Golden State Farm Credit

Quarterly Report to Shareholders

June 30, 2015

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

(Unaudited)

The following discussion summarizes the financial position and results of operations of Golden State Farm Credit, ACA for the six months ended June 30, 2015, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2014 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

LOAN PORTFOLIO

Loans outstanding at June 30, 2015 totaled $1.17 billion, an increase of $17 million, or 1.5%, from loans of $1.15 billion at December 31, 2014. The increase was primarily due to increased demand and market penetration in both the commercial and real estate sectors.

OTHER PROPERTY OWNED

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure or other means. We had other property owned of $14 thousand at June 30, 2015 compared with $57 thousand at December 31, 2014.

RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2015 was $11.8 million, an increase of $.7 million, or 6%, from the same period ended one year ago. The increase was due to lower amortization of the fair market value loan valuation adjustment in the first six months of 2015 compared to the first six months of 2014 offset by higher purchased services from AgVantis, Inc., salaries and other expenses.

Net interest income for the six months ended June 30, 2015 was $15.5, an increase of $1.2 million, or 8.4%, compared with June 30, 2014. Net interest income increased as a result of lower amortization of the fair market value loan adjustment in the first half of 2015 compared to the first half of 2014.

The provision for loan losses/loan loss reversal for the six months ended June 30, 2015 was $40 thousand, an increase of $13 thousand, or 48%, from the provision for loan losses for the same period ended one year ago. The provision for loan losses increased as a result of ongoing drought conditions in Northern and Central California.

Noninterest income increased $20 thousand during the first six months of 2015 compared with the first six months in 2014 primarily due to increased financially related services income, loan fees and other offset by lower patronage refunds from Farm Credit Institutions and mineral income.

We received mineral income of $4 thousand during the first six months of 2015, which is distributed to us quarterly by the Bank.

During the first six months of 2015, noninterest expense increased $469 thousand to $6.1 million, primarily due to higher salaries, purchased services from AgVantis, Inc. and other expenses.

CAPITAL RESOURCES

Our shareholders' equity at June 30, 2015 was $262.4 million, an increase from $250.5 million at December 31, 2014. This increase is due primarily to net income.

REGULATORY MATTERS

On May 8, 2014, the Farm Credit Administration approved a proposed rule to modify the regulatory capital requirements for System Associations. The stated objectives of the proposed rule are as follows:

- To modernize capital requirements while ensuring that institutions continue to hold sufficient regulatory capital to fulfill their mission as government-sponsored enterprises;
- To ensure that the System's capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted, but also to ensure that the rules recognize the cooperative structure and the organization of the System;
- To make System regulatory capital requirements more transparent; and
- To meet certain requirements of the Dodd-Frank Act.

As currently drafted, the proposed rule would, among other things, eliminate the core surplus and total surplus requirements and introduce common equity tier 1, tier 1 and total capital (tier 1 + tier 2) risk-based capital ratio requirements. The proposal would add a minimum tier 1 leverage ratio for all System institutions. In addition, the proposal would establish a capital conservation buffer, and modify and expand risk weightings. The revisions to the risk weightings of exposures would include alternatives to the use of credit ratings, as required by the Dodd-Frank Act. The proposed effective date is January 1, 2016.

The public comment period ended on February 16, 2015. While uncertainty exists as to the final form of the proposed rule, based on our preliminary assessment, we do not believe the new rule will impose any significant constraints on our business strategies or growth prospects.

OTHER MATTERS

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

Mike Fry
Chairman of the Board
August 1, 2015

J. Fletcher Monroe
President and Chief Executive Officer
August 1, 2015

Tim Gray
Interim Chief Financial Officer
August 1, 2015

Consolidated Statement of Condition

(Dollars in Thousands)

	June 30 2015 UNAUDITED	December 31 2014 AUDITED
ASSETS		
Loans	**$ 1,169,306**	$ 1,152,326
Less allowance for loan losses	**2,564**	2,524
Net loans	**1,166,742**	1,149,802
Cash	**1,365**	13,854
Accrued interest receivable	**14,362**	6,144
Investment in CoBank	**39,592**	39,489
Premises and equipment, net	**3,186**	3,103
Other property owned	**14**	57
Prepaid benefit expense	**676**	727
Other assets	**3,150**	5,432
Total assets	**$ 1,229,087**	$ 1,218,608
LIABILITIES		
Note payable to CoBank	**$ 925,486**	$ 923,934
Advance conditional payments	**37,183**	24,215
Accrued interest payable	**1,038**	4,517
Patronage distributions payable	**-**	6,300
Accrued benefits liability	**504**	740
Other liabilities	**2,515**	8,353
Total liabilities	**966,726**	968,059
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock and participation certificates	**1,585**	1,612
Additional paid-in capital	**141,442**	141,442
Unallocated retained earnings	**119,619**	107,833
Accumulated other comprehensive (loss)/income	**(285)**	(338)
Total shareholders' equity	**262,361**	250,549
Total liabilities and shareholders' equity	**$ 1,229,087**	$ 1,218,608

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

Consolidated Statement of Income

(Dollars in Thousands)

UNAUDITED	For the three months ended June 30 2015	For the three months ended June 30 2014	For the six months ended June 30 2015	For the six months ended June 30 2014
INTEREST INCOME				
Loans	**$ 10,684**	$ 10,145	**$ 21,022**	$ 21,299
Total interest income	**10,684**	10,145	**21,022**	21,299
INTEREST EXPENSE				
Note payable to CoBank	**2,752**	2,913	**5,399**	6,925
Advanced conditional payments and other conditional trust funds	**39**	40	**81**	74
Total interest expense	**2,791**	2,953	**5,480**	6,999
Net interest income	**7,893**	7,192	**15,542**	14,300
Provision for loan losses	**-**	2	**40**	27
Net interest income after provision for loan losses	**7,893**	7,190	**15,502**	14,273
NONINTEREST INCOME				
Financially related services income	**2**	18	**31**	21
Loan fees	**24**	35	**59**	46
Patronage refund from Farm Credit Institutions	**1,120**	1,102	**2,223**	2,241
Mineral income	**2**	4	**4**	14
Other noninterest income	**71**	-	**80**	55
Total noninterest income	**1,219**	1,159	**2,397**	2,377
NONINTEREST EXPENSE				
Salaries and employee benefits	**1,540**	1,535	**3,366**	3,289
Occupancy and equipment	**107**	100	**221**	204
Purchased services from AgVantis, Inc.	**255**	202	**514**	409
Farm Credit Insurance Fund premium	**270**	254	**543**	513
Merger-implementation costs	**-**	5	**-**	5
Supervisory and examination costs	**91**	92	**182**	184
Other noninterest expense	**658**	428	**1,285**	1,038
Total noninterest expense	**2,921**	2,616	**6,111**	5,642
Income before income taxes	**6,191**	5,733	**11,788**	11,008
Provision for/(Benefit from) income taxes	**-**	108	**2**	(59)
Net income	**6,191**	5,625	**11,786**	11,067
OTHER COMPREHENSIVE INCOME				
Amortization of retirement costs	**26**	-	**53**	-
Comprehensive income	**$ 6,217**	$ 5,625	**$ 11,839**	$ 11,067

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Capital Stock and Participation Certificates	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2013	$ 983	$ -	$ 96,764	$ -	$ 97,747
Comprehensive income			11,067	-	11,067
Stock and participation certificates issued	195				195
Stock and participation certificates retired	(301)				(301)
Equity issued or re-characterized upon merger	773	141,442			142,215
Balance at June 30, 2014	$ 1,650	$ 141,442	$ 107,831	$ -	$ 250,923
Balance at December 31, 2014	$ 1,612	$ 141,442	$ 107,833	$ (338)	$ 250,549
Comprehensive income			11,786	53	11,839
Stock and participation certificates issued	227				227
Stock and participation certificates retired	(254)				(254)
Balance at June 30, 2015	**$ 1,585**	**$ 141,442**	**$ 119,619**	**$ (285)**	**$ 262,361**

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

NOTES TO FINANCIAL STATEMENTS

(Dollars in Thousands, Except as Noted)
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Golden State Farm Credit, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2014, are contained in the 2014 Annual Report to Shareholders. These unaudited second quarter 2015 financial statements should be read in conjunction with the 2014 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2014 as contained in the 2014 Annual Report to Shareholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2015. Descriptions of the significant accounting policies are included in the 2014 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	June 30, 2015	December 31, 2014
Real estate mortgage	**$ 1,032,646**	$ 1,019,201
Production and intermediate-term	**62,700**	58,874
Agribusiness	**42,003**	40,802
Rural residential real estate	**272**	296
Lease receivables	**31,685**	33,153
Total loans	**$ 1,169,306**	$1,152,326

The Association purchases or sells 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 the balances of participations purchased and sold during the quarter ended June 30, 2015:

	Other Farm Credit Institutions	
	Purchased	Sold
Real estate mortgage	$ 11,301	$ 80,478
Production and intermediate-term	289	-
Agribusiness	2,986	-
Lease receivables	740	14,081
Total	$ 15,316	$ 94,559

The following table shows loans and related accrued interest classified under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable by loan type as of:

	June 30, 2015	December 31, 2014
Real estate mortgage		
Acceptable	**99.44%**	99.50%
OAEM	**.20**	0.12
Substandard	**.36**	0.38
Doubtful	**-**	-
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**99.98%**	99.64%
OAEM	**0.02**	0.03
Substandard	**-**	0.33
Doubtful	**-**	-
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**100.00%**	100.00%
OAEM	**-**	-
Substandard	**-**	-
Doubtful	**-**	-
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**79.32%**	80.29%
OAEM	**-**	-
Substandard	**20.68**	19.71
Doubtful	**-**	-
Total	**100.00%**	100.00%
Lease receivables		
Acceptable	**99.92%**	100.00%
OAEM	**0.05**	-
Substandard	**0.03**	-
Doubtful	**-**	-
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**99.49%**	99.54%
OAEM	**.19**	0.11
Substandard	**.32**	0.35
Doubtful	**-**	-
Total	**100.00%**	100.00%

High risk assets consist of impaired loans and other property owned. These nonperforming assets (including related accrued interest) and related credit quality are as follows:

(dollars in thousands)	**June 30, 2015**	December 31, 2014
Nonaccrual loans		
Real estate mortgage	**$ 221**	$ 224
Lease receivables	**10**	4
Total nonaccrual loans	**231**	228
Other property Owned	**14**	57
Accruing loans 90 days past due		
Real estate mortgage	**-**	-
Total accruing loans 90 days past due	**-**	-
Total impaired loans	**$ 245**	$ 285

There were no loans classified accruing restructured.

There were no material commitments to lend additional funds to debtors whose loans were classified impaired for the periods presented.

Additional impaired loan information is as follows:

	June 30, 2015			December 31, 2014		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 221**	**$ 279**	**-**	$ 224	$ 293	-
Lease receivables	**10**	**10**	**-**	4	4	-
Total	**$ 231**	**$ 289**	**-**	$ 228	$ 297	-

Note: The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the investment.

There were no impaired loans with related allowance for credit losses at any period presented.

	For the Six Months Ended June 30, 2015		For the Three Months Ended June 30, 2015	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 226**	**$ -**	$ 223	$ -
Production and Intermediate Term	**118**	**-**	236	-
Lease receivables	**9**		14	
Total	**$ 353**	**$ -**	$ 473	$ -
Total impaired loans:				
Real estate mortgage	**$ 226**	**$ -**	$ 223	$ -
Production and Intermediate Term	**118**	**-**	236	-
Lease receivables	**9**	**-**	14	-
Total	**$ 353**	**$ -**	$ 473	$ -

The following tables provide an age analysis of past due loans (including accrued interest).

June 30, 2015	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 Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 1,401	$ -	$ 1,401	$1,044,281	$1,045,682	$ -
Production and intermediate-term	192	-	192	63,300	63,492	-
Agribusiness	-	-	-	42,533	42,533	-
Rural residential real estate	-	-	-	275	275	-
Lease receivables	-	-	-	31,685	31,685	-
Total	$ 1,594	$ -	$ 1,594	$1,182,074	$1,183,668	$ -
December 31, 2014						
Real estate mortgage	$ -	$ -	$ -	$1,024,556	$1,024,556	$ -
Production and intermediate-term	-	-	-	59,355	59,355	-
Agribusiness	-	-	-	41,108	41,108	-
Rural residential real estate	-	-	-	298	298	-
Lease receivables	-	-	-	33,153	33,153	-
Total	$ -	$ -	$ -	$1,158,470	$1,158,470	$ -

A summary of changes in the allowance for loan losses and period end recorded investment in loans is as follows:

	Balance at December 31, 2014	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2015
Real estate mortgage	$ 422	$ -	$ -	$ (5)	$ 417
Production and intermediate-term	1,310	-	-	8	1,318
Agribusiness	156	-	-	31	187
Rural residential real estate	3	-	-	-	3
Lease receivables	633	-	-	6	639
Total	$ 2,524	$ -	$ -	$ 40	$ 2,564

	Balance at December 31, 2013	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2014
Real estate mortgage	$ 1,671	$ -	$ -	$ (1,155)	$ 516
Production and intermediate-term	427	-	-	749	1,176
Agribusiness	278	-	-	(120)	158
Rural residential real estate	4	-	-	(2)	2
Lease receivables	122	-	-	555	677
Total	$ 2,502	$ -	$ -	$ 27	$ 2,529

	Allowance for Credit Losses Ending Balance at June 30, 2015		Recorded Investments in Loans Outstanding Ending Balance at June 30, 2015	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 417	$ 221	$ 1,045,461
Production and intermediate-term	-	1,318	-	63,492
Agribusiness	-	187	-	42,533
Rural residential real estate	-	3	-	275
Lease receivables	-	639	10-	31,676
Total	$ -	$ 2,564	$ 231	$ 1,183,437

	Allowance for Credit Losses Ending Balance at December 31, 2014		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2014	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 422	$ 243	$ 1,024,313
Production and intermediate-term	-	1,310	-	59,355
Agribusiness	-	156	-	41,108
Rural residential real estate	-	3	-	298
Lease receivables	-	633	4	33,149
Total	$ -	$ 2,524	$ 247	$ 1,158,223

The Association recorded no TDRs during any period presented.

NOTE 3 - CAPITAL

At June 30, 2015 the Permanent Capital Ratio was 18.36%.

NOTE 4 - 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 the principal or most advantageous market for the asset or liability. See Note 2 to the 2014 Annual Report to Shareholders for a more complete description.

The Association had no assets or liabilities measured at fair value on a recurring basis at June 30, 2015 or December 31, 2014.

Assets measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized below:

	Level 3	**Total Fair Value**	**Gains/(Losses)**
June 30, 2015			
Assets			
Loans acquired in Kingsburg merger	$567,535	$567,535	$ 958
Liabilities			
Debt acquired in Kingsburg merger	$478,715	$478,715	$ (661)

As more fully discussed in Note 2 to the 2014 Annual Report to Shareholders, 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. The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities, subject to fair value measurement.

NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 1, 2015, which is the date the financial statements were issued, and no material subsequent events were identified.