

Employer ID No: 13-5645888  
Plan Number: 333

Consolidated Financial Supplemental Schedules and  
Report of Independent Certified Public Accountants

**PENTEGRA DEFINED BENEFIT PLAN  
FOR FINANCIAL INSTITUTIONS**

As of June 30, 2014 and 2013, and  
for the year ended June 30, 2014

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## TABLE OF CONTENTS

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	<b>Page</b>
Report of Independent Certified Public Accountants	1 - 2
Consolidated Financial Statements	
Consolidated Statements of Net Assets Available for Benefits as of June 30, 2014 and 2013	3
Consolidated Statement of Changes in Net Assets Available for Benefits for the Year Ended June 30, 2014	4
Notes to Consolidated Financial Statements as of June 30, 2014 and 2013 and for the Year Ended June 30, 2014	5 - 21
Supplemental Schedules	
Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) as of June 30, 2014	23 - 31
Form 5500, Schedule H, Part IV, Line 4j - Schedule of Reportable Transactions for the Year Ended June 30, 2014	32

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  
**The Pentegra Defined Benefit Plan for Financial Institutions**

We have audited the accompanying consolidated financial statements of the Pentegra Defined Benefit Plan for Financial Institutions (the “Plan”), which comprise the consolidated statements of net assets available for benefits as of June 30, 2014 and 2013 and the related consolidated statement of changes in net assets available for benefits for the year ended June 30, 2014, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial status of the Pentegra Defined Benefit Plan for Financial Institutions as of June 30, 2014 and 2013, and the changes in its financial status for the year ended June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

#### Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules, Schedule H, Part IV, Line 4i - Schedule of assets (held at end of year) as of June 30, 2014 and Schedule H, Part IV Line 4j - schedule of reportable transactions for the year ended June 30, 2014, are presented for purposes of additional analysis and are not a required part of the financial statements, but are 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. Such supplementary information 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Grant Thornton LLP*

New York, New York  
April 15, 2015

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Consolidated Statements of Net Assets Available for Benefits**  
As of June 30, 2014 and 2013  
(in thousands)

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Investments, at fair value	\$ 3,171,773	\$ 2,912,648
Accrued investment income	15,057	15,681
Accounts receivable	6,356	5,680
Employer contributions receivable	32,363	1,498
Receivables for securities sold, not yet settled	19,491	1,671
Goodwill and intangible assets	14,303	14,725
Cash	14,274	16,792
Other assets	<u>3,821</u>	<u>5,234</u>
Total assets	<u>3,277,438</u>	<u>2,973,929</u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	22,175	29,402
Interest rate swaps	-	15,593
Payables for securities purchased, not yet settled	<u>4,263</u>	<u>1,774</u>
Total liabilities	<u>26,438</u>	<u>46,769</u>
Net assets available for benefits	<u>\$ 3,251,000</u>	<u>\$ 2,927,160</u>

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

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Consolidated Statement of Changes in Net Assets Available for Benefits**  
For the year ended June 30, 2014  
(in thousands)

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ADDITIONS	
Contributions	\$ 180,180
Investment income/(loss)	
Net appreciation in fair value of investments	303,305
Interest	61,615
Dividends	4,866
Less:	
Administrative asset fee	(13,178)
Investment advisory services	<u>(2,202)</u>
Net investment income	<u>354,406</u>
Administrative and service income	<u>55,400</u>
Total additions	<u>589,986</u>
DEDUCTIONS	
Benefit payments	184,977
Administrative expenses	47,477
Other	<u>2,894</u>
Total deductions	<u>235,348</u>
Net increase	354,638
TRANSFER OF ASSETS	
Transfers into the Plan	11,398
Transfers out of the Plan	<u>(42,196)</u>
Total increase in net assets	323,840
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	<u>2,927,160</u>
End of year	<u>\$ 3,251,000</u>

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

# **PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**

## **Notes to Consolidated Financial Statements**

**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**

**(Amounts in thousands)**

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### **1. DESCRIPTION OF THE PLAN**

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

#### **General**

A description of the Plan’s Comprehensive Retirement Program, effective July 1, 2012, has been published in the Plan’s Regulations, 27<sup>th</sup> Revision (the “Regulations”). This document, and various amendments to it, have been made available to participating employers and their participants by being posted on the Plan sponsor website. The Plan operates as a multiple employer plan under the Employee Retirement Income Security Act of 1974 (“ERISA”) and the Internal Revenue Code (“IRC”). As such, all plan assets back all plan liabilities. The Plan files one Form 5500 on behalf of all employers who participate in the Plan. The Bank of New York Mellon (“BNY Mellon”) serves as the trustee of the Plan. The Plan is subject to the provisions of ERISA and the IRC. The Plan’s management is responsible for monitoring and controlling the activity of the Plan in accordance with the provisions of ERISA and the IRC.

The Plan’s consolidated financial statements include the consolidation of the results of operations and net assets of Pentegra Services, Inc. (“PSI”), a wholly owned subsidiary of the Plan (see Note 12).

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

#### **Use of Estimates**

The preparation of consolidated 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, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated benefits and changes therein at the date of the consolidated financial statements. Actual results could differ significantly from those estimates. Estimates that are particularly susceptible to change include assumptions used in determining the actuarial present value of accumulated plan benefits and the fair value of investments.

#### **Risk and Uncertainties**

Investment securities (see Notes 6, 7 and 8) are exposed to various risks, such as interest rate, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

# **PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**

## **Notes to Consolidated Financial Statements**

**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**  
**(Amounts in thousands)**

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### **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.

Realized gains and losses on the sales of investment securities are recorded as the difference between proceeds received and cost. Cost is determined on an average cost basis. Net appreciation or depreciation includes realized gains and losses and the change in the fair value of securities held for the year ended June 30, 2014.

### **Investment Valuation**

Investments are stated at fair value. Fair value of a financial instrument is the amount 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 (see Note 6).

### **Administrative Expenses**

In addition to the administrative expenses of PSI (see Note 12), administrative expenses incurred to administer the Plan, including audit, legal, consulting and board meeting expenses are assessed to participating employers and are paid out of the Plan assets.

Fiduciary liability insurance premiums aggregating \$321 in 2014 were paid by participating employers directly and are not reflected in the Plan's consolidated financial statements.

### **Payment of Benefits**

Benefit payments to participants are recorded upon distribution. As of June 30, 2014 and 2013, net assets available for benefits included \$11,954 and \$11,380, respectively, of benefits due to participants who have withdrawn from the Plan, or beneficiaries who have not yet received their distribution.

### **Contributions**

The Plan accepts employer contributions for the current plan year up to eight and a half months after the Plan year end as allowed by ERISA. Certain contributions from employers on Schedule SB of Form 5500 represent reimbursements to the Plan for administrative services and are therefore recorded as such on the consolidated financial statements.

### **Vesting**

Participants are vested immediately in their contributions plus interest thereon. Participants should refer to their respective Summary Plan Descriptions to determine the vesting schedule for benefits accrued for employer provided benefits.



# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2014 and 2013, and for the year ended June 30, 2014

(Amounts in thousands)

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### Pension Benefits

Pension benefits are provided to participants under several types of retirement options based upon years of continuous service and age. Retirement benefits are paid to participants in various forms of joint and survivor annuities. A lump-sum payment option may also be available. Participants should refer to their respective Summary Plan Descriptions for more information.

### Recently Adopted Accounting Standards

ASU No. 2011-11 and ASU No. 2013-01, *Balance Sheet (ASC Topic 210): Disclosures about Offsetting Assets and Liabilities* - In December 2011, the FASB issued ASU No. 2011-11 and in January 2013, the FASB issued ASU No. 2013-01, an update to ASU No. 2011-11. This topic will require a reporting entity to present enhanced disclosures for financial instruments and derivative instruments that are offset or subject to master netting agreements or similar such agreements. This update is effective for annual reporting periods beginning on or after January 1, 2013. Plan management has determined there is no impact on the update in the consolidated financial statements.

## 3. SUMMARY OF ACTUARIAL ASSUMPTIONS

### Actuarial Cost Methods

The actuarial cost method used to value all benefits is the traditional unit credit method. As part of the valuation process, the funded status of each participating employer is separately determined. Employers in an unfunded position are billed for their required contributions. Employers in an over-funded position can use their surplus to offset all or a portion of their contribution requirement.

### Actuarial Asset Valuation

The actuarial valuation uses the market value of assets.

### Actuarial Valuation Assumptions

The significant assumptions used in the actuarial valuation are:

- For the 2014 valuation, the interest rates used for determining the minimum required contribution are based on the three segment yield rates for 2014 under the Highway and Transportation Funding Act of 2014 (“HATFA”) with 90%-110% corridors surrounding the 25 year average of the 24 month average segment rates as of September 30, 2013, as described in IRS Notice 2014-53. The rates are as follows:

<u>Years</u>	<u>Rate</u>
1-5	4.99 %
6-20	6.32
21+	6.99

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2014 and 2013, and for the year ended June 30, 2014

(Amounts in thousands)

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- For the 2013 actuarial valuation, the interest rates used for determining the minimum required contribution are based on the three segment yield rates for 2013 under the Moving Ahead for Progress in the 21st Century Act (“MAP-21”) with 85%-115% corridors surrounding the 25 year average of the 24 month average segment rates as of September 30, 2012, as described in IRS Notice 2012-55. The rates are as follows:

<u>Years</u>	<u>Rate</u>
1-5	4.94 %
6-20	6.15
21+	6.76

- Normal retirement is assumed to occur at ages 45-70. For the period prior to retirement, withdrawals, deaths, and disabilities are anticipated.
- For the 2014 actuarial valuation, separate rates for non-annuitants (based on Retired Pensioner 2000 Mortality Tables (“RP-2000”) “employees” table without collar or amount adjustments, projected to 2029 using scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments projected to 2021 using scale AA) were used.
- For the 2013 actuarial valuation, separate rates for non-annuitants (based on Retired Pensioner 2000 Mortality Tables (“RP-2000”) “employees” table without collar or amount adjustments, projected to 2028 using scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments projected to 2020 using scale AA) were used.
- The interest rate assumed for lump sum benefits is the same as the valuation interest rate, as required by the Pension Protection Act of 2006 (“PPA”) as amended by MAP-21.
- Normal cost for each employer includes the estimated administrative expenses for the plan year, as required under PPA.
- An interest rate of 6.25% was used to determine the actuarial present value of accumulated plan benefits under ASC 960, Plan Accounting-Defined Benefit Pension Plans, as of July 1, 2014. The rate used for this measurement as of July 1, 2013 was 6.25%.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2014 and 2013, and for the year ended June 30, 2014

(Amounts in thousands)

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### 4. FUNDING POLICY

The Plan is a defined benefit pension plan to which employers make contributions based upon calculations prepared annually by the Plan's outside actuary, Towers Watson. The calculations are designed to determine the amounts necessary to fund the target normal cost of pension benefits and the 7 year amortization of the Plan's funding shortfall. The Plan met the minimum funding requirements of ERISA for the years ended June 30, 2014 and 2013. For the 2011-2012 plan year, participating employers had the option to fund a portion of their shortfall over a 15 year period rather than over a 7 year period.

Certain participating employers have elected to participate on a contributory basis, whereby participants are required to contribute a percentage of their salaries. Participants are always 100% vested in the value of their contributions. Participants' accumulated contributions, including interest, were \$7,873 and \$7,981 at June 30, 2014 and 2013, respectively. Pursuant to federal regulations, the interest rate credited to these contributions at June 30, 2014 and 2013, was 1.47% and 1.10%, respectively.

### 5. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments and lump-sum distributions, which are attributable under the Plan's provisions to service rendered by employees as of the valuation date. Accumulated plan benefits include benefits expected to be paid to (1) retired or terminated employees, (2) beneficiaries of employees who have died, and (3) present employees. The actuarial present value of accumulated plan benefits is determined by an independent actuary and it is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The actuarial present value of accumulated plan benefits as of June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Vested benefits for:		
Retirees and beneficiaries currently receiving payments	\$ 1,412,182	\$ 1,112,249
Other participants	<u>1,731,648</u>	<u>1,803,361</u>
Total vested benefits	3,143,830	2,915,610
Nonvested benefits	<u>30,033</u>	<u>34,283</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 3,173,863</u>	<u>\$ 2,949,893</u>

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**  
**(Amounts in thousands)**

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The changes in the actuarial present value of accumulated plan benefits for the year ended June 30, 2014 is as follows:

	<u>2014</u>
Changes in accumulated plan benefits	
<b>Beginning of year</b>	<u>\$ 2,949,893</u>
Increase (decrease) during the year attributable to:	
Interest due to decrease in the discount period	178,588
Benefits paid	(213,080)
Withdrawn employers	(13,036)
New employers	-
Changes in benefits adopted by certain employers	(932)
Assumption changes	151,317
Benefits accumulated and actuarial experience	<u>121,113</u>
Net decrease	<u>223,970</u>
<b>End of year</b>	<u>\$ 3,173,863</u>

**6. 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.

**Asset Valuation Techniques**

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

- Common stocks are valued at quoted prices in active markets.
- Corporate debt securities (excluding equity linked notes [“ELN’s”]), interest rate swaps (see Note 8), and preferred stocks are valued by management based on information provided by BNY Mellon, using the following techniques: matrix pricing, market pricing, market corroborated pricing and inputs such as yield curves and indices.

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2014 and 2013, and for the year ended June 30, 2014

(Amounts in thousands)

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- U.S. government securities are valued at prevailing market prices traded on the secondary markets or are valued by management based on information provided by BNY Mellon using the following observable inputs: matrix pricing, market pricing, market corroborated pricing and inputs such as yield curves and indices.
- Common collective trust funds (“Funds”) are valued at net asset value (“NAV”), which is calculated by the investment manager or sponsor of the Fund based on the fair value of the underlying assets of each fund. Equity funds have a primary objective of matching the performance of an index of a particular segment of the financial market, such as Standard & Poor’s 500 Index. Fixed income funds are invested primarily in investment grade corporate and government bonds and seek to match the performance of particular bond indexes such as the Barclays Capital U.S. Long Term Credit Index. The short term funds are primarily invested in shorter maturity government and corporate securities. As of June 30, 2014, the Funds can be redeemed daily with 1-2 days’ notice. As of June 30, 2013, the Funds can be redeemed daily with 1-2 days’ notice except for Barlow Partners Group Trust of \$62,668 which could be redeemed annually with 60 days notice. As of June 30, 2014 and 2013, the Plan had no unfunded commitments for the Funds.
- ELN’s of \$21,746 and \$20,751 as of June 30, 2014 and 2013, respectively, which are in the category of A-rated corporate debt securities, are valued at bid price that the originating trading desk would be willing to execute a trade (see Note 8).
- Real estate funds are valued at NAV, which is calculated by the investment manager or sponsor of the Funds which is based on data obtained from real estate appraisals, comparables, or valued based on valuation techniques such as the cash flow projection model. Redemption from these Funds varies as per the Funds’ cash flow availability. Payout of redemptions may be deferred up to 27 months at the discretion of the Funds. As of June 30, 2014 and 2013, the Plan had remaining capital commitments for additional contributions to real estate funds of \$6,000 and \$0, respectively. As of June 30, 2014 and 2013, the Plan had reserve commitments of \$750, which may or may not be called during the life of the investment.
- Private equity investments are valued at NAV, which is calculated by the fund manager and is based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows and market based comparable data. For the year ended June 30, 2014, \$153,913 of these funds can be redeemed monthly or quarterly with a 5-65 days’ notice while \$133,769 of these funds are not liquid subject to distributions by the fund manager. For the year ended June 30, 2013, \$100,896 of these funds can be redeemed annually or quarterly with a 60-65 days’ notice while \$71,189 of these funds are not liquid subject to distributions by the fund manager. There are various strategies employed including: private debt and equity investments, combining core long holdings of equities with short sales of stock or stock index options, event driven and other directional. As of June 30, 2014 and 2013, the Plan had remaining capital commitments for additional contributions to the limited partnerships totaling \$239,163 and \$101,987, respectively.

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**  
**(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 June 30, 2014 and 2013:

	Fair Value Measurements as of June 30, 2014			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common stocks				
Mutual funds	\$ 133,865	\$ -	\$ -	\$ 133,865
Financial services	32,362	-	-	32,362
Technology	21,722	-	-	21,722
Consumer non durables	19,725	-	-	19,725
Materials and services	3,966	-	-	3,966
Capital goods and services	2,148	-	-	2,148
Utilities	1,950	-	-	1,950
Energy	1,570	-	-	1,570
Consumer durables	791	-	-	791
Total common stocks	218,099	-	-	218,099
Corporate debt securities				
AAA credit rating	-	30,993	-	30,993
AA credit rating	-	142,652	-	142,652
A credit rating	-	280,972	16,680	297,652
BBB credit rating	-	429,570	-	429,570
Not rated	-	163,655	-	163,655
Total corporate debt securities	-	1,047,842	16,680	1,064,522
Government securities	63,292	96,971	-	160,263
Private equity	-	110,390	177,282	287,672
Preferred stock	-	1,241	-	1,241
Common collective trust funds - equity	-	732,302	-	732,302
Common collective trust funds - fixed income	-	466,631	-	466,631
Common collective trust funds - short term	-	47,717	-	47,717
Real estate funds	-	-	72,639	72,639
Municipal and other government debt and other	220	120,467	-	120,687
Total	\$ 281,611	\$ 2,623,561	\$ 266,601	\$ 3,171,773

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**  
**(Amounts in thousands)**

	Fair Value Measurements as of June 30, 2013			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common stocks				
Financial services	\$ 46,426	\$ -	\$ -	\$ 46,426
Consumer non durables	30,252	-	-	30,252
Technology	20,161	-	-	20,161
Materials and services	16,332	-	-	16,332
Capital goods and services	5,132	-	-	5,132
Consumer durables	1,923	-	-	1,923
Utilities	1,105	-	-	1,105
Energy	1,656	-	-	1,656
Total common stocks	122,987	-	-	122,987
Corporate debt securities				
AAA credit rating	-	71,655	-	71,655
AA credit rating	-	154,753	-	154,753
A credit rating	-	306,183	5,491	311,674
BBB credit rating	-	295,962	-	295,962
Not rated	-	76,258	-	76,258
Total corporate debt securities	-	904,811	5,491	910,302
Government securities	64,043	102,484	-	166,527
Private equity	-	4,844	167,241	172,085
Preferred stock	-	1,224	-	1,224
Common collective trust funds - equity	-	912,517	62,668	975,185
Common collective trust funds - fixed income	-	395,877	-	395,877
Common collective trust funds - short term	-	51,121	-	51,121
Real estate funds	-	-	50,577	50,577
Municipal and other government debt and other	120	66,643	-	66,763
Total	\$ 187,150	\$ 2,439,521	\$ 285,977	\$ 2,912,648
Other financial instruments*				
Interest rate swaps	\$ -	\$ (15,593)	\$ -	\$ (15,593)

\* Other financial instruments are interest rate swap derivatives classified as liabilities which are not reflected in investments at fair value in the consolidated statements of net assets available for benefits.

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**  
**(Amounts in thousands)**

The Plan's policy is to recognize all transfers between levels at the beginning of the reporting period. For the year ended June 30, 2014, \$10,311 in corporate debt securities (ELN's) were transferred from Level 2 to Level 3, due to changes in the ELN's observable valuation inputs.

The following tables present a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) for the year ended June 30, 2014.

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3)**

	<b>June 30, 2014</b>				<b>Total</b>
	<b>Private Equity</b>	<b>Real Estate Funds</b>	<b>Corporate Debt Sec. (ELN's)</b>	<b>CCT Equity</b>	
<b>Beginning balance - July 01, 2013</b>	\$ 167,241	\$ 50,577	\$ 5,491	\$ 62,668	\$ 285,977
Realized gains	28,372	-	-	52,149	80,521
Unrealized gains (losses)	(21,682)	5,285	878	(47,974)	(63,493)
Purchases	79,908	16,777	-	-	96,685
Issuances	-	-	-	-	-
Settlements	(76,557)	-	-	(66,843)	(143,400)
Transfers into Level 3	-	-	10,311	-	10,311
<b>Ending balance - June 30, 2014</b>	<u>\$ 177,282</u>	<u>\$ 72,639</u>	<u>\$ 16,680</u>	<u>\$ -</u>	<u>\$ 266,601</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at the reporting date	<u>\$ (115)</u>	<u>\$ 5,285</u>	<u>\$ 878</u>	<u>\$ -</u>	<u>\$ 6,048</u>



**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**  
**(Amounts in thousands)**

The following tables set forth a summary of the Plan's investments with a reported NAV at June 30, 2014 and 2013:

Investment	Fair Value Estimated Using Net Asset Value Per Share				
	June 30, 2014				
	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Common collective trust funds - equity	\$ 732,302	\$ -	daily	None	1-2 days
Common collective trust funds-fixed income	466,631	-	daily	None	1-2 days
Private equity	153,913	-	monthly, quarterly	None	5-65 days
NYLCAP, Highstar, Dyal, Medley, Etc.	133,759	239,163	subject to distributions by fund manager	None	NA
Real estate funds	<u>72,639</u>	<u>6,000</u>	varies as per funds' cash flow availability	None	NA
Total	<u>\$ 1,559,244</u>	<u>\$ 245,163</u>			

Investment	Fair Value Estimated Using Net Asset Value Per Share				
	June 30, 2013				
	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Common collective trust funds - equity	\$ 912,517	\$ -	daily	None	1-2 days
Barlow Partners Group Trust	62,668	-	annual	None	60 days
Common collective trust funds-fixed income	395,877	-	daily	None	1-2 days
Private equity	100,896	-	annual, quarterly	None	60-65 days
NYLCAP, Highstar, Dyal, Medley, Etc.	71,189	101,987	subject to distributions by fund manager	None	NA
Real estate funds	<u>50,577</u>	<u>-</u>	varies as per funds' cash flow availability	None	NA
Total	<u>\$ 1,593,724</u>	<u>\$ 101,987</u>			

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**  
**(Amounts in thousands)**

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments as of June 30, 2014, and the significant unobservable inputs and the ranges of values for these inputs:

**Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements June 30, 2014**

<b>Instrument</b>	<b>Fair Value</b>	<b>Principal Valuation Technique</b>	<b>Significant Unobservable Inputs</b>	<b>Range of Significant Input Values</b>	<b>Weighted Average</b>	
Corporate Debt Sec (ELN's)	16,680	Option Valuation Model	Volatility	13.0%-25.0%	21.0%	
Private Equity	177,292	Practical Expedient	Net Asset Value	N/A	N/A	
			Market Comparables	Revenue Growth	5.0%-15.0%	N/A
				Multiples	3.1x-12.4x	N/A
				Discount Rate	9.0%-35.0%	N/A
		Discounted Cashflow	Weight Ascribed to Market Comparables	0.0%-100.0%	N/A	
			Discount Rate	5.2%-17.8%	N/A	
			Multiples	1.1x-7.8x	N/A	
Real Estate	72,639	Practical Expedient	Net Asset Value	N/A	N/A	
			Market Comparables	Multiples	11.0%-13.0%	N/A
			Discounted Cashflow	Discount Rate	1.0%-24.0%	N/A

N/A-audited data not provided by fund managers in most recent financial report

N/A - audited data not provided by fund managers in most recent financial report.

In estimating the fair value of the investments in Level 3, the Plan may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, a variety of factors are evaluated including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2014 and 2013, and for the year ended June 30, 2014

(Amounts in thousands)

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### 7. INVESTMENTS

For the year ended June 30, 2014, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$303,305 as presented in the consolidated statement of changes in net assets available for benefits as follows:

Net appreciation (depreciation) in fair value of investments	
whose fair value was determined based on quoted market prices	
Common stocks	\$ 22,066
U.S. treasuries	(42)
Net appreciation (depreciation) in fair value of investments	
whose fair value was estimated	
Private equity	12,236
Preferred stocks	16
Government securities	1,246
Corporate debt securities	42,231
Common collective trust funds - equity	194,220
Common collective trust funds - fixed income	25,864
Real estate funds	5,285
Interest rate swaps	(8,144)
Municipal and other government debt and other	<u>8,327</u>
Net appreciation in fair value of investments	<u>\$ 303,305</u>

The Plan's investments that represent 5% or more of net assets available for benefits as of June 30, 2014 and 2013, as follows:

	<u>2014</u>	<u>2013</u>
Blackrock Long Term Credit Bond Index Fund	*	\$ 151,398
Blackrock Russell 1000 Value Fund	*	171,643
State Street S&P 500 Flagship Fund	*	181,702

\* This investment did not represent 5% of the Plan's net assets available for benefits.

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2014 and 2013, and for the year ended June 30, 2014

(Amounts in thousands)

### 8. DERIVATIVES

Derivative financial instruments are used as hedging investments and to provide incremental income. The Plan holds equity linked notes covering a notional amount of \$20,000 and \$20,000 and an estimated fair value of \$21,746 and \$20,751 as of June 30, 2014 and 2013, respectively. An equity linked note consists of a discounted fixed income instrument plus a longer term call option on an underlying equity market index, such as the Standard & Poor's 500. When the note matures, the Plan will receive the principal of the note plus the value of the option. If the value of the underlying equity market has appreciated, the option will appreciate commensurately. If the underlying equity market has not appreciated, the value of the option will be zero and the Plan will receive the maturity value of the note. At June 30, 2014, approximately 87% of the equity linked notes was comprised of the discounted fixed income instrument and 13% was comprised of the call option. At June 30, 2013, approximately 89% of the equity linked notes was comprised of the discounted fixed income instrument and 11% was comprised of the call option.

The Plan held interest rate swaps covering a notional amount of \$0 as of June 30, 2014 and \$228,748 as of June 30, 2013. The Plan utilizes the interest rate swaps to hedge interest rate exposure for a portion of its liabilities. The interest rate swap structure consists of one counterparty agreeing to pay a sequence of floating rate payments while receiving a series of fixed rate payments (based on the terms of a fixed income security). The swap cash flows are based off the notional amount. Since the Plan initiated two interest rate swap contracts in August 2008, and one contract in 2011, the Plan has been a receive-fixed and pay-floating counterparty. The fair value of the fixed and floating positions of the interest rate swaps was \$0 and \$(15,593) as of June 30, 2014 and 2013, respectively, and is included in the consolidated statements of net assets available for benefits. United States treasury and United States agency securities, in the amount of \$0 and \$18,823, are held by counterparties to fully collateralize the net swap position as of June 30, 2014 and 2013, respectively.

As a result of the use of derivative contracts, the Plan is exposed to the risk that counterparties will fail to fulfill their contractual obligations. To mitigate such counterparty risk, the derivative contracts are backed by the investment-grade credit ratings of several major financial institutions. In addition, the interest rate swaps follow the guidelines of the International Swaps and Derivatives Association ("ISDA") agreement. Counterparty credit risk is evaluated in determining the fair value of derivative instruments.

The following tables summarizes the Plan's use of derivatives and the effect on the consolidated statements of net assets available for benefits as of June 30, 2014 and 2013, respectively, and the consolidated statement of changes in net assets available for benefits for the year ended June 30, 2014.

<b>Fair Value of Derivative Instruments as of June 30, 2014</b>				
	<b>Consolidated Statements of Net Assets Available for Benefits</b>	<b>Asset Derivatives</b>	<b>Liability Derivatives</b>	<b>Total</b>
Interest rate swap contracts	Liability - investments - at estimated fair value	\$ -	\$ -	\$ -
Equity linked notes	Assets - investments - at estimated fair value	<u>21,746</u>	<u>-</u>	<u>21,746</u>
Total derivatives		<u>\$ 21,746</u>	<u>\$ -</u>	<u>\$ 21,746</u>

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
As of June 30, 2014 and 2013, and for the year ended June 30, 2014  
(Amounts in thousands)

		<b>Fair Value of Derivative Instruments as of June 30, 2013</b>			
		<b>Consolidated Statements of Net Assets Available for Benefits</b>	<b>Asset Derivatives</b>	<b>Liability Derivatives</b>	<b>Total</b>
Interest rate swap contracts	Liability - investments - at estimated fair value		\$ 2,132	\$ (17,725)	\$ (15,593)
Equity linked notes	Assets - investments - at estimated fair value		<u>20,751</u>	<u>-</u>	<u>20,751</u>
Total derivatives			<u>\$ 22,883</u>	<u>\$ (17,725)</u>	<u>\$ 5,158</u>

**Effect of Derivative Instruments on the Consolidated Statement of Changes in Net Assets Available for Benefits for the Year Ended June 30, 2014**

<b>Consolidated Statement of Changes in Net Assets Available for Benefits</b>	<b>Realized Gain</b>	<b>Net Unrealized Appreciation</b>	<b>Total</b>
Net appreciation/(depreciation) in fair value of investments	\$ (23,737)	\$ 15,593	\$ (8,144)
Net appreciation/(depreciation) in fair value of investments	<u>-</u>	<u>996</u>	<u>996</u>
	<u>\$ (23,737)</u>	<u>\$ 16,589</u>	<u>\$ (7,148)</u>

**9. EXEMPT PARTIES-IN-INTEREST TRANSACTIONS**

Certain Plan investments are managed by BNY Mellon. BNY Mellon is the trustee of the Plan and, therefore, these transactions qualify as party-in-interest transactions. Investments managed by BNY Mellon which totaled \$100,321 and \$91,333 as of June 30, 2014 and 2013, respectively, are included in the consolidated statements of net assets available for benefits. Income earned on these investments was \$194 for the year ended June 30, 2014, and is included in interest as shown in the consolidated statement of changes in net assets available for benefits. Fees paid by the Plan for investment management services of \$237 for the year ended June 30, 2014, are included in investment advisory services as shown in the consolidated statement of changes in net assets available for benefits. The board of directors of the Plan are comprised of executive officers of participating employers of the Plan and as such are participants in the Plan. In addition, investments held by the Plan of \$6,646 and \$1,061 as of June 30, 2014 and 2013, respectively, are fixed income securities backed by the Federal Home Loan Banking system. Some of the banks in this system are participating employers in the Plan.

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**  
**(Amounts in thousands)**

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**10. PLAN TERMINATION**

The board of directors 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 shall be deemed to have delegated this authority to the board of directors. 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 benefits accrued prior to such amendment. In the event that the Plan is terminated, the net assets of the Plan will be allocated for payment of benefits to the participants in an order of priority determined in accordance with ERISA, applicable regulations thereunder and the Plan document.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (“PBGC”) if the Plan terminates. Generally, the PBGC guarantees most vested normal-age retirement benefits, early retirement benefits, and certain disability and survivor’s pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan’s termination, subject to a statutory ceiling on the amount of an individual’s monthly benefit.

**11. FEDERAL INCOME TAX STATUS**

The Internal Revenue Service (“IRS”) has determined and informed the Plan by letter dated December 5, 2007, that the Plan’s Regulations and related trust are designed in accordance with the applicable sections of the IRC. The Regulations have been amended and restated twice since receiving the determination letter and the restatements have been submitted to the IRS. The initial restatement was submitted to the IRS on January 31, 2008. At such time, the IRS had placed a moratorium on issuing determination letters to defined benefit plans that have a pension equity plan feature. The Plan offers a pension equity plan feature. Although the moratorium supposedly has recently been lifted, the reason the IRS has not yet issued a determination letter to the Plan on the initial restatement is the pension equity plan feature. In accordance with the applicable filing cycle, a subsequent restatement of the Plan was timely submitted to the IRS on January 31, 2013. The Plan administrator and the Plan’s tax counsel believe that the Plan’s Regulations are designed and are currently being operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt.

U.S. 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 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, the Plan could be open indefinitely to a Department of Labor (“DOL”) audit.

# **PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**

## **Notes to Consolidated Financial Statements**

**As of June 30, 2014 and 2013, and for the year ended June 30, 2014**

**(Amounts in thousands)**

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### **12. CONSOLIDATED FINANCIAL STATEMENTS**

The Plan's consolidated financial statements include the accounts of the Plan and PSI. Intercompany transactions and balances have been eliminated.

PSI is a full service retirement benefits consulting firm providing plan design, compliance and administration, strategic consulting, actuarial services, trust and custody services, investment management to qualified and nonqualified plans and BOLI (bank owned life insurance services). Fee income is recognized as services are performed. Income related to the operations of PSI in the amount of \$36,518 for the year ended June 30, 2014, is included in administrative and service income in the consolidated statement of changes in net assets available for benefits as presented herein.

Administrative expenses related to the operations of PSI totaled \$29,811 for the year ended June 30, 2014. PSI administrative expenses include payroll, other employee, professional, office and other expenses.

Non-interest bearing cash from PSI as presented on Form 5500 is included in other assets in the consolidated statements of net assets available for benefits in the amount of \$10,900 and \$11,478 as of June 30, 2014 and 2013, respectively.

Management makes certain complex judgments with respect to its goodwill and intangible assets which are a direct result of PSI's acquisitions of Advanced Pension Solution during the year ended June 30, 2013, Alliance Benefit Group during the year ended June 30, 2011 and the subsidiaries of Retirement System Group Inc. during the year ended June 30, 2009. These include assumptions and estimates used to determine the fair value of the amount reported. Fair value is determined using historical financial statements, financial projections, comparable company public filings, the purchase agreement, and other relevant company data. Goodwill totaled \$8,786 and \$8,786 and intangible assets, net of amortization totaled \$5,517 and \$5,939 as of June 30, 2014 and 2013, respectively, and are included on the consolidated statements of net assets available for benefits.

### **13. SUBSEQUENT EVENTS**

Subsequent events were evaluated through April 15, 2015, which is the date the consolidated financial statements are available to be issued. During the period from July 1, 2014 through April 15, 2015, the Plan made approximately \$175,000 in capital commitments, of which approximately \$53,778 has been funded.

**SUPPLEMENTAL SCHEDULES**



**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year)**  
**As of June 30, 2014**

(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	
		Cusip	Rate	Maturity			Par Value
*	FEDERAL HOME LN BK CONS BD	3133X8EW8	5.375%	15-Aug-24	\$ 5,000,000	\$ 5,776,450	\$ 6,071,750
*	FEDERAL HOME LN BK CONS BD	3133XKQX6	4.875%	17-May-17	425,000	451,961	473,174
*	FEDERAL HOME LN BK CONS BD	3133XMQ87	5.000%	17-Nov-17	90,000	95,569	101,540
	FEDERAL HOME LN MTG CORP	3128X0AZ2	0.000%	2-Jan-34	5,000,000	2,128,100	2,308,500
	FEDERAL HOME LN MTG CORP	3137EAAD1	5.250%	18-Apr-16	135,000	147,488	146,524
	FEDERAL HOME LN MTG CORP	3137EAAM1	5.000%	16-Feb-17	715,000	773,094	791,476
	FEDERAL HOME LN MTG CORP	3137EABP3	4.875%	13-Jun-18	100,000	106,781	113,602
	FEDERAL HOME LN MTG CORP STRIP	3134A4AB0	0.000%	15-Mar-31	11,500,000	5,934,460	6,077,750
	FEDERAL JUDICIARY OFFICE BLDG	313490BW3	0.000%	15-Aug-16	8,265,000	1,074,779	8,016,471
	FEDERAL JUDICIARY OFFICE BLDG	313490CD4	0.000%	15-Feb-20	8,615,000	857,633	7,364,360
	FEDERAL NATL MTG ASSN	31359MA45	5.000%	15-Apr-15	175,000	190,914	181,666
	FEDERAL NATL MTG ASSN	31359MFJ7	7.125%	15-Jan-30	230,000	289,584	336,200
	FEDERAL NATL MTG ASSN	31359MFP3	7.250%	15-May-30	205,000	262,080	302,398
	FEDERAL NATL MTG ASSN STRIP	31359YQK6	0.000%	15-Jul-32	5,000,000	2,275,000	2,337,600
	FINANCING CORP STRIP	317705AA9	10.700%	6-Oct-17	2,000,000	2,162,500	2,614,160
	FINANCING CORP STRIP	31771C2B0	0.000%	27-Jun-16	3,000,000	389,880	2,956,830
	FINANCING CORP STRIP	31771CC45	0.000%	30-May-17	165,000	19,846	159,614
	FINANCING CORP STRIP	31771CEY7	0.000%	30-May-17	909,000	109,335	879,330
	FINANCING CORP STRIP	31771CS55	0.000%	6-Jun-15	1,107,000	157,194	1,100,402
	FINANCING CORP STRIP	31771EAM3	0.000%	6-Dec-18	9,200,000	3,271,922	8,530,884
	FINANCING CORP STRIP	31771KAD9	0.000%	30-Nov-17	6,000,000	5,668,200	5,732,520
	ISRAEL ST US GOVT GTD NTSZERO CPN GTD NTS CL 3-Z	465139EA7	0.000%	15-Aug-14	6,251,000	1,275,016	6,248,187
	RESOLUTION FDG CORP	761157AD8	8.875%	15-Jul-20	1,000,000	994,010	1,371,960
	SBA GTD LN POOL CTF #13-20J 1	83162CVV2	3.370%	1-Oct-33	4,904,635	4,975,905	5,061,534
	SMALL BUSINESS ADMIN 13-20I 1	83162CVU4	3.620%	1-Sep-33	21,599,175	22,211,254	22,689,717
	SMALL BUSINESS ADMINIST 20K 1	83162CVX8	3.380%	1-Nov-33	4,846,546	4,892,551	5,002,702
	U S TREASURY BOND	912810DX3	7.500%	15-Nov-16	770,000	972,187	895,125
	U S TREASURY BOND	912810EL8	8.000%	15-Nov-21	790,000	1,072,548	1,106,435
	U S TREASURY BOND	912810EQ7	6.250%	15-Aug-23	750,000	892,852	989,295
	U S TREASURY BOND	912810ET1	7.625%	15-Feb-25	240,000	326,025	354,451
	U S TREASURY BOND	912810FB9	6.125%	15-Nov-27	125,000	149,336	171,660
	U S TREASURY BOND	912810FM5	6.250%	15-May-30	300,000	367,078	426,375
	U S TREASURY BOND	912810FP8	5.375%	15-Feb-31	675,000	745,031	886,255
	U S TREASURY NOTE	912828C32	0.750%	15-Mar-17	15,215,000	15,167,627	15,215,000
	U S TREASURY NOTE	912828TD2	0.250%	15-Jul-15	2,050,000	2,046,276	2,052,009
	U S TREASURY NOTE	912828TK6	0.250%	15-Aug-15	5,195,000	5,179,033	5,199,883
	U S TREASURY NOTE	912828TP5	0.250%	15-Sep-15	1,780,000	1,772,897	1,781,816
	U S TREASURY NOTE	912828TQ3	0.250%	30-Sep-14	80,000	80,053	80,038
	U S TREASURY NOTE	912828TT7	0.250%	15-Oct-15	1,440,000	1,436,869	1,441,411
	U S TREASURY NOTE	912828UC2	0.250%	15-Dec-15	4,215,000	4,208,109	4,215,674
	U S TREASURY NOTE	912828UW8	0.250%	15-Apr-16	2,950,000	2,944,479	2,943,186

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year)**  
**As of June 30, 2014**

(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)	(e)
		Cusip	Rate	Maturity	Par Value	Cost	Current Value
	U S TREASURY NOTE	912828VC1	0.250%	15-May-16	\$ 7,625,000	\$ 7,588,496	\$ 7,603,574
	U S TREASURY NOTE	912828DC1	4.250%	15-Nov-14	510,000	548,409	517,890
	U S TREASURY NOTE	912828EE6	4.250%	15-Aug-15	645,000	690,002	674,554
	U S TREASURY NOTE	912828EW6	4.500%	15-Feb-16	75,000	81,000	80,095
	U S TREASURY NOTE	912828FF2	5.125%	15-May-16	300,000	334,806	326,415
	U S TREASURY NOTE	912828GH7	4.625%	15-Feb-17	750,000	811,463	826,523
	U S TREASURY NOTE	912828HA1	4.750%	15-Aug-17	980,000	1,065,444	1,095,375
	U S TREASURY NOTE	912828HR4	3.500%	15-Feb-18	850,000	843,359	920,720
	U S TREASURY NOTE	912828JH4	4.000%	15-Aug-18	445,000	455,916	493,118
	U S TREASURY NOTE	912828JR2	3.750%	15-Nov-18	910,000	913,413	1,000,927
	U S TREASURY NOTE	912828VR8	0.625%	15-Aug-16	10,105,000	10,084,468	10,129,454
	U S TREASURY NOTE	912828WK2	0.070%	31-Jan-16	1,865,000	1,864,251	1,864,963
	TOTAL US GOVERNMENT SECURITIES				168,072,356	129,132,931	160,263,071
	AIG LIFE HLDGS INC 144A	00138GAC3	8.125%	15-Mar-46	5,265,000	6,373,809	7,288,024
	ALTRIA GROUP INC	02209SAD5	9.700%	10-Nov-18	4,000,000	5,273,800	5,241,320
	ALTRIA GROUP INC	02209SAJ2	9.250%	6-Aug-19	5,000,000	5,538,500	6,644,400
	AMERICAN ASSOCIATION OF RETIRE	00036AAB1	7.500%	1-May-31	3,500,000	4,820,550	4,770,080
	AMERIPRISE FINANCIAL INC	03076CAD8	7.300%	28-Jun-19	5,000,000	6,198,450	6,177,350
	AMERITECH CAPITAL FUNDING CORP	030955AN8	6.550%	15-Jan-28	5,545,000	6,607,977	6,584,410
	ANR PIPELINE CO	001814AQ5	7.375%	15-Feb-24	1,440,000	1,587,096	1,796,501
	ANR PIPELINE CO	001814AR3	9.625%	1-Nov-21	11,590,000	16,380,524	16,344,218
	ASIAN DEVELOPMENT BANK	045167BN2	5.500%	27-Jun-16	80,000	86,931	87,820
	ASSOCIATES CORP OF NORTH AMERICA	046003JU4	6.950%	1-Nov-18	5,000,000	5,075,200	5,971,200
	ASTRAZENECA PLC	046353AD0	6.450%	15-Sep-37	70,000	77,236	90,851
	AT&T INC	00206RAS1	6.550%	15-Feb-39	3,000,000	3,682,500	3,718,260
	AT&T INC	00206RBN1	2.625%	1-Dec-22	5,000,000	4,595,100	4,790,800
	ATLANTIC MARINE CORPS COMMUNIT	048677AC2	5.373%	1-Dec-50	3,891,961	3,823,968	3,794,662
	ATLANTIC RICHFIELD CO	048825AZ6	9.125%	1-Aug-31	2,500,000	2,567,450	3,627,100
	AURORA MILITARY HOUSING L 144A	05178RAB1	5.625%	15-Dec-35	5,000,000	5,331,050	5,175,000
	AURORA MILITARY HOUSING LLC	05178TAA9	5.820%	15-Jul-34	2,500,000	2,761,300	2,600,000
	BANK OF AMERICA CORP	060505DA9	5.420%	15-Mar-17	5,000,000	4,549,850	5,501,000
	BANK OF AMERICA CORP	638585AP4	7.250%	15-Oct-25	5,300,000	5,978,382	6,490,327
	BANK OF SMITHTOWN	065023AB9	11.000%	1-Jul-19	7,000,000	7,739,256	7,035,000
	BANK ONE CORP	059438AH4	7.625%	15-Oct-26	3,000,000	3,878,010	3,945,240
	BARCLAYS BANK PLC ASIAN EQUI BASKET & REL CURR	06738KGC9	0.000%	12-Apr-16	5,000,000	5,000,000	5,066,500
	BARCLAYS BANK PLC EMERG MKTS ELN	06740PHQ2	0.000%	26-May-16	10,000,000	10,000,000	10,761,000
	BARCLAYS BANK PLC NIKKEI 225 IDX & JAP YEN ELN	06738KGD7	0.000%	12-Apr-17	5,000,000	5,000,000	5,918,500
	BAYLOR COLLEGE OF MEDICINE	07284RAA0	5.259%	15-Nov-46	6,675,000	7,136,977	6,741,750
	BEAR STEARNS COMMERCIA PW17 A3	07388QAC3	5.736%	11-Jun-50	1,055,042	1,108,989	1,055,274

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	BEAR STEARNS COS LLC/THE	07385TAJ5	5.700%	15-Nov-14	\$ 3,500,000	\$ 3,332,350	\$ 3,567,305
	BELLSOUTH CAPITAL FUNDING CORP	079857AH1	7.875%	15-Feb-30	10,000,000	12,518,100	13,338,300
	BELVOIR LAND LLC	081331AE0	5.300%	15-Dec-35	2,832,826	2,968,009	2,926,848
	BERKSHIRE HATHAWAY FINANCE COR	084664BQ3	4.250%	15-Jan-21	3,000,000	3,142,500	3,303,990
	BLACKSTONE HOLDINGS FINAN 144A	09256BAB3	5.875%	15-Mar-21	7,000,000	7,090,580	8,126,650
	BOEING CO/THE	097023AH8	7.950%	15-Aug-24	4,492,000	6,135,129	6,296,796
	BOSTON PROPERTIES LP	10112RAW4	3.800%	1-Feb-24	2,000,000	1,982,140	2,022,600
	BRITISH TELECOMMUNICATIONS PLC	111021AE1	9.625%	15-Dec-30	325,000	440,566	517,644
	CAMP PENDLETON & QUANTICO 144A	134011AJ4	5.572%	1-Oct-50	5,820,000	6,023,700	6,052,800
	CANADIAN NATURAL RESOURCES LTD	136385AL5	6.250%	15-Mar-38	8,339,000	10,016,901	10,381,638
	CANADIAN PACIFIC RAILWAY CO	136440AL8	9.450%	1-Aug-21	1,250,000	1,424,061	1,728,213
	CBS CORP	124857AE3	4.300%	15-Feb-21	5,000,000	5,188,500	5,382,350
	CBS CORP	925524AH3	7.875%	30-Jul-30	4,000,000	4,924,880	5,375,120
	CITICORP LEASE PASS-THROUGH TR	17305BAB7	8.040%	15-Dec-19	10,000,000	11,411,500	11,967,000
	COMCAST CABLE HOLDINGS LLC	879240AQ2	10.125%	15-Apr-22	2,500,000	2,857,925	3,491,500
	COMCAST CORP	20030NAF8	5.650%	15-Jun-35	3,000,000	3,350,400	3,539,520
	COMCAST CORP	20030NAK7	6.500%	15-Nov-35	1,500,000	1,836,855	1,943,265
	COMCAST CORP	20030NBH3	4.250%	15-Jan-33	5,000,000	4,972,860	5,136,150
	COMMONWEALTH EDISON CO	202795HS2	6.150%	15-Sep-17	3,000,000	3,369,900	3,447,270
	CONTINENTAL AIRLINES 2000-2 CL	210805DD6	7.707%	2-Oct-22	4,616,005	4,814,494	5,276,555
	COUNTRYWIDE FINANCIAL CORP	222372AJ3	6.250%	15-May-16	4,789,000	3,771,338	5,225,853
	CREDIT SUISSE FIRST BOST C2 A3	225458RR1	4.691%	15-Apr-37	3,789,909	3,958,234	3,815,377
	CSX CORP	126408GK3	6.150%	1-May-37	3,706,000	4,678,862	4,578,800
	CSX TRANSPORTATION INC	126410LK3	9.750%	15-Jun-20	1,512,000	1,518,940	2,045,887
	CSX TRANSPORTATION INC	126410LL1	7.875%	15-May-43	2,000,000	2,676,000	2,885,560
	CVS CAREMARK CORP	126650BJ8	6.250%	1-Jun-27	5,000,000	4,864,350	6,196,650
	DEVON ENERGY CORP	251799AA0	7.950%	15-Apr-32	7,000,000	9,538,676	9,912,350
	DIRECTV HOLDINGS LLC / DIRECTV	25459HAQ8	6.350%	15-Mar-40	4,500,000	5,375,340	5,432,670
	DIRECTV HOLDINGS/FING	25459HBL8	4.450%	1-Apr-24	5,000,000	5,264,450	5,301,600
	DOMINION RESOURCES INC/VA	25746UAN9	6.300%	15-Mar-33	3,000,000	3,515,790	3,716,880
	DOMINION RESOURCES INC/VA	25746UAV1	5.950%	15-Jun-35	8,000,000	9,241,605	9,673,600
	DOUBLELINE OPPORTUNISTIC FUND	999Z89702			96,040	100,000,000	108,930,735
	DUKE ENERGY CAROLINAS LLC	264399DK9	6.000%	1-Dec-28	5,000,000	5,291,000	6,139,050
	DUKE ENERGY KENTUCKY INC	906888AS1	6.200%	10-Mar-36	7,000,000	7,964,390	8,124,410
	ELECTRICITE DE FRANCE SA 144A	268317AB0	6.500%	26-Jan-19	5,000,000	5,755,000	5,958,050
	ELI LILLY & CO	532457AM0	7.125%	1-Jun-25	3,000,000	3,861,780	3,965,970
	ENSCO PLC	26874QAB6	7.200%	15-Nov-27	3,970,000	5,207,449	4,916,885
	ENSCO PLC	29358QAA7	4.700%	15-Mar-21	12,280,000	13,201,958	13,377,709
	ENTERPRISE PRODUCTS OPERATING	29379VAM5	7.550%	15-Apr-38	5,000,000	6,929,300	6,946,100
	EXELON GENERATION CO LLC	30161MAJ2	5.750%	1-Oct-41	167,000	186,594	185,253
	EXPRESS SCRIPTS HOLDING CO	30219GAG3	6.125%	15-Nov-41	5,065,000	6,477,679	6,165,422

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	FARMERS EXCHANGE CAP II 144A	30958PAA1	6.151%	1-Nov-53	\$ 10,000,000	\$ 10,000,000	\$ 11,246,000
	FISHERS LANE ASSOCIATES L 144A	33803WAB5	5.477%	5-Aug-40	11,750,000	11,780,293	12,627,255
	FISHERS LANE LLC	33804JAA5	2.029%	5-Apr-17	16,000,000	16,000,000	16,023,840
	FORT BENNING FAMILY COMMU 144A	346845AK6	6.090%	15-Jan-51	4,740,000	4,610,274	4,692,600
	GENERAL AMERICAN LIFE INSURANC	368770AA1	7.625%	15-Jan-24	5,000,000	4,172,550	6,326,650
	GLENCORE FUNDING LLC 144A	378272AF5	4.125%	30-May-23	5,000,000	4,810,550	5,021,700
	GMAC COML MILITARY TR XXI	36186XAD9	5.174%	10-Jul-50	2,000,000	1,955,000	1,840,000
	GMAC COMMERCIAL MO HCKM A 144A	36186YAF2	6.107%	10-Aug-52	4,974,141	4,800,046	4,899,529
	GOLDMAN SACHS GROUP INC/THE	38141GES9	5.950%	15-Jan-27	5,000,000	4,749,850	5,695,850
	GRUPO TELEVISA SAB	40049JAV9	6.625%	18-Mar-25	10,000,000	11,855,000	12,274,700
	GS MORTGAGE SECURITIES GG6 A3	36228CWV1	5.523%	10-Apr-38	4,750,000	5,098,457	4,751,425
	GTE SOUTHWEST INC	362338AQ8	8.500%	15-Nov-31	3,000,000	3,564,600	4,110,300
	HARLEY-DAVIDSON FUNDING CORP	41283DAB9	6.800%	15-Jun-18	5,000,000	4,903,650	5,900,500
	HP COMMUNITIES LLC 144A	44329HAJ3	5.780%	15-Mar-46	11,000,000	11,097,790	11,000,000
	HYDRO-QUEBEC	448814DF7	9.375%	15-Apr-30	5,000,000	5,276,050	7,950,750
	HYDRO-QUEBEC	448814EJ8	8.050%	7-Jul-24	85,000	100,568	117,405
	INGERSOLL-RAND CO	45686XCE1	6.230%	19-Nov-27	2,397,000	2,730,351	2,813,958
	INTER-AMERICAN DEVELOPMENT BAN	458182BV3	7.000%	15-Jun-25	3,220,000	3,761,507	4,353,118
	INTERNATIONAL BANK FOR RECONST	459056JN8	0.000%	15-Feb-15	320,000	32,496	319,034
	INTERNATIONAL BUSINESS MACHINE	459200AM3	7.000%	30-Oct-25	20,000	23,334	26,462
	INTERNATIONAL BUSINESS MACHINE	459200AS0	6.500%	15-Jan-28	10,000,000	11,646,850	12,915,000
	INTERNATIONAL BUSINESS MACHINE	459200BB6	5.875%	29-Nov-32	4,000,000	4,893,740	4,994,440
	JOHNSON & JOHNSON	478160AU8	5.150%	15-Jul-18	115,000	120,809	131,186
	JP MORGAN CHASE COMMER LD12 A3	46632HAC5	5.950%	15-Feb-51	880,798	940,252	882,393
	JP MORGAN CHASE COMMERC C1 A3	46630DAC6	5.790%	15-Feb-51	525,463	561,137	524,801
	JPMORGAN CHASE BANK NA	48121CYK6	6.000%	1-Oct-17	10,000,000	9,914,800	11,374,700
	KEENAN DEVELOPMENT ASSOCIATES	48730PAC4	5.020%	15-Jul-28	978,524	1,024,378	1,023,957
	KINDER MORGAN ENERGY PARTNERS	494550AJ5	7.400%	15-Mar-31	10,250,000	13,306,848	12,851,553
	KINDER MORGAN ENERGY PARTNERS	494550AQ9	7.300%	15-Aug-33	3,000,000	3,631,980	3,812,700
	KKR GROUP FINANCE CO II L 144A	48249DAA9	5.500%	1-Feb-43	10,000,000	10,000,000	10,624,600
	KROGER CO/THE	501044BV2	8.000%	15-Sep-29	2,545,000	3,328,649	3,378,157
	KROGER CO/THE	501044BZ3	7.500%	1-Apr-31	3,240,000	4,257,522	4,269,834
	KROGER CO/THE	501044CP4	2.200%	15-Jan-17	3,000,000	3,087,600	3,078,300
	LCOR ALEXANDRIA LLC	50181QAH1	6.800%	15-Sep-28	14,987,570	17,654,261	17,015,238
	LEONARD WOOD FAMILY COMMU 144A	526602AE7	5.909%	15-Jul-40	6,615,420	6,363,372	7,328,496
	MARATHON OIL CORP	565849AE6	6.600%	1-Oct-37	5,000,000	6,103,500	6,443,800
	MASSACHUSETTS MUTUAL LIFE INSU	575767AD0	7.500%	1-Mar-24	4,550,000	3,908,040	5,623,300
	MCKESSON CORP	581557AZ8	2.700%	15-Dec-22	3,000,000	2,814,750	2,871,180
	MERCK SHARP & DOHME CORP	589331AE7	5.950%	1-Dec-28	5,000,000	5,116,400	6,221,600
	MERRILL LYNCH MORTGAG CIP1 A3A	59022HJJ2	4.949%	12-Jul-38	4,124,793	4,351,012	4,127,144
	MERRILL LYNCH MORTGAGE T C1 A3	59023BAC8	5.673%	12-May-39	4,188,909	4,509,295	4,197,287

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	MICROSOFT CORP	594918AL8	4.000%	8-Feb-21	\$ 2,000,000	\$ 2,130,000	\$ 2,204,280
	MID-ATLANTIC FAMILY MILITARY C	59524EAB8	5.240%	1-Aug-50	3,911,525	3,923,260	3,819,057
	ML-CFC COMMERCIAL MORTGAG 8 A2	60688BAB4	5.846%	12-Aug-49	453,744	487,066	453,704
	MOBIL CORP	607059AT9	8.625%	15-Aug-21	240,000	313,238	330,449
	MORGAN STANLEY	6174467X1	5.000%	24-Nov-25	7,700,000	7,816,501	8,212,589
	MORGAN STANLEY	61744YAD0	5.950%	28-Dec-17	4,000,000	3,519,671	4,553,880
	MORGAN STANLEY CA C1 A2 144A	617458AC8	3.884%	15-Sep-47	3,000,000	3,103,125	3,116,760
	NAVY NEW ORLEANS NAVY HOU 144A	647677AJ2	5.754%	15-Dec-38	14,300,000	14,782,800	15,229,500
	NEW ZEALAND GOVERNMENT INTERNA	650162AP5	8.750%	1-Apr-16	3,575,000	3,617,058	4,047,937
	NORFOLK SOUTHERN CORP	655844AJ7	7.800%	15-May-27	2,177,000	2,655,047	2,948,180
	NORFOLK SOUTHERN RAILWAY CO	655855FA7	9.750%	15-Jun-20	2,088,000	2,097,584	2,825,273
	NORTHERN BORDER PIPELINE CO	664787AD0	7.500%	15-Sep-21	3,837,000	4,547,728	4,585,906
	NOVARTIS SECURITIES INVESTMENT	66989GAA8	5.125%	10-Feb-19	80,000	82,346	91,185
	OCCIDENTAL PETROLEUM CORP	674599BE4	9.250%	1-Aug-19	500,000	496,250	660,920
	OHANA MILITARY COMMUNITIES LLC	677071AG7	5.780%	1-Oct-36	11,280,000	12,650,520	12,280,198
	OIL CASUALTY INSURANCE LTD	677788AA9	8.000%	15-Sep-34	5,000,000	5,000,000	5,588,050
	ORACLE CORP	68402LAC8	5.250%	15-Jan-16	1,090,000	1,085,847	1,167,826
	PETRO-CANADA	71644EAF9	7.000%	15-Nov-28	4,705,000	5,581,965	6,104,785
	PFIZER INC	717081DB6	6.200%	15-Mar-19	90,000	99,620	106,839
	PHILLIPS 66	718546AC8	4.300%	1-Apr-22	5,000,000	5,135,350	5,411,500
	PNC BANK NA	69349LAQ1	4.200%	1-Nov-25	7,000,000	6,966,280	7,404,670
	POLAR TANKERS INC	73102QAA4	5.951%	10-May-37	3,280,000	3,742,348	3,779,938
	PRIDE INTERNATIONAL INC	74153QAJ1	7.875%	15-Aug-40	5,000,000	7,034,850	7,333,900
	PROCTER & GAMBLE CO/THE	742718DA4	4.950%	15-Aug-14	50,000	54,106	50,281
	PROCTER & GAMBLE CO/THE	742718DN6	4.700%	15-Feb-19	130,000	130,936	146,823
	PRUDENTIAL HOLDINGS LLC	74438GAC5	7.245%	18-Dec-23	10,000,000	10,687,000	12,345,000
	PSEG POWER LLC	69362BAJ1	8.625%	15-Apr-31	4,000,000	5,698,400	5,761,040
	PUBLIC SERVICE CO OF OKLAHOMA	744533BJ8	6.625%	15-Nov-37	10,000,000	13,005,500	13,000,800
	QUEST DIAGNOSTICS INC	74834LAS9	4.700%	1-Apr-21	5,000,000	5,586,850	5,392,950
	REPUBLIC OF KOREA	50064FAD6	4.875%	22-Sep-14	225,000	222,446	227,059
	REPUBLIC SERVICES INC	760759AM2	4.750%	15-May-23	5,000,000	5,289,950	5,530,550
	RIO TINTO FINANCE USA LTD	767201AD8	7.125%	15-Jul-28	10,500,000	12,854,625	13,736,730
	SAFG RETIREMENT SERVICES INC	866930AB6	8.125%	28-Apr-23	2,360,000	2,986,934	3,061,770
	SIEMENS FINANCIERINGSMAATSCHAP	826200AD9	6.125%	17-Aug-26	11,000,000	11,619,970	13,670,690
	SPECTRA ENERGY CAPITAL LLC	26439RAK2	6.750%	15-Feb-32	5,000,000	5,270,800	5,822,300
	STATOIL ASA	656531AC4	7.750%	15-Jun-23	100,000	116,246	134,553
	STATOIL ASA	656531AD2	7.150%	15-Nov-25	3,650,000	4,678,753	4,904,213
	SUNAMERICA FINANCIAL GROU 144A	00138GAB5	7.570%	1-Dec-45	5,000,000	5,718,000	6,600,000
	SUNAMERICA FINANCIAL GROUP INC	026351AZ9	6.625%	15-Feb-29	2,309,000	2,877,177	2,870,941
	SUNCOR ENERGY INC	86722TAB8	6.850%	1-Jun-39	8,000,000	10,570,420	10,638,160
	TECK RESOURCES LTD	878742AW5	6.250%	15-Jul-41	5,000,000	5,492,200	5,427,950

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	TECK RESOURCES LTD	878742AY1	3.750%	1-Feb-23	\$ 5,000,000	\$ 5,126,500	\$ 4,854,650
	TEXAS CAPITAL BANK NA/DALLAS T	88224PJS9	5.250%	31-Jan-26	7,000,000	7,061,950	7,210,490
	TIME WARNER ENTERTAINMENT CO L	88731EAF7	8.375%	15-Mar-23	5,000,000	5,659,700	6,762,200
	TOPAZ SOLAR FARMS LLC 144A	89054XAA3	5.750%	30-Sep-39	7,750,000	8,064,340	8,471,603
	TRANSALTA CORP	89346DAC1	6.650%	15-May-18	6,000,000	5,989,740	6,798,960
	TRANSCANADA PIPELINES LTD	8935268Y2	7.125%	15-Jan-19	5,000,000	5,922,500	6,086,550
	UNITED PARCEL SERVICE INC	911312AJ5	6.200%	15-Jan-38	25,000	26,823	32,563
	UNITED TECHNOLOGIES CORP	913017AT6	6.700%	1-Aug-28	50,000	52,937	65,271
	US BANK NA/CINCINNATI OH	90331HKP7	4.950%	30-Oct-14	125,000	131,145	126,906
	USF&G CAPITAL III	90330SAA8	8.312%	1-Jul-46	11,536,500	15,239,500	15,607,846
	VALE OVERSEAS LTD	91911TAH6	6.875%	21-Nov-36	8,267,000	8,616,002	9,151,900
	VALERO ENERGY CORP	91913YAB6	8.750%	15-Jun-30	4,000,000	5,240,000	5,462,680
	VALERO ENERGY CORP	91913YAL4	6.625%	15-Jun-37	5,000,000	5,770,400	6,212,650
	VALIDUS HOLDINGS LTD	91915WAB8	8.875%	26-Jan-40	7,000,000	8,715,856	10,058,650
	VERIZON MARYLAND LLC	165069AQ8	8.300%	1-Aug-31	5,765,000	6,576,434	7,112,857
	VERIZON NEW ENGLAND INC	644239AY1	7.875%	15-Nov-29	6,663,000	7,842,817	8,494,659
	VIRGINIA MASON MEDICAL CENTER	927847AA1	5.136%	15-Aug-44	10,000,000	10,000,000	9,163,300
	VOTORANTIM OVERSEAS IV	92908KAA3	7.750%	24-Jun-20	2,500,000	2,521,875	2,950,000
	WACHOVIA BANK COMMERCIA C28 A4	92978MAE6	5.572%	15-Oct-48	4,694,392	5,061,875	5,061,916
	WACHOVIA CORP	337358BH7	7.574%	1-Aug-26	4,000,000	5,046,840	5,274,320
	WASTE MANAGEMENT INC	902917AH6	7.000%	15-Jul-28	4,661,000	5,490,938	6,083,071
	WFRBS COMMERCIAL MO C4 A2 144A	92936CAC3	3.454%	15-Jun-44	5,377,000	5,457,655	5,623,105
	XEROX CORP	984121CB7	6.750%	15-Dec-39	5,000,000	5,980,800	6,062,650
	TOTAL CORPORATE DEBT INSTRUMENTS				811,764,563	1,002,435,942	1,064,521,582
	CLARK CNTY NV	180848FS7	6.754%	1-Jul-38	4,285,000	5,648,530	5,279,591
	COLONY TX LOCAL DEV CORP SALES	19625AAG7	4.881%	1-Oct-47	7,000,000	6,826,610	7,029,330
	DIST OF COLUMBIA REVENUE	25483VEC4	7.625%	1-Oct-35	9,510,000	11,664,360	10,741,165
	EL PASO TX	283734JD4	6.018%	15-Aug-35	3,000,000	3,526,710	3,631,080
	HLTH CARE AUTH FOR BAPTIST HLT	42219UBQ4	5.500%	15-Nov-43	12,000,000	11,489,160	11,526,840
	JOBSOHIO BEVERAGE SYS STWD LIQ	47770VAZ3	4.532%	1-Jan-35	5,545,000	5,467,486	5,724,381
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAG6	3.750%	1-Mar-16	1,000,000	996,960	1,015,850
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAH4	4.250%	1-Mar-17	1,000,000	995,650	1,023,170
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAK7	5.000%	1-Mar-19	1,500,000	1,486,605	1,537,530
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAL5	7.000%	1-Mar-34	10,000,000	9,483,900	9,893,500
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAM3	5.250%	1-Mar-20	1,700,000	1,682,439	1,729,019
	MARYLAND ST HLTH & HGR EDUCNTNL	574218NF6	4.665%	1-Jul-36	6,545,000	5,945,216	6,484,066
	MET TRANSPRTN AUTH NY REVENUE	59259YGF0	6.814%	15-Nov-40	3,500,000	4,478,145	4,722,130
	MUNI ELEC AUTH OF GEORGIA	626207YM0	6.655%	1-Apr-57	10,000,000	11,945,900	12,201,300
	NEW JERSEY ST ECON DEV AUTH LE	645913AA2	7.425%	15-Feb-29	5,000,000	6,412,739	6,535,550

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
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(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
		Cusip	Rate	Maturity	Par Value		
	NEW YORK NY	64966HMT4	5.676%	1-Oct-34	\$ 6,530,000	\$ 6,871,976	\$ 7,030,655
	NEW YORK NY	64966HYE4	5.024%	1-Mar-22	5,000,000	5,498,400	5,540,350
	OGLETHORPE GA PWR CORP	67704LAA9	5.534%	1-Jan-35	2,500,000	2,539,400	2,682,450
	PASADENA CA PUBLIC FING AUTH L	702274AW1	7.148%	1-Mar-43	3,100,000	3,724,309	3,936,783
	UTAH ST HSG CORP MILITARY HSG	917435AA7	5.392%	1-Jul-50	6,855,270	7,094,656	6,796,041
	VIRGIN ISLANDS PUBLIC FIN AUTH	927676RZ1	5.250%	1-Oct-27	4,800,000	4,972,752	5,106,672
	TOTAL STATE AND MUNICIPAL SECURITIES				<u>110,370,270</u>	<u>118,751,904</u>	<u>120,167,453</u>
	FIRSTAR RLTY L L C CUM PFD RESTRNON CUM F 33765A202				<u>1,000</u>	<u>914,950</u>	<u>1,240,625</u>
	TOTAL PREFERRED				<u>1,000</u>	<u>914,950</u>	<u>1,240,625</u>
	3D SYSTEMS CORP	88554D205			24,691	1,399,706	1,476,522
	3M CO	88579Y101			400	28,690	57,296
	AIR LEASE CORP	00912X302			55,197	1,877,653	2,129,500
	ALL CAP IMPACT FUND	293828505			12,188,905	121,893,568	130,177,511
	ARES CAPITAL CORP	04010L103			102,247	1,891,495	1,826,131
	B/E AEROSPACE INC	073302101			22,447	1,842,149	2,076,123
	CAPITAL ONE FINANCIAL CORP	14040H105			25,380	1,844,722	2,096,388
	CERNER CORP	156782104			29,214	1,775,612	1,506,858
	CLEAN HARBORS INC	184496107			33,428	1,831,243	2,147,749
	DOLLAR TREE INC	256746108			35,391	1,845,018	1,927,394
	EBAY INC	278642103			31,922	1,761,807	1,598,015
	ENTREPRENEURSHARES GLOBAL FUND	293828208			279,590	3,000,000	3,687,791
	FACEBOOK INC	30303M102			19,060	1,203,784	1,282,547
	FS BANCORP/LAGRANGE IN	30262T106			16,896	760,320	853,248
	GOLUB CAPITAL BDC INC	38173M102			1,346,229	20,429,414	23,828,253
	HAIN CELESTIAL GROUP INC/THE	405217100			21,472	1,856,121	1,905,425
	IPG PHOTONICS CORP	44980X109			29,479	2,017,958	2,028,155
	ITC HOLDINGS CORP	465685105			53,454	1,854,134	1,950,002
	LAS VEGAS SANDS CORP	517834107			22,926	1,849,115	1,747,420
	LINN ENERGY LLC	536020100			48,533	1,414,488	1,570,043
	MICROCHIP TECHNOLOGY INC	595017104			37,006	1,680,757	1,806,263
	MORNINGSTAR INC	617700109			22,672	1,847,283	1,628,076
	NIKE INC	654106103			24,478	1,842,983	1,898,269
	ORACLE CORP	68389X105			38,784	1,473,466	1,571,916
	QUALCOMM INC	747525103			19,950	1,514,381	1,580,040
	SANDISK CORP	80004C101			13,650	1,018,877	1,425,470
	SERVICE CORP INTERNATIONAL/US	817565104			99,594	1,834,492	2,063,588

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
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(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
		Cusip	Rate	Maturity	Par Value		
	STARBUCKS CORP	855244109			\$ 24,491	\$ 1,821,041	\$ 1,895,114
	STEEL DYNAMICS INC	858119100			102,826	1,850,847	1,845,727
	SYNTEL INC	87162H103			20,107	1,809,773	1,728,398
	TESLA MOTORS INC	88160R101			3,294	696,131	790,758
	TRIPADVISOR INC	896945201			16,230	1,499,740	1,763,552
	TWENTY FIRST CENTURY FOX INC	90130A101			56,383	1,862,968	1,981,862
	UBIQUITI NETWORKS INC	90347A100			40,519	1,962,850	1,831,054
	UNDER ARMOUR INC	904311107			34,670	1,853,526	2,062,518
	UNITED THERAPEUTICS CORP	91307C102			18,253	1,875,284	1,615,208
	URBAN OUTFITTERS INC	917047102			51,256	1,851,556	1,735,528
	VERISIGN INC	92343E102			33,704	1,862,052	1,645,092
	WHOLE FOODS MARKET INC	966837106			35,168	1,820,071	1,358,540
	<b>TOTAL EQUITY- COMMON STOCKS</b>				<u>15,079,896</u>	<u>204,355,072</u>	<u>218,099,343</u>
	A & M CAPITAL PARTNERS LP	99VVAXFT8			3,759,351	4,127,235	3,759,351
	AEA MEZZANINE FUND III LP	99VVAVPT1			934,944	1,202,014	934,944
	BISON CAPITAL PARTNERS IV L.P	99VVAVP04			4,179,839	4,646,115	4,179,839
	CENTERFIELD CAPITAL PARTNERS	99VVAPLN1			3,980,739	4,406,317	3,980,739
	DYAL OFFSHORE INVESTORS LP	99VVAKWD2			10,559,715	11,712,424	10,559,715
	FORTRESS WORLDWIDE TRANSP	99VVAM5H9			16,796,846	16,010,123	16,796,846
	GOLDPOINT PARTNERS	99VVAZEX5			6,745,114	7,619,098	6,745,114
	HIGHSTAR CAPITAL GP IV L.P.	99VVALMM1			10,850,377	11,620,437	10,850,377
	ICG NORTH AMERICAN PRIVATE	99VVA0Q50			2,440,849	2,440,849	2,440,849
	MEDLEY OPPORTUNIFY FUND II L P	99VVAT3G8			14,189,750	14,380,327	14,189,750
	MORGAN STANLEY IFHF SPV LP	99VVAJMK0			837,412	601,445	837,412
	NB ALPHA CAPTURE FUND LTD	99VVAX1A4			100,000	100,000,000	104,525,339
	NB SECONDARY OPPORTUNITIES	99VVAXKM7			2,024,968	1,861,431	2,024,968
	NB STRATEGIC PARTNERS	99VVATAM7			7,459,034	5,591,936	7,459,034
	NEW CANAAN FUNDING MEZZANINE V	99VVAPLZ4			6,271,972	5,946,268	6,271,972
	NYLCAP MEZZANINE PARTNERS III	999313315			18,000,325	17,670,768	18,000,325
	PEP HY CITE HOLDING L P	99VVAZSG7			2,473,037	2,482,116	2,473,037
	PINEBRIDGE MULTI-STRATEGY	99VVAQJ02			43,269	43,268,960	43,523,235
	RCP FUND VIII FEEDER LTD	99VVAT3F0			2,447,727	3,000,000	2,447,727
	RCP SOF II FEEDER LP	99VVAR422			3,448,262	3,570,795	3,448,262
	RFE INVT PARTNERS VIII L P	99VVATNT8			5,115,474	5,793,766	5,115,474
	STIEVEN FINANCIAL OFFSHORE	99VVAQ9L7			4,009	4,000,000	5,864,589
	TRILANTIC CAPITAL PARTNERS V	99VVAQC33			3,445,973	4,004,510	3,445,973
	TRINITY HUNT PARTNERS IV LP	99VVATGT6			4,895,525	6,307,419	4,895,525
	VCFA PRIVATE EQUITY PART IV LP	99VVABVY7			1,424,879	3,125,974	1,424,879
	VCFA VENTURE PARTNERS III LP	999058266			1,477,150	2,784,340	1,477,150
	<b>TOTAL PRIVATE EQUITY</b>				<u>133,906,539</u>	<u>288,174,667</u>	<u>287,672,424</u>



**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
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**As of June 30, 2014**

(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
		Cusip	Rate	Maturity	Par Value		
	MORGAN STANLEY RE III - DOM	99VVABVX9			\$ 50,577	\$ 1,002,982	\$ 50,577
	MORGAN STANLEY RE III - INTL	99VVABVW1			168,831	1,497,970	168,831
	OAKTREE RE VI CAYMAN	99VVAXF84			14,775,003	14,171,221	14,775,003
	SENTINEL REAL ESTATE FUND	999178023			786	50,182,866	57,644,669
	TOTAL REAL ESTATE FUNDS				14,995,197	66,855,039	72,639,080
	BLACKROCK EAFE EQUITY INDEX FUND	999G05866			390,131	50,773,498	90,840,430
	BLACKROCK EQUITY INDEX FUND	99VVAHQK0			118,210	42,788,076	76,998,952
	BLACKROCK INT TERM CREDIT BOND INDEX FUND	999F25668			3,140,768	150,017,425	157,310,171
	BLACKROCK INTERMEDIATE GOVT/CREDIT BOND INDEX FUND	999G05841			170,242	4,505,246	5,297,955
	BLACKROCK LONG TERM CREDIT BOND INDEX FUND	999G05874			689,304	45,498,471	49,400,240
	BLACKROCK RUSSELL 1000 VALUE FUND	99VVAHQL8			1,405,015	75,659,998	136,389,455
	BLACKROCK RUSSELL 2000 EQUITY INDEX FUND	999G05858			2,415,388	27,834,658	91,633,625
	BLACKROCK RUSSELL 2000 GROWTH	99VVALMN9			2,224,592	42,847,182	71,670,951
	SSGA S & P 500 FLAGSHIP	999G05833			252,552	73,074,193	110,670,849
	SSGA 20+ YEAR HIGH QUALITY US CORPORATE BOND INDEX NL FUND	999G36978			3,740,384	46,198,019	48,299,585
	SSGA 5-20 YEAR HIGH QUALITY US CORPORATE BOND INDEX NL FUND	999G36960			12,500,909	140,727,603	148,685,814
	SSGA LONG CREDIT INDEX NL FUND	999G05825			1,593,194	54,457,193	57,636,979
	SSGA RUSSELL 2000 GROWTH FUND	99VVALMP4			3,172,520	64,396,222	99,020,685
	SSGA S&P MIDCAP 400 INDEX NL FUND	99VVAQ9F0			288,024	38,878,544	55,076,549
*	BNY EB TEMP INV FD	996115960			47,717,485	47,717,485	47,717,485
	TOTAL COMMON COLLECTIVE				\$ 79,818,717	\$ 905,373,815	\$ 1,246,649,725
	BEAL BANK USA CD		0.400%	26-Nov-14	\$ 100,000	\$ 100,000	\$ 100,000
	CUSTOMERS BANK CD		0.450%	15-Jan-15	100,000	100,000	99,973
	DISCOVER BANK CD		0.400%	17-Oct-14	100,000	100,000	100,000
	TOTAL CERTIFICATE OF DEPOSITS				300,000	300,000	299,973
	PEOPLES UNITED BANK					219,865	219,865
	TOTAL INTEREST BEARING CASH					219,865	219,865
	TOTAL INVESTMENTS						\$3,171,773,140

\* PARTY-IN-INTEREST

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Form 5500, Schedule H, Part IV, Line 4j - Schedule of Reportable Transactions**  
**As of June 30, 2014**

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Number of Transactions	(g) Expense Incurred with Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
<b>Single transactions</b>	<u>Single Transactions</u>								
	SSGA 5-20 Year High Quality US Corporate								
State Global Advisors	Bond Index non Lending	\$ 221,000,000	\$ -	\$-	\$ 1	\$ 906,239	\$ -	\$ 221,000,000	\$ -
	<u>Series in the Same Security</u>								
Bank of New York-Mellon	BNY Mellon Cash Reserve	409,459,900	-	-	137	-	-	409,459,900	-
Bank of New York-Mellon	BNY Mellon Cash Reserve	-	409,459,900	-	137	-	409,459,900	409,459,900	-
Bank of New York-Mellon	BNY EB TEMP INV FD	857,854,378	-	-	424	-	-	857,854,378	-
Bank of New York-Mellon	BNY EB TEMP INV FD	-	861,258,093	-	289	-	861,258,093	861,258,093	-
	SSGA Long Credit Index								
State Global Advisors	Non-Lending Fund (CME3NON)	50,000,000	-	-	1	-	-	50,000,000	-
	SSGA Long Credit Index								
State Global Advisors	Non-Lending Fund (CME3NON)	-	118,000,000	-	1	-	87,856,527	118,000,000	30,143,473
State Global Advisors	SSGA S & P 500 Flagship (CM11)	25,000,000	-	-	1	-	-	25,000,000	-
State Global Advisors	SSGA S & P 500 Flagship (CM11)	-	125,000,000	-	5	-	87,792,609	125,000,000	37,207,391
	Blackrock Long Term Credit								
Blackrock	BD Indx Fund	40,000,000	-	-	1	-	-	40,000,000	-
	Blackrock Long Term Credit								
Blackrock	BD Indx Fund	-	145,035,472	-	13	-	101,648,715	145,035,472	43,386,758
	SSGA 5-20 Year High Quality US								
State Global Advisors	Corporate Bond Index non Lending	221,000,000	-	-	1	-	-	221,000,000	-
	SSGA 5-20 Year High Quality US								
State Global Advisors	Corporate Bond Index non Lending	-	85,000,000	-	6	-	82,018,680	85,000,000	2,981,320