

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, 2016 and 2015, and  
for the year ended June 30, 2016

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

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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, 2016 and 2015 and the related consolidated statement of changes in net assets available for benefits for the year ended June 30, 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 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, 2016 and 2015, and the changes in its financial status for the year ended June 30, 2016 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, 2016 and Schedule H, Part IV Line 4j - schedule of reportable transactions for the year ended June 30, 2016, 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.

The image shows a handwritten signature in cursive script that reads "Grant Thornton LLP". The signature is written in dark ink and is positioned above the typed name and date.

New York, New York  
April 17, 2017

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Consolidated Statements of Net Assets Available for Benefits**  
As of June 30, 2016 and 2015  
(in thousands)

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Investments, at fair value	\$ 3,245,680	\$ 3,199,917
Accrued investment income	11,697	14,294
Accounts receivable	12,420	9,630
Employer contributions receivable	35,858	49,210
Receivables for securities sold, not yet settled	5,132	23,323
Goodwill and intangible assets	13,461	13,882
Cash	10,831	14,611
Other assets	<u>4,896</u>	<u>4,641</u>
Total assets	<u>3,339,975</u>	<u>3,329,508</u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	23,886	28,474
Payables for securities purchased, not yet settled	<u>5,571</u>	<u>19,445</u>
Total liabilities	<u>29,457</u>	<u>47,919</u>
Net assets available for benefits	<u>\$ 3,310,518</u>	<u>\$ 3,281,589</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, 2016  
(in thousands)

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**ADDITIONS**

Contributions	\$ 149,512
Investment income/(loss)	
Net appreciation in fair value of investments	62,949
Interest	59,011
Dividends	9,016
Less:	
Administrative asset fee	(13,646)
Investment advisory services	<u>(899)</u>
Net investment income	<u>116,431</u>
Administrative and service income	55,390
Other	<u>689</u>
Total additions	<u>322,022</u>

**DEDUCTIONS**

Benefit payments	204,513
Administrative expenses	67,413
Other	<u>1,617</u>
Total deductions	<u>273,543</u>
Net increase	48,479

**TRANSFER OF ASSETS**

Transfers into the Plan	1,787
Transfers out of the Plan	<u>(21,337)</u>
Total increase in net assets	28,929

**NET ASSETS AVAILABLE FOR BENEFITS**

Beginning of year	<u>3,281,589</u>
End of year	<u>\$ 3,310,518</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, 2016 and 2015, and for the year ended June 30, 2016**

**(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, 27th 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").

#### **Cash**

The Plan maintains cash balances with U.S. financial institutions, which at times, may exceed federally insured limits. The Plan has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

#### **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.

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

## **Notes to Consolidated Financial Statements**

**As of June 30, 2016 and 2015, and for the year ended June 30, 2016**

**(Amounts in thousands)**

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### **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.

### **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, 2016.

### **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, PBGC insurance premium, consulting and board meeting expenses are assessed to participating employers and are paid out of the Plan assets.

Fiduciary liability insurance premiums aggregating \$358 were paid by participating employers directly and are not reflected in the Plan's consolidated financial statements for the year ended June 30, 2016.

### **Payment of Benefits**

Benefit payments to participants are recorded upon distribution. As of June 30, 2016 and 2015, net assets available for benefits included \$12,587 and \$10,986, 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.



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

## **Notes to Consolidated Financial Statements**

**As of June 30, 2016 and 2015, and for the year ended June 30, 2016**

**(Amounts in thousands)**

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### **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.

### **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.

### **Recent Accounting Pronouncements**

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 ("NAV") 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 2015-12 and is currently in the process of evaluating the impact the adoption of this new standard will have on the Plan 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 2016 and 2015 valuation, the interest rates used for determining the minimum required contribution are based on the three segment yield rates for 2015 and 2014, respectively, 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

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2016 and 2015, and for the year ended June 30, 2016

(Amounts in thousands)

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rates as of September 30, 2015 and September 30, 2014, respectively, as described in IRS Notice 2014-53. The rates are as follows:

<u>2016</u>	<u>Rate</u>
<b>Year</b>	
1-5	4.43 %
6-20	5.91
21+	6.65
<u>2015</u>	<u>Rate</u>
<b>Year</b>	
1-5	4.72 %
6-20	6.11
21+	6.81

Normal retirement is assumed to occur at ages 45-70. For the period prior to retirement, withdrawals, deaths, and disabilities are anticipated.

- For the 2016 and 2015 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 2031 and 2030, respectively, using scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments projected to 2023 and 2022, respectively 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 3.57% was used to determine the actuarial present value of accumulated plan benefits under Accounting Standards Codification ("ASC") 960, Plan Accounting-Defined Benefit Pension Plans, as of July 1, 2016. The rate used for this measurement as of July 1, 2015 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.

#### 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, Willis Towers Watson. The calculations are designed to determine the amounts necessary to fund the target normal cost of

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2016 and 2015, and for the year ended June 30, 2016

(Amounts in thousands)

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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, 2016 and 2015.

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 \$8,473 and \$7,713 at June 30, 2016 and 2015, respectively. Pursuant to federal regulations, the interest rate credited to these contributions at June 30, 2016 and 2015, was 2.12% and 2.18%, 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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Vested benefits for:		
Retirees and beneficiaries currently receiving payments	\$ 1,892,965	\$ 1,326,818
Other participants	<u>2,830,588</u>	<u>1,899,359</u>
Total vested benefits	4,723,553	3,226,177
Nonvested benefits	<u>44,245</u>	<u>29,399</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 4,767,798</u>	<u>\$ 3,255,576</u>

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2016 and 2015, and for the year ended June 30, 2016**  
**(Amounts in thousands)**

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The changes in the actuarial present value of accumulated plan benefits for the year ended June 30, 2016 is as follows:

	<u>2016</u>
Changes in accumulated plan benefits	
<b>Beginning of year</b>	<u>\$ 3,255,576</u>
Increase (decrease) during the year attributable to:	
Interest due to decrease in the discount period	196,466
Benefits paid	(204,513)
Withdrawn employers	(23,113)
New employers	-
Changes in benefits adopted by certain employers	295
Assumption changes	1,431,117
Benefits accumulated and actuarial experience	<u>111,970</u>
Net increase	<u>1,512,222</u>
<b>End of year</b>	<u><u>\$ 4,767,798</u></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, 2016 and 2015.

- Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission ("SEC"). These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.
- Common stocks are valued at quoted prices in active markets.
- Corporate debt securities (excluding equity linked notes ["ELN's"]), interest rate swaps, and preferred stocks are valued by management based on information provided by BNY

## PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

### Notes to Consolidated Financial Statements

As of June 30, 2016 and 2015, and for the year ended June 30, 2016

(Amounts in thousands)

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Mellon, using the following techniques: matrix pricing, market pricing, market corroborated pricing and inputs such as yield curves and indices.

- 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 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 index 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, 2016 and 2015, the Funds can be redeemed daily with 1-2 days' notice. As of June 30, 2016 and 2015, the Plan had no unfunded commitments for the Funds.
- ELN's 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. As of June 30, 2016 and 2015, the Plan had remaining capital commitments for additional contributions to real estate funds of \$18,800 and \$2,000, respectively. As of June 30, 2016 and 2015, the Plan had reserve commitments of \$0 and \$750, respectively, 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, 2016, \$6,845 of these funds can be redeemed quarterly with a 65 day notice period while \$375,940 are not liquid and subject to the distributions of the fund manager. For the year ended June 30, 2015, \$45,784 of these funds can be redeemed monthly or quarterly with a 5-65 days' notice while \$264,007 are not liquid and subject to the distributions of 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, 2016 and 2015, the Plan had remaining capital commitments for additional contributions to the limited partnerships totaling \$307,187 and \$283,586, respectively.

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2016 and 2015, and for the year ended June 30, 2016**  
**(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, 2016 and 2015:

	<b>Fair Value Measurements as of June 30, 2016</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Mutual funds	\$ 209,921	\$ -	\$ -	\$ 209,921
Common stocks				
Financial services	35,940	-	-	35,940
Materials and services	5,239	-	-	5,239
Total common stocks	41,179	-	-	41,179
Corporate debt securities				
AAA credit rating	-	162	-	162
AA credit rating	-	173,146	-	173,146
A credit rating	-	349,063	6,309	355,372
BBB credit rating	-	255,567	-	255,567
Not rated *	-	220,986	-	220,986
Total corporate debt securities	-	998,924	6,309	1,005,233
Government securities	62,206	211,126	-	273,332
Municipal and other government debt and other	22	177,223	-	177,245
Private equity	-	6,845	375,940	382,785
Preferred stock	-	19,019	-	19,019
Common collective trust funds - equity	-	588,513	-	588,513
Common collective trust funds - fixed income	-	426,432	-	426,432
Common collective trust funds - short term	-	44,713	-	44,713
Real estate funds	-	-	77,308	77,308
Total	\$ 313,328	\$ 2,472,795	\$ 459,557	\$ 3,245,680

\* Includes Doubleline Opportunistic Income Fund Ltd.

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
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(Amounts in thousands)

	Fair Value Measurements as of June 30, 2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 223,873	\$ -	\$ -	\$ 223,873
Common stocks				
Financial services	23,343	-	-	23,343
Materials and services	<u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>
Total common stocks	<u>23,405</u>	<u>-</u>	<u>-</u>	<u>23,405</u>
Corporate debt securities				
AAA credit rating	-	6,098	-	6,098
AA credit rating	-	117,760	-	117,760
A credit rating	-	447,327	6,545	453,872
BBB credit rating	-	338,199	-	338,199
Not rated*	<u>-</u>	<u>203,529</u>	<u>-</u>	<u>203,529</u>
Total corporate debt securities	<u>-</u>	<u>1,112,913</u>	<u>6,545</u>	<u>1,119,458</u>
Government securities	62,603	111,149	-	173,752
Municipal and other government debt and other	120	146,350	-	146,470
Private equity	-	45,784	264,007	309,791
Preferred stock	-	1,233	-	1,233
Common collective trust funds - equity	-	610,411	-	610,411
Common collective trust funds - fixed income	-	453,248	-	453,248
Common collective trust funds - short term	-	51,654	-	51,654
Real estate funds	<u>-</u>	<u>-</u>	<u>86,622</u>	<u>86,622</u>
Total	<u>\$ 310,001</u>	<u>\$ 2,532,742</u>	<u>\$ 357,174</u>	<u>\$ 3,199,917</u>

\* Includes Doubleline Opportunistic Income Fund Ltd.

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
As of June 30, 2016 and 2015, and for the year ended June 30, 2016  
(Amounts in thousands)

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The Plan's policy is to recognize all transfers between levels at the beginning of the reporting period. For the year ended June 30, 2016, there were no transfers.

The following table presents 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, 2016.

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

	<u>June 30, 2016</u>				<u>Total</u>
	<u>Private Equity</u>	<u>Real Estate Funds</u>	<u>Corporate Debt Sec. (ELN's)</u>	<u>CCT Equity</u>	
<b>Beginning balance - June 30, 2015</b>	\$ 264,007	\$ 86,622	\$ 6,545	\$ -	\$ 357,174
Realized gains	16,104	2,606	-	-	18,710
Unrealized gains (losses)	5,865	1,177	(236)	-	6,806
Purchases	147,078	10,429	-	-	157,507
Issuances	-	-	-	-	-
Settlements	(57,114)	(23,526)	-	-	(80,640)
Transfers into Level 3	-	-	-	-	-
<b>Ending balance - June 30, 2016</b>	<u>\$ 375,940</u>	<u>\$ 77,308</u>	<u>\$ 6,309</u>	<u>\$ -</u>	<u>\$ 459,557</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>\$ 8,710</u>	<u>\$ 197</u>	<u>\$ (236)</u>	<u>\$ -</u>	<u>\$ 8,671</u>



**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2016 and 2015, and for the year ended June 30, 2016**  
**(Amounts in thousands)**

The following tables set forth a summary of the Plan's investments with a reported NAV at June 30, 2016 and 2015:

Fair Value Estimated Using Net Asset Value Per Share June 30, 2016					
Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Common collective trust funds - equity	\$ 588,513	\$ -	daily	None	1-2 days
Common collective trust funds - fixed income	426,432	-	daily	None	1-2 days
Private equity - liquid	6,845	-	quarterly	None	65 days
Private equity - illiquid	375,940	307,187	subject to distributions by fund manager	None	NA
Real estate funds	<u>77,308</u>	<u>18,800</u>	varies as per funds' cash flow availability	None	NA
Total	<u>\$ 1,475,038</u>	<u>\$ 325,987</u>			

Fair Value Estimated Using Net Asset Value Per Share June 30, 2015					
Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Common collective trust funds - equity	\$ 610,411	\$ -	daily	None	1-2 days
Common collective trust funds - fixed	453,248	-	daily	None	1-2 days
Private equity - liquid	45,784	-	monthly, quarterly	None	5-65 days
Private equity - illiquid	264,007	283,586	subject to distributions by fund manager	None	NA
Real estate funds	<u>86,622</u>	<u>2,000</u>	varies as per funds' cash flow availability	None	NA
Total	<u>\$ 1,460,072</u>	<u>\$ 285,586</u>			

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2016 and 2015, and for the year ended June 30, 2016**  
**(Amounts in thousands)**

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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, 2016, 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, 2016

Instrument	Fair Value	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
Corporate Debt Sec (ELN's)	6,309	Option Valuation Model	Volatility	17.0%-27.0%	18.7%
Private Equity	375,940	Practical Expedient	Net Asset Value	N/A	N/A
			Market Approach *	Multiples	.9x-23.4x
		Discounted Cashflow *	Discount Rate	4.0%-35.0%	N/A
			Multiples	4.0x-14.0x	N/A
Revenue Growth	4.5%-207.1%	10.2%			
Real Estate	77,308	Practical Expedient	Net Asset Value	N/A	N/A
			Market Comparables *	Multiples	.9%-1.1%
		Discounted Cashflow *	Discount Rate	1.5%-10.0%	N/A

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.

\* The investment's NAV is calculated by the fund manager based on these principal valuation techniques and inputs.

# PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

## Notes to Consolidated Financial Statements

As of June 30, 2016 and 2015, and for the year ended June 30, 2016

(Amounts in thousands)

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### 7. INVESTMENTS

For the year ended June 30, 2016, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$62,949 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:	
Mutual funds	\$ (14,477)
Common stocks	(9,144)
U.S. treasuries	68
Net appreciation (depreciation) in fair value of investments	
whose fair value was estimated:	
Private equity	21,094
Preferred stocks	(906)
Government securities	11,046
Corporate debt securities	11,547
Common collective trust funds - equity	(16,592)
Common collective trust funds - fixed income	43,614
Real estate funds	3,783
Municipal and other government debt and other	<u>12,916</u>
Net appreciation in fair value of investments	<u>\$ 62,949</u>

The Plan's investments that represent 5% or more of net assets available for benefits as of June 30, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
Blackrock Equity Index Fund**	\$ 179,905	*

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

\*\* The BlackRock Equity Index Fund invests in a portfolio of equity securities with the objective of approximating the capitalization weighted total return of US publicly traded larger capitalized companies as represented by the S&P 500 Index. There are no restrictions on redemptions from the Fund.

### 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 \$5,000 and \$20,000 and an estimated fair value of \$6,309 and \$21,822 as of June 30, 2016 and 2015, respectively. An

## PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS

### Notes to Consolidated Financial Statements

As of June 30, 2016 and 2015, and for the year ended June 30, 2016

(Amounts in thousands)

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, 2016, approximately 78% of the equity linked notes was comprised of the discounted fixed income instrument and 22% was comprised of the call option. At June 30, 2015, approximately 89% of the equity linked notes was comprised of the discounted fixed income instrument and 11% was comprised of the call option.

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, 2016 and 2015, respectively, and the consolidated statement of changes in net assets available for benefits for the year ended June 30, 2016.

#### Fair Value of Derivative Instruments as of June 30, 2016

	Consolidated Statements of Net Assets Available for Benefits	Asset Derivatives	Liability Derivatives	Total
Equity linked notes	Assets - investments at fair value	\$ 6,309	\$ -	\$ 6,309
Total derivatives		\$ 6,309	\$ -	\$ 6,309

#### Fair Value of Derivative Instruments as of June 30, 2015

	Consolidated Statements of Net Assets Available for Benefits	Asset Derivatives	Liability Derivatives	Total
Equity linked notes	Assets - investments at fair value	\$ 21,822	\$ -	\$ 21,822
Total derivatives		\$ 21,822	\$ -	\$ 21,822

#### Effect of Derivative Instruments on the Consolidated Statement of Changes in Net Assets Available for Benefits for the Year Ended June 30, 2016

	Consolidated Statements of Changes in Net Assets Available for Benefits	Realized Gain	Net Unrealized Depreciation	Total
Equity linked notes	Net appreciation/(depreciation) in fair value of investments	\$ -	\$ (512)	\$ (512)
Total derivatives		\$ -	\$ (512)	\$ (512)

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

## **Notes to Consolidated Financial Statements**

**As of June 30, 2016 and 2015, and for the year ended June 30, 2016**

**(Amounts in thousands)**

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### **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 \$97,965 and \$104,334 as of June 30, 2016 and 2015, respectively, are included in the consolidated statements of net assets available for benefits. Income earned on these investments was \$709 for the year ended June 30, 2016, 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 \$262 for the year ended June 30, 2016, 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 \$2,675 and \$2,464 as of June 30, 2016 and 2015, 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.

### **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 most recently by letter dated February 12, 2015, that the Plan's Regulations and related trust are designed in accordance with the applicable sections of the IRC. Subsequent to receiving the determination letter, several amendments to the Regulations have been approved that will not impact the Plan's tax-qualified status. 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.

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

## **Notes to Consolidated Financial Statements**

**As of June 30, 2016 and 2015, and for the year ended June 30, 2016**

**(Amounts in thousands)**

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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 2012. However, the Plan could be open indefinitely to a Department of Labor ("DOL") audit.

### **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 \$37,540 for the year ended June 30, 2016, 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 \$34,477 for the year ended June 30, 2016. 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 \$10,722 and \$14,226 as of June 30, 2016 and 2015, 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 \$4,674 and \$5,095 as of June 30, 2016 and 2015, respectively, and are included on the consolidated statements of net assets available for benefits.

### **13. SUBSEQUENT EVENTS**

Subsequent events were evaluated through April 17, 2017, which is the date the consolidated financial statements are available to be issued. During the period from July 1, 2016 through April 17, 2017, the Plan made approximately \$150,000 in capital commitments, of which approximately \$12,509 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, 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	
		Cusip	Rate	Maturity			Par Value
*	FEDERAL HOME LN BK CONS BD	3133XKQX6	4.875%	17-May-17	\$ 425,000	\$ 451,961	\$ 440,967
*	FEDERAL HOME LN BK CONS BD	3133XMQ87	5.000%	17-Nov-17	90,000	95,569	95,359
*	FEDERAL HOME LN BK CONS BD	313379XK0	3.100%	29-Jun-32	2,000,000	2,086,800	2,138,260
	FEDERAL FARM CR BK CONS BD	3133EA5P9	3.050%	19-Jul-32	3,775,000	3,866,355	4,018,412
	FEDERAL FARM CR BK CONS BD	3133EC7M0	2.920%	17-Dec-30	4,500,000	4,341,195	4,768,290
	FEDERAL FARM CR BK CONS BD	3133EEK74	2.680%	13-May-25	4,450,000	4,493,788	4,756,828
	FEDERAL FARM CR BK CONS BD	3133EEL40	2.860%	18-May-27	5,000,000	4,974,250	5,341,950
	FEDERAL FARM CR BK CONS BD	3133EEQA1	2.790%	17-Mar-28	3,000,000	2,991,540	3,200,460
	FEDERAL FARM CR BK CONS BD	3133EEY20	2.400%	17-Jun-22	3,000,000	3,055,260	3,183,000
	FEDERAL HOME LN MTG CORP	3134G7FY2	2.000%	29-Jul-20	5,000,000	5,000,000	5,006,050
	FEDERAL HOME LN MTG CORP	3137EAAM1	5.000%	16-Feb-17	715,000	773,094	735,134
	FEDERAL HOME LN MTG CORP	3137EABP3	4.875%	13-Jun-18	100,000	106,781	108,079
	FEDERAL HOME LN MTG CORP STRIP	3134A4CP7	0.000%	15-Mar-31	10,000,000	5,647,400	6,756,800
	FEDERAL HOME LN MTG CORP STRIP	3134A32L9	0.000%	15-Mar-27	7,468,000	5,659,995	5,837,736
	FEDERAL JUDICIARY OFFICE BLDG	313490CD4	0.000%	15-Feb-20	8,615,000	857,633	8,052,441
	FEDERAL JUDICIARY OFFICE BLDG	313490BW3	0.000%	15-Aug-16	8,265,000	1,074,779	8,255,330
	FEDERAL NATL MTG ASSN	3135G0ZA4	1.875%	19-Feb-19	5,000,000	5,089,900	5,138,350
	FEDERAL NATL MTG ASSN	31359MFJ7	7.125%	15-Jan-30	230,000	289,584	360,845
	FEDERAL NATL MTG ASSN	31359MFP3	7.250%	15-May-30	205,000	262,080	326,094
	FEDERAL NATL MTG ASSN	31364FCB5	6.090%	27-Sep-27	2,960,000	3,876,682	4,154,034
	FEDERAL NATL MTG ASSN	31359MEL3	0.000%	1-Jun-17	5,000,000	4,939,150	4,971,900
	FEDERAL NATL MTG ASSN STRIP	31364EAV6	0.000%	8-Oct-27	9,440,000	6,535,977	7,238,026
	FEDERAL NATL MTG ASSN STRIP	31359YQK6	0.000%	15-Jul-32	5,000,000	2,275,000	3,152,700
	FEDERAL NATL MTG ASSN STRIP	31359YCX3	0.000%	15-Jan-28	5,000,000	3,456,000	3,682,900
	FEDERAL NATL MTG ASSN STRIP	31359YBF3	0.000%	15-May-28	5,000,000	3,555,250	3,643,100
	FEDERAL NATL MTG ASSN STRIP	31358DDR2	0.000%	15-May-30	5,800,000	3,872,370	4,060,986
	FEDERAL NATL MTG ASSN STRIP	31358C4Y9	0.000%	6-Aug-28	3,757,000	2,623,851	2,718,828
	FEDERAL NATL MTG ASSN STRIP	31358C4X1	0.000%	6-Feb-28	1,700,000	1,229,338	1,288,481
	FINANCING CORP STRIP	317705AA9	10.700%	6-Oct-17	2,000,000	2,162,500	2,254,280
	FINANCING CORP STRIP	31771KAD9	0.000%	30-Nov-17	6,000,000	5,668,200	5,932,860
	FINANCING CORP STRIP	31771EAM3	0.000%	6-Dec-18	9,200,000	3,271,922	9,018,668
	FINANCING CORP STRIP	31771CEY7	0.000%	30-May-17	909,000	109,335	902,792
	FINANCING CORP STRIP	31771CC45	0.000%	30-May-17	165,000	19,846	163,873
	FINANCING CORP STRIP PO	31771KAA5	0.000%	26-Sep-19	5,000,000	4,700,620	4,849,250
	ISRAEL ST AID	465139JE4	0.000%	15-May-23	3,059,000	2,539,704	2,683,783
	RESOLUTION FDG CORP	761157AD8	8.875%	15-Jul-20	1,000,000	994,010	1,306,590
	RESOLUTION FDG CORP PRIN STRIP	76116FAD9	0.000%	15-Jul-20	5,000,000	4,576,150	4,773,350
	RESOLUTION FDG CORP STRIP	76116EGK0	0.000%	15-Jan-27	4,000,000	3,101,560	3,187,880
	RESOLUTION FDG CORP STRIP	76116EHM5	0.000%	15-Apr-29	9,000,000	6,051,690	6,653,610
	RESOLUTION FDG CORP STRIP	76116EHJ2	0.000%	15-Oct-27	8,615,000	6,134,788	6,590,647
	RESOLUTION FDG CORP STRIP	76116EHH6	0.000%	15-Apr-27	5,000,000	3,860,000	3,887,300



**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, 2016**

(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		
RESOLUTION FDG CORP STRIP	76116EGL8	0.000%	15-Jul-27	\$ 5,000,000	\$ 3,656,800	\$ 3,921,350
SBA GTD PARTN CTFS 2013-20I 1	83162CVU4	3.620%	1-Sep-33	18,749,738	19,281,069	20,485,963
SBA GTD PARTN CTFS 2013-20J 1	83162CVV2	3.370%	1-Oct-33	4,139,836	4,199,993	4,421,800
SBA GTD PARTN CTFS 2013-20K 1	83162CVX8	3.380%	1-Nov-33	4,109,068	4,148,072	4,397,319
TENNESSEE VALLEY AUTH BD	880591DV1	4.700%	15-Jul-33	5,743,000	6,895,046	7,114,428
TENNESSEE VALLEY AUTH STRIP	88059FBG5	0.000%	1-May-30	1,100,000	697,345	729,355
TENNESSEE VALLEY AUTH STRIP	88059ESQ8	0.000%	1-May-30	1,400,000	886,200	928,270
TENNESSEE VALLEY AUTH STRIP	88059ENNO	0.000%	15-Jan-28	3,211,000	2,134,705	2,345,603
TENNESSEE VALLEY AUTH STRIP	88059E5L4	0.000%	15-Mar-33	3,000,000	1,788,000	1,822,950
TENNESSEE VALLEY AUTH STRIP	88059E5E0	0.000%	15-Mar-30	3,100,000	1,976,374	2,065,809
TENNESSEE VALLEY AUTH STRIP	88059EU85	0.000%	15-Jun-30	5,273,000	3,246,624	3,479,653
TENNESSEE VALLEY AUTH STRIP	88059EU77	0.000%	15-Dec-29	5,614,000	3,588,076	3,776,931
U S TREASURY BOND	912810DX3	7.500%	15-Nov-16	770,000	972,187	790,397
U S TREASURY BOND	912810EL8	8.000%	15-Nov-21	790,000	1,072,548	1,075,546
U S TREASURY BOND	912810EQ7	6.250%	15-Aug-23	750,000	892,852	1,005,263
U S TREASURY BOND	912810ET1	7.625%	15-Feb-25	240,000	326,025	362,016
U S TREASURY BOND	912810FB9	6.125%	15-Nov-27	125,000	149,336	184,521
U S TREASURY BOND	912810FM5	6.250%	15-May-30	300,000	367,078	471,552
U S TREASURY BOND	912810FP8	5.375%	15-Feb-31	675,000	745,031	1,001,133
U S TREASURY NOTE	912828GH7	4.625%	15-Feb-17	750,000	811,463	769,515
U S TREASURY NOTE	912828HA1	4.750%	15-Aug-17	980,000	1,065,444	1,025,746
U S TREASURY NOTE	912828HR4	3.500%	15-Feb-18	850,000	843,359	889,908
U S TREASURY NOTE	912828JH4	4.000%	15-Aug-18	445,000	455,916	477,418
U S TREASURY NOTE	912828JR2	3.750%	15-Nov-18	910,000	913,413	976,830
U S TREASURY NOTE	912828M64	1.250%	15-Nov-18	1,080,000	1,080,802	1,095,185
U S TREASURY NOTE	912828M72	0.875%	30-Nov-17	4,750,000	4,741,637	4,769,665
U S TREASURY NOTE	912828N22	1.250%	15-Dec-18	4,540,000	4,535,959	4,605,603
U S TREASURY NOTE	912828N55	1.000%	31-Dec-17	3,620,000	3,635,431	3,642,625
U S TREASURY NOTE	912828N97	0.592%	31-Jan-18	3,160,000	3,164,213	3,165,972
U S TREASURY NOTE	912828P20	0.750%	31-Jan-18	5,055,000	5,051,643	5,068,649
U S TREASURY NOTE	912828P53	0.750%	15-Feb-19	4,720,000	4,690,711	4,729,204
U S TREASURY NOTE	912828P95	1.000%	15-Mar-19	1,490,000	1,496,228	1,502,635
U S TREASURY NOTE	912828Q52	0.875%	15-Apr-19	4,200,000	4,190,332	4,220,034
U S TREASURY NOTE	912828R85	0.875%	15-Jun-19	4,355,000	4,377,626	4,376,601
U S TREASURY NOTE	912828TS9	0.625%	30-Sep-17	5,290,000	5,282,521	5,294,973
U S TREASURY NOTE	912828UU2	0.750%	31-Mar-18	4,360,000	4,341,592	4,371,903
U S TREASURY NOTE	912828XF2	1.125%	15-Jun-18	705,000	707,145	712,078
U S TREASURY NOTE	912828XP0	0.625%	31-Jul-17	1,345,000	1,343,124	1,346,318
US TREAS-CPI INFLAT	912828UX6	0.125%	15-Apr-18	4,211,962	4,283,949	4,274,467
TOTAL US GOVERNMENT SECURITIES				<u>295,349,603</u>	<u>240,707,772</u>	<u>273,331,409</u>

**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, 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
		Cusip	Rate	Maturity	Par Value		
	AARP INC/DC 144A	00036AAB1	7.500%	1-May-31	\$ 5,000,000	\$ 6,703,200	\$ 7,224,850
	AIG LIFE HOLDINGS INC	00138GAA7	8.500%	1-Jul-30	9,282,000	12,711,804	12,058,432
	ALBANIA GOVERNMENT INTERNATION	NA4075274	0.000%	31-Aug-25	10,000,000	6,900,000	7,500,000
	ALTRIA GROUP INC	02209SAD5	9.700%	10-Nov-18	4,000,000	5,273,800	4,766,040
	AMERICA MOVIL SAB DE CV	02364WBD6	3.125%	16-Jul-22	8,000,000	7,863,920	8,208,160
	AMERIPRISE FINANCIAL INC	03076CAD8	7.300%	28-Jun-19	5,000,000	6,198,450	5,796,400
	AMGEN INC	031162BN9	3.625%	15-May-22	5,000,000	5,202,400	5,381,350
	AMGEN INC	031162BQ2	2.125%	15-May-17	2,000,000	2,018,000	2,016,680
	ANTHEM INC	94973VBH9	2.250%	15-Aug-19	5,000,000	4,974,150	5,044,550
	ANTHEM INC	94973VBJ5	3.500%	15-Aug-24	6,000,000	5,959,719	6,211,920
	ASSOCIATES CORP OF NORTH AMERI	046003JU4	6.950%	1-Nov-18	5,000,000	5,075,200	5,565,500
	ASTRAZENECA PLC	046353AD0	6.450%	15-Sep-37	70,000	77,236	95,544
	AT&T INC	00206RCY6	5.200%	15-Mar-20	4,500,000	5,037,525	5,034,330
	ATLANTIC MARINE CORPS COM 144A	048677AC2	5.373%	1-Dec-50	3,820,546	3,753,801	3,959,995
	AURORA MILITARY HOUSING L 144A	05178RAB1	5.625%	15-Dec-35	5,000,000	5,331,050	5,425,000
	AURORA MILITARY HOUSING L 144A	05178TAA9	5.820%	15-Jul-34	2,500,000	2,761,300	2,738,750
	BANK OF AMERICA CORP	060505DA9	5.420%	15-Mar-17	5,000,000	4,549,850	5,140,500
	BANK OF AMERICA CORP	06053FAA7	4.100%	24-Jul-23	5,000,000	5,217,550	5,356,700
	BANK OF AMERICA CORP	638585AP4	7.250%	15-Oct-25	5,300,000	5,978,382	6,496,528
	BARCLAYS BANK PLC NIKKEI 225 INDX & JAP YEN ELN	06738KGD7	0.000%	12-Apr-17	5,000,000	5,000,000	6,309,500
	BECTON DICKINSON AND CO	075887BF5	3.734%	15-Dec-24	3,000,000	3,116,970	3,231,420
	BELVOIR LAND LLC 144A	081331AE0	5.300%	15-Dec-35	2,682,510	2,810,519	2,897,352
	BERKSHIRE HATHAWAY FINANCE COR	084664BQ3	4.250%	15-Jan-21	3,000,000	3,142,500	3,336,540
	BERKSHIRE HATHAWAY FINANCE COR	084664BZ3	2.900%	15-Oct-20	2,000,000	2,083,380	2,123,480
	BERKSHIRE HATHAWAY FINANCE COR	084664CG4	1.700%	15-Mar-19	3,000,000	3,028,710	3,049,020
	BLACKROCK INC	09247XAH4	4.250%	24-May-21	8,000,000	8,812,600	8,975,040
	BLACKROCK INC	09247XAJ0	3.375%	1-Jun-22	5,000,000	5,241,950	5,432,400
	BLACKSTONE HOLDINGS FINAN 144A	09256BAB3	5.875%	15-Mar-21	7,000,000	7,090,580	8,202,320
	BRANCH BANKING & TRUST CO	07330NAG0	1.050%	1-Dec-16	3,000,000	3,000,900	3,002,430
	BRISTOL-MYERS SQUIBB CO	110122AT5	2.000%	1-Aug-22	5,000,000	4,685,850	5,075,950
	BRITISH TELECOMMUNICATIONS PLC	111021AE1	9.375%	15-Dec-30	325,000	440,566	500,721
	CANADIAN PACIFIC RAILWAY CO	136440AL8	9.450%	1-Aug-21	1,250,000	1,424,061	1,641,113
	CARDINAL HEALTH INC	14149YAY4	3.200%	15-Mar-23	9,125,000	9,104,685	9,519,383
	CATERPILLAR FINANCIAL SERVICES	14912L5F4	2.850%	1-Jun-22	5,000,000	4,993,700	5,232,900
	CATERPILLAR INC	149123CC3	3.400%	15-May-24	10,000,000	10,417,050	10,747,000
	CBS CORP	124857AM5	3.700%	15-Aug-24	5,000,000	4,921,800	5,221,600
	CHARLES SCHWAB CORP/THE	808513AM7	3.450%	13-Feb-26	5,000,000	5,010,350	5,332,500
	CIBOLO CANYONS SPECIAL IM 144A	69342WAB7	3.000%	20-Aug-20	5,888,942	5,881,581	5,874,220
	CITICORP LEASE PASS-THROU 144A	17305BAB7	8.040%	15-Dec-19	10,000,000	11,411,500	11,745,900
	CITIGROUP INC	172967AM3	6.875%	1-Jun-25	6,000,000	7,515,510	7,489,680
	CITIGROUP INC	172967GS4	1.750%	1-May-18	4,000,000	4,009,680	4,017,600

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	COMCAST CABLE HOLDINGS LLC	879240AQ2	10.125%	15-Apr-22	\$ 2,500,000	\$ 2,857,925	\$ 3,386,000
	COMMONWEALTH EDISON CO	202795HS2	6.150%	15-Sep-17	3,000,000	3,369,900	3,180,270
	CONTINENTAL AIRLINES 2000-2 CL	210805DD6	7.707%	2-Oct-22	2,814,734	2,935,767	3,069,748
	COVENTRY HEALTH CARE INC	222862AJ3	5.450%	15-Jun-21	3,000,000	3,500,850	3,423,540
	CSX TRANSPORTATION INC	126410LK3	9.750%	15-Jun-20	1,512,000	1,518,940	1,929,614
	CVS HEALTH CORP	126650BH2	5.750%	1-Jun-17	3,000,000	3,282,660	3,128,310
	CVS HEALTH CORP	126650BJ8	6.250%	1-Jun-27	5,000,000	6,418,990	6,200,600
	CVS HEALTH CORP	126650CH1	1.900%	20-Jul-18	5,000,000	5,067,500	5,075,650
	DOUBLELINE OPPORTUNISTIC FUND	999Z89702	0.000%	0-Jan-00	87,653	100,000,000	124,872,618
	DUKE ENERGY FLORIDA LLC	341099CB3	5.900%	1-Mar-33	1,335,000	1,657,763	1,675,225
	EBAY INC	278642AL7	3.450%	1-Aug-24	8,000,000	7,977,030	8,177,280
	ELECTRICITE DE FRANCE SA 144A	268317AB0	6.500%	26-Jan-19	5,000,000	5,755,000	5,619,250
	EXELON GENERATION CO LLC	30161MAJ2	5.750%	1-Oct-41	167,000	186,594	173,152
	FINIAL HOLDINGS INC	989822AA9	7.125%	15-Oct-23	4,193,000	5,043,844	5,026,946
	FISHERS LANE ASSOCIATES L 144A	33803WAB5	5.477%	5-Aug-40	13,250,000	13,565,293	15,644,275
	FISHERS LANE LLC 144A	33804JAA5	2.029%	5-Apr-17	9,000,000	9,000,000	9,000,000
	FLORIDA POWER & LIGHT CO	341081EP8	5.850%	1-Feb-33	3,883,000	4,837,014	4,973,541
	FORT BENNING FAMILY COMMU 144A	346845AK6	6.090%	15-Jan-51	4,740,000	4,610,274	4,799,250
	FORT EUSTIS/FORT STORY HO 144A	347314BF2	5.510%	15-Dec-40	5,000,000	5,448,850	5,338,200
	FORT IRWIN LAND LLC 144A	347466AC8	5.170%	15-Dec-35	10,890,000	11,500,602	12,000,236
	FORT KNOX MILITARY HOUSIN 144A	347508AA1	5.815%	15-Feb-52	9,896,800	11,213,174	11,502,259
	GENERAL AMERICAN LIFE INS 144A	368770AA1	7.625%	15-Jan-24	5,000,000	4,172,550	6,218,900
	GENERAL MILLS INC	370334BT0	3.650%	15-Feb-24	8,000,000	8,218,080	8,732,480
	GENERAL MILLS INC	370334BV5	2.200%	21-Oct-19	5,000,000	4,994,150	5,119,950
	GEORGIA-PACIFIC LLC	373298BP2	7.250%	1-Jun-28	5,104,000	6,964,867	7,025,911
	GEORGIA-PACIFIC LLC	373298BR8	7.750%	15-Nov-29	4,247,000	6,152,374	6,151,185
	GMAC COMMERCIAL MOBILIS A 144A	36186XAD9	5.174%	10-Jul-50	2,000,000	1,955,000	2,090,000
	GMAC COMMERCIAL MOBILIS A 144A	36186EAA7	6.240%	10-Oct-41	15,330,495	17,584,555	17,706,722
	GOLDMAN SACHS GROUP INC/THE	38141EC23	3.850%	8-Jul-24	5,000,000	4,997,850	5,301,550
	GOLDMAN SACHS GROUP INC/THE	38141GGQ1	5.250%	27-Jul-21	5,000,000	5,640,100	5,642,400
	GOLDMAN SACHS GROUP INC/THE	38141GVM3	4.000%	3-Mar-24	5,000,000	5,136,800	5,345,350
	HOME DEPOT INC/THE	437076AZ5	2.700%	1-Apr-23	4,000,000	4,053,720	4,197,000
	HOME DEPOT INC/THE	437076BC5	3.750%	15-Feb-24	5,000,000	5,261,150	5,604,550
	HP COMMUNITIES LLC 144A	44329HAJ3	5.780%	15-Mar-46	11,000,000	11,097,790	12,578,500
	INTEL CORP	458140AM2	2.700%	15-Dec-22	5,000,000	5,028,050	5,231,000
	INTEL CORP	458140AN0	4.000%	15-Dec-32	6,700,000	6,985,156	7,248,395
	INTEL CORP	458140AR1	3.100%	29-Jul-22	5,000,000	5,124,800	5,353,650
	INTERNATIONAL BANK FOR RECONST	45905UBH6	0.000%	1-May-30	5,000,000	3,435,150	3,424,800
	INTERNATIONAL BUSINESS MACHINE	459200AM3	7.000%	30-Oct-25	20,000	23,334	27,191
	JBG/ROCKVILLE NCI CAMPUS 144A	46611JAB8	6.100%	15-Jul-33	4,000,000	4,700,000	5,093,320

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	JOHNSON & JOHNSON	478160AU8	5.150%	15-Jul-18	\$ 115,000	\$ 120,809	\$ 124,862
	JP MORGAN CHASE COMMER LD12 A3	46632HAC5	5.935%	15-Feb-51	37,486	40,017	37,410
	JPMORGAN CHASE BANK NA	48121CYK6	6.000%	1-Oct-17	10,000,000	9,914,800	10,562,100
	KEENAN DEVELOPMENT ASSOCI 144A	48730PAC4	5.020%	15-Jul-28	817,903	856,230	908,134
	KEYBANK NA/CLEVELAND OH	49327M2G8	2.250%	16-Mar-20	5,000,000	4,991,300	5,068,750
	KROGER CO/THE	501044BT7	7.700%	1-Jun-29	1,500,000	2,003,565	2,104,320
	KROGER CO/THE	501044BV2	8.000%	15-Sep-29	2,795,000	3,669,794	4,014,263
	KROGER CO/THE	501044CP4	2.200%	15-Jan-17	5,500,000	5,616,075	5,534,045
	LAKE COUNTRY MORTG HE1 M5 144A	50820TAJ8	2.453%	25-Jul-34	3,000,000	3,060,000	3,056,520
	LAVENDER TRUST SE RRI A A2 144A	519440DE8	6.000%	26-Nov-36	1,793,465	1,842,785	1,851,753
	LCOR ALEXANDRIA LLC 144A	50181QAH1	6.800%	15-Sep-28	14,987,570	17,654,261	18,100,338
	LCOR ALEXANDRIA LLC 144A	50181QAN8	9.628%	24-Aug-24	1,039,078	1,315,738	1,343,008
	LEONARD WOOD FAMILY COMMU 144A	526602AE7	5.909%	15-Jul-40	6,394,505	6,150,874	7,243,248
	LIBERTY MUTUAL GROUP INC 144A	53079EAE4	7.000%	15-Mar-34	1,000,000	1,246,360	1,251,010
	LIBERTY MUTUAL GROUP INC 144A	53079EAW 4	4.950%	1-May-22	3,000,000	3,250,770	3,315,210
	MARBURY WATER SYSTEM 144A	56613QAB9	4.250%	15-Aug-31	5,105,000	5,105,000	5,258,150
	METLIFE INC	59156RAJ7	6.375%	15-Jun-34	895,000	1,202,419	1,155,373
	METLIFE INC	59156RBB3	4.368%	15-Sep-23	5,000,000	5,585,450	5,535,300
	METROPOLITAN LIFE GLOBAL 144A	59217GBR9	2.500%	3-Dec-20	5,000,000	4,994,400	5,142,150
	MID-ATLANTIC MILITARY FAM 144A	59524EAB8	5.240%	1-Aug-50	0.018	0.020	0.020
	MOBIL CORP	607059AT9	8.625%	15-Aug-21	240,000	313,238	321,590
	MORGAN STANLEY	61744YAD0	5.950%	28-Dec-17	9,000,000	9,147,071	9,570,960
	MORGAN STANLEY	617446HD4	7.250%	1-Apr-32	5,000,000	7,113,700	6,931,050
	MORGAN STANLEY	6174467X1	5.000%	24-Nov-25	7,700,000	7,816,501	8,429,883
	NATIONAL RURAL UTILITIES COOPE	637432LR4	10.375%	1-Nov-18	5,000,000	6,301,330	6,041,500
	NAVY NEW ORLEANS NAVY HOU 144A	647677AJ2	5.754%	15-Dec-38	14,300,000	14,782,800	16,945,500
	NBCUNIVERSAL MEDIA LLC	63946BAD2	5.150%	30-Apr-20	8,000,000	9,006,430	9,067,680
	NELDER GROVE CLO LT 1A A1 144A	640270AA2	2.234%	28-Aug-26	13,000,000	12,983,100	12,892,100
	NORFOLK SOUTHERN CORP	655844AJ7	7.800%	15-May-27	2,177,000	2,655,047	3,083,198
	NORFOLK SOUTHERN RAILWAY CO	655855FA7	9.750%	15-Jun-20	2,088,000	2,097,584	2,685,210
	NOVARTIS SECURITIES INVESTMENT	66989GAA8	5.125%	10-Feb-19	80,000	82,346	88,301
	OCCIDENTAL PETROLEUM CORP	674599BE4	9.250%	1-Aug-19	500,000	496,250	604,610
	OHANA MILITARY COMMUNITIE 144A	677071AG7	5.780%	1-Oct-36	6,280,000	7,043,020	7,475,838
	OHIO NATIONAL FINANCIAL S 144A	67740QAG1	6.625%	1-May-31	2,350,000	2,840,183	2,852,947
	OMNICOM GROUP INC	681919AZ9	3.625%	1-May-22	5,000,000	5,158,950	5,312,500
	ORACLE CORP	68389XAU9	3.400%	8-Jul-24	8,000,000	8,052,000	8,603,520
	PACIFICORP	695114BT4	7.700%	15-Nov-31	9,110,000	14,006,625	14,124,053
	PFIZER INC	717081DB6	6.200%	15-Mar-19	90,000	99,620	101,647
	PHILIP MORRIS INTERNATIONAL IN	718172BM0	3.250%	10-Nov-24	5,000,000	5,153,100	5,355,800
	PNC BANK NA	69349LAQ1	4.200%	1-Nov-25	7,000,000	6,966,280	7,866,040
	PNC BANK NA	69353REQ7	3.250%	1-Jun-25	2,128,000	2,132,107	2,260,915

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	PNC FINANCIAL SERVICES GROUP I	693476BF9	6.700%	10-Jun-19	\$ 5,000,000	\$ 5,975,100	\$ 5,733,100
	PNC FINANCIAL SERVICES GROUP I	693476BN2	3.300%	8-Mar-22	5,000,000	5,141,950	5,317,550
	PRIVATE EXPORT FUNDING CORP	742651DR0	2.050%	15-Nov-22	5,000,000	4,878,118	5,149,900
	PROCTER & GAMBLE CO/THE	742718DN6	4.700%	15-Feb-19	130,000	130,936	142,492
	PRUDENTIAL FINANCIAL INC	74432QAH8	5.400%	13-Jun-35	6,919,000	7,891,811	7,842,825
	PSEG POWER LLC	69362BAJ1	8.625%	15-Apr-31	4,000,000	5,698,400	5,005,320
	PUBLIC SERVICE CO OF OKLAHOMA	744533BJ8	6.625%	15-Nov-37	5,000,000	6,502,750	6,402,500
	RIO TINTO FINANCE USA LTD	767201AD8	7.125%	15-Jul-28	500,000	617,788	634,715
	ROYAL BANK OF CANADA	78008S7D2	2.200%	27-Jul-18	7,000,000	7,129,360	7,137,480
	ROYAL BANK OF CANADA	78010UNX1	1.200%	23-Jan-17	5,000,000	5,009,800	5,007,700
	SOUTHERN CALIFORNIA EDISON CO	842400ES8	6.000%	15-Jan-34	3,000,000	3,975,960	3,970,290
	STATOIL ASA	656531AC4	7.750%	15-Jun-23	100,000	116,246	132,680
	TOPAZ SOLAR FARMS LLC 144A	89054XAA3	5.750%	30-Sep-39	5,517,246	5,741,025	6,282,267
	TOWD POINT MORTGAGE 5 A1B 144A	89171VAK3	2.750%	25-May-55	8,924,566	8,974,768	9,035,320
	TRANSALTA CORP	89346DAC1	6.900%	15-May-18	6,000,000	5,989,740	6,167,700
	UNITED TECHNOLOGIES CORP	913017AT6	6.700%	1-Aug-28	50,000	52,937	67,458
	UNITED TECHNOLOGIES CORP	913017BV0	3.100%	1-Jun-22	8,000,000	8,316,950	8,527,520
	UNITEDHEALTH GROUP INC	91324PBT8	3.375%	15-Nov-21	5,000,000	5,302,950	5,396,500
	UNITEDHEALTH GROUP INC	91324PBZ4	2.750%	15-Feb-23	5,000,000	5,024,500	5,139,650
	UNITEDHEALTH GROUP INC	91324PCP5	3.750%	15-Jul-25	5,000,000	5,359,800	5,485,600
	US BANCORP	91159HHC7	3.000%	15-Mar-22	8,000,000	8,160,050	8,508,800
	US BANCORP	91159HHG8	3.700%	30-Jan-24	3,000,000	3,149,280	3,300,030
	USF&G CAPITAL III 144A	90330SAA8	8.312%	1-Jul-46	1,536,500	2,081,917	2,057,035
	VALIDUS HOLDINGS LTD	91915WAB8	8.875%	26-Jan-40	2,000,000	2,490,244	2,746,620
	VELOCITY COMMERCIAL 1 AFL 144A	92258MAA5	0.029179	25-Jun-45	7,469,874	7,535,235	7,507,223
	VERIZON COMMUNICATIONS INC	92343VBR4	5.150%	15-Sep-23	5,000,000	5,706,000	5,823,150
	VERIZON COMMUNICATIONS INC	92343VBZ6	5.050%	15-Mar-34	5,000,000	5,514,700	5,549,500
	VERIZON COMMUNICATIONS INC	92343VCH5	2.625%	21-Feb-20	5,000,000	5,059,750	5,174,350
	VERIZON COMMUNICATIONS INC	92343VCQ5	4.400%	1-Nov-34	4,300,000	4,409,994	4,433,945
	WACHOVIA BANK COMMERCIA C28 A4	92978MAE6	5.572%	15-Oct-48	3,670,151	3,957,455	3,668,830
	WACHOVIA CORP	337358BH7	7.574%	1-Aug-26	4,000,000	5,046,840	5,209,480
	WAL-MART STORES INC	931142BF9	7.550%	15-Feb-30	6,000,000	8,578,020	9,153,120
	WAL-MART STORES INC	931142DP5	3.300%	22-Apr-24	4,000,000	4,144,760	4,381,840
	WALT DISNEY CO/THE	25468PCW4	2.350%	1-Dec-22	4,000,000	3,965,240	4,135,400
	WALT DISNEY CO/THE	25468PDF0	3.150%	17-Sep-25	5,000,000	5,298,950	5,528,000
	WASTE MANAGEMENT INC	902917AH6	7.000%	15-Jul-28	7,661,000	9,491,558	10,433,286
	WELLS FARGO & CO	94974BFJ4	3.450%	13-Feb-23	5,000,000	5,006,700	5,173,650
	WELLS FARGO & CO	94974BGA2	3.300%	9-Sep-24	11,000,000	10,871,580	11,537,130
	WELLTOWER INC	42217KBC9	4.500%	15-Jan-24	2,500,000	2,630,800	2,710,925

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	WFRBS COMMERCIAL MO C4 A2 144A XLIT LTD	92936CAC3 98372PAK4	3.45% 6.25%	15-Jun-44 15-May-27	\$ 152,404 6,633,000	\$ 154,690 7,977,575	\$ 152,335 7,981,290
	TOTAL CORPORATE DEBT INSTRUMENTS				786,501,428	947,935,381	1,005,233,408
	CALIFORNIA ST UNIV REVENUE	13077CTM6	6.43%	1-Nov-30	6,800,000	8,943,836	9,059,436
	CMWLTH FING AUTH PA	20281PCT7	6.22%	1-Jun-39	5,350,000	6,530,157	6,752,182
	CONTRA COSTA CA CMNTY CLG DIST	21220FA4	6.50%	1-Aug-34	1,905,000	2,425,903	2,622,156
	DIST OF COLUMBIA REVENUE	25483VEC4	7.63%	1-Oct-35	9,510,000	11,664,360	10,643,117
	EL PASO TX	283734JD4	6.02%	15-Aug-35	3,000,000	3,526,710	3,830,040
	HOUSTON TX HGR EDU FIN CORP	442378EG6	8.75%	15-May-26	2,060,000	2,451,400	2,594,755
	IRVINE RANCH CA WTR DIST	4636324P1	6.62%	1-May-40	5,300,000	6,927,563	7,442,525
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAP6	5.20%	1-Dec-16	350,000	358,309	352,408
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAQ4	5.75%	1-Dec-17	250,000	258,308	255,818
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAR2	6.00%	1-Dec-18	400,000	416,520	416,708
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAS0	6.25%	1-Dec-19	375,000	393,803	398,314
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAT8	5.40%	1-Dec-20	935,000	935,000	943,724
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAU5	5.75%	1-Dec-21	700,000	700,000	712,383
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EAV3	5.95%	1-Dec-22	1,205,000	1,205,000	1,234,016
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EBB6	6.90%	1-Dec-34	4,100,000	4,034,564	4,179,212
	LA PAZ CNTY AZ INDL DEV AUTH I	50375EBC4	7.00%	1-Dec-40	4,500,000	4,420,755	4,564,215
	MET TRANSPRTN AUTH NY REVENUE	59259YGF0	6.81%	15-Nov-40	3,500,000	4,478,145	5,099,815
	NEW JERSEY ST ECON DEV AUTH LE	645913AA2	7.43%	15-Feb-29	5,000,000	6,412,739	6,182,650
	NEW YORK NY	64966HYE4	5.02%	1-Mar-22	2,000,000	2,199,360	2,344,920
	NEW YORK NY	64966HYM6	5.97%	1-Mar-36	3,430,000	4,274,740	4,672,380
	NEW YORK NY	64966LYY1	3.60%	1-Aug-28	10,000,000	9,982,440	10,377,400
	NEW YORK CITY NY HSG DEV CORP	64966NAB3	6.17%	1-Jun-36	5,785,000	7,073,493	6,999,850
	NEW YORK CITY NY TRANSITIONAL	64971WFLJ4	2.85%	1-Aug-22	4,000,000	4,070,920	4,244,640
	NEW YORK CITY NY TRANSITIONAL	64971WVD9	3.16%	1-Aug-25	5,000,000	4,979,100	5,331,350
	NEW YORK ST URBAN DEV CORP REV	650035S74	1.04%	15-Mar-17	4,000,000	3,997,520	4,008,440
	NEW YORK ST URBAN DEV CORP REV	650035TD0	5.77%	15-Mar-39	5,105,000	6,338,215	6,545,325
	NEW YORK ST TRANSPRTN DEV CORP	650116BH8	3.47%	1-Jul-28	7,000,000	7,152,320	7,248,430
	NEW YORK ST TRANSPRTN DEV CORP	650116BJ4	3.57%	1-Jul-29	2,975,000	3,046,549	3,090,400
	OGLETHORPE GA PWR CORP	67704LAA9	5.53%	1-Jan-35	19,500,000	21,480,070	22,521,915
	PORT AUTH OF NEW YORK & NEW JE	73358WUG7	3.77%	15-Oct-27	7,455,000	7,626,912	7,981,398
	TEXAS ST PUBLIC FIN AUTH CHRT	88276PCH7	8.13%	15-Feb-27	9,235,000	10,915,404	11,784,414
	TEXAS ST PUBLIC FIN AUTH CHRT	88276PDD5	7.50%	15-Aug-30	1,000,000	1,085,000	1,084,890
	TUCSON AZ COPS	898735PQ2	6.75%	1-Jul-30	5,000,000	6,223,950	6,453,250
	VIRGIN ISLANDS PUBLIC FIN AUTH	927676RZ1	5.25%	1-Oct-27	4,300,000	4,454,757	4,750,081

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
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**As of June 30, 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
		Cusip	Rate	Maturity	Par Value		
	TOTAL STATE AND MUNICIPAL SECURITIES				\$ 151,025,000	\$ 170,983,822	\$ 176,722,557
	FARM CREDIT BANK OF TEXAS	30767E307	0.00		15,000	18,692,850	17,779,688
	FIRSTAR REALTY LLC 144A	33765A202	0.00		1,000	914,950	1,239,375
	TOTAL PREFERRED				16,000	19,607,800	19,019,063
	ENTREPRENEUR US ALL CAP-INST	293828505			12,981,053	129,434,609	126,175,831
	ENTREPRENEUR US LRG CAP-RTL	293828604			7,553,378	75,551,981	80,443,475
	ENTREPRENEURSHARES GLBL-INST	293828208			279,590	3,000,000	3,301,957
	TOTAL MUTUAL FUNDS				20,814,021	207,986,590	209,921,263
	3M CO	88579Y101			400	28,690	70,048
	FS BANCORP/LAGRANGE IN	30262T106			16,896	760,320	1,119,360
	FORTRESS TRANSPORTATION & INFR	34960P101			1,602,471	26,048,166	14,726,708
	GOLUB CAPITAL BDC INC	38173M102			1,398,076	21,299,382	25,263,233
	TOTAL EQUITY- COMMON STOCKS				3,017,843	48,136,558	41,179,350
	A & M CAPITAL PARTNERS LP	99VVAXFT8			13,025,688	9,911,200	13,025,688
	AEA MEZZANINE FUND III LP	99VVAVPT1			7,195,107	7,221,154	7,195,107
	ARCLIGHT ENERGY PARTNERS FD VI	99VVA61H8			10,134,775	10,418,235	10,134,775
	BISON CAPITAL PARTNERS IV L.P	99VVAVP04			9,619,950	7,040,928	9,619,950
	CENTERFIELD CAPITAL PARTNERS	99VVAPLN1			7,896,790	8,174,381	7,896,790
	DC CAPITAL PARTNERS FUND II	99VVBUX9			3,210,616	3,457,573	3,210,616
	DYAL II PENSION INVESTORS LP	99VVA3GR7			7,657,333	9,354,864	7,657,333
	DYAL III PENSION INVESTORS LP	99VVA6A88			8,857,391	8,732,340	8,857,391
	DYAL OFFSHORE INVESTORS LP	99VVAKWD2			12,528,098	14,857,911	12,528,098
	GOLDPOINT PARTNERS	99VVAZEX5			14,771,111	10,990,815	14,771,111
	GOLUB CAPITAL INVESTMENT	99VVA3H70			3,333,333	50,000,000	50,000,000
	HARBERT MEZZANINE PARTNERS III	99VVA3K68			8,882,804	10,268,756	8,882,804
	HIGHSTAR CAPITAL GP IV L.P.	99VVALMM1			18,811,121	18,058,339	18,811,121
	ICG NORTH AMERICAN PRIVATE	99VVA0Q50			5,034,865	4,958,809	5,034,865
	LOVELL MINNICK EQUITY PARTNERS	99VVA49P7			3,393,461	3,609,365	3,393,461
	MEDLEY OPPORTUNIFY FUND II L P	99VVAT3G8			13,980,120	15,498,052	13,980,120
	MIDOCEAN TACTICAL CREDIT FUND	99VVBCB75			4,470,779	4,481,127	4,470,779
	MML CAPITAL PARTNERS FUND VI	EX99WH5L2			3,527,109	4,089,276	3,918,442
	MONARCH CAPITAL PARTNERS	99VVA3K50			16,905,411	16,692,693	16,905,411
	MORGAN STANLEY IFHF SPV LP	99VVAJMK0			420,671	172,049	420,671
	NB SECONDARY OPPORTUNITIES	99VVAXKM7			8,796,798	7,117,830	8,796,798
	NB STRATEGIC CO-INVESTMENT PARTNERS II LP	99VVATAM7			13,531,823	12,693,128	13,531,823
	NB STRATEGIC CO-INVESTMENT PARTNERS III LP	99VVA6634			1,845,360	1,976,844	1,845,360
	NEW CANAAN FUNDING MEZZANINE V	99VVAPLZ4			6,075,833	8,447,851	6,075,833
	NEW CANAAN FUNDING MEZZANINE VI	99VVA8BY6			1,355,422	1,422,894	1,355,422

**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		
	NYLCAP MEZZANINE PARTNERS III	999313315			\$ 23,175,643	\$ 24,324,251	\$ 23,175,643
	PEP HY CITE HOLDING L P	99VVAZSG7			8,661,523	9,420,790	8,661,523
	PWP GROWTH EQUITY FUND 1 LP	99VVA1RP3			23,692,249	19,425,485	23,692,249
	RCP DIRECT II FEEDER LTD	99VVA08C5			9,987,915	9,780,000	9,987,915
	RCP FUND VIII FEEDER LTD	99VVA3F0			7,820,596	6,750,000	7,820,596
	RCP SOF II FEEDER LP	99VVAR422			8,910,898	7,943,748	8,910,898
	RFE INVT PARTNERS VIII L P	99VVA3TNT8			10,364,169	9,278,532	10,364,169
	STIEVEN FINANCIAL OFFSHORE	99VVAQ9L7			2,444	4,000,000	6,845,011
	TRILANTIC CAPITAL PARTNERS V	99VVAQC33			10,673,595	11,429,057	10,673,595
	TRINITY HUNT PARTNERS IV LP	99VVA3TG6			19,121,537	14,754,640	19,121,537
	VCFA PRIVATE EQUITY PART IV LP	99VVA3VY7			621,198	3,013,144	621,198
	VCFA VENTURE PARTNERS III LP	999058266			590,771	2,622,435	590,771
	TOTAL PRIVATE EQUITY				<u>328,883,947</u>	<u>372,388,496</u>	<u>382,784,874</u>
	BEACON CAPITAL STRATEGIC	99VVA8CL3			6,241,378	5,884,548	6,241,378
	MORGAN STANLEY RE III - INTL	99VVA3VW1			53,618	1,418,726	53,618
	OAKTREE RE VI CAYMAN	99VVA3XF84			21,194,820	16,729,024	21,294,225
	SENTINEL REAL ESTATE FUND	999178023			604	39,350,443	49,718,599
	TOTAL REAL ESTATE FUNDS				<u>27,490,420</u>	<u>63,382,741</u>	<u>77,307,820</u>
	BLACKROCK EAFE EQUITY INDEX	999G05866			144,677	20,922,069	29,179,545
	BLACKROCK EQUITY INDEX FUND	99VVAHQK0			246,920	138,161,042	179,904,889
	BLACKROCK INT TERM CREDIT BD	999F25668			2,016,323	96,479,579	107,639,410
	BLACKROCK INTERMEDIATE	999G05841			170,095	4,501,358	5,630,868
	BLACKROCK LONG TERM CREDIT BD	999G05874			1,192,228	88,689,969	96,946,959
	BLACKROCK RUSSELL 1000 VALUE	99VVAHQQL8			679,974	36,616,581	70,864,477
	BLACKROCK RUSSELL 2000 EQUITY	999G05858			1,203,690	13,871,185	45,608,886
	BLACKROCK RUSSELL 2000 GROWTH	99VVALMN9			1,231,915	25,420,955	40,027,120
	SSGA S & P 500 FLAGSHIP	999G05833			280,772	97,232,500	137,602,463
	SSGA 20+ YEAR HIGH QUALITY US	999G36978			4,622,383	61,717,901	70,426,623
	SSGA 5-20 YEAR HIGH QUALITY US	999G36960			7,591,628	85,461,909	101,803,726
	SSGA LONG CREDIT INDEX	999G05825			1,068,650	36,527,669	43,984,553
	SSGA RUSSELL 2000 GROWTH FUND	99VVALMP4			636,223	12,914,140	19,928,416
	SSGA S&P MIDCAP 400 INDEX NL	99VVAQ9F0			317,156	45,353,482	65,397,203



**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
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**As of June 30, 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
		Cusip	Rate	Maturity	Par Value		
*	BNY EB TEMP INV FD	996115960			\$44,713,479	\$ 44,713,479	\$ 44,713,479
	TOTAL COMMON COLLECTIVE				66,116,113	808,583,818	1,059,658,617
	BAR HARBOR BK & TR CO ME CD		0.60%	11-Oct-16	100,000	100,000	100,000
	EVERBANK JACKSONVILLE FLA CD		0.75%	16-Feb-17	100,000	100,000	100,000
	GOLDMAN SACHS BANK CD		0.60%	11-Aug-16	100,000	100,000	100,000
	SANTANDER BANK CD		0.95%	24-Aug-17	100,000	100,000	100,000
	WELLS FARGO BK CD		0.90%	12-May-17	100,000	100,000	100,000
	TOTAL CERTIFICATE OF DEPOSITS				500,000	500,000	500,000
	PEOPLES UNITED BANK					21,797	21,797
	TOTAL INTEREST BEARING CASH					21,797	21,797
	TOTAL INVESTMENTS						\$ 3,245,680,159

\* PARTY-IN-INTEREST

**PENTEGRA DEFINED BENEFIT PLAN FOR FINANCIAL INSTITUTIONS**  
**Form 5500, Schedule H, Part IV, Line 4j - Schedule of Reportable Transactions**  
**For the year ended June 30, 2016**

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	Number of Transactions	(f) Expense Incurred with Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
	<u>Series in the Same Security</u>								
Bank of New York-Mellon	BNY Mellon Cash Reserve	\$ 174,803,242	N/A	\$ -	\$ 128	\$ -	\$ -	\$ 174,803,242	\$ -
Bank of New York-Mellon	BNY Mellon Cash Reserve	N/A	174,803,242	-	127	-	174,803,242	174,803,242	-
Bank of New York-Mellon	BNY EB TEMP INV FD	780,307,063	N/A	-	400	-	-	780,307,063	-
Bank of New York-Mellon	BNY EB TEMP INV FD	N/A	787,247,746	-	319	-	787,247,746	787,247,746	-