SECTION 109 HOST STATE LOAN-TO-DEPOSIT RATIOS

The Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the agencies) today are making public the host state loan-to-deposit ratios[1] 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). In general, section 109 prohibits a 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.

To determine compliance with section 109, the appropriate agency first compares a bank's estimated statewide loan-to-deposit ratio[2] to the estimated host state loan-to-deposit ratio for a particular state. If the bank's statewide loan-to-deposit ratio is at least one-half of the published host state loan-to-deposit ratio, the bank has complied with section 109. A second step is conducted if a bank's estimated statewide loan-to-deposit 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

[1] The host state loan-to-deposit ratio is the ratio of total loans in a state to total deposits from the state for all banks that have that state as their home state. For state-chartered banks and FDIC-supervised savings banks, the home state is the state where the bank was chartered. For national banks, the home state is the state where the bank's main office is located. The home state of a foreign bank is determined by 12 USC 3103(c) and applicable agency regulations at 12 CFR 28.11(n) (OCC), 12 CFR 211.22 (Board), and 12 CFR 347.202(m) (FDIC).

[2] The statewide loan-to-deposit ratio relates to an individual bank and is the ratio of a bank's loans to its deposits in a particular state where the bank has interstate branches.

that fails both steps is in violation of section 109 and subject to sanctions by the appropriate agency.

Section 109 of the Interstate Banking and Branching Efficiency Act Host State Loan-to-Deposit Ratios Using Data as of June 30, 2022 (Excludes wholesale or limited purpose Community Reinvestment Act-designated banks, credit card banks, and special purpose banks)	
State or U.S. Territory	**Host State Loan-to-Deposit Ratio**
Alabama	68%
Alaska	53%
Arizona	90%
Arkansas	72%
California	70%
Colorado	65%
Connecticut	81%
Delaware	47%
District of Columbia	70%
Florida	78%
Georgia	76%
Hawaii	64%
Idaho	61%
Illinois	74%
Indiana	79%
Iowa	71%
Kansas	72%
Kentucky	72%
Louisiana	72%
Maine	83%
Maryland	83%

Section 109 of the Interstate Banking and Branching Efficiency Act Host State Loan-to-Deposit Ratios Using Data as of June 30, 2022 (Excludes wholesale or limited purpose Community Reinvestment Act-designated banks, credit card banks, and special purpose banks)	
State or U.S. Territory	**Host State Loan-to-Deposit Ratio**
Massachusetts	84%
Michigan	86%
Minnesota	62%
Mississippi	68%
Missouri	72%
Montana	65%
Nebraska	79%
Nevada	67%
New Hampshire	90%
New Jersey	93%
New Mexico	53%
New York	74%
North Carolina	58%
North Dakota	76%
Ohio	72%
Oklahoma	76%
Oregon	81%
Pennsylvania	84%
Rhode Island	88%
South Carolina	66%
South Dakota	56%
Tennessee	77%
Texas	60%
Utah	83%
Vermont	75%

Section 109 of the Interstate Banking and Branching Efficiency Act Host State Loan-to-Deposit Ratios Using Data as of June 30, 2022 (Excludes wholesale or limited purpose Community Reinvestment Act-designated banks, credit card banks, and special purpose banks)	
State or U.S. Territory	**Host State Loan-to-Deposit Ratio**
Virginia	72%
Washington	74%
West Virginia	77%
Wisconsin	82%
Wyoming	56%
Guam	60%
Puerto Rico	39%
Virgin Islands	36%

Due to the legislative intent against imposing regulatory burden, no additional data were collected from institutions to implement section 109. However, since insufficient lending data were available on a geographic basis to calculate the host state loan-to-deposit ratios directly, the agencies used a proxy to estimate the ratios. Accordingly, the agencies calculated the host state loan-to-deposit ratios using data obtained from the Consolidated Reports of Condition and Income (call reports) and Summary of Deposits Surveys (summary of deposits), as of June 30, 2022. 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 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 dividing the sum of the loans by the sum of the deposits.

Section 109 directs the agencies to determine, from relevant sources, the host state loan-to-deposit ratios. As discussed in the preamble to the joint final rule, Prohibition Against Use of Interstate Branches Primarily for Deposit Production (62 FR 47728, 47731, September 10, 1997), implementing section 109, banks designated as wholesale or limited purpose 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. Likewise, credit card banks, which typically have large loan portfolios but few deposits, were also excluded, regardless of whether they had a limited purpose designation for CRA purposes. Beginning in 2001, special purpose banks, including bankers' banks, were excluded because these banks do not engage in traditional deposit taking or lending.

The estimated host state loan-to-deposit ratios, and any changes in the way the ratios are calculated, will be publicized on an annual basis.