

Manual of Reporting Forms and Instructions for Deposit-Taking Institutions

AMENDMENT CONTROL LOG

Allowance for Impairment

Amendment Number	Effective Reporting Date	Page Number	Description
Please note that as of November 2002, all changes are highlighted:			
1	Q1 2000	1	<u>Add:</u> ♦ Section 600 of the Bank Act (applies to Foreign Bank Branches) <u>Change:</u> ♦ Section 523 of the Bank Act is now Section 628
2	Q1 2005	2	<u>Delete:</u> ♦ "Country Risk" column
3	Q1 2007	2	<u>Change:</u> ♦ On-Balance Sheet to Recognized Items ♦ Off-Balance Sheet to Unrecognized Items
		3	<u>Change:</u> ♦ On- and off-balance Sheet to recognized and unrecognized

ALLOWANCE FOR IMPAIRMENT REPORT

PURPOSE

This report provides the Office of the Superintendent of Financial Institutions with detailed information relating to changes in the Allowance for Impairment account.

STATUTORY

Sections 628 and 600 of the Bank Act and Section 495 of the Trust and Loan Companies Act.

APPLICATION

This return applies to all deposit-taking institutions.

PUBLICATION

Information from this return is not published.

FREQUENCY

Institutions with fiscal year-ends of October	-	Quarterly	-	January, April, July and October
Institutions with fiscal year-ends of December	-	Quarterly	-	March, June, September and December

CONTACT PERSON

Provide name and phone number of person to contact regarding any questions about this return.

REPORTING DATES

The return is to be completed as of the last day of each quarter and submitted within 45 days of the reporting date as follows:

Institutions with fiscal year-ends of October	-	January, April, July and October
Institutions with fiscal year-ends of December	-	March, June, September and December

CONTACT AGENCY

OSFI.

ALLOWANCE FOR IMPAIRMENT REPORT

REPORT IN \$ THOUSANDS	ALLOWANCES FOR IMPAIRMENT		
	INDIVIDUAL ALLOWANCE	GROUP ALLOWANCE	TOTAL
1. Beginning Balance - Mortgage Loans - Non-Mortgage Loans - Deposits with Regulated Financial Institutions - Securities - Other Recognized Items - Unrecognized Items - Total			
2. Write-Offs - Mortgage Loans - Non-Mortgage Loans - Deposits with Regulated Financial Institutions - Securities - Other Recognized Items - Unrecognized Items - Total			
3. Recoveries - Mortgage Loans - Non-Mortgage Loans - Deposits with Regulated Financial Institutions - Securities - Other Recognized Items - Unrecognized Items - Total			
4. Other (Specify) - Mortgage Loans - Non-Mortgage Loans - Deposits with Regulated Financial Institutions - Securities - Other Recognized Items - Unrecognized Items - Total			
5. Charge for Impairment - Mortgage Loans - Non-Mortgage Loans - Deposits with Regulated Financial Institutions - Securities - Other Recognized Items - Unrecognized Items - Total			
6. Ending Balance - Mortgage Loans - Non-Mortgage Loans - Deposits with Regulated Financial Institutions - Securities - Other Recognized Items - Unrecognized Items - Total			

GENERAL INSTRUCTIONS

The Allowance for Impairment Account is used in the measurement of impaired **recognized and unrecognized** credit related assets. Accounting practices with respect to impaired assets are described in detail in Section 3025, Impaired Loans, of the Canadian Institute of Chartered Accountants (CICA) Handbook and OSFI Guideline C-1 that provides application guidance to this section.

1. Beginning Balance

Show in each section of the Allowance for Impairment Report the balance as at the end of the immediately prior period.

2. Write-Offs

Write-offs during the period should be charged to the Allowance for Impairment account and recorded in the appropriate section of the account depending upon the type of allowances previously established in relation to the asset written off. In the event that no allowances or insufficient individual allowances were previously established, the write-off or the excess of the write-off over established allowances should be charged to group allowances. Include in each section of the Allowance for Impairment Report the total of all amounts written off and recorded during the period in accordance with these procedures.

3. Recoveries

All recoveries during the period, of amounts previously written off, should be credited to the Allowance for Impairment account and recorded in the section of the account where the write-off was originally made. Include in each section of the Allowance for Impairment account the total of all recoveries recorded during the period in accordance with these procedures.

4. Other (Specify)

Include the total of any other credit-related adjustments recorded during the period in the applicable section of the Allowance for Impairment account. Indicate the source of such adjustments.

5. Charge for Impairment

The balance in the Allowance for Impairment account at the end of the period should be the amount that management considers adequate to reduce the recorded investment in its portfolio of **recognized and unrecognized** items to its estimated realizable amount. The amount of the Charge for Impairment charged to the Statement of Income will be the amount that is required to establish this balance. The amount of the Charge for Impairment that will be recorded in each section of the Allowance for Impairment account will be determined as a result of management's credit assessments, the application of judgement and appropriate methodology and the level of allowances on claims against designated countries required by the Office of the Superintendent of Financial Institutions.

6. Ending Balance

Show in each section of the Allowance for Impairment Report the balance in the Allowance for Impairment account that is adequate to reduce the recorded investment in the portfolio to its estimated realizable amount at the end of the period.