



Federal Deposit Insurance Corporation
550 17th Street, NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-12-2015
March 23, 2015

Regulatory Capital Rules: Accumulated Other Comprehensive Income (AOCI) Opt-Out Election

Summary: The FDIC is issuing this Financial Institution Letter (FIL) as a reminder to FDIC-supervised institutions not subject to the advanced approaches risk-based capital rules that they may elect to calculate regulatory capital using the treatment for accumulated other comprehensive income (AOCI) permitted in the FDIC's general regulatory capital rules in effect prior to January 1, 2015.

Statement of Applicability to Institutions with Total Assets Under \$1 Billion: This FIL is applicable to all FDIC-supervised institutions not subject to the advanced approaches risk-based capital rules.

Distribution:

FDIC-Supervised Banks and Savings Associations

Suggested Routing:

Chief Executive Officer
Chief Financial Officer
Chief Risk Officer

Related Topics:

Capital Adequacy of FDIC-Supervised Institutions,
12 CFR Part 324 (Regulatory Capital Rules)

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Note:

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Highlights

- Under the revised regulatory capital rules, AOCI is generally included in regulatory capital. For FDIC-supervised institutions, net unrealized gains (losses) on available-for-sale debt securities is a common component of AOCI.
- The capital rules permit an FDIC-supervised institution that is not an advanced approaches institution to make a one-time, permanent election to opt out of the requirement to include most components of AOCI in regulatory capital.
- Consistent with the regulatory capital rules in effect prior to January 1, 2015, an FDIC-supervised institution making the opt-out election must:
 - Add to common equity tier 1 capital any net unrealized losses and subtract any net unrealized gains on available-for-sale debt securities; and
 - Include in common equity tier 1 capital any net unrealized losses on available-for-sale equity securities (including mutual funds).
- The AOCI opt-out election must be made on Schedule RC-R of the FDIC-supervised institution's Call Report for the March 31, 2015, report date.
- An FDIC-supervised institution that is not an advanced approaches institution, but is a subsidiary of a banking organization subject to the regulatory capital requirements issued by the Federal Reserve, the Office of the Comptroller of the Currency, or the FDIC, must make the same opt-out election as the banking organization of which it is a subsidiary.
- Resources for community banks on the revised regulatory capital rules, including an interagency guide and an expanded guide for FDIC-supervised institutions, are available at <http://www.fdic.gov/regulations/capital/>. Institutions with specific questions about the revised rules may send an e-mail to regulatorycapital@fdic.gov.