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2023 Illustrative Financial Statements: Financial Institutions

December 2023

Contents

About these illustrative financial statements

These illustrative financial statements – which are examples for bank holding companies, including community banks, thrifts, and other financial institutions – contain common disclosures as required under U.S. GAAP, as well as rules and regulations of the U.S. Securities and Exchange Commission (SEC), including financial statement requirements in Article 9 of Regulation S-X. Of course, these statements do not address all possible scenarios.

The form and content of financial statements remain the responsibility of management, and individual facts and circumstances, as well as the requirements of the applicable accounting standards or SEC rules and regulations, should be considered. Intended for general informational purposes only, the content in this document should not be used as a substitute for consultation with professional accounting, tax, legal, and other advisers.

Recent developments

Certain Accounting Standards Updates (ASUs) issued over the past 12 months could have a significant near-term impact on the accounting and financial reporting of financial institutions. Information related to recent developments can be found in issues of the Financial Institutions Executive Briefing, published monthly at https://www.crowe.com/insights/financial-institutions-executive-briefing.

Guide

These illustrative financial statements reflect applicable guidance issued through September 2023.

In addition, these financial statements illustrate many disclosures that are applicable only to public companies, as defined within each Accounting Standards Codification (ASC) topic and prior to the FASB defining a public business entity (PBE); disclosures applicable to public companies and public business entities are indicated by shaded text. Some of the differences between public business entities and nonpublic business entities include:

- Quarterly information in an “unaudited” footnote (Reg. S-K, Items 302(a) and (c)) (not required for smaller reporting company filers, as defined by the SEC[a])
- Certain pension disclosures (ASC 715)
- Certain stock compensation disclosures (ASC 718)
- Earnings per share (ASC 260)
- Segment information (ASC 280)
- Tax footnote reconciliation of the domestic federal statutory tax rate/amount to the reported tax rate/amount (Reg. S-X, Rule 4-08(h) and ASC 740-10-50-12) (reconciliation not required for nonpublic companies but disclosure of the nature of significant reconciling items required (ASC 7401050-13))
- Parent-only financial information (Reg. S-X, Rule 9-06)
- Loan commitment breakdown into fixed and variable components (generally accepted practice) (only total loan commitment disclosure required for nonpublic companies)
- Debt disclosure requirements for subsidiary issuers and guarantors of debt securities in Rules 3-10, 13-01, and 13-02 of Regulation S-X

Generally, the number of years illustrated is two. For SEC filers that are not smaller reporting companies, three years of information generally is required for all items not related to the balance sheet.

Illustrative disclosure related to ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” as amended is reflected within this document. The illustrations may or may not reflect disclosure for comparative periods. The year or number of periods required for disclosure coincides with the year in which ASU 2016-13 was adopted.

Guide:

Shaded text indicates applicability to a public company or public business entity.

Gray shaded text indicates disclosures that were applicable only to public companies prior to the issuance of ASU 2013-12. Gray shaded text also illustrates disclosures that are only applicable to SEC filers based on SEC requirements.

Blue shaded text indicates disclosures that are applicable to public business entities subsequent to the issuance of ASU 2013-12.

[Items in brackets indicate alternative disclosures and/or additional information regarding disclosure requirements.]

<Items in arrows indicate additional disclosures, depending on circumstances.>

[a] “Smaller reporting company” is defined in Item 10(f)(1) of Regulation S-K. Refer to Article 8 of Regulation S-X for financial statement requirements of smaller reporting companies.

CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022
(Dollar amounts in thousands except per share data)

	2023	2022
ASSETS[1]		
Cash and due from financial institutions	$	$
Federal funds sold		
Cash and cash equivalents[2]		
Interest-bearing deposits in other financial institutions		
Securities purchased under agreements to resell[3]		
Trading assets		
Debt securities available-for-sale, at fair value (amortized cost $<> and $<>, net of allowance for credit losses of $<> and $<>)[4]		
Debt securities held-to-maturity, net of allowance for credit losses of $<> and $<>, (fair value 2023 – $______, 2022 – $_______)[5]		
Equity securities[6]		
Loans held for sale		
<Loans held for sale, at fair value>		
Loans, net of allowance for credit losses of $_____ and $_____ as of December 31, 2023 and 2022, respectively[7]		
Other restricted stock, at cost		
Loan servicing rights		
Real estate owned, net		
Premises and equipment, net		
Goodwill		
Other intangible assets, net		
Company owned life insurance		
Accrued interest receivable and other assets[8][9][10]		
Total assets	$	$
LIABILITIES[11] AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest bearing	$	$
Interest bearing		
Total deposits		
Federal funds purchased and repurchase agreements		
Federal Home Loan Bank advances		
Long-term debt[12]		
$XX face amount, noninterest bearing, due December 31, 20XX (less unamortized discount based on imputed interest rate of X% – 20XX, $XX; 20XX, $XX)		
Subordinated debentures		
$XX face amount (less unamortized discount and debt issuance costs of $X and $X at December 31, 2023 and 2022		
Allowance for credit losses on off-balance sheet credit exposures[13]		
Accrued interest payable and other liabilities		
Total liabilities		
Commitments and contingent liabilities[14]		
Shareholders' equity		
Preferred stock[15], $__ par value; aggregate liquidation preference[16][17][18] ___% cumulative___ shares authorized; ____ shares issued at December 31, 2023 and 2022;		
Common stock, $__ par value; ______ shares authorized; ______ shares issued at December 31, 2023 and 2022		
Additional paid-in capital		
Retained earnings		
Accumulated other comprehensive income (loss)		
Unearned Employee Stock Ownership Plan (ESOP) shares		
Treasury stock, at cost[19] (2023 – ___ shares; 2022 – ___ shares)		
Total shareholders' equity		
	$	$

See accompanying notes.

Illustrates a stand-alone Statement of Income, followed by a separate Statement of Comprehensive Income

CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31,
(Dollar amounts in thousands except per share data)

	2023	2022	2021
Interest and dividend income			
Loans, including fees	$	$	$
Taxable securities			
Tax-exempt securities			
Dividend income on securities			
Federal funds sold and other			
Total interest income			
Interest expense			
Deposits			
Federal funds purchased and repurchase agreements			
Federal Home Loan Bank advances			
Subordinated debentures and other			
Total interest expense			
Net interest income			
Credit loss expense – loans			
Credit loss expense[20] – debt securities held-to-maturity			
Credit loss expense – debt securities available-for-sale			
Credit loss expense – off-balance sheet credit exposures			
Credit loss expense			
Net interest income after credit loss expense			
Non-interest income[21]			
Service charges on deposits			
Other service charges			
Trust fees			
Net gains on sales of loans			
Loan servicing fees			
Net gains (losses) on sales of securities (includes $XX accumulated other comprehensive income reclassifications for unrealized net gains on available-for-sale securities)[22]			
Unrealized gains and losses recognized on equity securities[23]			
<Change in fair value of loans held for sale>[24]			
Other (includes $XX accumulated other comprehensive income reclassification for net gains on cash flow hedges)[25]			
Total non-interest income			
Non-interest expense[26]			
Salaries and employee benefits[27]			
Occupancy and equipment			
Data processing			
Federal deposit insurance			
Foreclosed assets, net			
Advertising			
Supplies			
Amortization of intangibles			
Goodwill impairment			

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME (Continued)
Years ended December 31,
(Dollar amounts in thousands except per share data)

	2023	2022	2021
Other (includes $XX accumulated other comprehensive income reclassifications for net losses on cash flow hedges)[28]	$	$	$
Total non-interest expense			
Income before income taxes			
Income tax expense (includes $XX income tax expense from reclassification items)[29]			
Net income			
Preferred stock dividends <and discount accretion>			
Net income available to common stockholders[30]	$	$	$
Earnings per share:			
Basic	$	$	$
Diluted	$	$	$

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME[31,32]
Years ended December 31,
(Dollar amounts in thousands except per share data)

	2023	2022	2021
Net income	$	$	$
Other comprehensive income:			
Unrealized gains/losses on debt securities available-for-sale:			
Unrealized holding gain/(loss) arising during the period			
Credit loss expense[33]			
Reclassification adjustment for losses (gains) included in net income			
Reclassification adjustment for (accretion) amortization of unrealized holding gain/(loss) included in accumulated other comprehensive income from the transfer of securities from available-for-sale to held-to-maturity			
Tax effect			
Net of tax			
Defined benefit pension plans:			
Net (loss) gain arising during the period			
Reclassification adjustment for amortization of prior service cost and net gain/loss included in net periodic pension cost			
Tax effect			
Net of tax			
Unrealized gain/loss on cash flow hedge			
Unrealized holding gain/(loss)			
Reclassification adjustment for losses (gains) included in net income			
Tax effect			
Net of tax			
Total other comprehensive income			
Comprehensive income	$	$	$

See accompanying notes.

Illustrates one continuous Statement of Income and Comprehensive Income in condensed format for illustration purposes only

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME[34]
Years ended December 31,
(Dollar amounts in thousands except per share data)

	2023	2022	2021
Interest and dividend income			
Loans, including fees	$	$	$
Taxable securities			
Tax-exempt securities			
Federal funds sold and other			
Interest expense			
Deposits			
Subordinated debentures and other			
Net interest income			
Credit loss expense			
Net interest income after credit loss expense			
Non-interest income (condensed for presentation purposes)			
Non-interest expense (condensed for presentation purposes)[35]			
Income before income taxes			
Income tax expense			
Net income			
Preferred stock dividends <and discount accretion>			
Net income available to common stockholders	$	$	$
Earnings per share:			
Basic	$	$	$
Diluted	$	$	$
Net income	$	$	$
Other comprehensive income, net of tax:[36]			
Change in unrealized gains/losses on debt securities available-for-sale, net of reclassifications and taxes[37]	$	$	$
Reclassification adjustment for amortization of unrealized holding gain/(loss) included in accumulated other comprehensive income from the transfer of securities from available-for-sale to held-to-maturity			
Net gain/loss on defined benefit pension plans			
Unrealized gain/loss on cash flow hedge, net			
Total other comprehensive income			
Comprehensive income	$	$	$

See accompanying notes.

Assumes comprehensive income is included in income statement or in separate statement

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years ended December 31,
(Dollar amounts in thousands except per share data)

	Shares	Common Stock	Additional Paid-in Capital	Retained Earnings[38]	Accumulated Other Comprehensive Income	Unearned ESOP Shares	Treasury Stock	Total
Balance at January 1, 2021		$	$	$	$	$	$	$
Net income								
Other comprehensive income								
Purchase of treasury stock								
Cash dividends declared ($X.XX per share)								
Stock based compensation expense								
Exercise of stock options								
Balance at December 31, 2021								
Net income								
Other comprehensive income								
Cash dividends declared ($X.XX per share)								
Stock based compensation expense								
Exercise of stock options								
Balance at December 31, 2022[39][40]								
Cumulative change in accounting principle (Note X)								
Balance at January 1, 2023 (as adjusted for change in accounting principle)								
Net income								
Other comprehensive income								
Cash dividends declared ($X.XX per share)								
Stock based compensation expense								
Exercise of stock options								
Issuance of ____ common shares								
<Reclassification related to the adoption of ASU 2018-02> or <Reclassification of stranded income tax effects>								
Balance at December 31, 2023		$	$	$	$	$	$	$

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,
(Dollar amounts in thousands except per share data)

	2023	2022	2021
Cash flows from operating activities[41][42][43]			
Net income	$	$	$
Adjustments to reconcile net income to net cash from operating activities			
Credit loss expense			
Goodwill impairment			
[Goodwill] and other intangible asset amortization[44]			
Depreciation and amortization of premises and equipment[45]			
Net amortization (accretion) of purchase accounting adjustments			
Net amortization (accretion) of securities			
Deferred income tax expense (benefit)			
Net realized (gain) loss on sales of securities			
Net gain on sale of loans			
Change in fair value of loans held for sale			
Stock based compensation expense			
ESOP compensation expense			
Earnings on company owned life insurance			
FHLB stock dividends			
Repayment of operating lease liabilities			
Origination of loans held for sale[46]			
Proceeds from loans held for sale			
Net change in:			
Accrued interest receivable and other assets			
Accrued interest payable and other liabilities			
Net cash from operating activities			
Cash flows from investing activities[47]			
Net change in interest-bearing deposits in other financial institutions			
Available-for-sale securities:			
Sales			
Maturities, prepayments and calls			
Purchases			
Held-to-maturity securities:			
Maturities, prepayments and calls			
Purchases			
Proceeds from loans held for sale previously classified as portfolio loans[48]			
Proceeds from redemption of FHLB stock			
Purchases of FHLB stock			
Loan originations and payments, net			
Additions to premises and equipment			
Purchase of company owned life insurance			
Proceeds from BOLI death benefit			
Payments to ready leased assets for use			
Lease payments received[49]			
Cash received/(paid) from acquisitions, net			
Net cash from investing activities			

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,
(Dollar amounts in thousands except per share data)

	2023	2022	2021
Cash flows from financing activities			
Net change in deposits	$	$	$
Net change in federal funds purchased[50]			
Proceeds from Federal Home Loan Bank advances and other debt[51]			
Repayments on Federal Home Loan Bank advances and other debt[52]			
Proceeds from issuance of subordinated debt			
Proceeds from issuance of common stock			
Proceeds from issuance of preferred stock			
Cash dividends paid			
Proceeds from exercise of stock options[53]			
Cash paid for withholding taxes on share-based awards			
Repayment of finance lease liabilities			
Purchase of treasury stock			
Net cash from financing activities			
Net change in cash and cash equivalents			
Beginning cash and cash equivalents			
Ending cash and cash equivalents	$	$	$
Supplemental cash flow information:			
Interest paid	$	$	$
Income taxes paid			
Supplemental noncash disclosures:			
Transfers from portfolio loans to loans held for sale	$	$	$
Transfers from loans to real estate owned[54]			
Loans provided for sales of real estate owned			
Security (purchases) sales settled in subsequent period			
Transfer of securities from available-for-sale to held-to-maturity			
Lease liabilities arising from obtaining right-of-use assets			

See Note X regarding non-cash transactions included in the acquisition.

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation: The consolidated financial statements include _______ and its wholly owned subsidiary, ________, together referred to as "the Company."[55] Intercompany transactions and balances are eliminated in consolidation.

The Company provides financial services through its offices in _______. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, the customers' ability to repay their loans is dependent on the real estate and general economic conditions in the area.

[Alternative for Mortgage Banking: The Company is a financial services corporation that engages in mortgage banking activities and, as such, acquires, sells and services one-to-four family residential mortgage loans. The Company acquires and services residential mortgage loans in () states.]

Subsequent Events: The Company has evaluated subsequent events for recognition and disclosure through XXX, which is the date the financial statements were available to be issued.[56]

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America [with U.S. generally accepted accounting principles] management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. [It is reasonably possible our estimate of <describe> could change from <describe>. The resulting change in this estimate would be material to the consolidated financial statements].

Cash Flows: Cash and cash equivalents include cash, deposits with other financial institutions with maturities fewer than 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased and repurchase agreements.

Interest-Bearing Deposits in Other Financial Institutions: Interest-bearing deposits in other financial institutions mature within one year and are carried at cost.

Trading Assets: The Company engages in trading activities for its own account. Securities that are held principally for resale in the near term are recorded at fair value with changes in fair value included in earnings. Interest and dividends are included in net interest income.

Debt Securities: Debt securities are classified as held-to-maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available-for-sale when they might be sold before maturity. [OR: Debt securities not classified as held-to-maturity or trading are classified as available-for-sale.] Securities available-for-sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated.[57] [58] Premiums on callable debt securities are amortized to their earliest call date. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

A debt security is placed on nonaccrual status at the time any principal or interest payments become <90 days> delinquent. Interest accrued but not received for a security placed on non-accrual is reversed against interest income. [If applicable], the amount of accrued interest reversed against interest income totaled $<> and $<> for the years ended December 31, 2023 and 2022, respectively[59].

<u>Allowance for Credit Losses – Held-to-Maturity Securities</u>: Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type [and any other risk characteristics used to segment the portfolio]. Accrued interest receivable on held-to-maturity debt securities totaled $<> and $<> at December 31, 2023 and 2022, respectively and is excluded from the estimate of credit losses.[60]

Excerpt from ASC 326-20-50

- *Allowance for Credit Losses*

50-10 *An entity shall provide information that enables a financial statement user to do the following:*

a.) Understand management's method for developing its allowance for credit losses
b.) Understand the information that management used in developing its current estimate of expected credit losses
c.) Understand the circumstances that caused changes to the allowance for credit losses, thereby affecting the related credit loss expense (or reversal) reported for the period

The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.[61]

Crowe Observation

The following paragraphs are intended as a starting point for the requirement in ASC 326-20-50-11d to discuss risk characteristics relevant to each portfolio segment and major security type. These disclosures should be customized for each institution's portfolio.

Management classifies the held-to-maturity portfolio into the following major security types: Mortgage-backed: residential and Other.

Crowe Observation

The following paragraphs are intended as a starting point for the requirement in ASC 326-20-50-11 to discuss risk characteristics relevant to each portfolio segment and major security type. These disclosures should be customized for each institution's portfolio.

Nearly all of the mortgage-backed: residential securities held by the Company are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. The remainder of the mortgage-backed: residential securities are non-agency collateralized mortgage obligations which currently carry ratings no lower than <>. These investments are secured by pools of residential mortgage loans with an average originated LTV of <>% and FICO scores of <>.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other securities are comprised primarily of investments in pooled trust preferred securities. At December 31, 2023, these securities are rated B+/B- (defined as highly speculative) and C (defined as default, with some recovery). The issuers in these securities are primarily banks, but some of the pools include a limited number of insurance companies.

Allowance for Credit Losses – Available-For-Sale Securities: For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaled $<> at December 31, 2023 and is excluded from the estimate of credit losses.[62]

Crowe Observation

The accounting for beneficial interests is dependent on whether it is available-for-sale or held-to-maturity and if the asset is PCD or non-PCD. The paragraph below illustrates an accounting policy for a non-PCD available-for-sale beneficial interest. If other forms of beneficial interests and PCD is applicable, additional disclosures are likely applicable. Refer to ASC 325-40.

[If applicable] The Company measures the allowance for credit losses on purchased beneficial interests classified as available-for-sale not deemed to be purchased with credit deterioration by comparing the present value of expected cash flows to the amortized cost basis. If the present value of expected cash flows is less than the amortized cost basis, an allowance for credit losses is recorded, limited by the amount that the fair value is less than amortized cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Excerpt from ASC 326-20-50

50-3A *An entity that makes an accounting policy election to present the accrued interest receivable balance within another statement of financial position line item as described in paragraph 326-20-45-5 shall disclose the amount of accrued interest, net of the allowance for credit losses (if any), and shall disclose in which line item on the statement of financial position that amount is presented.*

50-3B *As a practical expedient, an entity may exclude the accrued interest receivable balance that is included in the amortized cost basis of financing receivables and held-to-maturity securities for the purposes of the disclosure requirements in paragraphs 326-20-50-4 through 50-22. If an entity applies this practical expedient, it shall disclose the total amount of accrued interest excluded from the disclosed amortized cost basis.*

50-3C *An entity that makes the accounting policy election in paragraph 326-20-30-5A shall disclose its accounting policy not to measure an allowance for credit losses for accrued interest receivables. The accounting policy shall include information about what time period or periods, at the class of financing receivable or major security-type level, are considered timely.*

Equity Securities: Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment[63].

Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

<Loans held for sale, for which the fair value option has been elected, are recorded at fair value as of each balance sheet date. The fair value includes the servicing value of the loans as well as any accrued interest.>

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost [net of the allowance for credit losses]. Amortized cost is the principal balance outstanding, net of [purchase premiums and discounts, fair value hedge accounting adjustments,] deferred loan fees and costs. Accrued interest receivable totaled $<> at December 31, 2023 and was reported in <Accrued interest receivable and other assets> on the consolidated balance sheets and is excluded from the estimate of credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on mortgage and commercial loans is discontinued and placed on nonaccrual status at the time the loan is 90 days delinquent unless the loan is well secured and in process of collection. Mortgage loans are charged off at 180 days past due, and commercial loans are charged off to the extent principal or interest is deemed uncollectible. Consumer and credit card loans continue to accrue interest until they are charged off no later than 120 days past due unless the loan is in the process of collection. Past-due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Purchased Credit Deteriorated (PCD) Loans: The Company has purchased loans, some of which have experienced more than insignificant credit deterioration since origination. [Disclose policy for determining what meets the threshold of more than insignificant credit deterioration]. PCD loans are recorded at the amount paid. An allowance for credit losses is determined using the same methodology as other loans held for investment. The initial allowance for credit losses determined on a collective basis is allocated to individual loans. The sum of the loan’s purchase price and allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through credit loss expense.

[If applicable] Upon adoption of ASC 326, the Company elected to maintain pools of loans that were previously accounted for under ASC 310-30 and will continue to account for these pools as a unit of account. Loans are only removed from the existing pools if they are written off, paid off, or sold. Upon adoption of ASC 326, the allowance for credit losses was determined for each pool and added to the pool’s carrying amount to establish a new amortized cost basis. The difference between the unpaid principal balance of the pool and the new amortized cost basis is the noncredit premium or discount which will be amortized into interest income over the remaining life of the pool. Changes to the allowance for credit losses after adoption are recorded through credit loss expense.

Allowance for Credit Losses - Loans:[64] The allowance for credit losses is a valuation account that is deducted from <, or added to,> the loans’ amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors [include specific adjustments].

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments and measures the allowance for credit losses using the following methods: [disclose portfolio segments and related methods]. [Include a discussion of the risks characteristics identified by portfolio segment as required by ASC 326-20-50-11 (full text excerpted below).]

Excerpt from ASC 326-20-50

50-11 *To meet the objectives in ASC 326-20-50-10, an entity shall disclose all of the following by portfolio segment and major security type:*

- *a.) A description of how expected loss estimates are developed*
- *b.) A description of the entity's accounting policies and methodology to estimate the allowance for credit losses, as well as a discussion of the factors that influenced management's current estimate of expected credit losses, including:*
  - *1.) Past events*
  - *2.) Current conditions*
  - *3.) Reasonable and supportable forecasts about the future*
- *c.) A discussion of risk characteristics relevant to each portfolio segment*
- *d.) A discussion of the changes in the factors that influenced management's current estimate of expected credit losses and the reasons for those changes (for example, changes in portfolio composition, underwriting practices, and significant events or conditions that affect the current estimate but were not contemplated or relevant during a previous period)*
- *e.) Identification of changes to the entity's accounting policies, changes to the methodology from the prior period, its rationale for those changes, and the quantitative effect of those changes*
- *f.) Reasons for significant changes in the amount of write-offs, if applicable*
- *g.) A discussion of the reversion method applied for periods beyond the reasonable and supportable forecast period*
- *h.) The amount of any significant purchases of financial assets during each reporting period*
- *i.) The amount of any significant sales of financial assets or reclassifications of loans held for sale during each reporting period.*

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable [Include the following if the collateral-dependent practical expedient has been elected: or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral] expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for <undiscounted> selling costs as appropriate.

[If applicable] When the discounted cash flow method is used to determine the allowance for credit losses, management <adjusts/does not adjust> the effective interest rate used to discount expected cash flows to incorporate expected prepayments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

Crowe Observation

How to determine the estimated life of a credit card has been discussed by the FASB and the TRG. Refer to TRG Agenda Ref. No. 6B of the June 12, 2017 TRG meeting and to the October 4, 2017 FASB meeting for additional information on this topic.

The following paragraph illustrates two alternatives a Company may use to disclose its approach estimating the life of a credit card receivable to use as the period over which to estimate expected credit losses. Other alternatives may also be appropriate.

[If applicable] Credit card receivables do not have stated maturities. In determining the estimated life of a credit card receivable, management first estimates the future cash flows expected to be received and then applies those expected future cash flows to the credit card balance. <Expected credit losses for credit cards are determined by estimating the amount and timing of principal payments expected to be received as payment for the balance outstanding as of the reporting period and applying those principal payments against the balance outstanding as of the reporting period until the expected payments have been fully allocated. The allowance for credit loss is recorded for the excess of the balance outstanding as of the reporting period over the expected principal payments.> OR <Expected credit losses for credit cards are determined by estimating the amount and timing of all principal payments expected to be received after the reporting period and allocating those principal payments between the balance outstanding as of the reporting period and the balance of future credit card receivables expected to be originated through subsequent usage of the unconditionally cancellable loan commitment associated with the credit card account until the expected payments have been fully allocated. The allowance for credit loss is recorded for the excess of the balance outstanding as of the reporting period over the expected principal payments allocated to that balance.>

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures: The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. [Include a description that influenced the estimate such as historical losses, economic conditions and reasonable and supportable forecasts].

The following categories of off-balance sheet credit exposures have been identified: [Include a discussion of the risks characteristics identified by portfolio segment as required by *ASC 326-20-50-21 and 22*.]

Concentration of Credit Risk: Most of the Company's business activity is with customers located within ABC County. Therefore, the Company's exposure to credit risk is significantly affected by changes in the economy in the ABC County area. <also include industry concentrations if present i.e., the Company has a significant concentration of loans with automotive parts manufacturers, etc.>

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Servicing Rights (disclosure when amortization method is used for all servicing assets): When mortgage loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts, when available or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. Changes in valuation allowances are reported within <*insert financial statement line*> on the income statement. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses. *<insert discussion of instruments used to mitigate the income statement effect of changes in fair value of the servicing assets if applicable>.*

Servicing fee income, which is reported on the income statement as *<insert the appropriate financial statement line description>,* is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income. Servicing fees totaled $<>, $<> and $<> for the years ended December 31, 2023, 2022 and 2021, respectively. Late fees and ancillary fees related to loan servicing are not material *<if such amounts are material, disclose such amounts for each income statement and indicate where presented in the income statement>.*

Servicing Rights (disclosure when fair value method is used for all servicing assets): When mortgage loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income.

Under the fair value measurement method, the Company measures servicing rights at fair value at each reporting date and reports changes in fair value of servicing assets in earnings in the period in which the changes occur, and are included with <*insert financial statement line*> on the income statement. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses. *<insert discussion of instruments used to mitigate the income statement effect of changes in fair value of the servicing assets if applicable>.*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Servicing fee income, which is reported on the income statement as *<insert the appropriate financial statement line description>,* is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. Servicing fees totaled $<>, $<> and $<> for the years ended December 31, 2023, 2022 and 2021, respectively. Late fees and ancillary fees related to loan servicing are not material *<if such amounts are material, disclose such amounts for each income statement and indicate where presented in the income statement>.*

<u>Transfers of Financial Assets</u>: Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been legally isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets.

<u>Foreclosed Assets</u>: Foreclosed assets are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

<u>Premises and Equipment</u>: Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Buildings and related components are depreciated using the straight-line method with useful lives ranging from <> to <> years. Furniture, fixtures and equipment are depreciated using the straight-line (or accelerated) method with useful lives ranging from <> to <> years.[65]

<u>Leases</u>: Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain locations and equipment. The Company records leases on the balance sheet in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Company could obtain for similar loans as of the date of commencement or renewal. The Company does not record short term leases with an initial lease term of one year or less on the consolidated balance sheets.

At lease inception, the Company determines the lease term by considering the noncancelablelease term and all optional renewal periods that the Company is reasonably certain to renew. The lease term is also used to calculate straight-line lease expense. Leasehold improvements , except for those relating to leases between entities under common control, are amortized over the shorter of the useful life and the estimated lease term. Leasehold improvements relating to leases between entities under common control are amortized over the useful life of the improvements to the common control group. The Company's leases do not contain residual value guarantees or material variable lease payments that will impact the Company's ability to pay dividends or cause the Company to incur additional expenses.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease expense, and any impairment of the right-of-use asset. Lease expense is included in occupancy and equipment expense on the Company's consolidated statements of income. The Company's variable lease expense include rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurance and other costs associated with the lease. The amortization of the right-of-use asset arising from finance leases is expensed through occupancy and equipment expense and the interest on the related lease liability is expensed through interest expense on borrowings on the Company's consolidated statements of income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has elected to treat property leases that include both lease and non-lease components as a single component and account for it as a lease.

[The following illustrates disclosure under ASU 2018-20 for lessors: The Company has elected the accounting alternative for sales taxes collected from the lessee, which allows the Company to not evaluate whether certain sales taxes and other similar taxes are lessor costs or lessee costs. Instead, the Company will account for those costs as if they are lessee costs. In making this election, the Company will exclude from the consideration in the contract and from variable payments not included in the consideration in the contract, all collections from lessees of taxes within the scope of the election.]

Federal Home Loan Bank (FHLB) Stock: The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Federal Reserve Bank (FRB) Stock: The Bank is a member of its regional Federal Reserve Bank. FRB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Company Owned Life Insurance: The Company has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Goodwill and Other Intangible Assets: Goodwill arises from business combinations and is determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that an impairment test should be performed. The Company has selected (Date) as the date to perform the annual impairment test. Intangible assets with finite useful lives are amortized over their estimated useful lives to their estimated residual values. Amortized intangibles must be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived asset (group) might not be recoverable. An impairment loss related to intangible assets with finite useful lives is recognized if the carrying amount of the intangible asset is not recoverable and its carrying amount exceeds its fair value. After the impairment loss is recognized, the adjusted carrying amount of the intangible asset shall be its new accounting basis. Goodwill is the only intangible asset with an indefinite life on our balance sheet.

<The Company has elected the accounting alternative for subsequent measurement of goodwill which allows the company to amortize goodwill balances on a straight-line basis over a 10 year period (or a period less than 10 years if the Company can demonstrate that another useful life is more appropriate).> [a]

Other intangible assets consist of core deposit and acquired customer relationship intangible assets arising from whole bank and branch acquisitions and are amortized on an accelerated method over their estimated useful lives, which range from 7 to 10 years.

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[a] The company may elect either one or both of these accounting alternatives. They are not required to be elected together. Both accounting alternatives apply to private companies only.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded. [Disclose if material: Instruments, such as standby letters of credit, that are considered financial guarantees are recorded at fair value at inception.]

Derivatives: At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("non-designated derivative"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. Changes in the fair value of derivatives not designated are reported currently in earnings, as non-interest income[66].

Accrued settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Accrued settlements on derivatives not designated are reported in non-interest income[66]. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are designated are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income[66]. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

The Company is exposed to losses if a counterparty fails to make its payments under a contract in which the Company is in the net receiving position. The Company anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All of the contracts to which the Company is a party settle monthly or quarterly. In addition, the Company obtains collateral above certain thresholds of the fair value of its derivatives for each dealer counterparty based upon their credit standing and the Company has netting agreements with the dealers with which it does business.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Banking Derivatives: Commitments to fund mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of these mortgage loans are accounted for as non-designated derivatives. The fair value of the interest rate lock is recorded at the time the commitment to fund the mortgage loan is executed and is adjusted for the expected exercise of the commitment before the loan is funded. In order to economically hedge the change in interest rates resulting from its commitments to fund the loans, the Company enters into forward commitments for the future delivery of mortgage loans when interest rate locks are entered into. Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the interest on the loan is locked. Changes in the fair values of these derivatives are included in net gains on sales of loans.

Stock-Based Compensation: Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. [The Company's accounting policy is to recognize compensation cost net of estimated forfeitures.] or [The Company's accounting policy is to recognize forfeitures as they occur.]

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense. [Alternatively, insert actual policy if different.]

Retirement Plans: Pension expense is the net of service and interest cost, return on plan assets and amortization of gains and losses not immediately recognized. Employee 401(k) and profit sharing plan expense is the amount of matching contributions. Deferred compensation and supplemental retirement plan expense allocates the benefits over years of service.

Employee Stock Ownership Plan: The cost of shares issued to the ESOP, but not yet allocated to participants, is shown as a reduction of shareholders' equity. Compensation expense is based on the market price of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings; dividends on unearned ESOP shares reduce debt and accrued interest. [SEC only, and only if shares are not on NASDAQ or an exchange: Participants may put their ESOP shares back to the Company upon termination, and an amount of equity equal to the fair value of the shares is reclassified out of shareholders' equity into temporary equity.][67]

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings per Common Share: Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. ESOP shares are considered outstanding for this calculation unless unearned. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock options. Earnings and dividends per share are restated for all stock splits and stock dividends through the date of issuance of the financial statements.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available-for-sale <and unrealized gains and losses on cash flow hedges and changes in the funded status of the pension plan> which are also recognized as separate components of equity.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Restrictions on Cash: Cash on hand or on deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements.

Equity: Stock dividends in excess of 20% are reported by transferring the par value of the stock issued from retained earnings to common stock. Stock dividends for 20% or less are reported by transferring the fair value, as of the ex-dividend date, of the stock issued from retained earnings to common stock and additional paid-in capital. Fractional share amounts are paid in cash with a reduction in retained earnings. Treasury stock is carried at cost[68].

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the bank to the holding company or by the holding company to shareholders.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Operating Segments: While the chief decision-makers monitor the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Company-wide basis. [Insert one of the following three sentences or something similar to appropriately explain why disaggregated information, such as by branch or subsidiary bank, is not presented: Operating results are not reviewed by senior management to make resource allocation or performance decisions. OR Discrete financial information is not available other than on a Company-wide basis. OR Operating segments are aggregated into one as operating results for all segments are similar.] Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.[69]

<Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or shareholders' equity.>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards: On <adoption date>, the Company adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will be required to sell.

The Company adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost, [net investments in leases] and off-balance-sheet (OBS) credit exposures. Results for reporting periods beginning after <adoption date> are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. [The Company recorded a net <increase/decrease> to retained earnings of $<> as of <adoption date> for the cumulative effect of adopting ASC 326. The transition adjustment includes a $<> impact due to [add narrative description of the drivers of the retained earnings adjustment].]

[If applicable] The Company adopted ASC 326 using the prospective transition approach for debt securities for which other-than-temporary impairment had been recognized prior to <adoption date>. As a result, the amortized cost basis remains the same before and after the effective date of ASC 326. The effective interest rate on these debt securities was not changed. Amounts previously recognized in accumulated other comprehensive income as of <adoption date> relating to improvements in cash flows expected to be collected will be accreted into income over the remaining life of the asset. Recoveries of amounts previously written off relating to improvements in cash flows after <adoption date> will be recorded in earnings when received.

[If applicable] The Company adopted ASC 326 using the prospective transition approach for financial assets purchased with credit deterioration (PCD) that were previously classified as purchased credit impaired (PCI) and accounted for under ASC 310-30. In accordance with the standard, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption. On <adoption date> , the amortized cost basis of the PCD assets were adjusted to reflect the addition of $<> of the allowance for credit losses. The remaining noncredit discount (based on the adjusted amortized cost basis) will be accreted into interest income at the effective interest rate as of <adoption date> .

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

[If applicable] As allowed by ASC 326, the Company elected to maintain pools of loans accounted for under ASC 310-30. [The Company should disclose any additional qualitative or quantitative information necessary for a financial statement user to understand the size and nature of former ASC 310-30 pools]. In accordance with the standard, management did not reassess whether modifications to individual acquired financial assets accounted for in pools were troubled debt restructurings as of the date of adoption.

[If applicable] The effective interest rate used to discount expected cash flows considers the timing of expected cash flows resulting from expected prepayments for troubled debt restructurings that existed at <adoption date> . The prepayment-adjusted effective interest rate uses the original contractual rate and prepayment assumptions at <adoption date> .

[If applicable] The Company has elected the fair value option for [describe the instruments for which the fair value option (FVO) has been elected][70].

The following table illustrates the impact of ASC 326. [Tailor this chart to include only those line items impacted by ASC 326.]

	<Adoption Date>		
	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Assets:			
Allowance for credit losses on debt securities held-to-maturity			
Mortgage-backed: residential	$ -	$ -	$ -
Other	-	-	-
Loans			
Commercial	-	-	-
Commercial real estate	-	-	-
Residential real estate	-	-	-
Consumer	-	-	-
Auto	-	-	-
Allowance for credit losses on loans	-	-	-
Liabilities:			
Allowance for credit losses on OBS credit exposures	-	-	-

[If applicable, the same transition disclosures for PCD assets should be made for beneficial interests that previously applied ASC 310-30 or for which there is a significant difference between contractual cash flows and expected cash flows at the date of recognition.]

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards That Have Not Yet Been Adopted (this example disclosure (SAB 74) is only required for SEC filers):[71]

With respect to accounting standards that have not been adopted, the SEC has indicated that only accounting standards that will have a material impact on the financial statements need to be disclosed. Companies should refrain from including a "laundry list" of new standards that have no material impact on a Company's financial statements. It may be useful to disclose new standards that would appear to be applicable to companies in the same industry, but do not have a material impact to the Company.

Staff Accounting Bulletin Topic 11:M (SAB 11:M) (or SAB 74) provides guidance from the SEC staff on considering the appropriate financial statement disclosure of the material effects of the adoption of a new ASU. The length of time between the issuance of a final standard and its effective date typically provides an indication of the expected magnitude of an entity's efforts to adopt the new standard. When the adoption efforts are in their early stages, registrants typically disclose that management is still assessing the potential financial statement impact of adopting the new ASU. The SEC expects SAB 74 disclosures to evolve as implementation efforts progress.

(Dollar amounts in thousands except per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are new accounting standards that may be broadly applicable to financial institutions.

ASU 2023-02, Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method	
Description	The amendments in this Update permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. This Update provides amendments to paragraph 323-740-25-1, which sets forth the conditions needed to apply the proportional amortization method. The amendments make certain limited changes to those conditions to clarify their application to a broader group of tax credit investment programs. However, the conditions in substance remain consistent with current GAAP. The amendments in this Update also eliminate certain low-income housing tax credit ("LIHTC") specific guidance to align more closely for LIHTCs with the accounting for other equity investments in tax credit structures and require that the delayed equity contribution guidance in paragraph 323-740-25-3 apply only to tax equity investments accounted for using the proportional amortization method.
Date of Adoption	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for all entities in any interim period. If an entity adopts the amendments in an interim period, the adoption should occur as of the beginning of the fiscal year that includes that interim period. The amendments in this Update must be applied on either a modified retrospective or a retrospective basis (except for LIHTC investments not accounted for using the proportional amortization method). A reporting entity that has LIHTC investments that are no longer permitted to use (1) the cost method guidance in paragraph 323-740-25-2A, (2) the equity method example in paragraphs 323-740-55-8 through 55-9, or (3) the delayed equity contribution guidance in paragraph 323-740-25-3 must either use its general transition method (modified retrospective or retrospective) or apply a prospective approach.
Effect on the Consolidated Financial Statements	<The adoption of this standard <did not or is not expected to> have material effect on the Company's operating results or financial condition.> or <The effect of adopting this standard was (describe impact).>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASU 2022-03, Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	
Description	The amendments in this Update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments also require the following disclosures for equity securities subject to contractual sale restrictions: • The fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet • The nature and remaining duration of the restriction(s) • The circumstances that could cause a lapse in the restriction(s).
Date of Adoption	For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The amendments in this Update should be applied prospectively with any adjustments from the adoption of the amendments recognized in earnings and disclosed on the date of adoption.
Effect on the Consolidated Financial Statements	<The adoption of this standard <did not or is not expected to> have a material effect on the Company's operating results or financial condition.> or <The effect of adopting this standard was (describe impact).>

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASU 2020-06: Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in entity's Own Equity (Subtopic 815-40) – Accounting for Convertible Instruments and Contracts in an entity's Own Equity	
Description	The FASB issued this Update to clarify the accounting for certain financial instruments that possess characteristics of liabilities and equity. This Update reduces the number of accounting models for convertible debt instruments, convertible preferred stock and enhances transparency by making targeted improvements to the disclosures for convertible instruments and earnings-per-share (EPS) guidance and amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions.
Date of Adoption	The amendments to this Update are effective for public entities that meet the definition of any SEC filer, excluding smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023. [72] Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. Entities should adopt the guidance as of the beginning of the fiscal year of adoption.
Effects on the Consolidated Financial Statements	<The adoption of this standard <did not or is not expected to> have material effect on the Company's operating results or financial condition.> or <The effect of adopting this standard was (describe impact).>

(Dollar amounts in thousands except per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, as amended	
Description	On March 12, 2020, the FASB issued Update 2020-04 to ease the potential burden in accounting for reference rate reform. The amendments in Update 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. The new guidance provides the following optional expedients that reduce costs and complexity of accounting for reference rate reform: • Simplify accounting analyses for contract modifications. • Allow hedging relationships to continue without de-designation if there are qualifying changes in the critical terms of an existing hedging relationship due to reference rate reform. • Allow a change in the systematic and rational method used to recognize in earnings the components excluded from the assessment of hedge effectiveness. • Allow a change in the designated benchmark interest rate to a different eligible benchmark interest rate in a fair value hedging relationship. • Allow the shortcut method for a fair value hedging relationship to continue for the remainder of the hedging relationship. • Simplify the assessment of hedge effectiveness and provide temporary optional expedients for cash flow hedging relationships affected by reference rate reform. • Allow a one-time election to sell or transfer debt securities classified as held-to-maturity that reference a rate affected by reference rate reform and are classified as held-to-maturity before January 1, 2020. In January 2021, the FASB issued ASU 2021-01 which clarified that all derivative instruments affected by the changes to interest rates used for discounting, margining or contract price alignment, regardless of whether they reference LIBOR or another rate expected to be discontinued as a result of reference rate reform, an entity may apply certain practical expedients in Topic 848.
Date of Adoption	ASU 2022-06 was issued in December 2022 to defer the sunset of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848.
Effects on the Consolidated Financial Statements	<The adoption of this standard <did not or is not expected to> have material effect on the Company's operating results or financial condition.> or <The effect of adopting this standard was (describe impact).>

NOTE 2 - DEBT SECURITIES

The following table summarizes the amortized cost, fair value and allowance for credit losses of securities available-for-sale and securities held-to-maturity at December 31, 2023 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) and gross unrecognized gains and losses:

2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Available-for-sale					
U.S. Treasury and federal agency	$	$	$	$	$
U.S. government sponsored entities and agencies					
State and political subdivision					
Mortgage-backed securities: residential					
Mortgage-backed securities: commercial					
Collateralized mortgage obligations					
Collateralized debt obligations					
Other					
Total available-for-sale	$	$	$	$	$

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for Credit Losses
Held-to-maturity					
Mortgage backed: residential	$	$	$	$	$
Other					
Total held-to-maturity	$	$	$	$	$

[ASC 320-10-50-5 requires the amortized cost basis and the net carrying amount to be disclosed for securities classified as held-to-maturity. Consider additional disclosure to meet the requirement, including adding net carrying amount to the table.]

(Continued)

NOTE 2 - DEBT SECURITIES (Continued)

The following table summarizes the amortized cost and fair value of securities available-for-sale and securities held-to-maturity at December 31, 2022 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) and gross unrecognized gains and losses:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2022				
Available-for-sale				
U.S. Treasury and federal agency	$	$	$	$
U.S. government sponsored entities and agencies				
State and political subdivision				
Mortgage-backed securities: residential				
Mortgage-backed securities: commercial				
Collateralized mortgage obligations				
Collateralized debt obligations				
Other				
Total available-for-sale	$	$	$	$

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Held-to-maturity				
Mortgage backed residential	$	$	$	$
Other				
Total held-to-maturity	$	$	$	$

The Company reassessed classification of certain investments and effective <date> the Company transferred $< > of <type> from available-for-sale to held-to-maturity securities. <At the time of transfer, the Company reversed the allowance for credit loss associated with the available-for-sale securities through credit loss expense.> The securities were transferred at their amortized cost basis, net of any remaining unrealized gain or loss reported in accumulated other comprehensive income. The related unrealized gain of $< > included in other comprehensive income remained in other comprehensive income, to be amortized out of other comprehensive income with an offsetting entry to interest income as a yield adjustment through earnings over the remaining term of the securities. Subsequent to transfer, the allowance for credit losses on these securities was evaluated under the accounting policy for HTM debt securities.

The proceeds from sales and calls of securities and the associated gains and losses are listed below:

	2023	2022	2021
Proceeds	$	$	$
Gross gains			
Gross losses			

(Dollar amounts in thousands except per share data)

NOTE 2 - DEBT SECURITIES (Continued)

The tax benefit (provision) related to these net realized gains and losses was $____, $____, and $_____, respectively.

The amortized cost and fair value of debt securities are shown by contractual maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.[73]

	December 31, 2023	
	Amortized Cost	Fair Value
Available-for-sale		
Within one year	$	$
One to five years		
Five to ten years		
Beyond ten years		
Mortgage-backed securities: residential		
Mortgage-backed securities: commercial		
Collateralized mortgage obligations		
Collateralized debt obligations		
Total	$	$
Held-to-maturity		
One to five years	$	$
Mortgage backed: residential		
Total	$	$

Securities pledged at year-end 2023 and 2022 had a carrying amount of $______ and $______ and were pledged to secure public deposits and repurchase agreements.

Note: The paragraph that follows is an example to address the requirements of ASC 825-10-50-20 and ASC 825-10-50-21. This guidance requires entities to disclose all significant concentrations of credit risk arising from all financial instruments, whether from an individual counterparty or groups of counterparties.

At year-end 2023 and 2022, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity. [or there were holdings of $_____ in securities issued by ….]

(Dollar amounts in thousands except per share data)

NOTE 2 - DEBT SECURITIES (Continued)

The following table summarizes debt securities available-for-sale in an unrealized loss position for which an allowance for credit losses has not been recorded at December 31, 2023, aggregated by major security type and length of time in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2023						
Available-for-sale						
U.S. Treasury and federal agency	$	$	$	$	$	$
U.S. government sponsored entities and agencies						
States and political subdivisions						
Mortgage-backed securities – residential						
Mortgage-backed securities – commercial						
Collateralized mortgage obligations						
Collateralized debt obligations						
Other securities						
Total available-for-sale	$	$	$	$	$	$

Crowe Observation

Per ASC 326-30-50-4, the following disclosure should be made by major security type and significant inputs used to measure the amount related to credit losses. Examples of significant inputs include: performance indicators of the underlying assets in the security (including default rates, delinquency rates, and percentage of nonperforming assets); debt-to-collateral-value ratios; guarantees; current levels of subordination; vintage; geographic concentration; industry analyst reports and forecasts; credit ratings; and other market data that are relevant to the collectability of the security.

<Example when an allowance for credit losses on an available-for-sale security is not recognized (modify as appropriate): Unrealized losses on corporate bonds have not been recognized into income because the issuer(s) bonds are of high credit quality (rated AA or higher), management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuer(s) continues to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bond(s) approach maturity.>

Note: Entities must evaluate if a decline in the fair value below amortized cost resulted from credit loss or other factors. The analysis should consider the guidance in ASC 326-30-35-6 and ASC 326-30-55-1 through 55-4 when determining whether a credit loss exists. The reference to the credit rating is an example of one factor that should be considered and the guidance requires that other factors should also considered to conclude is a credit loss exists.>

(Continued)

NOTE 2 - DEBT SECURITIES (Continued)

Crowe Observation

Per ASC 326-30-50-7, the following disclosure should be made by major security type and significant inputs used to measure the amount related to credit losses. Examples of significant inputs include: performance indicators of the underlying assets in the security (including default rates, delinquency rates, and percentage of nonperforming assets); debt-to-collateral-value ratios; guarantees; current levels of subordination; vintage; geographic concentration; industry analyst reports and forecasts; credit ratings; and other market data that are relevant to the collectability of the security.

The following paragraphs are intended as a starting point for the requirement in ASC 326-20-50-7; these disclosures should be customized for each institution's portfolio.

As of December 31, 2023, the Company's security portfolio consisted of XXX securities, XX of which were in an unrealized loss position. [The severity of the impairment should also be considered for disclosure.] The majority of unrealized losses are related to the Company's mortgage-backed and other securities, as discussed below:

Mortgage-Backed Securities

At December 31, 2023, approximately XX% of the mortgage-backed securities held by the Company were issued by U.S. government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at December 31, 2023.

The Company's mortgage-backed securities portfolio includes non-agency collateralized mortgage obligations with a fair value of $<> million which had unrealized losses of approximately $<> million at December 31, 2023. These non-agency mortgage-backed securities were rated AAA at purchase. The Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery. The issuer(s) continues to make timely principal and interest payments on the bonds. The Company evaluates if a credit loss exists by, monitoring to ensure it has adequate credit support and as of December 31, 2023, the Company believes there is [discuss allowance for credit loss expected considering the guidance in ASC 326-30-35-2; ASC 326-30-35-6; and ASC 326-30-55-1 through 55-4].

Other Securities

The Company's unrealized losses on other securities relate primarily to its investment in pooled trust preferred securities. Due to the illiquidity in the market, it is unlikely that the Company would be able to recover its investment in these securities if the Company sold the securities at this time.

(Dollar amounts in thousands except per share data)

NOTE 2 - DEBT SECURITIES (Continued)

Our analysis of <> of these investments includes $<> million book value of pooled trust preferred securities (CDOs). At December 31, 2023, S&P rated these securities as B+/B-, which are defined as highly speculative, and C, which is defined as default, with some recovery. The issuers in these securities are primarily banks, but some of the pools do include a limited number of insurance companies. The Company compared the present value of expected cash flows to the previous estimate to ensure there are no adverse changes in cash flows during the quarter. The allowance for credit losses methodology considers the structure and term of the CDO and the financial condition of the underlying issuers. Specifically, the model details interest rates, principal balances of note classes and underlying issuers, the timing and amount of interest and principal payments of the underlying issuers, and the allocation of the payments to the note classes. The current estimate of expected cash flows is based on the most recent trustee reports and any other relevant market information including announcements of interest payment deferrals or defaults of underlying trust preferred securities. Assumptions used in the model include expected future default rates and prepayments. We assume no recoveries on defaults and treat all interest payment deferrals as defaults. Upon completion of the December 31, 2023, analysis, our model indicated impairment on <> of these securities, all of which experienced additional defaults or deferrals during the period. These <> securities had an allowance for credit losses of $<> million, of which $<> million was recorded as credit loss expense and $<> million was recorded in accumulated other comprehensive income. These <> securities remained classified as available-for-sale at December 31, 2023, and together, the <> securities accounted for $<> million of the unrealized loss in the other securities category at December 31, 2023.

The table below presents a rollforward by major security type for the year ended December 31, 2023 of the allowance for credit losses on debt securities available-for-sale held at period end:

> ***Crowe Observation***
>
> *The following illustration should be made by major security type, as applicable. Mortgage-backed Residential and Other were used for purposes of the illustration only and other types should be added as applicable.*

	Mortgage-backed Residential	Other
Beginning balance, January 1, 2023	$	$
Impact of adopting ASC 326[39]		
Additions for securities for which no previous expected credit losses were recognized		
Additions for purchases of financial assets with credit deterioration		
Reductions for securities sold		
Reductions for securities intended to be sold and/or it is more likely than not will be required to sell before recovery		
Additional increase/decrease on securities that previously had an allowance		
Write offs charged against the allowance		
Recoveries of amounts previously written off		
Ending balance, December 31, 2023	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 2 - DEBT SECURITIES (Continued)

The following table presents the activity in the allowance for credit losses for debt securities held-to-maturity by major security type for the year ended December 31, 2023:

	Mortgage-backed Residential	Other
December 31, 2023		
Allowance for credit losses:		
Beginning balance	$	$
Impact of adopting ASC 326[39]		
Credit loss expense		
Allowance on purchased financial assets with credit deterioration		
Securities charged-off		
Recoveries		
Total ending allowance balance	$	$

Crowe Observation

Per ASC 326-20-50-11, in order to enable a financial statement user to understand management's allowance for credit loss methodology, understand the information management used to develop its estimate of credit losses, and understand circumstances that caused changes to the estimate of credit losses, the disclosures should include a discussion of the following items [Note the following do not include all of the requirements of ASC 326-20-50-11 as a portion of those requirements were covered by the illustrative accounting policy disclosures portrayed in the previous note]:

- *The factors that influenced management's current estimate of expected credit losses including past events, current conditions, and reasonable and supportable forecasts about the future.*
- *Changes in the factors that influenced the current estimate of expected credit losses and the reasons for those changes (changes in composition, significant events or conditions that affect the current estimate that would not contemplated or relevant during a previous period, etc. should be disclosed).*
- *Changes to the Company's accounting policies or methodology from the prior period, management's rationale for any changes, and quantitative effect of those changes.*
- *Reasons for significant changes in the amount of write-offs, if applicable.*
- *The reversion method applied for periods beyond the reasonable and supportable forecast should be disclosed.*

[If applicable] The Company recorded the change in the allowance for credit losses due to the passage of time in interest income of $<> during the year ended December 31, 2023[74] for debt securities held-to-maturity.

(Dollar amounts in thousands except per share data)

NOTE 2 - DEBT SECURITIES (Continued)

Credit Quality Indicators[75] [76]:

The Company monitors the credit quality of debt securities held-to-maturity through the use of credit rating. The Company monitors the credit rating on a [disclose frequency in which the credit quality indicator is updated and when the last time the credit quality indicators were updated]. [In accordance with ASC 326-20-50-5 and 50-8, an entity shall disclose information about credit quality for each major security type. The example shown here is for those bonds that have a credit rating. Credit quality indicators should also be shown for major security types such that credit rating is not the key credit quality indicator.] The following table summarizes the amortized cost of debt securities held-to-maturity at December 31, 2023, aggregated by credit quality indicator[77]:

	Held-to-Maturity	
	Mortgage-backed: Residential	Other
December 31, 2023		
AAA/AA/A	$	$
BBB/BB/B		
Total	$	$

The following tables present the amortized cost of debt securities held-to-maturity on nonaccrual and past due over 89 days still on accrual by major security type as of December 31, 2023:

	Nonaccrual		Past Due Over 89 Days Still Accruing
	Jan 1, 2023	Dec 31, 2023	Dec 31, 2023
Mortgage-backed residential	$	$	$
Other			
Total	$	$	$

The Company recognized $<> of interest income on nonaccrual debt securities held-to-maturity during the year ended December 31, 2023.

Nonaccrual debt securities held-to-maturity of $<> do not have a related allowance for credit losses at December 31, 2023.

(Dollar amounts in thousands except per share data)

NOTE 2 - DEBT SECURITIES (Continued)

A security is considered to be past due once it is <> days contractually past due under the terms of the agreement. The following table presents the aging of the amortized cost basis in past-due debt securities held-to-maturity as of December 31, 2023 by major security type:

	Mortgage-backed Residential	Other
December 31, 2023		
30 – 59 days past due	$	$
60 – 89 days past due		
Greater than 89 days past due		
Total past due		

> ***Crowe Observation***
>
> *ASC 326-20-50-20 requires a qualitative description, by major security type, of the extent to which collateral secures its collateral-dependent financial assets, and significant changes in the extent to which collateral secures its collateral dependent financial assets, whether because of a general deterioration or some other reason.*
>
> *The following disclosure is only required for held-to-maturity debt securities that are collateral dependent.*

[If applicable] The following table presents the amortized cost basis of collateral-dependent debt securities held-to-maturity as of December 31, 2023 by collateral type:

	<Collateral Type>	<Collateral Type>	Total
December 31, 2023			
Mortgage-backed residential	$	$	$
Other			
	$	$	$

Available-for-sale debt securities purchased with credit deterioration during the year ended December 31, 2023 are as follows:

Purchase price of securities at acquisition	$
Allowance for credit losses at acquisition	
Non-credit discount/(premium) at acquisition	
Par value of acquired securities at acquisition	$

Held-to-maturity debt securities purchased with credit deterioration during the year ended December 31, 2023 are as follows:

Purchase price of acquired securities at acquisition	$
Allowance for credit losses at acquisition	
Discount/Premium at acquisition	
Par value of acquired securities at acquisition	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 2 - DEBT SECURITIES (Continued)

The following table summarizes securities with unrealized and unrecognized losses at December 31, 2022, aggregated by major security type and length of time in a continuous unrealized or unrecognized loss position:

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2022						
Available-for-sale						
U.S. Treasury and federal agency	$	$	$	$	$	$
U.S. government sponsored entities and agencies						
States and political subdivisions						
Mortgage-backed securities – residential						
Mortgage-backed securities – commercial						
Collateralized mortgage obligations						
Collateralized debt obligations						
Other securities						
Total available-for-sale	$	$	$	$	$	$

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses
December 31, 2022						
Held-to-maturity						
Mortgage-backed: residential	$	$	$	$	$	$
Other securities						
Total held-to-maturity	$	$	$	$	$	$

Total other-than-temporary impairment recognized in accumulated other comprehensive income was $<> and $<> for securities available-for-sale and securities held-to-maturity at December 31, 2022.

<Example when impairment is not recognized (modify as appropriate): Unrealized losses on corporate bonds have not been recognized into income because the issuer(s) bonds are of high credit quality (rated AA or higher), management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuer(s) continues to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bond(s) approach maturity.>

NOTE 2 - DEBT SECURITIES (Continued)

As of December 31, 2022, the Company's security portfolio consisted of XXX securities, XX of which were in an unrealized loss position. The majority of unrealized losses are related to the Company's mortgage-backed and other securities, as discussed below:

Mortgage-Backed Securities

At December 31, 2022, approximately XX% of the mortgage-backed securities held by the Company were issued by U.S. government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at December 31, 2022.

The Company's mortgage-backed securities portfolio includes non-agency collateralized mortgage obligations with a fair value of $XXX million which had unrealized losses of approximately $XX.X million at December 31, 2022. These non-agency mortgage-backed securities were rated AAA at purchase. The Company monitors to ensure it has adequate credit support and as of December 31, 2022, the Company believes there is no OTTI and does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery. The issuer(s) continues to make timely principal and interest payments on the bonds.

Other Securities

The Company's unrealized losses on other securities relate primarily to its investment in pooled trust preferred securities. Due to the illiquidity in the market, it is unlikely that the Company would be able to recover its investment in these securities if the Company sold the securities at this time.

Our analysis of <> of these investments includes $<> million book value of pooled trust preferred securities (CDOs). At December 31, 2022, S&P rated these securities as B+/B-, which are defined as highly speculative, and C, which is defined as default, with some recovery. The issuers in these securities are primarily banks, but some of the pools do include a limited number of insurance companies. The Company uses the OTTI evaluation model to compare the present value of expected cash flows to the previous estimate to ensure there are no adverse changes in cash flows during the quarter. The OTTI model considers the structure and term of the CDO and the financial condition of the underlying issuers. Specifically, the model details interest rates, principal balances of note classes and underlying issuers, the timing and amount of interest and principal payments of the underlying issuers, and the allocation of the payments to the note classes. The current estimate of expected cash flows is based on the most recent trustee reports and any other relevant market information including announcements of interest payment deferrals or defaults of underlying trust preferred securities. Assumptions used in the model include expected future default rates and prepayments. We assume no recoveries on defaults and treat all interest payment deferrals as defaults. Upon completion of the December 31, 2022, analysis, our model indicated other-than-temporary impairment on <> of these securities, all of which experienced additional defaults or deferrals during the period. These <> securities had OTTI losses of $XX million, of which $X million was recorded as expense and $XX million was recorded in accumulated other comprehensive income. These <> securities remained classified as available for sale at December 31, 2022, and together, the <> securities accounted for $XX.X million of the unrealized loss in the other securities category at December 31, 2022.

(Continued)

NOTE 2 - DEBT SECURITIES (Continued)

The table below presents a rollforward for the years ended December 31, 2022 and 2021, of the credit losses recognized in earnings for securities held at period end:

	2022	2021
Beginning balance, January 1,	$	$
Additions for credit losses on securities for which no previous other-than-temporary impairment was recognized		
Increases to credit losses on securities for which other-than-temporary impairment was previously recognized		
Reductions for previous credit losses realized on securities sold during the year		
Reductions for previous credit losses related to securities the company now intends to sell or will be more likely than not required to sell		
Reductions for previous credit losses due to an increase in cash flows expected to be collected		
Ending balance, December 31,	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES[78]

Note: Under ASC 815-10-50-5B, for existing hedging relationships designated under the portfolio layer method, an entity shall not disclose the basis adjustment on a more disaggregated basis than the portfolio layer method closed portfolio unless disaggregation is required in accordance with ASC 815-20-45-4.

If other Topics require disclosure of the amortized cost basis of assets included in the closed portfolio on a basis that requires disaggregating the assets in the closed portfolio, then the entity shall exclude the portfolio layer method adjustment from the amortized cost basis of those assets. In that case, the entity shall disclose the total amount of the portfolio layer method basis adjustment excluded from the amortized cost basis of the assets included in the closed portfolio.

Loans at year-end were as follows:

	2023	2022
Commercial	$	$
Commercial real estate:		
Construction		
Other		
Residential real estate:		
Nontraditional		
Other		
Consumer:		
Credit card		
Auto:		
Auto – direct		
Auto – indirect		
Other		
Subtotal		
Less: Net deferred loan fees and costs		
Allowance for credit losses		
Loans, net[79]	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ended December 31, 2023:

December 31, 2023	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Auto	Credit Card	Consumer Other	Total
Allowance for credit losses:							
Beginning balance, prior to adoption of ASC 326	$	$	$	$	$	$	$
Impact of adopting ASC 326[39]							
Credit loss expense							
Initial allowance on loans purchased with credit deterioration							
Loans charged-off							
Recoveries collected							
Total ending allowance balance	$	$	$	$	$	$	$

[If applicable] The Company recorded the change in the allowance for credit losses due to the passage of time of $<> in interest income during the year ended December 31, 2023[80]

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the activity in the allowance for loan losses by portfolio segment for each of the years ending December 31, 2022 and 2021:

December 31, 2022	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Auto	Credit Card	Consumer Other	Total
Allowance for loan losses:							
Beginning balance	$	$	$	$	$	$	$
Provision for loan losses							
Loans charged-off							
Recoveries							
Total ending allowance balance	$	$	$	$	$	$	$

December 31, 2021	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Auto	Credit Card	Consumer Other	Total
Allowance for loan losses:							
Beginning balance	$	$	$	$	$	$	$
Provision for loan losses							
Loans charged-off							
Recoveries							
Total ending allowance balance	$	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment[81] and based on impairment method as of December 31, 2022:

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Auto	Credit Card	Consumer Other	Total
December 31, 2022							
Allowance for loan losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$	$	$	$	$	$	$
Collectively evaluated for impairment							
Acquired with deteriorated credit quality							
Total ending allowance balance	$	$	$	$	$	$	$
Loans:							
Loans individually evaluated for impairment	$	$	$	$	$	$	$
Loans collectively evaluated for impairment							
Loans acquired with deteriorated credit quality							
Total ending loans balance	$	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents information related to impaired loans by class of loans as of and for the years ended December 31, 2022:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
December 31, 2022						
With no related allowance recorded:						
Commercial	$	$	$	$	$	$
Commercial real estate:						
Construction						
Other						
Residential real estate:						
Nontraditional						
Other						
Subtotal						
With an allowance recorded:						
Commercial						
Commercial real estate:						
Construction						
Other						
Residential real estate:						
Nontraditional						
Other						
Subtotal						
Total	$	$	$	$	$	$

The recorded investment in loans includes accrued interest receivable and loan origination fees, net. <The recorded investment in loans excludes accrued interest receivable and loan origination fees, net due to immateriality.> For purposes of this disclosure, the unpaid principal balance is not reduced for partial charge-offs.

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents information for impaired loans for the year ended December 31, 2021:

	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
December 31, 2021			
With no related allowance recorded:			
Commercial	$	$	$
Commercial real estate:			
Construction			
Other			
Residential real estate:			
Nontraditional			
Other			
Subtotal			
With an allowance recorded:			
Commercial			
Commercial real estate:			
Construction			
Other			
Residential real estate:			
Nontraditional			
Other			
Subtotal			
Total	$	$	$

Non-accrual loans and loans past due over 89 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. Impaired loans include commercial loans that are individual evaluated for impairment and deemed impaired (i.e., individually classified impaired loans). The sum of non-accrual loans and loans past due over 89 days still on accrual will differ from the total impaired loan amount.

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Crowe Observations

Per ASC 326-20-50-11, disclosure should include a discussion of the following items:

- *The factors that influenced management's current estimate of expected credit losses including past events, current conditions, and reasonable and supportable forecasts about the future.*
- *Changes in the factors that influenced the current estimate of expected credit losses and the reasons for those changes (changes in composition, significant events or conditions that affect the current estimate but were not contemplated or relevant during a previous period, etc. should be disclosed).*
- *The reversion method applied for periods beyond the reasonable and supportable forecast should be disclosed.*

Example disclosures include the following:

The cumulative loss rate used as the basis for the estimate of credit losses is comprised of the Company's historical loss experience from <period 1> to <period 2><adjustments will be needed if external information or a combination of internal and external information is used>. As of December 31, 2023, the Company expects that the markets in which it operates will experience a decline in economic conditions and an increase in the unemployment rate and level and trend of delinquencies, over the next two years. Management adjusted the historical loss experience for these expectations. No reversion adjustments were necessary, as the starting point for the Company's estimate was a cumulative loss rate covering the expected contractual term of the portfolio.

<A description of how expected loss estimates are developed is required for each portfolio segment including a discussion of the factors that influenced the current estimate of expected credit losses including past events, current conditions, and reasonable and supporting forecasts about the future>.

The following tables present the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of December 31, 2023:

	Nonaccrual With No Allowance for Credit Loss	Nonaccrual	Loans Past Due Over 89 Days Still Accruing
Commercial	$	$	$
Commercial real estate:			
Construction			
Other			
Consumer:			
Credit card			
Other			
Auto:			
Auto – direct			
Auto – indirect			
Residential real estate:			
Nontraditional			
Other			
Total	$	$	$

The Company recognized $<> of interest income on nonaccrual loans during the year ended December31, 2023[82].

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables present the recorded investment in non-accrual and loans past due over 89 days still on accrual by class of loans as of December 31, 2022:

	Non-accrual	Loans Past Due Over 89 Days Still Accruing
Commercial	$	$
Commercial real estate:		
Construction		
Other		
Consumer:		
Credit card		
Other		
Auto:		
Auto – direct		
Auto – indirect		
Residential real estate:		
Nontraditional		
Other		
Total	$	$

The following tables present the amortized cost basis of collateral-dependent loans by class of loans as of December 31, 2023:

	<Collateral Type>	< Collateral Type >
Commercial	$	$
Commercial real estate:		
Construction		
Other		
Consumer:		
Credit card		
Other		
Auto:		
Auto – direct		
Auto – indirect		
Residential real estate:		
Nontraditional		
Other		
Total	$	$

ASC 326-20-50-20 requires a qualitative description, by class of financing receivable, of the extent to which collateral secures its collateral-dependent financial assets, and significant changes in the extent to which collateral secures its collateral dependent financial assets, whether because of a general deterioration or some other reason.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the aging of the amortized cost basis in past-due loans as of December 31, 2023 and 2022 by class of loans:

	30 – 59 Days Past Due	60 – 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
December 31, 2023						
Commercial	$	$	$	$	$	$
Commercial real estate:						
Construction						
Other						
Consumer:						
Credit card						
Other						
Auto:						
Auto – direct						
Auto – indirect						
Residential:						
Nontraditional						
Other						
Total	$	$	$	$	$	$

	30 – 59 Days Past Due	60 – 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
December 31, 2022						
Commercial	$	$	$	$	$	$
Commercial real estate:						
Construction						
Other						
Consumer:						
Credit card						
Other						
Auto:						
Auto – direct						
Auto – indirect						
Residential:						
Nontraditional						
Other						
Total	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Occasionally, the Company modifies loans to borrowers in financial distress by providing [disclose type of modification that is applicable – principal forgiveness, term extension, an other-than-insignificant payment delay or interest rate reduction]. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses.

In some cases, the Company provides multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. For the loans included in the “combination” columns below, multiple types of modifications have been made on the same loan within the current reporting period. The combination is at least two of the following: [adjust list as applicable - a term extension, principal forgiveness, an other-than-insignificant payment delay and/or an interest rate reduction].

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the amortized cost basis of loans at December 31, 2023 that were both experiencing financial difficulty and modified during the year ended December 31, 2023, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below

Dollars in Thousands	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Term Extension and Principal Forgiveness[83]:	Combination Term Extension Interest Rate Reduction[83]	Total Class of Financing Receivable
Commercial	$	$	$	$	$	$	%
Commercial real estate:							
Construction							
Other							
Consumer:							
Credit Card							
Other							
Auto:							
Auto – direct							
Auto – indirect							
Residential real estate:							
Nontraditional							
Other							
Total	$	$	$	$	$	$	%

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The Company has committed to lend additional amounts totaling $_____ to the borrowers included in the previous table.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of such loans that have been modified in the last 12 months:

	30 – 59 Days Past Due	60 – 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
December 31, 2023				
Commercial	$	$	$	$
Commercial real estate:				
Construction				
Other				
Consumer:				
Credit card				
Other				
Auto:				
Auto – direct				
Auto – indirect				
Residential:				
Nontraditional				
Other				
Total	$	$	$	$

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the year ended December 31, 2023:

	Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension
Commercial	$	%	<months/years>
Commercial real estate:			
Construction			
Other			
Consumer:			
Credit card			
Other			
Auto:			
Auto – direct			
Auto – indirect			
Residential real estate:			
Nontraditional			
Other			
Total	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the amortized cost basis of loans that had a payment default during the year ended December 31, 2023 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction
Commercial	$	$	$	$
Commercial real estate:				
Construction				
Other				
Consumer:				
Credit Card				
Other				
Auto:				
Auto – direct				
Auto – indirect				
Residential real estate:				
Nontraditional				
Other				
Total	$	$	$	$

Upon the Company’s determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount. [ASC 310-10-50-44 indicates qualitative information should be disclosed, by portfolio segment, regarding how the defaults are factored into determining the allowance for credit losses].

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Indicators:[84]

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually to classify the loans as to credit risk. This analysis includes loans with an outstanding balance greater than $<> and non-homogeneous loans, such as commercial and commercial real estate loans. This analysis is performed on a <how often> basis. The Company uses the following definitions for risk ratings:

> **Special Mention.** Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

> **Substandard.** Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

> **Doubtful.** Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass-rated loans. Loans listed as not rated are either less than $<> or are included in groups of homogeneous loans. <In accordance with ASC 310-10-55, an entity shall disclose credit quality indicators for each class of financing receivable. The example shown here is for those classes that are rated. Credit quality indicators should also be shown on the class of loans that is not rated (such as delinquency and performance).>

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows[85]

Crowe Observation

The following example illustrates the presentation of credit quality disclosures for a financial institution with a narrow range of loan products offered to local customers—both consumer and commercial. Depending on the size and complexity of an institution's portfolio of financing receivables, disclosures that are more or less detailed than the following example may be appropriate. An institution may choose other methods of determining the class of financing receivable and may determine different credit quality indicators that reflect how credit risk is monitored. Some institutions may have more than one credit quality indicator for certain classes of financing receivables.

In the year of initial application of ASC 326, a public business entity that is not an SEC filer may phase-in the disclosure of credit quality indicators by year of origination by only presenting the three most recent origination years (including the first year of adoption). In each subsequent fiscal year, the then-current origination year will be added in the periods after adoption until a total of five origination years are presented. Origination years before those that are presented separately should be disclosed in the aggregate.

For example, for a 2023 public business entity adopter, 2023, 2022, 2021 and prior will be presented. In 2024, the same adopter will present 2024, 2023, 2022, 2021 and prior. In 2025 the same adopter will be fully-phased in with five years presented: 2025, 2024, 2023, 2022, 2021, and prior.

The requirement to present the amortized cost basis within each credit quality indicator by year of origination is not required for an entity that is not a public business entity. Note: entities that are not public business entities are required to disclose credit quality indicators of financing receivables. The disclosure will likely be similar to that for December 31, 2022.

	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of December 31, 2023									
Commercial:									
Risk rating									
Pass	$	$	$	$	$	$	$	$	$
Special mention									
Substandard									
Doubtful									
Total commercial loans	$	$	$	$	$	$	$	$	$
Commercial loans:									
Current period gross write offs	$	$	$	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of December 31, 2023 (cont.)									
Commercial real estate - construction:									
Risk rating									
Pass	$	$	$	$	$	$	$	$	$
Special mention									
Substandard									
Doubtful									
Total commercial real estate – construction loans	$	$	$	$	$	$	$	$	$
Commercial real estate - construction:									
Current period gross write offs	$	$	$	$	$	$	$	$	$
Commercial real estate - other:									
Risk rating									
Pass	$	$	$	$	$	$	$	$	$
Special mention									
Substandard									
Doubtful									
Total commercial real estate – other loans	$	$	$	$	$	$	$	$	$
Commercial real estate – other loans:									
Current period gross write offs	$	$	$	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The Company considers the performance of the loan portfolio and its impact on the allowance for credit losses. For residential and consumer loan classes, the Company also evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity. The following table presents the amortized cost in residential and consumer loans based on payment activity:

	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of December 31, 2023									
Consumer – other:									
Payment performance									
Performing	$	$	$	$	$	$	$	$	$
Nonperforming									
Total consumer - other loans	$	$	$	$	$	$	$	$	$
Consumer - other:									
Current period gross write offs	$	$	$	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of December 31, 2023									
Auto - direct:									
Payment performance									
Performing	$	$	$	$	$	$	$	$	$
Nonperforming									
Total auto – direct loans	$	$	$	$	$	$	$	$	$
Auto - direct:									
Current period gross write offs	$	$	$	$	$	$	$	$	$
Auto - indirect:									
Payment performance									
Performing	$	$	$	$	$	$	$	$	$
Nonperforming									
Total auto – indirect loans	$	$	$	$	$	$	$	$	$
Auto - indirect:									
Current period gross write offs	$	$	$	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of December 31, 2023									
Residential real estate - nontraditional:									
Payment performance									
Performing	$	$	$	$	$	$	$	$	$
Nonperforming									
Total residential real estate – nontraditional loans	$	$	$	$	$	$	$	$	$
Residential real estate – nontraditional:									
Current period gross write offs	$	$	$	$	$	$	$	$	$
Residential real estate - other:									
Payment performance									
Performing	$	$	$	$	$	$	$	$	$
Nonperforming									
Total residential real estate - other loans	$	$	$	$	$	$	$	$	$
Residential real estate – other:									
Current period gross write offs	$	$	$	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	Pass	Special Mention	Substandard	Doubtful	Not Rated
December 31, 2022					
Commercial	$	$	$	$	$
Commercial real estate:					
Construction					
Other					
Residential:					
Nontraditional					
Other					
Total	$	$	$	$	$

The Company considers the performance of the loan portfolio and its impact on the allowance for loan losses. For residential and consumer loan classes, the Company also evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity. The following table presents the recorded investment in residential and consumer loans based on payment activity:

	Consumer				Residential	
	Credit Card	Other	Direct Auto	Indirect Auto	Nontraditional	Other
December 31, 2022						
Performing	$	$	$	$	$	$
Nonperforming						
Total	$	$	$	$	$	$

The following table presents loans purchased and/or sold during the year by portfolio segment:

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer	Total
December 31, 2023					
Purchases	$	$	$	$	$
Sales					

The following table presents financing receivables purchased and/or sold during the year by portfolio segment:

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer	Total
December 31, 2022					
Purchases	$	$	$	$	$
Sales					

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Purchased Credit Deteriorated Loans

The Company has purchased loans, for which there was, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. The carrying amount of those loans is as follows:

	2023
Purchase price of loans at acquisition	$
Allowance for credit losses at acquisition	
Non-credit discount/(premium) at acquisition	
Par value of acquired loans at acquisition	$

Purchased Credit Impaired Loans:

The Company has purchased loans, for which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected. The carrying amount of those loans is as follows:

	2022
Commercial	$
Consumer	
Outstanding balance	$
Carrying amount, net of allowance of $______ and $______	$

Accretable yield, or income expected to be collected, is as follows:

	2022	2021
Balance at January 1	$	$
New loans purchased		
Accretion of income		
Reclassifications from nonaccretable difference		
Disposals		
Balance at December 31	$	$

For those purchased credit impaired loans disclosed above, the Company increased the allowance for loan losses by $______, and $______ during 2022 and 2021. No allowances for loan losses were reversed during 2022, and 2021.

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

Purchased credit impaired loans purchased during the year<s> ending December 31, 2022 <and 2021>, for which it was probable at acquisition that all contractually required payments would not be collected are as follows:

	2022	2021
Contractually required payments receivable of loans purchased during the year:		
Commercial	$	$
Consumer		
	$	$
Cash flows expected to be collected at acquisition	$	$
Fair value of acquired loans at acquisition		

Income is not recognized on purchased credit impaired loans if the Company cannot reasonably estimate cash flows expected to be collected. The carrying amounts of such loans are as follows:

	2022	2021
Loans at beginning of year	$	$
Loans purchased during the year		
Loans at end of year		

NOTE 4 - REAL ESTATE OWNED

Real estate owned activity was as follows:

	2023	2022	2021
Beginning balance	$	$	$
Loans transferred to real estate owned			
Capitalized expenditures			
Direct write-downs			
Sales of real estate owned			
End of year	$	$	$

At December 31, 2023 and 2022, the balance of real estate owned includes $______ and $______, respectively of foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property. At December 31, 2023 and 2022, the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process is $______ and $______, respectively.

NOTE 4 - REAL ESTATE OWNED (Continued)

Activity in the valuation allowance was as follows:

	2023	2022	2021
Beginning of year	$	$	$
Provisions/(recoveries) charged/(credited) to expense			
Reductions from sales of real estate owned			
Direct write-downs			
End of year	$	$	$

Expenses related to foreclosed assets include:

	2023	2022	2021
Net loss (gain) on sales	$	$	$
Provision for unrealized losses			
Operating expenses, net of rental income			
	$	$	$

NOTE 5 - FAIR VALUE[86]

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate fair value:

NOTE 5 - FAIR VALUE (Continued)

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2), using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

<Loans Held for Sale, at Fair Value: The fair value of loans held for sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan (Level 2).>

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. Such adjustments were $XX for 2022 and $XX for 2021 primarily due to < > and resulted in a Level 3 classification of the inputs for determining fair value[87]. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted in accordance with the allowance policy.

Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach with data from comparable properties. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments were $XX for 2023 and $XX for 2022 primarily due to <…> and resulted in a Level 3 classification of the inputs for determining fair value[88]. Real estate owned properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

NOTE 5 - FAIR VALUE (Continued)

<Appraisals for both collateral-dependent impaired loans and real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Appraisal Department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. On an annual basis, the Company compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to the appraisal value to arrive at fair value. The most recent analysis performed indicated that a discount of 20% should be applied to properties with appraisals performed within 12 months and with appraisal values of less than $200,000. A discount of 25% should be applied to properties with appraisals performed within 12 months and with appraisal values of greater than $200,000. Total adjustments were $XX for 2022 and $XX for 2021. These adjustments were included in the charge-off to the allowance upon acquisition of the foreclosed property and/or upon partial charge-off of the impaired loan. The most recent analysis of property appraisals including the appropriate discount rates are incorporated into the allowance methodology for the respective loan portfolio segments.>

Loan Servicing Rights: On a quarterly basis, loan servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. If the carrying amount of an individual tranche exceeds fair value, impairment is recorded on that tranche so that the servicing asset is carried at fair value. Fair value is determined at a tranche level, based on market prices for comparable mortgage servicing contracts (Level 2), when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model utilizes interest rate, prepayment speed, and default rate assumptions that market participants would use in estimating future net servicing income and that can be validated against available market data (<Level 2 or 3>).

Loans Held For Sale: Loans held for sale are carried at the lower of cost or fair value, which is evaluated on a pool-level basis. The fair value of loans held for sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, such as outstanding commitments from third party investors (Level 2).

Safeguarding Assets and Liabilities: Safeguarding liabilities and corresponding safeguarding assets represent the Company’s obligation to safeguard <type of digital asset> collateral held by certain regulated digital currency exchanges and other custodians for <explain products> subject to accounting guidance issued in SAB 121. The Company uses <explain pricing source> of <type of digital asset> to record the safeguarding liabilities and corresponding safeguarding assets at fair value. The fair value of the safeguarding liabilities and corresponding safeguarding assets related to these digital assets are classified as <Level 1, 2 or 3> under the fair value hierarchy.

(Continued)

NOTE 5 - FAIR VALUE (Continued)

Assets and liabilities measured at fair value on a recurring basis, are summarized below:

	Fair Value Measurements at December 31, 2023 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Investment securities available-for-sale	$	$	$	$
U.S. government-sponsored entities and agencies				
States and political subdivisions				
Mortgage-backed securities – residential				
Mortgage-backed securities – commercial				
Collateralized mortgage obligations				
Collateralized debt obligations				
Other securities				
Total investment securities available-for-sale	$	$	$	$
Equity securities	$	$	$	$
Loans held for sale, at fair value[89]	$	$	$	$
Derivatives[90]	$	$	$	$
Safeguarding assets	$	$	$	$
Financial liabilities				
Derivatives	$	$	$	$
Safeguarding liabilities				
	$	$	$	$

NOTE 5 - FAIR VALUE (Continued)

	Fair Value Measurements at December 31, 2022 Using:			
(Dollars in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Investment securities available-for-sale	$	$	$	$
U.S. government-sponsored entities and agencies				
States and political subdivisions				
Mortgage-backed securities – residential				
Mortgage-backed securities – commercial				
Collateralized mortgage obligations				
Collateralized debt obligations				
Other securities				
Total investment securities available-for-sale	$	$	$	$
Equity securities	$	$	$	$
Loans held for sale, at fair value	$	$	$	$
Derivatives	$	$	$	$
Financial liabilities				
Derivatives	$	$	$	$

(Dollar amounts in thousands except per share data)

NOTE 5 - FAIR VALUE (Continued)

The table below presents a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31:

	Mortgage-Backed Securities – Residential[91]		Collateralized Debt Obligations	
	2023	2022	2023	2022
Balance of recurring Level 3 assets at January 1	$	$	$	$
Total gains or losses for the period:				
Included in earnings <provide f/s line item>				
Included in other comprehensive Income <provide f/s line item>				
Purchases				
Sales				
Issuances				
Settlements				
Transfers into Level 3				
Transfers out of Level 3				
Balance of recurring Level 3 assets at December 31	$	$	$	$

Note: Under ASU 2018-13, instead of the tabular rollforward of activity above, nonpublic entities are only required to separately disclose for these Level 3 fair value measurements changes during the period attributable to (1) purchases and issues (each type separately) and (2) transfers into or out of Level 3 (each type separately, and the reasons for those transfers must also be disclosed).

Two residential mortgage-backed securities with a fair value of $<> as of December 31, 2023 were transferred from Level 3 to Level 2 because observable market data became available for the securities. All of the Company's collateralized debt obligations with a fair value of $<> as of December 31, 2023 were transferred out of Level 2 and into Level 3 because of a lack of observable market data for these investments due to a decrease in the market activity for these securities.

Note: The two paragraphs and table that follow are examples of what could be disclosed to address the requirements of ASC 820-10-55-103 and ASC 820-10-55-105.

The Company's mortgage-backed security (MBS) valuations were supported by an analysis prepared by an independent third party and approved by management. The approach to determining fair value involved several steps: 1) detailed collateral analysis of the underlying mortgages, including consideration of geographic location, original loan-to-value and weighted average FICO score of the borrowers; 2) collateral performance projections for each pool of mortgages underlying the MBS (probability of default, severity of default, and prepayment probabilities) and 3) discounted cash flow modeling. Assumptions are back-tested on a quarterly basis as a comparison of the actual performance and liquidation activity is compared to the assumed collateral performance and liquidation activity utilized in the prior quarters' valuations.

NOTE 5 - FAIR VALUE (Continued)

The fair value of the Company's collateralized-debt obligations (CDO) are determined internally by calculating discounted cash flows using swap and <applicable interest rate index> curves plus spreads that adjust for loss severities, volatility, credit risk and optionality. When available, broker quotes are used to validate the model. Rating agency and industry research reports as well as assumptions about specific-issuer defaults and deferrals are reviewed and incorporated into the calculations. Assumptions are back-tested on a quarterly basis as specific-issuer deferral and defaults that occurred are compared to those that were projected and ongoing assumptions are adjusted in accordance with the level of unexpected deferrals and defaults that occurred.

The following table presents quantitative information about recurring Level 3 fair value measurements at December 31, 2023 and 2022:[92]

	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
December 31, 2023				
Mortgage-backed securities – residential	$	Discounted cash flow	Constant prepayment rate	<>%-<>% (<>%)
			Probability of default	<>%-<>% (<>%)
			Loss severity	<>%-<>% (<>%)
Collateralized debt obligations	$	Discounted cash flow	Collateral default rate	<>%-<>% (<>%)
			Recovery probability	<>%-<>% (<>%)
December 31, 2022				
Mortgage-backed securities – residential	$	Discounted cash flow	Constant prepayment rate	<>%-<>% (<>%)
			Probability of default	<>%-<>% (<>%)
			Loss severity	<>%-<>% (<>%)
Collateralized debt obligations	$	Discounted cash flow	Collateral default rate	<>%-<>% (<>%)
			Recovery probability	<>%-<>% (<>%)

The significant unobservable inputs used in the fair value measurement of the Company's residential mortgage-backed securities are prepayment rates, probability of default, and loss severity in the event of default. Significant increases/ (decreases) in any of those inputs in isolation would have resulted in a significantly lower/(higher) fair value measurement. Generally, a change in the assumption used for the probability of default would have been accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates[93]. Unobservable inputs were weighted by the relative fair value of the instruments. For residential mortgage-backed securities, the average represents the arithmetic average of the inputs and is not weighted by the relative fair value or notional amount. <A reporting entity shall disclose how it calculated the weighted average (for example, weighted by relative fair value). For certain unobservable inputs, a reporting entity may disclose other quantitative information, such as the median or arithmetic average, in lieu of the weighted average, if such information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop the Level 3 fair value measurement. An entity does not need to disclose its reason for omitting the weighted average in these cases.>

(Dollar amounts in thousands except per share data)

NOTE 5 - FAIR VALUE (Continued)

The significant unobservable inputs used in the fair value measurement of the Company's collateralized debt obligations are probabilities of specific-issuer defaults and deferrals and specific-issuer recovery assumptions. Significant increases in specific-issuer default assumptions or decreases in specific-issuer recovery assumptions would have resulted in a significantly lower fair value measurement. Conversely, decreases in specific-issuer default assumptions or increases in specific-issuer recovery assumptions would have resulted in a higher fair value measurement.[94] Unobservable inputs were weighted by the relative fair value of the instruments. For collateralized debt obligations, the average represents the arithmetic average of the inputs and is not weighted by the relative fair value or notional amount. <A reporting entity shall disclose how it calculated the weighted average (for example, weighted by relative fair value). For certain unobservable inputs, a reporting entity may disclose other quantitative information, such as the median or arithmetic average, in lieu of the weighted average, if such information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop the Level 3 fair value measurement. An entity does not need to disclose its reason for omitting the weighted average in these cases.>

The table below summarizes changes in unrealized gains and losses recorded in earnings and included in other comprehensive income for the year ended December 31 for Level 3 assets and liabilities that are still held at December 31.

	Changes in Unrealized Gains/Losses for the Year Relating to Assets Still Held at Reporting Date for the Year Ended December 31			
	Mortgage-Backed Securities		Collateralized Debt Obligations[95]	
	2023	2022	2023	2022
Interest income on securities	$	$	$	$
Other changes in fair value				
Other comprehensive income[96]				
Total	$	$	$	$

Other changes in fair value were included in other non-interest income.

<Financial Instruments Recorded Using Fair Value Option>

The Company has elected the fair value option for loans held for sale. These loans are intended for sale and the Company believes that the fair value is the best indicator of the resolution of these loans. Interest income is recorded based on the contractual terms of the loan and in accordance with the Company's policy on loans held for investment. None of these loans are 90 days or more past due nor on non-accrual as of December 31, 2023 and 2022.

NOTE 5 - FAIR VALUE (Continued)

As of December 31, 2023 and 2022, the aggregate fair value, contractual balance (including accrued interest), and gain or loss was as follows:

	2023	2022
Aggregate fair value	$	$
Contractual balance		
Gain (loss)		

The total amount of gains and losses from changes in fair value included in earnings for the years ended December 31, 2023, 2022, and 2021 for loans held for sale were:

	2023	2022	2021
Interest income	$	$	$
Interest expense			
Change in fair value			
Total change in fair value	$	$	$

Assets measured at fair value on a non-recurring basis are summarized below[97]:

		Fair Value Measurements Using			
(Dollars in thousands)	Total at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Impaired loans:[98]					
Commercial	$	$	$	$	$
Commercial real estate:					
Construction					
Other					
Real estate owned, net:					
Residential:					
Conventional					
Subprime					
Commercial real estate:					
Construction					
Other					
Loan servicing rights					
Loans held for sale					

(Continued)

NOTE 5 - FAIR VALUE (Continued)

(Dollars in thousands)	Total at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Impaired loans:[99]					
Commercial	$	$	$	$	$
Commercial real estate:					
Construction					
Other					
Real estate owned, net:					
Residential:					
Conventional					
Subprime					
Commercial real estate:					
Construction					
Other					
Loan servicing rights					
Loans held for sale					

(Continued)

NOTE 5 - FAIR VALUE (Continued)

The following table presents quantitative information about level 3 fair value measurements for assets measured at fair value on a non-recurring basis at December 31, 2023 and 2022:

	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
December 31, 2023				
Impaired loans – commercial real	$	Sales comparison approach	Adjustment for differences between the comparable estate sales	<>%-<>% (<>%)
		Income approach	Adjustment for differences in net operating income expectations	<>%-<>% (<>%)
			Capitalization rate	<>%-<>% (<>%)
Impaired loans – commercial	$	Sales comparison approach	Adjustment for differences between the comparable sales	<>%-<>% (<>%)
Real estate owned – residential	$	Sales comparison approach	Adjustment for differences between the comparable sales	<>%-<>% (<>%)
Real estate owned – commercial	$	Sales comparison approach	Adjustment for differences between the comparable sales	<>%-<>% (<>%)
		Income approach	Adjustment for differences in net operating income expectations	<>%-<>% (<>%)
			Capitalization rate	<>%-<>% (<>%)

(Continued)

NOTE 5 - FAIR VALUE (Continued)

	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
December 31, 2022				
Impaired loans – commercial real	$	Sales comparison approach	Adjustment for differences between the comparable estate sales	<>%-<>% (<>%)
		Income approach	Adjustment for differences in net operating income expectations	<>%-<>% (<>%)
			Capitalization rate	<>%-<>% (<>%)
Impaired loans – commercial	$	Sales comparison approach	Adjustment for differences between the comparable sales	<>%-<>% (<>%)
Real estate owned – residential	$	Sales comparison approach	Adjustment for differences between the comparable sales	<>%-<>% (<>%)
Real estate owned – commercial	$	Sales comparison approach	Adjustment for differences between the comparable sales	<>%-<>% (<>%)
		Income approach	Adjustment for differences in net operating income expectations	<>%-<>% (<>%)
			Capitalization rate	<>%-<>% (<>%)

(Continued)

NOTE 5 - FAIR VALUE (Continued)

Note: the composition and extent of the quantitative data included above will be influenced by the materiality of aggregate and individual impaired loans or real estate owned (OREO), whether the population of impaired loans and OREO are homogeneous or diverse, whether the entity prepares valuations internally or relies on third-party appraisals and the nature and extent of adjustments made by the entity. It may be appropriate to provide asset level detail for large individual material classes of impaired loans and OREO. Judgment will be required to determine the level of detail required satisfying the disclosure requirements and how much aggregation (or detail) is appropriate. Refer to disclosure requirements within ASC 820-10-50-2.

Note: Both public entities and nonpublic entities are subject to the quantitative requirements in 820-10-50-2(bbb)(2), which states that, “For recurring and nonrecurring fair value measurements categorized within Level 3 of the fair value hierarchy, a reporting entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. A reporting entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the reporting entity when measuring fair value (for example, when a reporting entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure, a reporting entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the reporting entity.”

A public entity shall further provide the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and shall disclose how it calculated the weighted average (for example, weighted by relative fair value). For certain unobservable inputs, a reporting entity may disclose other quantitative information, such as the median or arithmetic average, in lieu of the weighted average, if such information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop the Level 3 fair value measurement. An entity does not need to disclose its reason for omitting the weighted average in these cases.

NOTE 5 - FAIR VALUE (Continued)

Note: the following is an example of the disclosure requirements per ASC 820-10-50 for of fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) . Refer to endnotes for further detail.

Multi-Strategy Hedge Funds: This class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this class includes investments in approximately 50 percent U.S. common stocks, 30 percent global real estate projects, and 20 percent arbitrage investments. The fair values of the investments in this class have been estimated using the net asset value[100] per share of the investments. Investments representing approximately 15 percent of the value of the investments in this class cannot be redeemed because the investments include restrictions that do not allow for redemption in the first year after acquisition. The remaining restriction period for these investments ranged from four to six months at December 31, 20XX.[101]

Real Estate Funds: This class includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the Company's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. Twenty percent of the total investment in this class is planned to be sold within the next three years. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the Company's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management must approve of the buyer before the sale of the investments can be completed.[102]

	Fair Value (in millions)	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity long/short hedge funds	$		quarterly	30-60 days
Event driven hedge funds			quarterly, annually	30-60 days
Global opportunities hedge funds			quarterly	30-45 days
Multi-strategy hedge funds			quarterly	30-60 days
Real estate funds		$		
Private equity funds – international				
Total	$	$		

(Continued)

NOTE 5 - FAIR VALUE (Continued)

Fair Value of Financial Instruments[103][104]

The carrying amounts and estimated fair values of financial instruments not carried at fair value, at December 31, 2023 and 2022 are as follows:[105]

		Fair Value Measurements at December 31, 2023 Using:[106]			
	Carrying Amount	Level 1	Level 2	Level 3	Total
(Dollars in thousands)					
Financial assets					
Cash, due from banks, federal funds sold and money market investments	$	$	$	$	$
Securities held-to-maturity					
Loans held for sale					
Loans, net					
Financial liabilities					
Deposits (excluding demand deposits)[107]	$	$	$	$	$
Short-term borrowings					
Other borrowings					

		Fair Value Measurements at December 31, 2022 Using:[108]			
	Carrying Amount	Level 1	Level 2	Level 3	Total
(Dollars in thousands)					
Financial assets					
Cash, due from banks, federal funds sold and money market investments	$	$	$	$	$
Securities held-to-maturity					
Loans held for sale					
Loans, net					
Financial liabilities					
Deposits (excluding demand deposits)	$	$	$	$	$
Short-term borrowings					
Other borrowings					

NOTE 6 - LOAN SERVICING (use this when amortization method is used)

Mortgage loans serviced for others are not reported as assets. The principal balances of these loans at year-end are as follows:

	2023	2022
Mortgage loan portfolios serviced for:		
FHLMC	$	$
GNMA		

Custodial escrow balances maintained in connection with serviced loans were $___ and $____ at year-end 2023 and 2022.

(Dollar amounts in thousands except per share data)

NOTE 6 - LOAN SERVICING (use this when amortization method is used) (Continued)

Activity for loan servicing rights and the related valuation allowance follows:

	2023	2022	2021
Loan servicing rights:			
Beginning of year	$	$	$
Additions			
Disposals			
Amortized to expense			
Other changes (need to be described)			
Change in valuation allowance			
End of year	$	$	$
Valuation allowance:			
Beginning of year	$	$	$
Additions expensed			
Reductions credited to operations			
Direct write-downs			
End of year	$	$	$

The fair value of servicing rights was $______ and $______ at year-end 2023 and 2022. Fair value at year-end 2023 was determined using discount rates ranging from X.X% to X.X%, prepayment speeds ranging from X.X% to X.X%, depending on the stratification of the specific right, and a weighted average default rate of X.X%. Fair value at year-end 2022 was determined using discount rates ranging from X.X% to X.X%; prepayment speeds ranging from X.X% to X.X%, depending on the stratification of the specific right; and a weighted average default rate of X.X%.

NOTE 6A - LOAN SERVICING (use this when fair value method is used)

Mortgage loans serviced for others are not reported as assets. The principal balances of these loans at year-end are as follows:

	2023	2022
Mortgage loan portfolios serviced for:		
FHLMC	$	$
GNMA		

Custodial escrow balances maintained in connection with serviced loans were $___ and $____ at year-end 2023 and 2022.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 6A - LOAN SERVICING (use this when fair value method is used) (Continued)

Activity for loan servicing rights and the related valuation allowance follows:

	2023	2022	2021
Loan servicing rights:			
Beginning of year	$	$	$
Additions			
Disposals			
Change in fair value due to changes in assumptions			
Other changes in fair value			
End of year	$	$	$

Fair value at year-end 2023 was determined using discount rates ranging from X.X% to X.X%, prepayment speeds ranging from X.X% to X.X%, depending on the stratification of the specific right, and a weighted average default rate of X.X%. Fair value at year-end 2022 was determined using discount rates ranging from X.X% to X.X%; prepayment speeds ranging from X.X% to X.X%, depending on the stratification of the specific right; and a weighted average default rate of X.X%.

NOTE 7 - PREMISES AND EQUIPMENT[109]

Year end premises and equipment owned and utilized in the operations of the Company were as follows:

	2023	2022
Land	$	$
Buildings		
Furniture, fixtures and equipment		
Leasehold improvements		
Less: Accumulated depreciation		
	$	$

Depreciation expense was $______, $______, and $______ for 2023, 2022, and 2021. [Alternatively, disclose depreciation expense separately on the cash flow statement.]

(Dollar amounts in thousands except per share data)

NOTE 8 - LEASES[110]

Lessor Arrangements

The Company finances various types of real estate and equipment arrangements for customers through operating, direct financing and sales-type leases. Payment terms are generally fixed; however, in some agreements, lease payments may be indexed to a rate or index. Leases are typically payable in monthly installments with terms ranging from XX to XX months and may contain renewal options and purchase options that allow the customer to acquire the leased asset at or near the end of the lease. To estimate the amount it expects to derive from a leased asset at the end of its lease term, the Company considers both internal and third-party appraisals as well as historical experience. The Company's leases generally do not contain non-lease components.

[ASC 842-10-15-42A through C requires additional disclosure if the practical expedient is elected to not separate nonlease components from lease components. Consider additional disclosure to meet the requirement, including the fact that the entity elected the expedient, which class(es) of underlying assets the lessor made the election to, the nature of the lease component and nonlease component(s) that were combined as a result of applying the practical expedient and (b) any nonlease components that were not eligible for the practical expedient and, thus, not combined, and the Topic the entity applies to the combined component (Topic 606 or Topic 842.]

The Company manages residual asset risk through third-party residual value insurance and lessee-provided residual value guarantees. The carrying amount of residual assets covered by residual value guarantees was $XX as of December 31, 2023. In some arrangements, the Company may charge the customer variable lease payments for use in excess of specified limits. At least annually, the Company obtains third-party appraisals for the majority of leased assets.

The components of the Company's net investments in sales-type and direct financing leases, which are included in Loans, net on the consolidated balance sheet are as follows:

	December 31 2023	December 31, 2022
Direct financing leases:		
Lease receivables	$	$
Unguaranteed residual values		
Sales-type leases:		
Lease receivables		
Unguaranteed residual values		
Total net investment in direct financing and sales-type leases	$	$

There were no significant changes in the balance of the Company's unguaranteed residual assets for the period ending December 31, 2023.

(Dollar amounts in thousands except per share data)

NOTE 8 - LEASES (Continued)

The components of lease income were as follows for the year ending:

	December 31 2023	December 31 2022	December 31, 2021
Direct financing and sales-type lease income			
Commencement date profit	$	$	$
Interest income			
Operating lease income			
Total lease income	$	$	$

The remaining maturities of lease receivables as of December 31, 2023 are as follows:

Leases	Operating Leases	Sales-type and Direct Financing
2024	$	$
2025		
2026		
2027		
2028		
Thereafter		
Total lease payments		
Less: unearned interest income and guaranteed residual value		
Net lease receivables		$

Lessee Arrangements

The Company enters into leases in the normal course of business primarily for financial centers, back-office operations locations, business development offices, information technology data centers, and information technology equipment. The Company's leases have remaining terms ranging from XX to XX years, some of which include renewal options to extend the lease for up to XX years and some of which include options to terminate the lease within XX years. In addition, the Company has entered into subleases for space in certain vacated branch locations, the terms of which range from XX to XX years.[111]

(Dollar amounts in thousands except per share data)

NOTE 8 - LEASES (Continued)

Right-of-use assets and lease liabilities by lease type, and the associated balance sheet classifications, are as follows:[112]

	Balance Sheet Classification	December 31, 2023	December 31, 2022
Right-of-use assets:			
Operating leases	Accrued interest receivable and other assets	$	$
Finance leases	Premises and equipment, net		
Total right-of-use assets		$	$
Lease liabilities:			
Operating leases	Accrued interest payable and other liabilities	$	$
Finance leases	Long-term debt		
Total lease liabilities		$	$

Lease Expense

The components of total lease cost were as follows for the period ending:

	December 31 2023	December 31 2022	December 31, 2021
Finance lease cost			
Right-of-use asset amortization	$	$	$
Interest expense			
Operating lease cost			
Short-term lease cost			
Variable lease cost			
Less: Sublease income			
Total lease cost, net	$	$	$

Lease Obligations

Future undiscounted lease payments for finance and operating leases with initial terms of one year or more as of December 31, 2023 are as follows:

	Operating Leases	Finance Leases
2024	$	$
2025		
2026		
2027		
2028		
Thereafter		
Total undiscounted lease payments		
Less: imputed interest		
Net lease liabilities	$	$

(Dollar amounts in thousands except per share data)

NOTE 8 - LEASES (Continued)

Supplemental Lease Information

	December 31, 2023	December 31, 2022
Finance lease weighted average remaining lease term (years)	$	$
Finance lease weighted average discount rate		
Operating lease weighted average remaining lease term (years)	$	$
Operating lease weighted average discount rate		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	$
Operating cash flows from finance leases		
Financing cash flows from finance leases		
Right-of-use assets obtained in exchange for new finance lease liabilities	$	$
Right-of-use assets obtained in exchange for new operating lease liabilities		

NOTE 9 - GOODWILL AND INTANGIBLE ASSETS

Goodwill: The change in goodwill during the year is as follows:

	2023	2022	2021
Beginning of year	$	$	$
Acquired goodwill			
Impairment[c]			
End of year	$	$	$

[NOTE – The following example disclosure is for a private company that elected to apply the accounting alternative for amortizing goodwill in accordance with the accounting alternative subsections of ASC 350-20].

Goodwill was as follows at year-end:

	2023		2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Goodwill	$	$	$	$

Amortization expense for the years ending December 31, 2023 and 2022 was $<> and $<>.

[c] If goodwill impairment loss is recognized, then see ASC 350 for required disclosure. See also ASC 350-30-50-3 for required disclosures if impairment loss for other intangible assets.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 9 - GOODWILL AND INTANGIBLE ASSETS[113] (Continued)

<Entities that report segment information shall provide the above information about goodwill in total and for each reportable segment and shall disclose any significant changes in goodwill by reportable segment.>

<Entities that have one or more reporting units with zero or negative carrying amounts of net assets shall disclose those reporting units with allocated goodwill, the amount of goodwill allocated to each and in which reportable segment the reporting unit is included.>

[Impairment exists when a reporting unit's carrying value exceeds its fair value. At <DATE> 2023, the Company's reporting unit had positive equity and the Company elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment.]

[Impairment exists when a reporting unit's carrying value exceeds its fair value. At <DATE> 2023, the Company's reporting unit had positive equity and the Company elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the carrying value of the reporting unit exceeded its fair value. Therefore, the Company proceeded to complete the quantitative impairment test.

The quantitative impairment test includes comparing the carrying value of the reporting unit, including the existing goodwill and intangible assets, to the fair value of the reporting unit. If the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment charge is recorded for the amount in which the carrying value of the reporting unit exceeds the fair value of the reporting unit, up to the amount of goodwill attributed to the reporting unit. After performing the quantitative testing, it was determined that the carrying amount exceeds the reporting unit's fair value, resulting in an impairment charge of $<> for the year ended December 31, 2023. The facts and circumstances that led to an impairment of goodwill included <insert the facts and circumstances>. Cumulative impairment charges were $<> and $<> as of December 31, 2023 and 2022.]

Acquired Intangible Assets: Acquired intangible assets were as follows at year-end:

	2023		2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Core deposit intangibles	$	$	$	$
Other customer relationship intangibles				
Total	$	$	$	$

Aggregate amortization expense was $______, $______ and $______ for 2023, 2022 and 2021.

(Dollar amounts in thousands except per share data)

NOTE 9 - GOODWILL AND INTANGIBLE ASSETS[114] (Continued)

Estimated amortization expense for each of the next five years:

2024	$
2025	
2026	
2027	
2028	

NOTE 10 - DEPOSITS

Time deposits that meet or exceed the FDIC Insurance limit of $250,000[115] at year-end 2023 and 2022 were $_____________ and $______________.

Scheduled maturities of time deposits for the next five years were as follows:

2024	$
2025	
2026	
2027	
2028	

NOTE 11 - SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Repurchase agreements are secured borrowings. The Company pledges investment securities to secure those borrowings. The table below shows the remaining contractual maturity of agreement by collateral pledged:

	2023 Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater Than 90 Days	Total
Repurchase agreements and repurchase-to-maturity transactions					
U.S Treasury and federal agency	$	$	$	$	$
U.S government-sponsored entities and agencies					
State and political subdivisions					
Mortgage-backed securities-residential					
Mortgage-backed securities-commercial					
Collateralized mortgage obligations					
Collateralized debt obligations					
Equity securities					
Total borrowings	$	$	$	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 11 - SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Continued)

Amounts related to agreements not included in offsetting disclosure in Footnote X	$

The fair value of securities pledged to secure repurchase agreements may decline. The Company manages this risk by having a policy to pledge securities valued at X% above the gross outstanding balance of repurchase agreements. Securities sold under agreements to repurchase are secured by securities with a carrying amount of $_______ and $_______ at year-end 2023 and 2022.

NOTE 12 - FEDERAL HOME LOAN BANK ADVANCES

At year-end, advances from the Federal Home Loan Bank were as follows:

	2023	2022
Maturities <> 20XX through <> 20XX, fixed rate at rates from X.X% to X.X%, averaging X.X%	$	$
Maturities <> 20XX through <> 20XX, floating rate at rates from X.X% to X.X%, averaging X.X%		
Total	$	$

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances. The advances were collateralized by $______ and $______ of first mortgage loans under a blanket lien arrangement at year-end 2023 and 2022. Based on this collateral and the Company's holdings of FHLB stock, the Company is eligible to borrow up to a total of $<> at year-end 2023.[116]

Payments over the next five years are as follows:

2024	$
2025	
2026	
2027	
2028	

(Dollar amounts in thousands except per share data)

NOTE 13 - LONG-TERM DEBT

At year-end, long-term debt was as follows:[117]

	2023		2022	
	Principal	Unamortized Discount and Debt Issuance Costs	Principal	Unamortized Discount and Debt Issuance Cost
X% subordinated debentures, due 20XX (discount is based on imputed interest rate of X%)	$	$	$	$
X% bank loan, due 20XX				
Noninterest bearing note issued in connection with acquisition of property, due 20XX (discount is based on imputed interest rate of X%)				
Total	$	$	$	$

NOTE 14 - SUBORDINATED DEBENTURES

In <> 20XX, XYZ Capital Trust I, a trust formed by the Company, closed a pooled private offering of <> trust preferred securities with a liquidation amount of $______ per security. The Company issued $______ of subordinated debentures to the trust in exchange for ownership of all of the common security of the trust and the proceeds of the preferred securities sold by the trust. The Company is not considered the primary beneficiary of this Trust (variable interest entity), therefore the trust is not consolidated in the Company's financial statements, but rather the subordinated debentures are shown as a liability. The Company's investment in the common stock of the trust was $______ and is included in other assets.

The Company may redeem the subordinated debentures, in whole or in part, in a principal amount with integral multiples of $______, on or after <>, 20XX at 100% of the principal amount, plus accrued and unpaid interest. The subordinated debentures mature on <>, 20XX. The subordinated debentures are also redeemable in whole or in part from time to time, upon the occurrence of specific events defined within the trust indenture. The Company has the option to defer interest payments on the subordinated debentures from time to time for a period not to exceed five consecutive years.[118]

The subordinated debentures may be included in Tier I capital (with certain limitations applicable) under current regulatory guidelines and interpretations. The subordinated debentures have a variable rate of interest equal to <applicable reference rate> plus X%, which was X.XX% at year-end 2023.[119]

(Dollar amounts in thousands except per share data)

NOTE 15 - PENSION AND OTHER POSTRETIREMENT PLANS

The Company has a funded noncontributory defined benefit pension plan that covers substantially all of its employees. The plan provides defined benefits based on years of service and final average salary. The Company uses December 31 as the measurement date for its pension plans.

Information about changes in obligations and plan assets of the defined benefit pension plan follows:[120][121]

	2023	2022
Change in benefit obligation:		
Beginning benefit obligation	$	$
Service cost		
Interest cost		
Amendments		
Actuarial loss (gain)		
Benefits paid		
Ending benefit obligation		
Change in plan assets, at fair value:		
Beginning plan assets		
Actual return		
Employer contribution		
Benefits paid		
Ending plan assets		
Funded status at end of year (benefit obligations less plan assets)	$	$

[Disclosure is required to explain the reasons for significant gains and losses related to changes in the defined benefit obligations for the period disclosed.]

Amounts recognized in accumulated other comprehensive income at December 31 consist of:

	2023	2022
Net actuarial loss (gain)	$	$
Prior service cost (credit)		
	$	$

The accumulated benefit obligation was $XXX and $XXX at year-end 2023 and 2022.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 15 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

Components of net periodic benefit cost and other amounts recognized in other comprehensive income:[122]

	2023	2022	2021
Service cost	$	$	$
Interest cost			
Expected return on plan assets			
Amortization of prior service cost			
Amortization of net (gain) loss			
Net periodic benefit cost	$	$	$

	2023	2022	2021
Net loss (gain)	$	$	$
Prior service cost (credit)			
Amortization of prior service cost			
Total recognized in other comprehensive income			
Total recognized in net periodic benefit cost and other comprehensive income	$	$	$

The components of net periodic benefit cost other than the service cost component are included in the line item “other income/expense” in the income statement.[123]

Assumptions

Weighted-average assumptions used to determine pension benefit obligations at year-end:

	2023	2022	2021
Discount rate	X.XX%	X.XX%	X.XX%
Rate of compensation increase	X.XX	X.XX	X.XX
Weighted-average interest crediting rate	X.XX	X.XX	X.XX

Weighted-average assumptions used to determine net periodic pension cost:

	2023	2022	2021
Discount rate	X.XX%	X.XX%	X.XX%
Expected return on plan assets	X.XX	X.XX	X.XX
Rate of compensation increase	X.XX	X.XX	X.XX
Weighted-average interest crediting rate	X.XX	X.XX	X.XX

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 15 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

Investment Strategy and Allocation[124]
The Company's overall investment strategy is to achieve a mix of approximately <>% of investments for long-term growth and <>% for near-term benefit payments with a wide diversification of asset types, fund strategies, and fund managers. The target allocations for plan assets are shown in the table below. Equity securities primarily include investments in <>. Debt securities include <>. Investment funds include hedge funds, private equity funds, collective trust, and mutual funds that follow several different strategies. Other investments consist of <>.

The weighted average expected long term rate of return is estimated based on current trends in the plan assets as well as projected future rates of returns on those assets. The following assumptions were used in determining the long term rate of return: <>. The long term rate of return considers historical returns. Adjustments were made to historical returns in order to reflect expectations of future returns. These adjustments were due to [insert management's assertion as to the reasons for the adjustments].

The plan is prohibited from investing in the following investments; [insert prohibited investments]. All other investments not prohibited by the plan are permitted.

The Company's pension plan asset allocation at year-end 2023 and 2022, target allocation for 2023 and expected long-term rate of return by asset class are as follows:

Asset Class[125]	Target Allocation	Percentage of Plan Assets at Year-End 2023	Percentage of Plan Assets at Year-End 2022	Weighted-Average Expected Long-Term Rate of Return
Equity securities[126]				
U.S. large cap	%	%	%	%
Emerging markets growth				
Debt securities				
Corporate bonds				
U.S. treasuries				
Investment Funds				
Mutual funds				
Private equity funds				
Hedge funds				
Collective Trust				
Other				
Total	100.0%	100.0%	100%	%

Fair Value of Plan Assets:[127]
The Company used the following valuation methods and assumptions to estimate the fair value of assets held by the plan:

Equity Securities and Mutual Funds: The fair values for equity securities and mutual funds are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2).

NOTE 15 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

Debt Securities: Certain debt securities are valued at the closing price reported in the active market in which the bond is traded (Level 1 inputs). Other debt securities are valued based upon recent bid prices or the average of recent bid and asked prices when available (Level 2 inputs) and, if not available, they are valued through matrix pricing models developed by sources considered by management to be reliable. Matrix pricing, which is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). Discounted cash flows are calculated using spread to swap and <applicable interest rate index> curves that are updated to incorporate loss severities, volatility, credit spread and optionality. During times when trading is more liquid, broker quotes are used (if available) to validate the model. Rating agency and industry research reports as well as defaults and deferrals on individual securities are reviewed and incorporated into the calculations.

Private Equity and Hedge Funds: The fair values of the plan's hedge funds have been estimated using the net asset value per share of the investments, as reported by the fund managers. Generally, these investments are redeemable on a _________ basis, with a _______ redemption notification requirement. Funds which have redemption restrictions of indefinite duration or that exceed a six-month time period are classified as Level 3 measurements. All other hedge fund investments of the plan are classified as Level 2 measurements.

Collective Trusts: Fair values of units of participation in collective trusts are based upon the net asset values of the funds reported by the fund managers as of the plan's financial statement dates and recent transaction prices (Level 2 inputs). Each collective trust provides for daily redemptions by the plan with no advance notice requirements.

The fair value of the plan assets at December 31, 2023, by asset class, is as follows:

		Fair Value Measurements at December 31, 2023 Using:		
Asset Class[128]	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities				
U.S. large cap	$	$	$	$
Emerging markets growth				
Debt securities				
Corporate bonds				
U.S. treasuries				
Investment funds				
Mutual funds				
Private equity funds				
Hedge funds				
Collective trusts				
Other				
Total plan assets	$	$	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 15 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

The fair value of the plan assets at December 31, 2022, by asset class, is as follows:

		Fair Value Measurements at December 31, 2022 Using:		
Assets Class[129]	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities				
U.S. large cap	$	$	$	$
Emerging markets growth				
Debt securities				
Corporate bonds				
U.S. treasuries				
Investment funds[130]				
Mutual funds				
Private equity funds				
Hedge funds				
Collective trusts				
Other				
Total plan assets	$	$	$	$

The table below presents a reconciliation of all plan assets measured at fair value using significant unobservable inputs (Level 3) for years ended December 31, 2023 and 2022:

	Hedge Fund	Private Equity Fund
Balance of recurring Level 3 assets at January 1, 2022[131]	$	$
Actual return on plan assets:		
Relating to assets still held at the reporting date		
Relating to assets sold during the year		
Purchases, sales, and settlements, net		
Transfers in and/or out of Level 3		
Balance of recurring Level 3 assets at December 31, 2022		
Actual return on plan assets:		
Relating to assets still held at the reporting date		
Relating to assets sold during the year		
Purchases, sales, and settlements, net		
Transfers in and/or out of Level 3		
Balance of recurring Level 3 assets at December 31, 2023	$	$

(Dollar amounts in thousands except per share data)

NOTE 15 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

[NOTE - The example shown below is only applicable to nonpublic business entities.

The table below presents purchases and any transfers into or out of plan assets measured at fair value using significant unobservable inputs (Level 3) for the years ended December 31, 2023 and 2022:

	2023	2022
Purchases	$	$
Transfers into Level 3		
Transfers out of Level 3		

Health Care Plan

The Company also has other unfunded postretirement benefit plans covering substantially all of its employees. The health care plans are contributory with participants' contributions adjusted annually; the life insurance plans are noncontributory. The accounting for the health care plans anticipates future cost-sharing changes to the written plans that are consistent with the Company's expressed intent to increase retiree contributions each year by 50% of health care cost increases in excess of 6%. The postretirement health care plans include a limit on the Company's share of costs for recent and future retirees.

Assumptions used to determine net periodic cost and benefit obligations:

	2023	2022	2021
Discount rate	X.XX%	X.XX%	X.XX%

Assumed health care cost trend rates at year-end:

	2023	2022
Health care cost trend rate assumed for next year	X.X%	X.X%
Rate that the cost trend rate gradually declines to	X.X	X.X
Year that the rate reaches the rate it is assumed to remain at	20XX	20XX

Pension and Other Benefit Plans (as applicable):

Contributions

The Company expects to contribute $______ to its pension plan and $______ to other plans in 2024.

Estimated Future Payments

The following benefit payments, which reflect expected future service, are expected:

	Pension Benefits	Other Benefits
2024	$	$
2025		
2026		
2027		
2028		
Following 5 years		

(Continued)

NOTE 16 - OTHER BENEFIT PLANS[132]

Multi-Employer Pension Plan: The Company participates in a multi-employer defined benefit pension plan. Benefits are based on years of service and the average of the highest five consecutive annual salaries before retirement. An employee becomes fully vested after 10 years of qualifying service. The cost of funding is charged directly to operations. Pension expense was approximately $XX and $XX in 20XX and 20XX. Specific plan asset and accumulated benefit information for the Company's portion of the fund is not available. Under the Employee Retirement Income and Security Act of 1974 ("ERISA"), a contributor to a multi-employer pension plan may be liability in the event of complete or partial withdrawal for the benefit payments guaranteed under ERISA, but there is no intention to withdraw.

The Company participates in the <> Plan. The <> Plan's Employer Identification Number is <> and the Plan Number is <>. The <> Plan operates as a multi-employer plan for accounting purposes and as a multiple-employer plan under ERISA and the Internal Revenue Code. There are no collective bargaining agreements in place that require contributions to the <> Plan.

The <> Plan is a single plan under Internal Revenue Code Section 413(c) and, as a result, all of the assets stand behind all of the liabilities. Accordingly, under the <> Plan contributions made by a participating employer may be used to provide benefits to participants of other participating employers.

The <> Plan's most recent financial statements were issued as of XXX and show net assets available for the payment of benefits as $XX versus the present value of accumulated plan benefits of $XX; therefore, the plan was underfunded by $XX as of this date. Beginning in 20XX the required annual participant contributions have been increased to fund the shortfall over a period of X years. In the 20XX plan year the Plan received $XXX in total contributions from all employers, of which approximately $XX was contributed by the Company, which is less than 5% of total contributions to the Plan. Contributions to the plan may vary from period to period due to the change in the plan's unfunded liability. The unfunded liability is primarily related to the change in the plan assets and the change in plan liability from one year to the next. The change in plan assets is based on contributions deposited, benefits paid and the actual rate of return earned on those assets. The change in plan liability is based on demographic changes and changes in the interest rates used to determine plan liability. In the event the actual rate of return earned on plan assets decline, the value of the plan assets will decline. In the event the interest rates used to determine plan liability decrease, plan liability will increase. The combined effect of each change determines the change in the unfunded liability and the change in the employer contributions.

401(k) Plan: A 401(k) benefit plan allows employee contributions up to 15% of their compensation, which are matched equal to 50% of the first 6% of the compensation contributed. Expense for 2023, 2022, and 2021 was $______, $______ and $______.

Deferred Compensation Plan: A deferred compensation plan covers all directors and executive officers. Under the plan, the Company pays each participant, or their beneficiary, the amount of fees deferred plus interest over 15 years, beginning with the individual's termination of service. A liability is accrued for the obligation under these plans. The expense incurred for the deferred compensation for each of the last three years was $______, $______ and $______ resulting in a deferred compensation liability of $______ and $______ as of year-end 2023 and 2022.

(Dollar amounts in thousands except per share data)

NOTE 17 - ESOP PLAN

Employees participate in an Employee Stock Option Plan (ESOP). The ESOP borrowed from the Company to purchase __________ shares of stock at $___ per share. The Company makes discretionary contributions to the ESOP, as well as paying dividends on unallocated shares to the ESOP, and the ESOP uses funds it receives to repay the loan. When loan payments are made, ESOP shares are allocated to participants based on relative compensation and expense is recorded. Dividends on allocated shares increase participant accounts.

Participants receive the shares at the end of employment. A participant may require stock received to be repurchased unless the stock is traded on an established market.

Contributions to the ESOP during 2023, 2022 and 2021 were $__, $__ and $__. Expense was $___, $___ and $___.

Shares held by the ESOP were as follows:

	2023	2022
Allocated to participants		
Unearned		
Total ESOP shares		
Fair value of unearned shares	$	$
Fair value of allocated shares subject to repurchase obligation[133]	$	$

NOTE 18 - INCOME TAXES[134]

Income tax expense (benefit) was as follows:

	2023	2022	2021
Current expense	$	$	$
Federal			
State			
Deferred expense			
Federal			
State			
Change in valuation allowance			
Total	$	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 18 - INCOME TAXES (Continued)

Effective tax rates differ from the federal statutory rate of <>% for 2023 and <>% for 2022 and 21% for 2021 applied to income before income taxes due to the following:

	2023	2022	2021
Federal statutory rate times financial statement income	$	$	$
Effect of:			
Tax-exempt income			
Investment tax credits			
State taxes, net of federal benefit			
Earnings from company owned life insurance			
Excess tax benefit/deficiency from share awards vesting/exercise			
Change in valuation allowance			
Other, net			
Total	$	$	$

<Private companies are required to disclose significant differences but are not required to quantify tax effects.>

Year-end deferred tax assets and liabilities were due to the following:

	2023	2022
Deferred tax assets:		
Allowance for loan losses	$	$
Deferred loan fees		
Lease liability		
Net unrealized loss on available-for-sale securities		
Other[135]		
Deferred tax liabilities:		
Depreciation		
Right of use asset		
Net unrealized gain on securities available-for-sale		
<Valuation allowance		>
Net deferred tax asset	$	$

(Dollar amounts in thousands except per share data)

NOTE 18 - INCOME TAXES (Continued)

<Valuation allowance on deferred tax asset:
Realization of deferred tax assets associated with the net operating loss carryforwards is dependent upon generating sufficient taxable income prior to their expiration. A valuation allowance to reflect management's estimate of the temporary deductible differences that may expire prior to their utilization has been recorded at year-end 2023 and 2022> [Alternatively, disclose reasons for lack of a valuation allowance when negative indicators are present.]

Net operating loss carryforwards (if applicable):
<At year-end 2023, the Company had federal net operating loss carryforwards of approximately $<> which expire at various dates from (year) to (year). The Company also had state net operating loss carryforwards of $<> which expire at various dates from (year) to (year). Deferred tax assets are recognized for net operating losses because the benefit is more likely than not to be realized.>

Thrift bad debt reserve deduction (if applicable):
<Federal income tax laws provided additional bad debt deductions through 1987, totaling $____. Accounting standards do not require a deferred tax liability to be recorded on this amount, which otherwise would total $____ at year-end 20XX. If the Bank were liquidated or otherwise ceases to be a bank or if tax laws were to change, this amount would be expensed.>

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2023	2022
Balance at January 1	$	$
Additions based on tax positions related to the current year		
Additions for tax positions of prior years		
Reductions for tax positions of prior years		
Reductions due to the statute of limitations		
Settlements		
Balance at December 31	$	$

Of this total, $<> represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. The Company does not expect the total amount of unrecognized tax benefits to significantly increase or decrease in the next twelve months <alternatively for tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date disclose: (1) the nature of the uncertainty; (2) The nature of the event that could occur in the next 12 months that would cause the change; (3) An estimate of the range of reasonably possible change or a statement that an estimate of the range cannot be made>.

[Additionally, to the extent material, disclose the reasons for any additions and/or reductions for tax positions of prior years disclosed in the table above and the impact on the effective tax rate for the periods presented. Any material impact to the effective tax rate should be disclosed in the tax rate reconciliation above as well.]

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 18 - INCOME TAXES (Continued)

The total amount of interest and penalties recorded in the income statement for the years ended December 31, 2023, 2022 and 2021 were $<>, $<> and $<>, and the amounts accrued for interest and penalties at December 31, 2023, 2022 and 2021 were $<>, $<> and $<>.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of the state of <>[as well as various other state income taxes and foreign income taxes{could also list the specific countries}]. The Company is no longer subject to examination by taxing authorities for years before <insert year> [or indicate by tax jurisdiction if different].

NOTE 19 - RELATED-PARTY TRANSACTIONS[136]

Loans to principal officers, directors, and their affiliates during 2023 were as follows:

Beginning balance	$
New loans	
Effect of changes in composition of related parties	
Repayments	________
Ending balance	$________

Deposits from principal officers, directors, and their affiliates at year-end 2023 and 2022 were $______ and $______.

NOTE 20 - STOCK-BASED COMPENSATION[137][138][139]

The Company has two share based compensation plans as described below. Total compensation cost that has been charged against income for those plans was $_______, $________, and $_______ for 2023, 2022 and 2021, respectively. The total income tax benefit was $_______, $________, and $_______ for 2023, 2022 and 2021, respectively.

Stock Option Plan

The Company's 20XX Employee Share Option Plan (stock option plan or the Plan), which is shareholder-approved, permits the grant of share options to its employees for up to <> shares of common stock. Option awards are generally granted with an exercise price equal to the market price of the Company's common stock at the date of grant; those option awards have vesting periods ranging from <> to <> years and have <>-year contractual terms. The Company has a policy of using shares held as treasury stock to satisfy share option exercises. Currently, the Company has a sufficient number of treasury shares to satisfy expected share option exercises.

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatilities of the Company's common stock. The Company uses historical data to estimate option exercise and post-vesting termination behavior. (Employee and management options are tracked separately.) The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

(Dollar amounts in thousands except per share data)

NOTE 20 - STOCK-BASED COMPENSATION (Continued)

The fair value of options granted was determined using the following weighted-average assumptions as of grant date.

	2023	2022	2021
Risk-free interest rate	%	%	%
Expected term			
Expected stock price volatility			
Dividend yield	%	%	%

A summary of the activity in the stock option plan for 2023 follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of year		$		$
Granted				
Exercised				
Forfeited or expired				
Outstanding at end of year		$		$
Fully vested and expected to vest[140]		$		$
Exercisable at end of year		$		$

Information related to the stock option plan during each year follows:

	2023	2022	2021
Intrinsic value of options exercised	$	$	$
Cash received from option exercises			
Tax benefit from option exercises			
Weighted average fair value of options granted			

As of December 31, 2023, there was $<> of total unrecognized compensation cost related to nonvested stock options granted under the Plan. The cost is expected to be recognized over a weighted-average period of <> years.

(If applicable) During 2023, the Company extended the contractual life of <> fully vested share options held by an executive. As a result of that modification, the Company recognized additional compensation expense of $<> for the year ended December 31, 2023. There were no modifications during 2022 and 2021.[141]

(Dollar amounts in thousands except per share data)

NOTE 20 - STOCK-BASED COMPENSATION (Continued)

Share Award Plan

A Recognition and Retention Plan (“RRP”)[142] provides for the issuance of shares to directors, and officers. Compensation expense is recognized over the vesting period of the awards based on the fair value of the stock at issue date. The fair value of the stock was determined using [add description of how fair value was determined]. RRP shares fully vest on the <fifth> anniversary of the grant date. Total shares issuable under the plan are ______ at year-end 2023, and ______ shares were issued in 2023 and 2022.

A summary of changes in the Company’s nonvested shares for the year follows:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2023	<>	$
Granted	<>	
Vested	<>	
Forfeited	<>	
Nonvested at December 31, 2023	<>	$

As of December 31, 2023, there was $_________ of total unrecognized compensation cost related to nonvested shares granted under the Plan. The cost is expected to be recognized over a weighted-average period of X.X years. The total fair value of shares vested during the years ended December 31, 2023, 2022 and 2021 was $_______, $________, and $_______.

NOTE 21 - REGULATORY CAPITAL MATTERS[143]

[The following illustrative disclosure assumes the Company and Bank did not adopt the community bank leverage ratio framework. If the community bank leverage ratio framework was adopted, refer to the illustration in Note 21A.]

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available-for-sale securities <is/is not> included in computing regulatory capital. Management believes as of December 31, 2023, the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2023 and 2022, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution’s category.

NOTE 21 - REGULATORY CAPITAL MATTERS (Continued)

Actual and required capital amounts (in millions) and ratios are presented below at year-end.

	Actual		Required for Capital Adequacy Purposes[144]		To Be Well Capitalized Under Prompt Corrective Action Regulations[145] [146] [147]	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2023						
Total Capital to risk weighted assets						
Consolidated[148]	$	%	$	%	N/A	N/A
Bank						
Tier 1 (Core) Capital to risk weighted assets						
Consolidated					N/A	N/A
Bank						
Common Tier 1 (CET1) to risk weighted assets						
Consolidated					N/A	N/A
Bank						
Tier 1 (Core) Capital to average assets						
Consolidated					N/A	N/A
Bank						
2022						
Total Capital to risk weighted assets						
Consolidated	$	%	$	%	N/A	N/A
Bank						
Tier 1 (Core) Capital to risk weighted assets						
Consolidated					N/A	N/A
Bank						
Common Tier 1 (CET1) to risk weighted assets						
Consolidated						
Bank						
Tier 1 (Core) Capital to average assets						
Consolidated					N/A	N/A
Bank						

[The Qualified Thrift Lender test requires at least 65% of assets be maintained in housing-related finance and other specified areas. If this test is not met, limits are placed on growth, branching, new investments, FHLB advances and dividends, or the Bank must convert to a commercial bank charter. Management believes that this test is met.]

(Continued)

NOTE 21 - REGULATORY CAPITAL MATTERS (Continued)

[The Company converted from a mutual to a stock institution, and a "liquidation account" was established at $____, which was net worth reported in the conversion prospectus. The liquidation account represents a calculated amount for the purposes described below, and it does not represent actual funds included in the consolidated financial statements of the Company. Eligible depositors who have maintained their accounts, less annual reductions to the extent they have reduced their deposits, would receive a distribution from this account if the Company liquidated. Dividends may not reduce shareholders' equity below the required liquidation account balance.]

Dividend Restrictions—The Company's principal source of funds for dividend payments is dividends received from the Bank. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies.[149] As of December 31, 2023, $______ of retained earnings is available to pay dividends.

NOTE 21A - REGULATORY CAPITAL MATTERS[150]

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available-for-sale securities <is/is not> included in computing regulatory capital. Management believes as of December 31, 2023, the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2023 and 2022, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Bank as of <December 31, 20XX>. In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework, pursuant to section 4012 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and a second interim final rule that provides a graduated increase in the community bank leverage ratio requirement after the expiration of the temporary changes implemented pursuant to section 4012 of the CARES Act.

(Continued)

NOTE 21A - REGULATORY CAPITAL MATTERS (Continued)

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. Under the interim final rules the community bank leverage ratio minimum requirement is 9% for calendar year 2022 and beyond. The interim rule allows for a two-quarter grace period to correct a ratio that falls below the required amount, provided that the bank maintains a leverage ratio greater than 8%.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert to the risk-weighting framework without restriction. As of December 31, 2023, both the Company and Bank were qualifying community banking organizations as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

Actual and required capital amounts (in millions) and ratios are presented below at year-end.

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	Ratio	Amount	Ratio
2023				
Tier 1 (Core) Capital to average total assets				
Consolidated	$	<>%	$	<>%
Bank				

(Continued)

NOTE 21A - REGULATORY CAPITAL MATTERS (Continued)

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	Ratio	Amount	Ratio
2022				
Tier 1 (Core) Capital to average total assets				
Consolidated	$	<>%	$	<>%
Bank				

[The Qualified Thrift Lender test requires at least 65% of assets be maintained in housing related finance and other specified areas. If this test is not met, limits are placed on growth, branching, new investments, FHLB advances and dividends, or the Bank must convert to a commercial bank charter. Management believes that this test is met.]

[The Company converted from a mutual to a stock institution, and a "liquidation account" was established at $____, which was net worth reported in the conversion prospectus. The liquidation account represents a calculated amount for the purposes described below, and it does not represent actual funds included in the consolidated financial statements of the Company. Eligible depositors who have maintained their accounts, less annual reductions to the extent they have reduced their deposits, would receive a distribution from this account if the Company liquidated. Dividends may not reduce shareholders' equity below the required liquidation account balance.]

Dividend Restrictions: The Company's principal source of funds for dividend payments is dividends received from the Bank. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies.[151] As of December 31, 2023, $______ of retained earnings is available to pay dividends.

NOTE 22 - DERIVATIVES[152]

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

(Dollar amounts in thousands except per share data)

NOTE 22 - DERIVATIVES (Continued)

Cash Flow Hedges: Interest rate swaps with notional amounts totaling $<> million and $<> million as of December 31, 2023 and 2022, were designated as cash flow hedges of certain <Federal Home Loan Bank advances> and were determined to be effective during all periods presented. The Company expects the hedges to remain effective during the remaining terms of the swaps.

Fair Value Hedges: Interest rate swaps with notional amounts totaling $<> million and $<> million as of December 31, 2023 and 2022, were designated as fair value portfolio layer hedges of certain <fixed rate loans>. Interest rate swaps with notional amounts totaling $<> million and $<> million as of December 31, 2023 and 2022, were designated as fair value hedges of certain <Federal Home Loan Bank advances>. The hedges were determined to be effective during all periods presented. The Company expects the hedges to remain effective during the remaining terms of the swaps.

Derivatives Not Designated As Hedges: The Company also enters into interest rates swaps with its loan customers. The notional amounts of interest rate swaps with its loan customer as of December 31, 2023 and 2022 were $<> and $<>. The Company enters into corresponding offsetting derivatives with third parties. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.

The following table presents the amounts recorded on the balance sheet related to cumulative basis adjustments for fair value hedges as of December 31:

Line Item in the Balance Sheet in Which the Hedged Item is Included	Carrying Amount of the Hedged Assets (Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets (Liabilities)	
	2023	2022	2023	2022
Loans receivable[(a)]	$	$	$	$
FHLB Advances[(b)]				
Available-for-sale debt security[153]				

[(a)] These amounts represent the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the stated amount of assets in the closed portfolios anticipated to be outstanding for the designated hedge period. At December 31, 2023 and 2022, the amortized cost basis of the closed portfolios used in these hedging relationships was $<> and $<>, respectively. The cumulative basis adjustments associated with these hedging relationships was $<> and $<>, respectively, and the amounts of the designated hedged items were $<> and $<>, respectively.

[(b)] The balance includes $<> of hedging adjustment on a discontinued hedging relationship.

Note: Under ASC 815-10-50-5B, for existing hedging relationships designated under the portfolio layer method, an entity shall not disclose the basis adjustment on a more disaggregated basis than the portfolio layer method closed portfolio unless disaggregation is required in accordance with ASC 815-20-45-4.

If other Topics require disclosure of the amortized cost basis of assets included in the closed portfolio on a basis that requires disaggregating the assets in the closed portfolio, then the entity shall exclude the portfolio layer method adjustment from the amortized cost basis of those assets. In that case, the entity shall disclose the total amount of the portfolio layer method basis adjustment excluded from the amortized cost basis of the assets included in the closed portfolio.

NOTE 22 - DERIVATIVES (Continued)

The Company presents derivative position gross on the balance sheet. The following table reflects the derivatives recorded on the balance sheet as of December 31:

	2023		2022	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Derivatives designated as hedging Instruments:				
Interest rate swaps related to <>	$	$	$	$
Derivatives not designated as hedging Instruments:				
Interest rates swaps related to customer loans				
Total included in other assets		$		$
Included in other liabilities:				
Derivatives designated as hedges:				
Interest rate swaps related to <>		$		$
Derivatives not designated as hedging Instruments:				
Interest rate swaps related to customer loans				
Total included in other liabilities		$		$

The effect of cash flow hedge accounting on accumulated other comprehensive income for the years ended December 31 are as follows:

	2023		
	Amount of Gain (Loss) Recognized in OCI on Derivative	Location of Gain (Loss) Reclassified from OCI into Income	Amount of Gain (Loss) Reclassified from OCI into Income
Interest rate contracts	$		$

	2022		
	Amount of Gain (loss) Recognized in OCI on Derivative	Location of Gain (Loss) Reclassified from OCI into Income	Amount of Gain (Loss) Reclassified from OCI into Income
Interest rate contracts	$		$

(Continued)

NOTE 22 - DERIVATIVES (Continued)

	2021		
	Amount of Gain (loss) Recognized in OCI on Derivative	Location of Gain (Loss) Reclassified from OCI into Income	Amount of Gain (Loss) Reclassified from OCI into Income
Interest rate contracts	$		$

At December 31, 2023, the Company expected $<> of the unrealized gain to be reclassified as a reduction of interest expense during 2024.

<Entities that experience a breach, which is defined as the outstanding amount of the closed portfolio is less than the hedged layer or layers, should disclose the following (per ASC 815-10-50-5C):
1) Amount of the hedge basis adjustment recognized in current period interest income because of the breach
2) Circumstances that led to the breach.>

(Dollar amounts in thousands except per share data)

NOTE 22 - DERIVATIVES (Continued)

The effect of fair value and cash flow hedge accounting on the statement of financial performance for the years ended December 31, 2023 and 2022 are as follows:

	Location and Amount of Gain or Loss Recognized in Income on Fair Value and Cash Flow Hedging Relationships[154]					
	2023		2022		2021	
	Interest Income (Expense)	Other Income (Expense)[155]	Interest Income (Expense)	Other Income (Expense)[155]	Interest Income (Expense)	Other Income (Expense)[155]
Total amounts of income and expense line items presented in the statement of financial performance in which the effects of fair value or cash flow hedges are recorded						
The effects of fair value and cash flow hedging:						
Gain (loss) on fair value hedging relationships:						
Hedged items	$	$	$	$	$	$
Interest rate contracts designated as hedging instruments						
Gain or (loss) on cash flow hedging relationships:						
Amount reclassified from accumulated OCI into income	$	$	$	$	$	$
Amount reclassified from accumulated OCI into income due to a forecast transaction that is probable of not occurring						

(Dollar amounts in thousands except per share data)

NOTE 22 - DERIVATIVES (Continued)

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative[156]	Amount of Gain or (Loss) Recognized in Income on Derivative		
		2023	2022	2021
Interest rate swaps related to loan customers	Other income (expense)[157]	$	$	$
Total		$	$	$

Mortgage Banking Derivatives

Commitments to fund certain mortgage loans (interest rate lock commitments) to be sold into the secondary market and forward commitments for the future delivery of mortgage loans to third party investors are considered derivatives. It is the Company's practice to enter into forward commitments for the future delivery of residential mortgage loans when interest rate lock commitments are entered into in order to economically hedge the effect of changes in interest rates resulting from its commitments to fund the loans. These mortgage banking derivatives are not designated in hedge relationships.

The net gains (losses) relating to non-designated derivative instruments used for risk management are summarized below for the years ending December 31:

	Location	2023	2022	2021
Forward sales contracts	Net gains on sales of loans	$	$	$
Interest rate lock commitments	Net gains on sales of loans	$	$	$

The following table reflects the amount and fair value of mortgage banking derivatives included in the Consolidated Balance Sheets as of December 31:

	2023		2022	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Forward sales contracts	$	$	$	$
Interest rate lock commitments				
Total included in other assets	$	$	$	$
Included in other liabilities:				
Forward sales contracts	$	$	$	$
Interest rate lock commitments				
Total included in other liabilities	$	$	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 23 - LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES

Some financial instruments, such as loan commitments, credit lines, letters of credit, and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The contractual amounts of financial instruments with off-balance-sheet risk at year-end were as follows:

	2023		2022	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitments to make loans	$	$	$	$
Unused lines of credit				
Standby letters of credit (see below if material)				

Commitments to make loans are generally made for periods of <> days or less. The fixed rate loan commitments have interest rates ranging from <>% to <>% and maturities ranging from <> years to <> years.

[If material]: The following instruments are considered financial guarantees and are carried at fair value.

	2023		2022	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Standby letters of credit	$	$	$	$
Loans sold with recourse				

NOTE 24 - BUSINESS COMBINATION

On ________, 2023, the Company acquired 100% of the outstanding common shares of <> Bank in exchange for ____________. Under the terms of the acquisition, <> common shareholders received <> of a share of the Company's common stock in exchange for each share of <> common stock. With the acquisition, the Company has one of <describe reasons for the acquisition>. <> Bank results of operations were included in the Company's results beginning ________, 2023. Net interest income and net income for <> Bank were $<> and $<>, respectively since the date of acquisition through December 31, 2023 and is included in the Company's Consolidated Statement of Income. Acquisition-related costs of $<> are included in other in the Company's income statement for the year ended December 31, 2023. The fair value of the common shares issued as part of the consideration paid for <> Bank was determined in the basis of the closing price of the Company's common shares on the acquisition date.

(Continued)

NOTE 24 - BUSINESS COMBINATION (Continued)

Goodwill of $______ arising from the acquisition consisted largely of synergies and the cost savings resulting from the combining of the operations of the companies. The amount of goodwill that is expected to be deductible for income taxes purposes is $_______. The fair value of $______ of intangible assets related to core deposits is subject to change pending receipt of the final valuation. The following table summarizes the consideration paid for <> Bank and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

Consideration	
Cash	$
Equity Instruments	
Contingent Consideration	
Fair value of total consideration transferred	$
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	$
Securities	
Federal Home Loan Bank stock	
Loans	
Premises and equipment	
Core deposit intangibles	
FDIC loss share receivable	
Real estate owned	
Other assets	
Total assets acquired	
Deposits	
Federal Home Loan Bank advances	
Liability arising from a contingency	
Other liabilities	
Total liabilities assumed	
Total identifiable net assets	
Goodwill	
	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 24 - BUSINESS COMBINATION (Continued)

The fair value of net assets acquired includes fair value adjustments to certain receivables that were not considered impaired as of the acquisition date. The fair value adjustments were determined using discounted contractual cash flows. However, the Company believes that all contractual cash flows related to these financial instruments will be collected. As such, these receivables were not considered impaired at the acquisition date and were not subject to the guidance relating to purchased credit impaired loans, which have shown evidence of credit deterioration since origination. Receivables acquired that were not subject to these requirements include non-impaired loans and customer receivables with a fair value and gross contractual amounts receivable of $____ and $______ on the date of acquisition.

The fair value of purchased financial assets with credit deterioration was $XXX on the date of acquisition. The gross contractual amounts receivable relating to the purchased financial assets with credit deterioration was $XXX. The Company estimates, on the date of acquisition, that $XXX of the contractual cash flows specific to the purchased financial assets with credit deterioration will not be collected.[158]

Example of adjustment to provision fair value amount: The Company increased the fair value of property, plant, and equipment by $< > with a corresponding decrease to goodwill due to the receipt of an updated appraisal. The increase in fair value resulted in an increase in depreciation expense of $ < >, of which $< > relates to the previous year.

The Company recognized contract assets and contract liabilities from revenue contracts with customers as a result of the business combination. The related revenue contracts with customers are recognized in accordance with Topic 606. The Company elected the following <as applicable in paragraph 805-20-30-29> practical expedients on the date of acquisition:

- The aggregate effect of all modifications that occurred before the acquisition date was reflected when:
  - Identifying the satisfied and unsatisfied performance obligations.
  - Determining the transaction price.
  - Allocating the transaction price to the satisfied and unsatisfied performance obligations.
- The standalone selling price was determined at the acquisition date for all contracts, for the purpose of allocating the transaction price, of each performance obligation in the contract as opposed to using the contract inception date.

The impact of applying the above expedients resulted in <to the extent reasonably possible, include a qualitative assessment of the estimated effect of the expedients>.[159]

The following table presents supplemental pro forma information as if the acquisition had occurred at the beginning of 2023. The unaudited pro forma information includes adjustments for interest income on loans and securities acquired, amortization of intangibles arising from the transaction, depreciation expense on property acquired, interest expense on deposits acquired, and the related income tax effects. The pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the transactions been effected on the assumed dates.

	2023	2022
Net interest income	$	$
Net income	$	$

(Continued)

NOTE 25 - PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Condensed financial information of _________ follows:

CONDENSED BALANCE SHEETS
December 31

	2023	2022
ASSETS		
Cash and cash equivalents	$	$
Securities available-for-sale		
Investment in banking subsidiaries		
Investment in and advances to other subsidiaries		
Other assets		
Total assets	$	$
LIABILITIES AND EQUITY		
Debt	$	$
Payable to subsidiaries		
Accrued expenses and other liabilities		
Shareholders’ equity		
Total liabilities and shareholders’ equity	$	$

CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
Years ended December 31

	2023	2022	2021
Interest income	$	$	$
Dividends from subsidiaries			
Other income			
Interest expense			
Other expense			
Income before income tax and undistributed subsidiary income			
Income tax expense (benefit)			
Equity in undistributed subsidiary income			
Net income	$	$	$
Comprehensive income	$	$	$

(Continued)

NOTE 25 - PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (Continued)

CONDENSED STATEMENTS OF CASH FLOWS
Years ended December 31

	2023	2022	2021
Cash flows from operating activities			
Net income	$	$	$
Adjustments:			
Equity in undistributed subsidiary income			
Change in other assets			
Change in other liabilities			
Net cash from operating activities			
Cash flows from investing activities			
Investments in subsidiaries			
Purchase of securities			
Sales of securities			
Other			
Net cash from investing activities			
Cash flows from financing activities			
Proceeds of borrowings			
Repayments of borrowings			
Proceeds from stock issue			
Purchase of common stock			
Dividends paid			
Net cash from financing activities			
Net change in cash and cash equivalents			
Beginning cash and cash equivalents			
Ending cash and cash equivalents	$	$	$

(Continued)

NOTE 26 - EARNINGS PER SHARE

The factors used in the earnings per share computation follow:

	2023	2022	2021
Basic			
Net income	$	$	$
Weighted average common shares outstanding			
Less: Average unallocated ESOP shares			
Average shares			
Basic earnings per common share	$	$	$
Diluted			
Net income	$	$	$
Weighted average common shares outstanding for basic earnings per common share			
Add: Dilutive effects of assumed exercises of stock options			
Add: Dilutive effects of assumed exercises of stock warrants			
Average shares and dilutive potential common shares			
Diluted earnings per common share	$	$	$

Stock options for __________, _________ and ________ shares of common stock were not considered in computing diluted earnings per common share for 2023, 2022 and 2021, respectively, because they were antidilutive.

NOTE 26 - EARNINGS PER SHARE (Continued)

<The two-class method is used in the calculation of basic and diluted earnings per share. Under the two-class method, earnings available to common shareholders for the period are allocated between common shareholders and participating securities according to dividends declared (or accumulated) and participation rights in undistributed earnings. The factors used in the earnings per share computation follow:

	2023	2022	2021
Basic			
Net income available to common shareholders	$	$	$
Less: Earnings allocated to participating securities			
Net income allocated to common shareholders	$	$	$
Weighted average common shares outstanding including participating securities			
Less: Participating securities			
Less: Average unallocated ESOP shares			
Average shares			
Basic earnings per common share	$	$	$
Diluted			
Net income allocated to common shareholders	$	$	$
Weighted average common shares outstanding for basic earnings per common share			
Add: Dilutive effects of assumed exercises of stock options			
Add: Dilutive effects of assumed exercises of stock warrants			
Average shares and dilutive potential common shares			
Diluted earnings per common share	$	$	$

Stock options for __________, _________ and ________ shares of common stock were not considered in computing diluted earnings per common share for 2023, 2022 and 2021, respectively, because they were antidilutive.>

(Continued)

NOTE 27 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)[160]

The following is changes in accumulated other comprehensive income (loss) by component, net of tax, for the years ending December 31, 2023 and 2022:

December 31, 2023	Gains and Losses on Cash Flow Hedges	Unrealized Gains and Losses on Available-for-Sale Securities	Defined Benefit Pension Items	Foreign Currency Items	Total
Beginning balance	$	$	$	$	$
Other comprehensive income before reclassification					
Amounts reclassified from accumulated other comprehensive income					
Net current period other comprehensive income					
Ending balance	$	$	$	$	$

December 31, 2022	Gains and Losses on Cash Flow Hedges	Unrealized Gains and Losses On Available-for-Sale Securities	Defined Benefit Pension Items	Foreign Currency Items	Total
Beginning balance	$	$	$	$	$
Other comprehensive income before reclassification					
Amounts reclassified from accumulated other comprehensive income					
Net current period other comprehensive income					
Ending balance	$	$	$	$	$

(Continued)

NOTE 27 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

The following is significant amounts reclassified out of each component of accumulated other comprehensive income (loss) for the year ending December 31, 2023:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified From Accumulated Other Comprehensive Income	Affected Line Item in the Statement Where Net Income Is Presented
Gains and losses on cash flow hedges		
Interest rate contracts	$	Interest income (expense)
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Unrealized gains and losses on available-for-sale securities		
Realized gains on securities available-for-sale	$	Net gain (losses) on sale of securities
Credit loss expense		Credit loss expense
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Amortization of defined benefit pension items		
Prior service costs	$	Other income/expense
Transition obligation		Other income/expense
Actuarial gains (losses)		Other income/expense
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Total reclassifications for the period, net of tax	$	

(Continued)

NOTE 27 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

The following is significant amounts reclassified out of each component of accumulated other comprehensive income (loss) for the year ending December 31, 2022:

Details About Accumulated Other Comprehensive Income Components	Amount Reclassified From Accumulated Other Comprehensive Income	Affected Line Item in the Statement Where Net Income Is Presented
Gains and losses on cash flow hedges		
Interest rate contracts	$	Interest income (expense)
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Unrealized gains and losses on available-for-sale securities		
Realized gains on securities available-for-sale	$	Net gain (losses) on sale of securities
Other-than-temporary Impairment		Other-than-temporary impairment loss
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Amortization of defined benefit pension items		
Prior service costs	$	Other income/expense
Transition obligation		Other income/expense
Actuarial gains (losses)		Other income/expense
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Total reclassifications for the Period, net of tax	$	

(Continued)

NOTE 27 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

The following is significant amounts reclassified out of each component of accumulated other comprehensive income (loss) for the year ending December 31, 2021:

Details About Accumulated Other Comprehensive Income Components	Amount Reclassified From Accumulated Other Comprehensive Income	Affected Line Item in the Statement Where Net Income Is Presented
Gains and losses on cash flow hedges		
Interest rate contracts	$	Interest income (expense)
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Unrealized gains and losses on available-for-sale securities		
Realized gains on securities available-for-sale	$	Net gain (losses) on sale of securities
Other-than-temporary impairment		Other-than-temporary impairment loss
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Amortization of defined benefit pension items		
Prior service costs	$	Other income/expense
Transition obligation		Other income/expense
Actuarial gains (losses)		Other income/expense
Total before tax		
Tax effect		Tax (expense) or benefit
Net of tax	$	
Total reclassifications for the Period, net of tax	$	

(Continued)

NOTE 28 - SEGMENT INFORMATION

The reportable segments are determined by the products and services offered, primarily distinguished between banking and mortgage banking operations. They are also distinguished by the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business [such as branches and subsidiary banks], which are then aggregated if operating performance, products/services, and customers are similar. Loans, investments, and deposits provide the revenues in the banking operation, and servicing fees and loan sales provide the revenues in mortgage banking. All operations are domestic.

Accounting policies for segments are the same as those described in Note 1 except that pension expense for each segment is determined based on cash paid. Segment performance is evaluated using operating income. Income taxes are allocated and indirect expenses are allocated on revenue. Transactions among segments are made at fair value. Information reported internally for performance assessment follows:

	Banking	Mortgage Banking	Other	Total Segments
2023				
Net interest income	$	$	$	$
Other revenue				
Noncash items:				
Depreciation				
Provision for credit loss				
Amortization of intangibles				
Goodwill impairment				
Income tax expense				
Segment profit				
Segment assets				

	Banking	Mortgage Banking	Other	Total Segments
2022				
Net interest income	$	$	$	$
Other revenue				
Noncash items:				
Depreciation				
Provision for loan loss				
Amortization of intangibles				
Goodwill impairment				
Income tax expense				
Segment profit				
Segment assets				

	Banking	Mortgage Banking	Other	Total Segments
2021				
Net interest income	$	$	$	$
Other revenue				
Noncash items:				
Depreciation				
Provision for loan loss				
Net gain on loan sale				
Income tax expense				
Segment profit				

(Continued)

NOTE 28 - SEGMENT INFORMATION (Continued)

Significant segment totals are reconciled to the financial statements as follows:

	Reportable Segments	Other Segments	Other	Consolidated Totals
2023				
Net interest income	$	$	$	$
Other revenue				
Provision for loan loss				
Net gain on loan sale				
Income tax expense				
Profit				
Assets				

	Reportable Segments	Other Segments	Other	Consolidated Totals
2022				
Net interest income	$	$	$	$
Other revenue				
Provision for loan loss				
Net gain on loan sale				
Income tax expense				
Profit				
Assets				

	Reportable Segments	Other Segments	Other	Consolidated Totals
2021				
Net interest income	$	$	$	$
Other revenue				
Provision for loan loss				
Net gain on loan sale				
Income tax expense				
Profit				

[Quantify amounts that are included in “Other Segments” and “Other” above and discuss the nature of such amounts to the extent material. Format may vary.] Amounts included in the “other” column are as follows:

	2023	2022	2021
Income tax expense:			
Holding company expense	$	$	$
Amount not allocated to segments			
Profit:			
Holding company expenses			
Pension expense			
Assets:			
Holding company assets			

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 29 - QUARTERLY FINANCIAL DATA (UNAUDITED)

	Interest Income	Net Interest Income	Net Income	Earnings Per Share[161] Basic	Earnings Per Share[161] Diluted
2023					
First quarter	$	$	$	$	$
Second quarter					
Third quarter					
Fourth quarter					
2022					
First quarter	$	$	$	$	$
Second quarter					
Third quarter					
Fourth quarter					

Item 302 of Regulation S-K (S-K 302) requires disclosure only when an entity had a material retrospective accounting change that impacts the statements of comprehensive income for any of the quarters within the two most recent fiscal years or any subsequent interim period for which financial statements are included or are required to be included in the filing. In addition to the tabular disclosure, registrants should provide narrative explanation of the material changes. A smaller reporting company (SRC) is not required to provide S-K 302 disclosure. An Emerging Growth Company that is not an SRC should consider footnote 70 of the final rule release text (SEC Release No. 33-10890).

NOTE 30 - OFFSETTING ASSETS AND LIABILITIES[162]

The following tables summarize gross and net information about financial instruments and derivative instruments that are offset in the statement of financial position or that are subject to an enforceable master netting arrangement at December 31, 2023 and 2022.

	December 31, 2023					
				Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Financial Instruments Recognized Amount	Cash or Financial Instrument Collateral Received	Net Amount
Interest rate swap derivatives	$	$	$	$	$	$
Reverse repurchase agreements						
Total	$	$	$	$	$	$

	December 31, 2022					
				Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Financial Instruments Recognized Amount	Cash or Financial Instrument Collateral Received	Net Amount
Interest rate swap derivatives	$	$	$	$	$	$
Reverse repurchase agreements						
Total	$	$	$	$	$	$

If an event of default occurs causing an early termination of an interest rate swap derivative, any early termination amount payable to one party by the other party may be reduced by set-off against any other amount payable by the one party to the other party. If a default in performance of any obligation of a repurchase agreement or reverse repurchase agreement occurs, each party will set-off property held in respect of transactions against obligations owing in respect of any other transactions.

(Dollar amounts in thousands except per share data)

NOTE 31 - QUALIFIED AFFORDABLE HOUSING PROJECT INVESTMENTS

The Company invests in qualified affordable housing projects. At December 31, 2023 and 2022, the balance of the investment for qualified affordable housing projects was $______ and $______. These balances are reflected in the accrued interest receivable and other assets line on the consolidated balance sheets. Total unfunded commitments[163] related to the investments in qualified affordable housing projects totaled $______ and $______ at December 31, 2023 and 2022. The Company expects to fulfill these commitments during the year ending 20XX.

[If investment is accounted for using the proportional amortization method]: During the years ended December 31, 2023 and 2022, the Company recognized amortization expense of $______ and $______, respectively, which was included within income tax expense on the consolidated statements of income.

[If investment is accounted for using the equity method]: During the year ended December 31, 20XX and XX, the Company recognized amortization expense of $______ and $______, respectively, which was included within other noninterest expense on the consolidated statements of income.

Additionally, during the years ended December 31, 2023 and 2022, the Company recognized tax credits and other benefits from its investment in affordable housing tax credits of $______ and $______, respectively. During the years ending December 31, 2023 and 2022, the Company incurred impairment losses of $______ and $______. The impairment losses were a result of the Company being ineligible to redeem the tax credits due to loss of qualification related to required occupancy levels [or describe the reason for impairment].

NOTE 32 - REVENUE FROM CONTRACTS WITH CUSTOMERS

[Example with one segment]
All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Company's sources of Non-Interest Income. Items outside the scope of ASC 606 are noted as such.

	Year Ended < >, 2023	Year Ended < >, 2022
Non-interest income		
Service charges on deposits[164]		
Overdraft fees	$ -	$ -
Other	-	-
Interchange income	-	-
Wealth management fees	-	-
Investment brokerage fees	-	-
Net gains on sales of loans[a]	-	-
Loan servicing fees[a]	-	-
Net gains (losses) on sales of securities[a]	-	-
Other[b]	-	-
Total non-interest income	$ -	$ -

(a) Not within the scope of ASC 606.
(b) The Other category includes < > totaling < >, which is within the scope of ASC 606; the remaining balance of < > represents < >, which is outside the scope of ASC 606.

NOTE 32 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

[Example with multiple operating segments]
All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Company's Non-Interest Income by revenue stream and reportable segment. Items outside the scope of ASC 606 are noted as such.

Revenue by Operating Segment	<YTD> Months Ended < >, 2023				<YTD> Months Ended < >, 2022			
	Banking	Wealth Management	Other	Total	Banking	Wealth Management	Other	Total
Non-interest income								
Service charges on deposits[164]								
Overdraft fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	-	-	-	-	-
Interchange income	-	-	-	-	-	-	-	-
Wealth management fees	-	-	-	-	-	-	-	-
Investment brokerage fees	-	-	-	-	-	-	-	-
Net gains on sales of loans[(a)]	-	-	-	-	-	-	-	-
Loan servicing fees[(a)]	-	-	-	-	-	-	-	-
Net gains (losses) on sales of securities[(a)]	-	-	-	-	-	-	-	-
Other[(b)]	-	-	-	-	-	-	-	-
Total non-interest income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(a) Not within the scope of ASC 606.
(b) The Other category includes < > totaling < >, which is within the scope of ASC 606.

A description of the Company's revenue streams accounted for under ASC 606 follows: [tailor this list as necessary.]

Service Charges on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Interchange Income: The Company earns interchange fees from [debit/credit] cardholder transactions conducted through the [Visa/MasterCard/Other] payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. [Interchange income is presented net of cardholder rewards. Cardholder rewards reduced interchange income by $XXX and $XXX million for the quarters ended < > and < >, respectively.]

(Continued)

NOTE 32 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Wealth Management [and Investment Brokerage] Fees (Gross): The Company earns wealth management [and investment brokerage] fees from its contracts with trust [and brokerage] customers to manage assets for investment, and/or to transact on their accounts. These fees are primarily earned over time as the Company provides the contracted monthly or quarterly services and are generally assessed based on a tiered scale of the market value of assets under management (AUM) at month-end. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed, i.e., the trade date. Other related services provided include [financial planning services] and the fees the Company earns, which are based on a fixed fee schedule, are recognized when the services are rendered.

Investment Brokerage Fees (Net): The Company earns fees from investment brokerage services provided to its customers by a third-party service provider. The Company receives commissions from the third-party service provider on a monthly basis based upon customer activity for the month. The fees are recognized monthly and a receivable is recorded until commissions are generally paid by the 15th of the following month. Because the Company (i) acts as an agent in arranging the relationship between the customer and the third-party service provider and (ii) does not control the services rendered to the customers, investment brokerage fees are presented net of related costs, including [list out types and/or amounts of costs netted against revenues].

Gains/Losses on Sales of OREO: The Company records a gain from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain on the sale, the Company adjusts the transaction price and related gain on sale if a significant financing component is present.

End notes

1 If the secured party (transferee) has the right by contract or custom to sell or repledge the collateral, then the obligor (transferor) shall reclassify that asset and report that asset in its statement of financial position separately (for example, as security pledged to creditors) from other assets not so encumbered (ASC 860-30-45-1).

2 ASU 2016-18 requires that restricted cash and cash equivalents be presented in total cash and cash equivalents in the balance sheet and statement of cash flows, and the nature of restrictions on restricted cash and cash equivalents be disclosed.

3 Example disclosure if securities purchased under agreement to resell are material –

Securities Purchased Under Agreements to Resell: The Company enters into purchases of securities under agreements to resell substantially identical securities. Securities purchased under agreements to resell consist of U.S. Treasury securities. The amounts advanced under these agreements are reflected as assets. It is the Company's policy to take possession of securities purchased under agreements to resell. Agreements with third parties specify the Company's rights to request additional collateral, based on its monitoring of the fair value of the underlying securities on a daily basis. The securities are delivered by appropriate entry into the Company's account maintained at the Federal Reserve Bank or into a third-party custodian's account designated under a written custodial agreement that explicitly recognizes the Company's interest in the securities. At year-end 2016, these agreements are scheduled to mature within 90 days and no material amount of agreements to resell securities purchased was outstanding with any individual dealer.

4 Per ASC 326-30-45-1, if an entity excludes applicable accrued interest from both the fair value and the amortized cost basis of the available-for-sale debt security, an entity may separately present on the statement of financial position or within another statement of financial position line item the accrued interest receivable balance, net of the allowance for credit losses (if any). An entity that presents the accrued interest receivable balance, net of the allowance for credit losses (if any), within another statement of financial position line item shall apply the disclosure requirements in ASC 326-30-50-3A.

Per ASC 326-30-50-3A, an entity that makes an accounting policy election to separately present the accrued interest receivable balance within another statement of financial position line item as described in ASC 326-30-45-1 shall disclose the amount of accrued interest, net of the allowance for credit losses (if any), and shall disclose in which line item on the statement of financial position that amount is presented.

5 Another presentation approach for debt securities held-to-maturity and loans is to disclose the gross amortized cost, allowance for credit loss, and the net amount as three separate line items, as illustrated below:

ASSETS	
Cash and due from financial institutions	$
Federal funds sold	
Cash and cash equivalents	
Interest-bearing deposits in other financial institutions	
Securities purchased under agreements to resell	
Trading assets	
Debt securities available-for-sale, net of allowance for credit loss of $<> (amortized cost $<>)	
Debt securities held-to-maturity (fair value $<>)	
Allowance for credit loss	
Net, debt securities held-to-maturity	
Equity securities	
Loans held for sale	
<Loans held for sale, at fair value>	
Loans,	

Allowance for credit losses	
Net, loans	
Other restricted stock, at cost	
Loan servicing rights	
Real estate owned, net	
Premises and equipment, net	
Goodwill	
Other intangible assets, net	
Entity owned life insurance	
Accrued interest receivable and other assets	
	$

6 To the extent equity securities without readily determinable fair values are material, the following disclosure should be evaluated. ASU 321-10-50 requires the following disclosure specific to equity securities without readily determinable fair values:

- The carrying amount of investments without readily determinable fair values
- The amount of impairments and downward adjustments, if any, both annual and cumulative
- The amount of upward adjustments, if any both annual and cumulative
- As of the date of the most recent statement of financial position, additional information (in narrative form) that is sufficient to permit financial statement users to understand the quantitative disclosures and the information that the entity considered in reaching the carrying amounts and upward or downward adjustments resulting from observable price changes
- For each period for which the results of operations are presented, an entity shall disclose the portion of unrealized gains and losses for the period that relates to equity securities still held at the reporting date.

7 The allowance for credit losses that is deducted from the asset's amortized cost basis should be separately presented on the balance sheet per ASC 326-20-45-1. This is applicable to all financial assets measured at amortized cost. This illustrative balance sheet illustrates this requirement for loans and debt securities held-to-maturity only.

8 If foreclosed and repossessed assets included in other assets on the balance sheet there should separate disclosures in the notes to the financial statements.

9 Any capitalized implementation costs of a hosting arrangement that is a service contract are to be included in the same line item in the statement of financial position that a prepayment of the fees for the associated hosting arrangement would be presented (ASC 350-40-45-2).

10 Per ASC 326-20-45-5, an entity may make an accounting policy election at the financing receivable or major security-type level to separately present on the statement of financial position or within another statement of financial position line item the accrued interest receivable balance, net of the allowance for credit losses (if any). An entity that presents the accrued interest receivable balance, net of the allowance for credit losses (if any), within another statement of financial position line item shall apply the disclosure requirements in ASC 326-20-50-3A.

Per ASC 326-20-50-3A, an entity that makes an accounting policy election to present the accrued interest receivable balance within another statement of financial position line item as described in ASC 326-20-45-5 shall disclose the amount of accrued interest, net of the allowance for credit losses (if any), and shall disclose in which line item on the statement of financial position that amount is presented.

Per ASC 326-20-50-3C, an entity that makes the accounting policy election in paragraph 326-20-30-5A shall disclose its accounting policy not to measure an allowance for credit losses for accrued interest receivables. The accounting policy shall include information about what time period or periods, at the class of financing receivable or major security-type level, are considered timely.

11 Liabilities incurred by either the secured party or obligor in securities borrowing or resale transactions shall be separately classified (ASC 860-30-45-2).

12 The presentation included on the face of the balance sheet is one of three ways ASU 2015-03 can be presented. There are two additional presentation options below.

Presentation 2 – Discount presented separately		
Long-term debt:		
Noninterest bearing note due December 31, XXXX	$	$
Less unamortized discount based on imputed interest rate of 8%		
Note receivable less unamortized discount	$	$
Presentation 3 – Several notes involved		
Long-term debt (Note 1):		
Principal amount	$	$
Less unamortized discount and debt issuance costs		
Long-term debt less unamortized discount and debt issuance costs	$	$

13 The estimate of expected credit losses on off-balance-sheet credit exposures should be reported separate from the allowance for credit losses related to a recognized financial instrument and presented on the balance sheet as a liability for off-balance-sheet credit exposures.

14 The SEC staff requires the caption "Commitments and Contingencies – See Note" on the face of the balance sheet, based on Regulation S-X, Rule 5-02-25, except when these liabilities are not significant. When the caption is included on the balance sheet, the amount column should be left blank and not indicated with a dash (-) since the dash might be interpreted to mean that there are neither commitments nor contingent liabilities.

15 Describe series of preferred stock issued. For example: Series A Convertible Preferred Stock.

16 An entity that issues preferred stock (or other senior stock) that has a preference in involuntary liquidation considerably in excess of the par or stated value of the shares shall disclose the liquidation preference of the stock (the relationship between the preference in liquidation and the par or stated value of the shares). That disclosure shall be made in the equity section of the statement of financial position in the aggregate, either parenthetically or in short, rather than on a per-share basis or through disclosure in the notes (ASC 505-10-50-4).

17 An entity that recognizes the effect of the trigger of a down round feature shall disclose information that indicates that additional equity value has been transferred to holders of certain equity-linked financial instruments and the effect of the value transfer, either through the equity section of the statement of financial position or through disclosure in the notes (ASC 505-10-50-3).

18 An entity that recognizes the effect of the trigger of a down round feature shall disclose information that indicates that additional equity value has been transferred to holders of certain equity-linked financial instruments and the effect of the value transfer, either through the equity section of the statement of financial position or through disclosure in the notes (ASC 505-10-50-3).

19 Per ASC 505-30-45-1, If a corporation's stock is acquired for purposes other than retirement (formal or constructive), or if ultimate disposition has not yet been decided, the cost of acquired stock may be shown separately as a deduction from the total of capital stock, additional paid-in capital, and retained earnings, or may be accorded the accounting treatment appropriate for retired stock specified in paragraphs 505-30-30-7 through 30-10.

20 Disclosure of the individual credit loss expense components is not required on the face of the income statement, but if aggregated, we recommend a separate disclosure of the components be included for the user.

[21] For public companies, disclose details of other income and other expense if they exceed 1% of total interest income and non-interest income. Refer to Article 9 of Regulation S-X.

[22] The amendments under ASU 2013-02 require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amount reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The example shown here is one option of presenting the amounts reclassified out of accumulated other comprehensive income on the face of the statements of income and comprehensive income.

[23] Per ASC 321-10-50-4: for each period for which the results of operations are presented, an entity shall disclose the portion of unrealized gains and losses for the period that relates to equity securities still held at the reporting date.

[24] This financial statement line item is necessary if the fair value option has been selected. The change in fair value should not be combined with other mortgage banking income items such as gain from sales, servicing fees, etc. per ASC 825-10-50-30.

[25] The amendments under ASU 2013-02 require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amount reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The example shown here is one option of presenting the amounts reclassified out of accumulated other comprehensive income on the face of the statements of income and comprehensive income.

[26] Amortization of implementation costs of a hosting arrangement that is a service contract are to be included in the same line item in the statement of income as the expense for fees for the associated hosting arrangement (ASC 350-40-45-1).

[27] Per 715-20-45-3A, the service cost component of net periodic postretirement benefit cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period (except for the amount being capitalized, if appropriate, in connection with the production or construction of an asset such as inventory or property, plant, and equipment).

[28] The amendments under ASU 2013-02 require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amount reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The example shown here is one option of presenting the amounts reclassified out of accumulated other comprehensive income on the face of the statements of income and comprehensive income.

[29] The amendments under ASU 2013-02 require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amount reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The example shown here is one option of presenting the amounts reclassified out of accumulated other comprehensive income on the face of the statements of income and comprehensive income.

[30] The SEC has issued interpretive guidance (S99-5) that indicates the SEC has determined not to mandate presentation of income or loss applicable to common stock in all cases. The staff generally will not insist on the reporting of income or loss applicable to common stock if the amount differs from net income or loss by less than ten percent.

[31] ASC 220-10-45-12 requires disclosure of the amount of income tax expense/benefit allocated to each component of other comprehensive income, either on the face of the statements in which the components are displayed or in notes to the financial statements. This presentation is a gross display of other comprehensive income, with the income tax expense/benefit allocated to each component presented on the face of the statements. If this presentation is applied, the footnote disclosure reflecting this information would not be required, although the requirement to present accumulated other comprehensive income, would still need to be done in a footnote. See sample disclosure included in at Note 26.

[32] This illustrates the gross display of amounts reclassified out of accumulated other comprehensive income. Alternatively, a net display can be used, with disclosure of the gross amounts in the notes to the financial statements.

[33] In accordance with ASC 326-30-45-2, amounts related to available-for-sale debt securities for which an allowance for credit losses has been recorded should be separately presented in the financial statement in which components of accumulated other comprehensive income are reported.

[34] Title of statement can include reference to net income. For example, the use of “Consolidated Statements of Net Income and Comprehensive Income” would be acceptable.

[35] Per 715-20-45-3A, the service cost component of net periodic postretirement benefit cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period (except for the amount being capitalized, if appropriate, in connection with the production or construction of an asset such as inventory or property, plant, and equipment).

[36] ASC 220-10-45-12 requires disclosure of the amount of income tax expense/benefit allocated to each component of other comprehensive income, either on the face of the statements in which the components are displayed or in notes to the financial statements. This presentation is a net display of other comprehensive income, thus a footnote disclosure reflecting the amount of income tax expense/benefit allocated to each component of other comprehensive income would be required. See Note 25 included in this appendix for an illustrative presentation. Another alternative to this presentation would be to display components of other comprehensive income before tax with one amount shown for the aggregate income tax expense or benefit.

[37] This illustrates the net display of unrealized gain/losses on securities, thus the gross amounts (current period unrealized gain and reclassification adjustment) would need to be disclosed in a footnote.

[38] ASU 2016-09 amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which ASU 2016-09 is adopted.

[39] Presentation including the cumulative change in accounting principle is only required for presentation related to the year of adoption.

[40] Additionally, if ASU 2022-02 has been adopted, consider the impact and presentation related to the change in accounting principle, if adoption was applied on a modified retrospective basis.

[41] ASU 2016-15 provides guidance on how eight specific cash flows should be classified in the statement of cash flows, including debt prepayment or extinguishment costs, settlement of zero-coupon bonds, contingent consideration payments, insurance settlement proceeds, bank-owned life insurance (BOLI) policy settlements and premiums, equity method investee distributions, beneficial interests in securitization transactions, predominance principle for receipts and payments.

[42] ASU 2016-18 requires that restricted cash and cash equivalents be presented in total cash and cash equivalents in the balance sheet and statement of cash flows, and the nature of restrictions on restricted cash and cash equivalents be disclosed.

[43] Cash flows from capitalized implementation costs of a hosting arrangement that is a service contract need to be classified in the same manner in the statement of cash flows as the cash flows for the fees for the associated hosting arrangement (ASC 350-40-45-3).

[44] Presentation of goodwill amortization for private companies that have elected the accounting alternative.

[45] If not disclosed in cash flow statement, then depreciation expense needs to be disclosed elsewhere.

[46] For non-SEC filers, the presentation of the change in loans held for sale can be net, instead of gross as shown in the example above. However, common industry practice is that the gross presentation is shown.

[47] ASC 321-10-45-1 requires an entity to classify cash flows from purchases and sales of equity securities on the basis of the nature and purpose for which it acquired the securities.

[48] Cash flows for sales of loan held for investment should be presented as an investing cash inflow, not in operating cash flows.

[49] Entities within the scope of ASC 942-230-45-4 shall classify principal payments received under sales type leases and direct financing leases within investing activities.

[50] Short-term borrowings less than 90 days qualify for net reporting in the statement of cash flows (ASC 230-10-45-9).

[51] Cash flows related to borrowings that are not short term (i.e. original maturity of 90 days or less) do not qualify for net reporting (ASC 230-10-45-9).

[52] Cash flows related to borrowings that are not short term (i.e. original maturity of 90 days or less) do not qualify for net reporting (ASC 230-10-45-9).

[53] Upon adoption of ASU 2016-09, Compensation-Stock Compensation (Topic 718), excess tax benefits should be classified with other income tax cash flows as an operating activity. If ASU 2016-09 has not yet been adopted, report excess tax benefit from exercise of stock options as financing cash flow inflow and operating outflow (per ASC 718-20-55-24). Cash paid by an employer when directly withholding shares for tax withholding purposes should be classified as a financing activity.

[54] If significant, also disclose proceeds from sales of foreclosed assets in investing cash flows and net gains or losses in operating cash flows.

[55] Refer to ASC 810-10-45 for guidance on presentation matters related to a noncontrolling interest in a subsidiary.

[56] This disclosure is not required for SEC filers.

[57] ASC 310-20-35-26, permits, but does not require, entities to anticipate prepayments for large holding of similar loans, for which prepayments are probable and can be reasonably estimated. Certain mortgage backed securities or other ABS may meet these characteristics. Entities that anticipate prepayments should disclose that policy and significant assumptions.

[58] ASU 2020-08 requires the premium on certain purchased callable debt securities held at a premium to be amortized to the next call date. For each reporting period, to the extent that the amortized cost basis of an individual callable debt security exceeds the amount repayable by the issuer at the next call date, the excess (that is, the premium) shall be amortized to the next call date unless the guidance in paragraph 310-20-35-26 is applied to consider estimated prepayments. For purposes of this guidance, the next call date is the first date when a call option at a specified price becomes exercisable. Once that date has passed, the next call date is when the next call option at a specified price becomes exercisable, if applicable. If there is no remaining premium or if there are no further call dates, the entity shall reset the effective yield using the payment terms of the debt security. Securities within the scope of this paragraph are those that have explicit, noncontingent call options that are callable at fixed prices and on preset dates at prices less than the

amortized cost basis of the security. Whether a security is subject to this paragraph may change depending on the amortized cost basis of the security and the terms of the next call option. If determined material, in the period of adoption, an entity should provide disclosures about a change in accounting principle.

59 Disclosure is required to be by portfolio segment or major security type.

60 If when identifying and measuring an impairment of a held-to-maturity security, the applicable accrued interest receivable is excluded from both the fair value and amortized cost basis of the held-to-maturity security, an entity may, as a practical expedient, exclude the applicable accrued interest that is included in the amortized cost basis for purposes of disclosure requirements. If an entity elects the practical expedient, a disclosure shall be included with the total amount of accrued interest, net of the allowance for credit losses (if any), excluded from the disclosed amortized cost basis.

61 Per ASC 326-20-50-11, changes in the estimate of expected credit losses that have taken place during the period should be disclosed.

62 If when identifying and measuring an impairment of an available-for-sale debt security, the applicable accrued interest receivable is excluded from both the fair value and amortized cost basis of the available-for-sale debt security, an entity may, as a practical expedient, exclude the applicable accrued interest that is included in the amortized cost basis for purposes of disclosure requirements. If an entity elects the practical expedient, a disclosure shall be included with the total amount of accrued interest, net of the allowance for credit losses (if any), excluded from the disclosed amortized cost basis.

63 Per ASC 321-10-50-3 the following disclosures are required for equity securities without readily determinable fair values. This disclosure may be included within the securities footnote or broken into a separate footnote.

(1) The carrying amount of investments without readily determinable fair values
(2) The amount of impairments and downward adjustments, if any, both annual and cumulative
(3) The amount of upward adjustments, if any, both annual and cumulative
(4) As of the date of the most recent balance sheet, additional information (in narrative form) that is sufficient to permit financial statement users to understand the quantitative disclosures and the information that the entity considered in reaching the carrying amounts and upward or downward adjustments resulting from observable price changes
(5) For each period for which the results of operations are presented, an entity shall disclose the portion of unrealized gains and losses for the period that relates to equity securities still held at the reporting date

64 Per ASC 326-20-50-11, changes in the estimate of expected credit losses that have taken place during the period should be disclosed.

65 SEC requires disclosure of range of useful lives. Non-public companies have option of disclosing depreciation method only without useful lives.

66 Disclose the specific line item where change in fair value of derivatives is reported.

67 This disclosure is required by ASR 268. Although a non-SEC filer may be considered a public business entity under FASB rules, such a Company would not be subject to this requirement.

68 Per ASC 505-30-45-1, If a corporation's stock is acquired for purposes other than retirement (formal or constructive), or if ultimate disposition has not yet been decided, the cost of acquired stock may be shown separately as a deduction from the total of capital stock, additional paid-in capital, and retained earnings, or may be accorded the accounting treatment appropriate for retired stock specified in paragraphs 505-30-30-7 through 30-10.

69 If there are two reportable operating segments, internal financial information is primarily reported and aggregated in two lines of business, banking and mortgage banking.

70 Disclosure requirements include: Management's reasons for choosing the fair value option for each eligible instrument; if the fair value option is elected and some instruments are excluded from election, describe the reasons for partial election, while including information to enable users to understand how the group of excluded items relates to individual line items on the balance sheet. For each item on the balance sheet where the FVO is elected, disclosures should also include information for users to understand each line item on the balance sheet as it relates to major classes of assets and liabilities presented in accordance with the fair value disclosure requirements of Topic 820, and the aggregate carrying amount of items included in each line in the statement of financial position that are not eligible for the FVO, if any. The difference between the aggregate fair value and aggregate unpaid principal balance of loans and long-term receivables and long-term debt instruments should be disclosed for those which the fair value option has been elected.

For loans where the fair value option has been elected the following should be disclosed:

1. Aggregate fair value of loans that are 90 days or more past due
2. Aggregate fair value of loans in nonaccrual status
3. The difference between the aggregate fair value and the aggregate unpaid principal balance for loans that are 90 days or more past due, in nonaccrual status, or both

The income statement should include the following disclosures related to the election of the fair value option:

1. Amounts of gains and losses from fair value changes included in earnings during the periods presented
2. Disclosures and descriptions of how interest and dividends are measured and where they are reported in the income statement
3. Estimated amount of gains or losses included in earnings during the period attributable to changes in credit risk (specific to loans and other receivables) and how these estimates were determined
4. Disclosures of the amount of change related to instrument-specific credit risk and the amount of change, during the period and cumulatively of the fair value of the liability and how these estimates were determined
5. If a liability is settled during the period, if any amount is recognized in OCI, that was recognized in net income at settlement

An entity shall disclose the methods and significant assumptions used to estimate the fair value of items for which FVO has been elected. Qualitative disclosures surrounding why the FVO was elected and the impact on earnings is also required

71 Consideration should also be made of other accounting pronouncements adopted in current year as applicable that had a material impact on the financial statements. In addition, consideration should be made with respect to other pronouncements issued but not yet effective (public companies only – Staff Accounting Bulletin T.11M).

72 The following are the incremental disclosures added by ASU 2020-06.

Convertible instruments

- ***Pertinent rights and privileges***

Reporting entities should explain pertinent rights and privileges of each convertible instrument outstanding. ASC 470-2-50-1B and ASC 505-10-50-13 provide a list of requirements (not all inclusive) for convertible debt and convertible preferred stock, respectively. These requirements include, but are not limited to:

- Key terms (e.g., principal and coupon rate, number of shares issued, par value, dividends)
- Conversion or exercise prices or rates and number of shares into which the instrument is potentially convertible
- Pertinent dates (e.g., conversion and maturity date(s))
- Parties that control the conversion rights
- Manner of settlement upon conversion and any alternative settlement methods, such as cash, shares, or a combination of cash and shares
- Terms that may change conversion or exercise prices, number of shares to be issued, other conversion rights and the timing of those rights (excluding standard antidilution provisions)

- Liquidation preference and unusual voting rights, if applicable. For convertible preferred stock, ASC 505-10-50-4 also requires disclosure in the equity section of the statement of financial position when there is a preference in involuntary liquidation considerably in excess of par or stated value

- ***Contingently convertible instruments and adjustable conversion ratios***

Entities should disclose information about events or conditions that could occur that would cause conversion contingencies to be met or conversion terms to be changed. In addition, information on whether the shares that would be issued if converted are included in diluted EPS and the reasons why or why not should be disclosed. Other information that is helpful to understand the nature of contingencies and potential impact of conversion should also be disclosed. See ASC 470-20-50-1C and 505-10-50-14.

- ***Additional disclosures as of the date of statement of financial position***

Entities should disclose changes to conversion or exercise prices (other than changes due to standard antidilution provisions), events or changes in circumstances that cause conversion contingencies to be met or conversion terms to be significantly changed, and the number of shares issued upon conversion, exercise, or satisfaction of required conditions that occur during the reporting period. In addition, for convertible debt, requirements in ASC 470-10-50-1 related to maturities and sinking funds for each of the five years following the date of the most recent statement of financial position remain. See ASC 470-20-50-1E and ASC 505-10-50-16.

- ***Derivative disclosures***

Disclosures in ASC 815 are required for a conversion option of a convertible instrument accounted for as a derivative in addition to the requirements in ASC 470 or ASC 505. See ASC 470-20-50-1G and ASC 505-10-50-17.

Further, reporting entities should disclose the following information about derivative transactions entered into in connection with the issuance of convertible instruments, regardless of whether the derivative transactions are accounted for as assets, liabilities, or equity instruments:

- Terms of the derivative transactions (including terms of settlement)
- How those derivative transactions relate to the convertible instruments
- Number of shares underlying the derivative transactions
- Reason for entering into those derivative transactions

Convertible debt only

- ***For each instrument as of each date for which a statement of financial position is presented***

Reporting entities should disclose the unamortized premium, discount, or issuance costs and, if applicable, the premium amount recorded as paid-in capital as well as the net carrying amount.
Public business entities should disclose the fair value of the entire instrument and the level of the fair value hierarchy in accordance with ASC 825. ASU 2020-06 requires that existing fair value disclosures be provided at the individual convertible debt instrument level rather than in the aggregate.

- ***Interest expense***

For each period for which a statement of financial performance is presented, entities should disclose the effective interest rate for the period and the amount of interest recognized disaggregated by contractual interest expense and the amortization of the premium, discount, or issuance costs.

- ***Fair value option***

Reporting entities with convertible debt instruments measured at fair value by applying the fair value option should provide disclosures in accordance with ASC 820-10, ASC 825-10, and ASC 470-20. See ASC 470-20-50-1H.

Convertible preferred stock only

- ***Dividends declared***

Reporting entities should disclose the amount of dividends declared for each period for which a statement of financial performance is presented, in addition to the existing disclosures required by ASC 505-10-50-5.

Contracts in an entity's own equity

- ***Scope of disclosure requirements***

The scope of ASC 815-40-50 was modified to apply only to non-designated instruments regardless of whether the contract meets the criteria in ASC 815-40-15 (the indexation criterion) and ASC 815-40-25 (the settlement criterion). The FASB observed the scope was previously unclear and clarification was needed for stakeholders to understand applicability of disclosure requirements.

The amended guidance also states that equity-classified contracts under the provisions of ASC 815-40 are not required to provide the equity disclosures required by ASC 505-10-50, other than those described in ASC 815-40-50-5.

- ***Interaction with disclosures about capital structure***

ASU 2020-06 clarifies the detail required for the existing disclosure requirement in ASC 815-40-50-5(d), specifically requiring disclosure of the amounts that would be paid or the number of shares that would be issued for each settlement alternative and their fair value and how changes in the fair value of the issuer's equity shares affect those settlement amounts.

[73] 942-320-50-3A - In complying with this requirement, financial institutions shall disclose the net carrying amount of debt securities based on at least 4 maturity groupings:
a. Within 1 year
b. After 1 year through 5 years
c. After 5 years through 10 years
d. After 10 years.

Securities not due at a single maturity date, such as mortgage-backed securities, may be disclosed separately rather than allocated over several maturity groupings. If allocated, the basis for allocation also shall be disclosed.

[74] ASC 326-30-45-3 explains that an entity that measures credit losses based on the present value of expected future cash flows is permitted to report the entire change in present value as credit loss expense (or reversal of credit loss expense), but may also report the change in present value attributable to the passage of time as interest income.

[75] Quantitative and qualitative information about the credit quality of financial assets should be disclosed by major security type per ASC 326-20-50-5 and 50-8.

The following should be disclosed:

1. A description of the credit quality indicator
2. The amortized cost basis by credit quality indicator
3. For each credit quality indicator, the date or range of dates in which the information was last updated for that credit quality indicator
4. If an entity discloses internal risk ratings, the qualitative information on how those internal risk ratings relate to the likelihood of loss

[76] In the year of initial application of ASC 326, a public business entity that is not an SEC filer may phase-in the disclosure of credit quality indicators by year of origination by only presenting the three most recent origination years (including the first year of adoption). In each subsequent fiscal year, the then-current origination year will be added in the periods after adoption until a total of five origination years are presented. Origination years before those that are presented separately should be disclosed in the aggregate.

[77] Per ASC 326-20-50-5 and 50-8, if any entity discloses internal risk ratings, the qualitative information on how those internal risk ratings relate to the likelihood of loss should be disclosed.

[78] In connection with an acquisition of failed Banks, certain loans may be covered by a loss sharing agreement with the FDIC (referred to as "Covered Loans" below). If applicable, a disclosure of the significant terms of the agreement should be added. Due to the nature of the manner in which these loans were acquired and certain limitations on how these loans are managed, there are different risks on the covered loans than in the remaining portfolio. As a result, it is recommended that certain disclosures show the amount of total loans that are covered. Below are a few examples.

Loans at year-end were as follows:

	2023	
	Covered	Not Covered
Commercial	$	$
Commercial real estate:		
Construction		
Other		
Residential real estate:		
Nontraditional		
Other		
Consumer:		
Credit card		
Auto:		
Direct		
Indirect		
Other		
Subtotal		
Less: Net deferred loan fees		
Allowance for loan losses		
Loans, net	$	$

The following table presents the aging of the recorded investment in past-due loans as of December 31, 2023 by class of loans, shown separately for loans covered by loss sharing agreements:

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Covered Loans:						
December 31, 2023						
Commercial	$	$	$	$	$	$
Commercial real estate:						
Construction						
Other						
Consumer:						
Credit card						
Other						
Auto:						
Direct						
Indirect						
Residential:						
Nontraditional						
Other						
Total	$	$	$	$	$	$

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Non-Covered Loans:						
December 31, 2023						
Commercial	$	$	$	$	$	$
Commercial real estate:						
Construction						
Other						
Consumer:						

Credit card						
Other						
Auto:						
Direct						
Indirect						
Residential:						
Nontraditional						
Other						
Total	$	$	$	$	$	$

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows, shown separately for loans covered by loss sharing agreements:

	Pass	Special Mention	Substandard	Doubtful	Not Rated
Covered Loans:					
December 31, 2023					
Commercial	$	$	$	$	$
Commercial real estate:					
Construction					
Other					
Residential:					
Nontraditional					
Other					
Total	$	$	$	$	$

	Pass	Special Mention	Substandard	Doubtful	Not Rated
Non-Covered Loans:					
December 31, 2023					
Commercial	$	$	$	$	$
Commercial real estate:					
Construction					
Other					
Residential:					
Nontraditional					
Other					
Total	$	$	$	$	$

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2023:

	Unpaid Principal Balance Covered	Unpaid Principal Balance Non-Covered	Recorded Investment Covered	Allowance for Loan Losses Non-Covered	Allowance for Loan Losses Allocated Covered	Non-Covered
December 31, 2023						
With no related allowance recorded:						
Commercial	$	$	$	$	$	$
Commercial real estate:						
Construction						
Other						
Residential real estate:						
Nontraditional						
Other						
Subtotal						
With an allowance recorded:						
Commercial						

Commercial real estate:						
Construction						
Other						
Residential real estate:						
Nontraditional						
Other						
Subtotal						
Total	$	$	$	$	$	$

[79] If applicable, add disclosures required by ASC 275-10, formerly FSP No. SOP 94-6-1, *Terms of Loan Products That May Give Rise to Concentration of Credit Risk*. Please refer to the guidance for more detailed requirements. Here is a relatively simple example:

At year-end 2023 and 2022, the Company has a total of $<> and $<> million in interest only mortgage loans, and $<> and $<> million in loans with potential for negative amortization, respectively. These loans pose a potentially higher credit risk because of the lack of principal amortization and potential for negative amortization. However, management believes the risk is mitigated through the company's loan terms and underwriting standards, including its policies on loan-to-value ratios.

[80] ASC 326-30-45-3 explains that an Entity that measures credit losses based on the present value of expected future cash flows is permitted to report the entire change in present value as credit loss expense (or reversal of credit loss expense), but may also report the change in present value attributable to the passage of time as interest income.

[81] Portfolio Segment is defined under ASC 310-10 as "The level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. See paragraphs 310-10-55-21 through 55-22." The example shown is based on call report classifications. However, consideration should be given to how each Company segments the loan portfolio in determining its allowance for loan losses.

[82] ASC 326-20-50-16 requires this disclosure to be disaggregated by class of financing receivable

[83] Per ASC 310-10-50-43: Receivables may be modified in more than one manner. An entity that modifies the same receivable in more than one manner shall provide disclosures sufficient for users to understand the different types of combinations of modifications provided to borrowers. For example, a receivable may be modified to provide both principal forgiveness and an interest rate reduction. In that case, an entity shall disclose the period-end amortized cost basis of that receivable in a separate category that reflects that a combination of modification types has been granted. If another receivable was modified to provide both an interest rate reduction and a term extension, the period-end amortized cost basis of that receivable shall be presented in a different category. Multiple separate combination categories may be necessary if significant. The same receivable's period-end amortized cost basis shall not be presented in multiple categories.

[84] Additional guidance related to the required disclosures for credit quality can be found in ASC 310-10-50-28 through 30. The disclosure will vary based on how and to what extent management monitors the credit quality of the loan portfolio.

[85] In the year of initial application of ASC 326, a public business Entity that is not an SEC filer may phase-in the disclosure of credit quality indicators by year of origination by only presenting the three most recent origination years (including the first year of adoption). In each subsequent fiscal year, the then-current origination year will be added in the periods after adoption until a total of five origination years are presented. Origination years before those that are presented separately should be disclosed in the aggregate.

[86] ASC 825-10-45-1A requires financial assets and financial liabilities to be presented separately by measurement category and form of financial asset (i.e., securities or loans and receivables) in the balance sheet or the accompanying notes to the financial statements.

[87] A description of the valuation technique(s) and the inputs used in the fair value measurement for recurring and nonrecurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy is required per ASC 820-10-50-2.

[88] A description of the valuation technique(s) and the inputs used in the fair value measurement for recurring and nonrecurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy is required per ASC 820-10-50-2.

[89] This presentation is only for those loans held for sale for which the fair value option has been elected.

[90] The presentation of derivatives is required to be broken out by class under Accounting Standards Codification 820-10 -50-2A.

[91] This table is required to be presented in the same level of detail as the table listing the “Fair Value Measurements at December 31.”

[92] ASC 820-10-55-103 includes additional examples of presenting quantitative information about level 3 fair value measurements for additional types of financial assets.

[93] See ASC 820-10-55-106, which states for recurring fair value measurements categorized within Level 3 of the fair value hierarchy, this Topic requires a reporting entity to provide a narrative description of the uncertainty of the fair value measurement at the reporting date from the use of significant unobservable inputs, if those inputs reasonably could have been different at the reporting date, and a description of any interrelationships among the unobservable inputs used in the fair value measurement, which might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

[94] Under ASC 820-10-50-2-bbb, a reporting entity is not required to include this quantitative information if the Company uses prices from a prior transaction(s) or third-party pricing information without adjustment. However, when providing this disclosure, a reporting entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the reporting entity, even if they are from a third-party. In such cases where the information is reasonably available it should be disclosed.

[95] This table is required to be presented in the same level of detail as the table listing the “Fair Value Measurements at December 31.”

[96] Under ASC 820-10-50-2(c)(1a), a public business entity should disclose total gains or losses for the period recognized in other comprehensive income, and the line item(s) in other comprehensive income in which those gains or losses are recognized.

[97] ASC 820-10-50-2B and 2C notes the fair value measurement at the end of the reporting period for recurring fair value measurements and at the relevant measurement date for nonrecurring fair value measurements. For nonrecurring measurements estimated at a date during the reporting period other than the end of the reporting period, a reporting entity should clearly indicate that the fair value information presented is not as of the period’s end as well as the date or period that the measurement was taken.

[98] Only include those assets that are measured at fair value as of period end.

[99] Only include those assets that are measured at fair value as of period end.

[100] See ASC 820-10-50-6A, which states for investments that are within the scope of paragraphs 820-10-15-4 through 15-5 and that are measured using the practical expedient in paragraph 820-10-35-59 on a recurring or nonrecurring basis during the period, a reporting entity shall disclose information that helps users of its financial statements to understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from net asset value per share (or its equivalent, such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed). A reporting entity shall disclose, the following information for each class of investment:

a. The fair value measurement (as determined by applying paragraphs 820-10-35-59 through 35-62) of the investments in the class at the reporting date and a description of the significant investment strategies of the investee(s) in the class

b. For each class of investment that includes investments that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the period of time over which the underlying assets are expected to be liquidated by the investees if the investee has communicated the timing to the reporting entity or announced the timing publicly. If the timing is unknown, the reporting entity shall disclose that fact
c. The amount of the reporting entity's unfunded commitments related to investments in the class.
d. A general description of the terms and conditions upon which the investor may redeem investments in the class (for example, quarterly redemption with 60 days' notice)
e. The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (for example, investments subject to a lockup or gate). Also, for those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity shall disclose when the restriction from redemption might lapse if the investee has communicated that timing to the reporting entity or announced the timing publicly. If the timing is unknown, the reporting entity shall disclose that fact and how long the restriction has been in effect
f. Any other significant restriction on the ability to sell investments in the class at the measurement date
g. Subparagraph superseded by Accounting Standards Update No. 2015-07
h. If a group of investments would otherwise meet the criteria in paragraph 820-10-35-62 but the individual investments to be sold have not been identified (for example, if a reporting entity decides to sell 20 percent of its investments in private equity funds but the individual investments to be sold have not been identified), so the investments continue to qualify for the practical expedient in paragraph 820-10-35-59, the reporting entity shall disclose its plans to sell and any remaining actions required to complete the sale(s)

[101] This is an example disclosure if this disclosure requirement is applicable per ASU 2015-07:

a. [The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (for example, investments subject to a lockup or gate). Also, for those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity shall disclose its estimate of when the restriction from redemption might lapse. If an estimate is unknown, the reporting entity shall disclose that fact and how long the restriction has been in effect. [ASU 2009-12, paragraph 7]]

[102] This is an example of how to accomplish these disclosure requirements per ASU 2015-07:

a. [The fair value measurement (as determined by applying paragraphs 820-10-35-59 through 35-62) of the investments in the class at the reporting date and a description of the significant investment strategies of the investee(s) in the class [ASU 2009-12, paragraph 7]]
b. [For each class of investment that includes investments that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity's estimate of the period of time over which the underlying assets are expected to be liquidated by the investees [ASU 2009-12, paragraph 7]]
d. [A general description of the terms and conditions upon which the investor may redeem investments in the class (for example, quarterly redemption with 60 days' notice) [ASU 2009-12, paragraph 7]]
f. [Any other significant restriction on the ability to sell investments in the class at the measurement date [ASU 2009-12, paragraph 7]]
g. [If a reporting entity determines that it is probable that it will sell an investment(s) for an amount different from net asset value per share (or its equivalent) as described in paragraph 820-10-35-62; the reporting entity shall disclose the total fair value of all investments that meet the criteria in paragraph 820-10-35-62: and any remaining actions required to complete the sale [ASU 2009-12, paragraph 7]]
h. [If a group of investments would otherwise meet the criteria in paragraph 820-10-35-62: but the individual investments to be sold have not been identified (for example, if a reporting entity decides to sell 20 percent of its investments in private equity funds but the individual investments to be sold have not been identified), so the investments continue to qualify for the practical expedient in paragraph 820-10-35-59, the reporting entity shall disclose its plans to sell and any remaining actions required to complete the sale(s) [ASU 2009-12, paragraph 7]]

[103] When disclosure is made in a single note or, if disclosed in more than a single note, one of the notes should include a summary table that contains the fair value and related carrying amounts and cross references to the locations of the remaining disclosures. Per ASC 825-10-50-12.

[104] In disclosing the fair value of a financial instrument, the entity should not net the fair value with the fair value of other financial instruments, except to the extent the offsetting of carrying amounts in the balance sheet is permitted. Per ASC 825-10-50-15.

[105] ASU 2016-01 requires PBEs to base their fair value disclosures for financial instruments that are not measured at fair value in the financial statements on the exit price notion in ASC 820.

[106] ASC 820-10-50-2E (also see ASU 2016-01) requires disclosure of the information required by paragraph 820-10-50-2(b), and (h) for each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed (i.e., the old FAS 107 disclosure); however, a reporting entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy required by paragraph 820-10-50-2(bbb). For such assets and liabilities, a reporting entity does not need to provide the other disclosures required by this Topic.

[107] PBEs do not need to provide fair value information for receivables and payables due within one year and demand deposit liabilities.

[108] ASC 820-10-50-2E (also see ASU 2016-01) requires disclosure of the information required by paragraph 820-10-50-2(b), and (h) for each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed (i.e., the old FAS 107 disclosure); however, a reporting entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy required by paragraph 820-10-50-2(bbb). For such assets and liabilities, a reporting entity does not need to provide the other disclosures required by this Topic.

[109] The capitalized implementation costs of a hosting arrangement that is a service contract are to be disclosed as a separate major class of depreciable asset in accordance with disclosure requirements in Subtopic 360-10 (ASU 350-40-50-3).

[110] 842-10-S65-1 – At the December 2019 AICPA National Conference on Current SEC and PCAOB Developments, the SEC staff announced that it would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC adopting Topic 842 Leases, for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Those dates are consistent with the effective dates for Topic 842 as amended in Accounting Standards Update No. 2019-10, Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates.

[111] The level of detail in the qualitative portion of the disclosures is a subjective determination. ASC 842-20-50-1 requires the preparer to provide sufficient information to "enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases." ASC 842-20-50-2 further notes that "a lessee shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. A lessee shall aggregate or disaggregate disclosures so that useful information is not obscured by including a large amount of insignificant detail or by aggregating items that have different characteristics."

[112] ASC 842-20-45-1 requires the presentation of right of use assets and lease liabilities, separately by operating and finance lease classification, to be either on the face of the balance sheet or in the notes to the financial statements.

[113] Note 9 is an example of a goodwill footnote upon adoption of ASU 2017-04. These amendments were effective beginning after December 15, 2019 for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC. For all other entities, the amendments are effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2022. Early adoption is permitted.

[114] Note 9 is an example of a goodwill footnote upon adoption of ASU 2017-04. These amendments were effective beginning after December 15, 2019 for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC. For all other entities, the amendments are effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2022. Early adoption is permitted.

[115] ASC 942-405-50-1 requires that an entity disclose the aggregate amount of time deposits in denominations that meet or exceed the FDIC insurance limit at the balance sheet date.

[116] Disclose other significant terms or features; for example, whether debt is callable, etc.

[117] The remainder of this sentence should be reflective of the balance sheet line items included on the specific client’s balance sheet.

[118] If interest has been deferred by the Company, then disclose this fact.

[119] If applicable, a 5-year payment scheduled would also be disclosed.

[120] If applicable disclose changes for health care or other plans.

[121] If the issuer has two or more plans and one is in a funded position and the other is in an unfunded position the following information should not be aggregated. The table below should also be included in these circumstances.

Information for pension plans with and accumulated benefit obligation in excess of plan assets

	December 31	
	2023	2022
Accumulated benefit obligation	$	$
Fair value of plan assets		

Information for pension plans with a projected benefit obligation in excess of plan assets

	December 31	
	2023	2022
Projected benefit obligation	$	$
Fair value of plan assets		

[Note: The net amount of projected benefit obligation and plan assets for all underfunded (including unfunded) pension plans was $<> and $<> at December 2023 and 2022, respectively, and was classified as liabilities on the statement of financial position.]

[Note: Information for other postretirement benefit plans with an accumulated postretirement benefit obligation in excess of plan assets has been disclosed in the note on “Obligations and Funded Status” because all the other postretirement benefit plans are unfunded or underfunded.]

[122] Include components of other benefit plans, if applicable.

[123] Per 715-20-50-1, The line item(s) used in the income statement to present the components other than the service cost component shall be disclosed if the other components are not presented in a separate line item or items in the income statement.

[124] Defined benefit plans frequently invest in various investment funds (including: pooled separate accounts, collective trusts, mutual funds, hedge funds, private equity funds), investment contracts, and insurance contracts with insurance companies.

[125] The example presents only general classes of plan assets. ASC 715-20 requires that these disclosures be presented by classes of plan assets in sufficient detail based on the nature, characteristics and risks of assets in the plan as determined by management. The ASC provides two example disclosures that comply with the requirements of the ASC. For example, management may determine, based on the nature and risks associated with equity securities that it would be appropriate to present the following equity security classes in the disclosure: U.S. large-cap, U.S. mid-cap growth, International large-cap value, Emerging markets growth and Domestic real estate. The same required detail would apply to other classes of plan assets as shown in this table. This also can be done by adding a separate row to the table for each class, or by adding an explanation beneath the table. Disclosures (see below) would then address both classes of hedge funds. For additional guidance on determining appropriate classes of plan assets, see ASC 820-10-50-2 A.

[126] If applicable, disclose amount and type of employer securities held by the plan. [For example: Equity securities include Company A common stock in the amounts of $<> (<> percent of total plan assets) and $8,000 (4 percent of total plan assets) at year-end 2023 and 2022, respectively.]

[127] The fair value disclosure should be customized based on the particular investments held by the plan and should include a description of the fair value determination for each class of plan assets, as reported in the fair value tables.

[128] The table should be presented in the same level of detail as the asset class table on the previous page, based on the nature, characteristics, and risks of plan assets.

[129] The table should be presented in the same level of detail as the asset class table on the previous page, based on the nature, characteristics, and risks of plan assets.

[130] A description of the significant investment strategies shall be provided for each class of funds valued at net asset value (“NAV”). In addition, the terms and conditions upon which the plan may redeem its investments in the major class should be disclosed (e.g., daily with no notice requirement; quarterly, with sixty days’ notice), as well as any restrictions on fund redemption. Typically, if the plan is able to redeem its investment in a fund in the near term at NAV per share, it should be categorized as a Level 2 fair value measurement. If not permitted to redeem in the near term, it should be categorized as a Level 3 fair value measurement (near term might be defined as within six months).

[131] The reconciliation of the beginning and ending balance for fair value measurements of plan assets using significant unobservable inputs should be in the same level of detail as the asset class table, based on the nature and risks of plan assets. For example, if there are multiple classes of level 3 hedge funds based on the nature, characteristics, and risks of the funds, each class should have a separate column in the level 3 roll forward. Also, significant transfers into Level 3 should be disclosed separately from significant transfers out of Level 3.

[132] Guidance under ASC 715-80 requires that employers provide additional separate disclosures for multi-employer pension plans and multi-employer other postretirement benefit plans. For employers that participate in multi-employer pension plans, the amendments in this Update require an employer to provide additional quantitative and qualitative disclosures. The amended disclosures provide users with more detailed information about an employer’s involvement in multi-employer pension plans, including:

1. The significant multi-employer plans in which an employer participates, including the plan names and identifying number
2. The level of an employer’s participation in the significant multi-employer plans, including the employer’s contributions made to the plans and an indication of whether the employer’s contributions represent more than 5 percent of the total contributions made to the plan by all contributing employers
3. The financial health of the significant multi-employer plans, including an indication of the funded status, whether funding improvement plans are pending or implemented, and whether the plan has imposed surcharges on the contributions to the plan
4. The nature of the employer commitments to the plan, including when the collective-bargaining agreements that require contributions to the significant plans are set to expire and whether those agreements require minimum contributions to be made to the plans

Using the Employer Identification Number, the plan name, and, if applicable, the plan number, users of financial statements would be able to obtain additional information, including the funded status of the plan(s), from sources outside the financial statements, such as the plan's annual report (Form 5500). For other plans for which users are unable to obtain additional publicly available information outside the employer's financial statements, the amendments in this Update require the employer to make additional disclosures about the plan, including the following:

1. A description of the nature of the plan benefits
2. A qualitative description of the extent to which the employer could be responsible for the obligations of the plan, including benefits earned by employees during employment with another employer
3. Other quantitative information, to the extent available, as of the most recent date available, to help users understand the financial information about the plan, such as total plan assets, actuarial present value of accumulated plan benefits, and total contributions received by the plan>

[133] Applies to situations where share repurchase obligation exists, but shares subject to repurchase are not already shown outside of equity.

[134] ASU 2019-12 specifies that an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements. However, an entity may elect to do so (on an entity-by-entity basis) for a legal entity that is both not subject to tax and disregarded by the taxing authority. If such election is made, the entity is required to disclose that fact and provide the existing disclosures required by paragraph 740-10-50-17.

[135] ASU 2019-12 requires an entity to recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax. For a franchise tax (or similar tax) that is partially based on income, deferred tax assets and liabilities shall be measured using the applicable statutory income tax rate and recognized in accordance with ASC 740.

[136] Additional disclosures should be made for any unusual activity such as charge-offs or payment via non-monetary exchanges. SEC registrants should also consider Rule 4-08(k) of Regulation S-X.

[137] **718-10-50-2** The following list indicates the minimum information needed to achieve the objectives in paragraph 718-10-50-1 and illustrates how the disclosure requirements might be satisfied. In some circumstances, an entity may need to disclose information beyond the following to achieve the disclosure objectives:

f. For each year for which an income statement is presented, both of the following (An entity that uses the intrinsic value method pursuant to paragraphs 718-10-30-21 through 30-22 is not required to disclose the following information for awards accounted for under that method):

1. A description of the method used during the year to estimate the fair value (or calculated value) of awards under share-based payment arrangements

2. A description of the significant assumptions used during the year to estimate the fair value (or calculated value) of share-based compensation awards, including (if applicable):

   i. Expected term of share options and similar instruments, including a discussion of the method used to incorporate the contractual term of the instruments and grantees' expected exercise and post vesting termination behavior into the fair value (or calculated value) of the instrument

   ii. Expected volatility of the entity's shares and the method used to estimate it. An entity that uses a method that employs different volatilities during the contractual term shall disclose the range of expected volatilities used and the weighted-average expected volatility. A nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for it to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index

   iii. Expected dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends

iv. Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used

v. Discount for post vesting restrictions and the method for estimating it

vi. Practical expedient for current price input. A nonpublic entity that elects to apply the practical expedient in paragraphs 718-10-30- 20C through 30-20F shall disclose that election

[138] Requirements under ASC 718 vary for nonpublic companies including the following:

Nonpublic entities that feel it is not practicable to estimate the expected volatility of its own share price may select an appropriate industry sector index to calculate the fair value of stock option grants. A nonpublic entity that uses the calculated value method should disclose the reasons why it is not practicable for it to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index ASC 718-10-50-2(f)2ii.

[139] ASU 2018-07 provides simplification involving several aspects of the accounting for nonemployee share-based payment transactions resulting from expanding the scope of Topic 718, Compensation—Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. Some of the areas for simplification apply only to nonpublic entities.

Disclosures required at transition include the nature of and reason for the change in accounting principle and, if applicable, quantitative information about the cumulative effect of the change on retained earnings or other components of equity.

[140] There may be a difference in the shares which are fully vested and those which are expected to vest due to expected forfeitures.

[141] The total (or lack of) incremental compensation cost resulting from the modifications.

[142] This disclosure refers to Recognition and Retention Plan (“RRP”), but also applies to restricted stock plans, restricted stock unit plans and performance stock unit plans and can be revised accordingly.

[143] ASC 855 requires entities to provide information on nonrecognized subsequent events if the event is of such a nature that disclosure of them is required to keep the financial statements from being misleading. To the extent that it is probable that the requirements under BASEL III will have a material impact, the Company is required to add such disclosures.

[144] Disclose in the table, narrative or as a separate column whether or not the applicable capital conservation buffer is included in required capital adequacy amount and ratios.

[145] Bank holding companies are not subject to the prompt corrective action disclosure required by ASC 942-505-50-1(d). However, the disclosures required by ASC 942-505-50-1 through 50-1F should be presented for all significant subsidiaries and to the holding company as they apply.

[146] The disclosures are for well capitalized institutions. The disclosure requirements are different for institutions that are classified as “Adequately Capitalized.”

[147] An institution will not be considered well capitalized if it is under a capital-related cease-and-desist order, formal agreement, capital directive, or prompt corrective action capital directive. Also, if the institution has been advised that it must meet capital adequacy levels that exceed the statutory minimums, those higher levels should be disclosed. Such institution-specific requirements also should be the basis for management's assertion in FASB ASC 942-505-50-1(c) about whether the institution is in compliance.

[148] If the total consolidated assets of the Company were less than $3 billion at the balance sheet date, consolidated ratios are not required and therefore not disclosed, unless specifically required by the supervising Federal Reserve Bank.

[149] Example applies only to OCC requirements. Need to disclose most restrictive dividend requirement. There may be different requirements for state chartered banks.

[150] This disclosure is optional and the framework must be adopted. A depository institution or depository institution holding company must not be an advanced approaches banking organization and must have less than $10 billion in total consolidated assets, meet certain risk-based qualifying criteria, and have a leverage ratio of greater than 9 percent to adopt this framework.

[151] Example applies only to OCC requirements. Need to disclose most restrictive dividend requirement. There may be different requirements for state chartered banks.

[152] **Disclosure**
<u>Issuer's Accounting for Modifications or Exchanges of Freestanding Equity-Classified Written Call Options</u>

<u>815-40-50-6</u> <u>For a freestanding equity-classified written call option modified or exchanged during any of the periods presented and for which an entity has recognized the effect in accordance with paragraph 815-40-35-17, an entity shall disclose the following:</u>

a. <u>Information about the nature of the modification or exchange transaction (see paragraph 815-40-35-15)</u>
b. <u>The amount of the effect of the modification or exchange (see paragraph 815-40-35-16)</u>
c. <u>The manner in which the effect of the modification or exchange has been recognized (see paragraph 815-40-35-17).</u>

[153] For an available-for-sale debt security, the amount disclosed is the amortized cost basis.

[154] If gains and losses associated with a type of contract (for example, interest rate contracts) are displayed in multiple line items in the statement of financial performance, the entity is required to disclose the amount included in each line item.

[155] Disclose the specific line item where change in fair value of derivatives is reported.

[156] If gains and losses associated with a type of contract (for example, interest rate contracts) are displayed in multiple line items in the statement of financial performance, the entity is required to disclose the amount included in each line item.

[157] Disclose the specific line item where change in fair value of derivatives is reported.

[158] The effective date of this disclosure is the same as the effective date of ASU 2016-13.

[159] ASU 2021-08 will be effective for nonpublic business entities for fiscal years beginning after December 15, 2023.

[160] An entity shall separately provide information about the effects on net income of significant amounts reclassified out of each component of accumulated other comprehensive income if those amounts are required by U.S. GAAP to be reclassified to net income in their entirety in the same reporting period. This information may be provided either on the face of the financial statement, or in a separate disclosure in the notes. Refer to the statement of income for an example of this disclosure. If that option is not selected, this table in the footnote is required.

Amounts should be presented on either a before-tax basis or a net-of-tax basis consistent with the presentation on the statement where net income is presented. Presentation on a before-tax basis is the most likely presentation for virtually all items.

For reclassifications not required by U.S. GAAP to be reclassified in their entirety in the reporting period, the entity shall cross-reference the note where additional details on the effect of reclassifications are disclosed.

To the extent that this is not applicable as of and for the year ending December 31, 2014, the prior year requirements would still apply which is to disclose all components of other comprehensive income, as applicable and consider the presentation on the face of the financial statements.

[161] Item 302 of Regulation S-K

[162] The amendments in this ASU 2013-01 clarify that the scope of Update 2011-11 applies to derivatives accounted for in accordance with Topic 815, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement.

[163] This should include all commitments or contingent commitments (for example – guarantees or commitments to provide additional capital contributions) (ASC 323-740-50-2).

[164] This table provides one way an entity might disaggregate its revenues within the scope of ASC 606. However, companies should consider the guidance in ASC 606-10-50-5 to 50-6 and 55-89 to 55-91 in determining the appropriate categories by which to disaggregate revenues (e.g., by product or service type, geography, point in time vs. over time, etc.).

Some entities may already disaggregate revenues on the face of the income statements. In that case, further disaggregation in the notes to the financial statements may not be needed.