

NOTE: Remove pages RI-7 (dated 3-91) through RI-8b (dated 6-96) and replace them with these revised pages.

FFIEC 034 Item No.	FFIEC 031, 032, 033 Item No.	<u>Caption and Instructions</u>
5.b	5.f	<u>Other noninterest income:</u>
5.b.(1)	5.f.(1)	<u>Other fee income.</u> Report the amount of service charges, commissions, and fees not required to be reported in the preceding items of Schedule RI, Income Statement.  <u>Include as other fee income:</u>
		(1) Service charges, commissions, and fees for such services as: <ul style="list-style-type: none"> <li>(a) Safekeeping and the rental of safe deposit boxes.</li> <li>(b) The sale of credit life, credit accident and health, and other insurance policies and the collection of premiums (when permitted by state law) on such policies.</li> <li>(c) The sale of bank drafts, money orders, cashiers' checks, and travelers' checks.</li> <li>(d) The collection of utility bills, checks, notes, bond coupons, and bills of exchange.</li> <li>(e) The redemption of U.S. savings bonds.</li> <li>(f) The handling of food stamps and the U.S. Treasury Tax and Loan Account, including fees received in connection with the bank's issuance of interest-bearing demand notes.</li> <li>(g) The execution of acceptances and the issuance of commercial letters of credit, standby letters of credit, deferred payment letters of credit, and letters of credit issued for cash or its equivalent. <u>Exclude</u> income on bankers acceptances and trade acceptances (report in the appropriate subitem of Schedule RI, item 1.a, "Interest and fee income on loans," or in Schedule RI, item 1.e, "Interest income from trading assets," as appropriate).</li> <li>(h) The servicing of real estate mortgages or other financial assets held by others. Report premiums received in lieu of regular servicing fees on such loans only as earned over the life of the loans. Banks may report servicing income net of the servicing assets' amortization expense.</li> <li>(i) The purchase and sale of securities, acceptances, and commercial paper where the bank is acting as agent for other banks or bank customers.</li> <li>(j) The notarizing of forms and documents.</li> <li>(k) The negotiation or management of loans from other lenders for customers or correspondents.</li> <li>(l) The providing of consulting and advisory services to others.</li> <li>(m) The lending of securities owned by the bank or by bank customers.</li> </ul>
		(2) Annual or other periodic fees paid by holders of credit cards issued by the bank. Fees that are periodically charged to cardholders shall be deferred and recognized on a straight-line basis over the period the fee entitles the cardholder to use the card.
		(3) Charges to merchants for the bank's handling of credit card or charge sales when the bank does not carry the related loan accounts on its books. Banks may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.
		(4) Certain fee income associated with standby and other option contracts held for purposes other than trading. Refer to the Glossary entry for "derivative contracts" for a discussion of the reporting of such fee income.

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5.b.(1)	5.f.(1)	<p>(5) Rental fees applicable to operating leases for furniture and equipment rented to others.</p> <p>(6) Loan commitment fees that are recognized during the commitment period (i.e., fees retrospectively determined and fees for commitments where exercise is remote) or included in income when the commitment expires and loan syndication fees that are not required to be deferred. Refer to the Glossary entry for "loan fees" for further information.</p> <p>(7) On the FFIEC 034 only, gross income from services rendered by the bank's trust department or by any of its consolidated subsidiaries acting in any fiduciary capacity. (On the FFIEC 031, 032, and 033, report such income in Schedule RI, item 5.a, "Income from fiduciary activities.")</p> <p>(8) On the FFIEC 034 only, fees from trading transactions. (On the FFIEC 031, 032, and 033, report such income in Schedule RI, item 5.c.)</p> <p>(9) On the FFIEC 031 only, service charges on deposit accounts in foreign offices.</p> <p>(10) Any other service charges, commissions, and fees not required to be reported in other items of Schedule RI, Income Statement.</p>
5.b.(2)	5.f.(2)	<p><b><u>All other noninterest income.</u></b> Report all operating income of the bank for the calendar year to date not required to be reported on the FFIEC 034 in Schedule RI, items 1.a through 1.f, 5.a, 5.b.(1), 6.a, and 6.b, and on the FFIEC 031, 032, and 033 in Schedule RI, items 1.a through 1.f and 5.a through 5.f.(1), 6.a, and 6.b.</p> <p>If the absolute value of the dollar amount of net gains (losses) on other real estate owned, net gains (losses) on sales of loans and leases, or net gains (losses) on sales of premises and fixed assets exceeds ten percent of the amount reported in this item, report the dollar amount of this individual component of "All other noninterest income" in Schedule RI-E, item 1.a, 1.b, or 1.c, respectively. (Absolute value refers to the magnitude of the dollar amount without regard to whether the amount is a net gain or loss.) For those other individual components of this item with the three largest dollar amounts that exceed ten percent of the amount reported in this item, state the dollar amount and provide a description of the component in Schedule RI-E, items 1.d through 1.f.</p> <p><b><u>Include</u></b> as all other noninterest income:</p> <p>(1) Gross income received for performing data processing services for others. Do <u>not</u> deduct the expense of performing such services for others (report in the appropriate items of noninterest expense).</p> <p>(2) Net gains (losses) from the sale or other disposal of assets other than securities and trading assets. Banks should consistently report net gains (losses) on each of the following types of assets either in this item or in Schedule RI, item 7.c. Include in this item net gains (losses) from:</p> <p style="margin-left: 20px;">(a) All assets reportable as loans and leases in Schedule RC-C. Include net unrealized losses (and subsequent recoveries of such net unrealized losses) on loans and leases held for sale during the calendar year to date.</p> <p style="margin-left: 20px;">(b) Premises and fixed assets.</p>

FFIEC 034 Item No.	FFIEC 031, 032, 033 Item No.	Caption and Instructions
5.b.(2) (cont.)	5.f.(2) (cont.)	<p>(c) Other real estate owned. Include all gains and losses recognized on sales or other disposals of other real estate owned, increases and decreases in the valuation allowance for foreclosed real estate, and write-downs of other real estate owned subsequent to acquisition (or physical possession) charged to expense during the calendar year to date. Do not include as a loss on other real estate owned any amount charged to the allowance for loan and lease losses at the time of foreclosure (or physical possession) for the difference between the carrying value of a loan and the fair value less cost to sell of the foreclosed real estate.</p> <p>(d) Personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances).</p> <p>(e) Coins, art, and other similar assets.</p> <p>(f) Branches (i.e., where the reporting bank sells a branch's assets to another depository institution which assumes the deposit liabilities of the branch).</p> <p>(3) On the FFIEC 034 only, (a) the net gain or loss from trading cash instruments and off-balance sheet derivative contracts (including commodity contracts), (b) revaluation adjustments resulting from the periodic marking to market of assets reportable in Schedule RC, item 5, "Trading assets," liabilities reportable in Schedule RC, item 15.b, "Trading liabilities," and interest rate, foreign exchange rate, equity derivative, and commodity and other contracts reportable in Schedule RC-L, "Total gross notional amount of derivative contracts held for trading," and (c) any related incidental income and expense. (On the FFIEC 031, 032, and 033, report such amounts in Schedule RI, item 5.c.)</p> <p>(4) Net gains (losses) from all transactions involving foreign currency or foreign exchange other than trading transactions. Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.c.</p> <p>(5) Gross rentals and other income from all real estate reportable in Schedule RC, item 7, "Other real estate owned."</p> <p>(6) Credits resulting from litigation or other claims.</p> <p>(7) Interest income from advances to, or obligations of, and the bank's proportionate share of the income or loss before extraordinary items and other adjustments from its investments in subsidiaries that have not been consolidated; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the bank exercises significant influence. <u>Exclude</u> the bank's proportionate share of material extraordinary items and other adjustments of these entities (report in Schedule RI, item 11, "Extraordinary items and other adjustments").</p> <p>(8) Net tellers' overages, forged check recoveries, recoveries on payment of checks over stop payment orders, and similar recurring operating transactions.</p> <p>(9) Certain net gains (losses) on futures and forward contracts held for purposes other than trading recognized as described in the Glossary entry for "derivative contracts." Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.c.</p>

<u>FFIEC 034 Item No.</u>	<u>FFIEC 031, 032, 033 Item No.</u>	<u>Caption and Instructions</u>
5.b.(2) (cont.)	5.f.(2) (cont.)	(10) Portions of penalties for early withdrawals of time deposits that <u>exceed</u> the interest accrued or paid on the deposit to the date of withdrawal, if material. Penalties for early withdrawals, or portions of such penalties, that represent the forfeiture of interest accrued or paid <u>to</u> the date of withdrawal are a reduction of interest expense and should be deducted from the gross interest expense of the appropriate category of time deposits in Schedule RI, item 2.a, "Interest on deposits."  (11) Interest received on tax refunds.  (12) Life insurance proceeds on policies for which the bank is the beneficiary.  (13) Gross income generated by securities contributed to charitable contribution Clifford Trusts.  (14) Income from ground rents and air rights.  (15) Income from the sale of checks to depositors.
5.c	5.g	<b>Total noninterest income.</b> On the FFIEC 034, report the sum of items 5.a, 5.b.(1), and 5.b.(2). On the FFIEC 031, 032, and 033, report the sum of items 5.a through 5.f.(2).

## FFIEC 031, 032, 033, and 034

<u>Item No.</u>	<u>Caption and Instructions</u>
6.a	<b>Realized gains (losses) on held-to-maturity securities.</b> Report the net gain or loss realized during the calendar year to date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule RC, item 2.a, "Held-to-maturity securities." The realized gain or loss on a security is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and its amortized cost. Also include in this item write-downs of the cost basis of individual held-to-maturity securities for other than temporary impairments. If the amount to be reported in this item is a net loss, enclose it in parentheses.  <b>Exclude</b> from this item realized gains (losses) on available-for-sale securities (report in Schedule RI, item 6.b below) and on trading securities (report in Schedule RI, item 5.b.(2) on the FFIEC 034; item 5.c on the FFIEC 031, 032, and 033).
6.b	<b>Realized gains (losses) on available-for-sale securities.</b> Report the net gain or loss realized during the calendar year to date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule RC, item 2.b, "Available-for-sale securities." The realized gain or loss on a security is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and its amortized cost. Also include in this item write-downs of the cost basis of individual available-for-sale securities for other than temporary impairments. If the amount to be reported in this item is a net loss, enclose it in parentheses.

**NOTE:** In the FFIEC 032, 033, and 034 instruction books, remove pages RI-11 (dated 3-96) through RI-14 (dated 3-93) and replace them with these revised pages. In the FFIEC 031 instruction book, remove pages RI-12a (dated 3-96) through RI-14 (dated 3-93) and replace them with these revised pages.

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**7.b**            fees applicable to operating leases for furniture and equipment rented to others (report  
(cont. for            in the appropriate subitem of Schedule RI, item 5.b on the FFIEC 034; item 5.f on the  
FFIEC 032)            FFIEC 031, 032, and 033).

**7.c Other noninterest expense.** Report all operating expenses of the bank for the calendar year-to-date not required to be reported in items 2.a through 2.e, 6.a, 6.b, 7.a, and 7.b.

If the absolute value of the dollar amount of net (gains) losses on other real estate owned, net (gains) losses on sales of loans and leases, or net (gains) losses on sales of premises and fixed assets exceeds ten percent of the amount reported in this item, report the dollar amount of this individual component of "Other noninterest expense" in Schedule RI-E, item 2.b, 2.c, or 2.d, respectively. (Absolute value refers to the magnitude of the dollar amount without regard to whether the amount is a net gain or loss.) For those other individual components of this item with the three largest dollar amounts that exceed ten percent of the amount reported in this item, state the dollar amount and provide a description of the component in Schedule RI-E, items 2.e through 2.g.

Include as other noninterest expense:

- (1) Fees paid to directors and advisory directors for attendance at board of directors or committee meetings (including travel and expense allowances).
- (2) Premiums on fidelity insurance (blanket bond, excess employee dishonesty bond), directors' and officers' liability insurance, and life insurance policies for which the bank is the beneficiary.
- (3) Federal deposit insurance, Financing Corporation (FICO), and Comptroller of the Currency assessment expense net of all assessment credits during the period.
- (4) Legal fees and other direct costs incurred in connection with foreclosures and subsequent noninterest expenses related to holdings of real estate owned other than bank premises (including depreciation charges, if appropriate).
- (5) Net losses (gains) from the sale or other disposal of assets other than securities and trading assets. Banks should consistently report net losses (gains) on each of the following types of assets either in this item or in Schedule RI, item 5.b.(2) on the FFIEC 034, item 5.f.(2) on the FFIEC 031, 032, and 033. Include in this item net losses (gains) from:
  - (a) All assets reportable as loans and leases in Schedule RC-C. Include net unrealized losses (and subsequent recoveries of such net unrealized losses) on loans and leases held for sale during the calendar year to date.
  - (b) Premises and fixed assets.
  - (c) Other real estate owned. Include all gains and losses recognized on sales or other disposals of other real estate owned, increases and decreases in the valuation allowance for foreclosed real estate, and write-downs of other real estate owned subsequent to acquisition (or physical possession) charged to expense during the calendar year to date. Do not include as a loss on other real estate owned any amount charged to the allowance for loan and lease losses at the time of foreclosure (or physical possession) for the difference between the carrying value of a loan and the fair value less cost to sell of the foreclosed real estate.

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- 7.c  
(cont.)
- (d) Personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances).
  - (e) Coins, art, and other similar assets.
  - (f) Branches (i.e., where the reporting bank sells a branch's assets to another depository institution which assumes the deposit liabilities of the branch).
  - (6) Management fees assessed by parent bank holding companies, whether for specific services rendered or of a general (prorated) nature.
  - (7) Sales taxes, taxes based on the number of shares of bank stock outstanding, taxes based on the bank's total assets or total deposits, taxes based on the bank's gross revenues or gross receipts, capital stock taxes, and other taxes not included in other categories of expense. Exclude any foreign, state, and local taxes based on a net amount of revenues less expenses (report as applicable income taxes in Schedule RI, items 9 and 11, as appropriate).
  - (8) Amortization expense of intangible assets (as defined for Schedule RC, item 10) (list and describe regardless of amount in Schedule RI-E, item 2.a). Banks also are permitted to net any servicing asset amortization expense against servicing income reported in Schedule RI, item 5.b.(1) on the FFIEC 034, item 5.f.(1) on the FFIEC 031, 032, and 033.
  - (9) Cost of data processing services performed for the bank by others.
  - (10) Advertising, promotional, public relations, and business development expenses. Also include the cost of athletic activities in which officers and employees participate when the purpose may be construed to be for public relations with employee benefits only incidental to the activities.
  - (11) Cost of gifts or premiums (whether in the form of merchandise, credit, or cash) given to depositors at the time of the opening of a new account or an addition to, or renewal of, an existing account.
  - (12) Fees levied by deposit brokers that are, in substance, retainer fees or that otherwise do not represent an adjustment to the interest rate paid on deposits the reporting bank acquires through brokers. However, report as interest expense on the appropriate category of deposits those finders' fees and brokers' fees that do represent an adjustment to the interest rate paid on brokered deposits.
  - (13) Research and development costs and costs incurred in the internal development of computer software.
  - (14) Net losses (gains) from all transactions involving foreign currency or foreign exchange other than trading transactions. Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.f.(2) on the FFIEC 034, item 5.f.(2) on the FFIEC 031, 032, and 033.
  - (15) Charges resulting from litigation or other claims.
  - (16) Charitable contributions including donations by Clifford Trusts.
  - (17) Retainer fees, legal fees, audit fees, and other fees and expenses paid to attorneys, accountants, management consultants, investment counselors, and other professionals who are not bank officers or employees.
  - (18) Certain net losses (gains) on futures and forward contracts held for purposes other than trading recognized as described in the Glossary entry for "derivative contracts." Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.f.(2) on the FFIEC 034, item 5.f.(2) on the FFIEC 031, 032, and 033.

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- 7.c (19) Office supplies purchased, printing, and postage.  
(cont.)
- (20) Telephone and telegraph expenses.
  - (21) Examination and other fees levied by supervisory authorities.
  - (22) Net tellers' shortages, forged check losses, losses on payment of checks over stop payment orders, losses from counterfeit money, and similar recurring operating losses of this type.
  - (23) Minority interests in the net income or loss of the reporting bank's consolidated subsidiaries.
  - (24) Losses from robberies, defalcations, and other criminal acts not covered by the bank's blanket bond.
  - (25) Travel and entertainment expenses, including costs incurred by bank officers and employees for attending meetings and conventions.
  - (26) Dues, fees, and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.
  - (27) Civil money penalties and fines.
  - (28) All service charges, commissions, and fees levied by others for the repossession of assets and the collection of the bank's loans or other assets, including charged-off loans or other charged-off assets.
  - (29) Expenses (except salaries) related to handling credit card or charge sales received from merchants when the bank does not carry the related loan accounts on its books. Banks are also permitted to net these expenses against their charges to merchants for the bank's handling of these sales in Schedule RI, item 5.b.(1) on the FFIEC 034, item 5.f.(1) on the FFIEC 031, 032, and 033.
  - (30) Expenses related to the testing and training of officers and employees.
  - (31) The cost of bank newspapers and magazines prepared for distribution to bank officers and employees or to others.
  - (32) Depreciation expense of furniture and equipment rented to others under operating leases.
  - (33) Cost of checks provided to depositors.
  - (34) Amortization expense of purchased computer software and of the costs of computer software to be sold, leased, or otherwise marketed capitalized in accordance with the provisions of FASB Statement No. 86.

**Exclude from other noninterest expense:**

- (1) Material expenses incurred in the issuance of subordinated notes and debentures (capitalize such expenses and amortize them over the life of the related notes and debentures and report the expense in Schedule RI, item 2.e, "Interest on subordinated notes and debentures").
- (2) Expenses incurred in the sale of preferred and common stock (deduct such expenses from the sale proceeds and credit the net amount to the appropriate stock account. For perpetual preferred and common stock only, report the net sales proceeds in Schedule RI-A, item 5, "Sale, conversion, acquisition, or retirement of capital stock, net").
- (3) Depreciation and other expenses related to the use of bank-owned automobiles, airplanes, and other vehicles for bank business (report in Schedule RI, item 7.b, "Expenses of premises and fixed assets").

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7.c (4)    Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule RI, item 6.a, "Realized gains (losses) on held-to-maturity securities," and item 6.b, "Realized gains (losses) on available-for-sale securities," respectively).

7.d Total noninterest expense. Report the sum of items 7.a through 7.c.

8        Income (loss) before income taxes and extraordinary items and other adjustments. Report the bank's pretax operating income. On the FFIEC 034, this amount will generally be determined by taking item 3, "Net interest income," minus items 4.a, "Provision for loan and lease losses," and 4.b, "Provision for allocated transfer risk," plus item 5.c, "Total noninterest income," plus or minus item 6.a, "Realized gains (losses) on held-to-maturity securities," plus or minus item 6.b, "Realized gains (losses) on available-for-sale securities," minus item 7.d, "Total noninterest expense." On the FFIEC 031, 032, and 033, this amount will generally be determined by taking item 3, "Net interest income," minus items 4.a, "Provision for loan and lease losses," and 4.b, "Provision for allocated transfer risk," plus item 5.g, "Total noninterest income," plus or minus item 6.a, "Realized gains (losses) on held-to-maturity securities," plus or minus item 6.b, "Realized gains (losses) on available-for-sale securities," minus item 7.d, "Total noninterest expense." If the result is negative, enclose it in parentheses.

9        Applicable income taxes (on item 8). Report the total estimated federal, state and local, and foreign income tax expense applicable to item 8, "Income (loss) before income taxes and extraordinary items and other adjustments." Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than tax expense, enclose it in parentheses.

Include as applicable income taxes all taxes based on a net amount of taxable revenues less deductible expenses. Exclude from applicable income taxes all taxes based on gross revenues or gross receipts (report such taxes in Schedule RI, item 7.c, "Other noninterest expense").

Include income tax effects of changes in tax laws or rates. Also include the effect of changes in the valuation allowance related to deferred tax assets resulting from a change in estimate of the realizability of deferred tax assets, excluding the effect of any valuation allowance changes that are charged or credited directly to the separate component of equity capital for "Net unrealized holding gains (losses) on available-for-sale securities" (Schedule RC, item 26.b).

Include the tax benefit of an operating loss carryforward or carryback for which the source of the income or loss in the current year is reported in Schedule RI, item 8, "Income (loss) before income taxes and extraordinary items and other adjustments."

Also include the dollar amount of any material adjustments or settlements reached with a taxing authority (whether negotiated or adjudicated) relating to disputed income taxes of prior years.

Exclude the estimated federal, state and local, and foreign income taxes applicable to:

- (1) Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes."
- (2) Schedule RI-A, item 9, "Cumulative effect of changes in accounting principles from prior years."
- (3) Schedule RI-A, item 10, "Corrections of material accounting errors from prior years."
- (4) On the FFIEC 031 only, Schedule RI-A, item 12, "Foreign currency translation adjustments."

Refer to the Glossary entry for "income taxes" for additional information.



NOTE: Remove pages RI-16e and RI-16f (dated 3-96) and replace them with these revised pages.

### Memoranda

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8.d and off-balance sheet commodity and other contracts not reported as interest rate, foreign exchange, or equity derivative contracts. Commodity and other contracts are contracts that have a return, or a portion of their return, linked to the price or to an index of precious metals, petroleum, lumber, agricultural products, etc. Commodity and other contracts also include any other contracts that are not reportable as interest rate, foreign exchange, or equity derivative contracts.

9 Impact on income of off-balance sheet derivatives held for purposes other than trading. (Memorandum items 9.a through 9.c are not applicable to banks filing the FFIEC 034 report forms.) For derivatives held for purposes other than trading, report the impact that these contracts had on the bank's income as reported in Schedule RI. The amounts to be reported include amounts recognized in Schedule RI in the period in which the transactions occur as well as the amortization in the year-to-date period of amounts previously deferred. Under current practice, many banks report periodic net settlements for many swaps and other amounts related to off-balance-sheet instruments accounted for on the hedge or accrual basis as components of the interest income, interest expense, and other noninterest income Call Report income statement (Schedule RI) items to which they relate.

For example, if a swap is intended to hedge interest rate risk on commercial loans, the bank may report the income or expense associated with net settlement accruals on that swap in the income statement items for "interest and fee income on commercial loans" in Schedule RI of the Call Report. There is no change to this existing reporting practice. In such a situation, the bank would also report these net settlement accruals in Memorandum item 9.a for the net increase (decrease) to interest income. As another example, if a swap is intended to hedge interest rate risk on money market deposit accounts, the bank may report the income or expense associated with net settlement accruals on that swap in the income statement items for "interest expense on money market deposit accounts" in Schedule RI of the Call Report. There is no change to this existing reporting practice. In such a situation, the bank would also report these net settlement accruals in Memorandum item 9.b for the net (increase) decrease to interest expense.

9.a Net increase (decrease) to interest income. Report the net sum of all amounts reported in Schedule RI interest income items (items 1.a through 1.f) which were recognized from off-balance-sheet derivative transactions used to hedge or adjust interest income from assets. If the net sum is a net decrease to interest income, enclose this amount in parentheses.

9.b Net (increase) decrease to interest expense. Report the net sum of all amounts reported in Schedule RI interest expense items (items 2.a through 2.e) which were recognized from off-balance-sheet derivative transactions used to hedge or adjust interest expense from liabilities. If the net sum is a net increase to interest expense, enclose this amount in parentheses.

9.c Other (noninterest) allocations. Report the net sum of all amounts reported in Schedule RI, but not reported in Memorandum items 9.a or 9.b above, which were recognized from off-balance-sheet derivative transactions for purposes other than trading. For example, include any amounts recognized from off-balance-sheet derivative transactions reported in other noninterest income (Schedule RI, item 5.f.(2)) and other noninterest expense (Schedule RI, item 7.c). If the net sum is a net expense or loss, enclose this amount in parentheses.

A bank may use off-balance-sheet derivatives to hedge assets carried at the lower of cost or market value (LOCOM) such as mortgages held for sale. If the gains and losses on the derivatives are used to adjust the cost basis of these assets (rather than being recognized through earnings), include in this item the difference between (1) the actual calendar year-to-date change in the LOCOM valuation allowance, if any, that the reporting bank has included in the year-to-date earnings reported in Schedule RI, "Income Statement," and (2) the amount that the calendar year-to-date change in the LOCOM valuation allowance would have been if the gains and losses on these derivatives had been recognized through earnings and not deferred.

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- 10        **Credit losses on off-balance sheet derivatives.** Report the bank's year-to-date credit losses (e.g., charge-offs) incurred on off-balance sheet derivative contracts (as defined for Schedule RC-L, item 14). The amount reported in this item should include all credit losses regardless of whether the bank charged such losses directly to income (e.g., trading revenue) or to another account (e.g., allowance for credit losses on derivatives).
- 11        **Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?** Indicate whether the bank is, for federal income tax purposes, either an "S corporation" or a "qualifying subchapter S subsidiary," as defined in Internal Revenue Code Section 1361, as of the report date. In order to be an S corporation, the bank must have filed a valid election with the Internal Revenue Service and obtained the consent of all of its shareholders. An election for a bank to be a qualifying subchapter S subsidiary must have been made by a bank's parent holding company, which must also have made a valid election to be an S corporation. In addition, the bank (and its parent holding company, if applicable) must meet specific criteria for federal income tax purposes at all times during which the election remains in effect. These specific criteria include, for example, having no more than 75 qualifying shareholders and having only one class of stock outstanding.
- 12        **Deferred portion of total applicable income taxes included in Schedule RI, items 9 and 11.** (To be reported in the December report only.) Report that portion of the total applicable income taxes included in Schedule RI, items 9 and 11, which represents the deferred income tax expense or benefit for the year. In general, this amount is measured as the change in the bank's net deferred tax assets or liabilities during the year, excluding the portion of the change, if any, that is charged or credited directly to the separate component of equity capital for "Net unrealized holding gains (losses) on available-for-sale securities" (Schedule RC, item 26.b).

If the amount to be reported in this item is a tax benefit, enclose it in parentheses.

**NOTE:** In the FFIEC 034 and 031 instruction books, strike the instructions to items 2.c and 2.d on page RI-29 (dated 3-91), remove pages RI-27 and RI-28 (dated 3-91), and replace them with these revised pages. In the FFIEC 032 and 033 instruction books, strike the instructions to items 2.c and 2.d on page RI-31 (dated 3-91), remove pages RI-29 and RI-30 (dated 3-91), and replace them with these revised pages.

## SCHEDULE RI-E -- EXPLANATIONS

### General Instructions

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis. On those lines for which your bank must provide a description of the amount being reported, the description should not exceed 50 characters (including punctuation and spacing between words). If additional space is needed to complete a description, item 9 may be used.

### Item No.      Caption and Instructions

**1**            **All other noninterest income.** Report in items 1.a, 1.b, and 1.c the dollar amount of the specified component of noninterest income if the absolute value of the dollar amount of the component exceeds ten percent of the amount reported on the FFIEC 031, 032, and 033 in Schedule RI, item 5.f.(2), and on the FFIEC 034 in item 5.b.(2), "All other noninterest income." (Absolute value refers to the magnitude of the dollar amount without regard to whether the amount is a net gain or loss.) List and briefly describe in items 1.d, 1.e, and 1.f the dollar amount of the three largest other components of "All other noninterest income" that exceed ten percent of the amount reported on the FFIEC 031, 032, and 033 in Schedule RI, item 5.f.(2), and on the FFIEC 034 in Schedule RI, item 5.b.(2).

**1.a** **Net gains (losses) on other real estate owned.** Report the dollar amount of net gains (losses) on other real estate owned (reportable in Schedule RC, item 7) included in "All other noninterest income" if the absolute value of this amount exceeds ten percent of the amount reported on the FFIEC 031, 032, and 033 in Schedule RI, item 5.f.(2), and on the FFIEC 034 in Schedule RI, item 5.b.(2). If the bank reports a net loss in this item, the amount should be enclosed in parentheses.

If the bank reports net gains (losses) on other real estate owned in this item, it must report a zero or the word "none" in Schedule RI-E, item 2.b, "Net (gains) losses on other real estate owned."

**1.b** **Net gains (losses) on sales of loans.** Report the dollar amount of net gains (losses) on sales of loans and leases (reportable in Schedule RC-C) included in "All other noninterest income" if the absolute value of this amount exceeds ten percent of the amount reported on the FFIEC 031, 032, and 033 in Schedule RI, item 5.f.(2), and on the FFIEC 034 in Schedule RI, item 5.b.(2). If the bank reports a net loss in this item, the amount should be enclosed in parentheses.

If the bank reports net gains (losses) on sales of loans in this item, it must report a zero or the word "none" in Schedule RI-E, item 2.c, "Net (gains) losses on sales of loans."

**1.c** **Net gains (losses) on sales of premises and fixed assets.** Report the dollar amount of net gains (losses) on sales of premises and fixed assets (reportable in Schedule RC, item 6) included in "All other noninterest income" if the absolute value of this amount exceeds ten percent of the amount reported on the FFIEC 031, 032, and 033 in Schedule RI, item 5.f.(2), and on the FFIEC 034 in Schedule RI, item 5.b.(2). If the bank reports a net loss in this item, the amount should be enclosed in parentheses.

If the bank reports net gains (losses) on sales of premises and fixed assets in this item, it must report a zero or the word "none" in Schedule RI-E, item 2.d, "Net (gains) losses on sales of premises and fixed assets."

**Item No.    Caption and Instructions**

**2        Other noninterest expense.** Report in item 2.a amortization expense of intangible assets. Report in items 2.b, 2.c, and 2.d the dollar amount of the specified component of noninterest expense if the absolute value of the dollar amount of the component exceeds ten percent of the amount reported in Schedule RI, item 7.c, "Other noninterest expense." (Absolute value refers to the magnitude of the dollar amount without regard to whether the amount is a net gain or loss.) List and briefly describe in items 2.e, 2.f, and 2.g the dollar amount of the three largest other components of "Other noninterest expense" that exceed ten percent of the amount reported in Schedule RI, item 7.c.

**2.a Amortization expense of intangible assets.** Report the dollar amount of any amortization expense of intangible assets (reportable in Schedule RC, item 10) included in Schedule RI, item 7.c, regardless of amount.

**2.b Net (gains) losses on other real estate owned.** Report the dollar amount of net (gains) losses on other real estate owned (reportable in Schedule RC, item 7) included in "Other noninterest expense" if the absolute value of this amount exceeds ten percent of the amount reported in Schedule RI, item 7.c. If the bank reports a net gain in this item, the amount should be enclosed in parentheses.

If the bank reports net (gains) losses on other real estate owned in this item, it must report a zero or the word "none" in Schedule RI-E, item 1.a, "Net gains (losses) on other real estate owned."

**2.c Net (gains) losses on sales of loans.** Report the dollar amount of net (gains) losses on sales of loans and leases (reportable in Schedule RC-C) included in "Other noninterest expense" if the absolute value of this amount exceeds ten percent of the amount reported in Schedule RI, item 7.c. If the bank reports a net gain in this item, the amount should be enclosed in parentheses.

If the bank reports net (gains) losses on sales of loans in this item, it must report a zero or the word "none" in Schedule RI-E, item 1.b, "Net gains (losses) on sales of loans."

**2.d Net (gains) losses on sales of premises and fixed assets.** Report the dollar amount of net (gains) losses on sales of premises and fixed assets (reportable in Schedule RC, item 6) included in "Other noninterest expense" if the absolute value of this amount exceeds ten percent of the amount reported in Schedule RI, item 7.c. If the bank reports a net gain in this item, the amount should be enclosed in parentheses.

If the bank reports net (gains) losses on sales of premises and fixed assets in this item, it must report a zero or the word "none" in Schedule RI-E, item 1.c, "Net gains (losses) on sales of premises and fixed assets."