CENTRAL TEXAS
FARM CREDIT

2024 ANNUAL REPORT

Contents

CEO Message

Dear Stockholders,

With record net income and another record patronage, Central Texas Farm Credit had a successful year in 2024. While the U.S. and Texas economies remained strong, persistent inflation, higher interest rates, and a lack of timely rainfall continued to challenge agricultural producers and rural communities in our territory. We saw a slight deterioration in credit quality as a result, but loan delinquencies remained low, and our loan portfolio was in sound condition.

As always, we return as much of our income to you as we can in the form of a cash patronage. Based on the Association's strong earnings and financial condition in 2024, the board declared a record patronage refund of $9.03 million. You may have noticed that our patronage refund was less as a percentage of net income versus last year. Given the uncertain impact of compressing margins and proposed tariffs on the agriculture industry, we thought it would be prudent to retain more earnings to be prepared. It will also put us in a good capital position for the growth we could see when interest rates come down.

During 2024, two tenured directors retired, and they will be sorely missed. Mike Finlay and Kenneth Harvick served the stockholders honorably and provided oversight and guidance for this association during one of the most prosperous periods in our history. From the board and employees at Central Texas Farm Credit, thank you for your dedication to the association and our mission.

MIKE FINLAY
16 years of service

We continue to look for better ways to serve you through technology, educational opportunities, and access to services. We encourage you to answer any surveys you receive from us and give feedback to any employee to assist us in that effort. We have several new faces in a few of our offices to help us better serve you, please stop by to meet them anytime.

KENNETH HARVICK
12 years of service

Despite the potential headwinds, we are very optimistic about the future of agriculture and look forward to growing with you and your operation. Please continue to refer your friends and family. Word of mouth is our most cost-efficient marketing tool, and, as we have hopefully proven with our patronage program, our success is your success.

Thank you for choosing Central Texas Farm Credit as your lending partner!

Regards,

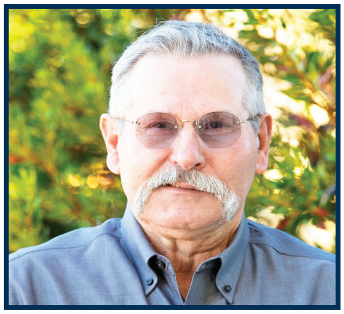
Zach May

Zach May
Chief Executive Officer

Our mission is to partner with agricultural producers and rural communities by providing a reliable source of credit and financial support.

Board of Directors

ROBBY HALFMANN
Chairman



PHILIP HINDS
Vice-chairman

HOLDEN JACOBY
Board member

BURL LOWERY
Board member

STEVEN LEHRMANN
Board member

GERALD RODGERS
Board member

FRANK VOLLEMAN
Board member

Senior Officers

ZACH MAY
Chief Executive Officer

TRAVIS MCKINNEY
EVP CLO & COO

JIM ED FIELD
Chief Credit Officer

KEITH PRATER
Chief Financial Officer

Key Performance Trends

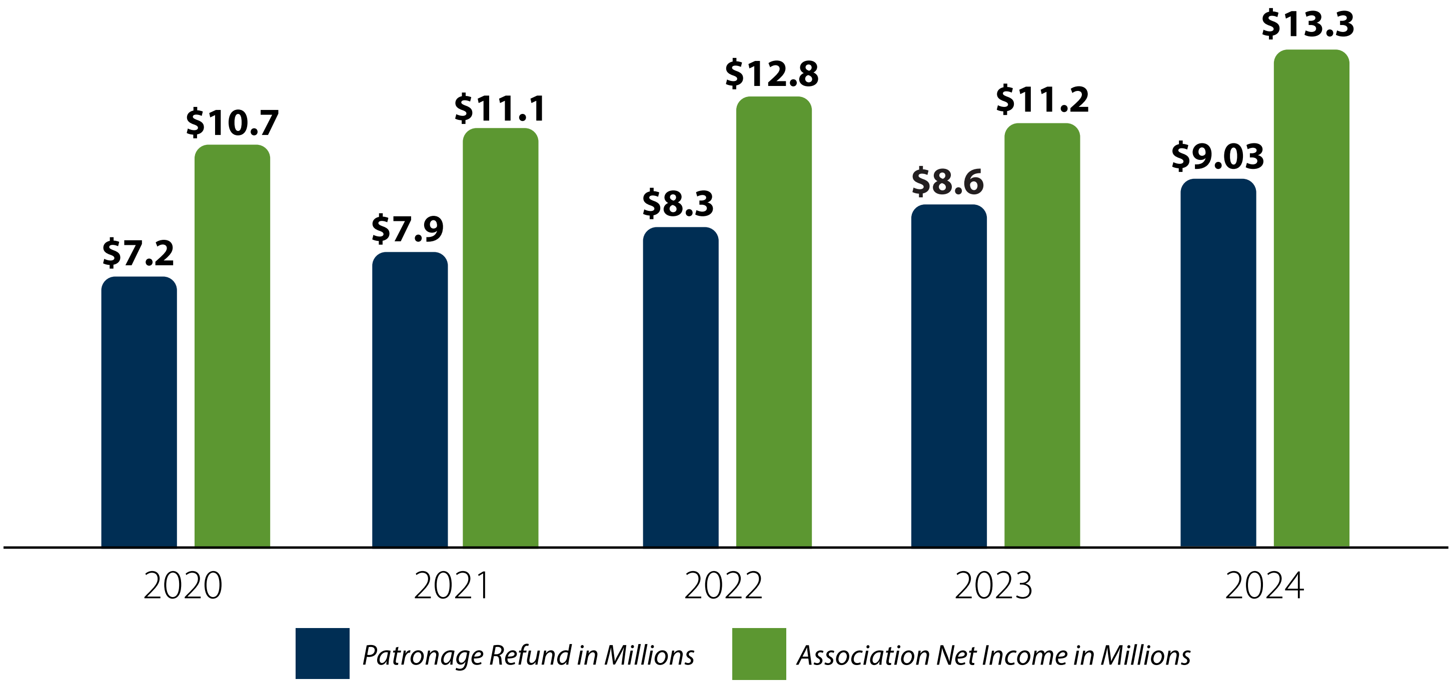
	2024	2023	2022
Loans (in millions)	**$701.9**	$700.9	$647.9
Net Income (in millions)	**$13.3**	$11.2	$12.8
Shareholder Equity (in millions)	**$131.2**	$127.1	$124.4
Percent of loans in good standing	**95.8%**	97.3%	98.6%
Percent of new loans to Young, Beginning, & Small producers	**75%**	83%	78%

CTFC Territory

We service 19 counties across Central & West Texas, which cover over 19,000 square miles.

Patronage

We are proud to return a record **$9.03 million** patronage refund in 2025, thanks to our strong financial performance in 2024.



Dedicated to Agriculture and the Heart of our Rural Communities

Central Texas Farm Credit is committed to serving agriculture and our rural communities. We strive to be a good corporate citizen and community contributor. In 2024, we donated $109,900 to support Texas A&M AgriLife extension events, veteran programs, local rodeos, chambers of commerce, hunting festivals, and commodity events.

Supporting the Hill Country Youth Commercial Heifer Show

Central Texas Farm Credit awarded jackets to 110 participants in support of the 2024 Hill Country Youth Commercial Heifer Show. The program allows youth in the Texas Hill Country area to raise and sell commercial heifers, where they gain real-world experience in the cattle industry. Additionally, the program requires record-keeping, budgeting and hard work. Participants are responsible for raising and preparing a set of three market-ready heifers.

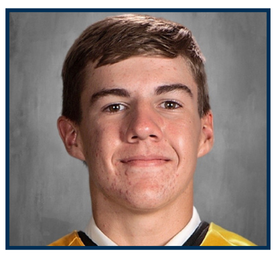
The Next Generation of Ag Leaders

Central Texas Farm Credit is honored to support the next generation of agricultural leaders. In 2024, we donated $91,200 to youth events such as local stock shows, FFA organizations, 4-H chapters, ag mechanics shows and scholarship donations.

2024 Scholarship Recipients

CELECIA FRITZE
Miles, Texas

CHLOE JONES
San Angelo, Texas



COLTON HOPKINS
Haskell, Texas

KAYTON SHAHAN
Munday, Texas

STERLING RICHMOND
De Leon, Texas

A Summer to Remember

Central Texas Farm Credit selected Jenna Coward and Allyson Dycus as 2024 summer interns. Allison is a recent Tarleton State University graduate and a native of Teague, Texas. Jenna is a senior at Texas Tech University and a native of Gatesville, Texas. Jenna and Allyson got to experience the ins and outs of Central Texas Farm Credit and the Farm Credit system.

REPORT OF MANAGEMENT

The consolidated financial statements of Central Texas Farm Credit, ACA (association) are prepared by management, who is responsible for the statements' integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Other financial information included in the annual report is consistent with that in the consolidated financial statements.

To meet its responsibility for reliable financial information, management depends on the Farm Credit Bank of Texas' and the association's accounting and internal control systems, which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions are properly authorized and recorded. The systems have been designed to recognize that the cost of controls must be related to the benefits derived. The consolidated financial statements are audited by PricewaterhouseCoopers LLP, independent accountants. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The association is also examined by the Farm Credit Administration.

The board of directors has overall responsibility for the association's systems of internal control and financial reporting. The board consults regularly with management and reviews the results of the audits and examinations referred to previously.

The undersigned certify that we have reviewed this annual report, that it has been prepared in accordance with all applicable statutory and regulatory requirements and that the information contained herein is true, accurate and complete to the best of our knowledge or belief.

J. Zachary May

J. Zachary May, Chief Executive Officer

March 12, 2025

Robby A. Halfmann, Chairman, Board of Directors

March 12, 2025

Keith Prater

Keith Prater, Chief Financial Officer

March 12, 2025

REPORT OF AUDIT COMMITTEE

The Audit Committee (committee) is composed of Burl D. Lowery, Robby A. Halfmann, Frank Volleman, Holden Jacoby, Philip W. Hinds, Steven Lehrmann and Gerald Rodgers. In 2024, 10 committee meetings were held. The committee oversees the scope of Central Texas Farm Credit, ACA's system of internal controls and procedures and the adequacy of management's action with respect to recommendations arising from those auditing activities. The committee's approved responsibilities are described more fully in the Audit Committee Charter, which is available on request or on Central Texas Farm Credit, ACA's website. The committee approved the appointment of PricewaterhouseCoopers LLP (PwC) for 2024.

Management is responsible for the Central Texas Farm Credit, ACA's internal controls and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements are prepared under the oversight of the committee. PwC is responsible for performing an independent audit of Central Texas Farm Credit, ACA's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and for issuing a report thereon. The committee's responsibilities include monitoring and overseeing these processes.

In this context, the committee reviewed and discussed the Central Texas Farm Credit, ACA's audited consolidated financial statements for the year ended Dec. 31, 2024, with management and PwC. The committee also reviews with PwC the matters required to be discussed by the authoritative guidance "The Auditor's Communication With Those Charged With Governance," and both PwC's and the Central Texas Farm Credit, ACA's internal auditors directly provide reports on significant matters to the committee.

The committee discussed with PwC its independence from Central Texas Farm Credit, ACA. The committee also reviewed the nonaudit services provided by PwC and concluded that these services were not incompatible with maintaining the independent accountant's independence. The committee has discussed with management and PwC such other matters and received such assurances from them as the committee deemed appropriate.

Based on the foregoing review and discussions and relying thereon, the committee recommended that the board of directors include the audited consolidated financial statements in the Central Texas Farm Credit, ACA's Annual Report to Stockholders for the year ended Dec. 31, 2024.

Audit Committee members

Burl D. Lowery, CPA, Chairman
Gerald Rodgers, Vice Chairman
Robby A. Halfmann
Frank Volleman
Holden Jacoby
Philip W. Hinds
Steven Lehrmann

March 12, 2025

CENTRAL TEXAS FARM CREDIT, ACA

FIVE-YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA
(unaudited)
(dollars in thousands)

	2024	2023	2022	2021	2020
Balance Sheet Data					
Assets					
Cash	**$ 1**	$ 5	$ 1	$ 3	$ 5
Loans	**695,185**	693,935	640,374	631,826	583,419
Less: allowance for credit losses on loans	**1,434**	1,777	1,427	1,649	1,246
Net loans	**693,751**	692,158	638,947	630,177	582,173
Investment in and receivable from the Farm Credit Bank of Texas	**14,858**	12,644	13,216	10,372	9,657
Other property owned, net	**322**	-	-	-	-
Other assets	**15,767**	15,087	13,052	12,085	10,511
Total assets	**$ 724,699**	$ 719,894	$ 665,216	$ 652,637	$ 602,346
Liabilities					
Obligations with maturities of one year or less	**$ 13,689**	$ 13,174	$ 12,951	$ 12,889	$ 12,265
Obligations with maturities greater than one year	**579,832**	579,575	527,858	520,021	473,590
Total liabilities	**593,521**	592,749	540,809	532,910	485,855
Members' Equity					
Capital stock and participation certificates	**$ 2,003**	$ 2,004	$ 2,025	$ 2,118	$ 2,209
Unallocated retained earnings	**129,203**	124,922	122,115	117,664	114,499
Accumulated other comprehensive (loss) income	**(28)**	219	267	(55)	(217)
Total members' equity	**131,178**	127,145	124,407	119,727	116,491
Total liabilities and members' equity	**$ 724,699**	$ 719,894	$ 665,216	$ 652,637	$ 602,346
Statement of Income Data					
Net interest income	**$ 21,131**	$ 19,926	$ 18,294	$ 16,939	$ 15,725
Reversal of (provision for) credit losses	**24**	(652)	113	(383)	(451)
Income from the Farm Credit Bank of Texas	**1,922**	1,928	3,725	3,387	2,802
Other noninterest income	**446**	119	225	529	783
Noninterest expense	**(10,213)**	(10,160)	(9,606)	(9,366)	(8,164)
Net income	**$ 13,310**	$ 11,161	$ 12,751	$ 11,106	$ 10,695
Key Financial Ratios for the Year					
Return on average assets	**1.9%**	1.6%	1.9%	1.8%	1.9%
Return on average members' equity	**10.0%**	8.6%	10.2%	9.2%	9.3%
Net interest income as a percentage of average earning assets	**3.1%**	3.0%	2.8%	2.8%	2.8%
Net charge-offs (recoveries) as a percentage of average loans	**0.0%**	0.0%	0.0%	0.0%	0.1%

CENTRAL TEXAS FARM CREDIT, ACA

FIVE-YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA
(unaudited)
(dollars in thousands)

	2024	2023	2022	2021	2020
Key Financial Ratios at Year End					
Members' equity as a percentage of total assets	**18.1%**	17.7%	18.7%	18.3%	19.3%
Debt as a percentage of members' equity	**452.5%**	466.2%	434.7%	445.1%	417.1%
Allowance for credit losses on loans as a percentage of loans	**0.2%**	0.3%	0.2%	0.3%	0.2%
Common equity tier 1 ratio	**16.9%**	17.0%	17.1%	17.2%	18.3%
Tier 1 capital ratio	**16.9%**	17.0%	17.1%	17.2%	18.3%
Total capital ratio	**17.1%**	17.2%	17.3%	17.5%	18.5%
Permanent capital ratio	**16.9%**	17.0%	17.1%	17.3%	18.3%
Tier 1 leverage ratio	**17.5%**	17.7%	17.8%	17.9%	19.2%
UREE leverage ratio	**17.3%**	17.4%	17.5%	19.0%	20.2%
Net Income Distribution					
Cash dividends	**$ 8,600**	$ 8,307	$ 7,900	$ 7,200	$ 6,800

The association's capital ratios remained well above the regulatory minimums, including the conservation and leverage buffers at Dec. 31, 2024. For more information, see Note 10 – Members Equity in the accompanying consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Unaudited)

The following commentary explains management's assessment of the principal aspects of the consolidated financial condition and results of operations of Central Texas Farm Credit, ACA, including its wholly owned subsidiaries, Central Texas, PCA and Central Texas Land Bank, FLCA (collectively called "the association") for the years ended Dec. 31, 2024, 2023, and 2022 and should be read in conjunction with the accompanying consolidated financial statements. The accompanying consolidated financial statements were prepared under the oversight of the association's Audit Committee.

Forward-Looking Information

This annual information statement contains forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Words such as "anticipates," "believes," "could," "estimates," "may," "should," "will" or other variations of these terms are intended to identify the forward-looking statements. These statements are based on assumptions and analyses made in light of experience and other historical trends, current conditions and expected future developments. However, actual results and developments might differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, but are not limited to:

- political, legal, regulatory, financial markets and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural infrastructure, international and farm-related business sectors, as well as in the general economy, that can affect the availability of off-farm sources of income;
- weather-related, food safety, disease and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income of borrowers;
- disruption of operations or disclosures of confidential information as a result of cybersecurity incidents;
- changes in United States government support of the agricultural industry and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government and government-sponsored enterprises;
- actions taken by the Federal Reserve System in implementing monetary, government and fiscal policy; and
- credit, interest rate, prepayment and liquidity risk inherent in lending activities.

Significant Events

2024

In December 2024, the association received a direct loan patronage of $1,922,402 from the Farm Credit Bank of Texas (the bank), representing 33.2 basis points on the average daily balance of the association's direct loan with the bank. Also, the association received a participations patronage of $81,929 from the bank, representing 80 basis points on the association's average balance of participations in the bank's patronage pool program.

In March 2024, a patronage refund of $8,600,000 was distributed to the association's borrowers. The patronage refund was declared by the board of directors in December 2023, and the amount was based on the association's 2023 operating results.

2023

In December 2023, the association received a direct loan patronage of $1,447,633 from the Farm Credit Bank of Texas (the bank), representing 26.3 basis points on the average daily balance of the association's direct loan with the bank. During 2023, the association received an additional patronage payment of $405,010, based on the association's stock investment in the bank. Also, the association received a participations patronage of $75,460 from the bank, representing 70 basis points on the association's average balance of participations in the bank's patronage pool program.

In July 2023, Zach May became the chief executive officer of the association.

In March 2023, a patronage refund of $8,307,074 was distributed to the association's borrowers. The patronage refund was declared by the board of directors in December 2022, and the amount was based on the association's 2022 operating results.

_2022_

In December 2022, the association received a direct loan patronage of $3,401,142 from the bank, representing 64 basis points on the average daily balance of the association's direct loan with the bank. During 2022, the association received an additional patronage payment of $241,454, based on the association's stock investment in the Bank. Also, the association received a capital markets patronage of $82,044 from the bank, representing 78 basis points on the association's average balance of participations in the bank's patronage pool program.

In July 2022, Boyd J. Chambers, president and chief executive officer of the association, informed the board of directors of his decision to retire in mid-2023. Upon his announcement, the board placed in motion a plan to identify and evaluate candidates and appoint a new chief executive officer. In December 2022, Zach May was named chief executive officer effective July 1, 2023. May has 14 years of experience with the association and has served as chief operating officer since 2011.

In March 2022, a patronage refund of $7,900,000 was distributed to the association's borrowers. The patronage refund was declared by the board of directors in December 2021, and the amount was based on the association's 2021 operating results.

Adoption of New Accounting Standard

Effective Jan. 1, 2023, the association adopted the current expected credit losses (CECL) accounting guidance that replaced the incurred loss guidance. CECL established a single allowance framework for financial assets carried at amortized cost and certain off-balance sheet credit exposures. CECL requires management to consider in its estimate of allowance for credit losses (ACL) relevant historical events, current conditions and reasonable and supportable forecasts that affect the collectability of the assets. The adoption of this guidance resulted in a cumulative effect transition adjustment at January 1, 2023, reflecting a decrease in the Association's ACL of $253,393 on outstanding loans and unfunded commitments and a corresponding increase in retained earnings.

Refer to Note 2 – Summary of Significant Accounting Policies in the accompanying consolidated financial statements for disclosures of additional accounting pronouncements that may impact the association's consolidated financial position and results of operations and for critical accounting policies.

Loan Portfolio

The association makes and services loans to farmers, ranchers, rural homeowners and certain farm-related businesses. The association's loan volume consists of long-term farm mortgage loans, production and intermediate-term loans and farm-related business loans. These loan products are available to eligible borrowers with competitive variable, fixed, adjustable, SOFR-based and prime-based interest rates. Loan maturities range from one to 40 years, with annual operating loans comprising the majority of the commercial loans and 20- to 30-year maturities comprising the majority of the mortgage loans. Loans serviced by the association offer several installment payment cycles, the timing of which usually coincides with the seasonal cash-flow capabilities of the borrower.

The composition of the association's loan portfolio, including principal (less funds held) of $695,185,152, $693,934,819 and $640,374,007, as of Dec. 31, 2024, 2023 and 2022, respectively, is described more fully in detailed tables in Note 3 – Loans and Allowance for Credit Losses on Loans in the accompanying consolidated financial statements.

Territory Conditions

The year 2024 yielded mixed results for producers in the area. It proved to be another difficult year for most crop producers in the area as crop commodity prices continued to decline and production expenses remained elevated despite declines in fuel and fertilizer prices. Livestock and dairy producers fared well in 2024 as margins improved due to increased market prices and declining feed costs. Most areas of our territory received average rainfall, with the northern and central portions receiving above-average precipitation. Although the southern and southwestern portion of our territory received below-average rainfall, overall climate conditions were improved from the prior year.

The USDA's "Crop Progress" report for November 2024 reported the cotton harvest in Texas was at 80%, which was ahead of the five-year average of 73%. However, only 18% of cotton acres were considered good to excellent while the remaining acres were rated fair to very poor. Prices received for Texas upland cotton in November 2024 were reported at 65.8 cents per pound, down approximately 6% from 69.9 cents per pound last year. Most of the Texas cotton crop lost was due to lack of timely rainfall in cotton-growing areas.

According to USDA reports, 5.5 million acres of current crop winter wheat was planted in Texas, with 78% emerged at the end of November 2024, which is on par with the five-year average. Crop conditions at the end of November 2024 were slightly improved from 2023, with 52% of the Texas crop in good or excellent condition, 30% in fair condition and 18% in poor to very poor condition. Wheat yields for the 2023-2024 crop decreased to 31 bushels per acre, as compared with 37 bushels per acre for 2022-2023. Production for the 2023-24 Texas winter wheat crop was 80.6 million bushels, as compared with 77.7 million bushels the prior year. Prices received for Texas winter wheat in November 2024 were $4.88 per bushel, a significant decrease from $5.65 per bushel the prior year.

According to UDSA, the price received for all beef cattle was $1.88 per pound in November 2024, as compared with $1.80 per pound in 2023 and $1.51 in 2022. Beef prices are expected to remain high due to historically low cattle inventory numbers. The USDA "Cattle on Feed" report dated December 2024 stated cattle and calves on feed in Texas feedlots with capacities exceeding 1,000 head totaled 2.88 million, a slight decrease from 2.91 million head reported the previous year.

The USDA "Milk Production" report released in December 2024 stated that Texas milk production totaled approximately 1.42 billion pounds through November, up from 1.33 billion pounds in 2023. The number of milk cows in Texas also increased from 635,000 head to 675,000 head. Additionally, milk production per cow increased from 2,090 pounds per cow to 2,110 pounds per cow. USDA cites the price received for all milk in Texas in November 2024 as $24.60 dollars per cwt, compared with $21.50 per cwt in 2023.

Despite the inherent volatility, agricultural operators in our area have diversified income sources and are able to shift their operations based on changes in commodity markets. Even though a borrower might show one commodity as primary, agricultural producers typically have several other enterprises that diversify their operations, including outside income from off-farm employment.

Problem Loans

2024

During 2024, the association recorded no recoveries and $324,703 in charge-offs.

2023

During 2023, the association recorded $3,711 in recoveries and $187,529 in charge-offs.

2022

During the first three quarters of 2022, the association recorded no recoveries or charge-offs. During the fourth quarter of 2022, no recoveries were recorded, but the association did record a charge-off in the amount of $97,091.

Purchase and Sales of Loans

During 2024, 2023 and 2022, the association participated in loans with other lenders. As of Dec. 31, 2024, 2023 and 2022, these participations totaled $161,041,928, $165,951,533 and $136,938,584, or 23.2%, 23.9%, and 21.4% of loans, respectively. The association also sold participations totaling $30,755,119, $32,402,001 and $27,171,688 as of Dec. 31, 2024, 2023 and 2022, respectively.

Risk Exposure

Nonperforming assets include nonaccrual loans, accruing loans that are 90 days or more past due and other property owned, net.

The following table illustrates the Association's components and trends of nonperforming assets serviced for the prior three years as of Dec. 31:

	2024		2023		2022	
	Amount	**%**	Amount	%	Amount	%
Nonaccrual loans	**$ 226,837**	**41.3%**	$ 2,106,070	100.0%	$ 2,847,641	100.0%
Accruing loans 90 days or more past due	**-**	**0.0%**	-	0.0%	-	0.0%
Other property owned, net	**322,003**	**58.7%**	-	0.0%	-	0.0%
Nonperforming assets	**$ 548,840**	**100.0%**	$ 2,106,070	100.0%	$ 2,847,641	100.0%

At Dec. 31, 2024, 2023 and 2022, nonperforming loans were $548,840, $2,106,070 and $2,847,641, representing 0.0%, 0.3%, and 0.4% of loan volume, respectively.

Except for the relationship between installment due date and seasonal cash-flow capabilities of the borrower, the association is not affected by any seasonal characteristics. The factors affecting the operations of the association are the same factors that would affect any agricultural real estate lender.

Allowance for Credit Losses on Loans

The association employs a disciplined process and methodology to establish its allowance for credit losses on loans that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with the association's appraisal policy, the fair value of collateral-dependent loans is based upon independent third-party appraisals or on collateral valuations prepared by in-house collateral evaluators. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed or nonrecoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the component of the allowance for credit losses on loans that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type, commodity, credit quality rating, delinquency category, business segment or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating or delinquency buckets using historical life-of-loan analysis periods for loan types, and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool.

Prior to Jan. 1, 2023, the allowance for credit losses was maintained at a level considered adequate to provide for probable losses existing in and inherent in the loan portfolio. The allowance was based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition, and prior loan loss experience. The allowance for credit losses encompassed various judgments, evaluations and appraisals with respect to the loans and their underlying collateral that, by their nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and their impact on borrower repayment capacity would cause these various judgments, evaluations and appraisals to change over time. Management considered a number of factors in determining and supporting the levels of the allowances for credit losses, which include, but are not limited to, the concentration of lending in agriculture combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects and weather-related influences.

Based upon ongoing risk assessment and the procedures outlined above, the allowance for credit losses on loans of $1,434,265, $1,776,641, and $1,426,947 at Dec. 31, 2024, 2023 and 2022, respectively, is considered adequate by management to compensate for losses in the loan portfolio at such dates, based on historical loss history.

Results of Operations

The association's net income for the year ended Dec. 31, 2024, was $13,310,403 as compared with $11,160,916 for the year ended Dec. 31, 2023, reflecting an increase of $2,149,487, or 19.3%. The association's net income for the year ended Dec. 31, 2022, was $12,750,883. Net income decreased $1,589,967, or 12.5%, in 2023 vs. 2022.

Net interest income for 2024, 2023 and 2022 was $21,130,661, $19,925,631 and $18,293,601, respectively, reflecting increases of $1,205,030, or 6.0%, for 2024 vs. 2023 and $1,632,030, or 8.9%, for 2023 vs. 2022. Net interest income is the principal source of earnings for the association and is impacted by volume, yields on assets and cost of debt. The effects of changes in average volume and interest rates on net interest income over the past three years are presented in the following tables:

	2024		2023		2022	
	Average Balance	**Interest**	Average Balance	Interest	Average Balance	Interest
Loans	**$ 692,446,466**	**$ 45,380,507**	$ 662,581,242	$ 40,529,175	$ 642,665,205	$ 31,496,806
Interest-bearing liabilities	**578,929,192**	**24,249,846**	549,980,205	20,603,544	533,194,357	13,203,205
Impact of capital	**$ 113,517,274**		$ 112,601,037		$ 109,470,848	
Net interest income		**$ 21,130,661**		$ 19,925,631		$ 18,293,601

	2024	2023	2022
	Average Yield	Average Yield	Average Yield
Yield on loans	**6.55%**	6.12%	4.90%
Cost of interest-bearing liabilities	**4.19%**	3.75%	2.48%
Interest rate spread	**2.36%**	2.37%	2.42%

	2024 vs. 2023			2023 vs. 2022		
	Increase due to			Increase due to		
	Volume	**Rate**	**Total**	Volume	Rate	Total
Interest income - loans	**$ 1,826,826**	**$ 3,024,506**	**$ 4,851,332**	$ 976,085	$ 8,056,284	$ 9,032,369
Interest expense	**1,084,487**	**2,561,815**	**3,646,302**	415,651	6,984,688	7,400,339
Net interest income	**$ 742,339**	**$ 462,691**	**$ 1,205,030**	$ 560,434	$ 1,071,596	$ 1,632,030

Interest income for 2024 increased by $4,851,332, or 12.0%, compared with 2023, primarily due to an increase in yield on earning assets and growth in the portfolio. Interest expense for 2024 increased by $3,646,302, or 17.7%, compared with 2023 due to an increase in the cost of funds and growth in the portfolio. The interest rate spread decreased by one (1) basis point to 2.36% in 2024 from 2.37% in 2023. The interest rate spread decreased by five (5) basis points to 2.37% in 2023 from 2.42% in 2022, primarily due to an increase in the cost of funds that outpaced the increase in loan yields.

Noninterest income for 2024 increased by $239,616, or 11.3%, compared with 2023, due primarily to a nonrecurring payment in other noninterest income of $200,715. Noninterest income for 2023 decreased by $1,903,628, or 48.2%, compared with 2022, due primarily to a decrease in patronage income from the bank of $1,796,537.

Provision expense for loan losses decreased by $675,636, or 103.7%, compared with 2023, due largely to lower portfolio growth and reduced specific allowance.

Operating expenses consist primarily of salaries and employee benefits, insurance fund premiums, occupancy and equipment costs and purchased services. Expenses for purchased services may include administrative services, marketing, information systems, accounting and loan processing, among others. In 2024, operating expenses decreased by $29,205, or 0.3%.

For the year ended Dec. 31, 2024, the association's return on average assets was 1.9%, as compared with 1.6% and 1.9% for the years ended Dec. 31, 2023 and 2022, respectively. For the year ended Dec. 31, 2024, the association's return on average members' equity was 10.0% for 2024, as compared with 8.6% and 10.2% for the years ended Dec. 31, 2023 and 2022, respectively.

Because the association depends on the bank for funding, any significant positive or negative factors affecting the operations of the bank might have an effect on the operations of the association.

Liquidity and Funding Sources

The interest rate risk inherent in the association's loan portfolio is substantially mitigated through the funding relationship with the bank. The bank manages interest rate risk through its direct loan pricing and asset/liability management process.

The primary source of liquidity and funding for the association is a direct loan from the bank. The outstanding balance of $577,807,184, $577,651,441 and $526,409,194 as of Dec. 31, 2024, 2023 and 2022, respectively, is recorded as a liability on the association's consolidated balance sheets. The note carried a weighted average interest rate of 4.1%, 4.1% and 3.2% at Dec. 31, 2024, 2023 and 2022, respectively. The indebtedness is collateralized by a pledge of substantially all the association's assets to the bank and is governed by a general financing agreement (GFA). The increase in note payable to the bank and related accrued interest payable since Dec. 31, 2023, is due to a slight increase in net loan growth. The association's own funds, which represent the amount of the association's loan portfolio funded by the association's equity, were $112,957,867, $112,361,303 and $110,927,311 at Dec. 31, 2024, 2023 and 2022, respectively. The maximum amount the association may borrow from the bank as of Dec. 31, 2024, was $701,171,286 as defined by the GFA. The indebtedness continues in effect until the expiration date of the general financing agreement, which is Sept. 30, 2026, unless sooner terminated by the bank upon the occurrence of an event of default or by the association in the event of a breach of this agreement by the bank, upon giving the bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the bank 120 days' prior written notice.

The liquidity policy of the association is to manage cash balances, maximize debt reduction and increase accrual loan volume. This policy will continue to be pursued during 2025. As borrower payments are received, they are applied to the association's note payable to the bank.

The association will continue to fund its operations through direct borrowings from the bank, capital surplus from prior years and borrower stock. It is management's opinion that funds available to the association are sufficient to fund its operations for the coming year.

Capital Resources

The association's capital position remains strong, with total members' equity of $131,177,548, $127,144,934 and $124,406,607 at Dec. 31, 2024, 2023 and 2022, respectively. Under regulations governing minimum permanent capital adequacy and other capitalization issues, the association is required to maintain a minimum adjusted permanent capital of 7.0% of risk-weighted assets as defined by the Farm Credit Administration (FCA). The permanent capital ratio measures available at-risk capital relative to risk-weighted assets and off-balance-sheet contingencies. The ratio is an indicator of the association's financial capacity to absorb potential losses beyond that provided in the allowance for credit loss accounts. The association's permanent capital ratio at Dec. 31, 2024, 2023 and 2022 was 16.9%, 17.0% and 17.1%, respectively. Refer to Note 10 in the "Notes to Consolidated Financial Statements" for further details about capital.

FCA sets minimum regulatory capital requirements, including capital conservation buffers, for banks and associations. These requirements are split into minimum requirements for risk-adjusted ratios and nonrisk adjusted ratios. The risk adjusted ratios include common equity tier 1, tier 1 capital, total capital and permanent capital risk-based ratios. The nonrisk adjusted ratios include a tier 1 leverage ratio and unallocated retained earnings (URE) and URE equivalent (UREE) leverage ratio. The Farm Credit Act has defined permanent capital to include all capital except stock and other equities that may be retired upon the repayment of the holder's loan or otherwise at the option of the holder or is otherwise not at risk. Risk-adjusted assets have been defined by regulations as the balance sheet assets and off-balance sheet commitments adjusted by various percentages ranging from 0% to 1,250%, depending on the level of risk inherent in the various types of assets.

The ratios are based on a three-month average daily balance in accordance with FCA regulations and are calculated as follows:

- Common equity tier 1 ratio is statutory minimum purchased borrower stock, other required borrower stock held for a minimum of seven years, allocated equities held for a minimum of seven years or not subject to revolvement, unallocated retained earnings, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased

investments in other System institutions under the corresponding deduction approach, divided by average risk weighted-assets.
- Tier 1 capital ratio is common equity tier 1 plus noncumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required borrower stock held for a minimum of five years, allocated equities held for a minimum of five years, subordinated debt and limited-life preferred stock greater than five years to maturity at issuance subject to certain limitations, allowance for credit losses on loans and allowance for credit losses on unfunded commitments under certain limitations less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio (PCR) is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings, paid-in capital, subordinated debt and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings, paid-in-capital, allocated surplus not subject to revolvement less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the minimum regulatory requirements, capital distributions and discretionary bonus payments to senior officers are restricted or prohibited without prior FCA approval.

Regulatory ratios remain well above regulatory minimums. The following table reflects the association's capital ratios at Dec. 31:

	2024	2023	2022	**Total Regulatory Requirements Including Capital Conservation Buffers**
Permanent capital ratio	**16.90 %**	17.01 %	17.09 %	**7.00 %**
Common equity tier 1 ratio	**16.87**	16.97	17.05	**7.00**
Tier 1 capital ratio	**16.87**	16.97	17.05	**8.50**
Total capital ratio	**17.07**	17.21	17.32	**10.50**
Tier 1 leverage ratio	**17.54**	17.66	17.82	**5.00**
UREE leverage ratio	**17.26**	17.37	17.51	**1.50**

Regulatory Matters

At Dec. 31, 2024, the association was not under written agreements with the Farm Credit Administration.

On Feb. 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk-weightings for High Volatility Commercial Real Estate (HVCRE) exposures by assigning a 150% risk-weighting to such exposures instead of the current 100% to reflect their increased risk characteristics. The rule further ensures comparability between the FCA's risk-weighting and the federal banking regulators. The final rule excludes certain acquisition, development and construction loans that do not present as much risk and, therefore, do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated for less than $500,000. The effective date of the final rule has been extended to Jan. 1, 2026, from the original effective date of Jan. 1, 2025.

On July 9, 2024, the FCA issued a revised bookletter to provide instruction to System institutions regarding the capital treatment of certain rural water and wastewater (RWW) facility exposures. The revised bookletter, which supersedes the original version published on Nov. 8, 2018, continues to assign a 50% or 75% risk weight to certain RWW exposures that meet specified criteria.

On July 11, 2024, the FCA issued a revised bookletter to provide guidance to System institutions on implementing effective processes for managing investments and related risks.

On Oct. 5, 2023, the FCA approved a final rule on cyber risk management that requires each System institution to develop and implement a comprehensive, written cyber-risk management program. Each institution's cyber risk plan must require the institution to take the necessary actions to assess internal and external risk factors, identify potential system and software vulnerabilities, establish a risk management program for the risks identified, develop a cyber-risk training program, set policies for managing third-party relationships, maintain robust internal controls and establish institution board reporting requirements. The final rule became effective on Jan. 1, 2025.

On Oct. 10, 2024, the FCA approved a proposed rule that would require System associations that meet certain asset thresholds/conditions as well as all System banks to obtain an annual audit of their internal controls over financial reporting (ICFR), in conjunction with their financial statements, known as an integrated audit. All System banks currently obtain an integrated audit, so this rule would merely formalize that requirement. System associations that fall within the requirements will generally have three fiscal years to obtain an audit. The proposed rule was published in the Federal Register on Nov. 29, 2024. The rule is subject to a 60-day public comment period ending after March 31, 2025.

In 2024, 2023 and 2022, the association paid patronage distributions of $8,600,000, $8,300,000 and $7,900,000, respectively. In December 2024, the board of directors approved a $9,030,000 patronage distribution to be paid in March 2025. See Note 10 – Members Equity in the accompanying consolidated financial statements for further information.

Relationship With the Bank

The association's statutory obligation to borrow only from the bank is discussed in Note 9 – Note Payable to the Bank in the accompanying consolidated financial statements.

The bank's ability to access capital of the association is in the form of Class A voting capital stock and allocated retained earnings. This investment is adjusted periodically based on the association's proportional utilization of the bank compared with other district associations. The bank requires a minimum stock investment of 2% of the association's average borrowing from the bank. Beginning in March 2025, this investment requirement will increase to 2.50% of the association's average borrowings from the bank and will be equalized on a semiannual basis. Further information on this topic is discussed in Note 2 – Summary of Significant Accounting Policies in the accompanying consolidated financial statements within the section "Capital Stock Investment in the Bank."

The bank's role in mitigating the association's exposure to interest rate risk is described in the section "Liquidity and Funding Sources" of Management's Discussion and Analysis and in Note 9 – Note Payable to the Bank in the accompanying consolidated financial statements.

The bank provides computer systems to support the critical operations of all district associations. In addition, each association has operating systems and facility-based systems that are not supported by the bank. As disclosed in Note 13 – Related Party Transactions in the accompanying consolidated financial statements, the bank provides many services that the association can utilize such as administrative, marketing, information systems and accounting services. Additionally, the bank bills district expenses to the associations, such as the Farm Credit System Insurance Corporation insurance premiums.

Summary

Over the past 108 years, regardless of the state of the agricultural economy, your association's board of directors and management, as well as the board of directors and management of the bank, have been committed to offering their borrowers a ready source of financing at a competitive price. Your continued support will be critical to the success of this association.

Report of Independent Auditors

To the Board of Directors of Central Texas Farm Credit, ACA

Opinion

We have audited the accompanying consolidated financial statements of Central Texas Farm Credit, ACA and its subsidiaries (the "Association"), which comprise the consolidated balance sheets as of December 31, 2024, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in members' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Association changed the manner in which it accounts for the allowance for credit losses in 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

PricewaterhouseCoopers LLP, 835 West 6th Street, Suite 1600, Austin, Texas 78703
T: (512) 477 1300, www.pwc.com/us

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2024 Annual Report, but does not include the consolidated financial statements and our auditors’ report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Austin, Texas
March 12, 2025

CENTRAL TEXAS FARM CREDIT, ACA

CONSOLIDATED BALANCE SHEETS

	December 31,		
	2024	2023	2022
Assets			
Cash	**$ 1,050**	$ 4,835	$ 1,060
Loans	**695,185,152**	693,934,819	640,374,007
Less: allowance for credit losses on loans	**1,434,265**	1,776,641	1,426,947
Net loans	**693,750,887**	692,158,178	638,947,060
Accrued interest receivable	**9,596,600**	8,774,133	7,243,702
Investment in and receivable from the Farm Credit Bank of Texas:			
Capital stock	**11,984,515**	11,363,305	10,644,260
Other	**2,873,783**	1,280,994	2,572,032
Other property owned, net	**322,003**	-	-
Premises and equipment, net	**5,947,227**	6,031,224	5,478,861
Other assets	**222,666**	281,343	328,671
Total assets	**$ 724,698,731**	$ 719,894,012	$ 665,215,646
Liabilities			
Note payable to the Farm Credit Bank of Texas	**$ 577,807,184**	$ 577,651,441	$ 526,409,194
Advance conditional payments	**15,186**	309	-
Accrued interest payable	**2,009,529**	1,927,681	1,449,051
Dividends payable	**9,030,000**	8,600,000	8,300,000
Other liabilities	**4,659,284**	4,569,647	4,650,794
Total liabilities	**593,521,183**	592,749,078	540,809,039
Members' Equity			
Capital stock and participation certificates	**2,003,475**	2,004,125	2,025,230
Unallocated retained earnings	**129,202,524**	124,922,120	122,114,885
Accumulated other comprehensive (loss) income	**(28,451)**	218,689	266,492
Total members' equity	**131,177,548**	127,144,934	124,406,607
Total liabilities and members' equity	**$ 724,698,731**	$ 719,894,012	$ 665,215,646

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL TEXAS FARM CREDIT, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2024	2023	2022
Interest Income			
Loans	**$ 45,380,507**	$ 40,529,175	$ 31,496,806
Interest Expense			
Note payable to the Farm Credit Bank of Texas	**24,249,846**	20,603,544	13,203,205
Net interest income	**21,130,661**	19,925,631	18,293,601
(Reversal of) provision for credit losses	**(23,898)**	651,738	(113,057)
Net interest income after provision for (reversal of) credit losses	**21,154,559**	19,273,893	18,406,658
Noninterest Income			
Income from the Farm Credit Bank of Texas:			
Patronage income	**1,922,226**	1,928,103	3,724,640
Loan fees	**207,702**	163,004	170,409
Financially related services income	**6,291**	6,211	6,240
Other noninterest income	**232,351**	31,636	50,620
Total noninterest income	**2,368,570**	2,128,954	3,951,909
Noninterest Expenses			
Salaries and employee benefits	**6,199,469**	5,842,327	5,525,987
Directors' expense	**197,166**	205,776	234,263
Purchased services	**571,148**	628,937	473,659
Travel	**365,376**	305,368	311,059
Occupancy and equipment	**662,229**	665,154	561,041
Communications	**127,144**	132,170	144,993
Advertising	**363,678**	325,787	306,729
Public and member relations	**316,403**	313,731	286,635
Supervisory and exam expense	**288,496**	268,061	249,776
Insurance Fund premiums	**672,027**	1,055,128	1,112,411
Loss on sale of premises and equipment, net	**5,737**	81,867	1,194
Other components of net periodic postretirement benefit cost	**107,909**	74,964	81,781
Other noninterest expense	**335,944**	342,661	318,156
Total noninterest expenses	**10,212,726**	10,241,931	9,607,684
NET INCOME	**13,310,403**	11,160,916	12,750,883
Other comprehensive (loss) income:			
Change in postretirement benefit plans	**(247,140)**	(47,803)	321,925
COMPREHENSIVE INCOME	**$ 13,063,263**	$ 11,113,113	$ 13,072,808

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL TEXAS FARM CREDIT, ACA

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Capital Stock/ Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2021	$ 2,117,870	$ 117,664,002	$ (55,433)	$ 119,726,439
Comprehensive income	-	12,750,883	321,925	13,072,808
Capital stock/participation certificates issued	281,287	-	-	281,287
Capital stock/participation certificates retired	(373,927)	-	-	(373,927)
Patronage dividends:				
Cash	-	(8,300,000)	-	(8,300,000)
Balance at December 31, 2022	2,025,230	122,114,885	266,492	124,406,607
Cumulative effect of a change in accounting principle	-	253,393	-	253,393
Balance at January 1, 2023	2,025,230	122,368,278	266,492	124,660,000
Comprehensive income	-	11,160,916	(47,803)	11,113,113
Capital stock/participation certificates issued	222,055	-	-	222,055
Capital stock/participation certificates retired	(243,160)	-	-	(243,160)
Patronage dividends:				
Cash	-	(8,607,074)	-	(8,607,074)
Balance at December 31, 2023	2,004,125	124,922,120	218,689	127,144,934
Comprehensive income	-	13,310,403	(247,140)	13,063,263
Capital stock/participation certificates issued	214,485	-	-	214,485
Capital stock/participation certificates retired	(215,135)	-	-	(215,135)
Patronage dividends:				
Cash	-	(9,029,999)	-	(9,029,999)
Balance at December 31, 2024	**$ 2,003,475**	**$ 129,202,524**	**$ (28,451)**	**$ 131,177,548**

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL TEXAS FARM CREDIT, ACA

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income	**$ 13,310,403**	$ 11,160,916	$ 12,750,883
Adjustments to reconcile net income to net cash provided by operating activities:			
(Reversal of) provision for credit losses	**(23,898)**	651,738	(113,057)
Depreciation, amortization, and accretion	**707,837**	586,785	518,797
Allocated equities patronage from the Farm Credit Bank of Texas	**-**	(434,065)	-
Loss (gain) on sale of premises and equipment, net	**5,737**	(112,620)	(1,194)
Loss on sale of loans, net	**(2,176)**	194,487	-
Increase in accrued interest receivable	**(822,467)**	(1,530,431)	(936,660)
(Increase) decrease in other receivables from the Farm Credit Bank of Texas	**(1,592,789)**	1,291,038	(2,010,245)
Decrease (increase) in other assets	**58,677**	47,328	(12,540)
Increase in accrued interest payable	**81,848**	478,630	664,810
(Decrease) increase in other liabilities	**(163,727)**	6,217	(27,809)
Net cash provided by operating activities	**$ 11,559,445**	$ 12,340,023	$ 10,832,985
Cash flows from investing activities:			
Increase in loans, net	**$ (1,928,569)**	$ (54,244,809)	$ (8,877,584)
Cash recoveries of loans previously charged off	**(324,703)**	3,711	-
Purchases of investments in the Farm Credit Bank of Texas	**(621,210)**	(719,045)	(833,765)
Proceeds from other investment in the Farm Credit Bank of Texas	**-**	434,065	-
Purchases of premises and equipment	**(259,957)**	(1,021,636)	(305,003)
Proceeds from sales of premises and equipment	**1,238**	297,089	2,388
Net cash used in investing activities	**$ (3,133,201)**	$ (55,250,625)	$ (10,013,964)

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL TEXAS FARM CREDIT, ACA

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2024	2023	2022
Cash flows from financing activities:			
Net draws on note payable to the Farm Credit Bank of Texas	**$ 155,743**	$ 51,242,247	$ 7,171,719
Increase in advance conditional payments	**14,877**	309	-
Issuance of capital stock and participation certificates	**214,485**	222,055	281,287
Retirement of capital stock and participation certificates	**(215,135)**	(243,160)	(373,927)
Cash dividends paid	**(8,599,999)**	(8,307,074)	(7,900,000)
Net cash (used in) provided by financing activities	**(8,430,029)**	42,914,377	(820,921)
Net (decrease) increase in cash	**(3,785)**	3,775	(1,900)
Cash at the beginning of the year	**4,835**	1,060	2,960
Cash at the end of the year	**$ 1,050**	$ 4,835	$ 1,060
Supplemental schedule of noncash investing and financing activities:			
Loans charged off	**$ 324,703**	$ 187,529	$ 97,091
Dividends declared	**9,030,000**	8,600,000	8,300,000
Transfer of allowance for credit losses on loans from (into) reserve for credit losses on unfunded commitments	**(6,224)**	20,022	(11,762)
Supplemental cash flow information:			
Cash paid during the year for:			
Interest	**$ 24,167,998**	$ 20,124,914	$ 12,538,395

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL TEXAS FARM CREDIT, ACA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION AND OPERATIONS

A. Organization: Central Texas Farm Credit, ACA, including its wholly owned subsidiaries, Central Texas, PCA, and Central Texas Land Bank, FLCA (collectively called "the association"), is a member-owned cooperative that provides credit and credit-related services to, or for the benefit of, eligible borrowers/stockholders for qualified agricultural purposes in the counties of Baylor, Brown, Callahan, Coke, Coleman, Comanche, Concho, Haskell, Irion, Jones, Knox, McCulloch, Menard, Mills, Reagan, Runnels, San Saba, Sterling, Stonewall and Tom Green in the state of Texas.

The association is a lending institution of the Farm Credit System (System), a nationwide system of cooperatively owned banks and associations that was established by Acts of Congress to meet the credit needs of American agriculture and is subject to the provisions of the Farm Credit Act of 1971, as amended (Act). At Dec. 31, 2024, the System consisted of three Farm Credit Banks (FCBs) and their affiliated associations, one Agricultural Credit Bank (ACB) and its affiliated associations, the Federal Farm Credit Banks Funding Corporation (Funding Corporation) and various service and other organizations.

The Farm Credit Bank of Texas (Bank) and its related associations are collectively referred to as the "district." The bank provides funding to all associations within the district and is responsible for supervising certain activities of the district associations. At Dec. 31, 2024, the district consisted of the bank, one FLCA and 11 ACA parent companies, which have two wholly owned subsidiaries, a FLCA and a PCA, operating in or servicing the states of Alabama, Louisiana, Mississippi, New Mexico and Texas. ACA parent companies provide financing and related services through their FLCA and PCA subsidiaries. The FLCA makes secured long-term agricultural real estate and rural home mortgage loans. The PCA makes short- and intermediate-term loans for agricultural production or operating purposes.

Congress delegated authority to The Farm Credit Administration (FCA) to regulate the System banks and associations. The FCA examines the activities of System associations to ensure their compliance with the Farm Credit Act, FCA regulations and safe and sound banking practices.

The Act established the Farm Credit System Insurance Corporation (FCSIC) to administer the Farm Credit Insurance Fund (insurance fund). The insurance fund is required to be used (1) to ensure the timely payment of principal and interest on Systemwide debt obligations, (2) to ensure the retirement of protected borrower capital at par or stated value and (3) for other specified purposes. The insurance fund is also available for the discretionary uses by FCSIC of providing assistance to certain troubled System institutions and to cover the operating expenses of the FCSIC. Each System bank has been required to pay premiums, which may be passed on to the association, into the insurance fund, based on its annual average adjusted outstanding insured debt until the monies in the insurance fund reach the "secure base amount," defined in the Farm Credit Act as 2.0% of the aggregate insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or other such percentage of the aggregate obligations as FCSIC in its sole discretion determines to be actuarially sound. When the amount in the insurance fund exceeds the secure base amount, FCSIC is required to reduce premiums as necessary to maintain the insurance fund at the 2.0% level. As required by the Farm Credit Act, as amended, FCSIC may return excess funds above the secure base amount to System banks. These excess funds may be passed on to the associations.

FCA regulations require borrower information to be held in strict confidence by Farm Credit institutions and their directors, officers and employees. Directors and employees of the Farm Credit institutions are prohibited, except under specified circumstances, from disclosing nonpublic personal information about members.

B. Operations: The Farm Credit Act sets forth the types of authorized lending activity, people eligible to borrow and financial services that can be offered by the association. The association is authorized to provide, either directly or in participation with other lenders, credit, credit commitments and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic products, rural residents and farm-related businesses. The association makes and services short- and intermediate-term loans for agricultural production or operating purposes, and secured long-term real estate mortgage loans, with funding from the bank.

The association also serves as an intermediary in offering credit life insurance.

The association's financial condition may be affected by factors that affect the bank. The financial condition and results of operations of the bank might materially affect stockholders' investments in the association. The bank's Annual Report to Stockholders discusses the material aspects of the district's financial condition, changes in financial condition and results of operations. In addition, the bank's Annual Report to Stockholders identified favorable and unfavorable trends, significant events, uncertainties and the impact of activities of the insurance fund. Upon request, stockholders of the association will be provided with the bank's Annual Report to Stockholders.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements (the financial statements) of the association have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). In consolidation, all significant intercompany accounts and transactions are eliminated, and all material wholly owned and majority-owned subsidiaries are consolidated unless GAAP requires otherwise.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, the valuation of deferred tax assets, the determination of fair value of financial instruments and subsequent impairment analysis.

The accounting and reporting policies of the association conform to GAAP and prevailing practices within the banking industry. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates are discussed in these footnotes, as applicable. Actual results could differ from those estimates. The consolidated financial statements include the accounts of Central Texas, PCA, and Central Texas, Land Bank FLCA. All significant intercompany transactions have been eliminated in consolidation.

A. Recently Issued or Adopted Accounting Pronouncements: In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 - Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after Dec. 15, 2025. The adoption of this guidance is not expected to have a material impact on the institution's financial condition, results of operations or cash flows but will impact the income tax disclosures.

B. The Association adopted the Financial Accounting Standards Board (FASB) guidance titled "Measurement of Credit Losses on Financial Instruments" and other subsequently issued accounting standards updates related to credit losses. This guidance replaced the incurred loss impairment methodology with a single allowance framework that estimates the current expected credit losses (CECL) over the remaining contractual life for all financial assets measured at amortized cost and certain off-balance-sheet credit exposures. This framework requires management to consider in its estimate of the allowance for credit losses (ACL) relevant historical events, current conditions and reasonable and supportable forecasts that consider macroeconomic conditions. In addition, the guidance amended existing impairment guidance for held-to-maturity and available-for-sale investments to incorporate an allowance for credit losses related to these securities, which will allow for the reversal of credit impairments in the event that the credit of an issuer improves.

Also adopted effective Jan. 1, 2023, was the updated guidance titled “Financial Instruments – Credit Losses: Troubled Debt Restructurings and Vintage Disclosure.” This guidance requires the creditor to determine whether a modification results in a new loan or a continuation of an existing loan among other disclosures specific to modifications with borrowers that are experiencing financial difficulties. The update eliminated the accounting guidance for troubled debt restructurings by creditors. The update also requires disclosure of current period gross write-offs by year of origination for financing receivables and net investments in leases.

The following table presents the impact to the allowance for credit losses and retained earnings upon adoption of this guidance on Jan. 1, 2023:

	December 31, 2022	CECL adoption impact	January 1, 2023
Assets:			
Allowance for credit losses on loans	$ 1,426,947	$ (138,248)	$ 1,288,699
Liabilities:			
Allowance for credit losses on unfunded commitments	$ 225,323	$ (115,145)	$ 110,178
Retained earnings:			
Unallocated retained earnings, net of tax	$ 122,114,885	$ 253,393	$ 122,368,278

C. Cash: Cash, as included in the financial statements, represents cash on hand and deposits at banks.

D. Loans and Allowance for Credit Losses on Loans: Long-term real estate mortgage loans generally have original maturities ranging from five to 40 years. Substantially all short- and intermediate-term loans for agricultural production or operating purposes have maturities of 10 years or less. Loans are carried at their principal amount outstanding adjusted for charge-offs and net deferred loan fees or costs. Loan origination fees and direct loan origination costs are capitalized and the net fee or cost is amortized over the life of the related loan as an adjustment to yield. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding.

Nonaccrual Loans

Nonaccrual loans are loans for which there is reasonable doubt that all principal and interest will not be collected according to the original contractual terms and are generally considered substandard or doubtful in accordance with the loan rating model, as described below. A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan shall remain contractually past due until it is modified or until the entire amount past due, including principal, accrued interest and penalty interest incurred as a result of past-due status, is collected or otherwise discharged in full.

Consistent with prior practice, loans are generally placed in nonaccrual status when principal or interest is delinquent for 90 days (unless adequately secured and in the process of collection), circumstances indicate that collection of principal and interest is in doubt or legal action, including foreclosure or other forms of collateral conveyance, has been initiated to collect the outstanding principal and interest. At the time a loan is placed in nonaccrual status, accrued interest deemed uncollectible is either reversed (if accrued in the current year) or charged against the allowance for credit losses on loans (if accrued in prior years). Loans are charged off at the time they are determined to be uncollectible.

When loans are in nonaccrual status, interest payments received in cash are recognized as interest income if collectibility of the loan is fully expected and certain other criteria are met. Otherwise, payments received are applied against the recorded investment in the loan. Nonaccrual loans are returned to accrual status if all contractual principal and interest are current, the borrower has demonstrated payment performance, and collection is fully expected to fulfill the contractual repayments terms and after remaining current as to principal and interest for a sustained period or have a recent repayment pattern demonstrating future repayment capacity to make on-time payments is no longer in doubt. If previously unrecognized interest income exists at the time the loan is transferred to accrual status, cash received at the time of or subsequent to the transfer should first be recorded as interest income until such time as the recorded balance equals the contractual indebtedness of the borrower.

Accrued Interest Receivable

The association elected to continue classifying accrued interest on loans and investment securities in accrued interest receivable and not as part of loans or investments on the balance sheet. The association also has elected to not estimate an allowance on interest receivable balances because the nonaccrual policies in place provide for the accrual of interest to cease on a timely basis when all contractual amounts are not expected.

Loan Modifications to Borrowers Experiencing Financial Difficulty

Loan modifications may be granted to borrowers experiencing financial difficulty. Modifications can be in the formof one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant payment delay or a term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

Collateral Dependent Loans

Collateral dependent loans are loans secured by collateral, including, but not limited to, agricultural real estate, crop inventory, equipment and livestock. CECL requires an entity to measure the expected credit losses based on fair value of the collateral at the reporting date when the entity determines that foreclosure is probable. Additionally, CECL allows a fair value practical expedient as a measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulties. Under the practical expedient measurement approach, the expected credit losses are based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

Allowance for Credit Losses

Effective Jan. 1, 2023, the ACL represents the estimated current expected credit losses over the remaining contractual life of financial assets measured at amortized cost and certain off-balance-sheet credit exposures. The ACL takes into consideration relevant information about past events, current conditions and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are not unconditionally cancelable. The ACL comprises:

- the allowance for credit losses on loans (ACLL), which covers the loan portfolio and is presented separately on the Consolidated Balance Sheets; and
- the allowance for credit losses on unfunded commitments, which is presented on the consolidated balance sheets in other liabilities.

Determining the appropriateness of the ACL is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the loan portfolio considering macroeconomic conditions, forecasts and other factors prevailing at the time might result in significant changes in the ACL in those future periods.

Allowance for Credit Losses on Loans

The ACLL represents management's estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums, discounts and fair value hedge accounting adjustments. The expected life of a loan is determined based on the contractual term of the loan, anticipated prepayment rates, cancelation features and certain extension and call options. The ACLL is estimated using a probability of default (PD) and loss given default (LGD) model wherein impairment is calculated by multiplying the PD (probability theloan will default in a given time frame) by the LGD (percentage of the loan expected to be collected at default).

The association employs a disciplined process and methodology to establish its ACLL that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed or nonrecoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the components of the ACLL that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type and credit quality rating or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool.

The ACLL also considers factors for each loan pool to adjust for differences between the historical period used to calculate historical default and loss severity rates and expected conditions over the remaining lives of the loans in the portfolio related to:

- lending policies and procedures;
- national, regional and local economic business conditions and developments that affect the collectibility of the portfolio, including the condition of various markets;
- the nature of the loan portfolio, including the terms of the loans;
- the experience, ability and depth of the lending management and other relevant staff;
- the volume and severity of past due and adversely classified or graded loans and the volume of nonaccrual loans;
- the quality of the loan review and process;
- the value of underlying collateral for collateral-dependent loans;
- the existence and effect of any concentrations of credit and changes in the level of such concentrations; and
- the effect of external factors such as competition and legal and regulatory requirements on the level of credit losses in the existing portfolio.

The association's macroeconomic forecast includes a weighted selection of the baseline, upside 10^{th} percentile and downside 90^{th} percentile from third-party economic scenarios over a reasonable and supportable forecast period of two years. Subsequent to the forecast period, the association reverts to long-run historical loss experience over a two-year reversion period to inform the estimate of losses for the remaining contractual life of the loan portfolio.

The economic forecasts, which are updated quarterly, incorporate macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads. The association also considers loan and borrower characteristics, such as internal risk ratings, industry and the remaining term of the loan, adjusted for expected prepayments.

In addition to the quantitative calculation, the association considers the imprecision inherent in the process and methodology, emerging risk assessments and other subjective factors, which might lead to a management adjustment to the modeled ACLL results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral. The economic forecasts are updated on a quarterly basis.

Prior to Jan. 1, 2023, the allowance for credit losses was maintained at a level considered adequate to provide for probable losses existing in and inherent in the loan portfolio. The allowance was based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition and prior loan loss experience. The allowance for credit losses encompassed various judgments, evaluations and appraisals with respect to the loans and their underlying collateral that, by their nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and their impact on borrower repayment capacity would cause these various judgments, evaluations and appraisals to change over time. Management considered a number of factors in determining and supporting the levels of the allowances for loan losses, which include, but are not limited to, the concentration of lending in agriculture, combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects and weather-related influences.

Allowance for Credit Losses on Unfunded Commitments

The association evaluates the need for an allowance for credit losses on unfunded commitments under CECL and, if required, an amount is recognized and included in other liabilities on the consolidated balance sheets. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancelable by the association and applying the loss factors used in the ACLL methodology to the results of the usage calculation. No allowance for credit losses is recorded for commitments that are unconditionally cancelable.

E. Capital Stock Investment in the Farm Credit Bank of Texas: The association's investment in the bank is in the form of Class A voting capital stock and allocated retained earnings. This investment is adjusted periodically based on the association's proportional utilization of the bank compared with other district associations. The bank requires a minimum stock investment of 2% of the association's average borrowing from the bank. This investment is carried at cost plus allocated equities in the accompanying consolidated balance sheets.

   If needed to meet regulatory capital adequacy requirements, the board of directors of the bank may increase the percentage of stock held by an association from 2% of the average outstanding balance of borrowings from the bank to a maximum of 5% of the average outstanding balance of borrowings from the bank. In January 2025, the bank's board approved a change to their capitalization policy. Through 2024, associations and qualifying OFIs were required to maintain an investment in the bank equal to 2.00% of their average borrowings from the bank as determined on an annual basis. Beginning in March 2025, this investment requirement will increase to 2.50% of the association's average borrowings from the bank and will be equalized on a semi-annual basis. Depending on how much growth is recognized in borrowings, the impact to the association of this increased investment in the bank could be up to $4.2 million for 2025.

F. Other Property Owned, Net: Other property owned, net, consists of real and personal property acquired through foreclosure or deed in lieu of foreclosure and is recorded at fair value less estimated selling costs upon acquisition and is included in other assets in the consolidated balance sheets. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for credit losses on loans. On at least an annual basis, revised estimates to the fair value less cost to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Income and expenses from operations and carrying value adjustments are included in net gains (losses) on other property owned in the consolidated statements of comprehensive income.

G. Premises and Equipment: Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method using estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operations. Maintenance and repairs are charged to operating expense, and improvements are capitalized. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset group may not be recoverable.

H. Advance Conditional Payments: The association is authorized under the Act to accept advance payments from borrowers. To the extent that the borrower's access to such funds is restricted, the advance conditional payments are netted against the borrower's related loan balance. Amounts in excess of the related loan balance and amounts to which the borrower has unrestricted access are presented as liabilities in the accompanying consolidated balance sheet. Advance conditional payments are not insured. Interest is generally paid by the association on such accounts at rates established by the board of directors.

I. Employee Benefit Plans: Substantially all employees of the association may be eligible to participate in either the district-defined benefit retirement plan (DB plan) or the defined contribution plan (DC plan). All eligible employees may participate in the Farm Credit Benefits Alliance 401(k) Plan. The DB plan is closed to new participants. Participants generally include employees hired prior to Jan. 1, 1996. The DB plan is noncontributory and provides benefits based on salary and years of service. The “projected unit credit” actuarial method is used for financial reporting and funding purposes for the DB plan.

   Participants in the DC plan generally include employees who elected to transfer from the DB plan prior to Jan. 1, 1996, and employees hired on or after Jan. 1, 1996. Participants in the DC plan direct the placement of their employers’ contributions, 5.0% of eligible pay for the year ended Dec. 31, 2023, made on their behalf into various investment alternatives.

   The structure of the district’s DB plan is characterized as multiemployer, because neither the assets, liabilities nor costs of the plan are segregated or separately accounted for by the associations. No portion of any surplus assets is available to the associations, nor are the associations required to pay for plan liabilities upon withdrawal from the plans. As a result, the associations recognize as pension cost the required contribution to the plans for the year. Contributions due and unpaid are recognized as a liability. The association recognized pension costs for the DC plan of $277,637, $255,629 and $231,956 for the years ended Dec. 31, 2024, 2023 and 2022 respectively. For the DB plan, the association recognized pension costs of $77,724, $501,824 and $461,421 for the years ended Dec. 31, 2024, 2023 and 2022, respectively.

   The association also participates in the Farm Credit Benefits Alliance 401(k) Plan, which requires the associations to match 100% of employee contributions up to 3.0% of eligible earnings and to match 50% of employee contributions for the next 2.0% of employee contributions, up to a maximum employer contribution of 4.0% of eligible earnings. Association 401(k) plan costs are expensed as incurred. The association’s contributions to the 401(k) plan were $212,992, $209,786 and $186,002 for the years ended Dec. 31, 2024, 2023 and 2022, respectively.

   In addition to pension benefits, the association provides certain health care and life insurance benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multiemployer and, consequently, the liability for these benefits is included in other liabilities on the consolidated balance sheets.

J. Income Taxes: The ACA holding company conducts its business activities through two wholly owned subsidiaries. Long-term mortgage lending activities are operated through the wholly owned FLCA subsidiary, which is exempt from federal and state income tax. Short- and intermediate-term lending activities are operated through the wholly owned PCA subsidiary. Operating expenses are allocated to each subsidiary based on estimated relative service. All significant transactions between the subsidiaries and the parent company have been eliminated in consolidation. The ACA, along with the PCA subsidiary, is subject to income tax. The association is eligible to operate as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, the association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage refunds. Deferred taxes are provided on the association’s taxable income on the basis of a proportionate share of the tax effect of temporary differences not allocated in patronage form. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50% probability), based on management’s estimate, that they will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of the association’s expected patronage program, which reduces taxable earnings.

K. Patronage Refunds From the Farm Credit Bank of Texas: The association records patronage refunds from the bank on an accrual basis.

L. Fair Value Measurement: The FASB guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

      Level 1 — Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain U.S. Treasury, other U.S. government and agency mortgage-backed debt securities that are highly liquid and are actively traded in over-the-counter markets. Also included in Level 1 are assets held in trust funds, which relate to deferred compensation and the supplemental retirement plan. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace. Pension plan assets that are invested in equity securities, including mutual funds and fixed-income securities that are actively traded, are also included in Level 1.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (c) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates; and (d) inputs derived principally from or corroborated by observable market data by correlation or other means. This category generally includes certain U.S. government and agency mortgage-backed debt securities, corporate debt securities and derivative contracts. Pension plan assets that are derived from observable inputs, including corporate bonds and mortgage-backed securities, are reported in Level 2.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities are considered Level 3. These unobservable inputs reflect the reporting entity's own assumptions about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, asset-backed securities, highly structured or long-term derivative contracts, certain loans and other property owned. Pension plan assets such as certain mortgage-backed securities that are supported by little or no market data in determining the fair value are included in Level 3.

The fair value disclosures are presented in Note 14 – Fair Value Measurements.

M. Off-balance-sheet credit exposures: Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee. Commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and third party. The credit risk associated with commitments to extend credit and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management's assessment of the customer's creditworthiness.

NOTE 3 — LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

A summary of loans as of Dec. 31 follows:

	2024		2023		2022	
Loan Type	**Amount**	**%**	Amount	%	Amount	%
Real estate mortgage	**$ 473,002,372**	**68.1%**	$ 475,677,600	68.6%	$ 456,460,621	71.3%
Production and intermediate-term	**112,695,765**	**16.2%**	104,042,629	15.0%	78,334,756	12.2%
Agribusiness:						
Processing and marketing	**55,326,933**	**8.0%**	54,881,444	7.9%	51,786,443	8.1%
Farm-related business	**16,950,966**	**2.4%**	22,086,234	3.2%	19,545,152	3.1%
Loans to cooperatives	**3,425,683**	**0.5%**	5,127,668	0.7%	6,266,947	1.0%
Communications	**12,872,211**	**1.9%**	13,511,137	1.9%	13,625,571	2.1%
Energy	**7,232,117**	**1.0%**	6,221,452	0.9%	5,104,698	0.8%
Water and waste-water	**7,056,295**	**1.0%**	7,123,999	1.0%	4,669,377	0.7%
International loans	**5,074,272**	**0.7%**	4,631,066	0.7%	3,915,065	0.6%
Rural residential real estate	**1,548,538**	**0.2%**	631,590	0.1%	665,377	0.1%
Total	**$ 695,185,152**	**100.0%**	$ 693,934,819	100.0%	$ 640,374,007	100.0%

The association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding participations purchased and sold as of Dec. 31, 2024:

	Other Farm Credit Institutions		**Non-Farm Credit Institutions**		**Total**	
	Participations Purchased	**Participations Sold**	**Participations Purchased**	**Participations Sold**	**Participations Purchased**	**Participations Sold**
Agribusiness	$ 58,067,969	$ 3,560,598	$ -	$ -	$ 58,067,969	$ 3,560,598
Real estate mortgage	48,126,818	13,969,972	-	-	48,126,818	13,969,972
Production and intermediate-term	22,612,246	13,224,549	-	-	22,612,246	13,224,549
Communications	12,872,211	-	-	-	12,872,211	-
Energy	7,232,117	-	-	-	7,232,117	-
Water and waste-water	7,056,295	-	-	-	7,056,295	-
International	5,074,272	-	-	-	5,074,272	-
Total	$ 161,041,928	$ 30,755,119	$ -	$ -	$ 161,041,928	$ 30,755,119

Geographic Distribution

The following percentages are based on the borrower's physical location, the borrower's headquarters location or the physical location of the underlying collateral, where applicable:

County	**2024**	2023	2022
Comanche	**12.0%**	11.3%	10.2%
Tom Green	**8.6%**	8.8%	9.2%
Brown	**5.9%**	5.6%	4.7%
Coleman	**4.6%**	4.3%	4.2%
Runnels	**3.7%**	3.9%	3.8%
Deaf Smith	**3.1%**	3.3%	3.2%
Taylor	**3.0%**	3.1%	3.3%
McCulloch	**2.4%**	2.6%	2.8%
Knox	**2.3%**	2.6%	2.8%
Dallas	**2.2%**	2.1%	2.5%
Midland	**2.0%**	1.8%	2.1%
Travis	**1.9%**	1.9%	2.4%
Harris	**1.8%**	1.1%	0.4%
Jones	**1.8%**	1.6%	1.8%
Cherokee	**1.5%**	1.6%	1.8%
Mills	**1.5%**	1.4%	1.4%
Hood	**1.4%**	1.2%	0.3%
Ector	**1.2%**	1.0%	1.2%
Angelina	**1.0%**	1.0%	0.0%
Callahan	**1.0%**	0.7%	1.0%
Haskell	**0.9%**	0.9%	0.9%
Tarrant	**0.9%**	1.0%	0.9%
Other Counties	**16.7%**	17.7%	19.4%
Other States	**18.6%**	19.5%	19.7%
	100.0%	100.0%	100.0%

The association's concentration of credit risk in various agricultural commodities is shown in the following table. Though the amounts represent the association's maximum potential credit risk as it relates to recorded loan principal, a substantial portion of the association's lending activities is collateralized, and the association's exposure to credit loss associated with lending activities is reduced accordingly. An estimate of the association's credit risk exposure is considered in the determination of the allowance for credit losses.

Operation/Commodity	2024 Amount	2024 %	2023 Amount	2023 %	2022 Amount	2022 %
Livestock, except dairy and poultry	**$ 340,626,186**	**48.8%**	$ 336,670,344	48.5%	$ 312,659,930	48.8%
Dairy farms	**64,492,863**	**9.3%**	66,315,059	9.6%	50,157,462	7.8%
Field crops except cash grains	**47,193,672**	**6.8%**	49,268,452	7.1%	46,301,591	7.2%
Hunting, trapping and game propagation	**31,615,520**	**4.5%**	32,640,141	4.7%	35,504,868	5.5%
Food and kindred products	**30,441,209**	**4.4%**	32,628,343	4.7%	28,733,622	4.5%
General farms, primarily crops	**28,444,761**	**4.1%**	27,918,867	4.0%	27,490,146	4.3%
Wholesale trade - nondurable goods	**26,999,360**	**3.9%**	30,097,350	4.3%	27,292,674	4.3%
Cash grains	**21,661,931**	**3.1%**	21,271,240	3.1%	22,413,138	3.5%
Paper and allied products	**16,598,795**	**2.4%**	17,394,919	2.5%	14,083,927	2.2%
Communications	**11,607,136**	**1.7%**	11,991,688	1.7%	11,669,311	1.8%
Agricultural services	**10,899,022**	**1.6%**	9,633,865	1.4%	9,796,702	1.5%
Poultry and eggs	**10,091,535**	**1.5%**	6,948,162	1.0%	3,326,020	0.5%
Chemical and allied products	**9,184,537**	**1.3%**	9,522,933	1.4%	8,419,476	1.3%
Timber	**8,738,292**	**1.3%**	9,338,043	1.3%	11,044,962	1.7%
Fruit and tree nuts	**6,950,921**	**1.0%**	8,897,203	1.3%	9,238,904	1.4%
Wholesale trade - durable goods	**4,755,432**	**0.7%**	4,954,401	0.7%	-	0.0%
Farm and garden machinery equipment	**4,640,020**	**0.7%**	60,760	0.0%	524,870	0.1%
Electric services	**3,694,427**	**0.5%**	4,374,077	0.6%	5,269,304	0.8%
Lumber and wood products, except furniture	**2,584,607**	**0.4%**	2,653,232	0.4%	3,649,110	0.6%
Real estate	**2,058,288**	**0.3%**	2,327,288	0.3%	2,459,331	0.4%
General farms, primarily livestock	**2,039,310**	**0.3%**	1,099,703	0.2%	859,186	0.1%
Fish hatcheries and preserves	**1,731,230**	**0.2%**	1,594,232	0.2%	1,825,703	0.3%
Animal specialties	**1,363,865**	**0.2%**	962,726	0.2%	1,373,684	0.2%
Rural home loans	**1,170,958**	**0.2%**	795,032	0.1%	568,004	0.1%
Horticultural specialties	**285,809**	**0.0%**	260,809	0.1%	253,104	0.0%
Other	**5,315,466**	**0.8%**	4,315,950	0.6%	5,458,978	1.1%
Total	**$ 695,185,152**	**100.0%**	$ 693,934,819	100.0%	$ 640,374,007	100.0%

The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies but typically includes farmland and income-producing property, such as crops and livestock, as well as receivables. Long-term real estate loans are secured by the first liens on the underlying real property. Federal regulations state that long-term real estate loans are not to exceed 85% (or 97% if guaranteed by a government agency) of the property's appraised value. However, a decline in a property's market value subsequent to loan origination or advances, or other actions necessary to protect the financial interest of the association in the collateral, might result in the loan-to-value ratios in excess of the regulatory maximum.

To mitigate the risk of loan losses, the association has obtained loan guarantees in the form of standby commitments to purchase qualifying loans from Farmer Mac through an arrangement with the bank. The agreements, which will remain in place until the loans are paid in full, give the association the right to sell the loans identified in the agreements to Farmer Mac in the event of defaults (typically four months past due), subject to certain conditions. At Dec. 31, 2024, 2023 and 2022, loans totaling $20,430,174, $22,054,019 and $23,606,454, respectively, were guaranteed by these commitments. Fees paid for these guarantees totaled $111,184, $119,527 and $127,437 in 2024, 2023 and 2022, respectively, and are included in "other noninterest expense."

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in the association's outstanding loans, letters of credit and unfunded loan commitments. The association manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, that provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position and collateral, that includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, each association that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified as nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The association reviews, at least on an annual basis or when a credit action is taken, the probability of default category.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and 9 of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (nonviable) rating indicates that the probability of default is almost certain. These categories are defined as follows:

- Acceptable — assets are expected to be fully collectible and represent the highest quality;
- Other assets especially mentioned (OAEM) — assets are currently collectible but exhibit some potential weakness;
- Substandard — assets exhibit some serious weakness in repayment capacity, equity or collateral pledged on the loan;
- Doubtful — assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing facts, conditions and values that make collection in full highly questionable; and
- Loss — assets are considered uncollectible.

The following table presents credit quality indicators by loan type and the related principal balance as of Dec. 31, 2024:

	Term Loans Amortized Cost by Origination Year								
	2024	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving Loans Amortized Cost Basis**	**Revolving Loans Converted to Term Loans Amortized Cost Basis**	**Total**
Real estate mortgage									
Acceptable	$ 41,634,181	$ 61,896,345	$ 61,668,721	$ 89,657,011	$ 70,438,605	$ 134,644,408	$ 76,000	$ 137,865	$ 460,153,136
OAEM	-	-	-	3,077,339	-	1,502,222	-	-	4,579,561
Substandard/Doubtful	-	-	-	7,404,201	-	865,474	-	-	8,269,675
Loss	-	-	-	-	-	-	-	-	-
	$ 41,634,181	$ 61,896,345	$ 61,668,721	$ 100,138,551	$ 70,438,605	$ 137,012,104	$ 76,000	$ 137,865	$ 473,002,372
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production and intermediate-term									
Acceptable	$ 13,485,759	$ 5,928,035	$ 7,904,027	$ 9,204,710	$ 1,291,537	$ 1,612,675	$ 63,742,602	$ -	$ 103,169,345
OAEM	-	1,779,276	40,642	59,990	1,456	-	3,179,031	-	5,060,395
Substandard/Doubtful	-	44,787	967,127	-	-	-	3,454,111	-	4,466,025
Loss	-	-	-	-	-	-	-	-	-
	$ 13,485,759	$ 7,752,098	$ 8,911,796	$ 9,264,700	$ 1,292,993	$ 1,612,675	$ 70,375,744	$ -	$ 112,695,765
Current period gross charge-offs	$ 324,703	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 324,703
Agribusiness									
Acceptable	$ 2,677,980	$ 11,842,143	$ 17,133,231	$ 12,947,950	$ 2,670,801	$ 3,765,421	$ 22,612,771	$ -	$ 73,650,297
OAEM	-	-	1,675,000	-	-	-	378,285	-	2,053,285
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
	$ 2,677,980	$ 11,842,143	$ 18,808,231	$ 12,947,950	$ 2,670,801	$ 3,765,421	$ 22,991,056	$ -	$ 75,703,582
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Communications									
Acceptable	$ 2,216,658	$ 6,757,338	$ -	$ 1,265,053	$ 2,395,908	$ -	$ 237,254	$ -	$ 12,872,211
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
	$ 2,216,658	$ 6,757,338	$ -	$ 1,265,053	$ 2,395,908	$ -	$ 237,254	$ -	$ 12,872,211
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Energy									
Acceptable	$ 1,428,558	$ 1,998,111	$ -	$ 1,236,582	$ -	$ 2,337,848	$ -	$ -	$ 7,001,099
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	231,018	-	-	231,018
Loss	-	-	-	-	-	-	-	-	-
	$ 1,428,558	$ 1,998,111	$ -	$ 1,236,582	$ -	$ 2,568,866	$ -	$ -	$ 7,232,117
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water and waste-water									
Acceptable	$ -	$ 2,556,172	$ 1,906,215	$ 2,479,245	$ -	$ -	$ 114,663	$ -	$ 7,056,295
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
	$ -	$ 2,556,172	$ 1,906,215	$ 2,479,245	$ -	$ -	$ 114,663	$ -	$ 7,056,295
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
International									
Acceptable	$ -	$ 4,841,922	$ -	$ -	$ -	$ -	$ 232,350	$ -	$ 5,074,272
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
	$ -	$ 4,841,922	$ -	$ -	$ -	$ -	$ 232,350	$ -	$ 5,074,272
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rural residential real estate									
Acceptable	$ 948,553	$ -	$ 138,879	$ -	$ 117,163	$ 343,943	$ -	$ -	$ 1,548,538
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
	$ 948,553	$ -	$ 138,879	$ -	$ 117,163	$ 343,943	$ -	$ -	$ 1,548,538
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Loans									
Acceptable	$ 62,391,689	$ 95,820,066	$ 88,751,073	$ 116,790,551	$ 76,914,014	$ 142,704,295	$ 87,015,640	$ 137,865	$ 670,525,193
OAEM	-	1,779,276	1,715,642	3,137,329	1,456	1,502,222	3,557,316	-	11,693,241
Substandard/Doubtful	-	44,787	967,127	7,404,201	-	1,096,492	3,454,111	-	12,966,718
Loss	-	-	-	-	-	-	-	-	-
	$ 62,391,689	**$ 97,644,129**	**$ 91,433,842**	**$ 127,332,081**	**$ 76,915,470**	**$ 145,303,009**	**$ 94,027,067**	**$ 137,865**	**$ 695,185,152**
Total current period gross charge-offs	**$ 324,703**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 324,703**

The following table presents credit quality indicators by loan type and the related principal balance as of Dec. 31, 2023:

	Term Loans Amortized Cost by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Real estate mortgage									
Acceptable	$ 72,280,991	$ 67,251,206	$ 98,873,235	$ 74,159,165	$ 42,690,308	$ 109,608,193	$ 69,100	$ -	$ 464,932,198
OAEM	-	-	7,981,673	-	497,889	386,687	-	-	8,866,249
Substandard/Doubtful	-	-	1,442,736	-	262,328	174,089	-	-	1,879,153
	$ 72,280,991	$ 67,251,206	$ 108,297,644	$ 74,159,165	$ 43,450,525	$ 110,168,969	$ 69,100	$ -	$ 475,677,600
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production and intermediate-term									
Acceptable	$ 9,720,040	$ 7,517,220	$ 11,193,472	$ 3,644,834	$ 1,311,551	$ 1,772,041	$ 63,761,922	$ -	$ 98,921,080
OAEM	-	1,655,098	70,289	4,104	-	-	254,171	-	1,983,662
Substandard/Doubtful	319,888	-	-	-	1,413,535	-	1,404,464	-	3,137,887
	$ 10,039,928	$ 9,172,318	$ 11,263,761	$ 3,648,938	$ 2,725,086	$ 1,772,041	$ 65,420,557	$ -	$ 104,042,629
Current period gross charge-offs	$ 187,529	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 187,529
Agribusiness									
Acceptable	$ 12,079,873	$ 20,080,517	$ 19,550,278	$ 4,511,495	$ 4,584,332	$ 123,684	$ 18,779,830	$ -	$ 79,710,009
OAEM	-	1,041,376	909,026	-	-	-	434,935	-	2,385,337
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 12,079,873	$ 21,121,893	$ 20,459,304	$ 4,511,495	$ 4,584,332	$ 123,684	$ 19,214,765	$ -	$ 82,095,346
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Communications									
Acceptable	$ 6,346,376	$ -	$ 3,389,449	$ 3,397,940	$ -	$ -	$ 377,372	$ -	$ 13,511,137
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 6,346,376	$ -	$ 3,389,449	$ 3,397,940	$ -	$ -	$ 377,372	$ -	$ 13,511,137
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Energy									
Acceptable	$ 1,997,561	$ -	$ 1,326,053	$ -	$ -	$ 2,602,087	$ -	$ -	$ 5,925,701
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	295,751	-	-	295,751
	$ 1,997,561	$ -	$ 1,326,053	$ -	$ -	$ 2,897,838	$ -	$ -	$ 6,221,452
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water and waste-water									
Acceptable	2,408,718	2,014,587	2,497,062	-	-	-	203,632	$ -	$ 7,123,999
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 2,408,718	$ 2,014,587	$ 2,497,062	$ -	$ -	$ -	$ 203,632	$ -	$ 7,123,999
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
International									
Acceptable	$ 4,631,066	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,631,066
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 4,631,066	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,631,066
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rural residential real estate									
Acceptable	$ -	$ 142,853	$ -	$ 122,966	$ -	$ 365,771	$ -	$ -	$ 631,590
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ 142,853	$ -	$ 122,966	$ -	$ 365,771	$ -	$ -	$ 631,590
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Loans									
Acceptable	$ 109,464,625	$ 97,006,383	$ 136,829,549	$ 85,836,400	$ 48,586,191	$ 114,471,776	$ 83,191,856	$ -	$ 675,386,780
OAEM	-	2,696,474	8,960,988	4,104	497,889	386,687	689,106	-	13,235,248
Substandard/Doubtful	319,888	-	1,442,736	-	1,675,863	469,840	1,404,464	-	5,312,791
	$ 109,784,513	$ 99,702,857	$ 147,233,273	$ 85,840,504	$ 50,759,943	$ 115,328,303	$ 85,285,426	$ -	$ 693,934,819
Total current period gross charge-offs	$ 187,529	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 187,529

The following table shows loans classified under the Farm Credit Administration's Uniform Loan Classification System as a percentage of total loans by loan type as of Dec.31, 2024, 2023 and 2022:

	2024	2023	2022
Real estate mortgage			
Acceptable	**96.8** %	97.7 %	99.3 %
OAEM	**1.5**	1.9	0.3
Substandard/doubtful	**1.7**	0.4	0.4
	100.0	100.0	100.0
Production and intermediate term			
Acceptable	**90.5**	95.1	99.7
OAEM	**5.8**	1.9	0.2
Substandard/doubtful	**3.7**	3.0	0.1
	100.0	100.0	99.9
Agribusiness			
Acceptable	**96.2**	97.1	94.0
OAEM	**2.7**	2.9	1.4
Substandard/doubtful	**1.1**	-	4.6
	100.0	100.0	100.0
Communications			
Acceptable	**100.0**	100.0	100.0
OAEM	**-**	-	-
Substandard/doubtful	**-**	-	-
	100.0	100.0	100.0
Energy			
Acceptable	**100.0**	95.2	84.7
OAEM	**-**	-	-
Substandard/doubtful	**-**	4.8	15.3
	100.0	100.0	100.0
Water and waste-water			
Acceptable	**100.0**	100.0	100.0
OAEM	**-**	-	-
Substandard/doubtful	**-**	-	-
	100.0	100.0	100.0
International			
Acceptable	**100.0**	100.0	100.0
OAEM	**-**	-	-
Substandard/doubtful	**-**	-	-
	100.0	100.0	100.0
Rural residential real estate			
Acceptable	**100.0**	100.0	100.0
OAEM	**-**	-	-
Substandard/doubtful	**-**	-	-
	100.0	100.0	100.0
Total Loans			
Acceptable	**95.8**	97.3	98.6
OAEM	**2.3**	1.9	0.4
Substandard/doubtful	**1.9**	0.8	1.0
	100.0 %	100.0 %	100.0 %

Accrued interest receivable on loans of $9,596,600, $8,774,133 and $7,243,702 at Dec. 31, 2024, 202, and 2022, respectively, has been excluded from the amortized cost of loans and reported separately in the consolidated balance sheets.

The following table reflects nonperforming assets, which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned and related credit quality statistics:

	December 31, 2024	December 31, 2023	December 31, 2022
Nonaccrual loans:			
Real estate mortgage	**$ 152,222**	$ 174,089	$ 218,932
Production and intermediate-term	**74,615**	1,636,229	-
Agribusiness	**-**	-	1,845,550
Energy	**-**	295,752	783,159
Total nonaccrual loans	**226,837**	2,106,070	2,847,641
Accruing loans 90 days or more past due	**-**	-	-
Other property owned	**322,003**	-	-
Total nonperforming assets	**$ 548,840**	$ 2,106,070	$ 2,847,641
Nonaccrual loans as a percentage of total loans	**0.03%**	0.30%	0.44%
Nonperforming assets as a percentage of total loans and other property owned	**0.08%**	0.30%	0.44%
Nonperforming assets as a percentage of capital	**0.42%**	1.66%	2.29%

The following table provides the amortized cost for nonaccrual loans with and without a related allowance for credit losses, as well as interest income recognized on nonaccrual during the period:

	December 31, 2024			**Interest Income Recognized**
	Amortized Cost with Allowance	**Amortized Cost without Allowance**	**Total**	**For the Year Ended December 31, 2024**
Nonaccrual loans:				
Real estate mortgage	**$ 74,615**	**$ 152,222**	**$ 226,837**	**$ 6,465**
Production and intermediate-term	**-**	**-**	**-**	**-**
Energy	**-**	**-**	**-**	**-**
Total nonaccrual loans	**$ 74,615**	**$ 152,222**	**$ 226,837**	**$ 6,465**

	December 31, 2023			Interest Income Recognized
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2023
Nonaccrual loans:				
Real estate mortgage	$ -	$ 174,089	$ 174,089	$ 3,583
Production and intermediate-term	1,636,229	-	1,636,229	35,996
Energy	295,752	-	295,752	-
Total nonaccrual loans	$ 1,931,981	$ 174,089	$ 2,106,070	$ 39,579

The following tables provide an aging analysis of past due loans at amortized cost by portfolio segment as of:

December 31, 2024:	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or less than 30 Days Past Due**	**Total Loans**	**Recorded Investment >90 Days and Accruing**
Real estate mortgage	**$ 660,882**	**$ -**	**$ 660,882**	**$ 472,341,490**	**$ 473,002,372**	**$ -**
Production and intermediate-term	**44,526**	**74,615**	**119,141**	**112,576,624**	**112,695,765**	**-**
Processing and marketing	**-**	**-**	**-**	**55,326,933**	**55,326,933**	**-**
Farm-related business	**-**	**-**	**-**	**16,950,966**	**16,950,966**	**-**
Loans to cooperatives	**-**	**-**	**-**	**3,425,683**	**3,425,683**	**-**
Communications	**-**	**-**	**-**	**12,872,211**	**12,872,211**	**-**
Energy	**-**	**-**	**-**	**7,232,117**	**7,232,117**	**-**
Water and waste-water	**-**	**-**	**-**	**7,056,295**	**7,056,295**	**-**
International	**-**	**-**	**-**	**5,074,272**	**5,074,272**	**-**
Rural residential real estate	**-**	**-**	**-**	**1,548,538**	**1,548,538**	**-**
Total	**$ 705,408**	**$ 74,615**	**$ 780,023**	**$ 694,405,129**	**$ 695,185,152**	**$ -**

December 31, 2023:	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 1,339,997	$ -	$ 1,339,997	$ 474,337,603	$ 475,677,600	$ -
Production and intermediate-term	1,418,535	222,632	1,641,167	102,401,462	104,042,629	-
Processing and marketing	-	-	-	54,881,444	54,881,444	-
Farm-related business	-	-	-	22,086,234	22,086,234	-
Loans to cooperatives	-	-	-	5,127,668	5,127,668	-
Communications	-	-	-	13,511,137	13,511,137	-
Energy	-	-	-	6,221,452	6,221,452	-
Water and waste-water	-	-	-	7,123,999	7,123,999	-
International	-	-	-	4,631,066	4,631,066	-
Rural residential real estate	-	-	-	631,590	631,590	-
Total	$ 2,758,532	$ 222,632	$ 2,981,164	$ 690,953,655	$ 693,934,819	$ -

Prior to the adoption of CECL, the aging analysis of past due loans reported included accrued interest as follows:

December 31, 2022:	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 580,087	$ -	$ 580,087	$ 461,516,631	$ 462,096,718	$ -
Production and intermediate-term	80,800	-	80,800	79,364,345	79,445,145	-
Processing and marketing	557,949	143,210	701,159	51,304,871	52,006,030	-
Farm-related business	-	-	-	19,677,201	19,677,201	-
Loans to cooperatives	-	-	-	6,274,924	6,274,924	-
Communications	-	-	-	13,685,742	13,685,742	-
Energy	-	957	957	5,142,329	5,143,286	-
Water and waste-water	-	-	-	4,670,861	4,670,861	-
International	-	-	-	3,951,160	3,951,160	-
Rural residential real estate	-	-	-	666,642	666,642	-
Total	$ 1,218,836	$ 144,167	$ 1,363,003	$ 646,254,706	$ 647,617,709	$ -

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral dependent loans are primarily agribusiness and energy loans.

Loan Modifications to Borrowers Experiencing Financial Difficulties

Upon adoption of the CECL accounting guidance, creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty.

The following table shows the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during 2024, disaggregated by loan type and type of modification granted.

	Year Ended December 31, 2024	
	Payment Deferral	**Percentage of Total by Loan Type**
Production and intermediate-term	$ 969,362	100.00%
Total	$ 969,362	0.01%

	Year Ended December 31, 2023	
	Payment Deferral	Percentage of Total by Loan Type
Production and intermediate-term	$ -	0.00%
Total	$ -	0.00%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during the years ended Dec. 31, 2024, and Dec. 31, 2023, was $24,219 and $0, respectively.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during 2024 and 2023:

	Payment Extension Financial Effect	
	December 31, 2024	**December 31, 2023**
Production and intermediate-term	Added 12 months for the payment extension	

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty as of Dec. 31, 2024, and Dec. 31, 2023, that were modified on or after Jan. 1, 2023, the date of the adoption of the guidance noted above:

	Payment Status of Loans Modified in the Past 12 Months		
December 31, 2024	**Current**	**30-89 Days Past Due**	**90 Days or More Past Due**
Production and intermediate-term	969,362	-	-
Total	**969,362**	**-**	**-**

	Payment Status of Loans Modified in the Past 12 Months		
December 31, 2023	**Current**	**30-89 Days Past Due**	**90 Days or More Past Due**
Production and intermediate-term	-	-	-
Total	**-**	**$ -**	**$ -**

Troubled Debt Restructurings

Prior to Jan. 1, 2023, the adoption of updated FASB guidance on loan modifications, a restructuring of a loan constituted a troubled debt restructuring, also known as formally restructured, if the creditor for economic or legal reasons related to the borrower's financial difficulties granted a concession to the borrower that it would not otherwise consider. Concessions varied by program and were borrower-specific and could include interest rate reductions, term extensions, payment deferrals or the acceptance of additional collateral in lieu of payments. In limited circumstances, the principal may have been forgiven. When a restructured loan constituted a troubled debt restructuring, these loans were included within our impaired loans under nonaccrual or accruing restructured loans. As of Dec. 31, 2022, the association had one trouble debt restructured loan that subsequently paid off in 2023.

Allowance for Credit Losses

The credit risk rating methodology is a key component of the association's allowance for credit losses evaluation and is generally incorporated into the association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the association to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the association's lending and leasing limit base, however the association's board of directors has generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment for the years ended Dec. 31, 2024, and Dec. 31, 2023, are as follows:

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communi-cations	Energy	Water and Wastewater	International	Rural Residential Real Estate	Total
Allowance for Credit Losses on Loans:									
Balance at December 31, 2023	$ 659,680	$ 667,329	$ 266,034	$ 19,093	$ 155,732	$ 6,445	$ 2,328	$ -	$ 1,776,641
Charge-offs	-	(324,703)	-	-	-	-	-	-	(324,703)
Recoveries	-	-	-	-	-	-	-	-	-
Provision for (reversal of) credit losses on loans	169,776	(32,285)	(1,702)	(55)	(152,188)	(1,667)	(329)	776	(17,674)
Other	-	1	-	-	-	-	-	-	1
Balance at December 31, 2024	**$ 829,456**	**$ 310,342**	**$ 264,332**	**$ 19,038**	**$ 3,544**	**$ 4,778**	**$ 1,999**	**$ 776**	**$ 1,434,265**
Allowance for Credit Losses on Unfunded Commitments:									
Balance at December 31, 2023	$ 225	$ 21,586	$ 64,217	$ 2,016	$ -	$ 525	$ -	$ 1,587	$ 90,156
Provision for (reversal of) credit losses on loans	2,097	19,170	(27,030)	129	-	(94)	-	(496)	(6,224)
Balance at December 31, 2024	**$ 2,322**	**$ 40,756**	**$ 37,187**	**$ 2,145**	**$ -**	**$ 431**	**$ -**	**$ 1,091**	**$ 83,932**

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communi-cations	Energy	Water and Wastewater	International	Rural Residential Real Estate	Total
Allowance for Credit Losses on Loans:									
Balance at December 31, 2022	$ 305,431	$ 270,913	$ 577,823	$ 32,844	$ 224,567	$ 10,615	$ 4,521	$ 233	$ 1,426,947
Cumulative effect of a change in accounting principle	163,475	(93,537)	(176,995)	(21,546)	(1,817)	(5,220)	(2,506)	(102)	(138,248)
Balance at January 1, 2023	468,906	177,376	400,828	11,298	222,750	5,395	2,015	131	1,288,699
Charge-offs	-	(187,529)	-	-	-	-	-	-	(187,529)
Recoveries	-	-	-	-	3,711	-	-	-	3,711
Provision for (reversal of) credit losses on loans	190,774	677,482	(134,794)	7,795	(70,729)	1,050	313	(131)	671,760
Other	-	-	-	-	-	-	-	-	-
Balance at December 31, 2023	$ 659,680	$ 667,329	$ 266,034	$ 19,093	$ 155,732	$ 6,445	$ 2,328	$ -	$ 1,776,641
Allowance for Credit Losses on Unfunded Commitments:									
Balance at December 31, 2022	$ 137	$ 94,010	$ 124,215	$ 1,922	$ 2	$ 694	$ 4,343	$ -	$ 225,323
Cumulative effect of a change in accounting principle	(99)	(70,808)	(40,274)	(1,156)	(1)	(390)	(2,417)	-	(115,145)
Balance at January 1, 2023	38	23,202	83,941	766	1	304	1,926	-	110,178
Provision for (reversal of) credit losses on loans	187	(1,616)	(19,724)	1,250	(1)	221	(339)	-	(20,022)
Balance at December 31, 2023	$ 225	$ 21,586	$ 64,217	$ 2,016	$ -	$ 525	$ 1,587	$ -	$ 90,156

The allowance for credit losses as of Dec. 31, 2024, was $1,518,197, reflecting a decrease of $348,600 from Dec. 31, 2023. The decrease was driven by lower portfolio growth, charge-offs and reduced specific allowance due to the payoff of one substandard loan and one substandard loan that the association moved to acquired property.

The economic scenarios utilized in the Dec. 31, 2024, estimate for the allowance for credit losses were based on the following: a baseline scenario that represents a relatively stable economic environment; a downside scenario reflecting an economic recession during 2025; and an upside scenario that considers the potential for economic improvement relative to the baseline.

Allowance for Credit Losses – Prior to CECL Adoption

A summary of changes in the allowance for credit losses is as follows:

	Real Estate Mortgage	Production and Intermediate-	Agribusiness	Communi-cations	Energy and Water/Waste-water	International	Rural Residential Real Estate	Total
Allowance for Credit Losses on Loans								
Balance at December 31, 2021	$ 359,949	$ 405,304	$ 459,979	$ 32,536	$ 380,728	$ 8,975	$ 1,386	$1,648,857
Charge-offs	-	-	-	-	(97,091)	-	-	(97,091)
Recoveries	-	-	-	-	-	-	-	-
Provision for (reversal of) credit losses on loans	(54,400)	(136,807)	135,003	(123)	(52,818)	(2,759)	(1,153)	(113,057)
Other	(118)	2,416	(17,159)	431	4,363	(1,695)	-	(11,762)
Balance at December 31, 2022	$ 305,431	$ 270,913	$ 577,823	$ 32,844	$ 235,182	$ 4,521	$ 233	$1,426,947

NOTE 4 — LEASES

The components of lease expense were as follows:

	2024	2023
Operating lease cost	**$ 21,877**	$ 16,912
Net lease cost	**$ 21,877**	$ 16,912

Other information related to leases was as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	**$ 24,080**	$ 23,240
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	**$ -**	$ 5,609

Lease term and discount rate are as follows:

	December 31, 2024	December 31, 2023
Weighted average remaining lease term in years		
Operating leases	**0.33**	0.33
Weighted average discount rate		
Operating leases	**4.11%**	4.13%

Future minimum lease payments under non-cancelable leases as of Dec. 31, 2024, were as follows:

	Total
2025	$ 8,120
2026	-
2027	-
2028	-
2029	-
Thereafter	-
Total	$ 8,120

NOTE 5 — INVESTMENT IN THE FARM CREDIT BANK OF TEXAS

The investment in the Farm Credit Bank of Texas is a requirement of borrowing from the bank and is carried at cost plus allocated equities in the accompanying consolidated balance sheets. Estimating the fair value of the association's investment in the Farm Credit Bank of Texas is not practicable, because the stock is not traded. The association owned 2.2%, 2.2%, and 2.3% of the issued stock of the bank as of Dec. 31, 2024, 2023 and 2022. As of those dates, the bank's assets totaled $39.5 billion, $37.3 billion and $36.0 billion, and members’ equity totaled $1.8 billion, $1.7 billion and $1.6 billion. The bank's earnings were $222.0 million, $199.9 million and $269.9 million for the years ending 2024, 2023 and 2022 respectively.

NOTE 6 — PREMISES AND EQUIPMENT

Premises and equipment consisted of the following at Dec. 31:

	2024	2023	2022
Building and improvements	**$ 6,020,967**	$ 6,003,505	$ 5,353,263
Land and improvements	**817,724**	817,724	817,724
Automobiles	**596,847**	545,852	497,283
Furniture and equipment	**577,143**	577,143	562,810
Computer equipment and software	**173,504**	175,568	174,141
Construction in progress	**-**	-	25,924
	8,186,185	8,119,792	7,431,145
Accumulated depreciation	**(2,238,958)**	(2,088,568)	(1,952,284)
Total	**$ 5,947,227**	$ 6,031,224	$ 5,478,861

The association leases office space in Abilene, Texas. Lease expense was $21,877 for 2024 and $16,912 for 2023 and 2022.

NOTE 7 — OTHER PROPERTY OWNED, NET

OPO, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at fair value, based on appraisal, less estimated selling costs upon acquisition. At Dec. 31, 2024, the association had OPO of $322,003. There was no OPO at Dec. 31, 2023, or Dec. 31, 2022.

NOTE 8 — OTHER ASSETS AND OTHER LIABILITIES

Other assets comprised the following at Dec.31:

	2024	2023	2022
Accounts Receivable	**$ 179,431**	$ 226,353	$ 261,908
Other Assets	**43,235**	54,990	66,763
Total	**$ 222,666**	$ 281,343	$ 328,671

Other liabilities comprised the following at Dec. 31:

	2024	2023	2022
Postretirement Benefits Liability	**$ 2,139,928**	$ 1,860,604	$ 1,806,422
Accounts Payable	**1,359,894**	1,206,043	1,105,513
FCS Insurance Premium Payable	**544,618**	933,204	1,000,892
Accrued Annual Leave	**408,264**	353,786	354,158
Allowance on Unfunded Commitments	**83,932**	90,156	225,323
Other Liabilities	**122,648**	125,854	158,486
Total	**$ 4,659,284**	$ 4,569,647	$ 4,650,794

NOTE 9 — NOTE PAYABLE TO THE BANK

The interest rate risk inherent in the association's loan portfolio is substantially mitigated through the funding relationship with the bank. The bank manages interest rate risk through its direct loan pricing and asset/liability management process. The association's indebtedness to the bank represents borrowings by the association to fund the majority of its loan portfolio. The indebtedness is collateralized by a pledge of substantially all the association's assets and is governed by a general financing agreement (GFA). The interest rate on the direct loan is based upon the bank's cost of funding the loans the association has outstanding to its borrowers. The indebtedness continues in effect until the expiration date of the GFA, which is Sept. 30, 2026, unless sooner terminated by the bank upon the occurrence of an event of default or by the association in the event of a breach of this agreement by the bank, upon giving the bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the bank 120 days' prior written notice.

The total amount and the weighted average interest rate of the association's direct loan from the bank at Dec. 31, 2024, 2023 and 2022, was $577,807,184 at 4.1%, $577,651,441 at 4.1% and $526,409,194 at 3.2%, respectively.

Under the Act, the association is obligated to borrow only from the bank unless the bank approves borrowing from other funding sources. The bank and FCA regulations have established limitations on the association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At Dec. 31, 2024, 2023 and 2022, the association's note payable was within the specified limitations. The maximum amount the association may borrow from the bank as of Dec. 31, 2024, was $701,171,286, as defined by the GFA.

In addition to borrowing limits, the financing agreement establishes certain covenants including limits on leases, investments, other debt and dividend and patronage distributions; minimum standards for return on assets and for liquidity; and provisions for conducting business, maintaining records, reporting financial information and establishing policies and procedures. Remedies specified in the GFA associated with the covenants include additional reporting requirements, development of action plans, increases in interest rates on indebtedness, reduction of lending limits or repayment of indebtedness. As of and for the years ended Dec. 31, 2024, 2023 and 2022, the association was not subject to remedies associated with the covenants in the GFA.

Other than the association's funding relationship with the bank, the association has no other uninsured or insured debt.

NOTE 10 — MEMBERS' EQUITY

Descriptions of the association's capitalization requirements, protection mechanisms, regulatory capitalization requirements and restrictions and equities are provided below.

Protection of certain borrower equity is provided under the Act that requires the association, when retiring protected borrower equity, to retire such equity at par or stated value regardless of its book value. Protected borrower equity includes capital stock, participation certificates and allocated equities that were outstanding as of Jan. 6, 1988, or were issued or allocated prior to Oct. 6, 1988. If an association is unable to retire protected borrower equity at par value or stated value, amounts required to retire this equity would be obtained from the insurance fund.

In accordance with the Act and the association's capitalization bylaws, each borrower is required to invest in the association as a condition of borrowing. The investment in Class A capital stock or participation certificates is equal to 2% of the loan amount, up to a maximum amount of $1,000. The borrower acquires ownership of the capital stock or participation certificates at the time the loan is made, usually by adding the aggregate par value of the capital stock or participation certificates to the principal amount of the related loan obligation. The capital stock or participation certificates are subject to a first lien by the association. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding capital stock or participation certificates.

If needed to meet regulatory capital adequacy requirements, the board of directors of the association may increase the percentage of stock requirement for each borrower up to a maximum of 10% of the loan amount.

Each owner of Class A stock is entitled to a single vote, and participation certificates provide no voting rights to their owners.

Within two years of repayment of a loan, the association capital bylaws require the conversion of any borrower's outstanding Class A to Class C stock. Class C stock has no voting rights except in a case where a new issuance of preferred stock has been submitted to stockholders affected by the preference. Redemption of Class C shares is made solely at the discretion of the association's board of directors. At Dec. 31, 2024, 2023 and 2022, the association had no Class C stock.

All borrower stock is at-risk. As such, losses that result in impairment of capital stock or participation certificates shall be borne on a pro rata basis by all holders of capital stock and participation certificates. In the event of liquidation of the association, capital stock and participation certificates would be utilized as necessary to satisfy any remaining obligations in excess of the amounts realized on the sale or liquidation of assets. Any excess of the amounts realized on the sale or liquidation of assets over the association's obligations to external parties and to the bank would be distributed to the association's stockholders.

Dividends and patronage distributions may be paid on the capital stock and participation certificates of the association, as the board of directors may determine by resolution, subject to capitalization requirements as defined by the FCA. Amounts not distributed are retained as unallocated retained earnings.

The following dividends and patronage distributions were declared and paid in 2024, 2023 and 2022, respectively:

Date Declared	Date Paid	Patronage	
December 2023	**March 2024**	**$**	**8,600,000**
December 2022	March 2023	$	8,300,000
December 2021	March 2022	$	7,900,000

The Farm Credit Administration sets minimum regulatory capital requirements for banks and associations. As of Dec. 31, 2024, the association is not prohibited from retiring stock or distributing earnings; furthermore, neither the board nor senior management knows of any such prohibitions that might apply during the subsequent fiscal year.

The following sets forth the regulatory capital ratio requirements and ratios at Dec. 31, 2024:

Risk-weighted:	Regulatory Minimums	Regulatory Minimums with Buffer	As of December 31, 2024
Common equity tier 1 ratio	4.50%	7.00%	16.87%
Tier 1 capital ratio	6.00%	8.50%	16.87%
Total capital ratio	8.00%	10.50%	17.07%
Permanent capital ratio	7.00%	7.00%	16.90%
Non-risk-weighted:			
Tier 1 leverage ratio	4.00%	5.00%	17.54%
UREE leverage ratio	1.50%	1.50%	17.26%

Risk-weighted assets have been defined by FCA Regulations as the consolidated balance sheet assets and off balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets. The primary changes that generally have the impact of increasing risk-weighted assets (decreasing risk-based regulatory capital ratios) were as follows:

- Inclusion of off-balance-sheet commitments of less than 14 months; and
- Increased risk-weighting of most loans 90 days past due or in nonaccrual status.

Risk-weighted assets are calculated differently for the permanent capital ratio (referred to herein as PCR risk-weighted assets) compared with the other risk-based capital ratios. The primary difference is the deduction of the allowance for credit losses from risk-weighted assets for the permanent capital ratio.

The ratios are based on a three-month average daily balance in accordance with FCA regulations and are calculated as follows:

- Common equity tier 1 ratio is statutory minimum purchased borrower stock, other required borrower stock held for a minimum of seven years, allocated equities held for a minimum of seven years or not subject to revolvement, unallocated retained earnings, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-weighted assets.
- Tier 1 capital ratio is common equity tier 1 plus noncumulative perpetual preferred stock divided by average risk-weighted assets.
- Total capital is tier 1 capital plus other required borrower stock held for a minimum of five years, allocated equities held for a minimum of five years, subordinated debt and limited-life preferred stock greater than five years to maturity at issuance subject to certain limitations, allowance and reserve for credit losses under certain limitations less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-weighted assets.
- Permanent capital ratio (PCR) is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings, paid-in capital, subordinated debt and preferred subject to certain limitations, less certain allocated and purchased investments in other System institutions, divided by PCR risk-weighted assets.

- Tier 1 leverage ratio is tier 1 capital (at least 1.5 percent must be URE and URE equivalents), including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings, paid-in capital, allocated surplus not subject to revolvement less certain regulatory required deductions, including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

The components of the association's risk-weighted capital, based on 90-day average balances, were as follows at Dec. 31, 2024:

	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 134,189,032	$ 134,189,032	$ 134,189,032	$ 134,189,032
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	2,002,896	2,002,896	2,002,896	2,002,896
Allowance for credit losses and reserve for credit losses subject to certain limitations*	-	-	1,435,617	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(11,377,110)	(11,377,110)	(11,377,110)	(11,377,110)
	$ 124,814,818	$ 124,814,818	$ 126,250,435	$ 124,814,818
Denominator:				
Risk-adjusted assets excluding allowance	$ 751,161,295	$ 751,161,295	$ 751,161,295	$ 751,161,295
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(11,377,110)	(11,377,110)	(11,377,110)	(11,377,110)
Allowance for credit losses on loans	-	-	-	(1,352,757)
	$ 739,784,185	$ 739,784,185	$ 739,784,185	$ 738,431,428

*Capped at 1.25% of risk-weighted assets and inclusive of the reserve for unfunded commitments.

The components of the association's non-risk-weighted capital, based on 90-day average balances, were as follows at Dec. 31, 2024:

	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	$ 134,189,032	$ 134,189,032
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	2,002,896	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(11,377,110)	(11,377,110)
	$ 124,814,818	$ 122,811,922
Denominator:		
Total Assets	$ 726,207,830	$ 726,207,830
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(14,628,173)	(14,628,173)
	$ 711,579,657	$ 711,579,657

The association’s board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets necessary to achieve the association’s capital adequacy goals as well as the minimum permanent capital standards. The plan monitors projected dividends, equity retirements and other actions that might decrease the association’s permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedure and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for credit losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an association’s customer base; and any other risk-oriented activities, such as funding an interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the association's goals and objectives with the board. A strong capital base, as outlined in the plan, will afford the association the opportunity to position itself to address the changing lending environment and provide the highest quality service to its stockholders.

An FCA regulation empowers the FCA to direct a transfer of funds or equities by one or more System institutions to another System institution under specified circumstances. The association has not been called upon to initiate any transfers and is not aware of any proposed action under this regulation.

At Dec. 31, the association had the following shares of Class A capital stock and participation certificates outstanding at a par value of $5 per share:

	2024	2023	2022
Class A stock	**395,574**	396,444	401,711
Participation certificates	**5,121**	4,381	3,335
Total	**400,695**	400,825	405,046

An additional component of equity is accumulated other comprehensive (loss) income, which is reported net of taxes as follows:

Accumulated Other Comprehensive (Loss) Income

December 31, 2024	**Before Tax**	**Deferred Tax**	**Net of Tax**
Nonpension postretirement benefits	**$ (28,451)**	**$ -**	**$ (28,451)**

December 31, 2023	Before Tax	Deferred Tax	Net of Tax
Nonpension postretirement benefits	$ 218,689	$ -	$ 218,689

December 31, 2022	Before Tax	Deferred Tax	Net of Tax
Nonpension postretirement benefits	$ 266,492	$ -	$ 266,492

The association's accumulated other comprehensive (loss) income relates entirely to its nonpension other postretirement benefits. The following table summarizes the changes in accumulated other comprehensive (loss) income and the location on the Consolidated Statements of Comprehensive Income for the year ended Dec. 31:

	2024	2023	2022
Accumulated other comprehensive income (loss) at January 1	**$ 218,689**	$ 266,492	$ (55,433)
Actuarial (losses) gains	**(236,770)**	(15,588)	342,400
Amortization of prior service credit included in salaries and employee benefits	**(4,915)**	(20,475)	-
Amortization of actuarial gain included in salaries and employee benefits	**(5,455)**	(11,740)	(20,475)
Other comprehensive (loss) income, net of tax	**(247,140)**	(47,803)	321,925
Accumulated other comprehensive (loss) income at December 31	**$ (28,451)**	$ 218,689	$ 266,492

NOTE 11 — INCOME TAXES

There was no provision for income taxes for 2024, 2023 and 2022. The provision for income tax differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as follows for the years ended Dec. 31:

	2024	2023	2022
Federal tax at statutory rate	**$ 2,795,185**	$ 2,343,792	$ 2,680,009
Effect of nontaxable FLCA subsidiary	**(2,439,782)**	(1,999,826)	(2,277,027)
Patronage distributions	**(385,258)**	(322,670)	(365,693)
Change in valuation allowance	**29,855**	(21,296)	(37,289)
Provision for income taxes	**$ -**	$ -	$ -

Deferred tax assets and liabilities in accordance with accounting guidance, "Accounting for Income Taxes," are comprised of the following at Dec. 31:

	2024	2023	2022
Deferred Tax Assets			
Allowance for credit losses on loans	**$ 47,235**	$ 16,784	$ 65,630
Loss carryforwards	**585,778**	585,778	585,778
Gross deferred tax assets	**633,013**	602,562	651,408
Deferred tax asset, net of valuation allowance	**(633,013)**	(602,562)	(651,408)
Deferred Tax Liabilities			
Gross deferred tax liabilities	**-**	-	-
Net deferred tax asset (liability)	**$ -**	$ -	$ -

The calculation of tax assets and liabilities involves various management estimates and assumptions as to the future taxable earnings.

The association recorded valuation allowances of $633,013, $602,562 and $651,408 during 2024, 2023 and 2022, respectively. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50% probability) that the deferred tax assets will not be realized, based on management's estimates and assumptions as to future taxable earnings, including the effect of the association's expected patronage programs, which reduce taxable earnings. The association will continue to evaluate the realizability of the deferred tax assets and adjust the valuation allowance accordingly.

The association became an ACA in 2006. Under adoption, the association did not recognize the tax liability for any uncertain tax position. At Dec. 31, 2024, 2023 and 2022, the association did not recognize a tax liability for any uncertain tax provisions.

The association has a net operating loss carryforward of $2,789,417, which can be carried forward for 16 years as follows: $704,202 will expire after 2027, $589,383 will expire after 2028, $1,022,882 will expire after 2031 and $472,950 will expire after 2033.

NOTE 12 — EMPLOYEE BENEFIT PLANS

Employee Retirement Plans: Employees of the association participate in either the defined benefit retirement plan (DB Plan) or the defined contributions plan (DC Plan) and are eligible to participate in the Farm Credit Benefits Alliance 401(k) Plan. These plans are described more fully in section H of Note 2 – Summary of Significant Accounting Policies. The structure of the district's DB Plan is characterized as multiemployer, because neither the assets, liabilities nor cost of any plan is segregated or separately accounted for by participating employers (bank and associations). No portion of any surplus assets is available to any participating employer. As a result, participating employers of the DB plan only recognize as cost the required contributions for the period and a liability for any unpaid contributions required for the period of their financial statements. DB Plan obligations, assets and the components of annual benefit expenses are recorded and reported upon district combination only. The association records current contributions to the DB Plan as an expense in the current year.

The CEO and certain executive or highly compensated employees in the association are eligible to participate in a separate nonqualified supplemental 401(k) plan, named the Farm Credit Benefits Alliance Nonqualified Supplemental

401(k) Plan (Supplemental 401(k) Plan). The Supplemental 401(k) Plan allows district employers to elect to participate in any or all of the following benefits:

- Restored Employer Contributions – to allow "make-up" contributions for eligible employees whose benefits to the qualified 401(k) plan were limited by the Internal Revenue Code during the year.
- Elective Deferrals – to allow eligible employees to make pre-tax deferrals of compensation above and beyond any deferrals into the qualified 401(k) plan.
- Discretionary Contributions – to allow participating employers to make a discretionary contribution to an eligible employee's account in the plan and to designate a vesting schedule.

There were no payments made from the Supplemental 401(k) Plan to active employees during 2024, 2023 and 2022.

The DB Plan is noncontributory and benefits are based on salary and years of service. The legal name of the plan is Farm Credit Bank of Texas Pension Plan; its employer identification number is 74-1110170. The DB Plan is not subject to any contractual expiration dates. The DB Plan's funding policy is to fund current year benefits expected to be earned by covered employees plus an amount to improve the accumulated benefit obligation funded status by a percentage approved by the plan sponsor. The DB Plan sponsor is the board of the Farm Credit Bank of Texas. The "projected unit credit" actuarial method is used for both financial reporting and funding purposes. District employers have the option of providing enhanced retirement benefits, under certain conditions, within the DB plan, to facilitate reorganization and/or restructuring. The actuarial present value of vested and nonvested accumulated benefit obligation exceeded the net assets of the DB plan as of Dec. 31, 2024.

The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers;
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and
- If the association chooses to stop participating in some of its multiemployer plans, it might be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The following table includes additional information regarding the funded status of the DB Plan, the association's contributions and the percentage of association contribution to total plan contributions for the years ended Dec. 31, 2024, 2023 and 2022:

	2024	2023	2022
Funded status of plan	**75.7** %	73.3 %	70.9 %
Association's contribution	**$ 77,724**	$ 501,824	$ 461,421
Percentage of Association's contribution to total contributions	**2.1** %	7.7 %	4.4 %

The funded status presented above is based on the percentage of plan assets to projected benefit obligations. DB plan funding is based on the percentage of plan assets to the accumulated benefit obligation, which was 76.2%, 74.1 %, and 71.8% at Dec. 31, 2024, 2023 and 2022, respectively.

Other Postretirement Benefits: In addition to pension benefits, the association provides certain health care benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multiemployer and, consequently, the liability for these benefits is included in other liabilities.

The following table reflects the benefit obligation, cost and actuarial assumptions for the association's other postretirement benefits:

Retiree Welfare Benefit Plans

Disclosure Information Related to Retirement Benefits		2024		2023		2022
Change in Accumulated Postretirement Benefit Obligation						
Accumulated postretirement benefit obligation, beginning of year	**$**	**1,860,604**	$	1,806,422	$	2,132,142
Service cost		**17,691**		21,089		35,017
Interest cost		**100,143**		92,012		65,696
Plan participants' contributions		**4,619**		7,492		19,281
Actuarial loss (gain)		**236,770**		15,588		(342,400)
Benefits paid		**(79,899)**		(81,999)		(103,314)
Accumulated postretirement benefit obligation, end of year	**$**	**2,139,928**	$	1,860,604	$	1,806,422
Change in Plan Assets						
Company contributions	**$**	**75,280**	$	74,507	$	84,033
Plan participants' contributions		**4,619**		7,492		19,281
Benefits paid		**(79,899)**		(81,999)		(103,314)
Plan assets at fair value, end of year	**$**	**-**	$	-	$	-
Funded status of the plan	**$**	**(2,139,928)**	$	(1,860,604)	$	(1,806,422)
Amounts Recognized on the Balance Sheets						
Other liabilities	**$**	**(2,139,928)**	$	(1,860,604)	$	(1,806,422)
Amounts Recognized in Accumulated Other Comprehensive Income						
Net actuarial loss (gain)	**$**	**28,451**	$	(213,774)	$	(241,102)
Prior service credit		**-**		(4,915)		(25,390)
Total	**$**	**28,451**	$	(218,689)	$	(266,492)
Weighted-Average Assumptions Used to Determine Obligations at Year End						
Measurement date		**12/31/2024**		12/31/2023		12/31/2022
Discount rate		**5.35%**		5.50%		5.20%
Health care cost trend rate assumed for next year (pre-/post-65) - medical		**9.20%/10.80%**		7.50%/8.40%		7.20%/7.70%
Ultimate health care cost trend rate		**4.50%**		4.50%		4.50%
Year that the rate reaches the ultimate trend rate		**2034/2034**		2034/2034		2031/2031

Total Cost		**2024**		2023		2022
Service cost	**$**	**17,691**	$	21,089	$	35,017
Interest cost		**100,143**		92,012		65,696
Amortization of:						
Unrecognized prior service cost		**(4,915)**		(20,475)		(20,475)
Unrecognized net gain		**(5,455)**		(11,740)		-
Net postretirement benefit cost	**$**	**107,464**	$	80,886	$	80,238
Other Changes in Plan Assets and Projected Benefit Obligation Recognized in Other Comprehensive Income						
Net actuarial loss (gain)	**$**	**236,770**	$	15,588	$	(342,400)
Amortization of net actuarial gain		**5,455**		11,740		-
Amortization of prior service credit		**4,915**		20,475		20,475
Total recognized in other comprehensive income	**$**	**247,140**	$	47,803	$	(321,925)
AOCI Amounts Expected to be Amortized Into Expense in 2025						
Unrecognized prior service credit	**$**	-				
Unrecognized net gain		-				
Total	**$**	-				
Weighted-Average Assumptions Used to Determine Benefit Cost						
Measurement date		**12/31/2023**		12/30/2022		12/31/2021
Discount rate		**5.50%**		5.20%		3.15%
Health care cost trend rate assumed for next year (pre-/post-65) - medical		**7.50%/8.40%**		7.20%/7.70%		6.80%/6.00%
Ultimate health care cost trend rate		**4.50%**		4.50%		4.50%
Year that the rate reaches the ultimate trend rate		**2033/2033**		2031/2031		2030/2030

Expected Future Cash Flows		
Expected Benefit Payments (net of employee contributions)		
Fiscal 2025	**$**	**93,012**
Fiscal 2026		**91,798**
Fiscal 2027		**92,830**
Fiscal 2028		**103,227**
Fiscal 2029		**113,786**
Fiscal 2030–2034		**690,846**
Expected Contributions		
Fiscal 2025	**$**	**93,012**

NOTE 13 — RELATED PARTY TRANSACTIONS

Directors of the association, except for any director-elected directors, are required to be borrowers/stockholders of the association. Also, in the ordinary course of business, the association may enter into loan origination or servicing transactions with its officers, relatives of officers and directors or with organizations with which such people are associated. Such loans are subject to special approval requirements contained in FCA regulations and are made on the same terms, including interest rates, amortization schedule and collateral, as those prevailing at the time for comparable transactions with unrelated borrowers.

Total loans to such people at Dec. 31, 2024, 2023 and 2022 for the association amounted to $14,974,092, $3,185,688 and $3,319,000. During 2024, 2023 and 2022, $3,739,294, $1,040,129 and $848,654 of new loans were made, and repayments totaled $4,920,014, $989,321 and $1,474,120, respectively. In the opinion of management, no such loans outstanding at Dec. 31, 2024, 2023 and 2022 involved more than a normal risk of collectibility.

Expenses included in purchased services might include purchased services such as administrative services, marketing, information systems and accounting services and allocations of expenses incurred by the bank and passed through to the district associations, such as FCSIC expenses. The bank charges the individual district associations directly for these services based on each association's proportionate usage. These expenses totaled $246,285, $184,244 and $188,940, in 2024, 2023 and 2022, respectively.

The association received patronage payments from the bank totaling $1,922,226, $1,928,103 and $3,724,640 during 2024, 2023 and 2022, respectively.

NOTE 14 — FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2 – Summary of Significant Accounting Policies for additional information.

There were no assets or liabilities measured at fair value on a recurring basis at Dec. 31, 2024, 2023 and 2022. Assets and liabilities measured at fair value on a non-recurring basis at Dec. 31, 2024, 2023 and 2022 for each of the fair value hierarchy values are summarized below:

December 31, 2024	**Fair Value Measurement Using**			**Total Fair Value**
	Level 1	**Level 2**	**Level 3**	
Assets:				
Loans	**$ -**	**$ -**	**$ 43,227**	**$ 43,227**
Other property owned	**-**	**-**	**322,003**	**322,003**

December 31, 2023	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	$ -	$ -	$ 1,338,704	$ 1,338,704
Other property owned	-	-	-	-

December 31, 2022	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	$ -	$ -	$ 2,309,096	$ 2,309,096
Other property owned	-	-	-	-

Financial assets and financial liabilities measured at carrying amounts and not measured at fair value on the consolidated balance sheets for each of the fair value hierarchy values are summarized as follows:

	December 31, 2024				
		Fair Value Measurement Using			
	Total Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Cash	**$ 1,050**	**$ 1,050**	**$ -**	**$ -**	**$ 1,050**
Net loans	**693,707,660**	**-**	**-**	**660,687,115**	**660,687,115**
Total Assets	**$ 693,708,710**	**$ 1,050**	**$ -**	**$ 660,687,115**	**$ 660,688,165**
Liabilities:					
Note payable to Bank	**$ 577,807,184**	**$ -**	**$ -**	**$ 550,359,019**	**$ 550,359,019**
Total Liabilities	**$ 577,807,184**	**$ -**	**$ -**	**$ 550,359,019**	**$ 550,359,019**

	December 31, 2023 Fair Value Measurement Using				
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	$ 4,835	$ 4,835	$ -	$ -	$ 4,835
Net loans	690,819,474	-	-	654,003,824	654,003,824
Total Assets	$ 690,824,309	$ 4,835	$ -	$ 654,003,824	$ 654,008,659
Liabilities:					
Note payable to Bank	$ 577,651,441	$ -	$ -	$ 546,919,467	$ 546,919,467
Total Liabilities	$ 577,651,441	$ -	$ -	$ 546,919,467	$ 546,919,467

	December 31, 2022 Fair Value Measurement Using				
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	$ 1,060	$ 1,060	$ -	$ -	$ 1,060
Net loans	636,637,964	-	-	587,816,064	587,816,064
Total Assets	$ 636,639,024	$ 1,060	$ -	$ 587,816,064	$ 587,817,124
Liabilities:					
Note payable to Bank	$ 526,409,194	$ -	$ -	$ 486,110,678	$ 486,110,678
Total Liabilities	$ 526,409,194	$ -	$ -	$ 486,110,678	$ 486,110,678

Uncertainty of Fair Value Measurements

Quoted market prices are generally not available for the instruments presented below. Accordingly, fair values are based on internal models that consider judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates involve uncertainties and matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Information about Other Financial Instrument Fair Value Measurements:

	Valuation Technique(s)	**Input**
Loans	Discounted cash flow	Prepayment forecasts Probability of default Loss severity
Note payable to Bank	Discounted cash flow	Benchmark yield curve Derived yield spread Own credit risk

About nonrecurring measurements for impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other property owned and consider unobservable inputs such as income and expense, comparable sales, replacement cost and comparability adjustments.

Valuation Techniques

As more fully discussed in Note 2 – Summary of Significant Accounting Policies, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability in active markets among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, certain of the estimated fair values might not be indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction. The following represent a brief summary of the valuation techniques used by the association for assets and liabilities:

Loans Evaluated for Impairment

For certain loans evaluated for impairment under impairment guidance, the fair value is based upon the underlying collateral because the loans are collateral-dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases, it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 15 — COMMITMENTS AND CONTINGENCIES

In addition to those commitments and contingencies discussed in Note 2 – Summary of Significant Accounting Policies, the association is involved in various legal proceedings in the ordinary course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the association.

The association might participate in financial instruments with off-balance sheet risk to satisfy the financing needs of its borrowers in the form of commitments to extend credit and commercial letters of credit. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. At Dec. 31, 2024, $96,648,075 of commitments and $3,995,704 of commercial letters of credit were outstanding.

Because many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance sheet credit risk because their amounts are not reflected on the consolidated balance sheets until funded or drawn upon. The credit risk associated with issuing commitments and letters of credit is substantially the same as that involved in extending loans to borrowers, and management applies the same credit policies to these commitments. Upon fully funding a commitment, the credit risk amounts are equal to the contract amounts, assuming that borrowers fail completely to meet their obligations and the collateral or other security is of no value. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower.

NOTE 16 — QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly results of operations for the years ended Dec. 31 (in thousands) follow:

	2024				
	First	**Second**	**Third**	**Fourth**	**Total**
Net interest income	**$ 5,274**	**$ 5,173**	**$ 5,307**	**$ 5,377**	**$ 21,131**
(Provision for) reversal of credit losses on loans	**(160)**	**398**	**(136)**	**(78)**	**24**
Noninterest expense, net	**(2,266)**	**(1,724)**	**(2,062)**	**(1,793)**	**(7,845)**
Net income	**$ 2,848**	**$ 3,847**	**$ 3,109**	**$ 3,506**	**$ 13,310**

	2023				
	First	Second	Third	Fourth	Total
Net interest income	$ 4,875	$ 4,846	$ 5,022	$ 5,183	$ 19,926
(Provision for) reversal of credit losses on loans	97	(1,010)	567	(306)	(652)
Noninterest expense, net	(1,805)	(1,572)	(1,891)	(2,845)	(8,113)
Net income	$ 3,167	$ 2,264	$ 3,698	$ 2,032	$ 11,161

	2022				
	First	Second	Third	Fourth	Total
Net interest income	$ 4,452	$ 4,509	$ 4,616	$ 4,717	$ 18,294
(Provision for) reversal of credit losses on loans	(21)	(176)	158	152	113
Noninterest expense, net	(1,576)	(1,463)	(1,462)	(1,155)	(5,656)
Net income	$ 2,855	$ 2,870	$ 3,312	$ 3,714	$ 12,751

NOTE 17 — SUBSEQUENT EVENTS

The association has evaluated subsequent events through March 12, 2025, which is the date the financial statements were issued or available to be issued and has determined that there were no other events requiring disclosure.

DISCLOSURE INFORMATION AND INDEX

(Unaudited)

Disclosures Required by Farm Credit Administration Regulations

DESCRIPTION OF BUSINESS

The description of the territory served, the persons eligible to borrow, the types of lending activities engaged in and the financial services offered, and related Farm Credit organizations required to be disclosed in this section is incorporated herein by reference from Note 1 of the consolidated financial statements, “Organization and Operations,” included in this annual report.

The descriptions of significant developments that had or could have a material impact on earnings, interest rates to borrowers, patronage, dividends and acquisitions or dispositions of material assets, changes in the reporting entity, changes in patronage policies or practices and financial assistance provided by or to the association through loss sharing or capital preservation agreements or from any other source, if any, required to be disclosed in this section are incorporated herein by reference from “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in this annual report.

DESCRIPTION OF PROPERTY

The Central Texas Farm Credit, ACA (the “association”) serves its 20-county territory through its main administrative and lending office at 1026 Early Boulevard, Early, Texas. Additionally, there are seven branch lending offices located throughout the territory. The association owns the office buildings in Brady, Coleman, Comanche, Early, Haskell, San Angelo and San Saba, Texas. The association also leases office space in Abilene, Texas.

LEGAL PROCEEDINGS

In the ordinary course of business, the association is involved in various legal proceedings. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the consolidated financial statements of the association.

DESCRIPTION OF CAPITAL STRUCTURE

The information required to be disclosed in this section is incorporated herein by reference from Note 9 to the consolidated financial statements, “Members’ Equity,” included in this annual report.

DESCRIPTION OF LIABILITIES

The description of liabilities required to be disclosed in this section is incorporated herein by reference from Note 8 – Note Payable to the Bank, Note 11 – Employee Benefit Plans and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in this annual report.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Notes 2 and 14 to the consolidated financial statements, “Summary of Significant Accounting Policies” and “Commitments and Contingencies,” respectively, included in this annual report.

RELATIONSHIP WITH THE FARM CREDIT BANK OF TEXAS

The association’s financial condition might be impacted by factors that affect the Farm Credit Bank of Texas (the “bank”), as discussed in Note 1 to the consolidated financial statements, “Organization and Operations,” included in this annual report. The financial condition and results of operations of the bank may materially affect the stockholders' investment in the association.

The annual and quarterly stockholder reports of the bank are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, Corporate Communications, P.O. Box 202590, Austin, Texas 78720-2590 or calling (512) 465-1881. Copies of the bank's annual and quarterly stockholder reports can also be requested by e-mailing *fcb@farmcreditbank.com*. The annual and quarterly stockholder reports are also available on its website at *www.farmcreditbank.com*.

The association's quarterly stockholder reports are also available free of charge, upon request. These reports will be available approximately 40 days after quarter end and can be obtained by writing to Central Texas Farm Credit, ACA, Accounting Department, P.O. Box 3200, Early, TX, 76803 or calling (325) 643-5563. Copies of the association's quarterly stockholder reports can also be requested by e-mailing *Keith.Prater@centraltexasfc.com*. The association's annual stockholder report is available on its website at *www.ranchmoney.com* 75 days after the fiscal year end. Copies of the association's annual stockholder report can also be requested 90 days after the fiscal year end.

SELECTED FINANCIAL DATA

The selected financial data for the five years ended Dec. 31, 2024, required to be disclosed, is incorporated herein by reference to the "Five-Year Summary of Selected Consolidated Financial Data," included in this annual report to stockholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Management's Discussion and Analysis," which precedes the consolidated financial statements in this annual report, is incorporated herein by reference.

DIRECTORS AND SENIOR OFFICERS

The Central Texas Farm Credit, ACA Board of Directors' (the "board") stockholder-elected and director-elected directors and senior officers are as follows:

NAME	POSITIONS	DATE ELECTED/ EMPLOYED	TERM EXPIRES
Robby A. Halfmann	Chairman & Stockholder-Elected Director	2008	2026
Philip W. Hinds	Vice Chairman & Stockholder-Elected Director	2009	2027
Mike Finlay*****	Stockholder-Elected Director	2008	2024
Holden F. Jacoby	Stockholder-Elected Director	2024	2027
Steven R. Lehrmann	Stockholder-Elected Director	2014	2026
Kenneth D. Harvick*****	Stockholder-Elected Director	2012	2025
Frank G. Volleman	Director-Elected Director	2024	2025
Burl D. Lowery	Director-Elected Director	2013	2027
Gerald L. Rodgers	Director-Elected Director	2022	2025
Zach May	Chief Executive Officer	2009	----
Travis McKinney	EVP/Chief Lending and Operating Officer	2000	----
Keith Prater	Chief Financial Officer	2015	----
Jim Ed Field	Chief Credit Officer	2013	----

** Finlay and Harvick retired in June 2024.*

A brief statement of the business and employment background of each director and senior officer is provided for informational purposes.

Robby A. Halfmann – age 44 –Halfmann is a third-generation farmer and rancher in Runnels, Coleman and Concho counties. After attending Tarleton State University, Halfmann moved home to Runnels County. His principal business is managing his stocker cattle and cow-calf operations and farming small grains. He is also the co-owner of Frey Cattle Company, a cattle order buying operation in Ballinger, and he serves as the company's foreman and order buyer. In addition, he is a shareholder of S&H Land and Livestock LLC, whose primary business is managing a stocker cattle operation in Concho County. Halfmann is the chairman of the association's Board of Directors and serves on the audit, compensation and executive committees. He is also the association's representative on the Farm Credit Bank of Texas' stockholder advisory and nominating committees. Halfmann was first appointed to the board in 2008 and is serving a three-year term that expires in 2026.

Philip W. Hinds – age 67 –Hinds is a cow-calf operator in Coleman County. His principal business is that of owner/operator of Glasson Rentals and Self-Storage in Coleman, Texas. Hinds attended Texas State Technical Institute, and he is a current member of the Coleman County Rodeo Association and a former member of the Coleman County Farm Bureau. Hinds is the vice chairman of the association's Board of Directors and serves on the association's audit and compensation committees. He was first appointed to the board in 2009 and is currently serving a three-year term that expires in 2027.

Mike Finlay – age 76 –Finlay is a farmer and rancher in McCulloch and Coleman counties. His principal business consists of farming cotton, wheat, grain sorghum and hay crops and managing his cattle and sheep operations. Finlay conducts most of his farming and ranching business under the name Finlay Farms. He is a graduate of Texas Tech University, president of the Fife Cemetery Association and secretary of the McCulloch County Conservation Association Board. Finlay served on the association's audit and compensation committees. He was first elected to the board in 2008 and retired upon completion of his three-year term, which expired in June 2024.

Holden F. Jacoby – age 35 –Jacoby resides in McCulloch County, and his principal business is serving as the general manager of Jacoby and Jacoby Inc., an agricultural services provider. He is also the owner and broker of Jacoby Land Co., a farm and ranch real estate company primarily working in McCulloch and surrounding counties. Jacoby Land Co. and Jacoby and Jacoby Inc. are both in Melvin, Texas. Jacoby received his Bachelor of Science degree in agricultural and applied economics from Texas Tech University. He serves on the association's audit and compensation committees. Jacoby was first elected to the board in 2024 and is serving a three-year term that expires in 2027.

Steven R. Lehrmann – age 70 –Lehrmann is a farmer and rancher in Haskell and Stonewall counties. After graduating from Texas Tech University, Lehrmann moved home to Haskell County. His primary business is farming wheat and hay crops and managing a cow-calf and stocker operation. Lehrmann is a member of the Haskell County Farm Bureau and the Rolling Plains Central Boll Weevil Eradication Steering Committee. He is currently committee chairman of the Haskell County FSA Committee and formerly served as a member of the Rule ISD School Board and the Sagerton Water Supply Corp. He was also the past president of the Haskell County Jr. Livestock Show Committee and the former chairman of the Haskell County Appraisal Review Board. Lehrmann serves on the association's audit and compensation committees. He was first elected to the board in 2014 and is serving a three-year term that expires in 2026.

Kenneth D. Harvick – age 73 – Harvick is a farmer and rancher in Comanche County. His principal business is managing his cow-calf operation, operating a small feedlot, and buying and selling real estate. Harvick conducts most of his farming and ranching business under the name Chatto Creek Ranch. He is the former president of Gore's Inc. in Comanche, Texas, which was a dairy, beef cattle and feed business that operated in Texas and New Mexico. Harvick attended Tarleton State University. He is the former president of the Texas Holstein Association and a member of the Comanche Roping Club. Harvick was the vice chairman of the association's Board of Directors and served on the audit, compensation and executive committees. He was first elected to the board in 2012 and retired in June 2024.

Frank G. Volleman – age 61 –Volleman is a dairy farmer in Comanche County. His principal business is being the chief executive officer and managing member of Wildcat Dairy LLP, Natural Dairy Grower LLC, Volleman Dairy Processing LLC, and Volleman Renewables LLC, and this is his primary business. He is also the managing member of Volleman Management GP, which is the general partner for Volleman Family Land LP, Natural Dairy Grower Land LP, Volleman Dairy Processing Land LP, and Volleman's Renewables Land LP. Volleman's operations are headquartered in Comanche

County. He serves as a director for the Middle Trinity Groundwater Conservation District and is a member of Select Milk Producers Inc. Volleman is also a member of St. Mary's Catholic Church of Dublin and is a Knight of Columbus. He serves on the association's audit and compensation committees. After Kenneth Harvick retired, Volleman was appointed by the board in July 2024 and is completing Harvick's term that expires in 2025.

Burl D. Lowery – age 74 –Lowery, a Certified Public Accountant, owns and operates Burl D. Lowery CPA, an accounting practice in Brownwood, Texas. His primary business is managing his accounting practice. In addition, he currently runs a cow-calf operation and raises hay, peanuts and cotton in Comanche County. Lowery is a graduate of Tarleton State University and a member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants. He was first appointed by the board in January 2013 to serve as a director-elected director. He is also the designated financial expert as defined in and required by FCA regulation. He serves as the chairman of the audit committee and is also a member of the compensation committee. Lowery is serving a three-year term that expires in 2027.

Gerald L. Rodgers – age 66 –Rodgers, a Certified Public Accountant, is a shareholder of James E. Rodgers and Company, PC, an accounting firm in Hamlin, Texas. His primary business is his accounting practice, and he has been with James E. Rodgers and Company for over 40 years. Mr. Rodgers graduated from Texas Tech University with a Bachelor of Business Administration degree in accounting. He is the vice chairman of the association's audit committee and serves on the compensation committee. He was first appointed by the board in August 2022 to serve as a director-appointed director. The board reappointed Rodgers in December 2022, and he is serving a three-year term that expires in 2025.

Zach May – age 46 –May was promoted to chief executive officer in July 2023, and that is his principal occupation. He previously served as the association's chief operating officer beginning in 2011 and has also served as the association's operations manager. Prior to joining the association in 2009, he was a senior credit analyst at Capital Farm Credit and a commissioned examiner with the Farm Credit Administration. He holds a bachelor's degree in international studies and a master's degree in public policy from Texas A&M University, and he is also a graduate of the Southwestern Graduate School of Banking at SMU. He has been employed in the Farm Credit System since 2008.

Travis McKinney – age 48 –McKinney was promoted to EVP chief lending and operating officer in July 2023, and that is his principal occupation. Before transitioning to that role, he served as the chief lending officer beginning in 2022. McKinney has also held the roles of chief credit officer, senior vice president of lending and branch president of the Early branch office. He has a bachelor's degree in agricultural services and development from Tarleton State University, and he is also a graduate of the Southwestern Graduate School of Banking at SMU. McKinney has been employed in the Farm Credit System since 2000.

Keith Prater – age 50 –Prater has served as the chief financial officer since 2018, and that is his principal occupation. He previously served as the controller for the association. Before joining the association, Prater was the controller for a pecan shelling operation. He has bachelor's degrees in both accounting and finance from the University of Texas at Arlington. Prater has been employed in the Farm Credit System since 2015.

Jim Ed Field – age 48 – Field has served as the chief credit officer of the association since Jan. 1, 2022, and that is his principal occupation. Before transitioning to that role, he served as the senior vice president of credit and lending beginning in 2018. Field has also held the role of director of credit analysis. Prior to joining the association in 2013, he was an investment manager with MetLife Agricultural Investments and a credit office president with First Ag Credit. Field has a bachelor's degree in agricultural development from Texas A&M University and a master's degree in agricultural and applied economics from Texas Tech University. He began his agricultural lending career in 2000, serving all but six years in the Farm Credit System.

COMPENSATION OF DIRECTORS

The chairman and director-elected-directors were compensated for their service to the association in the form of a retainer at the rate of $1,000 per month, and all other directors received a retainer of $800 per month. Directors were also compensated at the rate of $400 per day for training sessions and in-person, unscheduled meetings. In addition, directors were paid $150 for each committee meeting held on the same day as a board meeting (excluding audit committee meetings), conference calls and association events. They were also reimbursed for certain expenses incurred while representing the association in an official capacity. Mileage for attending official meetings during 2024 was paid at the IRS-approved rate. A copy of the travel policy is available to stockholders of the association upon request. (NOTE: The mileage rate changed effective Jan. 1, 2024, from 65.5 cents to 67 cents).

	Number of Days Served Associated With		
Director	Board Meetings	Other Official Activities	Total Compensation in 2024
Robby A. Halfmann	11	10.5	$ 20,350
Kenneth D. Harvick (Retired)	6	3	7,500
Mike Finlay (Retired)	7	4	8,150
Philip W. Hinds	10	9	16,950
Holden F. Jacoby	6	8	10,450
Steven R. Lehrmann	11	8.5	17,150
Frank G. Volleman	5	5	8,550
Burl D. Lowery	10	6	18,150
Gerald L. Rodgers	11	5	18,400
			$ 125,650

The aggregate compensation paid to directors in 2024, 2023 and 2022 was $125,650, $131,300 and $122,650, respectively. Additional detail regarding director compensation paid for committee service (included in the table above) is as follows for 2024:

	Compensation Committee
Robby A. Halfmann	$ 800
Kenneth D. Harvick (Retired)	400
Mike Finlay (Retired)	400
Philip W. Hinds	400
Holden F. Jacoby	400
Steven Lehrmann	800
Frank G. Volleman	-
Burl D. Lowery	800
Gerald Rodgers	800
	$4,800

The aggregate amount of reimbursement for travel, subsistence and other related expenses paid to directors and on their behalf was $10,456, $19,882 and $31,100, in 2024, 2023 and 2022, respectively.

COMPENSATION OF SENIOR OFFICERS

Compensation Discussion and Analysis – Senior Officers

All employee salaries are administered in accordance with the salary administration program, which is approved annually by the compensation committee (comprised of the entire board of directors). All salary decisions for employees other than the CEO are determined by the CEO with input from employee supervisors. The aggregate amount of annual employee salary increases is proposed by the CEO and approved by the compensation committee at the December meeting.

All employee bonuses are determined using the calculation methodology outlined in the annual bonus plan, which is approved annually by the board of directors. The plan is based on the association's net income, growth in accrual loan volume and individual branch performance in three areas (credit quality, credit administration and new loan originations). Each employee has a target bonus payout, which is a percentage of their base salary. The target payouts vary according to the employee's level of responsibility. The compensation committee approves the aggregate bonus payout for all employees separately from the CEO at the January compensation committee meeting following the end of the plan year. Bonuses are generally paid in the second payroll period following the January compensation committee meeting. The compensation committee is not bound by the results of the bonus calculation. Final bonus payouts are at the sole discretion of the committee. The association does not defer any compensation.

Chief Executive Officer (CEO) Compensation Policy

The CEO's salary and bonus are determined by the compensation committee. The CEO's total compensation for the past three years is detailed in the table below.

Summary Compensation Table

The following table summarizes the compensation paid to the CEO and all senior officers of the association during 2024, 2023 and 2022. This might include non-senior officers if their total compensation is within the top five highest-paid employees. Amounts reflected in the table are presented in the year the compensation was earned.

Name of Individual or Number in Group	Year	Salary (b)	Bonus (c)	Change in Pension Value (d)	Deferred/ Perquisite (e)	Other (f)	Total
J. Zachary May, CEO	**2024**	**$ 277,143**	**$ 88,846**	**$ -**	**$ 39,633**	**$ -**	**$ 405,621**
J. Zachary May, CEO	2023	$ 219,316	$ 77,781	$ -	$ 33,701	$ -	$ 330,797
Boyd J. Chambers, CEO*	2023	$ 165,000	$ 52,923	$ -	$ 11,903	$ -	$ 229,827
**Retired as of 6/30/2023*	2022	$ 325,000	$ 95,078	$ -	$ 24,073	$ -	$ 444,151
Aggregate Number of Senior Officers (a)							
5	**2024**	**$ 890,072**	**$ 268,845**	**$ -**	**$ 137,132**	**$ -**	**$ 1,296,049**
5	2023	$ 809,541	$ 241,701	$ -	$ 128,257	$ -	$ 1,179,499
5	2022	$ 831,611	$ 235,503	$ -	$ 123,090	$ -	$ 1,190,204

(a) Aggregate number of senior officers/highly compensated individuals, excluding CEO.
(b) Gross salary, including retention plan compensation for certain senior officers.
(c) Bonuses paid within the first 31 days of the subsequent calendar year.
(d) Change in pension value represents the change in the actuarial present value of the accumulated benefit under the defined benefit pension plan, the Farm Credit Bank of Texas Pension Plan, from the prior fiscal year to the current fiscal year.
(e) Deferred/perquisites include contributions to 401(k) and defined contribution plans, supplemental 401(k) discretionary contributions, automobile benefits and premiums paid for life insurance.
(f) Amounts in the "Other" column include payouts for accrued annual leave and service awards, when applicable.

Disclosure of information on the total compensation paid and the arrangement of the compensation plan during the last fiscal year for any senior officer or for any officer included in the aggregate are available and will be disclosed to shareholders of the association upon request.

Pension Benefits

The association participates in the Farm Credit Bank of Texas Pension Plan (the "pension plan"), which is a qualified defined benefit retirement plan. Compensation, as defined in the pension plan, includes wages, incentive compensation and deferrals to the 401(k) and flexible spending account plans, but excludes annual leave or sick leave that may be paid in cash at the time of termination, retirement or transfer of employment, severance payments, retention bonuses, taxable fringe benefits and any other payments. Pension plan benefits are based on the average of monthly eligible compensation over the 60 consecutive months that produce the highest average after 1996 ("FAC60"). The pension plan's benefit formula for a Normal Retirement Pension is the sum of (a) 1.65% of FAC60 times "Years of Benefit Service" and (b) 0.50% of (i) FAC60 in excess of Social Security-covered compensation items and (ii) "Years of Benefit Service" (not to exceed 35). The present value of the senior officers' accumulated pension plan is calculated assuming retirement had occurred at the measurement date used for financial reporting purposes with the retirement at age 65. The pension plan's benefit formula for the Normal Retirement Pension assumes that the senior officer is married on the date the annuity begins, that the spouse is exactly two years younger than the senior officer and that the benefit is payable in the form of a 50% joint and survivor annuity. If any of those assumptions is incorrect, the benefit is recalculated to be the actuarial equivalent benefit.

The association has a remaining debt obligation to former employees who participated in the defined pension plan. However, neither the CEO nor any senior officers are eligible to participate in the defined pension plan.

Other Compensation and Benefit Disclosures

Employees assigned Association automobiles reimburse the Association for personal miles at a board-established rate when those miles exceed 6,000 per year. Employees who use their personal automobiles for business purposes were reimbursed during 2024 at the IRS-approved rate of 67 cents per mile.

Neither the CEO nor any other senior officer received noncash compensation exceeding $5,000 in 2024, 2023, and 2022.

Senior officers, including the CEO, are reimbursed for reasonable travel, subsistence and other related expenses while conducting Association business. A copy of the Association's travel policy is available to shareholders upon request.

TRANSACTIONS WITH DIRECTORS AND SENIOR OFFICERS

The association's policies on loans to and transactions with its officers and directors, required to be disclosed in this section, are incorporated herein by reference from Note 12 to the consolidated financial statements, "Related Party Transactions," included in this annual report.

DIRECTORS' AND SENIOR OFFICERS' INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

No directors or senior officers of the association have had any involvement in any events or legal proceedings as required to be disclosed per FCA Regulation 620.6(f) during the past five years.

RELATIONSHIP WITH INDEPENDENT AUDITOR

No change in auditors has taken place since the last annual report to stockholders, and no disagreements with the auditor have occurred that the association is required to report to the Farm Credit Administration under part 621 of the FCA regulations governing disclosure. The total fees for professional services rendered by PricewaterhouseCoopers LLP for the association during 2024 were $119,050 for audit services.

RELATIONSHIP WITH UNINCORPORATED BUSINESS ENTITIES

The association has business relationships with Central Texas Holding LLC, which is a limited liability company formed for the purpose of acquiring and managing unusual and complex collateral (acquired property).

FINANCIAL STATEMENTS

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated March 12, 2025, and the report of management in this annual report to stockholders, are incorporated herein by reference.

MEMBER/SHAREHOLDER PRIVACY

Members' nonpublic personal financial information is protected by Farm Credit Administration regulations. The association's directors, officers, employees and agents are restricted from disclosing information not normally contained in published reports or press releases about the association or its members.

CODE OF ETHICS

The association has adopted a code of ethical conduct (the "code"), which is applicable to every director, officer, employee and agent of the association. The code reaffirms the high standards of business conduct required of and provides guidance to the association and its directors, officers, employees and agents. The code is available for review on the association's website.

Directors, officers, employees and agents are prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate or mislead the association's independent public accountant, other directors, officers, employees or agents for the purpose of rendering the financial statements of the association misleading or for any purpose that is in violation of the standards of conduct.

Directors, officers, employees and agents understand that they will be held accountable for adherence to the code. Failure to observe the terms of this code might result in disciplinary action up to and including termination of employment or removal from the board of directors. Violations of the code also might constitute violations of law and might result in civil and criminal penalties.

Directors, officers, employees and agents understand that any questions regarding the best course of action in a particular situation should be promptly addressed to the association's Standards of Conduct Official and that any individual reporting any possible violation of this code may remain anonymous when reporting a possible violation of this code.

The association has retained a qualified, independent, third-party individual to serve as the association's Standards of Conduct Official, who shall be the primary contact for reporting of alleged violations of this code or association standards of conduct.

CREDIT AND SERVICES TO YOUNG, BEGINNING, AND SMALL FARMERS AND RANCHERS AND PRODUCERS OR HARVESTERS OF AQUATIC PRODUCTS

The Young, Beginning, and Small Farmer (YBS) mission of the association is to partner with YBS farmers, ranchers and producers or harvesters of aquatic products by providing sound and constructive credit and related services in the association's territory.

Definitions

- Young Borrower: A farmer, rancher and producer or harvester of aquatic products who is age 35 or younger as of the loan transaction date.
- Beginning Borrower: A farmer, rancher and producer or harvester of aquatic products who has 10 years or less farming, ranching or aquatic experience as of the loan transaction date.
- Small Borrower: A farmer, rancher and producer or harvester of aquatic products who normally generates less than $350,000 in annual gross cash farm income of agricultural or aquatic products at the date the loan was originally made.

Strategy

To accomplish this mission, the association will provide:

- The flexibility of existing loan programs to the advantage of YBS applicants.

- Loan approvers will fully utilize all flexibilities in term, repayment schedules, amortization requirements, initial deferments, schedule of advances and other such loan approval conditions consistent with existing lending standards and policies.
    - Loan servicing remedies such as re-amortizations, deferments, extensions, renewals and other techniques will be made available to YBS borrowers to the fullest extent allowed by policy.
    - A relaxed set of underwriting standards for "Young" farmers and ranchers is in place to enable and encourage these farmers and ranchers to begin, grow and/or remain in agricultural production.

- Staff resources and expertise to effectively originate and service loans and provide credit-related services to YBS borrowers.
    - The association's CEO will have primary responsibility for:
        - Implementing the association's YBS program; and
        - Developing and submitting reports on the YBS program to the bank and FCA.
    - The association will have a designated YBS team responsible for:
        - Enhancing staff expertise to provide the special financing and related service needs of program applicants; and
        - Developing and investigating new opportunities to further serve the YBS community.
    - Providing operational and logistical support to association staff hosting or sponsoring YBS events and programs.
    - Exploring additional educational opportunities for YBS borrowers:
        - Farm Credit University offers courses such as Ag Biz Basics and Ag Biz Planner that would provide a sound foundation in agricultural finance.
        - AgBizInfo is a website hosted by AgFirst that provides a comprehensive source of education and business resources for YBS farmers and ranchers to start and grow their agriculture operation. This site also connects visitors to the site with local farm credit system lenders.
    - Developing additional avenues to target YBS borrowers:
        - Explore a Youth in Agriculture Project loan program.
        - Leverage the knowledge of the Association Customer Advisory Council.

- A commitment of financial resources to ensure the objectives of this plan are met.

- Oversight by the Central Texas Farm Credit Board of Directors (the "board")
    - The board is responsible for ensuring adequate financial and human resources and an appropriate risk management philosophy for the YBS program.
    - The board monitors the YBS program to ensure the program objectives are being met without compromising the ability of the association to serve nonprogram farmers, ranchers and producers or harvesters of aquatic products.
        - The CEO reports on YBS program progress to the board at least quarterly.
        - Internal controls are tested by internal audit to ensure that the YBS program is implemented and complies with regulations and results are reported to the board.

- Guidance and financial assistance to YBS borrowers and the organizations that support them.
    - The association will provide instruction and guidance to YBS borrowers in areas such as:
        - Record-keeping
        - Financial analysis and management
        - Leasing
        - Capital investment decision-making
        - Marketing strategies and other such management areas
        - Financial support given to extension services and young farmer groups to sponsor seminars, field days and special events.
        - Credit counseling
    - The association will provide internships and scholarships for additional opportunities to those who wish to build a career in agriculture.

- The association will also expand the criteria used to classify a full-time farmer to include part-time YBS borrowers who demonstrate intent to have their primary source of income be from agriculture. Such demonstration of intent shall be documented in the loan file and will include, but will not be limited to, the following:
    - The degree of day-to-day involvement the borrower has in the agricultural production operation through labor and/or management that demonstrates a clear commitment to agricultural production.
    - The intent of the borrower to actively engage in agricultural production, as supported by education, training, experience, business plan or some other means.
    - A level, or projected level, of gross agricultural income or production that shows a clear commitment to agriculture.
    - The terms and structure of the loan, as well as planned use of loan proceeds, demonstrate a commitment to be truly engaged in agricultural production.

- Coordinate extension of credit with other financing entities, as appropriate, to ensure the credit needs of YBS customers are met.
    - The association will actively seek opportunities to coordinate with other farm credit system institutions, government agencies, and the private and public sector entities.

Targets

Based on USDA's 2017 Census of Agriculture, the makeup of Young, Small, and Beginning Farmers and Ranchers in our territory is as follows:

	Total	With Debt
Young	986	330
Beginning	4,277	1,226
Small	12,846	3,240

Note: The USDA released the 2022 Ag Census data in PDF tables. This format does not provide the granularity and specific data points needed to compare our YBS data. The 2017 Ag Census data is the most recent data available that provides the required level of granularity.

As of the end of the fourth quarter of 2024, the following table summarizes information regarding loan counts and current commitment volume outstanding to young, beginning, and small farmers and ranchers:

	As of Dec. 31, 2024	
	Loan Counts	Loan Volume
	(dollars in thousands)	
Young Only	27	$4,794
Young & Beginning	81	$36,310
Young & Small	58	$6,514
Beginning Only	52	$24,860
Beginning & Small	689	$130,150
Small Only	741	$114,350
Young, Beginning, & Small	277	$44,155
Non-YBS	420	$342,794
Total	**2345**	**$703,925**

As of the end of the fourth quarter of 2024, the following table summarizes information regarding new loan counts and current commitment volume outstanding to young, beginning, and small farmers and ranchers:

	As of Dec. 31, 2024	
	Loan Counts	Loan Volume
		(dollars in thousands)
Young Only	1	$7
Young & Beginning	12	$5,451
Young & Small	14	$1,170
Beginning Only	9	$3,245
Beginning & Small	65	$9,585
Small Only	125	$18,548
Young, Beginning, & Small	37	$7,310
Non-YBS	88	$94,173
Total	**351**	**$139,489**

The association continues all efforts to target YBS farmers and ranchers in our territory who are not customers using outreach programs, including but not limited to, advertising, participating in educational programs, working with extension agents, participating in agricultural field days, livestock shows and agricultural seminars, etc. In addition, association loan officers and senior management offer credit counseling to YBS farmers and ranchers. We will also work with other financial institutions, as appropriate, to ensure the credit needs of these borrowers are met.

Goals

Central Texas Farm Credit's YBS goal for 2024 was for at least 60% of all new loans to be made to borrowers who met one or more of the YBS criteria. We met that goal, as almost 75% of our new loans were to a young, beginning, or small farmer or rancher.

The ultimate goal of the association YBS program is to market to all populations of YBS farmers, ranchers, and producers, including, but not limited to, underserved communities and groups. Marketing, education and outreach efforts are directed at all of these communities and groups through our normal advertising and public and member relations outreach activities.

Reporting

The association incorporates the goals of its YBS program into the strategic business plan and reports the performance results to the board at least quarterly and FCBT at least annually. In addition, we include a description of our YBS program and a status report on each component in the Annual Report. The Annual Report, with the YBS program information, is posted on the association's website and mailed to stockholders.

Central Texas Farm Credit, ACA
P.O. Box 3200
1026 Early Blvd
Early, Texas 76802

ADDRESS SERVICE REQUESTED