

# RESCINDED

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Transmittal – See OCC 2020-11

## Prohibition Against Interstate Deposit Production: Annual Host State Loan-to-Deposit Ratios

### Summary

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) on July 2 issued the host state loan-to-deposit ratios that they will use to determine compliance with section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act).

### Highlights

These ratios

- provide host state loan-to-deposit ratios using data as of June 30, 2013. The data exclude wholesale or limited purpose banks designated for Community Reinvestment Act purposes, credit card banks, and special purpose banks.
- update data released on July 1, 2013.

### Note for Community Banks

Section 109 of the Interstate Act applies to national banks that have covered interstate branches. This bulletin does not apply to federal savings associations.

### Background

In general, section 109 of the Interstate Act prohibits any bank from establishing or acquiring a branch or branches outside of its home state primarily for the purpose of deposit production. Section 109 provides a process to test compliance with the statutory requirements. The first step in the process involves a loan-to-deposit ratio screen that compares a bank's statewide loan-to-deposit ratio to the host state loan-to-deposit ratio for banks in a particular state.

A second step is conducted if a bank's statewide loan-to-deposit ratio is less than one-half of the published ratio for that state or if data are not available at the bank to conduct the first step. The second step requires the appropriate agency to determine whether the bank is reasonably helping to meet the credit needs of the communities served by the bank's interstate branches.

A bank that fails both steps is in violation of section 109 and is subject to sanctions by the appropriate agency.

### Further Information

To

Chief Executive Officers and  
Compliance Officers of All  
National Banks, Department and  
Division Heads, All Examining  
Personnel, and Other Interested  
Parties

Please direct questions regarding this bulletin to the OCC's Compliance Policy Division at (202) 649-5470.

Grovetta N. Gardineer

Deputy Comptroller for Compliance Operations and Policy

### Related Links

- [Section 109 Host State Loan-to-Deposit Ratios \(PDF\)](#)
- [Regulation H: Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act \(PDF\)](#)

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