

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

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, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K, Part 347 of the FDIC's Rules and Regulations, and Part 20 of the Comptroller of the Currency's Regulations), and in any guidelines, letters, or instructions issued by the agencies, this schedule excludes charge-offs and recoveries of loans and leases through such an allocated transfer risk reserve and excludes a reconciliation of this reserve.

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.

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

Item Instructions

Item No. Caption and Instructions

- 1 **Loans secured by real estate**. 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 **Construction, land development, and other land loans (in domestic offices)**. Report in columns A and B, as appropriate, construction, land development, and other land loans (as defined for Schedule RC-C, part I, item 1.a, column B) charged off and recovered.
- 1.b **Secured by farmland (in domestic offices)**. Report in columns A and B, as appropriate, loans secured by farmland (as defined for Schedule RC-C, part I, item 1.b, column B) charged off and recovered.
- 1.c **Secured by 1-4 family residential properties (in domestic offices)**. 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, column B) 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), column B) charged-off and recovered.

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

- 1.c.(2)** **Closed-end loans secured by 1-4 family residential properties.** Report in columns A and B, as appropriate, closed-end loans secured by 1-4 family residential properties (as defined for Schedule RC-C, part I, item 1.c.(2), column B) charged-off and recovered.
- 1.d** **Secured by multifamily (5 or more) residential properties (in domestic offices).** 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, column B) charged-off and recovered.
- 1.e** **Secured by nonfarm nonresidential properties (in domestic offices).** Report in columns A and B, as appropriate, loans secured by nonfarm nonresidential properties (as defined for Schedule RC-C, part I, item 1.e, column B) charged-off and recovered.

NOTE: Item 1.f is applicable only to banks filing the FFIEC 031 report form.

- 1.f** **In foreign offices.** Report in columns A and B, as appropriate, loans secured by real estate (as defined for Schedule RC-C, part I, item 1) in foreign offices charged-off and recovered.
- 2** **Loans to depository institutions and acceptances of other banks.** Report in columns A and B, as appropriate, loans to depository institutions and acceptances of other banks (as defined for Schedule RC-C, part I, item 2) charged-off and recovered.

NOTE: Items 2.a and 2.b are applicable only to banks filing the FFIEC 031 report form.

- 2.a** **To U.S. banks and other U.S. depository institutions.** Report in columns A and B, as appropriate, loans to and acceptances of U.S. banks and other U.S. depository institutions (as defined for Schedule RC-C, part 1, items 2.a.(2), 2.b, and 2.c.(1), column A) charged-off and recovered.
- 2.b** **To foreign banks.** Report in columns A and B, as appropriate, loans to and acceptances of foreign banks (as defined for Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A) charged-off and recovered.

NOTE: Item 3 is applicable only to banks filing the FFIEC 031 report form.

- 3** **Loans to finance agricultural production and other loans to farmers.** 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, column A) charged-off and recovered.
- 4** **Commercial and industrial loans.** 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.

NOTE: Item 4.a is applicable only to banks filing the FFIEC 031 report form.

- 4.a** **To U.S. addressees (domicile).** Report in columns A and B, as appropriate, commercial and industrial loans to U.S. addressees (as defined for Schedule RC-C, part I, item 4.a, column A) charged-off and recovered.

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

NOTE: Item 4.b is applicable only to banks filing the FFIEC 031 report form.

- 4.b To non-U.S. addressees.** Report in columns A and B, as appropriate, commercial and industrial loans to U.S. addressees (as defined for Schedule RC-C, part I, item 4.b, column A) charged-off and recovered.
- 5 Loans to individuals for household, family, and other personal expenditures.** 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 Credit cards.** 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 Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards).** Report in columns A and B, as appropriate, all extensions of credit to individuals for household, family, and other personal expenditures other than credit cards (as defined for Schedule RC-C, part I, items 6.b and 6.c) charged-off and recovered.
- 6 Loans to foreign governments and official institutions.** Report in columns A and B, as appropriate, loans to foreign governments and official institutions (as defined for Schedule RC-C, part I, item 7) charged-off and recovered.
- 7 All other loans.** On the FFIEC 041, report in columns A and B, as appropriate, 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 other loans (as defined for Schedule RC-C, part I, items 3, 8, and 9) charged-off and recovered. On the FFIEC 031, report in columns A and B, as appropriate, obligations (other than securities and leases) of states and political subdivisions in the U.S. and other loans (as defined for Schedule RC-C, part I, items 8 and 9) charged-off and recovered.
- 8 Lease financing receivables.** 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.

NOTE: Items 8.a and 8.b are applicable only to banks filing the FFIEC 031 report form.

- 8.a To U.S. addressees (domicile).** Report in columns A and B, as appropriate, all lease financing receivables to U.S. addressees (as defined for Schedule RC-C, part I, item 10.a, column A) charged-off and recovered.
- 8.b To non-U.S. addressees (domicile).** Report in columns A and B, as appropriate, all lease financing receivables to non-U.S. addressees (as defined for Schedule RC-C, part I, item 10.b, column A) charged-off and recovered.
- 9 Total.** 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.

FFIEC 031 FFIEC 041**Item No. Item No. Caption and Instructions**

NOTE: On the FFIEC 041, Memorandum items 2.a through 2.d are to be completed by banks that have \$300 million or more in total assets.

- 2 2.a Loans secured by real estate to non-U.S. addressees (domicile).** Report in columns A and B, as appropriate, loans secured by real estate to non-U.S. addressees (as defined for Schedule RC-C, part 1, Memorandum item 5) charged off and recovered. Such loans will have been included in Schedule RI-B, part I, item 1, above.

FFIEC 041**Item No. Caption and Instructions**

NOTE: On the FFIEC 041, Memorandum items 2.b through 2.d are to be completed by banks that have \$300 million or more in total assets.

- 2.b Loans to and acceptances of foreign banks.** Report in columns A and B, as appropriate, loans to and acceptances of foreign banks (as defined for Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A) charged off and recovered. Such loans and acceptances will have been included in Schedule RI-B, part I, item 2, above.
- 2.c Commercial and industrial loans to non-U.S. addressees (domicile).** Report in columns A and B, as appropriate, commercial and industrial loans to non-U.S. addressees (as defined for Schedule RC-C, part I, item 4.b, column A) charged off and recovered. Such loans will have been included in Schedule RI-B, part I, item 4, above.
- 2.d Lease financing receivables of non-U.S. addressees (domicile).** Report in columns A and B, as appropriate, lease financing receivables of non-U.S. addressees (as defined for Schedule RC-C, part I, item 10.b, column A) charged off and recovered. Such leases will have been included in Schedule RI-B, part I, item 8, above.

Part I. (cont.)**Memoranda**

FFIEC 041

Item No. Caption and Instructions**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, column B) exceeding five percent of total loans, net of unearned income.

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, column B) 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. This schedule is to be completed quarterly by all banks.

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 and Push Down Accounting Transactions -- If the bank has entered into a business combination that became effective during the reporting period which has been accounted for as a pooling of interests, include the recoveries, charge-offs, and provisions of the combined bank or other business for the calendar year-to-date. Report the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the bank or other business acquired in the pooling in item 5, "Adjustments."

If the bank purchased another bank or business during the reporting period, include the recoveries, charge-offs, and provisions of the acquired bank or other business only after its acquisition. Report the amount of the allowance for loan and lease losses of the acquired bank or other business as of the effective date of the business combination in item 5, "Adjustments."

If the bank was acquired in a transaction which became effective during the reporting period and push down accounting was used to account for the acquisition, include only the recoveries, charge-offs, and provisions from the effective date of the bank's acquisition through the end of the year-to-date reporting period. Report the change in the balance of the allowance for loan and lease losses from the end of the previous calendar year through the effective date of the bank's acquisition in item 5, "Adjustments."

For further information on poolings of interests, purchase acquisitions, and push down accounting, 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.** 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.

Banks that reported an allowance for credit losses in Schedule RI-B, part II, in their December 31, 2000, Reports of Condition and Income that included allowances for loan and lease losses and for credit losses on off-balance sheet credit exposures should report only the allowance for loan and lease losses in this item in each report for 2001.

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

- 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 the sum of Schedule RI-B, part I, item 9, column A, and Schedule RI-E, item 6.a, "Write-downs arising from transfers of loans to the held-for-sale account."
- 4 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, enclose it in parentheses.
- 5 Adjustments.** Report the allowance for loan and lease losses of a bank or other business acquired in a business combination during the calendar year-to-date reporting period. Determine the amount to be reported in this item in accordance with the General Instructions at the beginning of part II.

If the bank was acquired in a transaction which became effective during the reporting period and push down accounting was used to account for the acquisition, report the change in the balance of the allowance for loan and lease losses from the end of the previous calendar year through the effective date of the bank's acquisition in this item.

Include in this item (as a negative number) write-downs to fair value on loans (and leases) transferred to the held-for-sale account during the reporting period that occurred when:

- the reporting bank decided to sell loans that were not originated or otherwise acquired with the intent to sell, and
- 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.

Disclose the amount of these write-downs in Schedule RI-E, item 6.a, "Write-downs arising from transfers of loans to the held-for-sale account."

For those banks required to establish and maintain an allocated transfer risk reserve, report all allowable adjustments made during the reporting period between the regular allowance for loan and lease losses and the allocated transfer risk reserve as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Federal Reserve Regulation K, Part 347 of the FDIC Rules and Regulations, and Part 20 of the Comptroller of the Currency's Regulations), and in any guidelines, letters, or instructions issued by the agencies.

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

5
(cont.) For banks with foreign offices that file the FFIEC 031 report forms, report any increases or decreases resulting from the translation into dollars of any portions of the allowance for loan and lease losses which are denominated in a foreign currency.

If the amount reported in this item is negative, enclose it in parentheses.

State the dollar amount of and describe each transaction included in this item in Schedule RI-E, Explanations, item 6.

6 **Balance end of current period.** Report the sum of items 1 through 5. The amount reported in this item must equal Schedule RC, item 4.c, "Allowance for loan and lease losses."