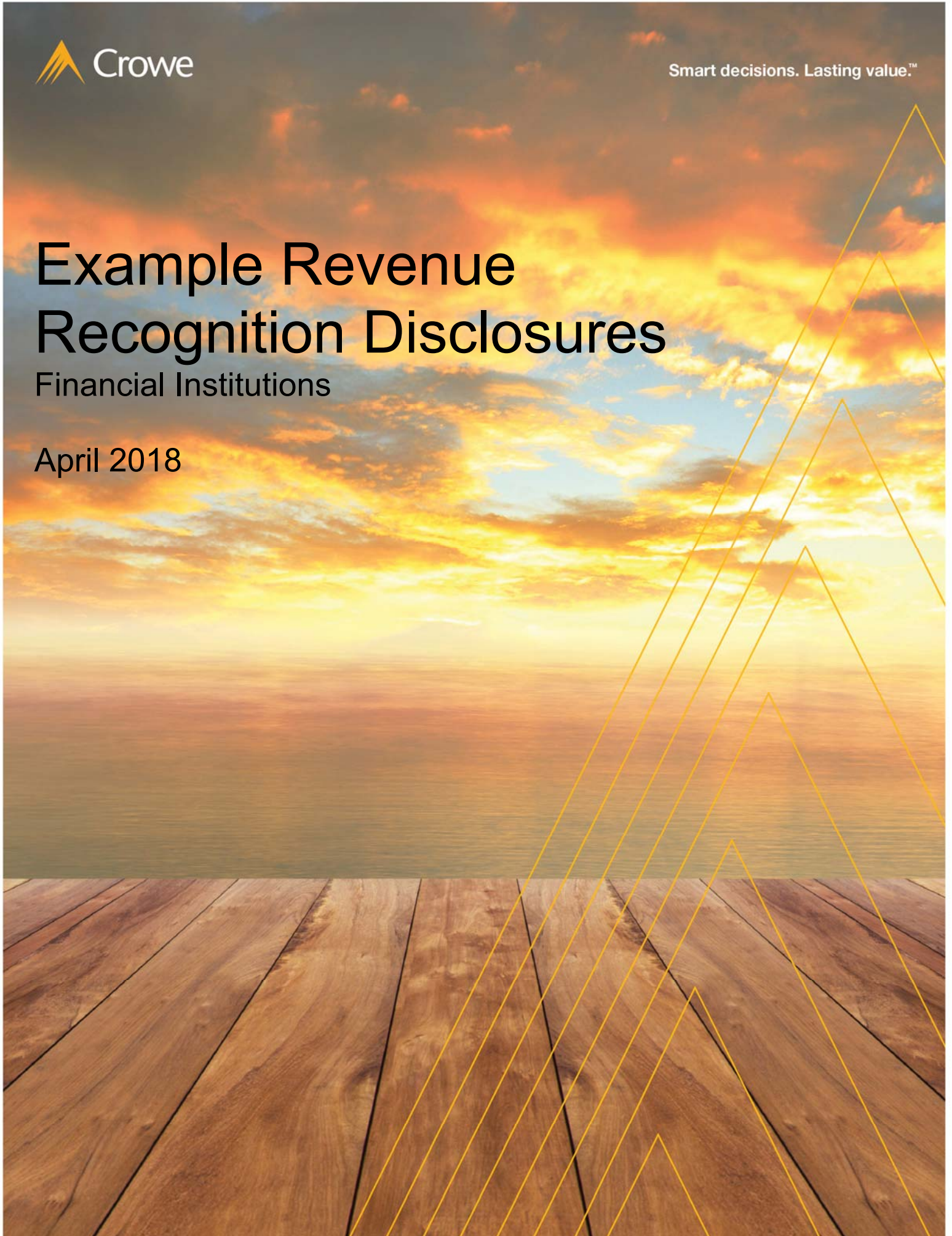


Example Revenue Recognition Disclosures

Financial Institutions

April 2018



This publication provides an example of how a financial institution might satisfy the new disclosure requirements in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. However, the appropriate level of disclosure needed to satisfy the disclosure objective of ASU 2014-09 will vary by entity and the surrounding facts and circumstances.

The example disclosures below are meant to address both the transition and ongoing disclosure requirements of ASU 2014-09. In addition, they address the transition requirements for entities using either the full retrospective or modified retrospective adoption method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands except per share data)

NOTE 1 - <>

Adoption of New Accounting Standards: On January 1, 2018, the Company adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as OREO. The majority of the Company's revenues come from interest income and other sources, including loans, leases, securities and derivatives, that are outside the scope of ASC 606. The Company's services that fall within the scope of ASC 606 are presented within Non-Interest Income and are recognized as revenue as the Company satisfies its obligation to the customer. Services within the scope of ASC 606 include deposit service charges on deposits, interchange income, wealth management fees, investment brokerage fees, and the sale of OREO. [Tailor as necessary.] Refer to Note X *Revenue from Contracts with Customers* for further discussion on the Company's accounting policies for revenue sources within the scope of ASC 606.

<IF USING THE MODIFIED RETROSPECTIVE METHOD>

The Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. [The Company recorded a net change in beginning retained earnings of \$XXX as of January 1, 2018 due to the cumulative effect of adopting ASC 606. The transition adjustment includes a \$XX impact due to ... [add narrative description of the drivers of the retained earnings adjustment.]] [The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded.]

[If ASC 606 had an impact...whether in presentation only (e.g., gross vs. net) or recognition-related:] The income statement impact of adopting ASC 606 for the period ending XXX is outlined below: [Tailor this chart to include only those line items impacted by ASC 606.]

	Period Ending < >		
	<u>As reported</u>	Under Legacy <u>GAAP</u>	Impact of <u>ASC 606</u>
Non-interest income			
Service charges on deposits	\$ -	\$ -	\$ -
Wealth management fees	-	-	-
Investment brokerage fees	-	-	-
Interchange income	-	-	-
Gains or losses on sales of OREO	-	-	-
Other	-	-	-
Total	-	-	-
Non-interest expense	-	-	-
Salaries and employee benefits	-	-	-
Data processing	-	-	-
Other	-	-	-
Total	-	-	-
Net impact	-	-	-
Income tax expense	-	-	-
Net income	\$ -	\$ -	\$ -
Comprehensive income	\$ -	\$ -	\$ -
Basic earnings per share	\$ -	\$ -	\$ -
Diluted earnings per share	\$ -	\$ -	\$ -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands except per share data)

NOTE 1 - <> (Continued)

<Describe the reasons for the significant change(s), including any changes to income statement presentation (e.g., gross vs. net) or changes in the timing of when revenue is being recognized under the new standard.>

<IF USING THE FULL RETROSPECTIVE METHOD>

The Company adopted ASC 606 using the full retrospective method, restating all prior periods, and recorded a net change to beginning retained earnings of \$XXX as of January 1, 2016 due to the cumulative effect of adopting ASC 606. The transition adjustment includes a \$XXX impact due to...[add narrative description of the drivers of the retained earnings adjustment.] The impact to prior periods are presented below: [Tailor this chart to include only those line items impacted by ASC 606.]

	Three months ended < >, 2017			Three months ended < >, 2016		
	As Reported	Effect of Adoption of ASC 606	As Previously Stated	As Reported	Effect of Adoption of ASC 606	As Previously Stated
Non-interest income						
Service charges on deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interchange income	-	-	-	-	-	-
Wealth management fees	-	-	-	-	-	-
Investment brokerage fees	-	-	-	-	-	-
Gains/Losses on sales of OREO	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Non-interest expense						
Salaries and employee benefits	-	-	-	-	-	-
Data processing	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Net income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Basic earnings per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Diluted earnings per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<YTD> months ended < >, 2017			<YTD> months ended < >, 2016		
	As Reported	Effect of Adoption of ASC 606	As Previously Stated	As Reported	Effect of Adoption of ASC 606	As Previously Stated
Non-interest income						
Service charges on deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interchange income	-	-	-	-	-	-
Wealth management fees	-	-	-	-	-	-
Investment brokerage fees	-	-	-	-	-	-
Gains/Losses on sales of OREO	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Non-interest expense						
Salaries and employee benefits	-	-	-	-	-	-
Data processing	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Net income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Basic earnings per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Diluted earnings per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands except per share data)

NOTE X - REVENUE FROM CONTRACTS WITH CUSTOMERS

[Example with one segment]

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Company's sources of Non-Interest Income for the three months ended < > 2018 and 2017 and <YTD> months ended < >, 2018. Items outside the scope of ASC 606 are noted as such.

	Three Months Ended < >, 2018	Three Months Ended < >, 2017 ^(c)	<YTD> Months Ended < >, 2018	<YTD> Months Ended < >, 2017 ^(c)
Non-interest income				
Service charges on deposits ¹				
Overdraft fees	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Interchange income	-	-	-	-
Wealth management fees	-	-	-	-
Investment brokerage fees	-	-	-	-
Net gains on sales of loans ^(a)	-	-	-	-
Loan servicing fees ^(a)	-	-	-	-
Net gains (losses) on sales of securities ^(a)	-	-	-	-
Other ^(b)	-	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total non-interest income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(a) Not within the scope of ASC 606.

(b) The Other category includes < > totaling < >, which is within the scope of ASC 606; the remaining balance of < > represents < >, which is outside the scope of ASC 606.

(c) [If applicable] The Company elected the modified retrospective approach of adoption; therefore, prior period balances are presented under legacy GAAP and may not be comparable to current year presentation.

[Example with multiple operating segments]

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Company's Non-Interest Income by revenue stream and reportable segment for the three months ended < > 2018 and 2017 and <YTD> months ended < >, 2018. Items outside the scope of ASC 606 are noted as such.

Revenue by Operating Segment	Three Months Ended < >, 2018				Three Months Ended < >, 2017 ^(c)			
	Banking	Wealth Management	Other	Total	Banking	Wealth Management	Other	Total
Non-interest income								
Service charges on deposits ¹								
Overdraft fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-
Interchange income	-	-	-	-	-	-	-	-
Wealth management fees	-	-	-	-	-	-	-	-
Investment brokerage fees	-	-	-	-	-	-	-	-
Net gains on sales of loans ^(a)	-	-	-	-	-	-	-	-
Loan servicing fees ^(a)	-	-	-	-	-	-	-	-
Net gains (losses) on sales of securities ^(a)	-	-	-	-	-	-	-	-
Other ^(b)	-	-	-	-	-	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total non-interest income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands except per share data)

NOTE X - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Revenue by Operating Segment	<YTD> Months Ended < >, 2018				<YTD> Months Ended < >, 2017 ^(c)			
	Banking	Wealth Management	Other	Total	Banking	Wealth Management	Other	Total
Non-interest income								
Service charges on deposits ¹								
Overdraft fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-
Interchange income	-	-	-	-	-	-	-	-
Wealth management fees	-	-	-	-	-	-	-	-
Investment brokerage fees	-	-	-	-	-	-	-	-
Net gains on sales of loans ^(a)	-	-	-	-	-	-	-	-
Loan servicing fees ^(a)	-	-	-	-	-	-	-	-
Net gains (losses) on sales of securities ^(a)	-	-	-	-	-	-	-	-
Other ^(b)	-	-	-	-	-	-	-	-
Total non-interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(a) Not within the scope of ASC 606.

(b) The Other category includes < > totaling < >, which is within the scope of ASC 606.

(c) [If applicable] The Company elected the modified retrospective approach of adoption; therefore, prior period balances are presented under legacy GAAP and may not be comparable to current year presentation.

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands except per share data)

NOTE X - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

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

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

End Note

- ¹ This table provides one way an entity might disaggregate its revenues within the scope of ASC 606. However, companies should consider the guidance in ASC 606-10-50-5 to 50-6 and 55-89 to 55-91 in determining the appropriate categories by which to disaggregate revenues (e.g., by product or service type, geography, point in time vs. over time, etc.).

Some entities may already disaggregate revenues on the face of the income statements. In that case, further disaggregation in the notes to the financial statements may not be needed.