

RESCINDED

OCC Bulletin 2024-14 | June 13, 2024

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

Replaced - See OCC 2025-10.

To

Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

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) issued on May 31, 2024, the host state loan-to-deposit (LTD) ratios. The OCC is issuing this bulletin to inform banks¹ about how these ratios are used to determine compliance with section 109 of the Riegle—Neal Interstate Banking and Branching Efficiency Act of 1994 (IBBEA).

Rescission

This bulletin rescinds OCC Bulletin 2023-14, “Prohibition Against Interstate Deposits: Annual Host State Loan-to-Deposit Ratios,” published May 19, 2023.

Note for Community Banks

Section 109 of the IBBEA applies to community banks that have covered interstate branches.

Section 109 does not apply to federal savings associations.

Highlights

These ratios

- use data as of June 30, 2023. The data excludes banks designated for Community Reinvestment Act (CRA) purposes as wholesale, limited purpose, or special purpose banks.
- are used to compare a bank's statewide LTD ratio with the host state LTD ratio for banks in a particular state.
- update data last released on May 19, 2023.

Background

Section 109 of the IBBEA prohibits the use of interstate branches primarily for deposit production. The OCC's CRA regulation, specifically 12 CFR 25, subpart E, "Prohibition Against Use of Interstate Branches Primarily for Deposit Production," implements the requirements of IBBEA, section 109. The regulation includes specific tests for determining whether an interstate bank is lending appropriately in host states where it has branches.

Section 109 of the IBBEA and 12 CFR 25, subpart E, provide a process to test compliance with the statutory requirements. The first step in the process is an LTD ratio test that compares a bank's statewide LTD ratio with the host state LTD ratio for banks in a particular state. The second step is conducted if a bank's statewide LTD ratio is less than 50 percent of the published host state LTD for that state or if

data are insufficient to complete step one. The second step requires the OCC 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 subject to sanctions by the OCC.

The LTD ratios are published annually and comply with the requirements of IBBEA section 109.

Further Information

Please contact your supervisory office or the OCC's CRA and Fair Lending Policy staff at (202) 649-5470.

Grovetta N. Gardineer

Senior Deputy Comptroller for Bank Supervision Policy

Related Link

- [Section 109 Host State Loan-to-Deposit Ratios](#) (PDF)

¹ "Banks" refers collectively to national banks, federal savings associations, and federal branches and agencies of foreign banking organizations.

Topic(s): ■ [COMMUNITY REINVESTMENT ACT \(CRA\)](#) ■ [COMPLIANCE](#)