



RESCINDED

OCC 2005-25

**Subject: Prohibition Against Interstate Deposit
Production**
Date: July 8, 2005

**To: Chief Executive Officers and Compliance
Officers of All National Banks, Department and
Division Heads, and All Examining Personnel**

Description: Annual Loan-to-Deposit Ratios

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

Emergency Act of 1994 (Interstate Act). These ratios, which update data released August 2004, are attached.

In general, 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. Section 106 of the Gramm–Leach–Bliley Act of 1999 amended coverage of section 109 of the Interstate Act to include any branch of a bank controlled by an out-of-state bank holding company.

Section 109 provides a process to test compliance with the statutory requirements. The process compares a bank's statewide loan-to-deposit ratio to the host-state loan-to-deposit ratio for banks in a particular state. If a bank's statewide loan-to-deposit ratio in a state is less than one-half of the published host-state loan-to-deposit ratio for that state, or if data are not available at the bank to calculate the ratio, the appropriate banking agency must determine if the bank is reasonably helping to meet the credit needs of the communities served by the bank.

Due to the legislative intent against imposing regulatory burden, no additional data were collected from the institutions to implement section 109. Therefore, since insufficient lending data were available on a geographic basis to calculate the statewide ratios directly, the agencies used a proxy to estimate the host-state loan-to-deposit ratios. The agencies calculated the host-state loan-to-deposit ratios using data obtained from the *Call Reports* and the *Summary of Deposits Reports*, as of June 30, 2004, which were the most recently available data. For each home-state bank, the agencies calculated the percentage of the bank's total deposits attributable to branches located in its home state (determined from the *Summary of Deposits Reports*), and applied this percentage to the bank's total domestic loans (determined from the *Call Reports*) to estimate the amount of loans attributable to the home state. The host-state loan-to-deposit ratio was then calculated by separately totaling the loans and deposits for the home-state banks and then by dividing the sum of the loans by the sum of the deposits.

Banks designated as limited-purpose or wholesale under the Community Reinvestment Act (CRA) and credit card banks (regardless of any CRA limited-purpose designation) were excluded from the host-state loan-to-deposit calculation, recognizing that these banks could have very large loan portfolios, but few, if any, deposits. In addition, beginning in 2001, special-purpose banks, including bankers' banks, were also excluded from the ratios because these banks do not engage in traditional deposit taking or lending. Inclusion of these banks could distort the ratios, thus hindering their use in carrying out the intent of the legislation. The host-state loan-to-deposit ratios, and any changes in the way the ratios are calculated, are made available to the public on an annual basis.

Please direct questions regarding this bulletin to your supervisory office or to Karen Tucker, national bank examiner, Compliance Policy Department at (202) 874-4428.

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Deputy Comptroller for Compliance Policy

Related Links

- [Intra-State Loan-To-Deposit Ratios](#)

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Section 109 of the Interstate Banking and Branching Efficiency Act ----- 2005 Host State Loan-to-Deposit Ratios Using Data as of June 30, 2004 (Excludes wholesale or limited purpose CRA- designated banks, credit card banks, and special purpose banks)	
State or U.S. Territory	Host State Loan-to-Deposit Ratio
Alabama	95%
Alaska	75%
Arizona	92%
Arkansas	78%
California	79%
Colorado	72%
Connecticut	88%
Delaware	109%
District of Columbia	77%
Florida	83%
Georgia	93%
Hawaii	70%
Idaho	83%
Illinois	84%
Indiana	149%
Iowa	83%
Kansas	80%
Kentucky	90%
Louisiana	78%
Maine	99%
Maryland	88%
Massachusetts	75%
Michigan	99%

Section 109 of the Interstate Banking and Branching Efficiency Act	

2005 Host State Loan-to-Deposit Ratios	
Using Data as of June 30, 2004	
(Excludes wholesale or limited purpose CRA- designated banks, credit card banks, and special purpose banks)	
State or U.S. Territory	Host State Loan-to- Deposit Ratio
Minnesota	91%
Mississippi	80%
Missouri	86%
Montana	87%
Nebraska	84%
Nevada	61%
New Hampshire	83%
New Jersey	56%
New Mexico	71%
New York	82%
North Carolina	79%
North Dakota	124%
Ohio	131%
Oklahoma	79%
Oregon	90%
Pennsylvania	75%
Rhode Island	79%
South Carolina	92%
South Dakota	85%
Tennessee	92%
Texas	71%
Utah	83%
Vermont	78%
Virginia	76%

Section 109 of the Interstate Banking and
Branching Efficiency Act

2005 Host State Loan-to-Deposit Ratios

Using Data as of June 30, 2004

(Excludes wholesale or limited purpose CRA-
designated banks, credit card banks, and special
purpose banks)

State or U.S. Territory	Host State Loan-to-Deposit Ratio
Washington	97%
West Virginia	85%
Wisconsin	99%
Wyoming	76%
American Samoa	94%
Federated States of	19%
Guam	59%
Puerto Rico	71%
Virgin Islands	44%