



  
**GOLDEN STATE**  
**FARM CREDIT**  
*The credit you deserve*

# *Quarterly Report*

**TO SHAREHOLDERS  
AS OF  
JUNE 30, 2025**



**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, (the Association) for the six months ended June 30, 2025, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2024 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

The shareholders' investment in Golden State Farm Credit, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2024 CoBank Annual Report to Shareholders, and the CoBank quarterly shareholders' reports are available free of charge by accessing CoBank's website, [www.cobank.com](http://www.cobank.com), or may be obtained at no charge by contacting the Association at 3013 Ceres Avenue, Chico, CA 95973 or by phone at (530) 895-8695.

In the beginning of 2025, economic conditions in our region faced several challenges, including fluctuating commodity prices, rising input costs, water scarcity, and export tariffs. As of July 2025, approximately 39% of California is in drought. The 2025 water year has seen significant fluctuations with periods of both heavy precipitation and drought, resulting in year-to-date precipitation totaling 95% of the historical average. The state's major reservoirs are currently at 111% of their historical average, thanks to a series of atmospheric rivers that brought substantial rainfall during the winter months. Prolonged dry spells have led to reduced water availability for irrigation, increased costs for water procurement, and heightened competition for limited water resources. The drought has particularly affected water-intensive crops like almonds and walnuts. Farmers are adopting various strategies to cope, including investing in more efficient irrigation systems and exploring drought-resistant crop varieties. However, these measures come with additional costs and may not fully offset the impact of reduced water availability.

After several challenging years, the walnut industry is showing signs of recovery. While the 2024–25 crop yield is projected to be much smaller than the previous year's, it is expected to be of higher quality. Improving prices are being driven by strong global demand and reduced inventories. Almonds have seen improvements in exports and total shipments compared to the previous year, resulting in steady demand and firm prices. However, both the walnut and almond industries face similar challenges, such as high-water usage and labor costs. Additionally, retaliatory tariffs imposed by countries like China are affecting both markets, raising the price of nuts and making them less competitive compared to those from countries without such tariffs. Efforts to remove or reduce these tariffs have been ongoing, with some success in improving market access and reducing costs. Nonetheless, the nut industry continues to navigate the complexities of global trade policies and their impact on pricing and competitiveness.

The dairy market performed strongly in the first half of 2025. Despite the bird flu, most operators reported positive income supported by timely government programs covering production deficits. Average California pool milk prices were stronger than the previous year. Favorable feed costs, solid milk prices, and record-high returns from beef and calf sales have enabled most operators to maintain profitability. Overall, the dairy portfolio remains robust with most dairies meeting performance expectations.

The U.S. economic growth remained moderate during the second quarter of 2025. Largely due to downward trends in personal consumption expenditures and residential investments, real GDP growth regressed at an annual rate of 0.5% in the first quarter of 2025, which led to revised forecasts of slower growth in the second quarter. Additionally, a combination of continued high interest rates, global supply chain pressures, and geopolitical risks contribute to the weakened economic growth. The labor market has remained relatively steady for the second quarter of 2025 at 4.1%; however, the uncertainty around import tariffs and the deep cuts in government spending have affected the labor market and its outlook for 2025. In June, the Federal Reserve announced that interest rates will remain steady at 4.25% - 4.50% and continued to project two rate cuts later this year as they try to balance the effects of the tariffs and resulting increased inflation, and a weaker economy. In 2025, farm income is anticipated to increase primarily as a result of direct government relief payments through the American Relief Act of 2025, as well as overall strong commodity prices.

The Agricultural Improvement Act of 2018 (Farm Bill) was signed into law on December 20, 2018. This Farm Bill governs an array of federal farm and food programs, including commodity price support payments, farm credit, conservation programs, research, rural development, and foreign and domestic food programs for five years, through 2023. On November 16, 2023, an extension of the Farm Bill was signed that allowed certain authorized programs to continue through September 30, 2024. Subsequently, on December 21, 2024, another extension of the Farm Bill was signed to extend the programs for one year through September 30, 2025. In July 2025, the 2024 Farm Bill passed as part of a broader legislative package. It delivers the largest increase in farm program funding in over two decades, with \$66 billion in new support. It boosts safety net programs like Price Loss Coverage and Agricultural Risk Coverage, raises payment limits, and eliminates income caps for many producers. The Farm Bill also clarifies the Farm Credit System

Insurance Corporation's (FCSIC) authority, role, and procedures for acting as a conservator or receiver of a troubled System institution. The Farm Bill provides a range of statutory options to the Insurance Corporation including, but not limited to, marshaling and liquidating assets, satisfying claims of creditors, and using interim devices such as bridge banks.

## LOAN PORTFOLIO

Loans outstanding at June 30, 2025, totaled \$2.58 billion, a decrease of \$54.8 million, or 2.1%, from loans of \$2.64 billion at December 31, 2024. The decrease was primarily due to strong seasonal loan pay-downs in the first half of 2025.

## RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2025, was \$24.5 million, an increase of \$1.3 million, or 5.5%, from the same period ended one year ago. The increase is primarily the result of decreased provision for credit losses.

For the six months ended June 30, 2025, net interest income was \$37.7 million, a decrease of \$456 thousand, or 1.2%, compared with the six months ended June 30, 2024. Net interest income decreased as a result of a decrease in interest rates.

The provision for credit losses for the six months ended June 30, 2025, was \$8.2 million, a decrease of \$1.8 million, from the provision for credit losses for the same period ended one year ago. The provision for credit losses decreased due to a smaller increase in specific reserves and improved loss rates.

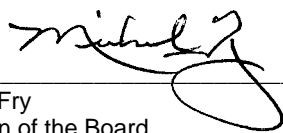
Noninterest income increased \$131 thousand during the first six months of 2025 compared with the first six months of 2024 primarily due to an increase in loan fees from participations purchased. We received a refund of \$484 thousand during the first six months of 2025 from FCSIC, compared with a refund of \$703 thousand received in the same period ended one year ago. These refunds represent our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts.

During the first six months of 2025, noninterest expense increased \$233 thousand to \$12.3 million, primarily due to an increase in purchased services from our technology service provider, AgVantis, Inc, as a result of increased loan volume and future software upgrade projects. FCSIC premiums increased \$80 thousand for the six months ended June 30, 2025 compared with the same period in 2024 due to an increase in average loan volume.

## CAPITAL RESOURCES

Our shareholders' equity at June 30, 2025, was \$474.7 million, an increase from \$450.2 million at December 31, 2024. This increase is due to net income offset by adjustment to prior-period patronage accrual, the amortization of pension gains included in the net periodic benefit cost, and net stock reductions.

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.



Michael Fry  
Chairman of the Board  
August 4, 2025



Robert Faris  
President and Chief Executive Officer  
August 4, 2025



Manny Mejia  
Chief Financial Officer  
August 4, 2025

## Consolidated Statement of Condition

(Dollars in Thousands)

	June 30 2025	December 31 2024
	UNAUDITED	AUDITED
<b>ASSETS</b>		
Loans	\$ 2,584,227	\$ 2,638,999
Less allowance for loan losses	32,918	24,663
Net loans	2,551,309	2,614,336
Cash	2,568	15,774
Accrued interest receivable	48,903	47,409
Investment in CoBank, ACB	65,056	64,402
Premises and equipment, net	10,787	10,062
Prepaid benefit expense	13,662	13,771
Other assets	31,300	37,108
<b>Total assets</b>	<b>\$ 2,723,585</b>	<b>\$ 2,802,862</b>
<b>LIABILITIES</b>		
Note payable to CoBank, ACB	\$ 2,153,097	\$ 2,264,344
Advance conditional payments	69,770	37,916
Accrued interest payable	8,123	7,823
Patronage distributions payable	-	17,000
Accrued benefits liability	251	255
Reserve for unfunded commitments	1,845	1,932
Other liabilities	15,809	23,409
<b>Total liabilities</b>	<b>2,248,895</b>	<b>2,352,679</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock and participation certificates	1,333	1,338
Additional paid-in capital	141,442	141,442
Unallocated retained earnings	331,902	307,378
Accumulated other comprehensive income	13	25
<b>Total shareholders' equity</b>	<b>474,690</b>	<b>450,183</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,723,585</b>	<b>\$ 2,802,862</b>

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

## Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

UNAUDITED	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
<b>INTEREST INCOME</b>				
Loans	\$ 40,147	\$ 40,612	\$ 80,148	\$ 82,136
<b>Total interest income</b>	<b>40,147</b>	<b>40,612</b>	<b>80,148</b>	<b>82,136</b>
<b>INTEREST EXPENSE</b>				
Note payable to CoBank, ACB	20,627	21,396	41,244	42,746
Other	682	613	1,175	1,205
<b>Total interest expense</b>	<b>21,309</b>	<b>22,009</b>	<b>42,419</b>	<b>43,951</b>
Net interest income	18,838	18,603	37,729	38,185
Provision for credit losses	6,737	11,702	8,168	9,998
Net interest income after provision for credit losses	12,101	6,901	29,561	28,187
<b>NONINTEREST INCOME</b>				
Loan fees	265	225	534	381
Patronage distribution from Farm Credit institutions	3,059	2,983	6,138	5,936
Farm Credit Insurance Fund distribution	-	703	484	703
Other noninterest income	7	16	61	66
<b>Total noninterest income</b>	<b>3,331</b>	<b>3,927</b>	<b>7,217</b>	<b>7,086</b>
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	2,619	2,925	5,548	5,904
Occupancy and equipment	444	422	877	841
Purchased services from AgVantis, Inc.	1,097	989	2,193	1,977
Purchased services - other	554	301	852	545
Farm Credit Insurance Fund premium	514	481	1,058	978
Other noninterest expense	850	973	1,775	1,825
<b>Total noninterest expense</b>	<b>6,078</b>	<b>6,091</b>	<b>12,303</b>	<b>12,070</b>
Income before income taxes	9,354	4,737	24,475	23,203
Provision for income taxes	-	-	2	2
<b>Net income</b>	<b>9,354</b>	<b>4,737</b>	<b>24,473</b>	<b>23,201</b>
<b>COMPREHENSIVE INCOME</b>				
Amortization of retirement credits	(6)	(3)	(12)	(7)
<b>Total comprehensive income</b>	<b>\$ 9,348</b>	<b>\$ 4,734</b>	<b>\$ 24,461</b>	<b>\$ 23,194</b>

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

## Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

	Capital Stock and Participation Certificates	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
UNAUDITED					
<b>Balance at December 31, 2023</b>	\$ 1,398	\$ 141,442	\$ 284,306	\$ 39	\$ 427,185
Comprehensive income			23,201	(7)	23,194
Stock and participation certificates issued	35				35
Stock and participation certificates retired	(86)				(86)
Patronage Distributions:					
Adjustment to prior-period patronage accrual			(93)		(93)
<b>Balance at June 30, 2024</b>	\$ 1,347	\$ 141,442	\$ 307,414	\$ 32	\$ 450,235
<b>Balance at December 31, 2024</b>	\$ 1,338	\$ 141,442	\$ 307,378	\$ 25	\$ 450,183
Comprehensive income			24,473	(12)	24,461
Stock and participation certificates issued	44				44
Stock and participation certificates retired	(49)				(49)
Patronage Distributions:					
Adjustment to prior-period patronage accrual			51		51
<b>Balance at June 30, 2025</b>	\$ 1,333	\$ 141,442	\$ 331,902	\$ 13	\$ 474,690

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

**NOTES TO FINANCIAL STATEMENTS**  
(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, 2024, are contained in the 2024 Annual Report to Shareholders. These unaudited second quarter 2025 financial statements should be read in conjunction with the 2024 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under U.S. GAAP and the rules of the Farm Credit Administration (FCA). This report should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2024, as contained in the 2024 Annual Report to Shareholders.

In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary for a fair statement of results for the interim periods, have been made. 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, 2025. Descriptions of the significant accounting policies are included in the 2024 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.

**Recently Adopted or Issued Accounting Pronouncements**

**Disaggregation of Income Statement Expenses (ASC 220)**

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. The amendments in this ASU apply to all public business entities and require disclosure of specified information about certain costs and expenses in the notes to financial statements. The amendments require that at each interim and annual reporting period an entity:

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)-(e).
- Include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements.
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Association is currently assessing the potential impact of this standard on its disclosures.

**Improvements to Income Tax Disclosures (ASC 740)**

In December 2023, FASB issued 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 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. Income taxes paid will require disaggregated disclosure by federal, state, and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The amendments are effective for annual periods beginning after December 15,

2024. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations, or cash flows but will impact the income tax disclosures.

## NOTE 2 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of loans by type follows:

<i>(dollars in thousands)</i>	June 30, 2025	December 31, 2024
Real estate mortgage	\$ 1,694,035	\$ 1,704,045
Production and intermediate-term	575,668	655,689
Agribusiness	201,936	180,952
Rural infrastructure	103,105	88,233
Lease receivables	9,483	10,080
Total loans	\$ 2,584,227	\$ 2,638,999

The Association purchases and 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 at June 30, 2025:

<i>(dollars in thousands)</i>	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	\$ 116,554	\$ 510,312	\$ -	\$ -	\$ 116,554	\$ 510,312
Production and intermediate-term	171,682	416,662	-	29,057	171,682	445,719
Agribusiness	187,791	-	-	-	187,791	-
Rural infrastructure	103,105	-	-	-	103,105	-
Lease receivables	9,470	-	-	-	9,470	-
Total	\$ 588,602	\$ 926,974	\$ -	\$ 29,057	\$ 588,602	\$ 956,031

### Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our 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, which 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, which 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 institution 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 nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The institution 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 nine 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 (non-viable) 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, and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

The following table shows loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of:

	June 30, 2025	December 31, 2024
Real estate mortgage		
Acceptable	89.41%	89.50%
OAEM	5.60%	5.79%
Substandard	4.99%	4.71%
Total	100.00%	100.00%
Production and intermediate-term		
Acceptable	86.97%	90.70%
OAEM	7.48%	4.57%
Substandard	5.55%	4.73%
Total	100.00%	100.00%
Agribusiness		
Acceptable	96.20%	97.13%
OAEM	3.32%	2.76%
Substandard	0.48%	0.11%
Total	100.00%	100.00%
Rural infrastructure		
Acceptable	100.00%	100.00%
Total	100.00%	100.00%
Lease receivables		
Acceptable	100.00%	95.46%
Substandard	-	4.54%
Total	100.00%	100.00%
Total Loans		
Acceptable	89.87%	90.68%
OAEM	5.59%	5.07%
Substandard	4.54%	4.25%
Total	100.00%	100.00%

Accrued interest receivable on loans of \$48.9 million at June 30, 2025 and \$47.4 million at December 31, 2024 has been excluded from the amortized cost of loans and reported separately in the Consolidated Statement of Condition. The Association wrote off accrued interest receivable of \$29 thousand during the first six months of 2025 and \$1.2 million during the first six months of 2024.

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. The following table shows these nonperforming assets and related credit quality statistics as follows:

<i>(dollars in thousands)</i>	June 30, 2025	December 31, 2024
Nonaccrual loans		
Real estate mortgage	\$ 36,206	\$ 37,031
Production and intermediate-term	24,330	24,040
Total nonaccrual loans	\$ 60,536	\$ 61,071
Accruing loans 90 days past due		
Real estate mortgage	\$ 5,262	\$ -
Production and intermediate-term	1,625	-
Total accruing loans 90 days past due	\$ 6,887	\$ -
Total nonperforming assets	\$ 67,423	\$ 61,071
Nonaccrual loans to total loans	2.34%	2.31%
Nonperforming assets to total loans and other property owned	2.61%	2.31%
Nonperforming assets to total shareholders' equity	14.20%	13.57%

The Association had no other property owned for the periods presented.

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

<i>(dollars in thousands)</i>	June 30, 2025		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans			
Real estate mortgage	\$ 28,123	\$ 8,083	\$ 36,206
Production and intermediate-term	23,916	414	24,330
Total	\$ 52,039	\$ 8,497	\$ 60,536

<i>(dollars in thousands)</i>	December 31, 2024		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans			
Real estate mortgage	\$ 28,286	\$ 8,745	\$ 37,031
Production and intermediate-term	23,464	576	24,040
Total	\$ 51,750	\$ 9,321	\$ 61,071

<i>(dollars in thousands)</i>	Interest Income Recognized			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Nonaccrual loans				
Real estate mortgage	\$ 48	\$ 7	\$ 52	\$ 7
Production and intermediate-term	78	3	78	3
Total	\$ 126	\$ 10	\$ 130	\$ 10

The following tables provide an age analysis of past due loans at amortized cost.

**June 30, 2025**

<i>(dollars in thousands)</i>	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	90 Days or More Past Due and Accruing
Real estate mortgage	\$ 28,144	\$ 6,647	\$ 34,791	\$1,659,244	\$1,694,035	\$ 5,262
Production and intermediate-term	2,905	22,759	25,664	550,004	575,668	1,625
Agribusiness	-	-	-	201,936	201,936	-
Rural infrastructure	-	-	-	103,105	103,105	-
Lease receivables	-	-	-	9,483	9,483	-
<b>Total</b>	<b>\$ 31,049</b>	<b>\$ 29,406</b>	<b>\$ 60,455</b>	<b>\$2,523,772</b>	<b>\$2,584,227</b>	<b>\$ 6,887</b>

**December 31, 2024**

<i>(dollars in thousands)</i>	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	90 Days or More Past Due and Accruing
Real estate mortgage	\$ -	\$ 27,334	\$ 27,334	\$1,676,711	\$1,704,045	\$ -
Production and intermediate-term	15,118	7,663	22,781	632,908	655,689	-
Agribusiness	-	-	-	180,952	180,952	-
Rural infrastructure	-	-	-	88,233	88,233	-
Lease receivables	-	-	-	10,080	10,080	-
<b>Total</b>	<b>\$ 15,118</b>	<b>\$ 34,997</b>	<b>\$ 50,115</b>	<b>\$2,588,884</b>	<b>\$2,638,999</b>	<b>\$ -</b>

**Loan Modifications to Borrowers Experiencing Financial Difficulty**

The following tables show the amortized cost basis at the end of the respective reporting period for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted.

<i>(dollars in thousands)</i>	Term Extension			
	For the Three Months Ended		For the Six Months Ended	
	<b>June 30, 2025</b>	% of Portfolio Segment	<b>June 30, 2025</b>	% of Portfolio Segment
Production and intermediate-term	<b>\$ 519</b>	0.09%	<b>\$ 519</b>	0.09%
<b>Total</b>	<b>\$ 519</b>		<b>\$ 519</b>	

<i>(dollars in thousands)</i>	Payment Deferral			
	For the Three Months Ended		For the Six Months Ended	
	<b>June 30, 2025</b>	% of Portfolio Segment	<b>June 30, 2025</b>	% of Portfolio Segment
Production and intermediate-term	<b>\$ 1,025</b>	0.18%	<b>\$ 1,025</b>	0.18%
<b>Total</b>	<b>\$ 1,025</b>		<b>\$ 1,025</b>	

	Combination - Interest Rate Reduction and Payment Deferral			
	For the Three Months Ended		For the Six Months Ended	
<i>(dollars in thousands)</i>	June 30, 2025	% of Portfolio Segment	June 30, 2025	% of Portfolio Segment
Real estate mortgage	\$ 5,644	0.33%	\$ 5,644	0.33%
Total	\$ 5,644		\$ 5,644	

	Combination - Term Extension and Payment Deferral			
	For the Three Months Ended		For the Six Months Ended	
<i>(dollars in thousands)</i>	June 30, 2025	% of Portfolio Segment	June 30, 2025	% of Portfolio Segment
Production and intermediate-term	\$ 32	0.01%	\$ 32	0.01%
Agribusiness	970	0.48%	970	0.48%
Total	\$ 1,002		\$ 1,002	

	Combination - Interest Rate Reduction and Term Extension			
	For the Three Months Ended		For the Six Months Ended	
<i>(dollars in thousands)</i>	June 30, 2024	% of Portfolio Segment	June 30, 2024	% of Portfolio Segment
Real estate mortgage	\$ 488	0.03%	\$ 488	0.03%
Total	\$ 488		\$ 488	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was \$268 thousand as of the six months ended June 30, 2025.

Accrued interest receivable related to loan modification granted to borrowers experiencing financial difficulty as of the three and six months ended June 30, 2024 was \$6 thousand.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the periods presented:

	Weighted-Average Term Extension (in months)			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Production and intermediate-term	7.0	-	7.0	-

	Weighted-Average Payment Deferral (in months)			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Production and intermediate-term	6.0	-	6.0	-

	Combination – Interest Rate Reduction and Payment Deferral	
	For the Three Months and Six Months Ended June 30, 2025	
Real estate mortgage	Reduced weighted average interest rates from 8.52% to 7.40% and deferred payments by a weighted average of 4.0 months	

	Combination – Term Extension and Payment Deferral
	For the Three Months and Six Months Ended June 30, 2025
Production and intermediate-term Agribusiness	Added a weighted average of 12.0 months to the life of loans and deferred payments by a weighted average of 12.0 months Added a weighted average of 12.0 months to the life of loans and deferred payments by a weighted average of 12.0 months
	Combination – Interest Rate Reduction and Term Extension
	For the Three Months and Six Months Ended June 30, 2024
Real estate mortgage	Reduced weighted average interest rates from 10.35% to 9.10% and added a weighted average of 311.2 months to the life of loans

The loan modifications for the three months and six months ended June 30, 2024 are related to loans to one borrower experiencing financial difficulty. In addition to an interest rate reduction and term extension, the Association restructured the payment schedule from a lumpsum payment due at maturity to smaller annual payments.

The following table sets forth loans to borrowers experiencing financial difficulty that defaulted during the periods presented which were modified during the twelve months prior to those periods:

	Modified Loans that Subsequently Defaulted
	For the Three Months Ended June 30, 2025
	Payment Deferral
<i>(dollars in thousands)</i>	
Production and intermediate-term	\$ 1,025
Total	\$ 1,025

	Modified Loans that Subsequently Defaulted
	For the Six Months Ended June 30, 2025
	Payment Deferral
<i>(dollars in thousands)</i>	
Production and intermediate-term	\$ 1,025
Total	\$ 1,025

There were no loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2024 which were modified during the twelve months prior to June 30, 2024.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during periods presented:

	Payment Status of Modified Loans		
	During the Past Twelve Months Ended June 30, 2025		
	Current	30-89 Days Past Due	90 Days or More Past Due
<i>(dollars in thousands)</i>			
Real estate mortgage	\$ 9,730	\$ -	\$ -
Production and intermediate-term	551	-	1,025
Agribusiness	970	-	-
Total	\$ 11,251	\$ -	\$ 1,025

<i>(dollars in thousands)</i>	Payment Status of Modified Loans		
	During the Past Twelve Months Ended June 30, 2024		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	\$ 488	\$ -	\$ -
Agribusiness	837	-	-
Total	\$ 1,325	\$ -	\$ -

Additional lending commitments totaling \$109 thousand were made to borrowers experiencing financial difficulty whose loans were modified during the six months ended June 30, 2025. There were no such additional commitments made during the year ended December 31, 2024.

The Association had no loans held for sale at June 30, 2025 and December 31, 2024.

### Allowance for Credit Losses

The allowance for credit losses (ACL) represents the estimated current expected credit losses over the remaining contractual life of the loans 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. The Association uses a single economic scenario over a reasonable and supportable forecast period of 12 months. Subsequent to the forecast period, the Association explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the remaining contractual life of the loan portfolio. The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables such as agricultural commodity prices, unemployment rates, Gross Domestic Product (GDP) annual growth rates, government spending to GDP, real consumer spending, United States exports, inflation, and Fed Funds rates.

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 but the Association's board of directors has generally established more restrictive lending limits. This limit applies to Associations with long-term and short- and intermediate-term lending authorities.

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

<i>(dollars in thousands)</i>	Balance at March 31, 2025	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2025
Real estate mortgage	\$ 7,242	\$ -	\$ -	\$ 2,071	\$ 9,313
Production and intermediate-term	17,366	-	-	4,775	22,141
Agribusiness	1,219	-	-	(86)	1,133
Rural infrastructure	273	-	-	(24)	249
Lease receivables	73	-	-	9	82
Total	\$ 26,173	\$ -	\$ -	\$ 6,745	\$ 32,918

<i>(dollars in thousands)</i>	Balance at December 31, 2024	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2025
Real estate mortgage	\$ 7,399	\$ -	\$ -	\$ 1,914	\$ 9,313
Production and intermediate-term	15,765	-	-	6,376	22,141
Agribusiness	1,122	-	-	11	1,133
Rural infrastructure	299	-	-	(50)	249
Lease receivables	78	-	-	4	82
Total	\$ 24,663	\$ -	\$ -	\$ 8,255	\$ 32,918

<i>(dollars in thousands)</i>	Balance at March 31, 2024	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2024
Real estate mortgage	\$ 1,528	\$ -	\$ -	\$ 4,863	\$ 6,391
Production and intermediate-term	4,443	-	-	6,366	10,809
Agribusiness	1,031	-	-	(65)	966
Rural infrastructure	179	-	-	127	306
Lease receivables	1	-	-	1	2
<b>Total</b>	<b>\$ 7,182</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,292</b>	<b>\$ 18,474</b>

<i>(dollars in thousands)</i>	Balance at December 31, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2024
Real estate mortgage	\$ 1,479	\$ -	\$ -	\$ 4,911	\$ 6,390
Production and intermediate-term	5,500	-	1	5,308	10,809
Agribusiness	1,313	-	3	(349)	967
Rural infrastructure	384	-	-	(78)	306
Lease receivables	2	-	-	-	2
<b>Total</b>	<b>\$ 8,678</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ 9,792</b>	<b>\$ 18,474</b>

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses. A summary of changes in the reserve for unfunded commitments follows:

<i>(dollars in thousands)</i>	<b>For the Three Months Ended June 30, 2025</b>	<b>For the Six Months Ended June 30, 2025</b>
Balance at beginning of period	\$ 1,853	\$ 1,932
Reversal of reserve for unfunded commitments	(8)	(87)
<b>Total</b>	<b>\$ 1,845</b>	<b>\$ 1,845</b>

<i>(dollars in thousands)</i>	<b>For the Three Months Ended June 30, 2024</b>	<b>For the Six Months Ended June 30, 2024</b>
Balance at beginning of period	\$ 1,773	\$ 1,979
Provision for reserve for unfunded commitments	411	205
<b>Total</b>	<b>\$ 2,184</b>	<b>\$ 2,184</b>

### NOTE 3 – CAPITAL

A summary of select capital ratios based on a three-month average and minimums set by the Farm Credit Administration follows.

	As of June 30, 2025	As of December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	14.19%	13.63%	4.5%	2.5%	7.0%
Tier 1 capital ratio	14.19%	13.63%	6.0%	2.5%	8.5%
Total capital ratio	15.17%	14.54%	8.0%	2.5%	10.5%
Permanent capital ratio	14.32%	13.74%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	15.52%	14.82%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	15.47%	14.77%	1.5%	-	1.5%

If capital ratios fall below the regulatory minimum plus buffer amounts, capital distributions (equity redemptions, cash dividend payments, and cash patronage payments) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

The following table present the activity in the accumulated other comprehensive income/loss, net of tax by component:

<i>(dollars in thousands)</i>	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Pension and other benefit plans:				
Beginning balance	\$ 19	\$ 35	\$ 25	\$ 39
Amounts reclassified from accumulated other comprehensive income	(6)	(3)	(12)	(7)
Net current period other comprehensive income/loss	(6)	(3)	(12)	(7)
Ending balance	\$ 13	\$ 32	\$ 13	\$ 32

The following table represents reclassifications out of accumulated other comprehensive income/loss.

<i>(dollars in thousands)</i>	Amount Reclassified from Accumulated Other Comprehensive Income		Location of Gain/Loss Recognized in Statement of Income
	For the Three Months Ended June 30		
	2025	2024	
Pension and other benefit plans:			
Net actuarial gain	\$ (6)	\$ (3)	Salaries and employee benefits
Total reclassifications	\$ (6)	\$ (3)	

<i>(dollars in thousands)</i>	Amount Reclassified from Accumulated Other Comprehensive Income		Location of Gain/Loss Recognized in Statement of Income
	For the Six Months Ended June 30		
	2025	2024	
Pension and other benefit plans:			
Net actuarial gain	\$ (12)	\$ (7)	Salaries and employee benefits
Total reclassifications	\$ (12)	\$ (7)	

#### 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 of the 2024 Annual Report to Shareholders for a more complete description.

Assets measured at fair value on a recurring basis are summarized below:

<i>(dollars in thousands)</i>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
<b>June 30, 2025</b>	<b>\$ 263</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 263</b>
December 31, 2024	\$ 222	\$ -	\$ -	\$ 222

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

<i>(dollars in thousands)</i>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans				
<b>June 30, 2025</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,997</b>	<b>\$ 24,997</b>
December 31, 2024	\$ -	\$ -	\$ 33,421	\$ 33,421

With regard to 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 takes into account unobservable inputs such as income and expense, comparable sales, replacement cost, and comparability adjustments.

The Association had no liabilities measured at fair value on a non-recurring basis at June 30, 2025 or December 31, 2024.

#### Valuation Techniques

As more fully discussed in Note 2 of the 2024 Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an Association 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.

##### *Assets Held in Non-Qualified Benefits Trusts*

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

##### *Loans Evaluated for Impairment*

For impaired loans measured on a non-recurring basis, the fair value is based upon the underlying collateral since the loans are collateral dependent loans. 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, these fair value measurements fall within Level 3 of the hierarchy. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

#### NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 4, 2025 which is the date the financial statements were issued, and no material subsequent events were identified.



  
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