

Employer ID No: 13-6321489
Plan Number: 333

Financial Statements with Supplemental Schedule and Report of
Independent Certified Public Accountants

**PENTEGRA DEFINED CONTRIBUTION PLAN FOR
FINANCIAL INSTITUTIONS**

As of December 31, 2016 and 2015, and
for the year ended December 31, 2016

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 statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, 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 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 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, 2016 and 2015, and the changes in net assets available for benefits for the year ended 2016 in accordance with accounting principles generally accepted in the United States of America.

Report on supplemental schedule

Our audit was 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, 2016 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.

Grant Thornton LLP

New York, New York
October 10, 2017

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS
Statements of Net Assets Available for Benefits
As of December 31, 2016 and 2015
(In thousands)

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 7,778 | \$ 3,687 |
| Investments - at fair value | <u>1,968,597</u> | <u>1,851,307</u> |
| Receivables | | |
| Notes receivable from participants | 40,892 | 39,296 |
| Accounts receivable - administrative | 1,963 | 965 |
| Employer contributions | 2,726 | 1,717 |
| Participant contributions | 566 | 399 |
| Prepaid expense | <u>-</u> | <u>3</u> |
| Total receivables | <u>46,147</u> | <u>42,380</u> |
| Total assets | <u>2,022,522</u> | <u>1,897,374</u> |
| LIABILITIES | | |
| Other liabilities | 2,917 | 4,468 |
| Payables for securities purchased, not yet settled | <u>7,490</u> | <u>1,582</u> |
| Total liabilities | <u>10,407</u> | <u>6,050</u> |
| Net assets available for benefits | <u>\$ 2,012,115</u> | <u>\$ 1,891,324</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, 2016
(In thousands)

| | |
|---|---------------------|
| ADDITIONS | |
| Contributions | |
| Employers | \$ 51,578 |
| Participants | 80,915 |
| Rollovers | <u>10,260</u> |
| Total contributions | <u>142,753</u> |
| Investment income | |
| Net appreciation in fair value of investments | 152,874 |
| Earnings on self-directed brokerage accounts | 632 |
| Interest bearing cash | 170 |
| Dividends | 1,890 |
| Less | |
| Asset-based fees | <u>(7,925)</u> |
| Net investment income | <u>147,641</u> |
| Interest income on notes receivable from participants | <u>1,693</u> |
| Administrative income | <u>10,119</u> |
| Total income | <u>302,206</u> |
| DEDUCTIONS | |
| Benefits paid to participants | 145,497 |
| Corrective distributions | 211 |
| Administrative expenses | <u>11,552</u> |
| Total deductions | <u>157,260</u> |
| Net increase in net assets before plan transfers | <u>144,946</u> |
| TRANSFERS OF ASSETS | |
| Transfers into the Plan | 20,132 |
| Transfers out of the Plan | <u>(44,287)</u> |
| Net transfers out of the Plan | <u>(24,155)</u> |
| Total increase in net assets | 120,791 |
| NET ASSETS AVAILABLE FOR BENEFITS | |
| Beginning of year | <u>1,891,324</u> |
| End of year | <u>\$ 2,012,115</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, 2016 and 2015

(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. If certain conditions are met, earnings on Roth accounts generally will not be subject to taxation. Employers may also, at their option, elect the after-tax savings feature which permits participants to contribute to the plan on an after-tax basis. While the earnings on this account are taxable upon distribution, the basis in the account is tax-free upon distribution. 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). 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, including, but not limited to, matching contributions. 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.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2016 and 2015

(Amounts in thousands)

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 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 \$3,975 and \$3,661 as of December 31, 2016 and 2015, respectively. In addition, \$1,012 and \$1,981 as of December 31, 2016 and 2015, respectively, are held by the Plan for liquidity purposes, and 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 equity, fixed income, stable value and asset allocation funds. Plan assets are generally invested in common/collective trust funds ("CCTs") under one menu (Option I), and in CCTs and mutual funds 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, Dodge and Cox, Massachusetts Financial Services Company, Principal Management Corp., T. Rowe Price Associates, Inc., RTC and 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 earnings thereon. Participants should refer to their respective SPD to determine the vesting schedule for employer contributions.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2016 and 2015

(Amounts in thousands)

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 are credited to participants' accounts. 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, 2016, participant loans have maturities through 2043 at interest rates ranging from 2.45 percent to 10.25 percent.

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, offset 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, 2016 and 2015, forfeitures totaled \$983 and \$1,148, respectively. During the year ended December 31, 2016, forfeitures of \$773 were used to offset employer contributions or allocated to eligible participants and \$87 were used to offset administrative fees.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS
Notes to Financial Statements
December 31, 2016 and 2015
(Amounts in thousands)

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.

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.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2016 and 2015

(Amounts in thousands)

Investment Valuation

The Plan's investments are stated at fair value, except for the stable value fund (the "SVF"), which is stated at 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 expenses that are paid by the Plan or charged against the Plan's assets.

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, 2016 and 2015 was \$1,067 and \$1,109, respectively, which is adequately covered a portion of the \$1,012 and \$1,981 as of December 31, 2016 and 2015, respectively, held by the Plan for liquidity purposes as discussed in the investments caption in Note 1 and available cash.

Fiduciary liability insurance premiums aggregating \$82 and board of director fees aggregating \$42 in 2016 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, 2016 and 2015, there were no outstanding benefit payments.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2016 and 2015

(Amounts in thousands)

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, 2016 and 2015, there were no excess contributions payable.

New Accounting Standards

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-07 Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value per share as a practical expedient. For nonpublic business entities, ASU 2015-07 is effective for fiscal years beginning after December 15, 2016. Accordingly, the Plan has chosen not to early adopt ASU 2015-07 and is currently in the process of evaluating the impact the adoption of this new standard will have on the Plan financial statements.

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient Consensus of the Emerging Issues Task Force. This three-part standard simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. Parts I and II are effective for fiscal years beginning after December 15, 2015 and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015 and should be applied prospectively, with early application permitted.

Part I of the ASU requires an entity to measure fully benefit-responsive investment contracts only at contract value, eliminating the requirement to reconcile contract value to fair value if the two measures differ on the face of the financial statements. The amendments apply only to reporting entities within the scope of ASC 962 and ASC 965.

The objective of Part II of the ASU is to simplify and improve benefit plan investment disclosure requirements. For both participant-directed investments and nonparticipant-directed investments, the ASU eliminates the requirements to disclose individual investments in excess of 5% of net assets available for benefits, as well as net appreciation or depreciation for investments by general type. Entities must still disclose in aggregate net appreciation or depreciation in investments for the period. The amendments also require an entity to group participant-directed and nonparticipant-directed investments of employee benefit plans only by general type of investment, eliminating the need for entities to disclose classes of assets based on other ways, such as nature, characteristics, and risks. Lastly, plans that file Form 5500 with the Department of

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2016 and 2015

(Amounts in thousands)

Labor ("DOL") as direct-filing entities are no longer required to provide the investment strategy disclosures under ASC 820, for investments using the NAV practical expedient.

The amendments in Part III of the ASU apply only to entities that have a fiscal year that does not coincide with a month end and follow the requirements in ASC 960, ASC 962, and ASC 965. Under the new guidance, as a practical expedient, a plan can measure investments and investment-related accounts as of a month-end date that is closest to the Plan's fiscal year end when the fiscal period does not coincide with a month end.

Part III is not applicable to the Plan, but management has adopted Parts I and II. Accordingly, the amendments were retrospectively applied, resulting in the elimination of the adjustment from fair value to contract value for fully benefit-responsive stable value fund and the removal of certain fair value disclosures related to these investments. The disclosures of individual investments that represent 5% or more of net assets available for benefits, the net appreciation or depreciation in fair value of investments by general type, and the level of disaggregation of investments that are measured at fair value has been simplified by disaggregating investments by general type versus disaggregating by nature, characteristics and risks.

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.

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, 2016 and December 31, 2015.

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

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

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December 31, 2016 and 2015

(Amounts in thousands)

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.

Cash Series U.S. Government Fund - Stated at estimated fair value based on the NAV practical expedient. The Cash Series U.S. Government Fund invests in U.S. government securities and in repurchase agreements collateralized by U.S. government 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, 2016 and 2015
(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, 2016 and 2015.

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | 2016 Total |
|--|---|--|--|-----------------------|
| Self-directed brokerage account | | | | |
| Money market funds | \$ 628 | \$ - | \$ - | \$ 628 |
| Equity | 3,961 | - | - | 3,961 |
| Fixed income | - | 17 | - | 17 |
| Mutual funds | <u>1,345</u> | <u>-</u> | <u>-</u> | <u>1,345</u> |
| Total self-directed brokerage account | <u>5,934</u> | <u>17</u> | <u>-</u> | <u>5,951</u> |
| Common/collective trust funds | | | | |
| Equity funds | - | 904,598 | - | 904,598 |
| Stable value fund | - | 320,147 | - | 320,147 |
| Fixed income funds | - | 83,726 | - | 83,726 |
| Asset allocation funds | <u>-</u> | <u>511,839</u> | <u>-</u> | <u>511,839</u> |
| Total common collective trust funds | <u>-</u> | <u>1,820,310</u> | <u>-</u> | <u>1,820,310</u> |
| Mutual funds | | | | |
| Equity funds | 72,702 | - | - | 72,702 |
| Fixed income funds | <u>9,477</u> | <u>-</u> | <u>-</u> | <u>9,477</u> |
| Total mutual funds | <u>82,179</u> | <u>-</u> | <u>-</u> | <u>82,179</u> |
| Cash series U.S. government fund | <u>-</u> | <u>60,157</u> | <u>-</u> | <u>60,157</u> |
| Total | <u>\$ 88,113</u> | <u>\$ 1,880,484</u> | <u>\$ -</u> | <u>\$ 1,968,597</u> |

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS
Notes to Financial Statements
December 31, 2016 and 2015
(Amounts in thousands)

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | 2015 Total |
|--|---|---|--|---------------------|
| Self-directed brokerage account | | | | |
| Money market funds | \$ 1,081 | \$ - | \$ - | \$ 1,081 |
| Equity | 3,813 | - | - | 3,813 |
| Fixed income | - | 42 | - | 42 |
| Mutual funds | <u>1,159</u> | <u>-</u> | <u>-</u> | <u>1,159</u> |
| Total self-directed brokerage account | <u>6,053</u> | <u>42</u> | <u>-</u> | <u>6,095</u> |
| Common/collective trust funds | | | | |
| Equity funds | - | 853,550 | - | 853,550 |
| Stable value fund | - | 317,705 | - | 317,705 |
| Fixed income funds | - | 80,492 | - | 80,492 |
| Asset allocation funds | <u>-</u> | <u>455,256</u> | <u>-</u> | <u>455,256</u> |
| Total common collective trust funds | <u>-</u> | <u>1,707,003</u> | <u>-</u> | <u>1,707,003</u> |
| Mutual funds | | | | |
| Equity funds | 67,662 | - | - | 67,662 |
| Fixed income funds | <u>8,549</u> | <u>-</u> | <u>-</u> | <u>8,549</u> |
| Total mutual funds | <u>76,211</u> | <u>-</u> | <u>-</u> | <u>76,211</u> |
| Cash series U.S. government fund | | | | |
| | <u>-</u> | <u>61,998</u> | <u>-</u> | <u>61,998</u> |
| Total | <u>\$ 82,264</u> | <u>\$ 1,769,043</u> | <u>\$ -</u> | <u>\$ 1,851,307</u> |

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2016 and 2015

(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, 2016 and 2015, there were no transfers between levels.

Securities Lending

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, 2016 and 2015, there were no withdrawal restrictions. In addition, 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, 2016 and 2015.

4. NAV PER SHARE

The following tables set forth a summary of the Plan's investments with a reported NAV at December 31, 2016 and 2015:

| Investment | Fair Value Estimated Using Net Asset Value per Share | | | | |
|--|--|----------------------|-------------------------------|--------------------------|------|
| | December 31, 2016 | | | | |
| Fair Value | Unfunded Commitment | Redemption Frequency | Other Redemption Restrictions | Redemption Notice Period | |
| Common / collective trust funds | | | | | |
| Equity funds ^(a) | \$ 904,598 | \$ - | Immediate | None | None |
| Fixed income funds ^(b) | 83,726 | - | Immediate | None | None |
| Asset allocation funds ^(c) | 511,839 | - | Immediate | None | None |
| Stable value fund ^(d) | 320,147 | - | Immediate | None | None |
| Cash series US gov't fund ^(e) | <u>60,157</u> | <u>-</u> | Immediate | None | None |
| Total | <u>\$ 1,880,467</u> | <u>\$ -</u> | | | |

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS
Notes to Financial Statements
December 31, 2016 and 2015
(Amounts in thousands)

| Investment | Fair Value Estimated Using Net Asset Value per Share December 31, 2015 | | | | |
|--|---|------------------------|-------------------------|-------------------------------------|--------------------------------|
| | Fair Value | Unfunded Commitment | Redemption Frequency | Other Redemption Restrictions | Redemption Notice Period |
| Common / collective trust funds | | | | | |
| Equity funds ^(a) | \$ 853,550 | \$ - | Immediate | None | None |
| Fixed income funds ^(b) | 80,492 | - | Immediate | None | None |
| Asset allocation funds ^(c) | 455,256 | - | Immediate | None | None |
| Stable value fund ^(d) | 317,705 | - | Immediate | None | None |
| Cash series US gov't fund ^(e) | <u>61,998</u> | <u>-</u> | Immediate | None | None |
| Total | <u>\$ 1,769,001</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 Bloomberg 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 - the SVF consists of separately managed portfolios directed by RTC and managed by MetLife and RTC. 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 5).

^(e) Cash series U.S. government fund- the Cash series U.S. government fund seeks to maximize current income, to the extent consistent with the preservation of capital and liquidity. It invests in U.S. government securities and in repurchase agreements collateralized by U.S. government securities.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

December 31, 2016 and 2015

(Amounts in thousands)

5. 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 25053 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. Reliance Financial Corporation is an indirect wholly-owned subsidiary of Fidelity National Information Services, Inc. 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. As of December 31, 2016 and 2015, contract value approximated estimated fair 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 contract 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.

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

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Notes to Financial Statements

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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.

6. 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, 2016, the Plan incurred \$10,058 in administrative expenses charged by PSI. Pentegra Trust Company, a wholly-owned subsidiary of PSI is the sub-advisor to the Pentegra Advantage Asset Allocation Strategies ("PAAAS") sponsored by RTC. Total party-in-interest investments were \$31,567 and \$31,303 as of December 31, 2016 and 2015, respectively. Total net change in appreciation in fair value of investments on party-in-interest investments was \$2,218 or 1.45% of the Plan's net change in appreciation in fair value of investments and asset based fees on party-in-interest investments was \$145 or 1.83% of the Plan's asset based fees on investments for the year ended December 31, 2016.

7. 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.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS
Notes to Financial Statements
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(Amounts in thousands)

8. FEDERAL INCOME TAX STATUS

The IRS has determined and informed the Plan by letter dated November 14, 2014 that the Plan and related trust are designed in accordance with the applicable regulations of the IRC. 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.

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 administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016 and 2015, 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.

9. 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, 2016 and 2015, and the increase in net assets per the financial statements to the net income per the Form 5500 for the year ended December 31, 2016, is as follows:

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| Net assets available for benefits per the financial statements | \$ 2,012,115 | \$ 1,891,324 |
| Deemed distributions | - | - |
| Adjustment from contract value to fair value for fully benefit-responsive stable value fund | <u>-</u> | <u>321</u> |
| Total net assets per the Form 5500 | <u>\$ 2,012,115</u> | <u>\$ 1,891,645</u> |
| Net increase in net assets before plan transfers per the financial statements | \$ 144,946 | \$ (4,418) |
| Deemed distributions | - | - |
| Adjustment from contract value to fair value for fully benefit-responsive stable value fund - December 31, 2016 | - | 321 |
| Adjustment from contract value to fair value for fully benefit-responsive stable value fund - December 31, 2015 | <u>(321)</u> | <u>(10,080)</u> |
| Net income per Form 5500 | <u>\$ 144,625</u> | <u>\$ (14,177)</u> |

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS
Notes to Financial Statements
December 31, 2016 and 2015
(Amounts in thousands)

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through October 10, 2017. 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, 2016

| (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*** | ** | \$ 320,146,688 |
| | State Street Global Advisors | S&P 500 (R) Indx NL SF CL A*** | ** | 287,460,460 |
| | State Street Global Advisors | S&P Midcap (R) Indx NL SF CL A*** | ** | 212,685,451 |
| | State Street Global Advisors | Russell Small Cap (R) Indx NL SF CL A*** | ** | 82,025,344 |
| | State Street Global Advisors | Russell Large Cap Growth Indx NL SF A*** | ** | 78,564,901 |
| | State Street Global Advisors | NASDAQ 100 Indx (R) NL SF CL A*** | ** | 76,436,142 |
| | State Street Global Advisors | Moderate Strategic Balanced SL SF CL I | ** | 71,368,743 |
| | State Street Global Advisors | Russell Large Cap Value (R) Indx NL SF CL A*** | ** | 70,465,835 |
| | State Street Global Advisors | Target Retirement 2025 NL SF CL A | ** | 69,776,246 |
| | State Street Global Advisors | Intl Indx NL SF CL A*** | ** | 60,616,750 |
| | State Street Global Advisors | Aggressive Strategic Balanced SL SF CL I*** | ** | 57,308,314 |
| | State Street Global Advisors | Target Retirement 2035 NL SF CL A*** | ** | 49,027,760 |
| | State Street Global Advisors | Target Retirement 2030 NL SF CL A*** | ** | 42,949,662 |
| | State Street Global Advisors | Target Retirement 2020 NL SF CL A*** | ** | 42,093,763 |
| | State Street Global Advisors | US Long Treasury Indx NL SF CL A | ** | 41,741,814 |
| | State Street Global Advisors | REIT Indx NL SF CL A*** | ** | 36,343,014 |
| | State Street Global Advisors | Conservative Strategic Balanced SL SF CL I | ** | 33,605,081 |
| | State Street Global Advisors | US Bond Indx NL SF CL A*** | ** | 30,759,579 |
| | State Street Global Advisors | Target Retirement 2045 NL SF CL A*** | ** | 29,360,019 |
| | State Street Global Advisors | Target Retirement 2040 NL SF CL A*** | ** | 27,707,959 |
| | State Street Global Advisors | Target Retirement 2015 NL SF CL A*** | ** | 26,381,256 |
| | State Street Global Advisors | Target Retirement 2050 NL SF CL A*** | ** | 13,970,975 |
| | State Street Global Advisors | US Inflation Pro Bond Indx NL SF CL A*** | ** | 11,224,636 |
| | State Street Global Advisors | Target Retirement 2055 NL SF CL A*** | ** | 8,843,137 |
| | State Street Global Advisors | Target Retirement Income NL SF CL A*** | ** | 6,329,353 |
| | State Street Global Advisors | Target Retirement 2060 NL SF CL A*** | ** | 1,549,435 |
| * | Reliance Trust Company | Pentegra Advantage Moderate Asset Allocation CL 0 | ** | 11,311,672 |
| * | Reliance Trust Company | Pentegra Advantage Moderately Aggressive Asset Allocation CL 0 | ** | 9,912,574 |
| * | Reliance Trust Company | Pentegra Advantage Aggressive Asset Allocation CL 0 | ** | 5,529,113 |
| * | Reliance Trust Company | Pentegra Advantage Moderately Conservative Asset Alloc. CL 0 | ** | 3,232,087 |
| * | Reliance Trust Company | Pentegra Advantage Conservative Asset Allocation CL 0 | ** | 1,581,857 |
| | Total investments in common collective trust funds** | | | 1,820,309,620 |
| | T. Rowe Price | T.Rowe Price Blue Chip Growth Fund | ** | 22,435,353 |
| | American Beacon Funds | American Beacon Large Cap Value Fund Institutional | ** | 13,350,989 |
| | American Funds | American Funds EuroPacific Growth Fund R6 | ** | 11,707,862 |
| | Principal Global Investors | Principal MidCap Fund Institutional | ** | 11,523,031 |
| | Dodge and Cox | Dodge & Cox Income Fund | ** | 9,477,123 |
| | Dimensional Fund Advisors | DFA US Small Cap Portfolio Institutional | ** | 8,515,121 |
| | MFS | MFS Massachusetts Investors Trust Growth Stock Fund R6 | ** | 5,169,831 |
| | Total investments in mutual funds | | | 82,179,310 |

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, 2016

| (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 |
|-----|---|--|-------------|-------------------------|
| | Charles Schwab and Company Inc. | Self Directed Brokerage Account | ** | \$ 5,950,913 |
| | * State Street Global Advisors | Cash Series US Government Fund*** | ** | <u>60,156,826</u> |
| | Total Investments | | | <u>\$ 1,968,596,669</u> |
| | Notes Receivable from | Loans - interest rates 2.45% to 10.25%, maturity dates 2017 through 2043 | ** | <u>\$ 40,891,755</u> |

* Party-in-interest.

** Cost information not required for participant directed investments.

*** Common/collective trust funds and Cash Series US Government Fund include non-participant directed investments that have an aggregate cost and current value of \$2,665,315 and \$3,974,567 respectively, as of December 31, 2016.

See accompanying Independent Auditors' Report.