

Pentegra Defined Contribution Plan for Financial Institutions

Financial Statements as of December 31, 2009 and
2008, and for the Year Ended December 31, 2009,
Supplemental Schedule as of December 31, 2009,
and Independent Auditors' Report

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets available for benefits of Pentegra Defined Contribution Plan for Financial Institutions (the "Plan") as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009. These financial statements are the responsibility of the Plan's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2009 and 2008, and the changes in net assets available for benefits for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2009 is presented for the purpose of additional analysis and is not a required part of the basic 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. The supplemental schedule is the responsibility of the Plan's management. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic 2009 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

October 8, 2010

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2009 AND 2008

(In thousands)

	2009	2008
ASSETS:		
Investments at fair value as determined by quoted market price:		
Interest Bearing Cash — JPMorgan Chase Bank, N.A.	\$ 1,856	\$ 4,645
Investments in Self Directed Brokerage Account	<u>2,166</u>	<u>3,134</u>
Total investments at quoted market price	4,022	7,779
Investments at estimated fair value:		
Investments in Common Collective Trust Funds	643,386	554,248
Investments in Stable Value Fund	269,443	287,395
Interest Bearing Cash — including Money Market Fund and Government STIF	86,280	119,961
Participant loans	<u>21,662</u>	<u>21,509</u>
Total investments at estimated fair value	<u>1,020,771</u>	<u>983,113</u>
Total investments	1,024,793	990,892
Other assets:		
Accounts receivable — administrative	35	7,968
Accounts receivable — contributions	3,748	
Receivables for securities sold, not yet settled	<u>130</u>	<u>1,133</u>
Total assets	<u>1,028,706</u>	<u>999,993</u>
LIABILITIES:		
Accrued administrative expenses	101	102
Payables for securities purchased, not yet settled	15	
Other liabilities	<u>6,024</u>	<u>18,025</u>
Total liabilities	<u>6,140</u>	<u>18,127</u>
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	1,022,566	981,866
ADJUSTMENT FROM FAIR VALUE TO CONTRACT VALUE FOR FULLY BENEFIT-RESPONSIVE STABLE VALUE FUND	<u>(4,390)</u>	<u>2,483</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 1,018,176</u></u>	<u><u>\$ 984,349</u></u>

See notes to financial statements.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS YEAR ENDED DECEMBER 31, 2009

(In thousands)

ADDITIONS:

Contributions:

Employers	\$ 33,698
Participants	54,605
Rollovers	<u>11,256</u>

Total contributions 99,559

Investment income:

Net change in appreciation in fair value of investments — Common Collective Trust Funds	127,121
Earnings on Self Directed Brokerage Account	705
Interest bearing cash — including Money Market Fund and Government STIF	582
Interest on participant loans	<u>1,278</u>

Net investment income 129,686

Other income 5,696

Total income 234,941

DEDUCTIONS:

Benefits paid to participants	68,957
Corrective distributions	132
Deemed distribution of participant loans	1,400
Investment management fees	4,679
Other expenses	<u>5,969</u>

Total deductions 81,137

TRANSFERS OF ASSETS:

Transfers into the Plan	47,870
Transfers out of the Plan	<u>(167,847)</u>

INCREASE IN NET ASSETS 33,827

NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of year 984,349

End of year \$ 1,018,176

See notes to financial statements.

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND 2008, AND FOR THE YEAR ENDED DECEMBER 31, 2009 (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 for more complete information.

General — The Plan is a multiple-employer, tax-exempt trustee savings plan. The Board of Directors of the Plan controls and manages the operations and administration of the Plan. The Bank of New York Mellon served as the trustee of the Plan through June 30, 2009. Reliance Trust Company serves as the trustee of the Plan effective July 1, 2009. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Contributions — All contributions made to the Plan were in the form of cash. Participating employers may, at their option, elect the 401(k) feature of the Plan. This feature 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. 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 multiples of 1%, with the exception of the profit sharing feature. The profit sharing feature offers employers the option of allowing participant-directed investments as described above or designating that all contributions be placed in the Stable Value Fund or Money Market Fund. This feature is funded solely by employer contributions.

Participant Accounts — Individual accounts are maintained for each Plan participant. If applicable, each participant’s account is credited with the participant’s contribution, the employer’s matching contribution, allocations of the employer’s discretionary contributions, participant forfeitures, loan repayments and investment earnings and charged with withdrawals, administrative expenses, loan advances and investment losses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. All contributions are converted to units based on the unit values of the respective investment funds. The value of a participant’s account is determined by multiplying the number of units to their credit in each investment fund by the unit value of such fund and aggregating the results.

Investments — Total nonparticipant-directed investments in the Plan were \$2,328 and \$1,953 as of December 31, 2009 and 2008, respectively. Generally, participants direct the investment of their contributions into various investment options offered by the Plan. Participants should refer to their Summary Plan Descriptions. The Plan offers a wide variety of investment options spanning the risk/return spectrum, from stock to asset allocation funds. The investments are managed by State Street Global Advisors (“SSgA”). In addition to the investment options managed by SSgA, the Plan offers expanded investment flexibility through the Personal Choice Retirement Account (“PCRA”). The PCRA is a self-directed brokerage feature that works in tandem with the investment options managed by SSgA, providing access to mutual funds and individual securities. It is administered through Charles Schwab and Company, Inc.

Vesting — Participants are vested immediately in their contributions plus actual earnings thereon. Participants should refer to their respective Summary Plan Descriptions to determine the vesting schedule for employer contributions.

Participant Loans — 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 401(k) and/or their non-401(k) account balance subject to limitations imposed by federal law. Monthly loan repayments of principal and interest, less an administrative charge, are credited to participants' accounts. Beginning with loans initiated during calendar year 2000, a onetime setup fee and an annual maintenance fee is charged to participant accounts. Loan defaults are classified as withdrawals and treated as taxable distributions.

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 Summary Plan Descriptions for more information.

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

Forfeited Accounts — At December 31, 2009 and 2008, forfeited non-vested accounts totaled \$1,860 and \$1,682, respectively. These accounts may be used to reduce future employer contributions or administrative fees or be allocated to all eligible participants. During the year ended December 31, 2009, forfeiture withdrawals of \$206 were used to offset employer contributions and allocated to eligible participants and \$22 were used to offset administrative fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates and Risks and Uncertainties — The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. The Plan's investments (See Notes 3 and 4) are exposed to various risks, such as interest rate, credit 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.

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.

Management fees charged to the Plan for investments are reflected as an expense in 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 determined on the average cost basis. Net appreciation in fair value of investments includes the reversal of previously recognized appreciation related to investments sold during the period.

Investment Valuation — The Plan’s investments are stated at fair value. 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.

The following is a description of the valuation methodologies and inputs used to measure fair value for major categories of investments:

Interest Bearing Cash held at JPMorgan Chase Bank, N.A. and investments in PCRA are valued at quoted market prices.

Participant loans are valued at the outstanding loan balances, which approximates fair value.

The Stable Value Fund (the “Fund”) is a common collective trust fund and is included at fair value in the statements of net assets available for benefits, and an additional line is presented representing the adjustment for fair value to contract value. The statement of changes in net assets available for benefits is presented on a contract value basis (See Note 5).

The Money Market Fund and Government STIF Fund are valued at fair value based on their underlying investments and are invested in short-term securities issued by the U.S. government, including treasuries and agencies, as well as short-term corporate and bank securities.

Common Collective Trust Funds (“Funds”) are stated at estimated fair values based on NAV. The NAV is determined by the institution sponsoring the Funds by dividing the Funds’ net assets at fair value by its units outstanding at each valuation date. There are no unfunded commitments related to the Funds and investments in the Funds can be redeemed on a daily basis. The redemption restrictions for the Fund are discussed in Note 5. The underlying assets of the Funds consist primarily of equity securities such as common stock and fixed income securities such as corporate and government bonds, which are valued based on prevailing market prices.

The Funds are invested in the following categories:

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.

Fixed Income — These funds seek to invest their assets in a diversified portfolio of bonds, including corporate bonds, government bonds, mortgage backed and asset backed securities and Treasury Inflation Protected securities. The strategies seek to match the performance of particular bond indexes such as the Barclays Capital U.S. Aggregate Bond Index.

Asset Allocation — These funds include the balanced funds and the target retirement funds and 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 (balance funds) and the target retirement date (target retirement funds).

Stable Value Fund — This fund consists primarily of synthetic guaranteed investment contracts (“Synthetic GICs”) and guaranteed investment contracts (“GICs”). The strategy’s return consists of investment income from its components (See Note 5).

Administrative Expenses — Other expenses includes total administrative expenses paid by employers and those charged against the Plan’s assets amounted to \$5,637 for the year ended December 31, 2009.

To the extent the amount of total administrative expense is greater or less than total collections, such amount is recorded as a deferred asset or liability, respectively, in the statements of net assets available for benefits. The deferred liability at December 31, 2009 and 2008, was \$3,564 and \$4,281, respectively.

Fiduciary liability insurance premiums aggregating \$38 in 2009 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. At December 31, 2009 and 2008, net assets available for benefits included in other liabilities were \$0 and \$9,542, respectively, for a transfer of assets out of the Plan not yet paid.

Excess Contributions Payable — The Plan is required to return contributions received during the plan year in excess of the Internal Revenue Code ("IRC") limits.

New Accounting Standards Adopted — The accounting standards adopted in the 2009 financial statements described below affected certain note disclosures but did not impact the statements of net assets available for benefits or the statement of changes of net assets available for benefits.

Accounting Standards Codification — The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") became effective on July 1, 2009. At that date, the ASC became FASB's official source of authoritative GAAP applicable to all public and nonpublic nongovernmental entities, superseding existing guidance issued by the FASB, the American Institute of Certified Public Accountants ("AICPA"), the Emerging Issues Task Force ("EITF") and other related literature. The FASB also issues Accounting Standards Updates ("ASU"). An ASU communicates amendments to the ASC. An ASU also provides information to help a user of GAAP understand how and why GAAP is changing and when the changes will be effective.

Subsequent Events — In May 2009, the FASB issued ASC 855 (originally issued as FASB Statement No. 165, *Subsequent Events*) to establish general standards of accounting for and disclosing events that occur after the balance sheet date, but prior to the issuance of financial statements. ASC 855 provides guidance on when financial statements should be adjusted for subsequent events and requires companies to disclose subsequent events and the date through which subsequent events have been evaluated. ASC 855 is effective for periods ending after June 15, 2009. Subsequent events were evaluated through October 8, 2010, and it was determined that no subsequent events were required to be disclosed for the year ended December 31, 2009.

Updates to Fair Value Measurements and Disclosures — In 2009, FASB Staff Position 157-4, *Disclosures Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* ("FSP"), was issued prospectively and later codified into ASC 820, *Fair Value Measurements and Disclosures*, which expanded disclosures and required that major category for debt and equity securities in the fair value hierarchy table be determined on the basis of the nature and risks of the investments. In September 2009, the FASB issued ASU No. 2009-12, *Fair Value Measurements and Disclosures: Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)* ("ASU 2009-12"), which amended ASC Subtopic 820-10, *Fair Value Measurements and Disclosures — Overall*. ASU No. 2009-12 is effective for the first reporting period ending after December 15, 2009. ASU No. 2009-12 expands the required disclosures for certain investments with a reported net asset value ("NAV"). ASU No. 2009-12 permits, as a practical expedient, an entity holding investments in certain entities that calculate NAV per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share or its equivalent without adjustment. The ASU requires enhanced disclosures about the nature and risks of

investments within its scope. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee. The Plan has adopted ASU No. 2009-12 on a prospective basis for the year ended December 31, 2009 (see Note 2).

ASU No. 2010-06, Fair Value Measurements and Disclosures — In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures* (ASU No. 2010-06), which amends ASC 820 (originally issued as FASB Statement No. 157, Fair Value Measurements), adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Plan is currently evaluating the impact ASU No. 2010-06 will have on the financial statements.

Reporting Participant Loans — On September 16, 2010, the FASB approved for issuance a new accounting standard on reporting loans to participants by defined contribution pension plans, such as the Plan. This new standard, which is effective for annual periods ending after December 15, 2010, will require that participant loans be classified as notes receivable and measured at unpaid principal balance plus accrued but unpaid interest. Currently, these participant loans are classified as Plan investments and are subject to fair value measurement and disclosure requirements. Adoption of this new standard will eliminate the need to calculate and disclose fair values for these loans. Since the Plan's participant loans are currently measured at their unpaid principal balance plus accrued but unpaid interest (an amount believed to approximate their fair value), Plan Management does not expect the adoption of this new standard to have a significant impact on the Plan's financial statements.

3. FAIR VALUE MEASUREMENTS

ASC 820 establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Plan classifies its investments into Level 1, which refers to securities valued using 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 are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. 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, 2009 and 2008.

In accordance with the update to ASC 820, the tables below includes the major categorization for debt and equity securities on the basis of the nature and risk of the investments as of December 31, 2009 and 2008.

	Fair Value Measurements at December 31, 2009, Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Interest Bearing Cash — JPMorgan Chase Bank, N.A.	\$ 1,856	\$ -	\$ -	\$ 1,856
Self Directed Brokerage Account — Cash	480			480
Self Directed Brokerage Account — Equity	1,355			1,355
Self Directed Brokerage Account — Fixed Income		110		110
Self Directed Brokerage Account — Mutual Funds	221			221
Common Collective Trust Funds — Equity		458,239		458,239
Common Collective Trust Funds — Stable Value Fund		269,443		269,443
Common Collective Trust Funds — Fixed Income		56,310		56,310
Common Collective Trust Funds — Asset Allocation		128,837		128,837
Money Market Fund		70,994		70,994
Government STIF Fund		15,286		15,286
Participant Loans			21,662	21,662
Total	<u>\$3,912</u>	<u>\$999,219</u>	<u>\$21,662</u>	<u>\$1,024,793</u>

	Fair Value Measurements at December 31, 2008, Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Interest Bearing Cash — JPMorgan Chase Bank, N.A.	\$ 4,645	\$ -	\$ -	\$ 4,645
Self Directed Brokerage Account — Cash	940			940
Self Directed Brokerage Account — Equity	1,592			1,592
Self Directed Brokerage Account — Fixed Income	153			153
Self Directed Brokerage Account — Mutual Funds	449			449
Common Collective Trust Funds		554,248		554,248
Stable Value Fund		287,395		287,395
Money Market Fund		94,291		94,291
Government STIF Fund		25,670		25,670
Participant Loans			21,509	21,509
Total	<u>\$7,779</u>	<u>\$961,604</u>	<u>\$21,509</u>	<u>\$ 990,892</u>

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 December 31, 2009:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Participant Loans
Beginning balance — January 1, 2009	\$ 21,509
Net purchases	<u>153</u>
Ending balance — December 31, 2009	<u>\$ 21,662</u>

The valuation methods as described in Note 2 may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

4. INVESTMENTS

The Plan's investments that represented five percent or more of the Plan's net assets available for benefits as of December 31, 2009 and 2008, are as follows:

	2009	2008
S&P 500 Stock Fund — at estimated fair value (Equity Index Flagship Fund)*	\$ 159,853	\$ 156,889
Stable Value Fund — at contract value (Investment Contracts - Note 5)*	265,053	289,878
S&P Midcap Stock Fund — at estimated fair value (Mid-Cap Equity Index Fund)*	112,738	94,671
Money Market Fund — at estimated fair value (Short Term Investment Fund)	70,994	94,292
Government Bond Fund — at estimated fair value (Long US Treasury Index Fund)*	**	67,548

*Common Collective Trust Funds (not publicly traded)

**As of December 31, 2009, these investments did not represent 5% of the Plan's net assets available for benefits.

During the year ended December 31, 2009, the Plan's investments with SSgA (including gains and losses on investments bought and sold, as well as held during the year) appreciated / (depreciated) in value as follows:

Common Collective Trust Funds — Equity	\$ 107,716
Common Collective Trust Funds — Stable Value	7,565
Common Collective Trust Funds — Fixed Income	(7,882)
Common Collective Trust Funds — Asset Allocation	<u>19,722</u>
Net appreciation of investments	<u>\$ 127,121</u>

Securities Lending — Several of the Plan's investments managed by SSgA participate in a securities lending program. Under this program, the Plan's investment securities are loaned to investment brokers for a fee. Securities so loaned are fully collateralized by cash, letters of credit, and securities issued or guaranteed by the U.S. government, its agencies, and instrumentalities. Funds that engage in securities lending do so in order to benefit from the additional income that securities lending offers to institutional investors, whether to augment returns, offset Plan expenses, or other similar purposes. However, the disruption that the market and economic crisis has brought to the market for fixed income securities presents significant challenges for all securities lending programs. The collateral pools have not realized any material credit losses nor do they hold securities of issuers that have defaulted on their obligations. In an effort to help investors in lending funds from realizing losses, SSgA implemented revised withdrawal parameters from the lending funds. Under those withdrawal parameters, investors are allowed to make withdrawal requests for ordinary course business purposes. Defined contribution plan participants are able to make ordinary course contributions and withdrawals within their accounts from the lending funds. For the financial reporting periods ended December 31, 2009 and 2008, the per unit fair value of the collateral pools' units ranged from \$0.978 to \$0.98 and \$0.908 to \$0.953, respectively. For the financial reporting period that ended December 31, 2009 and 2008, SSgA has determined to reflect the units of the collateral pools at fair value rather than the amortized cost, while continuing to value the inputs in the collateral pools at \$1.00 per unit. The degree of impact within the lending funds will depend upon the percentage of the lending funds' portfolio holdings that are out on loan.

5. STABLE VALUE FUND

The Fund, recorded at estimated fair market value, is based on NAV. The beneficial interest of each participant is represented by units. Units are issued and redeemed daily at the Fund's constant NAV of \$1.00 per unit less an expense accrual for management fees. In the event that a significant disparity develops between the contract value amount and the fair value of investments of the Fund, the SSgA's Trustee ("Trustee") may determine that continued redemption at a constant \$1.00 NAV would create inequitable results for the Fund's unit holders. In these circumstances, the Trustee in its sole discretion and acting on behalf of the Fund's unit holders, may direct that units be redeemed at the fair value based NAV until such time as the disparity between the fair value and the contract value based NAV per unit is deemed to be immaterial. Contract value represents contributions made to the Fund, plus earnings, less participant withdrawals and administrative expenses.

The Fund imposes certain restrictions on the Plan, and the Fund itself may be subject to circumstances that impact the ability to transact at contract value, as described below. Plan management believes that the occurrence of events that would cause the Fund to transact at less than contract value is not probable.

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, taking loans or making investment option transfers permitted by the participating plan. A benefit responsive withdrawal includes a payment arising from retirement, termination of employment, disability or death. Employer initiated events, if material, may affect the underlying economics of investment contracts. These include plant closings, layoffs, plan termination, bankruptcy, merger, early retirement incentive programs, tax disqualification of a trust or other events. The occurrence of one or more employer initiated events could limit the Fund's ability to transact at contract value with Plan participants.

Circumstances That Impact the Fund — The Fund invests primarily in fully-benefit responsive GICs, Synthetic GICs, and bank investment contracts. Investments in bank, insurance company and other financial institution investment contracts are stated at contract value which is equal to principal balance plus accrued interest. Synthetic investment contracts represent individual assets placed in a trust, with ownership by the Fund; a third party issues a "wrapper" that guarantees participant transactions are executed at contract value. In a typical wrap contract, the wrap issuer agrees to pay a portfolio the difference between the contract value and the market value of the underlying assets once the market value has been totally exhausted. The wrap contracts generally contain certain provisions that limit the ability of the Fund to transact at contract value upon the occurrence of certain events. These events include a breach of material obligation under the contract; a material misrepresentation; a material amendment to the trust agreement, in the administration of the trust or in the investment of Fund assets without consent from the issuer; and a violation of the Fund's investment guidelines.

In the event that wrap contracts fail to perform as intended, the Fund's NAV may decline if the market value of its assets decline. The Fund's ability to receive amounts due pursuant to these wrap contracts is dependent on the third-party issuer's ability to meet their financial obligations. SSgA will attempt to assess the credit quality of the issuers; however, there is no guarantee as to the financial condition of an issuer. The wrap issuer's ability to meet contractual obligations under the wrap contracts may be affected by future economic and regulatory developments.

The Fund is unlikely to maintain a stable NAV if, for any reason, it cannot obtain or maintain wrap contracts covering all of its underlying assets. This could result in the Fund's inability to promptly find a replacement wrap contract, following termination of a wrap contract. Wrap contracts are not transferable and have no trading market and there are a limited number of wrap issuers. The Fund may lose the benefit of wrap contracts on any portion of its assets in default in excess of a certain percentage of portfolio assets.

Contract value of Synthetic GICs at December 31, 2009 and 2008 was \$220,518 and \$238,691, respectively. The contract value of the remaining GICs at December 31, 2009 and 2008 was \$44,535 and \$51,187, respectively. The fair value of the wrapper contracts included in Synthetic GICs was \$111 and \$165 as of December 31, 2009 and 2008, respectively.

The net assets available for benefits included in the financial statements differ from the form 5500 by (\$4,390) and \$2,483 as of December 31, 2009 and 2008, respectively, due to the adjustment required to properly present the fully benefit-responsive investment contracts at fair value for the form 5500. Accordingly, the net income per the form 5500 also differs from the statement of changes in net assets available for benefits by \$6,873 due to the year to date effect of this adjustment.

6. EXEMPT PARTIES-IN-INTEREST

The Board of Directors of the Plan is comprised of executive officers of participating employers of the Plan and as such are participants of the Plan. Pentegra Services Inc. ("PSI") and the Plan entered into a five year service agreement effective May 1, 2007, whereby PSI will provide all administrative services to the Plan. This agreement outlines the fees that PSI will charge the Plan and as such are related parties. For the period January 1, 2009 through December 31, 2009, the Plan incurred \$5,460 in administrative expenses charged by PSI.

7. PLAN TERMINATION

The Board of Directors ("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 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 such amendment.

8. FEDERAL INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated March 2, 2010, that the Plan and related trust are designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter. 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.

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SUPPLEMENTAL SCHEDULE

PENTEGRA DEFINED CONTRIBUTION PLAN FOR FINANCIAL INSTITUTIONS

Employer ID No.: 13-6321489

Plan No.: 333

FORM 5500, SCHEDULE H, PART IV, LINE 4i — SCHEDULE OF ASSETS

(HELD AT END OF YEAR)

AS OF DECEMBER 31, 2009

a)	b) Identity of Issue, 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
	State Street Global Advisors	S&P 500 R Index SL SF CL		\$ 159,853,203
	State Street Global Advisors	Pentegra Stable Value Fund		269,443,213
	State Street Global Advisors	S&P 500 Midcap R Indx SL SF CL I		112,738,488
	State Street Global Advisors	US Long Treasury Indx SL SFCL I		36,944,825
	State Street Global Advisors	Intl Indx SL SF CL I		46,101,422
	State Street Global Advisors	Conservative Strategic Balanced Fund		20,177,193
	State Street Global Advisors	Moderate Strategic Balanced Fund		39,704,250
	State Street Global Advisors	Aggressive Strategic Balanced Fund		31,341,321
	State Street Global Advisors	S&P Large Cap Growth R Indx SL SF		35,016,160
	State Street Global Advisors	S&P Large Cap Value R Indx SL SF		30,189,661
	State Street Global Advisors	Russell Small Cap R Indx SL SF CL I		34,431,743
	State Street Global Advisors	Nasdaq 100 Index R NL SF CL A		29,928,803
	State Street Global Advisors	Tuckerman US REIT Indx NL SF CL A		9,979,632
	State Street Global Advisors	US Bond Indx SL SF CL I		16,681,030
	State Street Global Advisors	Target Retirement 2015 SL SF CL I		14,150,374
	State Street Global Advisors	Target Retirement 2025 SL SF CL I		12,600,625
	State Street Global Advisors	Target Retirement 2035 SL SF CL I		6,579,200
	State Street Global Advisors	Target Retirement 2045 SL SF CL I		4,283,877
	State Street Global Advisors	US Inflation Pro Bond Indx NL SF		2,683,764
	Charles Schwab and Company, Inc.	Self Directed Brokerage Account		2,166,228
	State Street Global Advisors	Interest bearing cash — Money Market Fund		70,994,234
	State Street Global Advisors	Interest Bearing Cash Government Short Term Investment Fund		15,286,150
	JP Morgan Chase Bank, N.A.	Short Term		1,855,680
*	Loans to Participants	Loans — interest rates range from 2.45% to 10.50%, maturity date January 14, 2010 to December 7, 2026		21,662,512
		Adjustment from fair value to contract value for fully benefit-responsive stable value fund		(4,389,900)
				<u>\$ 1,020,403,688</u>

* Party-In-Interest

** Cost information not provided

See independent auditors' report.