

**3002**

**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**DIVISION OF BANKING**

**BUREAU OF BANKS AND TRUST COMPANIES**

**CORPORATE TRANSACTIONS AND ACCOUNTING ISSUES**

**GOODWILL**

**Definition**

Goodwill is any excess of the cost of an acquisition over the net fair value of the identifiable assets and liabilities acquired or assumed.

**Guidelines**

Goodwill is deducted from the surplus account for the following purposes:

1. calculating the bank's legal lending, leasing and investment limit;
2. calculating the bank's Tier 1 and Risk Based capital ratios; and
3. determining whether a capital impairment exists pursuant to the Illinois Banking Act.

*[Revised: October, 2005]*