

## SCHEDULE RI-B – CHARGE-OFFS AND RECOVERIES ON LOANS AND LEASES AND CHANGES IN ALLOWANCE FOR LOAN AND LEASE LOSSES

### Part I. Charge-offs and Recoveries on Loans and Leases

#### General Instructions

This part has two columns. In column A report loans and leases charged off against the allowance for loan and lease losses during the current calendar year-to-date. Also include in column A write-downs to fair value on loans (and leases) transferred to the held-for-sale account during the calendar year-to-date that occurred when (1) the reporting bank decided to sell loans that were not originated or otherwise acquired with the intent to sell and (2) the fair value of those loans had declined for any reason other than a change in the general market level of interest or foreign exchange rates. In column B report amounts recovered through the allowance for loan and lease losses during the calendar year-to-date on loans and leases previously charged off.

For those banks required to establish and maintain an allocated transfer risk reserve as specified in [Section 905\(a\) of the International Lending Supervision Act of 1983](#), include in column A loans and leases charged off against the allocated transfer risk reserve during the current calendar year-to-date. Include in column B amounts recovered through the allocated transfer risk reserve during the calendar year-to-date on loans and leases previously charged off against this reserve.

These instructions should be read in conjunction with the Glossary entry for "allowance for loan and lease losses."

Business Combinations, Pushdown Accounting Transactions, and Transactions between Entities under Common Control – If the reporting institution entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, include the charge-offs and recoveries of the acquired institution or other business only after its acquisition. Similarly, if the reporting institution was acquired in a transaction that became effective during the reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), include only the charge-offs and recoveries from the date of the institution's acquisition through the end of the year-to-date reporting period. If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report the charge-offs and recoveries of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for "business combinations."

#### Item Instructions

##### Item No.    Caption and Instructions

- |     |   |
|-----|---|
| 1   | <b><u>Loans secured by real estate.</u></b> Report in the appropriate subitem and column loans secured by real estate (as defined for Schedule RC-C, Part I, item 1) charged off and recovered.   |
| 1.a | <b><u>Construction, land development, and other land loans.</u></b> Report in the appropriate subitem and column construction, land development, and other land loans (as defined for Schedule RC-C, Part I, item 1.a) charged off and recovered. |

**Part I. (cont.)**

- | <b><u>Item No.</u></b> | <b><u>Caption and Instructions</u></b>  |
|------------------------|---|
| 1.a.(1)                | <b><u>1-4 family residential construction loans.</u></b> Report in columns A and B, as appropriate, 1-4 family residential construction loans (as defined for Schedule RC-C, Part I, item 1.a.(1)) charged off and recovered.   |
| 1.a.(2)                | <b><u>Other construction loans and all land development and other land loans.</u></b> Report in columns A and B, as appropriate, other construction loans and all land development and other land loans (as defined for Schedule RC-C, Part I, item 1.a.(2)) charged off and recovered.   |
| 1.b                    | <b><u>Secured by farmland.</u></b> Report in columns A and B, as appropriate, loans secured by farmland (as defined for Schedule RC-C, Part I, item 1.b) charged off and recovered.   |
| 1.c                    | <b><u>Secured by 1-4 family residential properties.</u></b> Report in the appropriate subitem and column loans secured by 1-4 family residential properties (as defined for Schedule RC-C, Part I, item 1.c) charged off and recovered.   |
| 1.c.(1)                | <b><u>Revolving, open-end loans secured 1-4 family residential properties and extended under lines of credit.</u></b> Report in columns A and B, as appropriate, loans secured by revolving, open-end loans secured by 1-4 family residential properties and extended under line of credit (as defined for Schedule RC-C, Part I, item 1.c.(1)) charged-off and recovered.  |
| 1.c.(2)                | <b><u>Closed-end loans secured by 1-4 family residential properties.</u></b> Report in the appropriate subitem and column closed-end loans secured by 1-4 family residential properties (as defined for Schedule RC-C, Part I, item 1.c.(2)) charged-off and recovered.   |
| 1.c.(2)(a)             | <b><u>Secured by first liens.</u></b> Report in columns A and B, as appropriate, closed-end loans secured by first liens on 1-4 family residential properties (as defined for Schedule RC-C, Part I, item 1.c.(2)(a)) charged-off and recovered.  |
| 1.c.(2)(b)             | <b><u>Secured by junior liens.</u></b> Report in columns A and B, as appropriate, closed-end loans secured by junior liens on 1-4 family residential properties (as defined for Schedule RC-C, Part I, item 1.c.(2)(b)) charged-off and recovered. Include loans secured by junior liens in this item even if the bank also holds a loan secured by a first lien on the same 1-4 family residential property and there are no intervening junior liens. |
| 1.d                    | <b><u>Secured by multifamily (5 or more) residential properties.</u></b> Report in columns A and B, as appropriate, loans secured by multifamily (5 or more) residential properties (as defined for Schedule RC-C, Part I, item 1.d) charged-off and recovered.   |
| 1.e                    | <b><u>Secured by nonfarm nonresidential properties.</u></b> Report in the appropriate subitem and column loans secured by nonfarm nonresidential properties (as defined for Schedule RC-C, Part I, item 1.e) charged off and recovered.   |
| 1.e.(1)                | <b><u>Loans secured by owner-occupied nonfarm nonresidential properties.</u></b> Report in columns A and B, as appropriate, loans secured by owner-occupied nonfarm nonresidential properties (as defined for Schedule RC-C, Part I, item 1.e.(1)) charged off and recovered.   |
| 1.e.(2)                | <b><u>Loans secured by other nonfarm nonresidential properties.</u></b> Report in columns A and B, as appropriate, loans secured by other nonfarm nonresidential properties (as defined for Schedule RC-C, Part I, item 1.e.(2)) charged off and recovered.   |

**Part I. (cont.)**

<b><u>Item No.</u></b>	<b><u>Caption and Instructions</u></b>
2 and 3	Not applicable.
4	<b><u>Commercial and industrial loans.</u></b> Report in columns A and B, as appropriate, commercial and industrial loans (as defined for Schedule RC-C, Part I, item 4) charged-off and recovered.
5	<b><u>Loans to individuals for household, family, and other personal expenditures.</u></b> Report in the appropriate subitem and column loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, Part I, item 6) charged-off and recovered.
5.a	<b><u>Credit cards.</u></b> Report in columns A and B, as appropriate, all extensions of credit under credit cards (as defined for Schedule RC-C, Part I, items 6.a) charged-off and recovered.
5.b	<b><u>Automobile loans.</u></b> Report in columns A and B, as appropriate, all loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (as defined for Schedule RC-C, Part I, item 6.c) charged-off and recovered.
5.c	<b><u>Other (includes revolving credit plans other than credit cards and other consumer loans).</u></b> Report in columns A and B, as appropriate, all other extensions of credit to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, Part I, items 6.b and 6.d) charged-off and recovered.
6	Not applicable.
7	<b><u>All other loans.</u></b> Report in columns A and B, as appropriate, loans to depository institutions and acceptances of other banks, loans to finance agricultural production and other loans to farmers, obligations (other than securities and leases) of states and political subdivisions in the U.S., and loans to nondepository financial institutions and other loans (as defined for Schedule RC-C, Part I, items 2, 3, 8, and 9) charged-off and recovered.
8	<b><u>Lease financing receivables.</u></b> Report in columns A and B, as appropriate, all lease financing receivables (as defined for Schedule RC-C, Part I, item 10) charged-off and recovered.
9	<b><u>Total.</u></b> Report in columns A and B the sum of item 1 through 8. The amount reported in column A must equal Schedule RI-B, Part II, item 3, "Charge-offs," below. The amount reported in column B must equal Schedule RI-B, Part II, item 2, "Recoveries," below.

**Part I. (cont.)****Memoranda****Item No.    Caption and Instructions****1            Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, Part I, items 4 and 7, above.**

Report in columns A and B, as appropriate, loans to finance commercial real estate, construction, and land development activities ***not secured by real estate*** (as defined for Schedule RC-C, Part I, Memorandum item 3) charged off and recovered. Such loans will have been included in items 4 and 7 of Schedule RI-B, Part I, above. Exclude from this item all loans secured by real estate included in item 1 of Schedule RI-B, Part I, above.

2            Not applicable.

**3            Loans to finance agricultural production and other loans to farmers.**

Memorandum item 3 is to be completed by:

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets and with loans to finance agricultural production and other loans to farmers (as reported in Schedule RC-C, Part I, item 3,) exceeding five percent of total loans and leases held for investment and held for sale (Schedule RC-C, Part I, item 12).

Report in columns A and B, as appropriate, loans to finance agricultural production and other loans to farmers (as defined for Schedule RC-C, Part I, item 3) charged off and recovered. Such loans will have been included in Schedule RI-B, Part I, item 7, above.

## **Part II. Changes In Allowance for Loan and Lease Losses**

### **General Instructions**

Report the reconciliation of the allowance for loan and lease losses on a calendar year-to-date basis. For those banks required to establish and maintain an allocated transfer risk reserve as specified in [Section 905\(a\) of the International Lending Supervision Act of 1983](#), the reconciliation should include the activity in the allocated transfer risk reserve during the calendar year-to-date that relates to loans and leases.

Exclude the balances of the allowance for credit losses on off-balance sheet credit exposures reported in Schedule RC-G, item 3, and any capital reserves included in Schedule RC, item 26.a, "Retained earnings," and the effects of any transactions therein.

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

Business Combinations, Pushdown Accounting Transactions, and Transactions between Entities under Common Control – If the reporting institution entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, include the recoveries, charge-offs, and provisions of the acquired institution or other business only after its acquisition. Under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"), the acquired loans and leases must be measured at their acquisition-date fair values. Therefore, the reporting institution may not carry over the allowance for loan and lease losses of the acquired institution or other business as of the acquisition date.

Similarly, if the reporting institution was acquired in a transaction that became effective during the year-to-date reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), include only the recoveries, charge-offs, and provisions from the date of the institution's acquisition through the end of the year-to-date reporting period. When applying pushdown accounting, the reporting institution's loans and leases must be restated to their acquisition-date fair values and the institution may not carry over its allowance for loan and lease losses as of the acquisition date. As a consequence, the amount reported in Schedule RI-B, Part II, item 1, for the balance of the allowance for loan and lease losses most recently reported for the end of the previous calendar year must be reported as a negative in Schedule RI-B, Part II, item 6, "Adjustments."

If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report the recoveries, charge-offs, and provisions of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. Report the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the institution or other business that combined with the reporting institution in the common control transaction in Schedule RI-B, Part II, item 6, "Adjustments."

For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for "business combinations."

**Part II. (cont.)****Item Instructions****Item No.    Caption and Instructions**

- 1**        **Balance most recently reported in the December 31, 20xx, Reports of Condition and Income.** Report the balance of the bank's allowance for loan and lease losses as reported in the Reports of Condition and Income for the previous calendar year-end after the effect of all corrections and adjustments to the allowance for loan and lease losses that were made in any amended report(s) for the previous calendar year-end.
- 2**        **Recoveries.** Report the amount credited to the allowance for loan and lease losses for recoveries during the calendar year-to-date on amounts previously charged against the allowance for loan and lease losses. The amount reported in this item must equal Schedule RI-B, Part I, item 9, column B.
- 3**        **LESS: Charge-offs.** Report the amount of all loans and leases charged against the allowance for loan and lease losses during the calendar year-to-date. The amount reported in this item must equal Schedule RI-B, Part I, item 9, column A, "Total" charge-offs, less Schedule RI-B, Part II, item 4, "LESS: Write-downs arising from transfers of loans to a held-for-sale account."
- 4**        **LESS: Write-downs arising from transfers of loans to a held-for-sale account.** Report the amount of write-downs to fair value charged against the allowance for loan and lease losses resulting from transfers of loans and leases to a held-for-sale account during the calendar year-to-date that occurred when:
- the reporting bank decided to sell loans and leases that were not originated or otherwise acquired with the intent to sell, and
  - the fair value of those loans and leases had declined for any reason other than a change in the general market level of interest or foreign exchange rates.
- 5**        **Provision for loan and lease losses.** Report the amount expensed as the provision for loan and losses during the calendar year-to-date. The provision for loan and lease losses represents the amount needed to make the allowance for loan and lease losses adequate to absorb estimated loan and lease losses, based upon management's evaluation of the bank's current loan and lease exposures. The amount reported in this item must equal Schedule RI, item 4. If the amount reported in this item is negative, report it with a minus (-) sign.
- 6**        **Adjustments.** If the reporting institution was acquired in a transaction that became effective during the year-to-date reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), report in this item as a negative the balance of the allowance for loan and lease losses most recently reported for the end of the previous calendar year, as reported in Schedule RI-B, Part II, item 1, above.

If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report in this item the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the institution or other business that combined with the reporting institution in the common control transaction.

**Part II. (cont.)****Item No.    Caption and Instructions**

- 6**            If the amount reported in this item is negative, report it with a minus (-) sign.  
(cont.)        State the dollar amount of and describe each transaction included in this item in  
Schedule RI-E, Explanations, item 6.
- 7**            **Balance end of current period.** Report the sum of items 1, 2, 5, and 6, less items 3 and 4.  
The amount reported in this item must equal Schedule RC, item 4.c, "Allowance for loan and  
lease losses."

**Part II. (cont.)****Memoranda****Item No.    Caption and Instructions**

1 – 3        Not applicable.

- 4            **Amount of allowance for post-acquisition credit losses on purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).** Report in this item the amount of any valuation allowances established after acquisition for decreases in cash flows expected to be collected on purchased credit-impaired loans and pools of purchased credit-impaired loans reported as held for investment in Schedule RC, item 4.b, and accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer”). These post-acquisition allowances should be included in the bank's allowance for loan and lease losses as reported in Schedule RC, item 4.c, and Schedule RI-B, Part II, item 7. Under ASC Subtopic 310-30, for a purchased credit-impaired loan accounted for individually (and not accounted for as a debt security), if, upon evaluation subsequent to acquisition, it is probable based on current information and events that an institution will be unable to collect all cash flows expected at acquisition (plus additional cash flows expected to be collected arising from changes in estimate after acquisition), the purchased credit-impaired loan should be considered impaired for purposes of establishing an allowance pursuant to ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, “Accounting for Contingencies”) or ASC Topic 310, Receivables (formerly FASB Statement No. 114, “Accounting by Creditors for Impairment of a Loan”), as appropriate. For purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for as a pool, this impairment analysis should be performed subsequent to acquisition at the pool level as a whole and not at the individual loan level.