January 2015

Illustrative Financial Statements for 2014
Financial Institutions

Crowe Horwath LLP

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About These Illustrative Financial Statements

These illustrative financial statements – examples for community banks, thrifts, and other financial institutions – include common disclosures as required under applicable accounting standards as well as guidance of the U.S. Securities and Exchange Commission (SEC), including Regulation S-X, "Financial Statement Requirements," and Industry Guide 3, "Statistical Disclosure by Bank Holding Companies." 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 guidance, 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

It has been a relatively uneventful year for financial institutions when it comes to the volume of new or amended accounting and financial reporting standards. However, certain accounting standard updates (ASUs) issued over the past 12 months could have a significant near-term impact on the accounting and financial reporting of a financial institution. For a full recap of recently issued and effective standards from the FASB for both public and private entities as well as accounting and financial reporting developments from the federal financial institution regulators, see "Accounting and Financial Reporting Issues for Financial Institutions" from Crowe Horwath LLP.

Definition of "Public": Financial Reporting Implications and Use of the PCC Alternatives
Of great importance to financial institutions is the final standard issued late in 2013 that clarifies for financial reporting purposes the definition of "public." On Dec. 23, 2013, the Financial Accounting Standards Board (FASB) issued ASU No. 2013-12, "Definition of a Public Business Entity: An Addition to the Master Glossary," to provide a single definition of a "public business entity" (PBE) to be used in future financial accounting and reporting guidance. The definition crafted by the FASB is not based on an entity's legal form. Instead, it's based on different criteria, including whether the entity is required by a law or regulation to prepare and make publicly available U.S. generally accepted accounting principles (GAAP) financial statements. As a result, many banks have found themselves deemed public for financial reporting purposes.

At essentially one paragraph long, this is one of the shortest standards ever issued, but its impact will be significant for those now deemed to be "public" for financial reporting purposes. Because of this revised definition, we believe many more financial institutions are considered public.

The following is the definition in the ASU:

> **Public Business Entity**
> A public business entity is a business entity meeting any one of the criteria below. Neither a not-for-profit entity nor an employee benefit plan is a business entity.
>
> a) It is required by the U.S. Securities and Exchange Commission (SEC) to file or furnish financial statements, or does file or furnish financial statements (including voluntary filers), with the SEC (including other entities whose financial statements or financial information are required to be or are included in a filing).
> b) It is required by the Securities Exchange Act of 1934 (the Act), as amended, or rules or regulations promulgated under the Act, to file or furnish financial statements with a regulatory agency other than the SEC.
> c) It is required to file or furnish financial statements with a foreign or domestic regulatory agency in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer.
> d) It has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market.

e) It has one or more securities that are not subject to contractual restrictions on transfer, and it is required by law, contract, or regulation to prepare U.S. GAAP financial statements (including footnotes) and make them publicly available on a periodic basis (for example, interim or annual periods). An entity must meet both of these conditions to meet this criterion.

An entity may meet the definition of a public business entity solely because its financial statements or financial information is included in another entity's filing with the SEC. In that case, the entity is only a public business entity for purposes of financial statements that are filed or furnished with the SEC.

The FASB introduced a new criterion, (e), to include certain entities that are under regulatory and legal requirements to prepare U.S. GAAP financial statements and make them publicly available – which is a requirement for those banks subject to the *Federal Deposit Insurance Corporation Improvement Act of 1991* (FDICIA). Unless the institution is a mutual or has a contractual restriction on the transfer of its stock (as commonly would be the case for S-corporation banks), most institutions subject to the FDICIA are considered public for financial reporting purposes. Addressing the FASB's definition of a PBE in the third-quarter supplemental call report instructions, the agencies include a discussion of why institutions with more than $500 million in assets might be considered public for financial reporting purposes.

Given that credit unions are mutually owned (that is, members' equity does not include ownership issued in the form of securities), they are not in the scope of the new definition. For the same reason, most mutual thrifts also are excluded. An exception would be a mutual that has issued debt that is traded, listed, or quoted on an exchange or an over-the-counter market.

The definition provided by the new standard does not affect existing requirements, but it applies to all standards issued subsequently, including standards issued in 2014. Understanding the final definition is important for several reasons. First, most standards provide delayed effective dates for those entities that are not public, and often different disclosures are required for public and private entities. Second, any financial institution meeting the definition of a public business entity will not be able to avail itself of any of the accounting alternatives provided by the Private Company Council (PCC).

Given that the PCC alternatives do create differences in GAAP, an open question had been whether the federal financial institution regulators would accept the use of the alternatives for regulatory reporting purposes. In the third-quarter supplemental call report instructions, the federal banking agencies note their conclusion that a bank or savings association that is a private company, as defined in U.S. GAAP, is permitted to use the private company accounting alternatives for call report purposes, except when the agencies determine that a particular alternative is inconsistent with supervisory objectives. The agencies would provide appropriate notice if they were to disallow any accounting alternative under the statutory process.

The National Credit Union Administration (NCUA) also expects to permit the use of the PCC alternatives and plans to issue similar guidance soon. The PCC further determines on a standard-by-standard basis whether certain industries, such as financial institutions, should be permitted to use the alternative.

Because the determination drives the effective dates, required disclosures, and perhaps recognition and measurement – and it drives the use of the PCC alternatives – we encourage each financial institution to evaluate carefully whether it is considered "public" for financial reporting purposes.

See pages 5-6 of "Accounting and Financial Reporting Issues for Financial Institutions," from Crowe for additional information.[a]

[a] Crowe Horwath LLP, "Accounting and Financial Reporting Issues for Financial Institutions," December 2014, http://www.crowehorwath.com/ContentDetails.aspx?id=10318&elq=a412160a47eb4b8fb9ab045357c20bc5&elqCampaignId=1224

Transfers to Other Real Estate

On Jan. 17, 2014, the FASB issued ASU 2014-04, "Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure." This ASU addresses the timing of the transfer of property to other real estate (ORE) of the collateral securing a consumer mortgage loan. The standard clarifies that an in-substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. In other words, an asset would be transferred to ORE only when the lender has obtained legal title or when a deed in lieu of foreclosure (or other legal agreement) has been completed. In addition, the standard requires interim and annual disclosure of both the amount of foreclosed residential real estate property held by the creditor and the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction.

Amendments in this ASU are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after Dec. 15, 2014. For entities other than public business entities, the amendments are effective for annual periods beginning after Dec. 15, 2014, and interim periods within annual periods beginning after Dec. 15, 2015. The amendments in the standard may be adopted using either a modified retrospective transition method or a prospective transition method.

See pages 8-9 of "Accounting and Financial Reporting Issues for Financial Institutions," for additional information.[b]

Other Recent Developments

Information related to other recent developments can be found in the issues of the Financial Institutions Executive Briefing, published monthly at www.crowehorwath.com/insights/fieb.

Guide

These illustrative financial statements reflect applicable guidance issued through December 2014.

These financial statements also illustrate many disclosures that are applicable only to public companies (as defined within each ASC topic and prior to FASB defining PBE), which are indicated by shaded text. Some of the differences include:

- Quarterly information in an "unaudited" footnote (Reg. S-K, Item 302(a) and (c)) (not required for smaller reporting company filers, as defined by the SEC[c])
- Certain pension disclosures (ASC 715)
- Certain stock compensation disclosures (ASC 718)
- Earnings per share (ASC 270)
- Segment information (ASC 280)
- Tax footnote reconciliation to 34 percent (Reg. S-X 4-08(h) and ASC 740-10-50-12) (nonpublic companies need only a general discussion)
- Parent-only financial statements (Reg. S-X 9-06)

[b] Crowe Horwath LLP, "Accounting and Financial Reporting Issues for Financial Institutions," December 2014, http://www.crowehorwath.com/ContentDetails.aspx?id=10318&elq=a412160a47eb4b8fb9ab045357c20bc5&elqCampaignId=1224

[c] Companies qualify as "smaller reporting companies," and therefore for scaled disclosure, if they (1) have a common equity public float of less than $75 million or (2) are unable to calculate their public float and have annual revenue of $50 million or less, upon entering the system. The SEC issued the final rule, "Smaller Reporting Company Regulatory Relief and Simplification," on Dec. 19, 2007.

- Related party loan activity for the year (Reg. S-X 9.03(7(e)) (nonpublic companies need to disclose balances only at year-end)
- Loan commitment breakdown into fixed and variable components (generally accepted practice) (nonpublic companies need to disclose only total loan commitments)
- Loans held for sale presentation in the cash flow statement (generally accepted practice)

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

Guide:

Shaded text indicates applicability to a public company or public business entity.
[Items in brackets indicate alternative disclosures.]
<Items in arrows indicate additional disclosures, depending on circumstances.>

Illustrative Financial Statements

The illustrative financial statements are on the following pages.

CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013
(Dollar amounts in thousands except per share data)

	2014	2013
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[1]		
Trading assets		
Securities available for sale		
Securities held to maturity (fair value 2014 - $ ______, 2013 - $ _______)		
Loans held for sale		
<Loans held for sale, at fair value>		
Loans, net of allowance of $_____ and $_____ as of December 31, 2014 and 2013, respectively		
Federal Home Loan Bank stock, at cost		
Federal Reserve Bank 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		
	$	$
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest bearing	$	$
Interest bearing		
Total deposits		
Federal funds purchased and repurchase agreements		
Federal Home Loan Bank advances		
Subordinated debentures		
Accrued interest payable and other liabilities		
Total liabilities		
Commitments and contingent liabilities		
Shareholders' equity		
Preferred stock[2], $__ par value; ___% cumulative___ shares authorized; _______ issued; aggregate liquidation preference __________[3]		
Common stock, $__ par value; ______ shares authorized; _______ shares issued		
Additional paid-in capital		
Retained earnings		
Accumulated other comprehensive income (loss)		
Unearned Employee Stock Ownership Plan (ESOP) shares		
Treasury stock, at cost (2014 - ___ shares; 2013 - ___ 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)

	2014	2013	2012
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			
Provision for loan losses			
Net interest income after provision for loan losses			
Non-interest income[4]			
Service charges on deposits			
Other service charges			
Trust fees			
Net gains on sales of loans			
Loan servicing fees			
Other-than-temporary impairment loss			
Total impairment loss			
Loss recognized in other comprehensive income			
Net impairment loss recognized in earnings			
Net gains (losses) on sales of securities (includes $XX accumulated other comprehensive income reclassifications for unrealized net gains on available for sale securities)[5]			
<Change in fair value of loans held for sale>			
Other (includes $XX accumulated other comprehensive income reclassification for net gains on cash flow hedges)[5]			
Total non-interest income			
Non-interest expense			
Salaries and employee benefits			
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)

	2014	2013	2012
Other (includes $XX accumulated other comprehensive income reclassifications for net losses on cash flow hedges)[5]			
Total non-interest expense			
Income before income taxes			
Income tax expense (includes $XX income tax expense from reclassification items)[5]			
Net income			
Preferred stock dividends <and discount accretion>			
Net income available to common stockholders	$	$	$
Earnings per share:			
Basic	$	$	$
Diluted	$	$	$

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME[6,7]
Years ended December 31,
(Dollar amounts in thousands except per share data)

	2014	2013	2012
Net income	$	$	$
Other comprehensive income:			
Unrealized gains/losses on securities:			
Unrealized holding gain/(loss) arising during the period			
Reclassification adjustment for losses (gains) included in net income			
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 INCOME8

Years ended December 31,

(Dollar amounts in thousands except per share data)

	2014	2013	2012
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			
Provision for loan losses			
Net interest income after provision for loan losses			
Non-interest income (condensed for presentation purposes)			
Non-interest expense (condensed for presentation purposes)			
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:[9]			
Change in unrealized gains/losses on securities, net of reclassifications and taxes[10]	$	$	$
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	Accumulated Other Comprehensive Income	Unearned ESOP Shares	Treasury Stock	Total
Balance at January 1, 2012		$	$	$	$	$	$	$
Net income								
Other comprehensive income								
Purchase of treasury stock								
Cash dividends declared ($X.XX per share)								
Exercise of stock options, including tax benefit								
Balance at December 31, 2012								
Net income								
Other comprehensive income								
Cash dividends declared ($X.XX per share)								
Exercise of stock options, including tax benefit								
Balance at December 31, 2013								
Net income								
Other comprehensive income								
Cash dividends declared ($X.XX per share)								
Exercise of stock options, including tax benefit								
Issuance of ____ common shares								
Balance at December 31, 2014		$	$	$	$	$	$	$

See accompanying notes.

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

	2014	2013	2012
Cash flows from operating activities			
Net income	$	$	$
Adjustments to reconcile net income to net cash from operating activities			
Provision for loan losses			
Goodwill impairment			
Impairment loss on securities recognized in earnings			
Depreciation and amortization of premises and equipment11			
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			
Excess tax benefit from exercise of stock options[12]			
Earnings on company owned life insurance			
FHLB stock dividends			
Origination of loans held for sale[13]			
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			
Net increase in interest-bearing deposits			
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			
Loan originations and payments, net			
Additions to premises and equipment			
Purchase of company owned life insurance			
Net cash from investing activities			

(Continued)

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

	2014	2013	2012
Cash flows from financing activities			
Net change in deposits	$	$	$
Net change in federal funds purchased			
Proceeds from Federal Home Loan Bank advances and other debt			
Repayments on Federal Home Loan Bank advances and other debt			
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, including tax benefit[14]			
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 owned15			
Loans provided for sales of real estate owned			
Security (purchases) sales settled in subsequent period			

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.” 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.[16]

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.

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.] Equity securities with readily determinable fair values 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.

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[17]. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement and 2) other-than-temporary impairment (OTTI) related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

In order to determine OTTI for purchased beneficial interests that, on the purchase date, were not highly rated, the Company compares the present value of the remaining cash flows as estimated at the preceding evaluation date to the current expected remaining cash flows. OTTI is deemed to have occurred if there has been an adverse change in the remaining expected future cash flows.

<u>Loans Held for Sale</u>: 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.>

<u>Loans</u>: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of [purchase premiums and discounts] deferred loan fees and costs, and an allowance for loan 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.

*<In accordance with ASC 310-10-50-6, the following significant accounting policies shall be provided **<u>by class</u>** of financing receivable:*

- *The policy for placing loans on non-accrual status;*
- *The policy for recording payments received on non-accrual loans;*
- *The policy for resuming accrual of interest; and*
- *The policy for determining past-due or delinquency status.*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The above shall be provided except for the following financing receivables:

- *Receivables measured at fair value with changes in fair value reported in earnings;*
- *Receivables measured at lower of cost of fair value;*
- *Trade accounts receivable, except for credit card receivables, that have both of the following characteristics: they have a contractual maturity of one year or less; and they arose from the sale of goods of services; and*
- *Participant loans in defined contribution pension plans.*

The following paragraphs are intended as a starting point for the requirements of this disclosure. These disclosures are to be customized by class.>

Interest income on mortgage and commercial loans is discontinued and placed on non-accrual 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 non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Non-accrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

All interest accrued but not received for loans placed on non-accrual 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.

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….>

Purchased Credit Impaired Loans: The Company purchases individual loans and groups of loans, some of which have shown evidence of credit deterioration since origination. [18] These purchased credit impaired loans are recorded at the amount paid, such that there is no carryover of the seller's allowance for loan losses. After acquisition, losses are recognized by an increase in the allowance for loan losses.

Such purchased credit impaired loans are accounted for individually or aggregated into pools of loans based on common risk characteristics such as, credit score, loan type, and date of origination. The Company estimates the amount and timing of expected cash flows for each loan or pool, and the expected cash flows in excess of amount paid is recorded as interest income over the remaining life of the loan or pool (accretable yield). The excess of the loan's or pool's contractual principal and interest over expected cash flows is not recorded (nonaccretable difference).

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Over the life of the loan or pool, expected cash flows continue to be estimated. If the present value of expected cash flows is less than the carrying amount, a loss is recorded as a provision for loan losses. If the present value of expected cash flows is greater than the carrying amount, it is recognized as part of future interest income.

Allowance for Loan Losses[19]: The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

<*In accordance with ASC 310-10-50-11B, the following shall be disclosed **by portfolio segment**:*

- *A description of the entity's accounting policies and methodology used to estimate the allowance for loan losses, including all of the following:*
  - *A description of the factors that influenced management's judgment, including both of the following:*
    - *Historical losses*
    - *Existing economic conditions.*
  - *A discussion of risk characteristics relevant to each portfolio segment.*
  - *Identification of any changes to the entity's accounting policies or methodology from the prior period and the entity's rationale for the change, including the quantitative effect of changes on the current period provision.*
- *A description of the policy for charging off uncollectible financing receivables.*

*In accordance with ASC 310-10-50-14A and 15, the following shall be disclosed **by class**:*

- *The accounting for impaired loans*
- *The entity's policy for recognizing interest income on impaired loans, including how cash receipts are recorded*
- *The entity's policy for determining which loans the entity assesses for impairment under Section 310-10-35*
- *The factors considered in determining that the loan is impaired.*

The following paragraphs are intended as a starting point for the requirements of this disclosure. These disclosures are to be customized by class or portfolio segment, as described above.>

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings (TDRs) and classified as impaired.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower’s prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Commercial and commercial real estate loans over $<> are individually evaluated for impairment. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan’s existing rate or at the fair value of collateral if repayment is expected solely from the collateral.

Troubled debt restructurings are individually evaluated for impairment and included in the separately identified impairment disclosures. TDRs are measured at the present value of estimated future cash flows using the loan’s effective rate at inception. If a TDR is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For TDRs that subsequently default, the Company determines the amount of the allowance on that loan in accordance with the accounting policy for the allowance for loan losses on loans individually identified as impaired. The Company incorporates recent historical experience related to TDRs including the performance of TDRs that subsequently default into the calculation of the allowance by loan portfolio segment.

The general component covers loans that are collectively evaluated for impairment. Large groups of smaller balance homogeneous loans, such as consumer and residential real estate loans, are collectively evaluated for impairment, and accordingly, they are not included in the separately identified impairment disclosures. The general allowance component also includes loans that are not individually identified for impairment evaluation, such as commercial loans below the individual evaluation threshold, as well as those loans that are individually evaluated but are not considered impaired. The general component is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans (including TDRs); levels of and trends in charge-offs and recoveries; migration of loans to the classification of special mention, substandard, or doubtful; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentration. <Due to the added risks associated with loans which are graded as special mention or substandard that are not classified as impaired, an additional analysis is performed to determine whether an allowance is needed that is not fully captured by the historical loss experience. While historical loss experience by loan segment and migration of loans into higher risk classifications are considered, the following factors are also considered in determining the level of needed allowance on such loans: the historical loss rates (or severity) of loans specifically classified as special mention, substandard, or doubtful; and the trends in the collateral on the loans included within these classifications. This analysis created an additional $<> in needed allowance for loan loss.>[20]

As of December 31, 2014, the Company calculated an additional allowance for loan loss of $<>. As a result of <> occurring during 2014, the Company concluded that this amount was needed to <describe>.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following portfolio segments have been identified: (). (Include a discussion of the risks characteristics identified by portfolio segment as required by *ASC 310-10-50-11B*.)

[As required by *ASC 310-10-50-11B,* identify, by portfolio segment, any changes to the entity's accounting policies or methodology from the prior period and the entity's rationale for the change. Include a discussion of quantitative effects of such changes.]

<u>Servicing Rights (disclosure when amortization method is used for all servicing assets)</u>:

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 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>.*

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, 2014, 2013 and 2012, 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>Servicing Rights (disclosure when fair value method is used for all servicing assets)</u>:

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, 2014, 2013 and 2012, 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>.*

Transfers of Financial Assets: 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 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 through an agreement to repurchase them before their maturity.

Foreclosed Assets: 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. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

Premises and Equipment: 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[21].

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 resulting from business combinations prior to January 1, 2009 represents the excess of the purchase price over the fair value of the net assets of businesses acquired. Goodwill resulting from business combinations after January 1, 2009, is generally 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 purchase 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 a goodwill impairment test should be performed. The Company has selected (Date) as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on our balance sheet.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 ("stand-alone 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, 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. For both types of hedges, changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value or expected cash flows of the hedged item are recognized immediately in current earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as non-interest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income. 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 used 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. 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.

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 free standing 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 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.

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.][22]

(Continued)

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.

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.[23]

<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.>

(Dollar amounts in thousands except per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards and Newly Issued Not Yet Effective Accounting Standards:[24 & 25]

With respect to the presentation of newly issued accounting standards, as well as those standards that are newly issued but not yet effective, both the SEC and FASB have indicated that only newly issued 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 policies that would appear to be applicable, given the nature of the Company's operations or industry, but do not have a material impact.

The following table provides a description of recently adopted or newly issued not yet effective accounting standards that could have a material effect on our financial statements:

ASU 2013-02, *Comprehensive Income (Topic 220) – Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*	
Description	In February 2013, the FASB amended existing guidance related to reporting amounts reclassified out of accumulated other comprehensive income. These amendments do not change the current requirements for reporting net income or other comprehensive income in financial statements. These amendments 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 amounts 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. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional details about those amounts.
Date of Adoption	[These amendments are effective prospectively for interim and annual reporting periods beginning after December 15, 2012.] [These amendments are effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013.]
Effect on the Consolidated Financial Statements	Early adoption is permitted. <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 2013-11, *Income Taxes (Topic 740) – Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*	
Description	In July 2013, the FASB amended existing guidance related to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. These amendments provide that an unrecognized tax benefit, or a portion thereof, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except to the extent that a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date to settle any additional income taxes that would result from disallowance of a tax position, or the tax law does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, then the unrecognized tax benefit should be presented as a liability.
Date of Adoption	[These amendments are effective for interim and annual reporting periods beginning after December 15, 2013.] [These amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014.]
Effect on the Consolidated Financial Statements	The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. Early adoption and retrospective application is permitted. <The Company is currently evaluating the impact of this amendment on the consolidated financial statements> or <The adoption of this standard did not have a material effect on the Company's operating results or financial condition.> or <The effect of adopting this standard was (describe impact).>
ASU 2013-12, *Definition of a Public Business Entity: An Addition to the Master Glossary*	
Description	In December 2013, the FASB amended the Glossary of the Codification to include a single definition of a public business entity for future use in U.S. GAAP. The definition of a public business entity will be used in considering the scope of new financial guidance and will identify whether the guidance does or does not apply to public business entities.
Date of Adoption	The amendment does not affect existing requirements and there is no effective date.
Effect on the Consolidated Financial Statements	<The Company is currently evaluating the impact of this amendment on the consolidated financial statements> or <The adoption of this standard did not 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 2014-1, *Investments-Equity Method and Joint Ventures (Topic 323) – Accounting for Investments in Qualified Affordable Housing Projects*	
Description	In January 2014, the FASB amended existing guidance to eliminate the effective yield election and to permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Disclosures for a change in accounting principle are required upon transition.
Date of Adoption	[The amendments are effective for annual periods and interim reporting periods beginning after December 15, 2014]. [The amendments are effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015.]
Effect on the Consolidated Financial Statements	The amendments in this standard should be applied retrospectively to all periods presented. A reporting entity that uses the effective yield method before the date of adoption of this standard may continue to apply it for preexisting investments. Early adoption is permitted. <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).>

ASU 2014-02, *Intangibles – Goodwill and Other (Topic 350) – Accounting for Goodwill*	
Description	In January 2014, the FASB amended existing guidance to permit a private company to amortize goodwill on a straight-line basis over a period of ten years, or less if the company demonstrates that another useful life is more appropriate. It also permits a private company to apply a simplified impairment model to goodwill. Under the goodwill accounting alternative, goodwill should be tested for impairment when a triggering event occurs that indicates that the fair value of a company (or a reporting unit) may be below its carrying amount. A private company that elects the accounting alternative is further required to make an accounting policy election to test goodwill for impairment at either the company level or the reporting unit level. The accounting alternative, if elected, should be applied prospectively to goodwill existing as of the beginning of the period of adoption.
Date of Adoption	If elected, these amendments are effective for annual periods beginning after December 15, 2014 and interim periods within annual periods beginning after December 15, 2015.
Effect on the Consolidated Financial Statements	Early adoption is permitted. <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 2014-04, *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40) – Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure*	
Description	In January 2014, the FASB amended existing guidance to clarify when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan should be derecognized and the real estate recognized. These amendments clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either: (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure, or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additional disclosures are required.
Date of Adoption	[These amendments are effective for public business entities for annual periods and interim periods within those annual periods beginning after December 15, 2014.] [For all other entities it is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015.]
Effect on the Consolidated Financial Statements	Amendments in this standard can be applied using a modified retrospective or prospective transition method. Early adoption is permitted. <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).>
ASU 2014-07, *Consolidation (Topic 810) – Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*	
Description	In March 2014, the FASB amended existing guidance related to applying variable interest entities guidance to common control leasing arrangements. These amendments allow a private company to elect (when certain conditions exist) not to apply variable interest entity guidance to a lessor under common control. Instead, the private company would make certain disclosures about the lessor and leasing arrangement. A private company lessee could elect the alternative when: 1) The private company lessee and the lessor are under common control; 2) The private company lessee has a leasing arrangement with the lessor; 3) Substantially all of the activity between the private company lessee and the lessor is related to the leasing activities between those two companies; and 4) If the private company lessee explicitly guarantees or provides collateral for any obligation of the lessor related to the asset leased by the private company, then the principal amount of the obligation at inception does not exceed the value of the asset leased by the private company from the lessor.
Date of Adoption	If elected, these amendments are effective for annual periods beginning after December 15, 2014 and interim periods within annual periods beginning after December 15, 2015.
Effect on the Consolidated Financial Statements	The amendments in this standard should be applied retrospectively to all periods presented. Early adoption is permitted. <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).>

(Dollar amounts in thousands except per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)*	
Description	In May 2014 the FASB amended existing guidance related to revenue from contracts with customers. This amendment supersedes and replaces nearly all existing revenue recognition guidance, including industry-specific guidance, establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. In addition, this amendment specifies the accounting for some costs to obtain or fulfill a contract with a customer.
Date of Adoption	[These amendments are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period.] [These amendments are effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018.]
Effect on the Consolidated Financial Statements	Early application is not permitted. The amendments should be applied retrospectively to all periods presented or retrospectively with the cumulative effect recognized at the date of initial application. <The Company is currently evaluating the impact of this new accounting standard on the consolidated financial statements.>
ASU 2014-11, *Transfers and Servicing (Topic 860) – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures*	
Description	In June 2014, the FASB amended existing guidance related to repurchase-to-maturity transactions, repurchase financings, and disclosures. These amendments align the accounting for repurchase-to-maturity transactions and repurchase agreements executed as a repurchase financing with the accounting for other typical repurchase agreements. Going forward, these transactions would all be accounted for as secured borrowings. The guidance eliminates sale accounting for repurchase-to-maturity transactions and supersedes the guidance under which a transfer of a financial asset and a contemporaneous repurchase financing could be accounted for on a combined basis as a forward agreement, which has resulted in outcomes referred to as off-balance-sheet accounting. These amendments require a new disclosure for transactions economically similar to repurchase agreements in which the transferor retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction. These amendments also require expanded disclosures about the nature of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings.
Date of Adoption	[These amendments are effective for the first interim or annual period beginning after December 15, 2014. In addition, for public companies, the disclosure for certain transactions accounted for as a sale is effective for the first interim or annual period beginning on or after December 15, 2014, and the disclosure for transactions accounted for as secured borrowings is required for annual periods beginning after December 15, 2014, and interim periods beginning after March 15, 2015.] [These amendments are effective for annual periods beginning after December 15, 2014 and interim periods beginning after December 15, 2015.]

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effect on the Consolidated Financial Statements	An entity is required to present changes in accounting for transactions outstanding on the effective date as a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. Early adoption is prohibited for a public company. Entities may elect to apply the requirements for interim periods beginning after December 15, 2014. <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).>
ASU 2014-12, *Compensation – Stock Compensation (Topic 718) – Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period*	
Description	In June 2014, the FASB amended existing guidance related to the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. These amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718, Compensation – Stock Compensation, as it relates to awards with performance conditions that affect vesting to account for such awards. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved.
Date of Adoption	These amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015.
Effect on the Consolidated Financial Statements	Early adoption is permitted. Entities may apply the amendments in this amendment either: (a) prospectively to all awards granted or modified after the effective date; or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. <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)

<table>
<tr><td colspan="2">ASU 2014-14, Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure</td></tr>
<tr><td>Description</td><td>In August 2014, the FASB amended existing guidance related to the classification of certain government-guaranteed mortgage loans, including those guaranteed by the FHA and the VA, upon foreclosure. It requires that a mortgage loan be derecognized and a separate other receivable be recognized upon foreclosure if the following conditions are met: 1) The loan has a government guarantee that is not separable from the loan before foreclosure; 2) At the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim; and 3) At the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor.</td></tr>
<tr><td>Date of Adoption</td><td>[These amendments are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014.] [The changes are effective for annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015.]</td></tr>
<tr><td>Effect on the Consolidated Financial Statements</td><td>Early adoption is permitted if the amendments under ASU 2014-04 Receivables – Troubled Debt Restructurings by Creditors – Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure has been adopted. The amendments may be applied using a prospective transition method in which a reporting entity applies the guidance to foreclosures that occur after the date of adoption, or a modified retrospective transition using a cumulative-effect adjustment (through a reclassification to a separate other receivable) as of the beginning of the annual period of adoption. Prior periods should not be adjusted. A reporting entity must apply the same method of transition as elected under ASU 2014-04. <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).></td></tr>
<tr><td colspan="2">ASU 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity’s Ability to Continue as a Going Concern</td></tr>
<tr><td>Description</td><td>In August 2014, the FASB amended existing guidance related to the disclosures about an entity’s ability to continue as a going concern. These amendments are intended to define management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. These amendments provide guidance to an organization’s management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations in the financial statement footnotes.</td></tr>
<tr><td>Date of Adoption</td><td>[The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016.] [The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016.]</td></tr>
<tr><td>Effect on the Consolidated Financial Statements</td><td>Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. <The adoption of this standard <did not> have a material effect on the Company’s operating results or financial condition.> or <The effect of adopting this standard was (describe impact).></td></tr>
</table>

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASU 2014-17, *Business Combinations (Topic 805): Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force)*	
Description	In November 2014, the FASB amended existing guidance related to the accounting by an acquired entity upon a change-in-control event. The amendments provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. An acquired entity should determine whether to elect to apply pushdown accounting for each individual change-in-control event in which an acquirer obtains control of the acquired entity. If pushdown accounting is not applied in the reporting period in which the change-in-control event occurs, an acquired entity will have the option to elect to apply pushdown accounting in a subsequent reporting period to the acquired entity's most recent change-in-control event. An election to apply pushdown accounting in a reporting period after the reporting period in which the change-in-control event occurred should be considered a change in accounting principle. If pushdown accounting is applied to an individual change-in-control event, that election is irrevocable. If an acquired entity elects the option to apply pushdown accounting in its separate financial statements, it should disclose information in the current reporting period that enables users of financial statements to evaluate the effect of pushdown accounting.
Date of Adoption	The amendments are effective on November 18, 2014. After the effective date, an acquired entity can make an election to apply the guidance to future change-in-control events or to its most recent change-in-control event. However, if the financial statements for the period in which the most recent change-in-control event occurred already have been issued or made available to be issued, the application of this guidance would be a change in accounting principle.
Effect on the Consolidated Financial Statements	<The Company is currently evaluating the impact of this amendment on the consolidated financial statements> or <The adoption of this standard did not have a 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 2014-18, *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination (a consensus of the Private Company Council)*	
Description	In December, the FASB provided an accounting alternative to reduce the cost and complexity associated with the measurement of certain identifiable intangible assets. The amendments permit a private company to elect an accounting alternative to no longer recognize separately from goodwill (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business and (2) noncompetition agreements. Customer-related intangible assets that may meet that criterion for recognition include but are not limited to mortgage servicing rights and core deposits. For private entities electing this alternative, the amendments generally will result in those entities separately recognizing fewer intangible assets in a business combination when compared to entities that do not elect or are not eligible for this alternative. A private company that elects this accounting alternative must adopt the accounting alternative for amortizing goodwill. If the accounting alternative for amortizing goodwill was not adopted previously, it should be adopted on a prospective basis as of the adoption of the accounting alternative.
Date of Adoption	The amendments are effective for the first transaction within the scope of the accounting alternative that occurs in fiscal years beginning after December 15, 2015 and for interim and annual periods thereafter. If the first transaction occurs in a fiscal year beginning after December 15, 2016, then this is effective for the interim period that includes the date of the transaction and for interim and annual periods thereafter.
Effect on the Consolidated Financial Statements	Early application is permitted for any interim and annual period before which financial statements are available to be issued. Existing customer-related intangible assets and noncompetition agreements shall continue to be measured in accordance with Topic 350 and are not to be subsumed into goodwill upon adoption. <The Company is currently evaluating the impact of this amendment on the consolidated financial statements> or <The adoption of this standard did not have a material effect on the Company’s operating results or financial condition.> or <The effect of adopting this standard was (describe impact).>

(Continued)

NOTE 2 - SECURITIES

The following table summarizes the amortized cost and fair value of securities available-for-sale and securities held-to-maturity at December 31, 2014 and 2013 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
2014				
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				
Equity securities				
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	$	$	$	$

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, 2014.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2013				
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				
Equity securities				
Total available-for-sale	$	$	$	$

(Continued)

NOTE 2 - SECURITIES (Continued)

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Held-to-maturity				
Mortgage backed residential	$	$	$	$
Other				
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, 2013.

<Example when impairment recognized (modify as appropriate):

The Company's equity securities consist of floating rate preferred stock issued by Federal National Mortgage Association (FNMA). For the year ended December 31, 201x, the Company recognized a $________ pre-tax charge for the other-than-temporary decline in fair value. When a decline in fair value below cost is deemed to be other-than-temporary, the unrealized loss must be recognized as a charge to earnings as the difference between the amortized cost basis of the equity security and its fair value.>

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

	2014	2013	2012
Proceeds	$	$	$
Gross gains			
Gross losses			

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.

	December 31, 2014	
	Amortized Cost	Fair Value
Available-for-sale		
Within one year	$	$
One to five years		
Five to ten years		
Beyond ten years		
Mortgage-backed		
Total	$	$
Held-to-maturity		
One to five years	$	$
Total	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 2 - SECURITIES (Continued)

Securities pledged at year-end 2014 and 2013 had a carrying amount of $______ and $______ and were pledged to secure public deposits and repurchase agreements.

At year-end 2014 and 2013, 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 ….]

The following table summarizes securities with unrealized losses at December 31, 2014 and December 31, 2013, 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, 2014						
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						
Equity securities						
Other securities						
Total available-for-sale	$	$	$	$	$	$

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Held-to-maturity						
Mortgage-backed: residential	$	$	$	$	$	$
Other securities						
Total held-to-maturity	$	$	$	$	$	$

(Continued)

NOTE 2 - SECURITIES (Continued)

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2013						
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						
Equity securities						
Other securities						
Total available-for-sale	$	$	$	$	$	$

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Held-to-maturity						
Mortgage-backed: residential	$	$	$	$	$	$
Other securities						
Total held-to-maturity	$	$	$	$	$	$

<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.>

As of December 31, 2014, 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:

NOTE 2 - SECURITIES (Continued)

Mortgage-Backed Securities

At December 31, 2014, approximately XX% of the mortgage-backed securities held by the Company were issued by U.S. government-sponsored entities and agencies, primarily Fannie Mae and Freddie Mac, institutions which the government has affirmed its commitment to support. 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, 2014.

The Company's mortgage-backed securities portfolio includes non-agency collateralized mortgage obligations with a market value of $XXX million which had unrealized losses of approximately $XX.X million at December 31, 2014. 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, 2014, 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, 2014, 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. In addition we use the model to "stress" each CDO, or make assumptions more severe than expected activity, to determine the degree to which assumptions could deteriorate before the CDO could no longer fully support repayment of the Company's note class. Upon completion of the December 31, 2014, 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 other comprehensive income. These <> securities remained classified as available for sale at December 31, 2014, and together, the <> securities accounted for $XX.X million of the unrealized loss in the other securities category at December 31, 2014.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 2 - SECURITIES (Continued)

The table below presents a rollforward for the years ended December 31, 2014, 2013, and 2012 of the credit losses recognized in earnings for securities held at period end:

	2014	2013	2012
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,	$	$	$

NOTE 3 - LOANS[26]

Loans at year-end were as follows:

	2014	2013
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		
Allowance for loan losses		
Loans, net[27]	$	$

(Dollar amounts in thousands except per share data)

NOTE 3 – LOANS (Continued)

The following table presents the activity in the allowance for loan losses by portfolio segment for each of the years ending December 31, 2014, 2013, and 2012:

December 31, 2014	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, 2013	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, 2012	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 (Continued)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment[28] and based on impairment method as of December 31, 2014 and 2013:

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Auto	Credit Card	Consumer Other	Total
December 31, 2014							
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	$	$	$	$	$	$	$
December 31, 2013							
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 (Continued)

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2014 and 2013:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
December 31, 2014						
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	$	$	$	$	$	$

(Continued)

NOTE 3 - LOANS (Continued)

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
December 31, 2013						
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 (Continued)

The following table presents information for impaired loans as of December 31, 2012:

December 31, 2012	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
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 90 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) as well as TDRs for all loan portfolio segments. The sum of non-accrual loans and loans past due 90 days still on accrual will differ from the total impaired loan amount.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS (Continued)

The following tables present the recorded investment in non-accrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2014 and December 31, 2013:

	Non-accrual		Loans Past Due Over 90 Days Still Accruing	
	2014	2013	2014	2013
Commercial	$	$	$	$
Commercial real estate:				
Construction				
Other				
Consumer:				
Credit card				
Other				
Auto:				
Auto – direct				
Auto – indirect				
Residential real estate:				
Nontraditional				
Other				
Total	$	$	$	$

The following table presents the aging of the recorded investment in past-due loans as of December 31, 2014 and 2013 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, 2014						
Commercial	$	$	$	$	$	$
Commercial real estate:						
Construction						
Other						
Consumer:						
Credit card						
Other						
Auto:						
Auto – direct						
Auto – indirect						
Residential:						
Nontraditional						
Other						
Total	$	$	$	$	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS (Continued)

	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, 2013						
Commercial	$	$	$	$	$	$
Commercial real estate:						
Construction						
Other						
Consumer:						
Credit card						
Other						
Auto:						
Auto – direct						
Auto – indirect						
Residential:						
Nontraditional						
Other						
Total	$	$	$	$	$	$

Troubled Debt Restructurings:[29]

As of December 31, 2014 and 2013, the Company has a recorded investment in troubled debt restructurings of $_______ and $_______, respectively. The Company has allocated $_______ and $_______ of specific allowance for those loans at December 31, 2014 and 2013 and has committed to lend additional amounts totaling up to $_________ and $_________.

The modification of the terms of such commercial loans performed during the year ended December 31, 2014, 2013, and 2012 included a permanent reduction of the recorded investment in the loans. The modification of the construction commercial real estate performed during the year ended December 31, 2014 included an extension of the maturity date at a stated rate of interest lower than the current market rate. The extensions were for periods ranging from <> months to <> years. The modification of the nontraditional residential real estate during the years ended December 31, 2013 and 2012 included a permanent reduction of the recorded investment in the loans.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS (Continued)

The following table presents loans by class modified as troubled debt restructurings that occurred during the year ending December 31, 2014, 2013 and 2012:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
December 31, 2014			
Troubled Debt Restructurings:			
Commercial:			
Permanent reduction of recorded investment		$	$
Residential real estate			
Nontraditional:			
Permanent reduction of recorded investment			
Total		$	$

The troubled debt restructurings described above increased the allowance for loan losses by $_________ and resulted in charge-offs of $__________ during the year ending December 31, 2014.

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
December 31, 2013			
Troubled Debt Restructurings:			
Commercial:			
Permanent reduction of recorded investment		$	$
Residential real estate			
Nontraditional:			
Permanent reduction of recorded investment			
Total		$	$

The troubled debt restructurings described above increased the allowance for loan losses by $<> and resulted in charge-offs of $__________ during the year ending December 31, 2013.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS (Continued)

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
December 31, 2012			
Troubled Debt Restructurings:			
Commercial:			
Permanent reduction of recorded investment		$	$
Residential real estate			
Nontraditional:			
Permanent reduction of recorded investment			
Total		$	$

The troubled debt restructurings described above increased the allowance for loan losses by $<> and resulted in charge offs of $__________ during the year ending December 31, 2012.

The following table presents loans by class modified as troubled debt restructurings for which there was a payment default within twelve months following the modification during the year ending December 31, 2014, 2013, and 2012:

Troubled Debt Restructurings That Subsequently Defaulted:	Number of Loans	Recorded Investment
December 31, 2014		
Commercial		$
Commercial real estate:		
Construction		
Other		
Consumer:		
Credit Card		
Other		
Auto:		
Auto – direct		
Auto – indirect		
Residential real estate:		
Nontraditional		
Other		
Total		$

The troubled debt restructurings that subsequently defaulted described above increased the allowance for loan losses by $__________ and resulted in charge-offs of $__________ during the year ending December 31, 2014.

(Continued)

NOTE 3 - LOANS (Continued)

Troubled Debt Restructurings That Subsequently Defaulted:	Number of Loans	Recorded Investment
December 31, 2013		
Commercial		$
Commercial real estate:		
Construction		
Other		
Consumer:		
Credit Card		
Other		
Auto:		
Auto – direct		
Auto – indirect		
Residential real estate:		
Nontraditional		
Other		
Total		$

The troubled debt restructurings that subsequently defaulted described above increased the allowance for loan losses by $___________ and resulted in charge-offs of $__________ during the year ending December 31, 2013.

Troubled Debt Restructurings That Subsequently Defaulted:	Number of Loans	Recorded Investment
December 31, 2012		
Commercial		$
Commercial real estate:		
Construction		
Other		
Consumer:		
Credit Card		
Other		
Auto:		
Auto – direct		
Auto – indirect		
Residential real estate:		
Nontraditional		
Other		
Total		$

The troubled debt restructurings that subsequently defaulted described above increased the allowance for loan losses by $___________ and resulted in charge-offs of $__________ during the year ending December 31, 2012.

(Continued)

NOTE 3 - LOANS (Continued)

A loan is considered to be in payment default once it is <> days contractually past due under the modified terms.

The terms of certain other loans were modified during the years ending December 31, 2014 and 2013 that did not meet the definition of a troubled debt restructuring. These loans have a total recorded investment as of December 31, 2014 and 2013, of $<> and $<>. The modification of these loans involved either a modification of the terms of a loan to borrowers who were not experiencing financial difficulties or a delay in a payment that was considered to be insignificant, which included delays in payment ranging from <> days to <> months.[30]

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the company's internal underwriting policy.

Credit Quality Indicators:[31]

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 by classifying 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).>

(Continued)

NOTE 3 - LOANS (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, 2014					
Commercial	$	$	$	$	$
Commercial real estate:					
Construction					
Other					
Residential:					
Nontraditional					
Other					
Total	$	$	$	$	$

	Pass	Special Mention	Substandard	Doubtful	Not Rated
December 31, 2013					
Commercial	$	$	$	$	$
Commercial real estate:					
Construction					
Other					
Residential:					
Nontraditional					
Other					
Total	$	$	$	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS (Continued)

The Company has certain classes of loans that are considered to be subprime. The Company evaluates the credit quality of these loan classes based on the credit score of the borrower. The credit scores for each borrower are updated <>. The following table presents the credit score for each of these classes of loans based on the most recent credit score obtained by the Company:

	Consumer Auto Indirect			Residential Nontraditional		
	Prime	Subprime	Total	Prime	Subprime	Total
December 31, 2014						
Credit score:						
720 and above	$	$	$	$	$	$
719 - 680						
679 - 620						
619 - 580						
579 - 500						
499 and below						
Total	$	$	$	$	$	$

	Consumer Auto Indirect			Residential Nontraditional		
	Prime	Subprime	Total	Prime	Subprime	Total
December 31, 2013						
Credit score:						
720 and above	$	$	$	$	$	$
719 - 680						
679 - 620						
619 - 580						
579 - 500						
499 and below						
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, 2014						
Performing	$	$	$	$	$	$
Nonperforming						
Total	$	$	$	$	$	$

	Consumer				Residential	
	Credit Card	Other	Direct Auto	Indirect Auto	Nontraditional	Other
December 31, 2013						
Performing	$	$	$	$	$	$
Nonperforming						
Total	$	$	$	$	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS (Continued)

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, 2014					
Purchases	$	$	$	$	$
Sales					

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer	Total
December 31, 2013					
Purchases	$	$	$	$	$
Sales					

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:

	2014	2013	2012
Commercial	$	$	$
Consumer			
Outstanding balance	$	$	$
Carrying amount, net of allowance of $______, $______ and $______	$	$	$

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

	2014	2013	2012
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 2014, 2013 and 2012. No allowances for loan losses were reversed during 2014, 2013 or 2012.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 3 - LOANS (Continued)

Purchased credit impaired loans purchased during the year<s> ending December 31, 201X <and 201X>, for which it was probable at acquisition that all contractually required payments would not be collected are as follows:

	2014	2013	2012
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:

	2014	2013	2012
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:

	2014	2013	2012
Beginning balance	$	$	$
Loans transferred to real estate owned			
Capitalized expenditures			
Direct write-downs			
Sales of real estate owned			
End of year	$	$	$

Activity in the valuation allowance was as follows:

	2014	2013	2012
Beginning of year	$	$	$
Additions/(recoveries) charged/(credited) to expense			
Reductions from sales of real estate owned			
Direct write-downs			
End of year	$	$	$

(Continued)

NOTE 4 - REAL ESTATE OWNED (Continued)

Expenses related to foreclosed assets include:

	2014	2013	2012
Net loss (gain) on sales	$	$	$
Provision for unrealized losses			
Operating expenses, net of rental income			
	$	$	$

NOTE 5 - FAIR VALUE

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:[32] <The following should be used as a starting point. The provisions of ASC 820-10-50-2(f) presented below should be considered.>

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). See below for additional discussion of Level 3 valuation methodologies and significant inputs. <The fair value of level 3 securities are determined by the Company's treasury department, which reports to the Chief Investment Officer (CIO) and ultimately the Chief Financial Officer (CFO). The CIO and CFO review the fair values and these are reported to the Investment Committee. Discounted cash flows are calculated using spread to swap and LIBOR 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. At least annually, a third party is engaged to validate the discounted cash flows and resulting fair value. Rating agency and industry research reports as well as defaults and deferrals on individual securities are reviewed and incorporated into the calculations.>

<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).>

(Continued)

NOTE 5 - FAIR VALUE (Continued)

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 2014 and $XX for 2013 primarily due to <   > and resulted in a Level 3 classification of the inputs for determining fair value. 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 2014 and $XX for 2013 primarily due to <…> and resulted in a Level 3 classification of the inputs for determining fair value. Real estate owned properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

<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 2014 and $XX for 2013. 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.>

NOTE 5 - FAIR VALUE (Continued)

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).

(Continued)

NOTE 5 - FAIR VALUE (Continued)

Assets and liabilities measured at fair value on a recurring basis, including financial assets and liabilities for which the Company has elected the fair value option, are summarized below:

	Fair Value Measurements at December 31, 2014 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				
Equity securities				
Other securities				
Total investment securities available-for-sale	$	$	$	$
<Loans held for sale, at fair value[33]	$	$	$	$ >
Derivatives[34]	$	$	$	$
Financial Liabilities				
Derivatives	$	$	$	$

(Continued)

NOTE 5 - FAIR VALUE (Continued)

	Fair Value Measurements at December 31, 2013 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(Dollars in thousands)				
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				
Equity securities				
Other securities				
Total investment securities available-for-sale	$	$	$	$
<Loans held for sale, at fair value	$	$	$	$ >
Derivatives	$	$	$	$
Financial Liabilities				
Derivatives	$	$	$	$

There were no transfers between Level 1 and Level 2 during 2014 or 2013.

<The following transfers between Level 1 and Level 2 occurred during 2014 and 2013:

	2014	2013
Transfer from Level 1 to Level 2:		
Mortgage-backed securities – commercial	$	$
Transfer from Level 2 to Level 1		
Mortgage-backed securities – residential	$	$

Describe the reasons for the transfers.>

(Continued)

(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[35]		Collateralized Debt Obligations	
	2014	2013	2014	2013
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				
Purchases				
Sales				
Issuances				
Settlements				
Transfers into Level 3				
Transfers out of Level 3				
Balance of recurring Level 3 assets at December 31	$	$	$	$

Two residential mortgage-backed securities with a fair value of $<> as of December 31, 2014 was 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, 2014 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. <The Company's policy is to recognize transfers into or out of a level as of the end of the reporting period. As a result, the fair value for these securities were transferred on December 31, 2014.>[36]

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 LIBOR 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, 2014 and 2013:[37]

	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
December 31, 2014				
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, 2013				
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 result in a significantly lower/(higher) fair value measurement. Generally, a change in the assumption used for the probability of default is 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.

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 result in a significantly lower fair value measurement. Conversely, decreases in specific-issuer default assumptions or increases in specific-issuer recovery assumptions would result in a higher fair value measurement.[38]

(Continued)

NOTE 5 - FAIR VALUE (Continued)

The table below summarizes changes in unrealized gains and losses recorded in earnings 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[39]	
	2014	2013	2014	2013
Interest income on securities	$	$	$	$
Other changes in fair value				
Total	$	$	$	$

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

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

		Fair Value Measurements Using			
(Dollars in thousands)	Total at December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)[40]
Impaired loans:[41]					
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)

		Fair Value Measurements Using			
(Dollars in thousands)	Total at December 31, 2013	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:[42]					
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, 2014 and 2013:

	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
December 31, 2014				
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, 2013				
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	<>%-<>% (<>%)

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.

(Continued)

NOTE 5 - FAIR VALUE (Continued)

<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, 2014 and 2013.

As of December 31, 2014 and 2013, the aggregate fair value, contractual balance (including accrued interest), and gain or loss was as follows:

	2014	2013
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, 2014, 2013, and 2012 for loans held for sale were:

	2014	2013	2012
Interest income	$	$	$
Interest expense			
Change in fair value			
Total change in fair value	$	$	$

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments, at December 31, 2014 and December 31, 2013 are as follows:

		Fair Value Measurements at December 31, 2014 Using:[43]			
	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 available-for-sale					
Securities held-to-maturity					
Federal Home Loan Bank stock		N/A	N/A	N/A	N/A
Federal Reserve Bank stock		N/A	N/A	N/A	N/A
Loans held for sale					
<Loans held for sale, at fair value>					
Loans, net					
Accrued interest receivable					
Financial liabilities					
Deposits	$	$	$	$	$
Short-term borrowings					
Other borrowings					
Accrued interest payable					

NOTE 5 - FAIR VALUE (Continued)

		Fair Value Measurements at December 31, 2013 Using:[44]			
	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 available-for-sale					
Securities held-to-maturity					
Federal Home Loan Bank stock		N/A	N/A	N/A	N/A
Federal Reserve Bank stock		N/A	N/A	N/A	N/A
Loans held for sale					
<Loans held for sale, at fair value>					
Loans, net					
Accrued interest receivable					
Financial liabilities					
Deposits	$	$	$	$	$
Short-term borrowings					
Other borrowings					
Accrued interest payable					

The methods and assumptions, not previously presented, used to estimate fair values are described as follows:

(a) Cash and Cash Equivalents

The carrying amounts of cash and short-term instruments approximate fair values and are classified as either Level 1 or Level 2. As of December 31, 2014 and 2013 $___ and $_ was classified as Level 1. <Entities may determine that cash on hand and non-interest due from bank accounts are Level 1 whereas interest bearing due from bank accounts and fed funds sold are Level 2.>

(b) FHLB Stock

It is not practical to determine the fair value of FHLB stock due to restrictions placed on its transferability.

(c) Loans

Fair values of loans, excluding loans held for sale, are estimated as follows: For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values resulting in a Level 3 classification. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality resulting in a Level 3 classification. Impaired loans are valued at the lower of cost or fair value as described previously. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

The fair value of loans held for sale is estimated based upon binding contracts and quotes from third party investors resulting in a Level 2 classification.

NOTE 5 - FAIR VALUE (Continued)

(d) Deposits

The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amount) resulting in either a Level 1 or Level 2 classification <Entity to indicate Level as appropriate>. The carrying amounts of variable rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date resulting in either a Level 1 or Level 2 classification <entity to indicate Level as appropriate>. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flows calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits resulting in a Level 2 classification.

(e) Short-Term Borrowings

The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings, generally maturing within ninety days, approximate their fair values resulting in a Level 2 classification.

(f) Other Borrowings

The fair values of the Company's long-term borrowings are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 2 classification.

The fair values of the Company's Subordinated Debentures are **estimated** using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 3 classification.

(g) Accrued Interest Receivable/Payable

The carrying amounts of accrued interest approximate fair value resulting in a Level X or Level Y classification <entities should consider the materiality of these balances when considering whether to disclose. If amounts are disclosed, the level disclosed should be consistent with the asset/liability they are associated with>.

(h) Off-balance Sheet Instruments

Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair value of commitments is not material.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 6A - 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:

	2014	2013
Mortgage loan portfolios serviced for:		
FHLMC	$	$
GNMA		

Custodial escrow balances maintained in connection with serviced loans were $___ and $____ at year-end 2014 and 2013.

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

	2014	2013	2012
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 2014 and 2013. Fair value at year-end 2014 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 2013 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 6B - 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:

	2014	2013
Mortgage loan portfolios serviced for:		
FHLMC	$	$
GNMA		

Custodial escrow balances maintained in connection with serviced loans were $___ and $____ at year-end 2014 and 2013.

(Continued)

(Dollar amounts in thousands except per share data)

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

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

	2014	2013	2012
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 2014 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 2013 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

Year-end premises and equipment were as follows:

	2014	2013
Land	$	$
Buildings		
Furniture, fixtures and equipment		
Leasehold improvements		
Less: Accumulated depreciation		
	$	$

Depreciation expense was $______, $______, and $______ for 2014, 2013, and 2012. [Alternatively, disclose depreciation expense separately on the cash flow statement.]

(Dollar amounts in thousands except per share data)

NOTE 7 - PREMISES AND EQUIPMENT (Continued)

Operating Leases: The Company leases certain branch properties and equipment under operating leases. <If material, disclose significant terms of operating leases, such as contingent rentals, renewal options, purchase options, etc.> Rent expense was $______, $______, and $______ for 2014, 2013, and 2012. Rent commitments, before considering renewal options that generally are present, were as follows:

2015	$
2016	
2017	
2018	
2019	
Thereafter	
Total	$

Capital Leases: The Company leases certain land and buildings under capital leases. The lease arrangements require monthly payments through <year>.

The Company has included these leases in premises and equipment as follows:

	2014	2013
Land and buildings	$	$
Accumulated depreciation		
	$	$

The following is a schedule by year of future minimum lease payments under the capitalized lease, together with the present value of net minimum lease payments at year-end 2014.

	Amount
2015	$
2016	
2017	
2018	
2019	
Thereafter	
Total minimum lease payments	
Less amount representing interest	
Present value of net minimum lease payments	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 8 - GOODWILL AND INTANGIBLE ASSETS

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

	2014	2013	2012
Beginning of year	$	$	$
Acquired goodwill			
Impairment[45]			
End of year	$	$	$

<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.>

[Impairment exists when a reporting unit's carrying value of goodwill exceeds its fair value. At <DATE> 2014, 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 of goodwill exceeds its fair value. If the carrying amount of a reporting unit is zero or less than zero, a qualitative analysis of whether it is more likely than not that the reporting unit goodwill is impaired will be performed. If the qualitative analysis indicates that it is more likely than not that goodwill is impaired, a second step to the impairment test is required to be performed. The Company did not have any reporting units with a carrying amount of zero or less than zero at <DATE> 2014.]

[At <DATE> 2014, 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 two-step impairment test.

Step 1 includes the determination of the carrying value of the reporting unit, including the existing goodwill and intangible assets, and estimating the fair value of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, we are required to perform a second step to the impairment test.

Our annual impairment analysis as of <DATE>, 2014, indicated that the Step 2 analysis was necessary. Step 2 of the goodwill impairment test is performed to measure the impairment loss. Step 2 requires that the implied fair value of the reporting unit goodwill be compared to the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss shall be recognized in an amount equal to that excess. After performing Step 2 it was determined that the implied value of goodwill was less than the carrying costs, resulting in an impairment charge of $<> for the year ended December 31, 2014. The facts and circumstances that led to an impairment of goodwill included <insert the facts and circumstances>. The fair value of the reporting unit at <DATE> 2014 was determined based on a discounted cash flow model. Significant assumptions in the discounted cash flow model included < >. Cumulative impairment charges were $<> and $<> as of December 31, 2014 and 2013.]

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 8 - GOODWILL AND INTANGIBLE ASSETS (Continued)

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

	2014		2013	
	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 2014, 2013 and 2012.

Estimated amortization expense for each of the next five years:

2015	$
2016	
2017	
2018	
2019	

NOTE 9 - DEPOSITS

Time deposits that meet or exceed the FDIC Insurance limit of $250,000[46] at year-end 2014 and 2013 were $_____________ and $______________.

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

2015	$
2016	
2017	
2018	
2019	

NOTE 10 - SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE[47]

Securities sold under agreements to repurchase are secured by mortgage-backed securities with a carrying amount of $_______ and $_______ at year-end 2014 and 2013.

Securities sold under agreements to repurchase are financing arrangements that mature within two years. At maturity, the securities underlying the agreements are returned to the Company. Information concerning securities sold under agreements to repurchase is summarized as follows:

	2014	2013	2012
Average daily balance during the year	$	$	$
Average interest rate during the year	X.XX%	X.XX%	X.XX%
Maximum month-end balance during the year	$	$	$
Weighted average interest rate at year-end	X.XX%	X.XX%	X.XX%

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 11 - FEDERAL HOME LOAN BANK ADVANCES

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

	2014	2013
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 2014 and 2013. 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 2014.[48]

Payments over the next five years are as follows:

2015	$
2016	
2017	
2018	
2019	

NOTE 12 - 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.[49]

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 the three month London Interbank Offered Rate (LIBOR) plus X%, which was X.XX% at year-end 2014.[50]

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 13 - 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:[51]

	2014	2013
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)	$	$

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

	2014	2013
Net actuarial loss (gain)	$	$
Prior service cost (credit)		
	$	$

The accumulated benefit obligation was $XXX and $XXX at year-end 2014 and 2013.

Components of Net Periodic Benefit Cost and Other Amounts Recognized in Other Comprehensive Income:[52]

	2014	2013	2012
Service cost	$	$	$
Interest cost			
Expected return on plan assets			
Amortization of prior service cost			
Amortization of net (gain) loss			
Net periodic benefit cost	$	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 13 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

	2014	2013	2012
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 estimated net loss and prior service costs for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $<> and $<>.

Assumptions

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

	2014	2013	2012
Discount rate	X.00%	X.00%	X.00%
Rate of compensation increase	X.00	X.00	X.00

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

	2014	2013	2012
Discount rate	X.00%	X.00%	X.00%
Expected return on plan assets	X.00	X.00	X.00
Rate of compensation increase	X.00	X.00	X.00

Investment Strategy and Allocation[53]

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.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 13 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

The Company's pension plan asset allocation at year-end 2014 and 2013, target allocation for 2014, and expected long-term rate of return by asset class are as follows:

Asset Class[54]	Target Allocation	Percentage of Plan Assets at Year-End 2014	Percentage of Plan Assets at Year-End 2013	Weighted-Average Expected Long-Term Rate of Return
Equity securities[55]				
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[56]:
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).

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 LIBOR 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.

(Continued)

NOTE 13 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

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, 2014, by asset class, is as follows:

	Fair Value Measurements at December 31, 2014 Using:			
Asset Class[57]	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 13 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

The fair value of the plan assets at December 31, 2013, by asset class, is as follows:

	Fair Value Measurements at December 31, 2013 Using:			
Assets Class[58]	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[59]				
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, 2014 and 2013:

	Hedge Fund	Private Equity Fund
Balance of recurring Level 3 assets at January 1, 2013[60]	$	$
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, 2013	$	$
Balance of recurring Level 3 assets at January 1, 2014[61]	$	$
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, 2014	$	$

(Dollar amounts in thousands except per share data)

NOTE 13 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

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 percent of health care cost increases in excess of 6 percent. 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:

	2014	2013	2012
Discount rate	X.00%	X.00%	X.00%

Assumed health care cost trend rates at year-end:

	2014	2013
Health care cost trend rate assumed for next year	X.X%	X.X%
Rate that the cost trend rate gradually declines to	X.0	X.0
Year that the rate reaches the rate it is assumed to remain at	20XX	20XX

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on total of service and interest cost	$	$
Effect on postretirement benefit obligation		

Pension and Other Benefit Plans (as applicable):

Contributions

The Company expects to contribute $______ to its pension plan and $______ to other plans in 2014.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 13 - PENSION AND OTHER POSTRETIREMENT PLANS (Continued)

Estimated Future Payments

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

	Pension Benefits	Other Benefits
2014	$	$
2015		
2016		
2017		
2018		
Following 5 years		

NOTE 14 - OTHER BENEFIT PLANS[62]

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.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 14 - OTHER BENEFIT PLANS (Continued)

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 2014, 2013, and 2012 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 2014 and 2013.

NOTE 15 - 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 2014, 2013 and 2012 were $__, $__ and $__. Expense was $___, $___ and $___.

Shares held by the ESOP were as follows:

	2014	2013
Allocated to participants		
Unearned		
Total ESOP shares		
Fair value of unearned shares	$	$
Fair value of allocated shares subject to repurchase obligation[63]	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 16 - INCOME TAXES

Income tax expense (benefit) was as follows:

	2014	2013	2012
Current expense	$	$	$
Federal			
State			
Deferred expense			
Federal			
State			
Change in valuation allowance			
Total	$	$	$

Effective tax rates differ from federal statutory rate of 34% applied to income before income taxes due to the following:

	2014	2013	2012
Federal statutory rate times financial statement income	$	$	$
Effect of:			
Tax-exempt income			
State taxes, net of federal benefit			
Earnings from company owned life insurance			
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:

	2014	2013
Deferred tax assets:		
Allowance for loan losses	$	$
Deferred loan fees		
Net unrealized loss on available for sale securities		
Other		
Deferred tax liabilities:		
Depreciation		
Net unrealized gain on securities available for sale		
<Valuation Allowance		>
Net deferred tax asset	$	$

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 16 - 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 2014 and 2013.> [Alternatively, disclose reasons for lack of a valuation allowance when negative indicators are present.]

Net operating loss carryforwards (if applicable):
<At year-end 2014, 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 200X. 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:

	2014	2013
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.]

The total amount of interest and penalties recorded in the income statement for the years ended December 31, 2014, 2013 and 2012 were $<>, $<> and $<>, and the amounts accrued for interest and penalties at December 31, 2014, 2013 and 2012 were $<>, $<> and $<>.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 16 - INCOME TAXES (Continued)

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 17 - RELATED-PARTY TRANSACTIONS

Loans to principal officers, directors, and their affiliates during 2014 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 2014 and 2013 were $______ and $______.

NOTE 18 - STOCK-BASED COMPENSATION[64]

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 2014, 2013 and 2012. The total income tax benefit was $_______, $________, and $_______.

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 18 - STOCK-BASED COMPENSATION (Continued)

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

	2014	2013	2012
Risk-free interest rate	%	%	%
Expected term			
Expected stock price volatility			
Dividend yield	%	%	%

A summary of the activity in the stock option plan for 2014 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[65]				$
Exercisable at end of year		$		$

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

	2014	2013	2012
Intrinsic value of options exercised	$	$	$
Cash received from option exercises			
Tax benefit realized from option exercises			
Weighted average fair value of options granted			

As of December 31, 2014, 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 2014, 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, 2014. There were no modifications during 2013 and 2012.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 18 - STOCK-BASED COMPENSATION (Continued)

Share Award Plan

A Recognition and Retention Plan (“RRP”) 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 2014, and ______ shares were issued in 2014 and 2013.

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, 2014	<>	$
Granted	<>	
Vested	<>	
Forfeited	<>	
Nonvested at December 31, 2014	<>	$

As of December 31, 2014, 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, 2014, 2013 and 2012 was $_______, $________, and $_______.

NOTE 19 - REGULATORY CAPITAL MATTERS[66]

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. Management believes as of December 31, 2014, 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 2014 and 2013, 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.

(Continued)

NOTE 19 - 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		To Be Well Capitalized Under Prompt Corrective Action Regulations [67] [68] [69]	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2014						
Total Capital to risk weighted assets						
Consolidated[70]	$	%	$	%	N/A	N/A
Bank						
Tier 1 (Core) Capital to risk weighted assets						
Consolidated					N/A	N/A
Bank						
Tier 1 (Core) Capital to average assets						
Consolidated					N/A	N/A
Bank						
Tangible Capital (to adjusted total assets)[71]						
2013						
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						
Tier 1 (Core) Capital to average assets						
Consolidated					N/A	N/A
Bank						
Tangible Capital (to adjusted total assets)						

[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)

(Dollar amounts in thousands except per share data)

NOTE 19 - 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[72]. Under these regulations, the amount of dividends that may be paid in any calendar year is limited to the current year’s net profits, combined with the retained net profits of the preceding two years, subject to the capital requirements described above. During 2014, the Bank could, without prior approval, declare dividends of approximately $______ plus any 2014 net profits retained to the date of the dividend declaration.

NOTE 20 - DERIVATIVES

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.

<u>Interest Rate Swaps Designated as Cash Flow Hedges</u>: Interest rate swaps with notional amounts totaling $<> million and $<> million as of December 31, 2014 and 2013, were designated as cash flow hedges of certain Federal Home Loan Bank advances and were determined to be fully effective during all periods presented. As such, no amount of ineffectiveness has been included in net income. Therefore, the aggregate fair value of the swaps is recorded in other assets (liabilities) with changes in fair value recorded in other comprehensive income (loss). The amount included in accumulated other comprehensive income (loss) would be reclassified to current earnings should the hedges no longer be considered effective. The Company expects the hedges to remain fully effective during the remaining terms of the swaps.

Summary information about the interest-rate swaps designated as cash flow hedges as of year-end is as follows:

	2014	2013
Notional amounts	$	$
Weighted average pay rates	%	%
Weighted average receive rates	%	%
Weighted average maturity	years	years
Unrealized gains (losses)	$	$

Interest income (expense) recorded on these swap transactions totaled $<>, $<> and $<> during 2014, 2013, and 2012 and is reported as a component of interest expense on FHLB Advances. At December 31, 2014, the Company expected $<> of the unrealized gain to be reclassified as a reduction of interest expense during 2014.

(Dollar amounts in thousands except per share data)

NOTE 20 - DERIVATIVES (Continued)

Fair Value Hedge
The following table reflects the fair value hedges included in the Consolidated Statement of Income as of December 31:

Interest rate contracts	Location	2014	2013	2012
Change in fair value on interest rate swaps hedging long-term debt	Other Interest expense	$	$	$
Change in fair value on long-term debt – hedged item	Other Interest expense	$	$	$

The following table reflects the fair value hedges included in the Consolidated Balance Sheets as of December 31:

	2014		2013	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Interest rate swaps related to debt	$	$	$	$
Forward contracts related to mortgage loans held for sale				
Total included in other assets				
Included in liabilities:				
Interest rate swaps related to debt	$	$	$	$
Forward contracts related to mortgage loans held for sale				
Total included in other assets				

Cash Flow Hedge
The following table presents the net gains (losses) recorded in accumulated other comprehensive income and the Consolidated Statements of Income relating to the cash flow derivative instruments for the year ended December 31:

	2014		
	Amount of Gain (Loss) Recognized in OCI (Effective Portion)	Amount of Gain (Loss) Reclassified from OCI to Interest Income	Amount of Gain (Loss) Recognized in Other Non-interest Income (Ineffective Portion)
Interest rate contracts	$	$	$

	2013		
	Amount of Gain (loss) Recognized in OCI (Effective Portion)	Amount of Gain (Loss) Reclassified from OCI to Interest Income	Amount of Gain (Loss) Recognized in Other Non-interest Income (Ineffective Portion)
Interest rate contracts	$	$	$

(Dollar amounts in thousands except per share data)

NOTE 20 - DERIVATIVES (Continued)

	2012		
	Amount of Gain (Loss) Recognized in OCI (Effective Portion)	Amount of Gain (Loss) Reclassified from OCI to Interest Income	Amount of Gain (Loss) Recognized in Other Non-interest Income (Ineffective Portion)
Interest rate contracts	$	$	$

The following table reflects the cash flow hedges included in the Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013:

	2014		2013	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Interest rate swaps related to <>	$	$	$	$
Total included in other assets	$	$	$	$
Included in liabilities:				
Interest rate swaps related to <>	$	$	$	$
Total included in other assets	$	$	$	$

Other Interest Rate Swaps: On <>, 2014, the Company entered into two interest-rate swap agreements with a combined notional amount of $<> million. These interest-rate swap agreements do not qualify for hedge accounting treatment, and therefore changes in fair value are reported in current year earnings. At December 31, 2014, summary information about these interest-rate swaps is as follows:

Notional amounts	$
Weighted average pay rates	%
Weighted average receive rates	%
Weighted average maturity	years
Fair value of combined interest rate swaps	$

The fair value of the combined interest rate swaps at December 31, 2014 is reflected in other liabilities with a corresponding charge to income recorded as a reduction of non-interest income.

Mortgage Banking Derivatives

Commitments to fund certain mortgage loans (interest rate locks) 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. At year-end 2014, the Company had approximately $<> of interest rate lock commitments and $<> of forward commitments for the future delivery of residential mortgage loans. The fair value of these mortgage banking derivatives was reflected by a derivative asset of $<> and a derivative liability of $<>. At year-end 2013, the Company had approximately $<> of interest rate lock commitments and $<> of forward commitments for the future delivery of residential mortgage loans. The fair value of these mortgage banking derivatives was reflected by a derivative asset of $<> and a derivative liability of $<>. Fair values were estimated based on changes in mortgage interest rates from the date of the commitments. Changes in the fair values of these mortgage-banking derivatives are included in net gains on sales of loans.

(Continued)

(Dollar amounts in thousands except per share data)

NOTE 20 - DERIVATIVES (Continued)

The net gains (losses) relating to free-standing derivative instruments used for risk management are summarized below as of December 31:

	Location	2014	2013	2012
Forward contracts related to mortgage loans held for sale	Mortgage banking revenue	$	$	$
Interest rate lock commitments	Mortgage banking revenue	$	$	$

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

	2014		2013	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Forward contracts related to Mortgage loans held for sale	$	$	$	$
Interest rate lock commitments				
Total included in other assets	$	$	$	$
Included in liabilities				
Forward contracts related to Mortgage loans held for sale	$	$	$	$
Interest rate lock commitments				
Total included in other liabilities	$	$	$	$

NOTE 21 - 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:

	2014		2013	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitments to make loans	$	$	$	$
Unused lines of credit				
Standby letters of credit (see below if material)				

(Continued)

NOTE 21 - LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES (Continued)

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.

	2014		2013	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Standby letters of credit	$	$	$	$
Loans sold with recourse				

NOTE 22 - BUSINESS COMBINATION

On ________, 2014, 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 ________, 2014. Acquisition-related costs of $<> are included in other in the Company's income statement for the year ended December 31, 2014. 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.

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	$

(Continued)

NOTE 22 - BUSINESS COMBINATION (Continued)

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	
	$

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 following table presents pro forma information as if the acquisition had occurred at the beginning of 2013.[73] The 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.

	2014	2013
Net interest income	$	$
Net income	$	$
Basic earnings per share	$	$
Diluted earnings per share	$	$

(Continued)

NOTE 23 - PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Condensed financial information of _________ follows:

CONDENSED BALANCE SHEETS
December 31

	2014	2013
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

	2014	2013	2012
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 23 - PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (Continued)

CONDENSED STATEMENTS OF CASH FLOWS
Years ended December 31

	2014	2013	2012
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 24 - EARNINGS PER SHARE

The factors used in the earnings per share computation follow:

	2014	2013	2012
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 2014, 2013 and 2012 because they were antidilutive.

(Continued)

NOTE 24 - 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:

	2014	2013	2012
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 2014, 2013 and 2012 because they were antidilutive.>

(Continued)

NOTE 25 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)[74]

The following is changes in accumulated other comprehensive income (loss) by component, net of tax, for the years ending December 31, 2014 and 2013:

December 31, 2014	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, 2013	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 25 - 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, 2014:

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)
Credit derivatives		Other income (expense)
		Total before tax
		Tax (expense) or benefit
	$	Net of tax
Unrealized gains and losses on available-for-sale securities	$	Net gain (losses) on sale of securities
		Total impairment loss
Insignificant items		
		Total before tax
		Tax (expense) or benefit
	$	Net of tax
Amortization of defined benefit pension items		
Prior service costs	$	Other expense
Transition obligation		Other expense
Actuarial gains (losses)		Other expense
		Total before tax
		Tax (expense) or benefit
	$	Net of tax
Total reclassifications for the period	$	Net of tax

NOTE 25 - 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, 2013:

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)
Credit Derivatives		Other income (expense)
		Total before tax
		Tax (expense) or benefit
	$	Net of tax
Unrealized gains and losses on available-for-sale securities	$	Net gain (losses) on sale of securities
		Total impairment loss
Insignificant items		
		Total before tax
		Tax (expense) or benefit
	$	Net of tax
Amortization of defined benefit pension items		
Prior service costs	$	
Transition obligation		
Actuarial gains (losses)		
		Total before tax
		Tax (expense) or benefit
	$	Net of tax
Total reclassifications for the period	$	Net of tax

NOTE 26 - 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.

(Continued)

NOTE 26 - SEGMENT INFORMATION (Continued)

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:

2014	Banking	Mortgage Banking	Other	Total Segments
Net interest income	$	$	$	$
Other revenue				
Noncash items:				
Depreciation				
Provision for loan loss				
Amortization of intangibles				
Goodwill impairment				
Income tax expense				
Segment profit				
Segment assets				

2013	Banking	Mortgage Banking	Other	Total Segments
Net interest income	$	$	$	$
Other revenue				
Noncash items:				
Depreciation				
Provision for loan loss				
Amortization of intangibles				
Goodwill impairment				
Income tax expense				
Segment profit				
Segment assets				

2012	Banking	Mortgage Banking	Other	Total Segments
Net interest income	$	$	$	$
Other revenue				
Noncash items:				
Depreciation				
Provision for loan loss				
Net gain on loan sale				
Income tax expense				
Segment profit				

(Continued)

NOTE 26 - SEGMENT INFORMATION (Continued)

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

2014	Reportable Segments	Other Segments	Other	Consolidated Totals
Net interest income	$	$	$	$
Other revenue				
Provision for loan loss				
Net gain on loan sale				
Income tax expense				
Profit				
Assets				

2013	Reportable Segments	Other Segments	Other	Consolidated Totals
Net interest income	$	$	$	$
Other revenue				
Provision for loan loss				
Net gain on loan sale				
Income tax expense				
Profit				
Assets				

2012	Reportable Segments	Other Segments	Other	Consolidated Totals
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:

	2014	2013	2012
Income tax expense:			
Holding company expense	$	$	$
Amount not allocated to segments			
Profit:			
Holding company expenses			
Pension expense			
Assets:			
Holding company assets			

(Continued)

NOTE 27 - QUARTERLY FINANCIAL DATA (UNAUDITED)

	Interest Income	Net Interest Income	Net Income	Earnings Per Share[75] Basic	Earnings Per Share[75] Diluted
2014					
First quarter	$	$	$	$	$
Second quarter					
Third quarter					
Fourth quarter					
2013					
First quarter	$	$	$	$	$
Second quarter					
Third quarter					
Fourth quarter					

NOTE 28 - PREFERRED STOCK

On XXX XX, 2XXX, as part of the Small Business Lending Fund (“SBLF”), the Company entered into a Small Business Lending Fund Securities Purchase Agreement (“SBLF Purchase Agreement”) with the United States Department of the Treasury (“Treasury”). Under the SBLF Purchase Agreement, the Company issued XX,XXX shares of preferred stock series X to the Treasury. The preferred stock series X shares qualify as Tier 1 capital and will pay quarterly dividends. The initial dividend is X%. The dividend rate can fluctuate between 1% and 5% during the next X quarters based on the growth in qualified small business loans.

On XXX XX, 2XXX, as part of the Troubled Asset Relief Program (“TARP”) Capital Purchase Program, the Company entered into a Letter Agreement and Securities Purchase Agreement (collectively, the “Purchase Agreement”) with the United States Department of the Treasury (“U.S. Treasury”), pursuant to which the Company sold XXX shares of newly authorized Fixed Rate Cumulative Perpetual Preferred Stock, Series A, par value $0.XX per share and liquidation value $X,XXX per share (the “Series A Preferred Stock”) and also issued warrants (the “Warrants”) to the U.S. Treasury to acquire an additional $XXX of Fixed Rate Cumulative Perpetual Preferred Stock, Series B par value $0.XX per share and liquidation value $X,XXX per share (the “Series B Preferred Stock”) for an aggregate purchase price of $XXXX in cash. Subsequent to the closing, the U.S. Treasury exercised the Warrants and the Company issued X,XXX shares of the Series B Preferred Stock.\

The Series A Preferred Stock qualifies as Tier 1 capital and will pay cumulative dividends at a rate of X% per annum for the first five years, and X% per annum thereafter. If the dividends on the Series A Preferred Stock have not been paid for an aggregate of six quarterly dividend periods or more (whether or not consecutive), the authorized number of directors then constituting our board of directors will be increased by two. Holders of Series A preferred stock, together with the holders of any outstanding parity stock with like voting rights, referred to as voting parity stock, voting as a single class, will be entitled to elect the two additional members of our board of directors, referred to as the preferred stock directors, at the next annual meeting (or at a special meeting called for the purpose of electing the preferred stock directors prior to the next annual meeting) and at each subsequent annual meeting until all accrued and unpaid dividends for all past dividend periods have been paid in full. The Series A Preferred Stock may be redeemed by the Company after three years.

(Continued)

NOTE 28 - PREFERRED STOCK (Continued)

The Series B Preferred Stock qualifies as Tier 1 capital and will pay cumulative dividends at a rate of X% per annum. The Series B Preferred Stock may also be redeemed by the Company after three years. Prior to the end of three years, the Series A Preferred Stock and Series B Preferred Stock may be redeemed by the Company only with proceeds from the sale of qualifying equity securities of the Company (a "Qualified Equity Offering"). Neither the Series A nor the Series B Preferred Stock is subject to any contractual restrictions on transfer, except that the U.S. Treasury or any its transferees may affect any transfer that, as a result of such transfer, would require the Company to become subject to the periodic reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934.

Pursuant to the terms of the Purchase Agreement, the ability of the Company to declare or pay dividends or distributions on, or purchase, redeem or otherwise acquire for consideration, shares of its Common Stock will be subject to restrictions, including a restriction against increasing dividends from the last quarterly cash dividend per share ($X.XX) declared on the Common Stock prior to XX XX, 2XXX. The redemption, purchase or other acquisition of trust preferred securities of the Company or its affiliates also will be restricted. These restrictions will terminate on the earlier of (a) the third anniversary of the date of issuance of the Preferred Stock and (b) the date on which the Preferred Stock has been redeemed in whole or the U.S. Treasury has transferred all of the Preferred Stock to third parties, except that, after the third anniversary of the date of issuance of the Preferred Stock, if the Preferred Stock remains outstanding at such time, the Company may not increase its common dividends per share without obtaining consent of the U.S. Treasury.

The Purchase Agreement also subjects the Company to certain of the executive compensation limitations included in the Emergency Economic Stabilization Act of 2008 (the "EESA"). In this connection, as a condition to the closing of the transaction, the Company's Senior Executive Officers (as defined in the Purchase Agreement) (the "Senior Executive Officers"), (i) voluntarily waived any claim against the U.S. Treasury or the Company for any changes to such officer's compensation or benefits that are required to comply with the regulation issued by the U.S. Treasury under the TARP Capital Purchase Program and acknowledged that the regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements and policies and agreements as they relate to the period the U.S. Treasury owns the Preferred Stock of the Company; and (ii) entered into a letter with the Company amending the Benefit Plans with respect to such Senior Executive Officers as may be necessary, during the period that the Treasury owns the Preferred Stock of the Company, as necessary to comply with Section 111(b) of the EESA.

(Continued)

NOTE 29 - OFFSETTING ASSETS AND LIABILITIES

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, 2014 and 2013.

Offsetting of Financial Assets and Derivative Assets

	December 31, 2014					
				Gross Amounts Not Offset in the Statement of Financial Position		
	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
Description						
Interest rate swap derivatives	$	$	$	$	$	$
Reverse repurchase agreements						
Total	$	$	$	$	$	$

Offsetting of Financial Assets and Derivative Liabilities

	December 31, 2014					
				Gross Amounts Not Offset in the Statement of Financial Position		
	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
Description						
Interest rate swap derivatives	$	$	$	$	$	$
Reverse repurchase agreements						
Total	$	$	$	$	$	$

(Continued)

NOTE 29 - OFFSETTING ASSETS AND LIABILITIES (Continued)

Offsetting of Financial Assets and Derivative Assets

	December 31, 2013					
				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	$	$	$	$	$	$

Offsetting of Financial Assets and Derivative Liabilities

	December 31, 2013					
				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.

End Notes

1 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 2014, 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.

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

3 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).

4 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.

5 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.

6 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 25.

7 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.

8 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.

9 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.

[10] 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.

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

[12] This amount will offset the financing cash inflow presented in financing.

[13] For nonpublic companies, 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.

[14] Report excess tax benefit from exercise of stock options as financing cash flow inflow and operating outflow (per ASC 718-20-55-24).

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

[16] This disclosure is not required for public companies.

[17] 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.

[18] Example policy assumes that the Company has not acquired any debt securities subject to the scope of ASC 310-30. If Company has acquired debt securities subject to ASC 310-30, then refer to ASC 310-30-50-1 through -3 and 310-10-50-1 and 310-30-55 for required disclosures.

[19] In accordance with ASC 310-10-50-11B an entity shall disclose **by portfolio segment** a description of the entity's accounting policies and methodology used to estimate the allowance for loan losses. The description of the accounting policy for the allowance for loan loss should be evaluated to determine whether it meets the requirements of this Topic.

[20] In accordance with ASC 310-10-50-11B, a description of the entity's accounting policy and methodology used to estimate the allowance for loan loss should be disclosed. To the extent the allowance for loan loss on loans that are classified, but not considered to be impaired, is determined by a methodology separate from the rest of the segments, and to the extent this is significant, the Company should specifically disclose the methodology for determining this portion of the allowance for loan loss as part of the accounting policy. Also, as observed and recommended by the Division of Corporation Finance of the Securities and Exchange Commission (CF Disclosure Guidance Topic No. 5 found at http://www.sec.gov/divisions/corpfin/guidance/cfguidance-topic5.htm), a Company should also quantify any portion of the allowance for non-impaired loans that is not calculated by applying historical or adjusted historical loss rates; describe how this amount is calculated, including why historical or adjusted historical loss rates are not used; and explain the reasons for any changes in the calculation during the period. This could apply in instances where management is applying a specific reserve to non-impaired loans. The Company should further consider the impact of Topic 5 of the MD&A disclosures.

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

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

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

[24] 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).

[25] The agencies address the FASB's definition of public business entity (PBE) in the third quarter supplemental call report instructions, including a discussion of why institutions with greater than $500 million in assets might be considered public for financial reporting purposes. Standard setters are considering whether the public business entity language should be added to other already existing guidance.

[26] 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 do 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:

	2014	
	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, 2014 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, 2014						
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, 2014						
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, 2014					
Commercial	$	$	$	$	$
Commercial real estate:					
Construction					
Other					
Residential:					
Nontraditional					
Other					
Total	$	$	$	$	$

	Pass	Special Mention	Substandard	Doubtful	Not Rated
Non-Covered Loans:					
December 31, 2014					
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, 2014 and 2013:

	Unpaid Principal Balance Covered	Unpaid Principal Balance Non-Covered	Recorded Investment Covered	Recorded Investment Non-Covered	Allowance for Loan Losses Allocated Covered	Allowance for Loan Losses Allocated Non-Covered
December 31, 2014						
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	$	$	$	$	$	$

27 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 2014 and 2013, 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.

28 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.

29 Under ASU 2010-20, for each period for which a statement of income is presented, an entity shall disclose qualitative and quantitative information by class of financing receivable regarding how the financing receivables were modified. The example shown is one way to show this for certain classes.

30 While this item is not specifically required under ASU 2010-20, this example was added due to observations in recent SEC Comment Letters. In addition, recent SEC comment letter observations also included discussing in the MD&A or footnotes information regarding performing and non-performing TDRs, accrual and non-accrual TDRs, and a rollforward of TDR activity.

31 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.

32 ASC 820-10-50-2(f) requires that, for level 3 fair value measurements, the Company must disclose a description of the valuation processes used by the Company including, for example, how an entity decides its valuation policies and procedures and analyzes changes in fair value measurements from period to period. ASC 820-10-55-105 suggests that a Company might include the following in order to meet those requirements:

a. For the group within the reporting entity that decides the reporting entity's valuation policies and procedures:
    1. Its description
    2. To whom that group reports
    3. The internal reporting procedures in place (for example, whether and, if so, how pricing, risk management, or audit committees discuss and assess the fair value measurements).
b. The frequency and methods for calibration, back testing, and other testing procedures of pricing models.
c. The process for analyzing changes in fair value measurements from period to period.
d. How the reporting entity determined that third-party information, such as broker quotes or pricing services, used in the fair value measurement was developed in accordance with this Topic.
e. The methods used to develop and substantiate the unobservable inputs used in a fair value measurement.

While the above valuation descriptions attempt to incorporate example descriptions, this will need to be tailored by Company.

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

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

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

36 Under ASC 820-10-50-2C, the policy about the timing of recognizing transfers shall be the same for transfers into the levels as that for transfers out of the levels. Examples of policies for when to recognize the transfers are as follows: the actual date of the event or change in circumstances that caused the transfer, the beginning of the reporting period, or the end of the reporting period. The example shown is one of these policies, but a Company can adopt other such policies.

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

38 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.

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

40 The example shown illustrates one presentation for disclosing gains and losses for the period. One alternative is to present this information in a narrative format as follows: “Impaired loans that are measured for impairment using the fair value of the collateral for collateral dependent loans, had a principal balance of $____________, with a valuation allowance of $_________ at December 31, 2014, resulting in an additional provision for loan losses of $___________ for the year ended December 31, 2014. At December 31, 2013, impaired loans had a principal balance of $_______, with a valuation allowance of $________, resulting in an additional provision for loan losses of $____________ for the year ended December 31, 2013.”

41 Only include those assets that are measured at fair value as of period end.

42 Only include those assets that are measured at fair value as of period end.

43 ASC 820-10-50-2E requires disclosure of the information required by paragraph 820-10-50-2(b), (bbb), 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.

44 ASC 820-10-50-2E requires disclosure of the information required by paragraph 820-10-50-2(b), (bbb), 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.

45 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.

46 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.

[47] Information shown in this example for repurchase agreements is required by Guide 3 for public companies. See also Regulation S-X, Article 4.08(m) for required disclosures about repurchase agreements if carrying amount exceeds 10% of total assets, or if carrying amount with one counterparty exceeds 10% of shareholder's equity.

[48] Disclose other significant terms or features; for example, whether debt is callable, etc.

[49] If interest has been deferred by the Company, then disclose this fact.

[50] If applicable, a 5 year payment scheduled would also be disclosed.

[51] If applicable disclose changes for health care or other plans.

[52] Include components of other benefit plans, if applicable.

[53] 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.

[54] 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.

[55] 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 $8,000 (4 percent of total plan assets) and $6,400 (6 percent of total plan assets) at year-end 2012 and 2011, respectively.]

[56] 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.

[57] 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.

[58] 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.

[59] 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).

[60] 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.

[61] 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.

[62] 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>

[63] Applies to situations where share repurchase obligation exists, but shares subject to repurchase are not already shown outside of equity.

[64] 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.

[65] There may be a difference in the shares which are fully vested and those which are expected to vest due to expected forfeitures.

[66] 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.

[67] 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.

[68] The disclosures are for well capitalized institutions. The disclosure requirements are different for institutions that are classified as "Adequately Capitalized."

[69] 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.

[70] If the consolidated assets of the Company were less than $500 million at the beginning of the year, consolidated ratios are not required to be disclosed. That is if the consolidated assets for Company A are less than $500 million at January 1, 2013, then no disclosure of consolidated ratios is required for 2013.

[71] Tangible capital requirement applies only to thrifts.

[72] Example applies only to OCC requirements. Need to disclose most restrictive dividend requirement. There may be different requirements for state chartered banks.

[73] Topic 805 specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only.

[74] 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 as a net-of-tax basis would be appropriate only for items such as those considered extraordinary.

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, 2013, 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.

[75] If there are extraordinary items or cumulative effect accounting changes, add a column to show income before these amounts and report EPS based on income before these amounts, not on net income, changing the EPS caption accordingly.

If any amounts differ than the 10-Q's filed, the amounts disclosed here should be reconciled to the previously filed 10-Q.

Discuss any unusual, infrequent, or extraordinary item and any segment disposals, in each quarter.

Disclose the aggregate effect and nature of fourth quarter adjustments material to the quarter.