



Charles G. Cooper  
Commissioner

## TEXAS DEPARTMENT OF BANKING

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### INDUSTRY NOTICE 2015-3

Date: April 8, 2015

### Reminder: One-Time, Permanent Election Accumulated Other Comprehensive Income (AOCI)

Beginning with the March 2015 call reports, all institutions will complete revised [Part I of Schedule RC-R](#). Institutions not subject to the Advanced Approaches risk-based capital rules should note that they have the opportunity this quarter to make a **one-time, permanent election** to opt out of the requirement to include most components of accumulated other comprehensive income (AOCI) in regulatory capital. Each such institution should report its decision regarding this AOCI opt-out election in Item 3.a of [Schedule RC-R, Part I](#).

The March 31, 2015 [Call Report forms and instructions](#) for Schedule RC-R, Regulatory Capital illustrate how to make this election on the reporting forms. The FDIC has also released [frequently asked questions](#) based on industry questions to aid in election.

If your staff has any questions regarding this important election, please contact [Mr. Chris Robinson](#), Director of Examination Support Activities.

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### Schedule RC-R—Regulatory Capital

#### Part I. Regulatory Capital Components and Ratios

Part I is to be completed on a consolidated basis.

Dollar Amounts in Thousands

	RCFA	BI	MI	Thou	
<b>Common Equity Tier 1 Capital</b>					
1. Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares.....	P742				1.
2. Retained earnings.....	RCFD				2.
3. Accumulated other comprehensive income (AOCI).....	RCFA				3.
<b>a. AOCI opt-out election (enter "1" for Yes; enter "0" for No.)</b>					
(Advanced approaches institutions must enter "0" for No.)					
	0=No	RCOA			3.a.
	1=Yes	P838			
4. Common equity tier 1 minority interest includable in common equity tier 1 capital .....	RCFA	BI	MI	Thou	4.
5. Common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4) .....	P840				5.
<b>Common Equity Tier 1 Capital: Adjustments and Deductions</b>					
6. LESS: Goodwill net of associated deferred tax liabilities (DTLs) .....	P841				6.
7. LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs .....	P842				7.
8. LESS: Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs .....	P843				8.
9. AOCI-related adjustments (if entered "1" for Yes in item 3.a, complete only items 9.a through 9.f; if entered "0" for No in item 3.a, complete only item 9.f):					
a. LESS: Net unrealized gains (losses) on available-for-sale securities (if a gain, report as a positive value; if a loss, report as a negative value) .....	P844				9.a.
b. LESS: Net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures (report loss as a positive value) ..	P845				9.b.
c. LESS: Accumulated net gains (losses) on cash flow hedges (if a gain, report as a positive value; if a loss, report as a negative value) .....	P846				9.c.
d. LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (if a gain, report as a positive value; if a loss, report as a negative value) ..	P847				9.d.
e. LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI (if a gain, report as a positive value; if a loss, report as a negative value) .....	P848				9.e.
f. To be completed only by institutions that entered "0" for No in item 3.a: LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relates to the hedging of items that are not recognized at fair value on the balance sheet (if a gain, report as a positive value; if a loss, report as a negative value) .....	P849				9.f.
10. Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:					
a. LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk (if a gain, report as a positive value; if a loss, report as a negative value) .....	Q258				10.a.
b. LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions .....	P850				10.b.
11. LESS: Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments .....	P851				11.