

LINE ITEM INSTRUCTIONS FOR THE CONSOLIDATED REPORT OF INCOME

The line item instructions should be read in conjunction with the Glossary and other sections of these instructions. See the discussion of the Organization of the Instruction Books in the General Instructions. For purposes of these Consolidated Report of Income instructions, the [Financial Accounting Standards Board](#) (FASB) [Accounting Standards Codification](#) is referred to as the "ASC."

SCHEDULE RI – INCOME STATEMENT

General Instructions

Report in accordance with these instructions all income and expense of the bank for the calendar year-to-date. Include adjustments of accruals and other accounting estimates made shortly after the end of a reporting period which relate to the income and expense of the reporting period.

A bank that began operating during the year-to-date reporting period should report in the appropriate items of Schedule RI all income earned and expenses incurred since commencing operations. The bank should report pre-opening income earned and expenses incurred from inception until the date operations commenced using one of the two methods described in the Glossary entry for "start-up activities."

Business Combinations, Pushdown Accounting Transactions, and Transactions between Entities under Common Control – If the reporting institution entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, report the income and expense of the acquired institution or business only after its acquisition. If the reporting institution was acquired in a transaction that became effective during the reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), Schedule RI should only include amounts from the date of the institution's acquisition through the end of the year-to-date reporting period. If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report the income and expense of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for "business combinations."

Assets and Liabilities Accounted for under the Fair Value Option – Under U.S. generally accepted accounting principles (GAAP) (i.e., ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"), ASC Subtopic 815-15, Derivatives and Hedging – Embedded Derivatives (formerly FASB Statement No. 155, "Accounting for Certain Hybrid Financial Instruments"), and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, "Accounting for Servicing of Financial Assets")), the bank may elect to report certain assets and liabilities at fair value with changes in fair value recognized in earnings. This election is generally referred to as the fair value option. If the bank has elected to apply the fair value option to interest-bearing financial assets and liabilities, it should report the interest income on these financial assets (except any that are in nonaccrual status) and the interest expense on these financial liabilities for the year-to-date in the appropriate interest income and interest expense items on Schedule RI, not as part of the reported change in fair value of these assets and liabilities for the year-to-date. The bank should measure the interest income or interest expense on a financial asset or liability to which the fair value option has been applied using either the contractual interest rate on the asset or liability or the effective yield method based on the amount at which the asset

General Instructions (cont.)

or liability was first recognized on the balance sheet. Although the use of the contractual interest rate is an acceptable method under GAAP, when a financial asset or liability has a significant premium or discount upon initial recognition, the measurement of interest income or interest expense under the effective yield method more accurately portrays the economic substance of the transaction. In addition, in some cases, GAAP requires a particular method of interest income recognition when the fair value option is elected. For example, when the fair value option has been applied to a beneficial interest in securitized financial assets within the scope of ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets"), interest income should be measured in accordance with this Subtopic. Similarly, when the fair value option has been applied to a purchased impaired loan or debt security accounted for under ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"), interest income on the loan or debt security should be measured in accordance with this Subtopic when accrual of income is appropriate. For further information, see the Glossary entry for "Purchased Impaired Loans and Debt Securities."

Revaluation adjustments, excluding amounts reported as interest income and interest expense, to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule RC, item 10.b, "Other intangible assets," and Schedule RC, item 20, "Other liabilities," respectively, and assets and liabilities reported in Schedule RC, item 5, "Trading assets," and Schedule RC, item 15, "Trading liabilities," respectively) resulting from the periodic marking of such assets and liabilities to fair value should be reported as "Other noninterest income" in Schedule RI, item 5.l.

Item Instructions**Item No. Caption and Instructions****1 Interest income:**

- 1.a **Interest and fee income on loans.** Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all assets reportable as loans in Schedule RC-C, Part I, items 1 through 9.

Deduct interest rebated to customers on loans paid before maturity from gross interest earned on loans; do *not* report as an expense.

Include as interest and fee income on loans:

- (1) Interest on all assets reportable as loans extended directly, purchased from others, sold under agreements to repurchase, or pledged as collateral for any purpose.
- (2) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for investment, all of which should be deferred and recognized over the life of the related loan as an adjustment of yield in accordance with ASC Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs (formerly FASB Statement No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases") as described in the Glossary entry for "loan fees." See exclusion (3) below.

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| 1.a (cont.) | <p>(3) Loan commitment fees (net of direct loan origination costs) that must be deferred over the commitment period and recognized over the life of the related loan as an adjustment of yield under ASC Subtopic 310-20 as described in the Glossary entry for "loan fees."</p> <p>(4) Investigation and service charges, fees representing a reimbursement of loan processing costs, renewal and past-due charges, prepayment penalties, and fees charged for the execution of mortgages or agreements securing the bank's loans.</p> <p>(5) Charges levied against overdrawn accounts based on the length of time the account has been overdrawn, the magnitude of the overdrawn balance, or which are otherwise equivalent to interest. See exclusion (6) below.</p> <p>(6) Interest income earned on loans that are reported at fair value under a fair value option.</p> <p><u>Exclude from interest and fee income on loans:</u></p> <p>(1) Fees for servicing real estate mortgages or other loans that are not assets of the bank (report in Schedule RI, item 5.f, "Net servicing fees").</p> <p>(2) 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 (report as "Other noninterest income" in Schedule RI, item 5.l). Banks may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.</p> <p>(3) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for sale, all of which should be deferred until the loan is sold (rather than amortized). The net fees or costs and purchase premium or discount are part of the recorded investment in the loan. When the loan is sold, the difference between the sales price and the recorded investment in the loan is the gain or loss on the sale of the loan. See exclusion (4) below.</p> <p>(4) Net gains (losses) from the sale of all assets reportable as loans (report in Schedule RI, item 5.i, "Net gains (losses) on sales of loans and leases"). Refer to the Glossary entry for "transfers of financial assets."</p> <p>(5) Reimbursements for out-of-pocket expenditures (e.g., for the purchase of fire insurance on real estate securing a loan) made by the bank for the account of its customers. If the bank's expense accounts were charged with the amount of such expenditures, the reimbursements should be credited to the same expense accounts.</p> <p>(6) Transaction or per item charges levied against deposit accounts for the processing of checks drawn against insufficient funds that the bank assesses regardless of whether it decides to pay, return, or hold the check, so-called "NSF check charges" (report as "Service charges on deposit accounts," in Schedule RI, item 5.b). See inclusion (5) above.</p> <p>(7) Interchange fees earned from credit card transactions (report as "Other noninterest income" in Schedule RI, item 5.l).</p> |

| <u>Item No.</u> | <u>Caption and Instructions</u> |
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| 1.a.(1) | <u>Interest and fee income on loans secured by real estate:</u> |
| 1.a.(1)(a) | <u>Interest and fee income on loans secured by 1-4 family residential properties.</u> Report all interest, fees, and similar charges levied against or associated with all loans secured by 1-4 family residential properties reportable in Schedule RC-C, Part I, item 1.c. |
| 1.a.(1)(b) | <u>Interest and fee income on all other loans secured by real estate.</u> Report all interest, fees, and similar charges levied against or associated with all loans secured by real estate reportable in Schedule RC-C, Part I, items 1.a, 1.b, 1.d, and 1.e. Include interest and fee income on loans secured by 1-4 family residential construction loans, but exclude such income on all other loans secured by 1-4 family residential properties. |
| 1.a.(2) | <u>Interest and fee income on commercial and industrial loans.</u> Report all interest, fees, and similar charges levied against or associated with all loans reportable in Schedule RC-C, Part I, item 4, "Commercial and industrial loans." |
| 1.a.(3) | <u>Interest and fee income on loans to individuals for household, family, and other personal expenditures.</u> Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all loans reportable in Schedule RC-C, Part I, item 6, "Loans to individuals for household, family, and other personal expenditures." |
| 1.a.(3)(a) | <u>Interest and fee income on credit cards.</u> Report all interest, fees, and similar charges levied against or associated with all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards reportable in Schedule RC-C, Part I, item 6.a, "Credit cards." Include in this item any reversals of uncollectible credit card fees and finance charges and any additions to a contra-asset account for uncollectible credit card fees and finance charges that the bank maintains and reports separately from its allowance for loan and lease losses. Exclude annual or other periodic fees paid by holders of credit cards issued by the bank (report in Schedule RI, item 5.l, "Other noninterest income"). |
| 1.a.(3)(b) | <u>Interest and fee income on other loans to individuals for household, family, and other personal expenditures.</u> Report all interest, fees, and similar charges levied against or associated with all other loans to individuals for household, family, and other personal expenditures reportable in Schedule RC-C, Part I, item 6.b, "Other revolving credit plans," item 6.c, "Automobile loans," and item 6.d, "Other consumer loans." |
| 1.a.(4) | Not applicable. |
| 1.a.(5) | <u>Interest and fee income on all other loans.</u> Report interest, fees, and similar charges levied against or associated with loans reportable in Schedule RC-C, Part I, item 2, "Loans to depository institutions and acceptances of other banks," item 3, "Loans to finance agricultural production and other loans to farmers," item 8, "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and item 9, "Loans to nondepository financial institutions and other loans." |
| 1.a.(6) | <u>Total interest and fee income on loans.</u> Report the sum of items 1.a.(1) through 1.a.(5). |

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| 1.b | <p><u>Income from lease financing receivables.</u> Report all income from direct financing and leveraged leases reportable in Schedule RC-C, Part I, item 10, "Lease financing receivables (net of unearned income)." (See the Glossary entry for "lease accounting.")</p> <p><u>Exclude</u> from income from lease financing receivables:</p> <ol style="list-style-type: none"> (1) Any investment tax credit associated with leased property (include in Schedule RI, item 9, "Applicable income taxes (on item 8)"). (2) Provision for possible losses on leases (report in Schedule RI, item 4, "Provision for loan and lease losses"). (3) Rental fees applicable to operating leases for furniture and equipment rented to others (report as "Other noninterest income" in Schedule RI, item 5.l.). |
| 1.c | <p><u>Interest income on balances due from depository institutions.</u> Report all income on assets reportable in Schedule RC, item 1.b, "Interest-bearing balances due from depository institutions," including interest-bearing balances maintained to satisfy reserve balance requirements, excess balances, and term deposits due from Federal Reserve Banks. Include interest income earned on interest-bearing balances due from depository institutions that are reported at fair value under a fair value option.</p> |
| 1.d | <p><u>Interest and dividend income on securities.</u> Report in the appropriate subitem all income on assets that are reportable in Schedule RC-B, Securities. Include accretion of discount and deduct amortization of premium on securities. Refer to the Glossary entry for "premiums and discounts."</p> <p>Include interest and dividends on securities held in the bank's held-to-maturity and available-for-sale portfolios, even if such securities have been lent, sold under agreements to repurchase that are treated as borrowings, or pledged as collateral for any purpose.</p> <p>Include interest received at the sale of securities to the extent that such interest had not already been accrued on the bank's books.</p> <p>Do <u>not</u> deduct accrued interest included in the purchase price of securities from income on securities and do <u>not</u> charge to expense. Record such interest in a separate asset account (to be reported in Schedule RC, item 11, "Other assets") to be offset upon collection of the next interest payment.</p> <p>Report income from detached U.S. Government security coupons and ex-coupon U.S. Government securities not held for trading in Schedule RI, item 1.d.(3), as interest and dividend income on "All other securities." Refer to the Glossary entry for "coupon stripping, Treasury receipts, and STRIPS."</p> <p><u>Exclude</u> from interest and dividend income on securities:</p> <ol style="list-style-type: none"> (1) Realized gains (losses) on held-to-maturity securities and on available-for-sale securities (report in Schedule RI, items 6.a and 6.b, respectively). (2) Net unrealized holding gains (losses) on available-for-sale securities (include the amount of such net unrealized holding gains (losses) in Schedule RC, item 26.b, "Accumulated other comprehensive income," and the calendar year-to-date change in such net unrealized holding gains (losses) in Schedule RI-A, item 10, "Other comprehensive income"). |

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| 1.d (cont.) | (3) Income from advances to, or obligations of, majority-owned subsidiaries not consolidated, associated companies, and those corporate joint ventures over which the bank exercises significant influence (report as "Noninterest income" in the appropriate subitem of Schedule RI, item 5). |
| 1.d.(1) | <u>Interest and dividend income on U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).</u> Report income from all securities reportable in Schedule RC-B, item 1, "U.S. Treasury securities," and item 2, "U.S. Government agency obligations." Include accretion of discount on U.S. Treasury bills. |
| 1.d.(2) | <u>Interest and dividend income on mortgage-backed securities.</u> Report income from all securities reportable in Schedule RC-B, item 4, "Mortgage-backed securities." |
| 1.d.(3) | <u>Interest and dividend income on all other securities.</u> Report income from all securities reportable in Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S.," item 5, "Asset-backed securities and structured financial products," item 6, "Other debt securities," and item 7, "Investments in mutual funds and other equity securities with readily determinable fair values." |
| | <u>Exclude</u> from interest and dividend income on all other securities: |
| | (1) Income from equity securities that do not have readily determinable fair values (report as "Other interest income" in Schedule RI, item 1.g). |
| | (2) The bank's proportionate share of the net income or loss from its investments in the stock of unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the bank exercises significant influence (report income or loss before discontinued operations as "Noninterest income" in the appropriate subitem of Schedule RI, item 5, and report the results of discontinued operations in Schedule RI, item 11). |
| 1.e | Not applicable. |
| 1.f | <u>Interest income on federal funds sold and securities purchased under agreements to resell.</u> Report the <u>gross</u> revenue from assets reportable in Schedule RC, item 3, "Federal funds sold and securities purchased under agreements to resell." Include interest income earned on federal funds sold and securities purchased under agreements to resell that are reported at fair value under a fair value option. |
| | Report the expense of federal funds purchased and securities sold under agreements to repurchase in Schedule RI, item 2.b; do <u>not</u> deduct from the gross revenue reported in this item. However, if amounts recognized as payables under repurchase agreements have been offset against amounts recognized as receivables under reverse repurchase agreements and reported as a net amount in Schedule RC, Balance Sheet, in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements"), the income and expense from these agreements may be reported on a net basis in Schedule RI, Income Statement. |

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- 1.g** **Other interest income.** Report interest and dividend income on assets other than those assets properly reported in Schedule RC, items 1 through 4. Include interest income on receivables arising from foreclosures on fully and partially government-guaranteed mortgage loans that are reportable in Schedule RC-F, item 6. Include dividend income on "Equity securities that do not have readily determinable fair values" that are reportable in Schedule RC-F, item 4. Also include interest income on interest-only strips receivable (not in the form of a security) that are reportable in Schedule RC-F, item 3. However, exclude interest and dividends on venture capital investments (loans and securities), which should be reported in item 5.l, below.

Include interest income on trading assets that are reportable in Schedule RC, item 5, including accretion of discount on assets held for trading that have been issued on a discount basis, such as U.S. Treasury bills and commercial paper.

Exclude gains (losses) and fees from trading assets, which should be reported as trading revenue in Schedule RI, item 5.l, "Other noninterest income." Also exclude revaluation adjustments from the periodic marking to fair value of derivative contracts held for trading purposes, which should be reported as trading revenue in Schedule RI, item 5.l. The effect of the periodic net settlements on these derivative contracts should be included as part of the revaluation adjustments from the periodic marking to market of the contracts.

- 1.h** **Total interest income.** Report the sum of items 1.a.(6) through 1.g.

2 **Interest expense:**

- 2.a** **Interest on deposits.** Report in the appropriate subitem all interest expense, including amortization of the cost of merchandise or property offered in lieu of interest payments, on deposits reportable in Schedule RC, item 13.a.(2), "Interest-bearing deposits in domestic offices,".

Exclude the 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 (report in Schedule RI, item 7.d, "Other noninterest expense").

Include as interest expense on the appropriate category of deposits finders' fees, brokers' fees, and other fees related to any type of interest-bearing brokered deposit account (e.g., money market deposit accounts) that represent an adjustment to the interest rate paid on deposits the reporting bank acquires through brokers. If these fees are paid in advance and are material, they should be capitalized and amortized over the term of the related deposits. However, exclude fees levied by brokers that are, in substance, retainer fees or that otherwise do not represent an adjustment to the interest rate paid on brokered deposits (e.g., flat fees to administer the account) (report such fees in Schedule RI, item 7.d, "Other noninterest expense").

Also include interest expense incurred on deposits that are reported at fair value under a fair value option. Deposits with demand features (e.g., demand and savings deposits) are generally not eligible for the fair value option.

Deduct from the gross interest expense of the appropriate category of time deposits penalties for early withdrawals, or portions of such penalties, that represent the forfeiture of interest accrued or paid to the date of withdrawal. If material, portions of penalties for early

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| 2.a (cont.) | withdrawals that <u>exceed</u> the interest accrued or paid to the date of withdrawal should not be treated as a reduction of interest expense but should be included in "Other noninterest income" in Schedule RI, item 5.l. |
| 2.a.(1) | Interest on transaction accounts. Report interest expense on all interest-bearing transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts) reportable in Schedule RC-E, items 1 through 6, column A, "Total transaction accounts." <u>Exclude</u> all costs incurred by the bank in connection with noninterest-bearing demand deposits. See the Glossary entry for "deposits" for the definitions of "interest-bearing deposit accounts," "demand deposits," "NOW accounts," "ATS accounts," and "telephone or preauthorized transfer accounts." |
| 2.a.(2) | Interest on nontransaction accounts. Report in the appropriate subitem interest expense on all deposits reportable in Schedule RC-E, items 1 through 6, column C, "Total nontransaction accounts." |
| 2.a.(2)(a) | Interest on savings deposits. Report interest expense on all deposits reportable in Schedule RC-E, Memorandum item 2.a.(1), "Money market deposit accounts (MMDAs)," and Memorandum item 2.a.(2), "Other savings deposits." |
| 2.a.(2)(b) | Interest on time deposits of \$250,000 or less. Report interest expense on all deposits reportable in Schedule RC-E, Memorandum item 2.b, "Total time deposits of less than \$100,000," and Memorandum item 2.c, "Total time deposits of \$100,000 through \$250,000." |
| 2.a.(2)(c) | Interest on time deposits of more than \$250,000. Report interest expense on all deposits reportable in Schedule RC-E, Memorandum item 2.d, "Total time deposits of more than \$250,000." |
| 2.b | Expense of federal funds purchased and securities sold under agreements to repurchase. Report the <u>gross</u> expense of all liabilities reportable in Schedule RC, item 14, "Federal funds purchased and securities sold under agreements to repurchase." Include interest expense incurred on federal funds purchased and securities sold under agreements to repurchase that are reported at fair value under a fair value option. Report the income of federal funds sold and securities purchased under agreements to resell in Schedule RI, item 1.f; do <u>not</u> deduct from the gross expense reported in this item. However, if amounts recognized as payables under repurchase agreements have been offset against amounts recognized as receivables under reverse repurchase agreements and reported as a net amount in Schedule RC, Balance Sheet, in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements"), the income and expense from these agreements may be reported on a net basis in Schedule RI, Income Statement. |
| 2.c | Other interest expense. Report the interest expense on all liabilities reportable in Schedule RC, item 15, "Trading liabilities"; item 16, "Other borrowed money"; and item 19, "Subordinated notes and debentures." Include interest expense incurred on other borrowed money and subordinated notes and debentures reported at fair value under a fair value option. |

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| 2.c (cont.) | Include amortization of debt issuance costs associated with other borrowed money and subordinated notes and debentures (unless these liabilities are reported at fair value under a fair value option, in which case issuance costs should be expensed as incurred). Exclude dividends declared or paid on limited-life preferred stock (report dividends declared in Schedule RI-A, item 8). |
| 2.d | Not applicable. |
| 2.e | Total interest expense. Report the sum of Schedule RI, items 2.a through 2.c. |
| 3 | Net interest income. Report the difference between Schedule RI, item 2.e, "Total interest expense," and Schedule RI, item 1.h, "Total interest income." If the amount is negative, report it with a minus (-) sign. |
| 4 | Provision for loan and lease losses. Report the amount needed to make the allowance for loan and lease losses, as reported in Schedule RC, item 4.c, adequate to absorb estimated credit losses, based upon management's evaluation of the reporting institution's loans and leases held for investment, excluding such loans and leases reported at fair value under a fair value option. Loans and leases held for investment are those that the reporting institution has the intent and ability to hold for the foreseeable future or until maturity or payoff. Also include in this item any provision for allocated transfer risk related to loans and leases. The amount reported in this item must equal Schedule RI-B, Part II, item 5, "Provision for loan and lease losses." Report negative amounts with a minus (-) sign. Exclude any provision for credit losses on off-balance sheet credit exposures, which should be reported in Schedule RI, item 7.d, "Other noninterest expense." The amount reported here may differ from the bad debt expense deduction taken for federal income tax purposes. Refer to the Glossary entries for "allowance for loan and lease losses" and "loan impairment" for additional information. |
| 5 | Noninterest income: |
| 5.a | Income from fiduciary activities. Report gross income from services rendered by the institution's trust department or any of its consolidated subsidiaries acting in any fiduciary capacity. Include commissions and fees on sales of annuities by the institution's trust department (or by a consolidated trust company subsidiary) that are executed in a fiduciary capacity. For institutions required to complete Schedule RC-T, items 14 through 22, this item must equal the amount reported in Schedule RC-T, item 22. <u>Exclude</u> net fiduciary settlements, surcharges, and other losses. Such losses should be reported on a net basis in Schedule RI, item 7.d, "Other noninterest expense, and, if applicable, in Schedule RC-T, item 24 and Memorandum item 4. Net losses are gross losses less recoveries (including those from insurance payments). If the institution's trust department or a consolidated subsidiary acting in any fiduciary capacity enters into a "fee reduction" or "fee waiver" agreement with a client as the method for reimbursing or compensating the client for a loss on the client's fiduciary or related services account arising from an error, misfeasance, or malfeasance, the full amount of this loss must be recognized |

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5.a
 (cont.) on an accrual basis and included in Schedule RI, item 7.d, and, if applicable, in Schedule RC-T, item 24, and Memorandum item 4. An institution should not report such a loss as a reduction of the gross income from fiduciary and related services it reports in this item 5.a and, if applicable, in Schedule RC-T, items 14 through 22, in the current or future periods when the "fee reduction" or "fee waiver" takes place. (See the example after the instructions to Schedule RC-T, Memorandum item 4.e.)

Exclude commissions and fees received for the accumulation or disbursement of funds deposited to Individual Retirement Accounts (IRAs), Keogh Plan accounts, Health Savings Accounts, Medical Savings Accounts, and Coverdell Education Savings Accounts when they are not handled by the institution's trust department (report in Schedule RI, item 5.b, "Service charges on deposit accounts").

Report a zero if the institution has no trust department and no consolidated subsidiaries that render services in any fiduciary capacity.

5.b **Service charges on deposit accounts.** Report in this item amounts charged depositors, net of amounts refunded to depositors, including, but not limited to, service charges and fees levied on deposit accounts:

- (1) For the maintenance of deposit accounts with the institution, so-called "maintenance charges."
- (2) For the failure to maintain specified minimum deposit balances.
- (3) Based on the number of checks drawn on and deposits made in deposit accounts.
- (4) For checks drawn on so-called "no minimum balance" deposit accounts.
- (5) For withdrawals from nontransaction deposit accounts.
- (6) For the closing of savings accounts before a specified minimum period of time has elapsed.
- (7) For accounts which have remained inactive for extended periods of time or which have become dormant.
- (8) For deposits to or withdrawals from deposit accounts through the use of automated teller machines or remote service units.
- (9) For the processing of checks drawn against insufficient funds, so-called "NSF check charges," that the institution assesses regardless of whether it decides to pay, return, or hold the check. Exclude subsequent charges levied against overdrawn accounts based on the length of time the account has been overdrawn, the magnitude of the overdrawn balance, or which are otherwise equivalent to interest (report in the appropriate subitem of Schedule RI, item 1.a, "Interest and fee income on loans").
- (10) For issuing stop payment orders.
- (11) For certifying checks.

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| 5.b (cont.) | <p>(12) For the accumulation or disbursement of funds deposited to Individual Retirement Accounts (IRAs), Keogh Plan accounts, Health Savings Accounts, Medical Savings Accounts, and Coverdell Education Savings Accounts when not handled by the institution's trust department. Report such commissions and fees received for accounts handled by the institution's trust department in Schedule RI, item 5.a, "Income from fiduciary activities."</p> <p>(13) For wire transfer services provided to the institution's depositors.</p> <p><u>Exclude</u> penalties paid by depositors for the early withdrawal of time deposits (report as "Other noninterest income" in Schedule RI, item 5.l, or deduct from the interest expense of the related category of time deposits, as appropriate).</p> |
| 5.c | Not applicable. |
| 5.d.(1) | <p>Fees and commissions from securities brokerage. Report fees and commissions from securities brokerage activities, from the sale and servicing of mutual funds, from the purchase and sale of securities and money market instruments where the bank is acting as agent for other banks or customers, and from the lending of securities owned by the bank or by bank customers (if these fees and commissions are not included in Schedule RI, item 5.a, "Income from fiduciary activities," or as trading revenue in item 5.l, "Other noninterest income"). However, exclude fees and commissions from the sale of annuities (fixed, variable, and other) to bank customers by the bank or any securities brokerage subsidiary (report such income in Schedule RI, item 5.d.(3), "Fees and commissions from annuity sales").</p> <p>Also include the bank's proportionate share of the income or loss before discontinued operations from its investments in equity method investees that are principally engaged in securities brokerage activities. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the bank exercises significant influence.</p> |
| 5.d.(2) | <p>Investment banking, advisory, and underwriting fees and commissions. Report fees and commissions from underwriting (or participating in the underwriting of) securities, private placements of securities, investment advisory and management services, merger and acquisition services, and other related consulting fees. Include fees and commissions from the placement of commercial paper, both for transactions issued in the bank's name and transactions in which the bank acts as an agent for a third party issuer.</p> <p>Also include the bank's proportionate share of the income or loss before discontinued operations from its investments in equity method investees that are principally engaged in investment banking, advisory, or securities underwriting activities. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the bank exercises significant influence.</p> |
| 5.d.(3) | <p>Fees and commissions from annuity sales. Report fees and commissions from sales of annuities (fixed, variable, and other) by the bank and any subsidiary of the bank and fees earned from customer referrals for annuities to insurance companies and insurance agencies external to the consolidated bank. Also include management fees earned from annuities.</p> <p>However, <u>exclude</u> fees and commissions from sales of annuities by the bank's trust department (or by a consolidated trust company subsidiary) that are executed in a fiduciary capacity (report in Schedule RI, item 5.a, "Income from fiduciary activities").</p> |

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| 5.d.(3) (cont.) | Also include the bank's proportionate share of the income or loss before discontinued operations from its investments in equity method investees that are principally engaged in annuity sales. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the bank exercises significant influence. |
| 5.d.(4) | <p>Underwriting income from insurance and reinsurance activities. Report the amount of premiums earned by bank subsidiaries engaged in insurance underwriting or reinsurance activities. Include earned premiums from (a) life and health insurance and (b) property and casualty insurance, whether (direct) underwritten business or ceded or assumed (reinsured) business. Insurance premiums should be reported net of any premiums transferred to other insurance underwriters/reinsurers in conjunction with reinsurance contracts.</p> <p>Also include the bank's proportionate share of the income or loss before discontinued operations from its investments in equity method investees that are principally engaged in insurance underwriting or reinsurance activities. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the bank exercises significant influence.</p> <p><u>Exclude</u> income from sales and referrals involving insurance products and annuities (see the instructions for Schedule RI, items 5.d.(5) and 5.d.(3), respectively, for information on reporting such income).</p> |
| 5.d.(5) | <p>Income from other insurance activities. Report income from insurance product sales and referrals, including:</p> <ol style="list-style-type: none"> (1) Service charges, commissions, and fees earned from insurance sales, including credit, life, health, property, casualty, and title insurance products. (2) Fees earned from customer referrals for insurance products to insurance companies and insurance agencies external to the consolidated bank. <p>Also include management fees earned from separate accounts and universal life products.</p> <p><u>Exclude</u> income from annuity sales and referrals (see the instructions for Schedule RI, item 5.d.(3), above, for information on reporting such income).</p> <p>Also include the bank's proportionate share of the income or loss before discontinued operations from its investments in equity method investees that are principally engaged in insurance product sales and referrals. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the bank exercises significant influence.</p> |
| 5.e | Not applicable. |

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| 5.f | <p>Net servicing fees. Report income from servicing real estate mortgages, credit cards, and other financial assets held by others. Report any premiums received in lieu of regular servicing fees on such loans only as earned over the life of the loans. For servicing assets and liabilities measured under the amortization method, banks should report servicing income net of the related servicing assets' amortization expense, include impairments recognized on servicing assets, and also include increases in servicing liabilities recognized when subsequent events have increased the fair value of the liability above its carrying amount. For servicing assets and liabilities remeasured at fair value under the fair value option, include changes in the fair value of these servicing assets and liabilities. For further information on servicing, see the Glossary entry for "servicing assets and liabilities."</p> |
| 5.g | <p>Net securitization income. Report net gains (losses) on assets sold in the bank's own securitization transactions, i.e., net of transaction costs. Include unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale in the bank's own securitization transactions. Report fee income from securitizations, securitization conduits, and structured finance vehicles, including fees for providing administrative support, liquidity support, interest rate risk management, credit enhancement support, and any additional support functions as an administrative agent, liquidity agent, hedging agent, or credit enhancement agent. Include all other fees (other than servicing fees and commercial paper placement fees) earned from the bank's securitization and structured finance transactions.</p> <p>Exclude income from servicing securitized assets (report in Schedule RI, item 5.f, above), fee income from the placement of commercial paper (report in Schedule RI, item 5.d.(2), above), and income from seller's interests and residual interests retained by the bank (report in the appropriate subitem of Schedule RI, item 1, "Interest income"). Also exclude net gains (losses) on loans sold to – and unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale to – a government-sponsored agency or another institution that in turn securitizes the loans (report in Schedule RI, item 5.i, "Net gains (losses) on sales of loans and leases").</p> |
| 5.h | Not applicable. |
| 5.i | <p>Net gains (losses) on sales of loans and leases. Report the amount of net gains (losses) on sales and other disposals of loans and leases (reportable in Schedule RC-C), including unrealized losses (and subsequent recoveries of such net unrealized losses) on loans and leases held for sale. Exclude net gains (losses) on loans and leases sold in the bank's own securitization transactions and unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale in the bank's own securitization transactions (report these gains (losses) in Schedule RI, item 5.g, "Net securitization income").</p> |
| 5.j | <p>Net gains (losses) on sales of other real estate owned. Report the amount of net gains (losses) on sales and other disposals of other real estate owned (reportable in Schedule RC, item 7), 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. 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 (actual 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> |

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| 5.k | <p><u>Net gains (losses) on sales of other assets.</u> Report the amount of net gains (losses) on sales and other disposals of assets not required to be reported elsewhere in the income statement (Schedule RI). Include net gains (losses) on sales and other disposals of premises and fixed assets; personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances); and coins, art, and other similar assets. Also include net gains (losses) on sales of, and other-than-temporary impairment losses on, equity securities that do not have readily determinable fair values and are not held for trading. Do not include net gains (losses) on sales and other disposals of held-to-maturity securities, available-for-sale securities, loans and leases (either directly or through securitization), trading assets, and other real estate owned (report these net gains (losses) in the appropriate items of Schedule RI).</p> |
| 5.l | <p><u>Other noninterest income.</u> Report all operating income of the bank for the calendar year to date not required to be reported elsewhere in Schedule RI.</p> <p>Disclose in Schedule RI-E, items 1.a through 1.l, each component of other noninterest income, and the dollar amount of such component, that is greater than \$100,000 and exceeds 3 percent of the other noninterest income reported in this item. If net losses have been reported in this item for a component of "Other noninterest income," use the absolute value of such net losses to determine whether the amount of the net losses is greater than \$100,000 and exceeds 3 percent of "Other noninterest income" and should be reported in Schedule RI-E, item 1. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.)</p> <p>For each component of other noninterest income that exceeds the disclosure threshold in the preceding paragraph and for which a preprinted caption has not been provided in Schedule RI-E, items 1.a through 1.i, describe the component with a clear but concise caption in Schedule RI-E, items 1.j through 1.l. These descriptions should not exceed 50 characters in length (including spacing between words).</p> <p>For disclosure purposes in Schedule RI-E, items 1.a through 1.i, when components of "Other noninterest income" reflect a single credit for separate "bundled services" provided through third party vendors, disclose such amounts in the item with the preprinted caption that most closely describes the predominant type of income earned, and this categorization should be used consistently over time.</p> <p><u>Include as other noninterest income:</u></p> <p>(1) Service charges, commissions, and fees for such services as:</p> <ul style="list-style-type: none"> (a) The rental of safe deposit boxes. (Report the amount of such fees in Schedule RI-E, item 1.e, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.l.) (b) The safekeeping of securities for other depository institutions (if the income for such safekeeping services is not included in Schedule RI, item 5.a, "Income from fiduciary activities"). (c) The sale of bank drafts, money orders, cashiers' checks, and travelers' checks. (d) The collection of utility bills, checks, notes, bond coupons, and bills of exchange. |

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| 5.I (cont.) | (e) The redemption of U.S. savings bonds. (f) The handling of food stamps. (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 such income in the appropriate subitem of Schedule RI, item 1.a, "Interest and fee income on loans," or in Schedule RI, item 1.g, "Other interest income," as appropriate). (h) The notarizing of forms and documents. (i) The negotiation or management of loans from other lenders for customers or correspondents. (j) The providing of consulting and advisory services to others. <u>Exclude</u> income from investment advisory services, which is to be reported in Schedule RI, item 5.d.(2). (k) The use of the bank's automated teller machines or remote service units by depositors of other depository institutions. (Report the amount of such income and fees in Schedule RI-E, item 1.c, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.l.) (l) Wire transfer services, except for wire transfers for which service charges or fees are levied on deposit accounts of the institution's depositors, for which the income is to be reported in Schedule RI, item 5.b, "Service charges on deposit accounts." (Report the amount of income and fees from wire transfers in Schedule RI-E, item 1.i, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.l.) (2) Income and fees from the sale and printing of checks. (Report the amount of such income and fees in Schedule RI-E, item 1.a, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.l.) (3) Gross rentals and other income from all real estate reportable in Schedule RC, item 7, "Other real estate owned." (Report the amount of such income in Schedule RI-E, item 1.d, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.l.) (4) Earnings on or other increases in the value of the cash surrender value of bank-owned life insurance policies. (Report the amount of such earnings or other increases in Schedule RI-E, item 1.b, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.l.) (5) 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. (6) 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. |

| <u>Item No.</u> | <u>Caption and Instructions</u> |
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| 5.I (cont.) | |
| | (7) Interchange fees earned from bank card and credit card transactions. (Report the amount of such fees in Schedule RI-E, item 1.g, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.I.) |
| | (8) 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). |
| | (9) 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. |
| | (10) Trading revenue (which may be a net gain or loss) from cash instruments and derivative contracts reportable in Schedule RC, item 5, "Trading assets," and Schedule RC, item 15, "Trading liabilities," including gains (losses) from trading such instruments and contracts, revaluation adjustments from the periodic marking to fair value of such instruments and contracts, and incidental income and expense related to the purchase and sale of such instruments and contracts. |
| | (11) Net tellers' overages (shortages), net recoveries (losses) on forged checks, net recoveries (losses) on payment of checks over stop payment orders, and similar recurring operating gains (losses) of this type. Banks should consistently report these gains (losses) either in this item or in Schedule RI, item 7.d. |
| | (12) Net gains (losses) from the sale or other disposal of branches (i.e., where the reporting bank sells a branch's assets to another depository institution, which assumes the deposit liabilities of the branch). Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d. |
| | (13) 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.d. |
| | (14) Rental fees applicable to operating leases for furniture and equipment rented to others. |
| | (15) Interest received on tax refunds. |
| | (16) Life insurance proceeds on policies for which the bank is the beneficiary. |
| | (17) Credits resulting from litigation or other claims. |
| | (18) 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." |

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| 5.I (cont.) | |
| (19) | Interest income from advances to, or obligations of, and the bank's proportionate share of the income or loss before discontinued operations from its investments in: <ul style="list-style-type: none"> • unconsolidated subsidiaries, • associated companies, • corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence, and • noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting") other than those that are principally engaged in investment banking, advisory, brokerage, or securities underwriting activities; insurance and reinsurance underwriting activities; insurance and annuity sales activities (the income from which should be reported in Schedule RI, items 5.d.(1), 5.d.(2), 5.d.(3), 5.d.(4), and 5.d.(5), respectively). <u>Exclude</u> the bank's proportionate share of the results of discontinued operations of these entities (report in Schedule RI, item 11, "Discontinued operations, net of applicable income taxes"). |
| (20) | Net gains (losses) on derivative instruments held for purposes other than trading that are <u>not</u> designated as hedging instruments in hedging relationships that qualify for hedge accounting in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities"). Institutions should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d. For further information, see the Glossary entries for "derivative contracts" and "trading account." |
| (21) | Gross income generated by securities contributed to charitable contribution Clifford Trusts. |
| (22) | Income from ground rents and air rights. |
| (23) | Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule RC, item 10.b, "Other intangible assets," and Schedule RC, item 20, "Other liabilities," respectively, and assets and liabilities reported in Schedule RC, item 5, "Trading assets," and Schedule RC, item 15, "Trading liabilities," respectively) resulting from the periodic marking of such assets and liabilities to fair value. Exclude interest income earned and interest expense incurred on financial assets and liabilities reported at fair value under a fair value option, which should be reported in the appropriate interest income or interest expense items on Schedule RI. (Report the net change in the fair value of fair value option financial instruments in Schedule RI-E, item 1.f, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.l.) |
| (24) | Gains on bargain purchases recognized and measured in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"). (Report the amount of such gains in Schedule RI-E, item 1.h, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 5.l.) |
| (25) | Revenue from venture capital activities (which may be a net gain or loss), which generally involves the providing of funds, whether in the form of loans or equity, and technical and management assistance, when needed and requested, to start-up or high-risk companies specializing in new technologies, ideas, products, or processes. For further information, see the instructions for Schedule RI, item 5.e, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports. |

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| 5.m | Total noninterest income. Report the sum of items 5.a through 5.l. |
| 6.a | Realized gains (losses) on held-to-maturity securities. 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 other-than-temporary impairment losses on individual held-to-maturity securities that must be recognized in earnings. For further information on the accounting for impairment of held-to-maturity securities, see the Glossary entry for "securities activities." If the amount to be reported in this item is a net loss, report it with a minus (-) sign. Exclude from this item realized gains (losses) on available-for-sale securities (report in Schedule RI, item 6.b, below) and on trading securities (report as trading revenue in Schedule RI, item 5.l, "Other noninterest income"). |
| 6.b | Realized gains (losses) on available-for-sale securities. 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 other-than-temporary impairment losses on individual available-for-sale securities that must be recognized in earnings. For further information on the accounting for impairment of available-for-sale securities, see the Glossary entry for "securities activities." If the amount to be reported in this item is a net loss, report it with a minus (-) sign. Exclude from this item: (1) The change in net unrealized holding gains (losses) on available-for-sale securities during the calendar year to date (report in Schedule RI-A, item 10, "Other comprehensive income"). (2) Realized gains (losses) on held-to-maturity securities (report in Schedule RI, item 6.a, above) and on trading securities (report as trading revenue in Schedule RI, item 5.l, "Other noninterest income"). |
| 7 | Noninterest expense: |
| 7.a | Salaries and employee benefits. Report salaries and benefits of all officers and employees of the bank and its consolidated subsidiaries including guards and contracted guards, temporary office help, dining room and cafeteria employees, and building department officers and employees (including maintenance personnel). Include as employees individuals who, in form, are employed by an affiliate but who, in substance, do substantially all of their work for the reporting bank. However, banking organizations should not segregate the compensation component of other intercompany cost allocations arising from arrangements other than that described in the preceding sentence for purposes of this item. Include as salaries and employee benefits: (1) Gross salaries, wages, overtime, bonuses, incentive compensation, and extra compensation. |

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| 7.a (cont.) | <p>(2) Social security taxes and state and federal unemployment taxes paid by the bank.</p> <p>(3) Contributions to the bank's retirement plan, pension fund, profit-sharing plan, employee stock ownership plan, employee stock purchase plan, and employee savings plan.</p> <p>(4) Premiums (net of dividends received) on health and accident, hospitalization, dental, disability, and life insurance policies for which the bank is not the beneficiary.</p> <p>(5) Cost of office temporaries whether hired directly by the bank or through an outside agency.</p> <p>(6) Workmen's compensation insurance premiums.</p> <p>(7) The net cost to the bank for employee dining rooms, restaurants, and cafeterias.</p> <p>(8) Accrued vacation pay earned by employees during the calendar year-to-date.</p> <p>(9) The cost of medical or health services, relocation programs and reimbursements of moving expenses, tuition reimbursement programs, and other so-called fringe benefits for officers and employees.</p> <p>(10) Compensation expense (service component and interest component) related to deferred compensation agreements.</p> <p><u>Exclude</u> from salaries and employee benefits (report in Schedule RI, item 7.d, "Other noninterest expense"):</p> <p>(1) Amounts paid to attorneys, accountants, management consultants, investment counselors, and other professionals who are not salaried officers or employees of the bank (except if these professionals, in form, are employed by an affiliate of the reporting bank but, in substance, do substantially all of their work for the reporting bank).</p> <p>(2) Expenses related to the testing and training of officers and employees.</p> <p>(3) The cost of bank newspapers and magazines prepared for distribution to bank officers and employees.</p> <p>(4) Expenses of life insurance policies for which the bank is the beneficiary. (However, when these expenses relate to bank-owned life insurance policies with cash surrender values, banks may report the net earnings on or the net increases in the value of these cash surrender values in Schedule RI, item 5.l, above.)</p> <p>(5) The cost of athletic activities in which officers and employees participate when the purpose may be construed to be for marketing or public relations, and employee benefits are only incidental to the activities.</p> <p>(6) Dues, fees and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.</p> |

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- 7.b** **Expenses of premises and fixed assets.** Report all noninterest expenses related to the use of premises, equipment, furniture, and fixtures reportable in Schedule RC, item 6, "Premises and fixed assets," net of rental income. If this net amount is a credit balance, report it with a minus (-) sign.

Deduct rental income from gross premises and fixed asset expense. Rental income includes all rentals charged for the use of buildings not incident to their use by the reporting bank and its consolidated subsidiaries, including rentals by regular tenants of the bank's buildings, income received from short-term rentals of other bank facilities, and income from subleases. Also deduct income from stocks and bonds issued by nonmajority-owned corporations that indirectly represent premises, equipment, furniture, or fixtures and are reportable in Schedule RC, item 6, "Premises and fixed assets."

Include as expenses of premises and fixed assets:

- (1) Normal and recurring depreciation and amortization charges against assets reportable in Schedule RC, item 6, "Premises and fixed assets," including capital lease assets, which are applicable to the calendar year-to-date, whether they represent direct reductions in the carrying value of the assets or additions to accumulated depreciation or amortization accounts. Any method of depreciation or amortization conforming to accounting principles that are generally acceptable for financial reporting purposes may be used. However, depreciation for premises and fixed assets may be based on a method used for federal income tax purposes if the results would not be materially different from depreciation based on the asset's estimated useful life.
- (2) All operating lease payments made by the bank on premises (including parking lots), equipment (including data processing equipment), furniture, and fixtures.
- (3) Cost of ordinary repairs to premises (including leasehold improvements), equipment, furniture, and fixtures.
- (4) Cost of service or maintenance contracts for equipment, furniture, and fixtures.
- (5) Cost of leasehold improvements, equipment, furniture, and fixtures charged directly to expense and not placed on the bank's books as assets.
- (6) Insurance expense related to the use of premises, equipment, furniture, and fixtures including such coverages as fire, multi-peril, boiler, plate glass, flood, and public liability.
- (7) All property tax and other tax expense related to premises (including leasehold improvements), equipment, furniture, and fixtures, including deficiency payments, net of all rebates, refunds, or credit.
- (8) Any portion of capital lease payments representing executory costs such as insurance, maintenance, and taxes.
- (9) Cost of heat, electricity, water, and other utilities connected with the use of premises and fixed assets.
- (10) Cost of janitorial supplies and outside janitorial services.
- (11) Fuel, maintenance, and other expenses related to the use of the bank-owned automobiles, airplanes, and other vehicles for bank business.

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| 7.b (cont.) | <p><u>Exclude</u> from expenses of premises and fixed assets:</p> <ul style="list-style-type: none"> (1) Salaries and employee benefits (report such expenses for all officers and employees of the bank and its consolidated subsidiaries in Schedule RI, item 7.a, "Salaries and employee benefits"). (2) Interest on mortgages, liens, or other encumbrances on premises or equipment owned, including the portion of capital lease payments representing interest expense (report in Schedule RI, item 2.c, "Other interest expense"). (3) All expenses associated with other real estate owned (report in Schedule RI, item 7.d, "Other noninterest expense"). (4) Gross rentals from other real estate owned and fees charged for the use of parking lots properly reported as other real estate owned, as well as safe deposit box rentals and rental fees applicable to operating leases for furniture and equipment rented to others (report in Schedule RI, item 5.l). |
| 7.c.(1) | <p>Goodwill impairment losses. Report any impairment losses recognized during the period on goodwill. Exclude goodwill impairment losses associated with discontinued operations (report such losses on a net-of-tax basis in Schedule RI, item 11, "Discontinued operations, net of applicable income taxes").</p> <p>An institution that meets the definition of a private company in U.S. generally accepted accounting principles and has elected the accounting alternative for the amortization of goodwill in ASC Subtopic 350-20, Intangibles-Goodwill and Other – Goodwill (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets"), as amended by Accounting Standards Update No. 2014-02, "Accounting for Goodwill," should report the amortization expense of goodwill in this item. Exclude goodwill amortization expense associated with discontinued operations (report such expense on a net-of-tax basis in Schedule RI, item 11, "Discontinued operations, net of applicable income taxes"). A private company that elects the accounting alternative for the subsequent measurement of goodwill should amortize each amortizable unit of goodwill on a straight-line basis over ten years (or less than ten years if the private company demonstrates that another useful life is more appropriate).</p> <p>Except when the private company accounting alternative described above has been elected, goodwill should not be amortized. However, regardless of whether goodwill is amortized, it must be tested for impairment as described in the Glossary entry for "goodwill."</p> |
| 7.c.(2) | <p>Amortization expense and impairment losses for other intangible assets. Report the amortization expense of and any impairment losses on "Other intangible assets" (as defined for Schedule RC, item 10.b). Under ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets"), intangible assets that have indefinite useful lives should not be amortized, but must be tested at least annually for impairment. Intangible assets that have finite useful lives must be amortized over their useful lives and must be reviewed for impairment in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, "Accounting for the Impairment of Long-Lived Assets").</p> <p>Exclude the amortization expense of and any impairment losses on servicing assets, which should be netted against the servicing income reported in Schedule RI, item 5.f, "Net servicing fees," above.</p> |

| <u>Item No.</u> | <u>Caption and Instructions</u> |
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- 7.d **Other noninterest expense.** Report all operating expenses of the bank for the calendar year-to-date not required to be reported elsewhere in Schedule RI.

Disclose in Schedule RI-E, items 2.a through 2.p, each component of other noninterest expense, and the dollar amount of such component, that is greater than \$100,000 and exceeds 3 percent of the other noninterest expense reported in this item. If net gains have been reported in this item for a component of "Other noninterest expense," use the absolute value of such net gains to determine whether the amount of the net gains is greater than \$100,000 and exceeds 3 percent of "Other noninterest expense" and should be reported in Schedule RI-E, item 2. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.)

For each component of other noninterest expense that exceeds the disclosure threshold in the preceding paragraph and for which a preprinted caption has not been provided in Schedule RI-E, items 2.a.through 2.m, describe the component with a clear but concise caption in Schedule RI-E, items 2.n through 2.p. These descriptions should not exceed 50 characters in length (including spacing between words).

For disclosure purposes in Schedule RI-E, items 2.a through 2.m, when components of "Other noninterest expense" reflect a single charge for separate "bundled services" provided by third party vendors, disclose such amounts in the item with the preprinted caption that most closely describes the predominant type of expense incurred, and this categorization should be used consistently over time.

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). (Report the amount of such fees in Schedule RI-E, item 2.c, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)
- (2) Cost of data processing services performed for the bank by others. (Report the amount of such expenses in Schedule RI-E, item 2.a, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)
- (3) Advertising, promotional, public relations, marketing, and business development expenses. Such expenses include the cost of athletic activities in which officers and employees participate when the purpose may be construed to be for marketing or public relations, and employee benefits are only incidental to the activities. (Report the amount of such expenses in Schedule RI-E, item 2.b, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)
- (4) 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, if not included in advertising and marketing expenses above.
- (5) Retainer fees, legal fees, and other fees and expenses paid to attorneys who are not bank officers or employees and to outside law firms. (Report the amount of such expenses in Schedule RI-E, item 2.f, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)

| <u>Item No.</u> | <u>Caption and Instructions</u> |
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| 7.d (cont.) | <p>(6) Cost of printing, stationery, and office supplies. (Report the amount of such expenses in Schedule RI-E, item 2.d, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)</p> <p>(7) Postage and mailing expenses. (Report the amount of such expenses in Schedule RI-E, item 2.e, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)</p> <p>(8) Telecommunications expenses, including any expenses associated with telephone, telegraph, cable, and internet services (including web page maintenance). (Report the amount of such expenses in Schedule RI-E, item 2.k, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)</p> <p>(9) Federal deposit insurance assessments and Financing Corporation (FICO) assessments. (Report the amount of such assessments in Schedule RI-E, item 2.g, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)</p> <p>(10) Premiums on fidelity insurance (blanket bond, excess employee dishonesty bond), directors' and officers' liability insurance, life insurance policies for which the bank is the beneficiary, and other insurance policies for which the premiums are not included in salaries and employee benefits, expenses of premises and fixed assets, and expenses of other real estate owned. (Report the amount of such insurance expenses in Schedule RI-E, item 2.m, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)</p> <p>(11) Assessment expense, examination expense, and other fees levied by the Comptroller of the Currency or a state chartering authority, net of any assessment credits during the period.</p> <p>(12) Legal fees and other direct costs incurred to effect foreclosures on real estate and subsequent noninterest expenses related to holdings of real estate owned other than bank premises (including depreciation charges, if appropriate). (Report the amount of such expenses in Schedule RI-E, item 2.l, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)</p> <p>(13) Net losses (gains) from the sale or other disposal of branches (i.e., where the reporting bank sells a branch's assets to another depository institution, which assumes the deposit liabilities of the branch). Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.l.</p> <p>(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.l.</p> <p>(15) Management fees assessed by the bank's parent holding company, whether for specific services rendered or of a general (prorated) nature.</p> <p>(16) 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. <u>Exclude</u> any state and local taxes based on a net amount of revenues less expenses (report as applicable income taxes in Schedule RI, item 9).</p> |

| <u>Item No.</u> | <u>Caption and Instructions</u> |
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| 7.d (cont.) | <p>(17) Fees levied by deposit brokers that are, in substance, retainer fees or that otherwise do <u>not</u> 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 <u>do</u> represent an adjustment to the interest rate paid on brokered deposits.</p> <p>(18) Research and development costs and costs incurred in the internal development of computer software.</p> <p>(19) Charges resulting from litigation or other claims.</p> <p>(20) Charitable contributions including donations by Clifford Trusts.</p> <p>(21) Fees for accounting, auditing, and attestation services; retainer fees; and other fees and expenses paid to accountants and auditors who are not bank officers or employees. (Report the amount of such expenses in Schedule RI-E, item 2.h, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)</p> <p>(22) Fees for consulting and advisory services, retainer fees, and other fees and expenses paid to management consultants, investment advisors, and other professionals (other than attorneys providing legal services and accountants providing accounting, auditing, and attestation services) who are not bank officers or employees. (Report the amount of such expenses in Schedule RI-E, item 2.i, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)</p> <p>(23) Net losses (gains) on derivative instruments held for purposes other than trading that are not designated as hedging instruments in hedging relationships that qualify for hedge accounting in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities"). Institutions should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.l. For further information, see the Glossary entries for "derivative contracts" and "trading account."</p> <p>(24) Net tellers' shortages (overages), net losses (recoveries) on forged checks, net losses (recoveries) on payment of checks over stop payment orders, and similar recurring operating losses (gains) of this type. Banks should consistently report these losses (gains) either in this item or in Schedule RI, item 5.l.</p> <p>(25) Net losses resulting from fiduciary and related services. Net losses are gross losses less recoveries (including those from insurance payments). Gross losses include settlements, surcharges, and other losses arising from errors, misfeasance, or malfeasance on fiduciary accounts and related services and should reflect losses recognized on an accrual basis. Recoveries may be for current or prior years' losses from fiduciary and related services and should be reported when payment is actually realized. If the institution enters into a "fee reduction" or "fee waiver" agreement with a client as the method for reimbursing or compensating the client for a loss on the client's fiduciary or related services account, the full amount of this loss must be recognized on an accrual basis and reported in this item as "Other noninterest expense." An institution should not report such a loss as a reduction of the gross income from fiduciary and related services it reports in Schedule RI, item 5.a, "Income from fiduciary activities,"</p> |

Item No. **Caption and Instructions**

- 7.d**
(cont.) in the current or future periods when the “fee reduction” or “fee waiver” takes place. (See the example after the instructions to Schedule RC-T, Memorandum item 4.e.) For institutions required to complete Schedule RC-T, item 24, the amount of net losses from fiduciary and related services also is reported in that item.
- (26) Losses from robberies, defalcations, and other criminal acts not covered by the bank's blanket bond.
 - (27) Travel and entertainment expenses, including costs incurred by bank officers and employees for attending meetings and conventions.
 - (28) Dues, fees, and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.
 - (29) Civil money penalties and fines.
 - (30) 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.
 - (31) 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.l.
 - (32) Expenses related to the testing and training of officers and employees.
 - (33) The cost of bank newspapers and magazines prepared for distribution to bank officers and employees or to others.
 - (34) Depreciation expense of furniture and equipment rented to others under operating leases.
 - (35) Cost of checks provided to depositors.
 - (36) 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 ASC Subtopic 985-20, Software – Costs of Software to Be Sold, Leased or Marketed (formerly FASB Statement No. 86, “Accounting for the Cost of Computer Software to Be Sold, Leased, or Otherwise Marketed”).
 - (37) Provision for credit losses on off-balance sheet credit exposures.
 - (38) Net losses (gains) from the extinguishment of liabilities (debt), including losses resulting from the payment of prepayment penalties on borrowings such as Federal Home Loan Bank advances. However, if a bank's debt extinguishments normally result in net gains over time, then the bank should consistently report its net gains (losses) in Schedule RI, item 5.l, "Other noninterest income."
 - (39) Automated teller machine (ATM) and interchange expenses from bank card and credit card transactions. (Report the amount of such expenses in Schedule RI-E, item 2.j, if this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)

| <u>Item No.</u> | <u>Caption and Instructions</u> |
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| 7.d (cont.) | <u>Exclude</u> 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 using the effective interest method and report the expense in Schedule RI, item 2.c, "Other interest expense"). For further information, see the Glossary entry for "Debt issuance costs." |
| | (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"). |
| | (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). |
| | (5) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option. Banks should report these net decreases (increases) in fair value on servicing assets and liabilities in Schedule RI, item 5.f, and on financial assets and liabilities (including trading assets and liabilities) in Schedule RI, item 5.l. Interest income earned and interest expense incurred on these financial assets and liabilities should be excluded from the net decreases (increases) in fair value and reported in the appropriate interest income or interest expense items on Schedule RI. |
| 7.e | Total noninterest expense. Report the sum of items 7.a through 7.d. |
| 8 | Income (loss) before applicable income taxes and discontinued operations. Report the bank's pretax operating income. This amount is determined by taking item 3, "Net interest income," minus item 4, "Provision for loan and lease losses," plus item 5.m, "Total noninterest income," plus item 6.a, "Realized gains (losses) on held-to-maturity securities," plus item 6.b, "Realized gains (losses) on available-for-sale securities," minus item 7.e, "Total noninterest expense." If the result is negative, report it with a minus (-) sign. |
| 9 | Applicable income taxes (on item 8). Report the total estimated federal, state, and local income tax expense applicable to item 8, "Income (loss) before applicable income taxes and discontinued operations." Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than tax expense, report it with a minus (-) sign. <u>Include</u> as applicable income taxes all taxes based on a net amount of taxable revenues less deductible expenses. <u>Exclude</u> from applicable income taxes all taxes based on gross revenues or gross receipts (report such taxes in Schedule RI, item 7.d, "Other noninterest expense"). |

| <u>Item No.</u> | <u>Caption and Instructions</u> |
|-----------------|---|
| 9 (cont.) | <p><u>Include</u> 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 related to unrealized holding gains (losses) on available-for-sale securities that are charged or credited directly to the separate component of equity capital for "Accumulated other comprehensive income" (Schedule RC, item 26.b).</p> <p><u>Include</u> 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 applicable income taxes and discontinued operations."</p> <p>Also <u>include</u> 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.</p> <p><u>Exclude</u> the estimated federal, state, and local income taxes applicable to:</p> <ol style="list-style-type: none"> (1) Schedule RI, item 11, "Discontinued operations, net of applicable income taxes." (2) Schedule RI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors." (3) Schedule RI-A, item 10, "Other comprehensive income." <p>Refer to the Glossary entry for "income taxes" for additional information.</p> |
| 10 | <u>Income (loss) before discontinued operations.</u> Report Schedule RI, item 8, "Income (loss) before applicable income taxes and discontinued operations," minus Schedule RI, item 9, "Applicable income taxes (on item 8)." If the amount is negative, report it with a minus (-) sign. |
| 11 | <u>Discontinued operations, net of applicable income taxes.</u> Report the results of discontinued operations, if any, net of applicable income taxes, as determined in accordance with the provisions of ASC Subtopic 205-20, Presentation of Financial Statements – Discontinued Operations (formerly FASB Statement No. 144, "Accounting for the Impairment of Long-Lived Assets"). If the amount reported in this item is a net loss, report it with a minus (-) sign. State the dollar amount of the results of, and describe each of, the reporting institution's discontinued operations included in this item and the applicable income tax effect in Schedule RI-E, item 3. |
| 12 | <u>Net income (loss) attributable to bank and noncontrolling (minority) interests.</u> Report the sum of Schedule RI, items 10 and 11. If this amount is a net loss, report it with a minus (-) sign. |
| 13 | <u>LESS: Net income (loss) attributable to noncontrolling (minority) interests.</u> Report that portion of consolidated net income reported in Schedule RI, item 12, above, attributable to noncontrolling interests in consolidated subsidiaries of the bank. A noncontrolling interest, also called a minority interest, is the portion of equity in a bank's subsidiary not attributable, directly or indirectly, to the parent bank. If the amount reported in this item is a net loss, report it with a minus (-) sign. |
| 14 | <u>Net income (loss) attributable to bank.</u> Report Schedule RI, item 12, less item 13. If this amount is a net loss, report it with a minus (-) sign. |

Memoranda**Item No.** **Caption and Instructions**

- 1 **Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes.** Report the bank's best estimate of the amount of the year-to-date interest expense included in Schedule RI, item 2.e, "Total interest expense," that is subject to a 100 percent loss of deductibility for federal income tax purposes because it is deemed to have been incurred to carry tax-exempt securities, loans, and leases of states and political subdivisions in the U.S. acquired after August 7, 1986. Tax-exempt securities, loans, and leases are those securities, loans, and leases of states and political subdivisions in the U.S. whose interest is excludable from gross income under the regular tax system for federal income tax purposes, regardless of whether the income must be included in the bank's alternative minimum taxable income.

Exclude from this item interest expense incurred to carry (1) tax-exempt securities, loans, and leases of states and political subdivisions in the U.S. acquired after December 31, 1982, but before August 8, 1986, and (2) so-called "Qualified tax-exempt obligations" acquired after August 7, 1986, 20 percent of which is not deductible for federal income tax purposes.

The general formula that may be used for computing the amount of interest expense that is subject to a 100 percent loss of deductibility is as follows:

$$\frac{\text{Tax-exempt securities, loans, and leases of states and political subdivisions in the U.S. acquired after August 7, 1986 (excluding "Qualified tax-exempt obligations")}}{\text{(Year-to-date average)}} \times \frac{\text{Year-to-date total interest expense (Schedule RI, item 2.e)}}{\text{Total assets (Year-to-date average)}}$$

For the March 31, June 30, and September 30 Call Reports, the amount reported in Memorandum item 1 should not be an estimate of the amount of interest expense that will not be deductible for the entire calendar year.

- 2 Not applicable.
- 3 **Income on tax-exempt loans and leases to states and political subdivisions in the U.S.**
Report the bank's best estimate of the income earned on:
- (1) Tax-exempt loans to states and political subdivisions in the U.S. reportable in Schedule RC-C, Part I, item 8. This income will have been included in Schedule RI, item 1.a.(5), Interest and fee income on "All other loans," above.
 - (2) Tax-exempt leases to states and political subdivisions in the U.S. reportable in Schedule RC-C, Part I, item 10. This income will have been included in Schedule RI, item 1.b, "Income from lease financing receivables," above.

Tax-exempt loans and leases are those loans and leases to states and political subdivisions in the U.S. whose income is excludable from gross income for federal income tax purposes, regardless of whether the income from the loan or lease must be included in the bank's alternative minimum taxable income and regardless of the federal income tax treatment of the interest expense incurred to carry the loan or lease.

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| <u>Item No.</u> | <u>Caption and Instructions</u> |
|-----------------|--|
| 4 | <u>Income on tax-exempt securities issued by states and political subdivisions in the U.S.</u> Report the bank's best estimate of the income earned on those securities issued by states and political subdivisions in the U.S. reportable in Schedule RC-B, item 3, the income from which is excludable from gross income for federal income tax purposes, regardless of whether the income from the securities must be included in the bank's alternative minimum taxable income and regardless of the federal income tax treatment of the interest expense incurred to carry the securities. |
| 5 | <u>Number of full-time equivalent employees at end of current period.</u> Report the number of full-time equivalent employees of the bank and its consolidated subsidiaries as of the report date (round to the nearest whole number). For purposes of this Memorandum item, a bank should include as employees individuals who, in form, are employed by an affiliate but who, in substance, do substantially all of their work for the reporting bank. However, banking organizations should not segregate the compensation component of other intercompany cost allocations arising from arrangements other than that described in the preceding sentence nor calculate the related pro rata number of full-time equivalent employees for purposes of this Memorandum item. To convert the number of part-time employees to full-time equivalent employees, add the total number of hours all part-time and temporary employees worked during the quarter ending on the report date and divide this amount by the number of hours a full-time employee would have been expected to work during the quarter. Round the result to the nearest whole number and add it to the number of full-time employees. (A full-time employee may be expected to work more or less than 40 hours each week, depending on the policies of the reporting bank.) |
| 6 | <u>Interest and fee income on loans to finance agricultural production and other loans to farmers.</u> Memorandum items 6 is to be completed by: <ul style="list-style-type: none">• banks with \$300 million or more in total assets, and• banks with less than \$300 million in total assets and with loans to finance agricultural production and other loans to farmers (as reported in Schedule RC-C, Part I, item 3) exceeding five percent of total loans and leases held for investment and held for sale (Schedule RC-C, Part I, item 12). Report in this item all interest, fees, and similar charges levied against or associated with all loans reportable in Schedule RC-C, Part I, item 3, "Loans to finance agricultural production and other loans to farmers." |
| 7 | <u>If the reporting institution has applied pushdown accounting this calendar year, report the date of the institution's acquisition.</u> Pushdown accounting is an acquired institution's establishment of a new accounting basis in its separate financial statements (including its Consolidated Reports of Condition and Income) when an acquirer obtains control of the acquired institution and the institution retains its separate corporate existence. Under ASU No. 2014-17, "Pushdown Accounting," which amended ASC Subtopic 805-50, Business Combinations—Related Issues, an acquired institution that retains its separate corporate |

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| <u>Item No.</u> | <u>Caption and Instructions</u> |
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| 7 (cont.) | <p>existence may apply pushdown accounting upon a change-in-control event. A change-in-control event occurs when an acquirer obtains a controlling financial interest in the acquired institution. A controlling financial interest typically requires ownership of more than 50 percent of the voting rights in an acquired entity. For further information, see the "pushdown accounting" section of the Glossary entry for "business combinations."</p> <p>If the reporting institution was acquired during the calendar year-to-date reporting period, has retained its separate corporate existence, and has elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income) in accordance with the "pushdown accounting" section of the Glossary entry for "business combinations," report the date (year, month, and day) as of which the acquisition took place. For example, an institution that was acquired as of the close of business June 1, 2016, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income) would report 20160601 in this Memorandum item for June 30, September 30, and December 31, 2016.</p> <p>An acquired institution that has elected pushdown accounting also must report certain information on its loans and leases reported as held for investment in Schedule RC-C, Part I, Memorandum item 12, each quarter after its acquisition date through the end of the calendar year of acquisition regardless of whether the institution still holds the loans and leases.</p> <p>If the reporting institution has not been acquired during this calendar year or if the reporting institution has been acquired during this calendar year but it did not elect to apply pushdown accounting, the institution should report zeros (i.e., 00000000) for the date in this Memorandum item.</p> |
| 8 - 10 | Not applicable. |
| 11 | <p><u>Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?</u> Indicate in the boxes marked "YES" and "NO" 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 <u>all</u> 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 100 qualifying shareholders and having only one class of stock outstanding.</p> |

Memoranda**Item No.** **Caption and Instructions**

NOTE: Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c, and is to be completed annually as of the December 31 report date.

- 12** **Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties.** Report the amount of noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (i.e., interest income accrued and uncollected that has been added to principal) included in interest and fee income on loans secured by real estate (Schedule RI, item 1.a.(1)).

Negative amortization refers to a method in which a loan is structured so that the borrower's minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

- 13** Not applicable.

- 14** **Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings.** Report the amount of other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that have been recognized in earnings during the calendar year to date as discussed in the following paragraphs. This amount is included in the realized gains (losses) on held-to-maturity and available-for-sale securities reported in Schedule RI, items 6.a and 6.b, respectively.

When the fair value of an individual held-to-maturity or available-for-sale debt security is less than its amortized cost basis, the security is impaired and the impairment is either temporary or other-than-temporary. To determine whether the impairment is other-than-temporary, a bank must apply the relevant guidance in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as amended by FASB Staff Position (FSP) FAS 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments," and FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments") and ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force (EITF) Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets," as amended by FSP EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20"), as appropriate.

When an other-than-temporary impairment loss has occurred on an individual debt security, the total amount of the loss is the entire difference between the amortized cost of the debt security and its fair value on the measurement date of the other-than-temporary impairment. For an other-than-temporary impairment loss on a debt security that the bank intends to sell and on a debt security that it is more likely than not that the bank will be required to sell before recovery of its amortized cost basis less any current-period credit loss, the total amount of the other-than-temporary impairment loss must be recognized in earnings and must be reported in this item.

Memoranda**Item No.** **Caption and Instructions**

- 14**
(cont.) For an other-than-temporary impairment loss on a debt security when the bank does not intend to sell the security and it is not more likely than not that the bank will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, the other-than-temporary impairment loss must be separated into (a) the amount representing the credit loss, which must be recognized in earnings, and (b) the amount related to all other factors, which must be recognized in other comprehensive income. Report in this item the portion of such an other-than-temporary impairment loss that represents the credit loss.

For further information, see the Glossary entry for "securities activities."