

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

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The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency today issued the host state loan-to-deposit ratios that the banking agencies will use to determine compliance with Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act). These ratios update data released on September 3, 1999.

Section 109 prohibits any bank from establishing or acquiring a branch or branches outside of its home state primarily for the purpose of deposit production and provides a process to test compliance with the statutory requirements. The Gramm-Leach-Bliley Act expanded the coverage of Section 109 to include any branch of a bank controlled by an out-of-state bank holding company.

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 banking agencies to determine if 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 banking agencies.

The host state loan-to-deposit ratios are [attached](#).

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