

Employer ID No: 13-6321489
Plan Number: 333

Financial Statements and Report of
Independent Certified Public Accountants

**PENTEGRA DEFINED CONTRIBUTION PLAN FOR
FINANCIAL INSTITUTIONS**

December 31, 2013 and 2012

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

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Note: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Participants of
Pentegra Defined Contribution Plan for Financial Institutions

We have audited the accompanying financial statements of Pentegra Defined Contribution Plan for Financial Institutions (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements, 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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Pentegra Defined Contribution Plan for Financial Institutions as of December 31, 2013, and the changes in net assets available for benefits for the year ended 2013 in accordance with accounting principles generally accepted in the United States of America.

Report on supplemental schedule

Our audit were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule of Assets (Held at Year End) as of December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such schedule has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other matter

The financial statements of the Plan as of and for the year ended December 31, 2012, were audited by other auditors. Those auditors expressed an unmodified opinion on those 2012 financial statements in their report dated October 9, 2013.

Grant Thornton LLP

New York, New York
October 9, 2014

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Statements of Net Assets Available for Benefits

As of December 31, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 2,181	\$ 4,298
Investments - at fair value	<u>1,638,918</u>	<u>1,349,420</u>
Receivables		
Notes receivable from participants	33,981	30,992
Accounts receivable - administrative	132	163
Employer contributions	3,857	4,359
Participant contributions	302	297
Receivables for securities sold, not yet settled	<u>9,076</u>	<u>-</u>
Total receivables	<u>47,348</u>	<u>35,811</u>
Total assets	<u>1,688,447</u>	<u>1,389,529</u>
LIABILITIES		
Accrued administrative expenses	37	21
Other liabilities	<u>12,191</u>	<u>6,116</u>
Total liabilities	<u>12,228</u>	<u>6,137</u>
Net assets available for benefits at fair value	1,676,219	1,383,392
Adjustment from fair value to contract value for fully benefit-responsive stable value fund	<u>(3,288)</u>	<u>(11,229)</u>
Net assets available for benefits	<u>\$ 1,672,931</u>	<u>\$ 1,372,163</u>

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

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 2013

(In thousands)

ADDITIONS

Contributions	
Employers	\$ 39,791
Participants	64,879
Rollovers	<u>11,927</u>
Total contributions	<u>116,597</u>
Investment income	
Net appreciation in fair value of investments	240,758
Earnings on self-directed brokerage accounts	552
Interest bearing cash-including STIF and government STIF	124
Dividends	755
Less	
Asset-based fees	<u>(8,685)</u>
Net investment income	<u>233,504</u>
Interest income on notes receivable from participants	<u>1,373</u>
Administrative income	<u>8,961</u>
Total income	<u>360,435</u>

DEDUCTIONS

Benefits paid to participants	110,067
Corrective distributions	487
Administrative expenses	<u>9,539</u>
Total deductions	<u>120,093</u>
Net increase in net assets before plan transfers	<u>240,342</u>

TRANSFERS OF ASSETS

Transfers into the Plan	72,213
Transfers out of the Plan	<u>(11,787)</u>
Net transfers into the Plan	<u>60,426</u>
Total increase in net assets	300,768

NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	<u>1,372,163</u>
End of year	<u>\$ 1,672,931</u>

The accompanying notes are an integral part of this financial statement.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2013 and 2012

(Amounts in thousands)

1. DESCRIPTION OF THE PLAN

The following description of the Pentegra Defined Contribution Plan for Financial Institutions (the “Plan”) is provided for general information purposes only. Participants should refer to their respective Summary Plan Descriptions (“SPD”) for more complete information.

General

The Plan is a multiple-employer, tax-exempt trusteed savings plan. The Board of Directors (the “Board”) of the Plan controls and manages the operation and administration of the Plan. Reliance Trust Company (“RTC”) serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Contributions

Participating employers may, at their option, elect the 401(k) feature of the Plan which permits participants to defer current federal income tax, and the income taxes of most states, on the amounts contributed to and earned on the 401(k) account. Employers may, at their option, elect the Roth feature which permits participants to contribute to the plan on an after tax basis and defer federal income tax and the income tax of most states, on the amount earned on the Roth contribution. These contributions are made in cash and are subject to certain Internal Revenue Code (“IRC”) limitations. Certain participants, who meet the eligibility requirements, may contribute additional amounts (e.g., age 50 catch-up); these contributions shall, at the employer’s election, be eligible for matching contributions. Contributions on behalf of each participant are invested in accordance with the participant’s instructions, entirely in one fund or in any combination of funds in increments of 1%. If a participant fails to make an investment election, contributions by participants or on their behalf are invested in the Plan’s Qualified Default Investment Option (State Street Global Advisors Target Retirement Fund Series). The profit sharing feature offers employers the option of allowing participant-directed investments as described above or investing at the employer’s discretion. Additional employer contributions may be made in accordance with the Plan at the employer’s discretion. Participants may also rollover balances from other qualified defined benefit or defined contribution plans or individual retirement accounts. An employer may elect automatic 401(k) elective deferrals on behalf of a participant in accordance with the Automatic Enrollment feature. The automatic contributions would cease if the participant affirmatively elects to make contributions in a different amount or percentage or not to have deferrals made on his or her behalf. Automatic 401(k) elective deferrals will be invested in a qualified default investment alternative until a participant affirmatively indicates how such amounts shall be invested.

Participant Accounts

Individual accounts are maintained for each Plan participant. Participant accounts are credited with participant contributions, employer contributions, forfeitures, loan repayments and investment earnings and charged with withdrawals, administrative expenses, loan advances and investment losses. Allocations, if any, are based on participant account balances or compensation. Any additions to the participant’s account purchase units based on the unit values of the respective investment funds. Any distributions from the account result in a decrease in units. The difference between the value of a participant’s account at the end of the previous day and the value at the end of the current day, net of all transactions occurring during the current day (contributions, withdrawals, etc.), is the amount of earnings (losses) credited to the participant’s

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December 31, 2013 and 2012

(Amounts in thousands)

account. The total value of a participant's account is determined by multiplying the number of units in each investment fund by the unit value of such fund and aggregating the results. The benefit to which a participant is entitled is their vested account balance. Employers select the vesting schedule that will apply to employer contributions made to the Plan.

Investments

Total nonparticipant-directed investments in the Plan were \$3,588 and \$3,096 as of December 31, 2013 and 2012, respectively. In addition, \$1,250 and \$2,230 as of December 31, 2013 and 2012, respectively, is held by the Plan for liquidity purposes, which is primarily used to pay expenses incurred by the Plan. Generally, participants direct the investment of their contributions into various investment options offered by the Plan. Participants should refer to their SPD. The Plan offers a wide variety of investment options spanning the risk/return spectrum, including stock, bond and allocation funds. Plan assets are generally invested in common collective trust funds ("CCTs") under one menu (Option I), and in CCTs and mutual fund companies under another menu (Option II). The investments are managed by State Street Global Advisors ("SSgA"), American Beacon Advisors, Inc., Capital Research and Management Company, Dimensional Fund Advisors, Massachusetts Financial Services Company, Principal Management Corp., PIMCO LLC, TD Ameritrade Trust Company, T. Rowe Price Associates, Inc., and RTC/MetLife. In addition to the investment options managed by the listed advisors, employers, at their option, may offer expanded investment flexibility through the Personal Choice Retirement Account ("PCRA"). The PCRA is a self-directed brokerage feature that works in tandem with the other investment options, providing access to additional mutual funds and individual securities. It is administered through Charles Schwab and Company, Inc.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Participants should refer to their respective SPD to determine the vesting schedule for employer contributions.

Notes Receivable from Participants

Employers may also, at their option, make available a loan program to their employees. This program, depending on the option elected by the employer, allows a participant to borrow from their account balance subject to limitations imposed by federal law. The loans are secured by the balance in the participant's account. The rate of interest for the term of the loan is established as of the loan date and shall bear interest rates comparable to the rates of interest in effect at a major banking institution (the Barron's Prime Rate plus one percent). Loan repayments of principal and interest, less an administrative charge, are credited to participants' accounts. Loans initiated prior to the year 2000 had an administrative charge deducted from each repayment. For loans initiated during the year 2000 and later, a one-time setup fee and an annual maintenance fee is charged to participant accounts. Loan defaults are classified as withdrawals and treated as taxable distributions. Participants should refer to their respective SPD for more complete information. As of December 31, 2013, participant loans have maturities through 2035 at interest rates ranging from 2.45 percent to 10.50 percent.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

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(Amounts in thousands)

Payment of Benefits

A participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in their account or a portion of their account, subject to limitations imposed by federal law or options elected by the participating employer. Participants should refer to their respective SPD for more information.

Participants are also eligible to make hardship withdrawals from their deferred contributions in the event of certain financial hardships. In order to determine if a hardship exists, the Plan uses the facts and circumstances test as required by Internal Revenue Service ("IRS") regulations. The use of this method does not require a six month suspension of elective deferrals.

Transfers

Transfers into the Plan represent participant accounts related to new employers coming into the Plan and transfers out of the Plan represent monies related to participant accounts whose employers are leaving the Plan.

Forfeited Accounts

When participants terminate employment, the non-vested portion of the participant's account as defined by the Plan, represents a forfeiture. The Plan document permits the use of forfeitures to reduce future employer contributions, plan administrative expenses or be reallocated among eligible participants for the Plan year. However, if a participant is reemployed and fulfills certain requirements, as defined in the Plan document, the account will be reinstated. At December 31, 2013 and 2012, forfeitures totaled \$1,635 and \$1,834, respectively. During the year ended December 31, 2013, forfeitures of \$647 were used to offset employer contributions or allocated to eligible participants and \$170 were used to offset administrative fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash

The Plan's cash is in noninterest-bearing checking accounts that are used to process client activity, outside vendor transactions and administrative expenses.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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(Amounts in thousands)

Risk and Uncertainties

The Plan provides various investment options to its participants. Investment securities in general are exposed to various risks, such as interest rate, credit risk and overall market volatility. Due to the level of risk associated with a majority of the investment options, management believes it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements (Notes 3 and 5).

Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Asset based fees charged to the Plan include fees for recordkeeping and administrative services, trustee and custodial services and investment management expenses, and are reflected as component of net investment income on the Statement of Changes in Net Assets Available for Benefits.

Realized gains or losses on investment transactions are recorded as the difference between proceeds received and cost. Cost is generally determined on the average cost basis for CCTs and the identified cost method for the mutual funds. Net appreciation or depreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Investment Valuation

The Plan's investments are stated at fair value, except for the stable value fund (the "SVF"), which is stated at fair value and then adjusted to contract value (Note 6). Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A more detailed description of the individual types of securities and fair value measurement methods can be found in Note 3.

Notes Receivable from Participants

If applicable, notes receivable from participants are measured at their unpaid principal balances plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the term of the Plan document. In accordance with IRS regulations, if a repayment is missed, the loan is treated as a distribution at the end of the quarter following the quarter in which the repayment was missed.

Administrative Income

Administrative income includes asset-based fees, flat base fees, per participant fees and transactional fees that are charged to employers or participants and are used to pay for administrative expenses of the Plan.

Administrative Expenses

Total administrative expenses include administrative fees, professional fees, transactional fees and board of director fees that are paid by the Plan or charged against the Plan's assets.

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To the extent the amount of total administrative expense is greater or less than total collections, such amount is recorded as a deferred liability and is included in other liabilities in the Statements of Net Assets Available for Benefits. The net deferred liability at December 31, 2013 and 2012 was \$568 and \$1,132, respectively, which is adequately covered by a portion of the \$1,250 and \$2,230 as of December 31, 2013 and 2012, respectively, held by the Plan for liquidity purposes as discussed in the investments caption in Note 1.

Fiduciary liability insurance premiums aggregating \$62 in 2013 were billed directly to and paid by participating employers and are not reflected in the Plan's financial statements.

Payment of Benefits

Benefit payments to participants are recorded upon distribution. As of December 31, 2013 and 2012, there were no outstanding benefit payments.

Excess Contributions Payable

The Plan is required to return contributions received during the Plan year in excess of the IRC limits. As of December 31, 2013 and 2012 there were no excess contributions payable.

New Accounting Standards

The accounting standard initially adopted in 2012 is described below.

Accounting Standards Updates ("ASU") No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS") - The financial statements reflect the prospective adoption of the Financial Accounting Standards Board ("FASB") ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, which amends ASC 820, as of the beginning of the year ended December 31, 2012 (see Note 3). ASU 2011-04 is effective for financial statements issued for fiscal years beginning after December 15, 2011 and expands certain disclosures about fair value measurement. The ASU requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. It provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The effect of the adoption of ASU 2011-04 had no impact on the Plan's statements of net assets available for benefits and statement of changes in net assets available for benefits.

3. FAIR VALUE MEASUREMENTS

ASC 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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Notes to Financial Statements

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(Amounts in thousands)

Asset Valuation Techniques

Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2013 and December 31, 2012.

The following is a description of the valuation methodologies used for assets measured at fair value:

Self-Directed Brokerage Account - Valued at quoted market prices except for the fixed income investments which may be valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond may be valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily net asset value ("NAV") and to transact at that price.

Short term Investment Fund ("STIF") and Government STIF Fund - Stated at estimated fair value based on the NAV practical expedient. The underlying investments for the Government STIF fund include short-term securities issued by the U.S. government, including treasuries and agencies. The STIF fund also includes short-term corporate and bank securities.

Common Collective Trust Funds - Stated at estimated fair value, based on the NAV practical expedient, which is based on the fair value of the underlying assets held by the CCTs. Unit values of the CCTs are determined by dividing the funds' net assets at fair value by their units outstanding at the valuation dates.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2013 and 2012

(Amounts in thousands)

The following tables set forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2013 and 2012.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2013 Total
Self-directed brokerage account				
Money market funds	\$ 1,182	\$ -	\$ -	\$ 1,182
Equity	2,738	-	-	2,738
Fixed income	-	19	-	19
Mutual funds	<u>968</u>	<u>-</u>	<u>-</u>	<u>968</u>
Total self-directed brokerage account	<u>4,888</u>	<u>19</u>	<u>-</u>	<u>4,907</u>
Common collective trust funds				
Equity funds	-	795,498	-	795,498
Stable value fund	-	301,437	-	301,437
Fixed income funds	-	66,002	-	66,002
Asset allocation funds	<u>-</u>	<u>348,348</u>	<u>-</u>	<u>348,348</u>
Total common collective trust funds	<u>-</u>	<u>1,511,285</u>	<u>-</u>	<u>1,511,285</u>
Mutual funds				
Equity funds	45,923	-	-	45,923
Fixed income funds	<u>7,240</u>	<u>-</u>	<u>-</u>	<u>7,240</u>
Total mutual funds	<u>53,163</u>	<u>-</u>	<u>-</u>	<u>53,163</u>
STIF fund	<u>-</u>	<u>54,661</u>	<u>-</u>	<u>54,661</u>
Government STIF fund	<u>-</u>	<u>14,902</u>	<u>-</u>	<u>14,902</u>
Total	<u>\$ 58,051</u>	<u>\$ 1,580,867</u>	<u>\$ -</u>	<u>\$ 1,638,918</u>

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2013 and 2012

(Amounts in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2012 Total
Self-directed brokerage account				
Money market funds	\$ 1,108	\$ -	\$ -	\$ 1,108
Equity	2,332	-	-	2,332
Fixed income	-	12	-	12
Mutual funds	898	-	-	898
Total self-directed brokerage account	<u>4,338</u>	<u>12</u>	<u>-</u>	<u>4,350</u>
Common collective trust funds				
Equity funds	-	599,724	-	599,724
Stable value fund	-	305,550	-	305,550
Fixed income funds	-	89,613	-	89,613
Asset allocation funds	-	260,906	-	260,906
Total common collective trust funds	<u>-</u>	<u>1,255,793</u>	<u>-</u>	<u>1,255,793</u>
Mutual funds				
Equity funds	12,332	-	-	12,332
Fixed income funds	4,163	-	-	4,163
Total mutual funds	<u>16,495</u>	<u>-</u>	<u>-</u>	<u>16,495</u>
STIF fund	-	59,189	-	59,189
Government STIF fund	-	13,593	-	13,593
Total	<u>\$ 20,833</u>	<u>\$ 1,328,587</u>	<u>\$ -</u>	<u>\$ 1,349,420</u>

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(Amounts in thousands)

Transfers Between Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the Plan's policy is to recognize significant transfers between levels at the beginning of the reporting period.

We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2013, there were no transfers between levels.

4. NAV PER SHARE

The following tables set forth a summary of the Plan's investments with a reported NAV at December 31, 2013 and 2012:

Investment	Fair Value Estimated Using Net Asset Value per Share				
	December 31, 2013				
Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period	
Common collective trust funds					
Equity funds ^(a)	\$ 795,498	\$ -	Immediate	None	None
Fixed income funds ^(b)	66,002	-	Immediate	None	None
Asset allocation funds ^(c)	348,348	-	Immediate	None	None
Stable value fund ^(d)	301,437	-	Immediate	None	None
STIF fund ^(e)	54,661	-	Immediate	None	None
Government STIF fund ^(f)	<u>14,902</u>	<u>-</u>	Immediate	None	None
Total	<u>\$ 1,580,848</u>	<u>\$ -</u>			

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

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December 31, 2013 and 2012

(Amounts in thousands)

Fair Value Estimated Using Net Asset Value per Share December 31, 2012

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Common collective trust funds					
Equity funds ^(a)	\$ 599,724	\$ -	Immediate	None	None
Fixed income funds ^(b)	89,613	-	Immediate	None	None
Asset allocation funds ^(c)	260,906	-	Immediate	None	None
Stable value fund ^(d)	305,550	-	Immediate	None	2-3 days for redemptions greater than \$1 million
STIF fund ^(e)	59,189	-	Immediate	None	None
Government STIF fund ^(f)	<u>13,593</u>	<u>-</u>	Immediate	None	None
Total	<u>\$ 1,328,575</u>	<u>\$ -</u>			

^(a) Equity - these funds seek to match the performance of an index of a particular segment of the financial market, such as the Standard & Poor's 500 Index.

^(b) Fixed income - these funds seek to invest its assets in a diversified portfolio of bonds, including corporate bonds, government bonds, mortgage backed and asset backed securities and Treasury Inflation Protected securities. The strategies seek to match the performance of particular bond indexes such as the Barclays Capital U.S. Aggregate Bond Index.

^(c) Asset allocation - these funds offer broad diversification and a disciplined rebalancing process. These funds seek to maintain the mix of U.S. and International stocks and U.S. bonds according to the asset allocation targets set at a conservative to aggressive asset mix or based on the target retirement date.

^(d) Stable value fund - as of December 20, 2013, the SVF is invested entirely in the MetLife Group Annuity Contract Series 25053 Class 0 which consists entirely of separately managed investment portfolios directed by RTC and managed by MetLife and RTC. Prior to this, the SVF was managed by Invesco National Trust Company. The strategy's primary objective is the safety and preservation of principal and accumulated interest for participant-initiated transactions. Investment return will reflect both current market conditions and performance of the underlying investments (see Note 6).

^(e) STIF fund - the STIF fund seeks to provide safety of principal, daily liquidity and a competitive yield over the long term. It invests in a diversified portfolio of U.S. dollar denominated government and corporate securities and repurchase agreements.

^(f) Government STIF fund - the Government STIF fund seeks to provide safety of principal, daily liquidity and a competitive yield over the long term. It invests in U.S. government and agency securities and repurchase agreements.

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(Amounts in thousands)

5. INVESTMENTS

The Plan's investments that represented five percent or more of the Plan's net assets available for benefits as of December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
MetLife/Invesco Stable Value Trust, at contract value (investment contracts - Note 6)*	\$ 298,149	\$ 294,321
SSgA S&P 500 (R) Indx NL SF CL A	251,029	193,996
SSgA S&P Midcap (R) Indx NL SF CL A	193,849	146,536

* The estimated fair value for the SVF at December 31, 2013 and 2012 was \$301,437 and \$305,550, respectively (see reconciliation of financial statements to Form 5500 Note 10).

During the year ended December 31, 2013, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated/(depreciated) in value as follows:

Common collective trust funds		
Equity funds	\$ 190,063	
Stable value fund	4,844	
Fixed income funds	(7,487)	
Asset allocation funds	<u>45,822</u>	
Total common collective trust funds	<u>233,242</u>	
Mutual funds		
Equity funds	7,786	
Fixed income funds	<u>(270)</u>	
Total mutual funds	<u>7,516</u>	
Net appreciation of investments	<u>\$ 240,758</u>	

Securities Lending

Several of the common collective trust funds managed by SSgA participate in a securities lending program. Under this program, the Plan's investment securities are loaned to investment brokers for a fee. Securities so loaned are fully collateralized by cash, letters of credit, and securities issued or guaranteed by the U.S. government, its agencies, and instrumentalities. Funds that engage in securities lending do so in order to benefit from the potential additional income that securities lending offers to institutional investors, whether to augment returns, offset plan expenses or other similar purposes. The collateral pools have not realized any material credit losses nor do they hold securities of issuers that have defaulted on their obligations.

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Notes to Financial Statements

December 31, 2013 and 2012

(Amounts in thousands)

There are no direct securities lending by the Plan; however certain investment funds permit securities lending. Should there be a default on loaned securities, the funds are generally reimbursed for the amount of the default. In certain market circumstances, there is the possibility that the funds may impose withdrawal restrictions. As of December 31, 2013 and 2012, there were no withdrawal restrictions and no effect on net asset values. There were no losses allocated to participants as a result of the loss of collateral with respect to securities lending programs as of and for the years ended December 31, 2013 and 2012.

6. STABLE VALUE FUND

RTC Stable Value Fund Collective Investment Trust, Series 25053 was formed for the purpose of allowing participating plan sponsors, who maintained defined contribution plans qualified under Sections 401(a) and 501(a) of the IRC, to invest in MetLife Group Annuity Contract issued by Metropolitan Life Insurance Company to RTC, for use as the primary underlying investment for their stable value collective investment trust fund. RTC is a wholly owned subsidiary of Reliance Financial Corporation. Units are issued and redeemed daily at contract value (see “Circumstances That Impact the SVF” below for definition of contract value.)

Contract value represents contributions, plus interest, less participant-initiated withdrawals or transfers. The SVF is included at estimated fair value in the statements of net assets available for benefits, and an additional line is presented representing the adjustment for fair value to contract value. The statement of changes in net assets available for benefits is presented on a contract value basis. The SVF imposes certain restrictions on the Plan, and the SVF itself may be subject to circumstances that impact the ability to transact at contract value.

Events Limiting Contract Value Treatment

Investment contracts are valued at contract value principally because participants are able to transact at contract value when initiating benefit-responsive withdrawals and transfers. Based on meeting the requirements for investment contract accounting, the SVF accounts for investment contracts in accordance with ASC 946-210 (formerly, FASB Staff Position (FSP) No. AAG INV-a, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contributions Health and Welfare and Pension Plans), which limits the circumstances in which the net assets of an investment company will be able to reflect the contract value of wrapper agreements and provides guidance with respect to the financial statement presentation and disclosure of fully benefit-responsive investment contracts.

Fair Value Estimation

The SVF is stated at estimated fair value and invests in an actively-managed, highly diversified portfolio of fixed and floating rate securities. MetLife, a AA rated company, guarantees the contract value of the SVF and is the sole wrap provider. The estimated fair values of each of the Trust’s investments are determined in accordance with valuation policies established by the Trustee. Estimated fair value may not represent the net amount that a Trust would have received had it sold an asset or the net amount that it would have paid had it transferred a liability.

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Notes to Financial Statements

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(Amounts in thousands)

Circumstances that Impact the SVF

The SVF invests entirely in the MetLife Group Annuity Contract Series 25053 Class 0, which consists of separately managed investment portfolios directed by RTC and managed by MetLife and RTC. Investments are stated at contract value which is equal to contributions, plus interest, less participant-initiated withdrawals and transfers. The SVF generally contains certain provisions that limit the ability of the SVF to transact at contract value upon the occurrence of certain events. These events include but are not limited to termination of the Plan, a material adverse change to the provisions of the Plan, or the employer elects to switch to a different investment provider. While it is possible that some of the Plans participating in the SVF may experience plan terminations or other events that would trigger fair value payouts under the SVF agreement, based on prior experience, management believes it is not probable that such events would be of sufficient magnitude to limit the ability of the SVF to transact at contract value with the participants in the SVF. Given that such events are beyond the control of the SVF, however, there can be no guarantee that this will be the case. In addition, investment contracts have elements of risk due to lack of a secondary market. Investment contracts may be subject to credit risk based on the ability of the wrap provider to meet its obligations under the terms of the contract. Plan management believes that the occurrence of events that would cause the SVF to transact at less than contract value is not probable.

7. EXEMPT PARTIES-IN-INTEREST TRANSACTIONS

The Board is comprised of executive officers of participating employers in the Plan and as such are participants in the Plan. Pentegra Services Inc. ("PSI"), a participating employer in the Plan, entered into a five year service agreement effective May 1, 2007 whereby PSI provides administrative services to the Plan. This agreement outlines the fees that PSI charges the Plan and as such the Plan and PSI are related parties. The agreement has remained in effect pursuant to automatic one-year renewals. PSI and the Plan entered into a new five-year service agreement effective as of December 1, 2012. For the year ended December 31, 2013, the Plan incurred \$8,783 in administrative expenses charged by PSI. Pentegra Trust Company, a wholly-owned subsidiary of PSI is the sub-advisor to Sunrise Retirement Funds sponsored by TD Ameritrade Trust Company. Total party-in-interest investments were \$15,873 and \$6,103 as of December 31, 2013 and 2012, respectively. These investments earned net investment income of \$1,999 or 0.8% of Plan net investment income for the year ended December 31, 2013.

8. PLAN TERMINATION

The Board shall have the right to amend or terminate the Plan or trust agreement subject to the provisions set forth in ERISA, at any time in whole or in part, for any reason, and without the consent of any participating employer or participant, and each employer by its adoption of the Plan and trust agreement shall be deemed to have delegated this authority to the Board. No amendment, however, shall impair such rights of payment as the participant would have had, if such amendment had not been made, with respect to contributions made by them or on their behalf to the Plan.

9. FEDERAL INCOME TAX STATUS

The IRS has determined and informed the Plan by letter dated March 2, 2010 that the Plan and related trust are designed in accordance with the applicable regulations of the IRC. The Plan has been amended and restated since receiving the determination letter. The most recent restatement was submitted timely to the

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2013 and 2012

(Amounts in thousands)

IRS on January 31, 2013. It is the view of the Plan administrator and the Plan's counsel that the Plan continues to be designed and operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2010. However, in the event a correction would have to be made in connection with a future audit, both the IRS and Department of Labor could review previous years.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

A reconciliation of net assets available for benefits per the financial statements to the total net assets per the Form 5500 as of December 31, 2013 and 2012, and the increase in net assets per the financial statements to the net income per the Form 5500 for the year ended December 31, 2013, is as follows:

	<u>2013</u>	<u>2012</u>
Net assets available for benefits per the financial statements	\$ 1,672,931	\$ 1,372,163
Deemed distributions	-	(1)
Adjustment from contract value to fair value for fully benefit-responsive stable value fund	<u>3,288</u>	<u>11,229</u>
Total net assets per the Form 5500	<u>\$ 1,676,219</u>	<u>\$ 1,383,391</u>
Net increase in net assets before plan transfers per the financial statements	\$ 240,342	\$ 128,127
Deemed distributions	-	(1)
Adjustment from contract value to fair value for fully benefit-responsive stable value fund - December 31, 2013	3,288	11,229
Adjustment from contract value to fair value for fully benefit-responsive stable value fund - December 31, 2012	<u>(11,229)</u>	<u>(9,117)</u>
Net income per Form 5500	<u>\$ 232,401</u>	<u>\$ 130,238</u>

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2013 and 2012

(Amounts in thousands)

11. SUBSEQUENT EVENTS

Subsequent events were evaluated through October 9, 2014. Management determined that there are no additional events requiring disclosures in the financial statements.

SUPPLEMENTAL SCHEDULE

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

**Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2013**

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral par, or Maturity Value	(d) Cost	(e) Current Value
	Reliance Trust Company	Stable Value Fund, MetLife Series 25053 CL 0***	**	\$ 301,437,208
	State Street Global Advisors	S&P 500 (R) Indx NL SF CL A***	**	251,028,827
	State Street Global Advisors	S&P Midcap (R) Indx NL SF CL A***	**	193,848,796
	State Street Global Advisors	Russell Small Cap R Indx NL SF CL A***	**	79,339,657
	State Street Global Advisors	Moderate Strategic Balanced SL Fund***	**	66,414,168
	State Street Global Advisors	S&P Large Cap Growth R Indx SL SF***	**	66,065,661
	State Street Global Advisors	Intl Indx NL SF CL A***	**	65,532,574
	State Street Global Advisors	Nasdaq 100 Index R NL SF CL A***	**	60,030,629
	State Street Global Advisors	S&P Large Cap Value R Indx SL SF***	**	58,260,116
	State Street Global Advisors	Aggressive Strategic Balanced SL Fund***	**	50,059,774
	State Street Global Advisors	Target Retirement 2025 NL SF CL A***	**	42,404,398
	State Street Global Advisors	US Long Treasury Indx NL SF CL A***	**	35,237,960
	State Street Global Advisors	Target Retirement 2015 NL SF CL A***	**	32,556,478
	State Street Global Advisors	Conservative Strategic Balanced SL Fund***	**	29,089,814
	State Street Global Advisors	Target Retirement 2035 NL SF CL A***	**	28,436,483
	State Street Global Advisors	Target Retirement 2020 NL SF CL A	**	25,941,682
	State Street Global Advisors	SSgA REIT Index NL CL A***	**	21,391,555
	State Street Global Advisors	US Bond Indx NL SF CL A***	**	21,267,209
	State Street Global Advisors	Target Retirement 2045 NL SF CL A***	**	17,810,367
	State Street Global Advisors	Target Retirement 2030 NL SF CL A***	**	17,083,163
	State Street Global Advisors	Target Retirement 2040 NL SF CL A	**	10,052,160
	State Street Global Advisors	US Inflation Pro Bond Indx NL SF CL A	**	9,496,879
	State Street Global Advisors	Target Retirement 2050 NL SF CL A	**	5,609,541
	State Street Global Advisors	Target Retirement Income NL SF CL A	**	2,685,213
	State Street Global Advisors	Target Retirement 2010 NL SF CL A	**	2,283,993
	State Street Global Advisors	Target Retirement 2055 NL SF CL A	**	2,047,809
*	TD Ameritrade Trust Company	Sunrise Balanced Fund	**	6,020,191
*	TD Ameritrade Trust Company	Sunrise Balanced Equity Fund	**	5,592,536
*	TD Ameritrade Trust Company	Sunrise Diversified Income Fund	**	2,595,515
*	TD Ameritrade Trust Company	Sunrise Diversified Equity Fund	**	1,664,667
	Total investments in common collective trust funds**			1,511,285,023
	T. Rowe	T.Rowe Blue Chip Growth Fund	**	11,356,895
	American Beacon Funds	American Beacon Large Cap Value Fund Institutional	**	8,299,088
	American Funds	American Funds Europacific R6	**	7,951,724
	Principal Global Investors	Principal Midcap Fund Institutional	**	7,692,459
	PIMCO LLC	PIMCO Total Return Institutional	**	7,240,050
	MFS	MFS Massachusetts Investors R5	**	5,724,258
	Dimensional Fund Advisors	DFA US Small Cap Portfolio Institutional	**	4,898,976
	Total investments in mutual funds			53,163,450
	Charles Schwab and Company, Inc.	Self Directed Brokerage Account	**	4,906,461
	State Street Global Advisors	Interest Bearing Cash Short Term Investment Fund***	**	54,661,299
	State Street Global Advisors	Interest Bearing Cash Government Short Term Investment Fund***	**	14,901,551
	Total investments			1,638,917,784

See accompanying Independent Auditors' Report.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

**Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year)
 December 31, 2013**

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral par, or Maturity Value	(d) Cost	(e) Current Value
*	Notes receivable from participants	Loans - interest rates 2.45% to 10.50%, maturity dates 1/2/2014 to 11/11/2035	**	\$ 33,981,169
		Adjustment from fair value to contract value for fully benefit-responsive stable value fund	**	<u>(3,288,063)</u>
	Total			<u>\$ 1,669,610,890</u>

- * Party-in-interest.
- ** Cost information not required for participant directed investments.
- *** Common collective trust funds, short term investment fund and government short term investment fund include non-participant directed investments that have an aggregate cost and current value of \$2,231,290 and \$3,588,323 respectively, as of December 31, 2013.

See accompanying Independent Auditors' Report.