

# RESCINDED

Replaced - See OCC 2018-21

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

To

Chief Executive Officers and Compliance Officers of National Banks,  
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 June 21, 2017, the host state loan-to-deposit (LTD) ratios used to determine compliance with section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (IBBEA).

**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

- provide host state LTD ratios using data as of June 30, 2016. The data exclude banks designated for Community Reinvestment Act (CRA) purposes as wholesale or limited purpose, credit card banks, and special purpose banks.
- update data last released on June 17, 2016.

## Background

The OCC regulation that implements the CRA prohibits the use of interstate branches primarily for deposit production. 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 provides a process to test compliance with the statutory requirements. The first step in the process involves an LTD ratio test that compares a bank's statewide LTD ratio with the host state LTD ratio for banks in a particular state. A second step is conducted if a bank's statewide LTD 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 appropriate agency 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 in violation of section 109 and is subject to sanctions by the appropriate agency. National banks are subject to section 109, which applies to any "bank" (as defined under 12 USC 1813(a)(1)) regulated by the federal banking

agencies. Federal savings associations, including federal savings banks, are not "banks" under this definition and therefore are not subject to section 109.

## Further Information

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

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## Related Links

- [Section 109 Host State Loan-to-Deposit Ratios](#) (PDF)
- [12 CFR 25, Community Reinvestment Act and Interstate Deposit Production Regulations](#)

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