

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	94%
Alaska	73%
Arizona	79%
Arkansas	69%
California	88%
Colorado	66%
Connecticut	88%
Delaware	78%
District of Columbia	43%
Florida	85%
Georgia	91%
Hawaii	104%
Idaho	74%
Illinois	86%

Indiana	90%
Iowa	74%
Kansas	68%
Kentucky	92%
Louisiana	76%
Maine	95%
Maryland	81%
Massachusetts	86%
Michigan	98%
Minnesota	91%
Mississippi	72%
Missouri	75%
Montana	84%
Nebraska	75%
Nevada	67%
New Hampshire	81%
New Jersey	70%
New Mexico	63%
New York	84%
North Carolina	100%
North Dakota	73%
Ohio	105%
Oklahoma	69%
Oregon	97%
Pennsylvania	92%
Rhode Island	67%
South Carolina	82%
South Dakota	91%
Tennessee	91%
Texas	69%

Utah	96%
Vermont	86%
Virginia	83%
Washington	111%
West Virginia	82%
Wisconsin	93%
Wyoming	83%
American Samoa	74%
Federated States of Micronesia	56%
Guam	71%
Puerto Rico	93%
Virgin Islands	64%

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, 1997. 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.