



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, DC 20429-9990

**Financial Institution Letter**  
**FIL-144-2008**  
**December 16, 2008**

## **Regulatory Capital Standards Deduction of Goodwill Net of Associated Deferred Tax Liability**

**Summary:** The federal banking agencies are jointly issuing the attached final rule allowing goodwill, which must be deducted from Tier 1 capital, to be reduced by the amount of any associated deferred tax liability. The final rule will take effect 30 days after its publication in the *Federal Register*. However, a bank may elect to apply this final rule for regulatory capital reporting purposes as of December 31, 2008.

### **Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

### **Suggested Routing:**

Chief Executive Officer  
Chief Financial Officer  
Chief Accounting Officer

### **Related Topics:**

Risk-Based Capital Standards  
12 CFR Part 325

### **Attachment:**

[Final Rule, Minimum Capital Ratios; Capital Adequacy Guidelines; Capital Maintenance; Capital: Deduction of Goodwill Net of Associated Deferred Tax Liability](#)

### **Contact:**

Christine Bouvier, Senior Policy Analyst (Bank Accounting), at [cbouvier@fdic.gov](mailto:cbouvier@fdic.gov) or (202) 898- 7289

Nancy Hunt, Senior Policy Analyst, at [nhunt@fdic.gov](mailto:nhunt@fdic.gov) or (202) 898-6643

Mark Handzlik, Senior Attorney, at [mhandzlik@fdic.gov](mailto:mhandzlik@fdic.gov) or (202) 898-3990

### **Note:**

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2008/index.html](http://www.fdic.gov/news/news/financial/2008/index.html).

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703- 562-2200).

### **Highlights:**

- Under the agencies' existing regulatory capital rules, certain assets that must be deducted from Tier 1 capital may be reduced by any deferred tax liability specifically related to the asset.
- Under the attached final rule, the agencies are extending this treatment to goodwill acquired in a taxable business combination, thereby allowing a bank, bank holding company or savings association to make the required deduction of goodwill from Tier 1 capital net of any associated deferred tax liability.
- The agencies decided not to extend similar treatment to other intangible assets currently required to be deducted fully from Tier 1 capital.