
Section 109 prohibits any bank from establishing or acquiring a branch or branches outside of its home state under the Interstate Act primarily for the purpose of deposit production and provides a two-step process to test compliance with the statutory requirements.

The first step 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.

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.

Attachment

Section 109 Host State Loan-To-Deposit Ratios