

Office of Thrift Supervision

TB 38-1 was rescinded 2/2/94 by the Final Rule on Intangible Assets.

Handbook: Thrift Activities  
Subjects: Capital Adequacy

Section: 320  
TB 38-1

December 12, 1989

Guidelines For Evaluating Core Deposit  
Intangibles Under Capital Requirements

**RESCINDED**

*Summary:* For purposes of the Core Capital Leverage and Risk-Based Capital Standards, certain intangible assets must meet stipulated requirements to be included in assets and not be deducted from capital. One intangible asset commonly discussed as potentially meeting the requirements is core deposit intangibles. OTS is reviewing the characteristics and nature of this intangible asset to determine how to treat it under the capital standards.

*For Further Information Contact:*  
Your District Office or the Supervision Policy Division of OTS, Washington, D.C.

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The OTS has recently revised its regulatory capital requirements. See 54 Fed. Reg 46845 (Nov. 8, 1989). For purposes of the Core Capital Leverage and Risk-Based Capital Standards, certain intangible assets must meet a three-part test to be included in assets and not deducted from capital. This Bulletin provides interim guidance concerning the appropriate determination of intangibles meeting the three-part intan-

gible test included in the capital regulations. 12 C.F.R. 567.5(a)(2)(ii).

One intangible asset commonly discussed as potentially meeting the three-part test (qualifying intangible asset) is core deposit intangibles. OTS is reviewing the characteristics and nature of this intangible to determine whether or not it is considered a qualifying intangible asset by this office.

Impact on Capital Plans described by Thrift Bulletin 36

Until OTS provides final guidance on this issue, when management of a savings association concludes that

core deposit intangibles recorded at the time of the purchase transaction (as reported under generally accepted accounting principles) are qualifying intangible assets, no deduction from core capital is required provided that qualifying intangible assets do not exceed 25% of core capital calculated before the inclusion of any qualifying intangible assets. If this Office concludes, either generally or in any particular case, that core deposit intangibles do not meet the three-part test, these intangibles will be required to be deducted from capital and, if material, capital plans must be revised.

— John F. Robinson  
Senior Deputy Director, Supervision Policy (Acting)