in giving back to youth in agriculture, and we believe in doing our part to support the next generation of farmers and ranchers.

Brown County Fair Association Donation

We were honored to team up with the Brown County Fair Association this year with a \$20,000 donation to help make some needed upgrades to the fairground facilities.

“The exhibitors who use these facilities represent the future of agriculture and will be responsible for feeding and clothing the world,” said Jimmy Chambers, Central Texas CEO. “I can’t think of a better group to support.”



Proudly presenting the \$20,000 donation to the Brown County Fair Association are, from left to right, Brent Moseley, Brown County Fair Association board member; Carey Thornberry, Brown County Fair Association president; Jimmy Chambers, Central Texas Farm Credit CEO; and Marcus Amthor, Central Texas Farm Credit Early branch manager.

Early FFA Stock Show Buckle Donation

In December, we had the opportunity to support the Early FFA chapter by purchasing the buckles for their chapter stock show.



Pictured are Central Texas team members Jessica Railsback, loan officer in Comanche, far left, and Matthew Iley, senior loan officer in Early, far right, with some of the Early FFA leaders.

Comanche County 4-H Awards

Central Texas Farm Credit recently teamed up with the Comanche County 4-H Club to support the club’s outstanding young leaders and present awards for their hard work and dedication to our industry.

Below, Central Texas Loan Officer Jessica Railsback hands out the awards.



THREE COUPLES HONORED AS EXCELLENCE IN AGRICULTURE FINALISTS



Jessica and Ryan Railsback

For their dedication to Texas agriculture, local communities and their families, three couples were honored as finalists in this year's Texas Farm Bureau (TFB) Excellence in Agriculture (EIA) competition, including our own Jessica Railsback, loan officer in Comanche, and her husband, Ryan.

The contest recognizes young men and women who are involved in agriculture but do not earn their primary income from a farm or ranch enterprise.

The other two EIA finalists were Scott and Sara Holloway of Bowie and Kacy and Justin Mitchell of Tyler.

"In agriculture, there are many diverse farms, ranches and agribusinesses. The families behind each need determination and faith to get through the tough times," said TFB President Russell Boening. "These three couples serve their communities and play a vital role in Texas agriculture."

Ryan Railsback is the ranch foreman for Paraiso Escondido Ranch, where he manages the wildlife, brush control and building improvements. He and Jessica partner with Paraiso Escondido's owner on a purebred Red Angus herd. They are active members of the Stephens County Farm Bureau and assist with Texas A&M AgriLife Extension Service programs. The Cisco couple has two children, Reed and Kendall.

Our congratulations go out to these three fine couples.

NEW FACES AT CENTRAL TEXAS FARM CREDIT



Jordan Harbin San Angelo branch office

Longtime intern Jordan Harbin joined the Central Texas Farm Credit team full time in January. He transitioned from intern to a part-time employee in August 2014 while he completed his studies at Angelo State University. A native of Austin, Harbin moved to

San Angelo in 2011 to attend Angelo State University. He graduated in December 2016 with a bachelor's degree in agricultural business and an MBA.

In his free time, Jordan enjoys hunting, fishing, camping, playing golf and going to the beach. He has a lab mix named Chief and a black cat named Otis.



Natali Maldonado Early branch office

Brownwood native Natali Maldonado joined the Central Texas Farm Credit team in September 2016 as the receptionist. Natali attended Howard Payne University, where she earned a bachelor's degree in business administration in May 2015. She

has been accepted to graduate school at Howard Payne University and will pursue a master's degree in finance starting in June 2017.

Natali sings and plays several musical instruments, including bass, guitar, drums and piano. She enjoys learning about the Farm Credit System and being able to speak to Central Texas Farm Credit shareholders every day.