



Comptroller of the Currency  
Administration of National Banks  
US Department of Treasury

# RESCINDED

OCC 2007-20

**Subject: Prohibition Against Interstate Deposit  
Production**  
**Date: June 25, 2007**

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Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

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 whether 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 *Reports of Condition and Income* (call report) and the *Summary of Deposits Reports*, as of June 30, 2006, 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.

Ann F. Jaedicke  
Deputy Comptroller for Compliance Policy

**Related Links**

- [Ratios](#)

**RESCINDED**

Section 109 of the Interstate Banking and Branching Efficiency Act	
2007 Host State Loan-to-Deposit Ratios Using Data as of June 30, 2006 (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	89%
Alaska	80%
Arizona	101%
Arkansas	83%
California	90%
Colorado	74%
Connecticut	97%
Delaware	113%
District of Columbia	87%
Florida	90%
Georgia	96%
Hawaii	74%
Idaho	92%
Illinois	91%
Indiana	116%
Iowa	90%
Kansas	82%
Kentucky	96%
Louisiana	71%
Maine	102%
Maryland	93%
Massachusetts	82%
Michigan	106%
Minnesota	94%
Mississippi	78%

Section 109 of the Interstate Banking and Branching Efficiency Act	
2007 Host State Loan-to-Deposit Ratios Using Data as of June 30, 2006 (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
Missouri	90%
Montana	93%
Nebraska	88%
Nevada	64%
New Hampshire	96%
New Jersey	81%
New Mexico	73%
New York	93%
North Carolina	87%
North Dakota	136%
Ohio	111%
Oklahoma	83%
Oregon	99%
Pennsylvania	79%
Rhode Island	84%
South Carolina	90%
South Dakota	81%
Tennessee	97%
Texas	75%
Utah	83%
Vermont	81%
Virginia	80%
Washington	103%
West Virginia	91%
Wisconsin	107%

<b>Section 109 of the Interstate Banking and Branching Efficiency Act</b>	
<b>2007 Host State Loan-to-Deposit Ratios</b>	
<b>Using Data as of June 30, 2006</b>	
<b>(Excludes wholesale or limited-purpose CRA-designated banks, credit card banks, and special purpose banks)</b>	
<b>State or U.S. Territory</b>	<b>Host State Loan-to-Deposit Ratio</b>
Wyoming	75%
American Samoa	92%
Federated States of Micronesia	35%
Guam	60%
Puerto Rico	92%
Virgin Islands	42%