

SECTION 109 HOST STATE LOAN-TO-DEPOSIT RATIOS

The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, and the Office of the Comptroller of the Currency ("the agencies") today are making public the host state loan-to-deposit ratios that the agencies will use to determine compliance with section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act). Section 109 of the Interstate Act prohibits a 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.

Section 109 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 a particular state. If the bank's statewide loan-to-deposit ratio in a state is at least one-half of the published host state loan-to-deposit ratio for that state, the bank has complied with section 109. If the bank's ratio is less than one-half, the second step in section 109 requires the agencies to determine if the bank is reasonably helping to meet the credit needs of the communities served by the bank. A bank that fails both steps is in violation of section 109 and subject to sanctions by the agencies.

The agencies will update the host state loan-to-deposit ratios on an annual basis.

Section 109 of the Interstate Banking and Branching Efficiency Act Host State Loan-to-Deposit Ratios	
(Excludes wholesale or limited purpose CRA-designated banks and credit card banks.)	
State	Host State Loan-to-Deposit Ratio
Alabama	95%
Alaska	76%
Arizona	79%
Arkansas	71%
California	87%

Colorado	62%
Connecticut	79%
Delaware	80%
District of Columbia	71%
Florida	95%
Georgia	93%
Hawaii	100%
Idaho	74%
Illinois	84%
Indiana	90%
Iowa	74%
Kansas	71%
Kentucky	92%
Louisiana	79%
Maine	96%
Maryland	82%
Massachusetts	84%
Michigan	97%
Minnesota	101%

Mississippi	73%
Missouri	75%
Montana	84%
Nebraska	78%
Nevada	68%
New Hampshire	85%
New Jersey	70%
New Mexico	68%
New York	88%
North Carolina	100%
North Dakota	90%
Ohio	106%
Oklahoma	68%
Oregon	80%
Pennsylvania	97%
Rhode Island	69%
South Carolina	80%
South Dakota	93%
Tennessee	88%

Texas	66%
Utah	100%
Vermont	83%
Virginia	84%
Washington	115%
West Virginia	83%
Wisconsin	92%
Wyoming	73%
American Samoa	81%
Federated States of Micronesia	52%
Guam	68%
Puerto Rico	93%
Virgin Islands	68%

Due to the legislative intent against imposing regulatory burden, no additional data were collected from the institutions to implement section 109. However, 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 ratio. The agencies calculated the host state loan-to-deposit ratios using data obtained from the Call Reports and Summary of Deposits reports, as of June 30, 1998. 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), and applied this percentage to the bank's total domestic loans (determined from the Call Report) 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 dividing the sum of the loans by the sum of the deposits. Banks designated as limited purpose or wholesale banks under the

Community Reinvestment Act (CRA) 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. Credit card banks, which typically have large loan portfolios but few deposits, were also excluded, regardless of whether they had a limited purpose CRA-designation.

The host state loan-to-deposit ratios, and any changes in the way the ratio is calculated, will be made publicly available on an annual basis.