

Line Item 1 Interest income.

Line Item 1(a) Interest and fee income on loans.

Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all assets reportable as loans in Schedule HC-C, items 1 through 9.

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

Include as interest and fee income on loans:

(1) Interest on all assets reportable as loans extended directly, purchased from others, sold under agreements to repurchase, or pledged as collateral for any purpose.

(2) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for investment, all of which should be deferred and recognized over the life of the related loan as an adjustment of yield under ASC Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs (formerly FASB Statement No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases) as described in the Glossary entry for “loan fees.” See exclusion (3) below.

For holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, the purchase premiums and discounts on loans held for investment that management has determined to be PCD and are measured at amortized cost, should be adjusted to exclude the acquisition date allowance for credit loss from the amortized cost basis of the loans. For further information, see the Glossary entry “Purchased Credit Deteriorated (PCD) loans and debt securities.”

(1) Loan commitment fees (net of direct loan origination costs) that must be deferred over the commitment period and recognized over the life of the related loan as an adjustment of yield under ASC Subtopic 310-20 as described in the Glossary entry for “loan fees.”

(2) Investigation and service charges, fees representing a reimbursement of loan processing costs, renewal and past-due charges, prepayment penalties, and fees charged for the execution of mortgages or agreements securing the holding company's loans.

(3) Charges levied against overdrawn accounts based on the length of time the account has been overdrawn, the magnitude of the overdrawn balance, or which are otherwise equivalent to interest. See exclusion (6) below.

(4) The contractual amount of interest income earned on loans that are reported at fair value under a fair value option.

Exclude from interest and fee income on loans:

(1) Fees for servicing real estate mortgages or other loans that are not assets of the holding company (report in Schedule HI, item 5(f), “Net servicing fees”).

(2) Charges to merchants for the holding company's handling of credit card or charge sales when the holding company does not carry the related loan accounts on its books (report as “Other noninterest income” in Schedule HI, item 5(l)). Holding companies may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.

(3) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for sale, all of which should be deferred until the loan is sold (rather than amortized). The net fees or costs and purchase premium or discount are part of the recorded investment in the loan. When the loan is sold, the difference between the sales price and the recorded investment in the loan is the gain or loss on the sale of the loan. See exclusion (4) below.

(4) Net gains (losses) from the sale of all assets reportable as loans (report in Schedule HI, item 5(i), “Net gains (losses) on sales of loans and leases”). Refer to the Glossary entry for “transfers of financial assets.”

(5) Reimbursements for out-of-pocket expenditures (e.g., for the purchase of fire insurance on real estate securing a loan) made by the holding company for the account of its customers. If the holding company's expense accounts were charged with the amount of such expenditures, the reimbursements should be credited to the same expense accounts.

(6) Transaction or per item charges levied against deposit accounts for the processing of checks drawn against insufficient funds that the holding company assesses regardless of whether it decides to pay, return, or hold the check, so-called “NSF check charges” (report as “Service charges on deposit accounts (in domestic offices),” in Schedule HI, item 5(b), or, if levied against deposit accounts in foreign offices, as “Other noninterest income” in Schedule HI, item 5(l)). See inclusion (5) above.

(7) Interchange fees earned from credit card transactions (report as “Other noninterest income” in Schedule HI, item 5(l)).