

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.

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."

If the bank entered into a business combination which became effective during the year-to-date reporting period and which has been accounted for as a pooling of interests, report the income and expense of the combined business for the entire year-to-date. If the bank entered into a business combination which became effective during the reporting period and which has been accounted for as a purchase, report the income and expense of the acquired bank or business only after its acquisition. If the bank was acquired in a transaction which became effective during the reporting period and push down accounting was used to account for the acquisition, Schedule RI should only include amounts from the date of the bank's acquisition through the end of the year-to-date reporting period. For further information on poolings of interests, purchase acquisitions, and push down accounting, see the Glossary entry for "business combinations."

Schedule RI is one of four schedules (and one memorandum item) in the FFIEC 033 and 034 Reports of Condition and Income in which banks are permitted to report loan detail in terms of general loan categories that are based upon each bank's own internal loan categorization system. While the definitions for the general loan categories are left to the choice of each reporting bank, each bank *must* use consistent definitions for these categories in each of the four schedules and the memorandum item. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.

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 8 on the FFIEC 034; items 1 through 9 on the FFIEC 031, 032, and 033.

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) All yield-related fees on loans held in the bank's portfolio. Report only the bank's proportional share of yield-related fees collected in connection with a loan syndication or participation that are not passed through to another lender.
- (3) Loan commitment fees recognized as described under the Glossary entry for "loan fees."
- (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.
- (5) Accretion of discount on acceptances, loans secured by real estate (including points charged), and other loans. Deduct amortization of premium on loans secured by real estate or other loans from gross interest on loans.
- (6) 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 (5) below.

Exclude from interest and fee income on loans:

- (1) Fees that are not yield-related, such as management fees and servicing fees on real estate mortgages or other loans which are not assets of the bank (report as "Other fee income" in item 5.b.(1) on the FFIEC 034; item 5.f.(1) on the FFIEC 031, 032, and 033).
- (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 fee income" in item 5.b.(1) on the FFIEC 034; item 5.f.(1) on the FFIEC 031, 032, and 033). Banks may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.

Item No. Caption and Instructions

- 1.a**
(cont.)
- (3) Net gains (losses) from the sale of all assets reportable as loans. Banks should consistently report net gains (losses) either as "All other noninterest income" in item 5.b.(2) on the FFIEC 034; item 5.f.(2) on the FFIEC 031, 032, and 033 or as "Other noninterest expense" in item 7.c. Refer to the Glossary entry for "transfers of financial assets."
- (4) 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.
- (5) 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 domestic offices)," in item 5.a on the FFIEC 034; item 5.b on the FFIEC 031, 032, and 033; or, if levied against deposit accounts in foreign offices, in item 5.f.(1), "Other fee income," on the FFIEC 031). See inclusion (6) above.

NOTE: The item instructions for interest and fee income on loans on the FFIEC 033 and 034 report forms are presented on pages RI-3 and RI-4. The item instructions for interest and fee income on loans on the FFIEC 031 and 032 report forms are presented on pages RI-5 and RI-6.

Item Instructions for the FFIEC 033 and 034: "Interest and fee income on loans"

For further information on the loan categories that banks filing the FFIEC 033 and 034 report forms use when reporting interest and fee income on loans, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.

FFIEC 034 FFIEC 033**Item No. Item No. Caption and Instructions**

- 1.a.(1)** - **Interest and fee income on total loans.** On the FFIEC 034 report forms, the \$25 million asset size test referred to in Schedule RI, items 1.a.(1) through 1.a.(5) below is based on the reporting bank's total assets as reflected in the Report of Condition for June of the previous year. Once a bank begins to report loan detail in Schedule RI, items 1.a.(2) through 1.a.(5), it must continue to report such loan detail in this schedule. For further information, refer to the discussion of "Shifts in Reporting Status" in the General Instructions section of this book.

To be reported by banks with total assets of less than \$25 million. Report all interest, fees, and similar charges levied against or associated with all loans (as defined for Schedule RC-C, part I, items 1 through 8).

Item Instructions for the FFIEC 033 and 034: "Interest and fee income on loans" (cont.)**FFIEC 034 FFIEC 033****Item No. Item No. Caption and Instructions****1.a.(2) 1.a.(1) Interest and fee income on real estate loans.**

To be reported by banks with total assets of \$25 million or more. Report all interest, fees, and similar charges levied against or associated with all real estate loans. For purposes of this schedule, real estate loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes.

Banks with total assets of less than \$25 million should report a zero or the word "none" in this item.

1.a.(3) 1.a.(2) Interest and fee income on installment loans.

To be reported by banks with total assets of \$25 million or more. Report all interest, fees, and similar charges levied against or associated with all installment loans. For purposes of this schedule, installment loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes.

Banks with total assets of less than \$25 million should report a zero or the word "none" in this item.

1.a.(4) 1.a.(3) Interest and fee income on credit cards and related plans.

To be reported by banks with total assets of \$25 million or more. Report all interest, fees, and similar charges levied against or associated with all credit cards and related plans. For purposes of this schedule, credit cards and related plans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes.

Exclude annual or other periodic fees paid by holders of credit cards issued by the bank (report as "Other fee income" in item 5.b.(1) on the FFIEC 034; item 5.f.(1) on the FFIEC 033).

Banks with total assets of less than \$25 million should report a zero or the word "none" in this item.

1.a.(5) 1.a.(4) Interest and fee income on commercial (time and demand) and all other loans.

To be reported by banks with total assets of \$25 million or more. Report all interest, fees, and similar charges levied against or associated with all commercial (time and demand) and all other loans. For purposes of this schedule, commercial (time and demand) and all other loans is a residual category and, for each bank, its contents will depend on the contents of the three preceding categories of loans.

Banks with total assets of less than \$25 million should report a zero or the word "none" in this item.

Item Instructions for the FFIEC 031 and 032: "Interest and fee income on loans"**FFIEC 032 FFIEC 031**

<u>Item No.</u>	<u>Item No.</u>	<u>Caption and Instructions</u>
-	1.a.(1)	<u>Interest and fee income on loans in domestic offices.</u> Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all loans in domestic offices reportable in Schedule RC-C, part I, items 1 through 9, column B.
1.a.(1)	1.a.(1)(a)	<u>Interest and fee income on loans secured by real estate (in domestic offices).</u> Report all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 1, "Loans secured by real estate."
-	1.a.(1)(b)	<u>Interest and fee income on loans to depository institutions in domestic offices.</u> Report all interest, fees, and similar charges levied against or associated with all loans in domestic offices reportable in Schedule RC-C, part I, item 2, "Loans to depository institutions."
1.a.(2)	1.a.(1)(c)	<u>Interest and fee income on loans to finance agricultural production and other loans to farmers (in domestic offices).</u> Report all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 3, "Loans to finance agricultural production and other loans to farmers."
1.a.(3)	1.a.(1)(d)	<u>Interest and fee income on commercial and industrial loans (in domestic offices).</u> Report all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 4, "Commercial and industrial loans."
-	1.a.(1)(e)	<u>Interest and fee income on acceptances of other banks in domestic offices.</u> Report all interest, fees, and similar charges levied against or associated with all loans in domestic offices reportable in Schedule RC-C, part I, item 5, "Acceptances of other banks."
1.a.(4)	1.a.(1)(f)	<u>Interest and fee income on loans to individuals for household, family, and other personal expenditures (in domestic offices).</u> Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 6, "Loans to individuals for household, family, and other personal expenditures."
1.a.(4)(a)	1.a.(1)(f)(1)	<u>Credit cards and related plans.</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 and related plans (in domestic offices) reportable in Schedule RC-C, part I, item 6.a, "Credit cards and related plans," on the FFIEC 032 and in Schedule RC-C, part I, item 6, column B, on the FFIEC 031.

Exclude annual or other periodic fees paid by holders of credit cards issued by the bank (report in item 5.f.(1), "Other fee income").

Item Instructions for the FFIEC 031 and 032: "Interest and fee income on loans" (cont.)**FFIEC 032 FFIEC 031****Item No. Item No. Caption and Instructions**

- 1.a.(4)(b) 1.a.(1)(f)(2) Other loans to individuals for household, family, and other personal expenditures.** Report all interest, fees, and similar charges levied against or associated with all other loans to individuals for household, family, and other personal expenditures (in domestic offices) reportable in Schedule RC-C, part I, item 6.b, "Other," on the FFIEC 032 and in Schedule RC-C, part I, item 6, column B, on the FFIEC 031.
- 1.a.(5) 1.a.(1)(g) Interest and fee income on loans to foreign governments and official institutions.** Report all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 7, "Loans to foreign governments and official institutions."
- 1.a.(6) 1.a.(1)(h) Interest and fee income on obligations (other than securities and leases) of states and political subdivisions in the U.S. (in domestic offices).** Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 8, "Obligations (other than securities and leases) of states and political subdivisions in the U.S."
- 1.a.(6)(a) 1.a.(1)(h)(1) Taxable obligations.** Report all interest, fees, and similar charges levied against or associated with all taxable loans to states and political subdivisions in the U.S. (in domestic offices) reportable in Schedule RC-C, part I, item 8. Taxable loans are those loans to states and political subdivisions in the U.S. the interest from which must be included in gross income under the regular tax system for federal income tax purposes (i.e., the interest from which is taxable).
- 1.a.(6)(b) 1.a.(1)(h)(2) Tax-exempt obligations.** Report all interest, fees, and similar charges levied against or associated with all tax-exempt loans to states and political subdivisions in the U.S. (in domestic offices) reportable in Schedule RC-C, part I, item 8, column B. Tax-exempt loans are those loans to states and political subdivisions in the U.S. the income from which is excludable from gross income for federal income tax purposes, regardless of whether the income from the loan 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.
- 1.a.(7) 1.a.(1)(i) Interest and fee income on all other loans (in domestic offices).** On the FFIEC 032, report all interest, fees, and similar charges levied against or associated with all loans reportable in Schedule RC-C, part I, item 2, "Loans to depository institutions," item 5, "Acceptances of other banks," and item 9, "Other loans." On the FFIEC 031, report all interest, fees, and similar charges levied against or associated with all loans in domestic offices reportable in Schedule RC-C, part I, item 9, "Other loans."
- 1.a.(2) Interest and fee income on loans in foreign offices, Edge and Agreement subsidiaries, and IBFs.** Report all interest, fees, and similar charges levied against or associated with all loans in foreign offices, Edge and Agreement subsidiaries, and IBFs reportable in Schedule RC-C, part I, items 1 through 9.

Item No. Caption and Instructions

1.b Income from lease financing receivables. On the FFIEC 034, report as a single total and, on the FFIEC 031, 032, and 033, report in the appropriate subitem, all income from direct financing and leveraged leases reportable in Schedule RC-C, part I, item 9 on the FFIEC 034; item 10 on the FFIEC 031, 032, and 033, "Lease financing receivables (net of unearned income)." (See the Glossary entry for "lease accounting.")

Exclude:

- (1) Any investment tax credit associated with leased property (include in item 9, "Applicable income taxes (on item 8)").
- (2) Provision for possible losses on leases (report in item 4.a, "Provision for loan and lease losses").
- (3) Rental fees applicable to operating leases for furniture and equipment rented to others (report as "Other fee income" in item 5.b.(1) on the FFIEC 034; item 5.f.(1) on the FFIEC 031, 032, and 033).

NOTE: Items 1.b.(1) and 1.b.(2) are not applicable to banks filing the FFIEC 034 report forms.

1.b.(1) Taxable leases. On the FFIEC 031, 032, and 033, report the income from all leases reportable in Schedule RC-C, part I, item 10, "Lease financing receivables (net of unearned income)," the income from which must be included in gross income under the regular tax system for federal income tax purposes, regardless of the availability of investment tax credits derived from the leased property at the inception of the lease (i.e., the income from which is taxable).

1.b.(2) Tax-exempt leases. On the FFIEC 031, 032, and 033, report the income from those leases reportable in Schedule RC-C, part I, item 10, "Lease financing receivables (net of unearned income)," the income from which is excludable from gross income for federal income tax purposes, regardless of whether the income from the 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 lease. Such income is normally derived from certain lease financing receivables of states and political subdivisions in the U.S.

1.c Interest income on balances due from depository institutions. On the FFIEC 034, 033, and 032, report as a single total and, on the FFIEC 031, report in the appropriate subitem all income on assets reportable in Schedule RC, item 1.b, "Interest-bearing balances due from depository institutions."

NOTE: Items 1.c.(1) and 1.c.(2) are not applicable to banks filing the FFIEC 032, 033, and 034 report forms.

1.c.(1) In domestic offices. On the FFIEC 031, report all income on interest-bearing balances due from depository institutions in domestic offices.

1.c.(2) In foreign offices, Edge and Agreement subsidiaries, and IBFs. On the FFIEC 031, report all income on interest-bearing balances due from depository institutions in foreign offices, Edge and Agreement subsidiaries, and IBFs.

Item No. Caption and Instructions

- 1.d Interest and dividend income on securities.** 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."

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.

Include interest received at the sale of securities to the extent that such interest had not already been accrued on the bank's books.

Do not deduct accrued interest included in the purchase price of securities from income on securities and do not charge to expense. Record such interest in a separate asset account (to be reported in Schedule RC-F, item 4, "Other" assets) to be offset upon collection of the next interest payment.

Report income from detached U.S. Government security coupons and ex-coupon U.S. Government securities not held for trading on the FFIEC 034 in item 1.d.(2) as interest and dividend income on "U.S. Government securities and other debt securities" and on the FFIEC 031, 032, and 033 in item 1.d.(3) as interest and dividend income on "Other domestic debt securities." Refer to the Glossary entry for "coupon stripping, Treasury receipts, and STRIPS."

Exclude 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).

Exclude 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 "All other noninterest income" in item 5.b.(2) on the FFIEC 034; item 5.f.(2) on the FFIEC 031, 032, and 033).

FFIEC 031,
FFIEC 034 032, 033

Item No. Item No. Caption and Instructions

- **1.d.(1) U.S. Treasury securities and U.S. Government agency obligations.** Report income from all securities reportable in Schedule RC-B, item 1, "U.S. Treasury securities," item 2, "U.S. Government agency obligations," item 4.a.(1), Pass-through securities "Guaranteed by GNMA," item 4.a.(2), Pass-through securities "Issued by FNMA and FHLMC," and item 4.b.(1), Other mortgage-backed securities "Issued by FNMA and FHLMC."

Include accretion of discount on U.S. Treasury bills.

- 1.d.(1) 1.d.(2) Securities issued by states and political subdivisions in the U.S.** Report in the appropriate subitem income from all securities reportable in Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S."

FFIEC 031,
FFIEC 034 032, 033

Item No. Item No. Caption and Instructions

- 1.d.(1)(a) 1.d.(2)(a) Taxable securities.** Report the income from those securities issued by states and political subdivisions in the U.S. reportable in Schedule RC-B, item 3, the interest from which must be included in gross income under the regular tax system for federal income tax purposes (i.e., whose interest is taxable).
- 1.d.(1)(b) 1.d.(2)(b) Tax-exempt securities.** Report the income from 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.
- 1.d.(2) - U.S. Government securities and other debt securities.** Report income from all securities reportable in Schedule RC-B, item 1, "U.S. Treasury securities," item 2, "U.S. Government agency obligations," item 4, "Mortgage-backed securities," and item 5, "Other debt securities."
- Include accretion of discount on U.S. Treasury bills.
- 1.d.(3) Other domestic debt securities.** Report income from all securities reportable in Schedule RC-B, item 4.a.(3), "Other pass-through securities," item 4.b.(2), Other mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," item 4.b.(3), "All other mortgage-backed securities," and item 5.a, "Other domestic debt securities."
- 1.d.(4) Foreign debt securities.** Report income from all securities reportable in Schedule RC-B, item 5.b, "Foreign debt securities."
- 1.d.(3) 1.d.(5) Equity securities.** Report income from all securities reportable as "Equity securities" in Schedule RC-B, item 6, including income from all investments in mutual funds.
- Exclude from income on equity securities:
- (1) Net unrealized holding gains (losses) on equity securities that must be carried at fair value on the balance sheet (Schedule RC) in accordance with FASB Statement No. 115 (include the amount of such net unrealized holding gains (losses) in Schedule RC, item 26.b, and the calendar year-to-date change in such net unrealized holding gains (losses) in Schedule RI-A, item 11).
 - (2) The bank's proportionate share of the net income or loss from its common stock investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the bank exercises significant influence (report income or loss before extraordinary items and other adjustments as "All other noninterest income" in item 5.b.(2) of the FFIEC 034 and in item 5.f.(2) on the FFIEC 033, 032, and 031 and report extraordinary items and other adjustments in item 11).

FFIEC 031, 032, 033, and 034**Item No. Caption and Instructions**

1.e Interest income from trading assets. Report the interest income earned on assets reportable in Schedule RC, item 5, "Trading assets."

Include 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 and losses and fees from trading assets (on the FFIEC 034, report trading gains and losses in Schedule RI, item 5.b.(2), "All other noninterest income," and report fees in Schedule RI, item 5.b.(1), "Other fee income;" on the FFIEC 031, 032, and 033, report trading gains and losses and fees in Schedule RI, item 5.c).

1.f Interest income on federal funds sold and securities purchased under agreements to resell.

Report the gross revenue from assets reportable in Schedule RC, item 3, "Federal funds sold and securities purchased under agreements to resell."

Report the expense of federal funds purchased and securities sold under agreements to repurchase in Schedule RI, item 2.b; do not 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 FASB Interpretation No. 41, the income and expense from these agreements may be reported on a net basis in Schedule RI, Income Statement.

1.g Total interest income. Report the sum of items 1.a through 1.f.

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," and, for banks filing the FFIEC 031 report forms, Schedule RC, item 13.b.(2), "Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs."

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.c, "Other noninterest expense").

Include as interest expense on the appropriate category of deposits finders' fees and brokers' fees that represent an adjustment to the interest rate paid on deposits the reporting bank acquires through brokers. If material, such fees 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 (report in Schedule RI, item 7.c, "Other noninterest expense").

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

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and 034**

FFIEC 031

Item No.	Item No.	Caption and Instructions
2	2	early 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 "All other noninterest income" on the FFIEC 034 in Schedule RI, item 5.b.(2), and on the FFIEC 031, 032, and 033 in Schedule RI, item 5.f.(2).
-	2.a.(1)	<u>Interest on deposits in domestic offices:</u>
2.a.(1)	2.a.(1)(a)	<u>Interest on transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts).</u> Report interest expense on the three interest-bearing categories of transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts) reportable in Schedule RC-E, (part I,) column A, "Total transaction accounts." <u>Exclude</u> all costs incurred by the bank in connection with demand deposits which are noninterest-bearing transaction accounts. See the Glossary entry for "deposits" for the definitions of "NOW accounts," "ATS accounts," and "telephone or preauthorized transfer accounts."
2.a.(2)	2.a.(1)(b)	<u>Interest on nontransaction accounts.</u> Report in the appropriate subitem interest expense on all deposits reportable in Schedule RC-E, (part I,) column C, "Total nontransaction accounts."
2.a.(2)(a)	2.a.(1)(b)(1)	<u>Interest on money market deposit accounts (MMDAs).</u> Report interest expense on all deposits reportable in Schedule RC-E, (part I,) Memorandum item 2.a.(1), "Money market deposit accounts (MMDAs)."
2.a.(2)(b)	2.a.(1)(b)(2)	<u>Interest on other savings deposits.</u> Report interest expense on all deposits reportable in Schedule RC-E, (part I,) Memorandum item 2.a.(2), "Other savings deposits."
2.a.(2)(c)	2.a.(1)(b)(3)	<u>Interest on time deposits of \$100,000 or more.</u> Report interest expense on all deposits reportable in Schedule RC-E, (part I,) Memorandum item 2.c, "Total time deposits of \$100,000 or more."
2.a.(2)(d)	2.a.(1)(b)(4)	<u>Interest on time deposits of less than \$100,000.</u> Report interest expense on all deposits reportable in Schedule RC-E, (part I,) Memorandum item 2.b, "Total time deposits of less than \$100,000."
-	2.a.(2)	<u>Interest on deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs.</u> Report interest expense on all deposits in foreign offices reportable in Schedule RC, item 13.b.(2), "Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs."

Item No. Caption and Instructions

- 2.b Expense of federal funds purchased and securities sold under agreements to repurchase.** Report the gross expense of all liabilities reportable in Schedule RC, item 14, "Federal funds purchased and securities sold under agreements to repurchase."

Report the income of federal funds sold and securities purchased under agreements to resell in Schedule RI, item 1.f; do not 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 FASB Interpretation No. 41, the income and expense from these agreements may be reported on a net basis in Schedule RI, Income Statement.

- 2.c Interest on demand notes issued to the U.S. Treasury, trading liabilities, and other borrowed money.** Report the interest expense on all liabilities reportable in Schedule RC, item 15.a, "Demand notes issued to the U.S. Treasury," item 15.b, "Trading liabilities," and item 16, "Other borrowed money."

- 2.d** Not applicable.

- 2.e Interest on subordinated notes and debentures.** Report the interest expense on all liabilities reportable in Schedule RC, item 19, "Subordinated notes and debentures."

Include amortization of expenses incurred in the issuance of subordinated notes and debentures. Capitalize such expenses, if material, and amortize them over the life of the related notes and debentures.

Exclude dividends declared or paid on limited-life preferred stock (report dividends declared in Schedule RI-A, item 7, and, for the report periods ending March 31, June 30, and September 30 on the FFIEC 034, in Schedule RI, Memorandum item 5).

- 2.f Total interest expense.** Report the sum of items 2.a through 2.e.

- 3 Net interest income.** Report the difference between Schedule RI, item 2.f, "Total interest expense," and Schedule RI, item 1.g, "Total interest income." If the amount is negative, enclose it in parentheses.

4 Provisions:

- 4.a Provision for credit losses.** Report the amount needed to make the allowance for loan and lease losses, as reported in Schedule RC, item 4.b, adequate to absorb expected loan and lease losses, based upon management's evaluation of the bank's current loan and lease portfolio. Also report in this item any amount provided for credit losses related to off-balance sheet credit exposures, based upon management's evaluation of the bank's current off-balance sheet credit exposures. The amount reported in this item must equal Schedule RI-B, part II, item 4, "Provision for credit losses." Enclose negative amounts in parentheses.

The amount reported here may differ from the bad debt expense deduction taken for federal income tax purposes.

Refer to the Glossary entry for "allowance for loan and lease losses" for additional information.

Item No. Caption and Instructions

- 4.b Provision for allocated transfer risk.** If the reporting bank is required to establish and maintain an allocated transfer risk reserve as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K, Part 351 of the FDIC's Rules and Regulations, and Part 20 of the Comptroller of the Currency's Regulations), and in any guidelines, letters, or instructions issued by the agencies, report in this item the amount of the provision for allocated transfer risk. Enclose negative amounts in parentheses.

If the reporting bank is not required to establish and maintain an allocated transfer risk reserve, report a zero or the word "none."

5 Noninterest income:

FFIEC 031,
FFIEC 034 032, 033

Item No. Item No. Caption and Instructions

- **5.a Income from fiduciary activities.** Report gross income from services rendered by the bank's trust department or by any of its consolidated subsidiaries acting in any fiduciary capacity.

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

Report a zero or the word "none" if the bank has no trust department and no consolidated subsidiaries that render services in any fiduciary capacity.

- 5.a 5.b Service charges on deposit accounts (in domestic offices).** Report in this item amounts charged depositors (in domestic offices):

- (1) For the maintenance of their deposit accounts with the bank, so-called "maintenance charges."
- (2) For their failure to maintain specified minimum deposit balances.
- (3) Based on the number of checks drawn on and deposits made in their 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.

**FFIEC 031,
FFIEC 034 032, 033**

Item No. Item No. Caption and Instructions

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|-----------------------|-----------------------|---|
| 5.a
(cont.) | 5.b
(cont.) | <p>(8) For deposits to or withdrawals from deposit accounts through the use of automated teller machines or remote service units.</p> <p>(9) For the processing of checks drawn against insufficient funds, so-called "NSF check charges," that the bank 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 (in domestic offices)").</p> <p>(10) For issuing stop payment orders.</p> <p>(11) For certifying checks.</p> <p>(12) For the accumulation or disbursement of funds deposited to Individual Retirement Accounts (IRAs) or Keogh Plan accounts when not handled by the bank's trust department. Report such commissions and fees received for accounts handled by the bank's trust department on the FFIEC 034 in Schedule RI, item 5.b.(1), "Other fee income," and on the FFIEC 031, 032, and 033 in Schedule RI, item 5.a, "Income from fiduciary activities."</p> |
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Exclude penalties paid by depositors for the early withdrawal of time deposits (report as "All other noninterest income" on the FFIEC 034 in Schedule RI, item 5.b.(2), and on the FFIEC 031, 032, and 033 in Schedule RI, item 5.f.(2), or deduct from the interest expense of the related category of time deposits, as appropriate).

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| - | 5.c | <p><u>Trading revenue.</u> Report the net gain or loss from trading cash instruments and off-balance sheet derivative contracts (including commodity contracts) that has been recognized during the calendar year-to-date. The amount reported in this item must equal the sum of Schedule RI, Memorandum items 8.a through 8.d.</p> |
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Include as trading revenue:

- (1) Revaluation adjustments to the carrying value of assets and liabilities reportable in Schedule RC, item 5, "Trading assets," and Schedule RC, item 15.b, "Trading liabilities," resulting from the periodic marking to market of such assets and liabilities.
- (2) Revaluation adjustments from the periodic marking to market of interest rate, foreign exchange, equity derivative, and commodity and other contracts reportable in Schedule RC-L, item 15, "Total gross notional amount of derivative contracts held for trading."

**FFIEC 031,
FFIEC 034 032, 033**

Item No. Item No. Caption and Instructions

- **5.c** (3) Incidental income and expense related to the purchase and sale of assets and liabilities reportable in Schedule RC, item 5, "Trading assets," and Schedule RC, item 15.b, "Trading liabilities," and off-balance sheet derivative contracts reportable in Schedule RC-L, item 15, "Total gross notional amount of derivative contracts held for trading."
(cont.)

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

- **5.d** Not applicable.

- **5.e** Not applicable.

5.b 5.f Other noninterest income:

- 5.b.(1) 5.f.(1) Other fee income.** Report the amount of service charges, commissions, and fees not required to be reported in the preceding items of Schedule RI, Income Statement.

Include as other fee income:

(1) Service charges, commissions, and fees for such services as:

- (a) Safekeeping and the rental of safe deposit boxes.
- (b) The sale of credit life, credit accident and health, and other insurance policies and the collection of premiums (when permitted by state law) on such policies.
- (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.
- (e) The redemption of U.S. savings bonds.
- (f) The handling of food stamps and the U.S. Treasury Tax and Loan Account, including fees received in connection with the bank's issuance of interest-bearing demand notes.
- (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. Exclude income on bankers acceptances and trade acceptances (report in the appropriate subitem of Schedule RI, item 1.a, "Interest and fee income on loans," or in Schedule RI, item 1.e, "Interest income from trading assets," as appropriate).
- (h) The servicing of real estate mortgages or other financial assets held by others. Report premiums received in lieu of regular servicing fees on such loans only as earned over the life of the loans. Banks may report servicing income net of the servicing assets' amortization expense.
- (i) The purchase and sale of securities, acceptances, and commercial paper where the bank is acting as agent for other banks or bank customers.
- (j) The notarizing of forms and documents.

**FFIEC 031,
FFIEC 034 032, 033**

Item No. Item No. Caption and Instructions

5.b.(1) (cont.)	5.f.(1) (cont.)	<ul style="list-style-type: none"> (k) The negotiation or management of loans from other lenders for customers or correspondents. (l) The providing of consulting and advisory services to others. (m) The lending of securities owned by the bank or by bank customers. (n) The using of the bank's automated teller machines or remote service units by depositors of other depository institutions.
		(2) Annual or other periodic fees paid by holders of credit cards issued by the bank. Fees that are periodically charged to cardholders shall be deferred and recognized on a straight-line basis over the period the fee entitles the cardholder to use the card.
		(3) Charges to merchants for the bank's handling of credit card or charge sales when the bank does not carry the related loan accounts on its books. Banks may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.
		(4) Certain fee income associated with standby and other option contracts held for purposes other than trading. Refer to the Glossary entry for "derivative contracts" for a discussion of the reporting of such fee income.
		(5) Rental fees applicable to operating leases for furniture and equipment rented to others.
		(6) Loan commitment fees that are recognized during the commitment period (i.e., fees retrospectively determined and fees for commitments where exercise is remote) or included in income when the commitment expires and loan syndication fees that are not required to be deferred. Refer to the Glossary entry for "loan fees" for further information.
		(7) On the FFIEC 034 only, gross income from services rendered by the bank's trust department or by any of its consolidated subsidiaries acting in any fiduciary capacity. (On the FFIEC 031, 032, and 033, report such income in Schedule RI, item 5.a, "Income from fiduciary activities.")
		(8) On the FFIEC 034 only, fees from trading transactions. (On the FFIEC 031, 032, and 033, report such income in Schedule RI, item 5.c.)
		(9) On the FFIEC 031 only, service charges on deposit accounts in foreign offices.
		(10) Any other service charges, commissions, and fees not required to be reported in other items of Schedule RI, Income Statement.
5.b.(2)	5.f.(2)	All other noninterest income. Report all operating income of the bank for the calendar year to date not required to be reported on the FFIEC 034 in Schedule RI, items 1.a through 1.f, 5.a, 5.b.(1), 6.a, and 6.b, and on the FFIEC 031, 032, and 033 in Schedule RI, items 1.a through 1.f and 5.a through 5.f.(1), 6.a, and 6.b.

FFIEC 031,
FFIEC 034 032, 033

Item No. Item No. Caption and Instructions

5.b.(2) **5.f.(2)**
(cont.) (cont.)

If the absolute value of the dollar amount of net gains (losses) on other real estate owned, net gains (losses) on sales of loans and leases, or net gains (losses) on sales of premises and fixed assets exceeds ten percent of the amount reported in this item, report the dollar amount of this individual component of "All other noninterest income" in Schedule RI-E, item 1.a, 1.b, or 1.c, respectively. (Absolute value refers to the magnitude of the dollar amount without regard to whether the amount is a net gain or loss.) For those other individual components of this item with the three largest dollar amounts that exceed ten percent of the amount reported in this item, state the dollar amount and provide a description of the component in Schedule RI-E, items 1.d through 1.f.

Include as all other noninterest income:

- (1) Gross income received for performing data processing services for others. Do not deduct the expense of performing such services for others (report in the appropriate items of noninterest expense).
- (2) Net gains (losses) from the sale or other disposal of assets other than securities and trading assets. Banks should consistently report net gains (losses) on each of the following types of assets either in this item or in Schedule RI, item 7.c. Include in this item net gains (losses) from:
 - (a) All assets reportable as loans and leases in Schedule RC-C. Include net unrealized losses (and subsequent recoveries of such net unrealized losses) on loans and leases held for sale during the calendar year to date.
 - (b) Premises and fixed assets.
 - (c) Other real estate owned. Include all gains and losses recognized on sales or other disposals of other real estate owned, increases and decreases in the valuation allowance for foreclosed real estate, and write-downs of other real estate owned subsequent to acquisition (or physical possession) charged to expense during the calendar year to date. Do not include as a loss on other real estate owned any amount charged to the allowance for loan and lease losses at the time of foreclosure (or physical possession) for the difference between the carrying value of a loan and the fair value less cost to sell of the foreclosed real estate.
 - (d) Personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances).
 - (e) Coins, art, and other similar assets.
 - (f) Branches (i.e., where the reporting bank sells a branch's assets to another depository institution which assumes the deposit liabilities of the branch).

**FFIEC 031,
FFIEC 034 032, 033**

Item No. Item No. Caption and Instructions

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| 5.b.(2)
(cont.) | 5.f.(2)
(cont.) | <p>(3) On the FFIEC 034 only, (a) the net gain or loss from trading cash instruments and off-balance sheet derivative contracts (including commodity contracts), (b) revaluation adjustments resulting from the periodic marking to market of assets reportable in Schedule RC, item 5, "Trading assets," liabilities reportable in Schedule RC, item 15.b, "Trading liabilities," and interest rate, foreign exchange rate, equity derivative, and commodity and other contracts reportable in Schedule RC-L, "Total gross notional amount of derivative contracts held for trading," and (c) any related incidental income and expense. (On the FFIEC 031, 032, and 033, report such amounts in Schedule RI, item 5.c.)</p> <p>(4) Net gains (losses) from all transactions involving foreign currency or foreign exchange other than trading transactions. Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.c.</p> <p>(5) Gross rentals and other income from all real estate reportable in Schedule RC, item 7, "Other real estate owned."</p> <p>(6) Credits resulting from litigation or other claims.</p> <p>(7) Interest income from advances to, or obligations of, and the bank's proportionate share of the income or loss before extraordinary items and other adjustments from its investments in subsidiaries that have not been consolidated; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the bank exercises significant influence. <u>Exclude</u> the bank's proportionate share of material extraordinary items and other adjustments of these entities (report in Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes").</p> <p>(8) Net tellers' overages, forged check recoveries, recoveries on payment of checks over stop payment orders, and similar recurring operating transactions.</p> <p>(9) Certain net gains (losses) on futures and forward contracts held for purposes other than trading recognized as described in the Glossary entry for "derivative contracts." Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.c.</p> <p>(10) Portions of penalties for early withdrawals of time deposits that <u>exceed</u> the interest accrued or paid on the deposit to the date of withdrawal, if material. Penalties for early withdrawals, or portions of such penalties, that represent the forfeiture of interest accrued or paid <u>to</u> the date of withdrawal are a reduction of interest expense and should be deducted from the gross interest expense of the appropriate category of time deposits in Schedule RI, item 2.a, "Interest on deposits."</p> |
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**FFIEC 031,
FFIEC 034 032, 033**

Item No. Item No. Caption and Instructions

5.b.(2) (cont.)	5.f.(2) (cont.)	(11) Interest received on tax refunds.
		(12) Life insurance proceeds on policies for which the bank is the beneficiary.
		(13) Gross income generated by securities contributed to charitable contribution Clifford Trusts.
		(14) Income from ground rents and air rights.
		(15) Income from the sale of checks to depositors.
5.c	5.g	<u>Total noninterest income.</u> On the FFIEC 034, report the sum of items 5.a, 5.b.(1), and 5.b.(2). On the FFIEC 031, 032, and 033, report the sum of items 5.a through 5.f.(2).

FFIEC 031, 032, 033, and 034

Item No. Caption and Instructions

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 write-downs of the cost basis of individual held-to-maturity securities for other than temporary impairments. If the amount to be reported in this item is a net loss, enclose it in parentheses.

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 in Schedule RI, item 5.b.(2) on the FFIEC 034; item 5.c on the FFIEC 031, 032, and 033).

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 write-downs of the cost basis of individual available-for-sale securities for other than temporary impairments. If the amount to be reported in this item is a net loss, enclose it in parentheses.

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 11).
- (2) Realized gains (losses) on held-to-maturity securities (report in Schedule RI, item 6.a above) and on trading securities (report in Schedule RI, item 5.b.(2) on the FFIEC 034; item 5.c on the FFIEC 031, 032, and 033).

Item No. Caption and Instructions**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.
- (2) Social security taxes and state and federal unemployment taxes paid by the bank.
- (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.
- (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.
- (5) Cost of office temporaries whether hired directly by the bank or through an outside agency.
- (6) Workmen's compensation insurance premiums.
- (7) The net cost to the bank for employee dining rooms, restaurants, and cafeterias.
- (8) Accrued vacation pay earned by employees during the calendar year-to-date.
- (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.

Exclude from salaries and employee benefits (report in Schedule RI, item 7.c, "Other noninterest expense"):

- (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).
- (2) Expenses related to the testing and training of officers and employees.

Item No. Caption and Instructions

- 7.a**
(cont.)
- (3) The cost of bank newspapers and magazines prepared for distribution to bank officers and employees.
 - (4) Premiums on life insurance policies for which the bank is the beneficiary.
 - (5) The cost of athletic activities in which officers and employees participate when the purpose may be construed to be for public relations, and employee benefits are only incidental to the activities.
 - (6) Dues, fees and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.

- 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, enclose it in parentheses.

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.

Item No. Caption and Instructions

- 7.b**
(cont.)
- (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.

Exclude from expenses of premises and fixed assets:

- (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, "Interest on demand notes issued to the U.S. Treasury, trading liabilities, and other borrowed money").
- (3) All expenses associated with other real estate owned (report in Schedule RI, item 7.c, "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 the appropriate subitem of Schedule RI, item 5.b on the FFIEC 034; Schedule RI, item 5.f on the FFIEC 031, 032, and 033).

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

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

Item No. Caption and Instructions

7.c Include as other noninterest expense:

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

Item No. Caption and Instructions

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

Item No. Caption and Instructions**7.c**
(cont.)

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

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7.c Exclude from other noninterest expense:
(cont.)

- (1) Material expenses incurred in the issuance of subordinated notes and debentures (capitalize such expenses and amortize them over the life of the related notes and debentures and report the expense in Schedule RI, item 2.e, "Interest on subordinated notes and debentures").
- (2) Expenses incurred in the sale of preferred and common stock (deduct such expenses from the sale proceeds and credit the net amount to the appropriate stock account. For perpetual preferred and common stock only, report the net sales proceeds in Schedule RI-A, item 5, "Sale, conversion, acquisition, or retirement of capital stock, net").
- (3) Depreciation and other expenses related to the use of bank-owned automobiles, airplanes, and other vehicles for bank business (report in Schedule RI, item 7.b, "Expenses of premises and fixed assets").
- (4) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule RI, item 6.a, "Realized gains (losses) on held-to-maturity securities," and item 6.b, "Realized gains (losses) on available-for-sale securities," respectively).

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

8 **Income (loss) before income taxes and extraordinary items and other adjustments.** Report the bank's pretax operating income.

On the FFIEC 034, this amount will generally be determined by taking item 3, "Net interest income," minus items 4.a, "Provision for loan and lease losses," and 4.b, "Provision for allocated transfer risk," plus item 5.c, "Total noninterest income," plus or minus item 6.a, "Realized gains (losses) on held-to-maturity securities," plus or minus item 6.b, "Realized gains (losses) on available-for-sale securities," minus item 7.d, "Total noninterest expense."

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

10 **Income (loss) before extraordinary items and other adjustments.** Report the difference between item 9, "Applicable income taxes (on item 8)," and item 8, "Income (loss) before income taxes and extraordinary items and other adjustments." If the amount is negative, enclose it in parentheses.

11 **Extraordinary items and other adjustments, net of income taxes.** Report the total of the transactions listed below, if any, net of any applicable income tax effect. If the amount reported in this item is a net loss, enclose it in parentheses. State the dollar amount and provide a description of each transaction included in this item and any applicable income tax effect of the transaction in Schedule RI-E, item 3.

Include as extraordinary items and other adjustments:

- (1) The material effects of any extraordinary items. Extraordinary items are very rare and the criteria which must be satisfied in order for an event or transaction to be reported as an extraordinary item are discussed in the Glossary entry for "extraordinary items."
- (2) Material aggregate gains or losses from extinguishments of the reporting bank's own debt unrelated to sinking fund requirements, as determined in accordance with the provisions of FASB Statement No. 4, as amended.

Item No. Caption and Instructions

- 11**
(cont.)
- (3) Material aggregate gains on troubled debt restructurings of the reporting bank's own debt, as determined in accordance with the provisions of FASB Statement No. 15.
 - (4) The cumulative effect of all changes in accounting principles except for those required to be reported in Schedule RI-A, item 9, "Cumulative effect of changes in accounting principles from prior years." Refer to the Glossary entry for "accounting changes" for further discussion of changes in accounting principles.
 - (5) Material aggregate gains or losses from disposals of segments of the bank's business, as determined in accordance with the provisions of APB Opinion No. 30.
 - (6) Material net gains or losses from disposals of significant assets within two years after a pooling of interests business combination.

Exclude from extraordinary items and other adjustments:

- (1) Net gains or losses from the sale or other disposal of:
 - (a) All assets reportable as loans and leases in Schedule RC-C.
 - (b) Premises and fixed assets.
 - (c) Other real estate owned.
 - (d) Personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances).
 - (e) Coins, art, and other similar assets.
 - (f) Branches (i.e., where the reporting bank sells a branch's assets to another depository institution which assumes the deposit liabilities of the branch).

For each of the above categories, banks should consistently report net gains or losses either as "Other noninterest income" in Schedule RI, item 5.b.(2) on the FFIEC 034; item 5.f.(2) on the FFIEC 031, 032, and 033, or as "Other noninterest expense" in Schedule RI, item 7.c.

- (2) 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).
- 12** **Net income (loss)**. Report the sum of items 10 and 11. This item must equal Schedule RI-A, item 4, "Net income (loss)." If this amount is a net loss, enclose it in parentheses.

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.f, "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:

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

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 Income from the sale and servicing of mutual funds and annuities (in domestic offices). Report the amount of income earned by the reporting bank during the calendar year to date from the sale and servicing of mutual funds and annuities (in domestic offices).

Include in this item:

- (1) Income earned in connection with mutual funds and annuities that are sold on bank premises or are otherwise sold by the reporting bank, through a bank subsidiary, or by affiliated or unaffiliated entities from whom the bank receives income. This income may be in the form of fees or sales commissions at the time of the sale or fees, including a share of another entity's fees, that are earned over the duration of the account (e.g., annual fees, Rule 12b-1 fees or "trailer fees," and redemption fees). Commissions should be reported as income as earned at the time of the sale (i.e., on an accrual basis), but may be reported as income when payment is received if the results would not differ materially from those obtained using an accrual basis.

Memoranda**Item No. Caption and Instructions**

- 2 (2) Income from leasing arrangements with affiliated and unaffiliated entities who lease
(cont.) space in bank offices for use in selling mutual funds and annuities. Income from leasing arrangements should be reported as income as earned (i.e., on an accrual basis), but may be reported as income when payment is received if the results would not differ materially from those obtained using an accrual basis.
- (3) Fees for providing investment advisory services for proprietary mutual funds and annuities.
- (4) Fees for providing securities custody, transfer agent, and other operational and ancillary services to mutual funds and annuities that are sold on bank premises or are otherwise sold by the reporting bank, through a bank subsidiary, or by affiliated or unaffiliated entities from whom the bank receives income at the time of the sale or over the duration of the account.

Also include income from sales conducted through the reporting bank's trust department that are not executed in a fiduciary capacity (e.g., trustee, executor, administrator, conservator), but exclude income from sales conducted by the trust department that are executed in a fiduciary capacity.

In general, this income will have been included in the amount of "Other fee income" reported in Schedule RI, item 5.b.(1) on the FFIEC 034; item 5.f.(1) on the FFIEC 031, 032, and 033. However, income from leasing arrangements, or the portion thereof, that is fixed in amount and does not vary based on sales volume may have been reported as a deduction from Schedule RI, item 7.b, "Expenses of premises and fixed assets." Thus, the income to be included in this item should be reported gross rather than net of expenses incurred by the reporting bank or a consolidated subsidiary.

Exclude fees earned for providing securities custody, transfer agent, and other operational and ancillary services to third party mutual funds and annuities that are not sold on bank premises and are not otherwise sold by the reporting bank, through a bank subsidiary, or by affiliated or unaffiliated entities from whom the bank receives income at the time of the sale or over the duration of the account.

Memoranda

**FFIEC 031,
FFIEC 034 032, 033**

Item No. Item No. Caption and Instructions

3 **-** **Estimated 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 (1) on tax-exempt loans to states and political subdivisions in the U.S. reportable in Schedule RC-C, part I, item 7, which has been included in Schedule RI, item 1.a, "Interest and fee income on loans," above, and (2) on tax-exempt leases to states and political subdivisions in the U.S. reportable in Schedule RC-C, part I, item 9, which has 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.

- **3** Not applicable.

**FFIEC 032,
033, 034 FFIEC 031**

Item No. Item No. Caption and Instructions

- **4** Not applicable.

4 **5** **Number of full-time equivalent employees at end of current period.** 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.)

Memoranda

FFIEC 031,
FFIEC 034 032, 033

<u>Item No.</u>	<u>Item No.</u>	<u>Caption and Instructions</u>
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5	-	<u>Cash dividends declared during the calendar year to date.</u> For the report periods ending March 31, June 30, and September 30 <u>only</u> , report all cash dividends <u>declared</u> on limited-life preferred, perpetual preferred, and common stock during the calendar year to date, including dividends not payable until after the report date. Do <u>not</u> include in this item dividends <u>declared</u> during the previous calendar year but paid in the current calendar year. For further information on cash dividends, see the Glossary entry for "dividends."
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FFIEC 031,
032, 034 FFIEC 033

<u>Item No.</u>	<u>Item No.</u>	<u>Caption and Instructions</u>
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-	5	<u>Interest and fee income on tax-exempt obligations (other than securities and leases) of states and political subdivisions in the U.S. included in item 1.a above.</u> Report all interest, fees, and similar charges levied against or associated with all tax-exempt loans to states and political subdivisions in the U.S. reportable in Schedule RC-C, part I, item 8. Tax-exempt loans are those loans to states and political subdivisions in the U.S. the income from which is excludable from gross income for federal income tax purposes, regardless of whether the income from the loan 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. The income reported in this item will have been included in one or more of Schedule RI, items 1.a.(1) through 1.a.(4) above.
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FFIEC 033 FFIEC 031
and 034 and 032

<u>Item No.</u>	<u>Item No.</u>	<u>Caption and Instructions</u>
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6	-	<u>Interest and fee income on agricultural loans included in item 1.a above.</u> To be reported by banks with total assets of \$25 million or more 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, net of unearned income (on the FFIEC 034, sum of Schedule RC-C, part I, items 1 through 8, less item 10; on the FFIEC 033, sum of Schedule RC-C, part I, items 1 through 9, less item 11). Report in this item all interest, fees, and similar charges levied against or associated with agricultural loans. On the FFIEC 034, this income will have been included in one or more of items 1.a.(2) through 1.a.(5) in Schedule RI above. On the FFIEC 033, this income will have been included in one or more of items 1.a.(1) through 1.a.(4) in Schedule RI above. For purposes of this schedule, agricultural loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.
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Memoranda

FFIEC 033 and 034 **FFIEC 031 and 032**

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

6
(cont.) - Banks with total assets of less than \$25 million and banks with loans to finance agricultural production and other loans to farmers less than or equal to five percent of total loans, net of unearned income, should report a zero or the word "none" in this item.

FFIEC 031, 032, 033, and 034

Item No. **Caption and Instructions**

7 **If the reporting bank has restated its balance sheet as a result of applying push down accounting this calendar year, report the date of the bank's acquisition.** If the reporting bank was acquired during the calendar year-to-date reporting period and applied push down accounting to its balance sheet in accordance with the "push down 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, a bank that was acquired as of the close of business June 1, 1997, and applied push down accounting to its balance sheet would report 19970601 in this Memorandum item in the Reports of Condition and Income for June 30, September 30, and December 31, 1997.

Push down accounting is the establishment of a new accounting basis for a bank in its separate financial statements (including its Call Report) as a result of a substantive change in control. When push down accounting is used to account for the acquisition of a bank that retains its separate corporate existence, the acquired bank's assets and liabilities (Schedule RC) are restated to their fair values as of the acquisition date. The bank's post-acquisition income statements (Schedule RI) only include amounts from the date of its acquisition through the end of the calendar year-to-date reporting period.

If the reporting bank has not been acquired during this calendar year or if the reporting bank has been acquired during this calendar year but push down accounting was not applied, the bank should report zeros (i.e., 00000000) in the year, month, and day columns of this Memorandum item.

8 **Trading revenue (from cash instruments and off-balance sheet derivative instruments).**

Memorandum items 8.a through 8.d are applicable only to banks filing the FFIEC 031, 032, and 033 report forms.

Report, in the appropriate item below, a breakdown of trading revenue that has been included in the body of the income statement in Schedule RI, item 5.c. For each of the four types of underlying risk exposure, report the combined revenue (net gains and losses) from trading cash instruments and off-balance sheet derivative instruments. For purposes of Memorandum item 8, the reporting bank should determine the underlying risk exposure category in which to report the trading revenue from cash instruments and off-balance sheet derivative instruments in the same manner that the bank makes this determination for other financial reporting purposes. The sum of Memorandum items 8.a through 8.d must equal Schedule RI, item 5.c.

Memoranda**Item No. Caption and Instructions**

8.a Interest rate exposures. Report in this item net gains (losses) from trading cash instruments and off-balance sheet derivative contracts that the reporting bank manages as interest rate exposures. Interest rate exposures may arise from cash debt instruments (e.g., U.S. Treasury securities) and interest rate contracts. Interest rate contracts are those contracts related to an interest-bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract (e.g., an option on a futures contract to purchase a Treasury bill). Interest rate contracts include interest rate futures, single currency interest rate swaps, basis swaps, forward rate agreements, and interest rate options, including caps, floors, collars, and corridors.

Exclude trading revenue on contracts involving the exchange of foreign currencies (e.g., cross-currency swaps and currency options) that the reporting bank manages as foreign exchange exposures. Report such trading revenue in Memorandum item 8.b.

8.b Foreign exchange exposures. Report in this item net gains (losses) from trading cash instruments and off-balance sheet derivative contracts that the reporting bank manages as foreign exchange exposures. Foreign exchange exposures may arise from cash instruments (e.g., debt securities) denominated in non-U.S. currencies and foreign exchange rate contracts. Foreign exchange rate contracts are those contracts to purchase foreign (non-U.S.) currencies and U.S. dollar exchange in the forward market, i.e., on an organized exchange or in an over-the-counter market. A purchase of U.S. dollar exchange is equivalent to a sale of foreign currency. Foreign exchange rate contracts include cross-currency interest rate swaps where there is an exchange of principal, forward and spot foreign exchange contracts, and currency futures and currency options.

8.c Equity security or index exposures. Report in this item net gains (losses) from trading cash instruments and off-balance sheet derivative contracts that the reporting bank manages as equity security or index exposures. Equity security or index exposures may arise from equity securities and equity security or index (i.e., equity derivative) contracts. Equity derivative contracts are contracts that have a return, or a portion of their return, linked to the price of a particular equity or to an index of equity prices, such as the Standard and Poor's 500.

8.d Commodity and other exposures. Report in this item net gains (losses) from trading cash instruments and off-balance sheet derivative contracts that the reporting bank manages as commodity or other exposures. Commodity or other exposures may arise from commodities and off-balance sheet commodity and other contracts not reported as interest rate, foreign exchange, or equity derivative contracts. Commodity and other contracts are contracts that have a return, or a portion of their return, linked to the price or to an index of precious metals, petroleum, lumber, agricultural products, etc. Commodity and other contracts also include any other contracts that are not reportable as interest rate, foreign exchange, or equity derivative contracts.

Memoranda**Item No. Caption and Instructions****9 Impact on income of off-balance sheet derivatives held for purposes other than trading.**

Memorandum items 9.a through 9.c are applicable only to banks filing the FFIEC 031, 032, and 033 report forms.

For derivatives held for purposes other than trading, report the impact that these contracts had on the bank's income as reported in Schedule RI. The amounts to be reported include amounts recognized in Schedule RI in the period in which the transactions occur as well as the amortization in the year-to-date period of amounts previously deferred. Under current practice, many banks report periodic net settlements for many swaps and other amounts related to off-balance-sheet instruments accounted for on the hedge or accrual basis as components of the interest income, interest expense, and other noninterest income Call Report income statement (Schedule RI) items to which they relate.

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

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

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

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

Memoranda**Item No. Caption and Instructions**

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

10 Credit losses on off-balance sheet derivatives.

Memorandum item 10 is applicable only to banks filing the FFIEC 031 and 032 report forms.

Report the bank's year-to-date credit losses (e.g., charge-offs) incurred on off-balance sheet derivative contracts (as defined for Schedule RC-L, item 14). The amount reported in this item should include all credit losses regardless of whether the bank charged such losses directly to income (e.g., trading revenue) or to another account (e.g., allowance for credit losses on derivatives).

11 Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?

Indicate whether the bank is, for federal income tax purposes, either an "S corporation" or a "qualifying subchapter S subsidiary," as defined in Internal Revenue Code Section 1361, as of the report date. In order to be an S corporation, the bank must have filed a valid election with the Internal Revenue Service and obtained the consent of all of its shareholders. An election for a bank to be a qualifying subchapter S subsidiary must have been made by a bank's parent holding company, which must also have made a valid election to be an S corporation. In addition, the bank (and its parent holding company, if applicable) must meet specific criteria for federal income tax purposes at all times during which the election remains in effect. These specific criteria include, for example, having no more than 75 qualifying shareholders and having only one class of stock outstanding.

12 Deferred portion of total applicable income taxes included in Schedule RI, items 9 and 11.

(To be reported in the December report only.) Report that portion of the total applicable income taxes included in Schedule RI, items 9 and 11, which represents the deferred income tax expense or benefit for the year. In general, this amount is measured as the change in the bank's net deferred tax assets or liabilities during the year, excluding the portion of the change, if any, that is charged or credited directly to the separate component of equity capital for "Net unrealized holding gains (losses) on available-for-sale securities" (Schedule RC, item 26.b).

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