

SCHEDULE RC-L – OFF-BALANCE SHEET ITEMS

General Instructions

Schedule RC-L should be completed on a fully consolidated basis. Schedule RC-L includes the following selected commitments, contingencies, and other off-balance sheet items that are not reportable as part of the balance sheet of the Consolidated Report of Condition (Schedule RC). Among the items not to be reported in Schedule RC-L are contingencies arising in connection with litigation. Exclude derivative contracts, the notional amounts of which are to be reported in Schedule SU, item 1. For information on the reporting treatment for credit enhancements and liquidity facilities provided to asset-backed commercial paper programs in Schedule RC-L, refer to the General Instructions for Schedule RC-L in the instructions for the [FFIEC 031](#) and [FFIEC 041](#) Call Reports.

Item Instructions

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| 1 | <u>Unused commitments.</u> Report in the appropriate subitem the unused portions of commitments. Unused commitments are to be reported gross, i.e., include in the appropriate subitem the unused amount of commitments acquired from and conveyed or participated to others. However, exclude commitments conveyed or participated to others that the bank is not legally obligated to fund even if the party to whom the commitment has been conveyed or participated fails to perform in accordance with the terms of the commitment. |
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For purposes of this item, commitments include:

- (1) Commitments to make or purchase extensions of credit in the form of loans or participations in loans, lease financing receivables, or similar transactions.
- (2) Commitments for which the bank has charged a commitment fee or other consideration.
- (3) Commitments that are legally binding.
- (4) Loan proceeds that the bank is obligated to advance, such as:
 - (a) Loan draws;
 - (b) Construction progress payments; and
 - (c) Seasonal or living advances to farmers under prearranged lines of credit.
- (5) Rotating, revolving, and open-end credit arrangements, including, but not limited to, retail credit card lines and home equity lines of credit.
- (6) Commitments to issue a commitment at some point in the future, where the bank has extended terms, the borrower has accepted the offered terms, and the extension and acceptance of the terms:
 - (a) Are in writing, regardless of whether they are legally binding on the bank and the borrower, or

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(b) If not in writing, are legally binding on the bank and the borrower,¹

even though the related loan agreement has not yet been signed and even if the commitment to issue a commitment is revocable, provided any revocation has not yet taken effect as of the report date.

(7) Overdraft protection on depositors' accounts offered under a program where the bank advises account holders of the available amount of overdraft protection, for example, when accounts are opened or on depositors' account statements or ATM receipts.

(8) The bank's own takedown in securities underwriting transactions.

(9) Revolving underwriting facilities (RUFs), note issuance facilities (NIFs), and other similar arrangements, which are facilities under which a borrower can issue on a revolving basis short-term paper in its own name, but for which the underwriting banks have a legally binding commitment either to purchase any notes the borrower is unable to sell by the rollover date or to advance funds to the borrower.

Exclude forward contracts and other commitments that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended), which should be reported in Schedule SU, item 1. Include the amount (not the fair value) of the unused portions of loan commitments that do not meet the definition of a derivative that the bank has elected to report at fair value under a fair value option. Also include forward contracts that do not meet the definition of a derivative.

The unused portions of commitments are to be reported in the appropriate subitem regardless of whether they contain "material adverse change" clauses or other provisions that are intended to relieve the issuer of its funding obligations under certain conditions and regardless of whether they are unconditionally cancelable at any time.

In the case of commitments for syndicated loans, report only the bank's proportional share of the commitment.

For information on reporting the unused portions of revolving asset-based lending commitments, refer to the instructions for Schedule RC-L, item 1, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

1.a **Revolving, open-end lines secured by 1-4 family residential properties.** Report the unused portions of commitments to extend credit under revolving, open-end lines of credit secured by 1-4 family residential properties. These lines, commonly known as home equity lines, are typically secured by a junior lien and are usually accessible by check or credit card.

1.b **Credit card lines.** Report the unused portions of all commitments to extend credit both to individuals for household, family, and other personal expenditures and to other customers, including commercial or industrial enterprises, through credit cards. Exclude home equity lines accessible through credit cards. Banks may report unused credit card lines as of the end of their customers' last monthly billing cycle prior to the report date or as of the report date.

¹ For example, either the extension or the acceptance of the terms or both are verbal, but they are nonetheless legally binding on both parties under applicable law.

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- 1.c.(1)** **Commitments to fund commercial real estate, construction, and land development loans secured by real estate.** Report in the appropriate subitem the unused portions of commitments to extend credit for the specific purpose of financing commercial and multifamily residential properties (e.g., business and industrial properties, hotels, motels, churches, hospitals, and apartment buildings), provided that such commitments, when funded, would be reportable as either loans secured by multifamily residential properties in Schedule RC-C, Part I, item 1.d, or loans secured by nonfarm nonresidential properties in Schedule RC-C, Part I, item 1.e.

Also include the unused portions of commitments to extend credit for the specific purpose of financing (a) land development (i.e., the process of improving land – laying sewers, water pipes, etc.) preparatory to erecting new structures or (b) the on-site construction of industrial, commercial, residential, or farm buildings, provided that such commitments, when funded, would be reportable as loans secured by real estate in Schedule RC-C, Part I, item 1.a, "Construction, land development, and other land loans." For purposes of this item, "construction" includes not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures. Also include in this item loan proceeds the bank is obligated to advance as construction progress payments.

Do not include general lines of credit that a borrower, at its option, may draw down to finance construction and land development (report in Schedule RC-L, item 1.c.(2) or item 1.e.(1), below, as appropriate).

- 1.c.(1)(a)** **1-4 family residential construction loan commitments.** Report the unused portions of commitments to extend credit for the specific purpose of constructing 1-4 family residential properties, provided that such commitments, when funded, would be reportable as loans secured by real estate in Schedule RC-C, Part I, item 1.a.(1), "1-4 family residential construction loans."
- 1.c.(1)(b)** **Commercial real estate, other construction loan, and land development loan commitments.** Report the unused portions of all other commitments to fund commercial real estate, construction, and land development loans secured by real estate (as defined for Schedule RC-L, item 1.c.(1)) other than commitments to fund 1-4 family residential construction (as defined for Schedule RC-L, item 1.c.(1)(a)).

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- 1.c.(2) Commitments to fund commercial real estate, construction, and land development loans not secured by real estate.** Report the unused portions of all commitments to extend credit for the specific purpose of financing commercial and residential real estate activities, e.g., acquiring, developing, and renovating commercial and residential real estate, provided that such commitments, when funded, would be reportable as "Commercial and industrial loans" in Schedule RC-C, Part I, item 4, or as "Other loans" in Schedule RC-C, Part I, item 9.b. Include in this item loan proceeds the bank is obligated to advance as construction progresses.

Such commitments generally may include:

- (1) commitments to extend credit for the express purpose of financing real estate ventures as evidenced by loan documentation or other circumstances connected with the loan; or
- (2) commitments made to organizations or individuals 80 percent of whose revenue or assets are derived from or consist of real estate ventures or holdings.

Exclude from this item all commitments that, when funded, would be reportable as "Loans secured by real estate" in Schedule RC-C, Part I, item 1. Also exclude commitments made to commercial and industrial firms where the sole purpose for the financing is to construct a factory or office building to house the company's operations or employees.

- 1.d** Not applicable.

- 1.e Other unused commitments.** Report in the appropriate subitem the unused portion of all commercial and industrial loan commitments, commitments for loans to financial institutions, and all other commitments not reportable in Schedule RC-L, items 1.a through 1.c.(2), above. Include commitments to extend credit through overdraft facilities or commercial lines of credit, retail check credit and related plans, and those overdraft protection programs in which the bank advises account holders of the available amount of protection.

- 1.e.(1) Commercial and industrial loans.** Report the unused portions of commitments to extend credit for commercial and industrial purposes, i.e., commitments that, when funded, would be reportable as commercial and industrial loans in Schedule RC-C, Part I, item 4, "Commercial and industrial loans." Exclude unused credit card lines to commercial and industrial enterprises (report in Schedule RC-L, item 1.b, above).

- 1.e.(2) Loans to depository financial institutions.** Report the unused portions of commitments to extend credit to financial institutions, i.e., commitments that, when funded, would be reportable as loans in Schedule RC-C, Part I, item 2, "Loans to depository institutions and acceptances of other banks."

- 1.e.(3) Loans to nondepository financial institutions.** Report the unused portions of commitments to extend credit to nondepository financial institutions, i.e., commitments that, when funded, would be reportable as loans in Schedule RC-C, Part I, item 9.a, "Loans to nondepository financial institutions."

- 1.e.(4) All other unused commitments.** Report the unused portions of commitments not reportable in Schedule RC-L, items 1.a through 1.e.(3), above.

Include commitments to extend credit secured by 1-4 family residential properties, except (a) revolving, open-end lines of credit secured by 1-4 family residential properties (e.g., home equity lines), which should be reported in Schedule RC-L, item 1.a, above, (b) commitments for 1-4 family residential construction and land development loans (that are secured by such properties), which should be reported in Schedule RC-L, item 1.c.(1), above, and

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1.e.(4) (c) commitments that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging, which should be reported in Schedule SU, item 1.
(cont.)

Also include note issuance facilities (NIFs), revolving underwriting facilities (RUFs), and the unsold portion of the reporting bank's own takedown in securities underwriting transactions.

2 and 3 General Instructions for Standby Letters of Credit – Originating banks must report in items 2 and 3 the full amount outstanding and unused of financial and performance standby letters of credit, respectively. Include those standby letters of credit that are collateralized by cash on deposit, that have been acquired from others, and in which participations have been conveyed to others where (a) the originating and issuing bank is obligated to pay the full amount of any draft drawn under the terms of the standby letter of credit and (b) the participating banks have an obligation to partially or wholly reimburse the originating bank, either directly in cash or through a participation in a loan to the account party.

For syndicated standby letters of credit where each bank has a direct obligation to the beneficiary, each bank must report only its share in the syndication. Similarly, if several banks participate in the issuance of a standby letter of credit under a bona fide binding agreement which provides that (a) regardless of any event, each participant shall be liable only up to a certain percentage or to a certain amount and (b) the beneficiary is advised and has agreed that each participating bank is only liable for a certain portion of the entire amount, each bank shall report only its proportional share of the total standby letter of credit.

For a financial or performance standby letter of credit that is in turn backed by a financial standby letter of credit issued by another bank, each bank must report the entire amount of the standby letter of credit it has issued in either item 2 or item 3 below, as appropriate.

2 Financial standby letters of credit. Report the amount outstanding and unused as of the report date of all financial standby letters of credit (and all legally binding commitments to issue financial standby letters of credit) issued by any office of the bank. A financial standby letter of credit irrevocably obligates the bank to pay a third-party beneficiary when a customer (account party) fails to repay an outstanding loan or debt instrument. (See the Glossary entry for "letter of credit" for further information.)

Exclude from financial standby letters of credit:

- (1) Financial standby letters of credit where the beneficiary is a consolidated subsidiary of the reporting bank.
- (2) Financial standby letters of credit issued by another depository institution (such as a correspondent bank), a Federal Home Loan Bank, or any other entity on behalf of the reporting bank, which is the account party on the letters of credit and therefore is obligated to reimburse the issuing entity for all payments made under the standby letters of credit (report such standby letters of credit in Schedule RC-L, item 9).
- (3) Performance standby letters of credit (report such standby letters of credit in Schedule RC-L, item 3).
- (4) Signature or endorsement guarantees of the type associated with the clearing of negotiable instruments or securities in the normal course of business.

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- 3 Performance standby letters of credit.** Report the amount outstanding and unused as of the report date of all performance standby letters of credit (and all legally binding commitments to issue performance standby letters of credit) issued by any office of the bank. A performance standby letter of credit irrevocably obligates the bank to pay a third-party beneficiary when a customer (account party) fails to perform some contractual non-financial obligation. (See the Glossary entry for "letter of credit" for further information.)

Exclude from performance standby letters of credit:

- (1) Performance standby letters of credit where the beneficiary is a consolidated subsidiary of the reporting bank.
- (2) Financial standby letters of credit.
- (3) Signature or endorsement guarantees of the type associated with the clearing of negotiable instruments or securities in the normal course of business.

- 4 Commercial and similar letters of credit.** Report the amount outstanding and unused as of the report date of issued or confirmed commercial letters of credit, travelers' letters of credit not issued for money or its equivalent, and all similar letters of credit, but excluding standby letters of credit (which are to be reported in Schedule RC-L, items 2 and 3, above). (See the Glossary entry for "letter of credit.") Legally binding commitments to issue commercial letters of credit are to be reported in this item.

Travelers' letters of credit and other letters of credit issued for money or its equivalent by the reporting bank or its agents should be reported as demand deposit liabilities in Schedule RC-E.

- 5** Not applicable.

6 Securities lent and borrowed:

- 6.a Securities lent.** Report the appropriate amount of all securities lent against collateral or on an uncollateralized basis. Report the fair value as of the report date of bank-owned trading and available-for-sale securities and the amortized cost as of the report date of bank-owned held-to-maturity securities that have been lent. In addition, for customers who have been indemnified against any losses by the reporting bank or its consolidated subsidiaries, report the fair value as of the report date of such customers' securities, including customers' securities held in the reporting bank's trust department, that have been lent. If the reporting bank or its consolidated subsidiaries have indemnified their customers against any losses on their securities that have been lent by the bank or its subsidiaries, the commitment to indemnify – either through a standby letter of credit or other means – should not be reported in any other item on Schedule RC-L.

- 6.b Securities borrowed.** Report the appropriate amount of all securities borrowed by the bank against collateral or on an uncollateralized basis. For borrowed securities that are fully collateralized by similar securities of equivalent value, report the fair value of the borrowed securities at the time they were borrowed. For other borrowed securities, report their fair value as of the report date.

- 7 - 8** Not applicable.

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- 9 All other off-balance sheet liabilities.** Report all significant types of off-balance sheet liabilities not covered in other items of this schedule. Exclude all items which are required to be reported as liabilities on the balance sheet of the Consolidated Report of Condition (Schedule RC), contingent liabilities arising in connection with litigation in which the reporting bank is involved, commitments to purchase property being acquired for lease to others (report in Schedule RC-L, item 1.e, above), and signature and endorsement guarantees of the type associated with the regular clearing of negotiable instruments or securities in the normal course of business.

Report only the aggregate amount of those types of "other off-balance sheet liabilities" that individually exceed 10 percent of the bank's total equity capital reported in Schedule RC, item 27.a. If the bank has no types of "other off-balance sheet liabilities" that individually exceed 10 percent of total equity capital, report a zero.

NOTE: Items 9.c through 9.f are to be reported semiannually in the June and December reports only.

Disclose in items 9.c through 9.f each type of "other off-balance sheet liabilities" reportable in this item, and the dollar amount of the off-balance sheet liability, that individually exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a. For each type of off-balance sheet liability that exceeds this disclosure threshold for which a preprinted caption has not been provided, describe the liability with a clear but concise caption in items 9.d through 9.f. These descriptions should not exceed 50 characters in length (including spacing between words).

Include as other off-balance sheet liabilities:

- (1) Contracts for the purchase of when-issued securities that are excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended) (and therefore not reported as forward contracts in Schedule SU, item 1), and accounted for on a settlement-date basis.
- (2) Standby letters of credit issued by another depository institution (such as a correspondent bank), a Federal Home Loan Bank, or any other entity on behalf of the reporting bank, which is the account party on the letters of credit and therefore is obligated to reimburse the issuing entity for all payments made under the standby letters of credit. (Report the amount of these standby letters of credit in Schedule RC-L, item 9.c, if this amount exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a.)
- (3) Financial guarantee insurance which insures the timely payment of principal and interest on bond issues.
- (4) Letters of indemnity other than those issued in connection with the replacement of lost or stolen or official checks.
- (5) Shipside or dockside guarantees or similar guarantees relating to missing bills of lading or title documents and other document guarantees that facilitate the replacement of lost or stolen official checks.

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(cont.) (6) The gross amount (stated in U.S. dollars) of all spot foreign exchange contracts committing the reporting bank to purchase foreign (non-U.S.) currencies and U.S. dollar exchange that are outstanding as of the report date. A spot contract is an agreement for the immediate delivery, usually within two business days or less (depending on market convention), of a foreign currency at the prevailing cash market rate. For information on the reporting of spot foreign exchange contracts, refer to the instructions for Schedule RC-L, item 8, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

10 **All other off-balance sheet assets.** Report to the extent feasible and practicable all significant types of off-balance sheet assets not covered in other items of this schedule. Exclude all items which are required to be reported as assets on the balance sheet of the Consolidated Report of Condition (Schedule RC), contingent assets arising in connection with litigation in which the reporting bank is involved, and assets held in or administered by the reporting bank's trust department.

Report only the aggregate amount of those types of "other off-balance sheet assets" that individually exceed 10 percent of the bank's total equity capital reported in Schedule RC, item 27.a. If the bank has no types of "other off-balance sheet assets" that individually exceed 10 percent of total equity capital for which the reporting is feasible and practicable, report a zero.

NOTE: items 10.b through 10.e are to be reported semiannually in the June and December reports only.

Disclose in items 10.b through 10.e each type of "other off-balance sheet assets" reportable in this item, and dollar amount of the off-balance sheet asset, that individually exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a. For each type of off-balance sheet asset that exceeds this disclosure threshold, describe the asset with a clear and concise caption in items 10.b through 10.e. These descriptions should not exceed 50 characters in length (including space between words).

Include as "other off-balance sheet assets" such items as:

(1) Contracts for the sale of when-issued securities that are excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended), (and therefore not reported as forward contracts in Schedule SU, item 1), and accounted for on a settlement-date basis.

(2) Internally developed intangible assets.

NOTE: Items 11.a and 11.b are to be reported semiannually in the June and December reports only.

11 **Year-to-date merchant credit card sales volume.** Merchant processing is the settlement of credit card transactions for merchants. It is a separate and distinct business line from credit card issuing. Merchant processing activity involves obtaining authorization for credit card sales transactions, gathering sales information from the merchant, collecting funds from the card-issuing bank or business, and crediting the merchants' accounts for their sales.

An acquiring bank is a bank that initiates and maintains contractual agreements with merchants, agent banks, and third parties (e.g., independent sales organizations and member service providers) for the purpose of accepting and processing credit card transactions. An acquiring bank has liability for chargebacks for the merchants' sales activity.

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(cont.) An agent bank with risk is a bank that, by agreement, participates in another bank's merchant credit card acceptance program. An agent bank with risk assumes liability for chargebacks for all or a portion of the loss for the merchants' sales activity.

For purposes of items 11.a and 11.b, banks should include credit card sales transactions involving bank credit cards, e.g., MasterCard and Visa.

11.a **Sales for which the reporting bank is the acquiring bank.** Report the year-to-date volume of sales generated through the bank's merchant processing activities where the reporting bank is the acquiring bank. This will include amounts processed for merchants contracted directly by the acquiring bank, amounts processed for agent banks with risk, and amounts processed for third parties (e.g., independent sales organizations and member service providers). Banks that are required to report sales data to the credit card associations of which they are members (e.g., MasterCard and Visa) should measure sales volume in the same manner for purposes of this item.

11.b **Sales for which the reporting bank is the agent bank with risk.** Report the year-to-date volume of sales generated through the bank's merchant processing activities where the reporting bank is acting as an agent bank with risk. Include all sales transactions for which the acquiring bank with whom the reporting bank contracted may hold the bank responsible.