

SCHEDULE RI-B – CHARGE-OFFS AND RECOVERIES ON LOANS AND LEASES AND CHANGES IN ALLOWANCES FOR CREDIT 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 | <u>Loans secured by real estate.</u> 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 | <u>Construction, land development, and other land loans.</u> 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.)**Item No. Caption and Instructions**

- 1.a.(1)** **1-4 family residential construction loans.** 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)** **Other construction loans and all land development and other land loans.** 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** **Secured by farmland.** 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** **Secured by 1-4 family residential properties.** 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)** **Revolving, open-end loans secured 1-4 family residential properties and extended under lines of credit.** 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)** **Closed-end loans secured by 1-4 family residential properties.** 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)** **Secured by first liens.** 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)** **Secured by junior liens.** 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** **Secured by multifamily (5 or more) residential properties.** 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** **Secured by nonfarm nonresidential properties.** 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)** **Loans secured by owner-occupied nonfarm nonresidential properties.** 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)** **Loans secured by other nonfarm nonresidential properties.** 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.)

Item No.	<u>Caption and Instructions</u>
2 and 3	Not applicable.
4	<u>Commercial and industrial loans.</u> 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	<u>Loans to individuals for household, family, and other personal expenditures.</u> 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	<u>Credit cards.</u> 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	<u>Automobile loans.</u> 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	<u>Other (includes revolving credit plans other than credit cards and other consumer loans).</u> 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	<u>All other loans.</u> 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	<u>Lease financing receivables.</u> 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	<u>Total.</u> 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, column A, "Charge-offs," below. The amount reported in column B must equal Schedule RI-B, Part II, item 2, column A, "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 Allowances for Credit Losses

General Instructions

This part has three columns for information on year-to-date activity in the allowances for credit losses, one for each of the following three asset categories: (1) loans and leases held for investment (column A), (2) held-to-maturity debt securities (column B), and (3) available-for-sale debt securities (column C).

Institutions that have not adopted FASB [Accounting Standards Update No. 2016-13](#) (ASU 2016-13), which governs the accounting for credit losses, should report the reconciliation of the allowance for loan and lease losses on a calendar year-to-date basis in column A. Such institutions should leave columns B and C blank.

Institutions that have adopted ASU 2016-13 should report reconciliements of the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities in columns A, B, and C, respectively.

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 in column A the activity in the allocated transfer risk reserve during the calendar year-to-date that relates to loans and leases held for investment. Institutions that have adopted ASU 2016-13 should report such activity that relates to held-to-maturity and available-for-sale debt securities in columns B and C, respectively.

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, regardless of whether the reporting institution has adopted ASU 2016-13, the institution may not carry over the allowance for loan and lease losses or the allowances for credit losses, as applicable, of the acquired institution or other business as of the acquisition date. However, for a reporting institution that has adopted ASU 2016-13 and has acquired financial assets in a business combination that management has determined to be purchased credit-deteriorated as of the acquisition date, the institution should report the initial allowance gross-up amounts established upon the purchase of these assets, which are recorded at the date of acquisition as an addition to the purchase price to determine the initial amortized cost basis of the assets, should be reported as positive amounts in the applicable columns of Schedule RI-B, Part II, item 6, "Adjustments."

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, regardless of whether the reporting institution has adopted ASU 2016-13, the reporting institution's loans and leases must be restated to their acquisition-date fair values and the institution may not carry over its

Part II. (cont.)**General Instructions (cont.)**

allowance for loan and lease losses or its allowances for credit losses, as applicable, as of the acquisition date. As a consequence:

- For a reporting institution that has not adopted ASU 2016-13, the amount reported in Schedule RI-B, Part II, item 1, column A, 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 amount in Schedule RI-B, Part II, item 6, column A, "Adjustments."
- For a reporting institution that has adopted ASU 2016-13, the amounts reported in Schedule RI-B, Part II, item 1, columns A, B, and C, for the balances of the allowances for credit losses most recently reported for the end of the previous calendar year must be reported as negative amounts in Schedule RI-B, Part II, item 6, columns A, B, and C, "Adjustments." In addition, when applying pushdown accounting, for those financial assets that management has determined to be purchased credit-deteriorated as of the institution's acquisition date, the institution should report as positive amounts in the applicable columns of Schedule RI-B, Part II, item 6, "Adjustments," the initial allowance gross-up amounts established as of the acquisition date, which are recorded as an addition to the acquisition-date fair values of these purchased credit-deteriorated assets to determine their initial amortized cost basis.

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.

- A reporting institution that has not adopted ASU 2016-13 should 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, column A, "Adjustments."
- A reporting institution that has adopted ASU 2016-13 should report the balances as of the end of the previous calendar year of the allowances for credit 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, columns A, B, or C, "Adjustments."

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 Balance most recently reported in the December 31, 20xx, Reports of Condition and Income.** For an institution that has not adopted FASB [Accounting Standards Update No. 2016-13](#) (ASU 2016-13), which governs the accounting for credit losses, report in column A the balance of the institution'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) the previous calendar year-end.

For an institution that has adopted ASU 2016-13, report in columns A, B, and C the balances of the institution's allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, as reported in the Consolidated Reports of Condition and Income for the previous calendar year-end after the effect of all corrections and adjustments to these allowances for credit losses that were made in any amended report(s) for the previous calendar year-end. In the year of adoption of ASU 2016-13, institutions should report a zero balance in columns B and C.

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

- 2 Recoveries.** For an institution that has not adopted ASU 2016-13, report in column A 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 column A for this item must equal Schedule RI-B, Part I, item 9, column B.

For an institution that has adopted ASU 2016-13, report in columns A, B, and C the amounts credited to the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, for recoveries during the calendar year-to-date on amounts previously charged against these allowances for credit losses. The amount reported in column A for this item must equal Schedule RI-B, Part I, item 9, column B.

- 3 LESS: Charge-offs.** For an institution that has not adopted ASU 2016-13, report in column A 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 column A for 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 financial assets."

For an institution that has adopted ASU 2016-13, report in columns A, B, and C the amounts of loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities charged against the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, during the calendar year-to-date. The amount reported in column A for this item must equal Schedule RI-B, Part I, item 9, column A, "Total" charge-offs, less Schedule RI-B, Part II, item 4, column A, "LESS: Write-downs arising from transfers of financial assets."

- 4 LESS: Write-downs arising from transfers of financial assets.** For an institution that has not adopted ASU 2016-13, report in column A 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 institution 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.

For an institution that has adopted ASU 2016-13, report in columns A, B, and C the amounts of write-downs to fair value charged against the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, resulting from transfers of loans and leases to a held-for-sale account (resulting from the events described above), or transfers of held-to-maturity debt securities and available-for-sale debt securities between held-to-maturity, available-for-sale, and trading accounts during the calendar year-to-date.

- 5 Provisions for credit losses.** For an institution that has not adopted ASU 2016-13, report in column A 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.

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

5
(cont.) For an institution that has adopted ASU 2016-13, report in columns A, B, and C the amounts expensed as provisions for credit losses (or reversals of provisions) on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, during the calendar year-to-date. Provisions for credit losses (or reversals of provisions) on loans and leases held for investment and held-to-maturity debt securities represent the amounts necessary to adjust the related allowances for credit losses at the quarter-end report date for management's current estimate of expected credit losses on these assets. Provisions for credit losses (or reversals of provisions) on available-for-sale debt securities represent changes during the calendar year to date in the amount of impairment related to credit losses on individual available-for-sale debt securities. The sum of the amounts reported in item 5, columns A through C, plus Schedule RI-B, Part II, Memorandum items 5, "Provisions for credit losses on other financial assets measured at amortized cost," and 7, "Provisions for credit losses on off-balance-sheet credit exposures must equal Schedule RI, item 4. If the amount reported in column A, B, or C for this item is negative, report it with a minus (-) sign.

6 **Adjustments.** Report all activity in the allowance for loan and lease losses or the allowances for credit losses, as applicable, that cannot be properly reported in Schedule RI-B, Part II, items 2 through 5, above.

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):

- A reporting institution that has not adopted ASU 2016-13 should report in column A of this item as a negative amount 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, column A, above.
- A reporting institution that has adopted ASU 2016-13 should report as negative amounts in columns A, B, and C of this item the balances of the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, most recently reported for the end of the previous calendar year in Schedule RI-B, Part II, item 1, columns A, B, and C, above. In addition, when applying pushdown accounting, for those financial assets that management has determined to be purchased credit-deteriorated as of the institution's acquisition date, the institution should report as positive amounts in columns A, B, and C of this item, as appropriate, the initial allowance gross-up amounts established as of the acquisition date, which are recorded as an addition to the acquisition-date fair values of these purchased credit-deteriorated assets to determine their initial amortized cost basis.

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:

- A reporting institution that has not adopted ASU 2016-13 should report in column A of 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.
- A reporting institution that has adopted ASU 2016-13 should report in columns A, B, and C of this item the balances as of the end of the previous calendar year of the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, 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
(cont.) A reporting institution that adopted ASU 2016-13 as of an effective date during the year-to-date reporting period should report in columns A, B, and C of this item, as appropriate, changes in allowance amounts from initially applying ASU 2016-13 to loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities as of the beginning of the fiscal year in which the institution adopts this ASU. The changes in allowance amounts include the initial allowance gross-up amounts for any purchased credit-impaired assets held as of the effective date of ASU 2016-13 that, in accordance with the ASU, are deemed purchased credit-deteriorated assets as of that date.

A reporting institution that has adopted ASU 2016-13 should report in columns A, B, and C of this item, as appropriate, the initial allowance gross-up amounts recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13.

If the amount reported in this item is negative, report it with a minus (-) sign.

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 in columns A, B, and C the sum of items 1, 2, 5, and 6, less items 3 and 4. The amount reported in column A for this item must equal the allowance amount reported in Schedule RC, item 4.c.

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

1-4 Not applicable.

NOTE: Memorandum items 5, 6, and 7 are to be completed only by institutions that have adopted FASB [Accounting Standards Update No. 2016-13](#), which governs the accounting for credit losses.

- 5** **Provisions for credit losses on other financial assets measured at amortized cost (not included in item 5, above).** Report in this item the year-to-date amount of provisions for credit losses (or reversals of provisions) included in Schedule RI, item 4, on financial assets measured at amortized cost other than loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities. Provisions for credit losses (or reversals of provisions) on these other financial assets measured at amortized cost represent the amounts necessary to adjust the related allowances for credit losses at the quarter-end report date for management's current estimate of expected credit losses on these assets.

Exclude provisions for credit losses on off-balance-sheet credit exposures, which are reported in Schedule RI-B, Part II, Memorandum item 7, below.

- 6** **Allowances for credit losses on other financial assets measured at amortized cost (not included in item 7, above).** Report in this item the total amount of allowances for credit losses on financial assets measured at amortized cost other than loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities. The allowances to be included in this item are associated with the provisions for credit losses reported in Memorandum item 5, above.

Exclude the allowance for credit losses on off-balance sheet credit exposures, which is reported in Schedule RC-G, item 3.

- 7** **Provisions for credit losses on off-balance-sheet credit exposures.** Report in this item the year-to-date amount of provisions for credit losses (or reversals of provisions) on off-balance-sheet credit exposures included in the amount reported in Schedule RI, item 4. Provisions for credit losses (or reversals of provisions) on off-balance-sheet credit exposures represent the amounts necessary to adjust the related allowance for credit losses at the quarter-end report date for management's current estimate of expected credit losses on these exposures.