

ANNUAL REPORT  
OF THE  
COMPTROLLER OF THE CURRENCY

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The National Banking System on October 31, 1940, was made up of 5,167 national banking associations. On the above date national banks were operating 1,615 branches, making the total number of banking offices in the National Banking System 6,782.

During the 12-month period ended October 31, 1940, 19 charters were issued for national banks, of which 3 were newly organized, 11 were conversions of State-chartered institutions, and 5 were reorganizations. Applications were rejected for 3 new national banks and 2 State-bank conversions.

The number of branches operated by national banks was increased by 21 during the year. Forty-two were brought into the System, but 21 were relinquished.

While the number of banks in the System declined by 38 during the year, the increase in deposits and the conversion into national banks of several large State banks brought higher total resources into the System, and resulted in larger average units. On June 30, 1940, for instance, the average size of national banks according to deposits was \$6,400,000 as against \$5,700,000 a year earlier.

The aggregate common capital stock of 5,167 national banks on October 31, 1940, was \$1,329,358,375. Preferred stock outstanding totaled \$203,757,468, of which \$164,031,082 was owned by the Reconstruction Finance Corporation. During the year covered by the report, the combined common capital stock in the National Banking System was increased by a net amount of over \$6,000,000. The national banks were able to make net retirements during the same period of more than \$35,000,000 of preferred stock.

A comparison of the assets and liabilities of the banks in the National Banking System on June 30, 1939, and on June 29, 1940, is shown in the following table:

*Comparison of principal items of assets and liabilities of national banks, June 30, 1939, and June 29, 1940*

[In thousands of dollars]

	June 30, 1939	June 29, 1940
Number of banks.....	5,209	5,170
<b>ASSETS</b>		
Commercial and industrial loans.....	3,144,344	3,604,072
Real-estate loans.....	1,829,163	2,002,852
All other loans, including overdrafts.....	3,600,196	3,572,303
<i>Total loans</i> .....	<i>8,573,703</i>	<i>9,179,227</i>
U. S. Government obligations, direct and guaranteed.....	8,769,729	9,111,226
Other bonds, stocks, and securities.....	3,783,157	3,794,049
<i>Total investments</i> .....	<i>12,552,886</i>	<i>12,905,275</i>
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	11,074,806	13,877,104
Other miscellaneous assets.....	979,183	923,474
<b>Total assets</b> .....	<b>33,180,578</b>	<b>36,885,080</b>
<b>LIABILITIES</b>		
Demand deposits.....	21,286,748	24,719,328
Time deposits.....	8,182,721	8,355,079
<i>Total deposits</i> .....	<i>29,469,469</i>	<i>33,074,407</i>
Bills payable, rediscounts, and other liabilities for borrowed money.....	3,540	2,910
Other miscellaneous liabilities.....	318,057	331,322
<b>Total liabilities</b> .....	<b>29,791,066</b>	<b>33,408,639</b>
<b>CAPITAL ACCOUNTS</b>		
Capital stock.....	1,562,956	1,534,649
Surplus.....	1,170,822	1,249,961
Undivided profits and reserves.....	655,734	691,831
<b>Total capital accounts</b> .....	<b>3,389,512</b>	<b>3,476,441</b>
<b>Total liabilities and capital accounts</b> .....	<b>33,180,578</b>	<b>36,885,080</b>

From this table it can be seen that during the 12-month period it covers, commercial and industrial loans increased by \$459,700,000 while total loans and discounts were \$605,500,000 higher at the end of the period than at the beginning. Total investments increased from \$12,552,900,000 to \$12,905,300,000. Investments in direct and guaranteed obligations of the United States Government show an increase of \$341,500,000. On the liability side total deposits were up \$3,604,900,000. It will be noted that cash resources were high and borrowings small on both dates.

During the 12 months ended October 31, 1940, 53 national banks went into voluntary liquidation. Of these, 13 were absorbed or succeeded by other national banks, 32 were absorbed or succeeded by State banks and 8 were completely terminated. No national banks were placed in receivership during the year. Loans and purchases of assets by the Federal Deposit Insurance Corporation aggregating \$5,638,000 were made in the case of 7 national banks in connection with the assumption of their deposit liabilities by other banks.

During the first 6 months of the calendar year 1940 the gross earnings of national banks were \$426,000,000, an increase of \$10,000,000 over the first 6 months of 1939. The net additions to profits before dividends for the first 6 months of 1940 were at the rate of 17.02 percent per annum of common capital stock and at the rate of 6.50 percent per annum of total capital funds. Dividends on common stock were at the rate of 9.72 percent per annum on the common stock and

3.94 percent per annum on total capital funds, exclusive of preferred stock. One thousand two hundred thirty-seven national banks paid no dividends during the 6 months ended June 30, 1940. The principal items of income and expense for the two 6-month periods are shown in the table below:

*Earnings, expenses, and dividends of national banks for 6-month periods ended June 30, 1939 and 1940*

[In thousands of dollars]

	6 months ended June 30—	
	1939	1940
Number of banks <sup>1</sup> .....	5, 209	5, 170
Gross earnings:		
Interest and discount on loans .....	188, 366	201, 012
Interest and dividends on bonds, stocks, and other securities .....	150, 505	142, 063
Other earnings .....	77, 168	82, 933
Total .....	416, 039	426, 008
Expenses:		
Salaries, wages, and fees .....	123, 382	126, 953
Interest on deposits and borrowed money .....	58, 902	53, 586
Taxes .....	27, 400	32, 159
Other expenses .....	80, 139	83, 558
Total .....	289, 823	296, 256
Net operating earnings .....	126, 216	129, 752
Recoveries, profits on securities sold, etc.:		
Recoveries on loans .....	17, 030	17, 267
Recoveries on bonds, stocks, and other securities .....	17, 853	17, 618
Profits on securities sold .....	84, 517	53, 286
All other .....	4, 591	7, 693
Total .....	123, 991	95, 864
Total net operating earnings, recoveries, etc. ....	250, 207	225, 616
Losses and depreciation:		
On loans .....	31, 540	29, 631
On bonds, stocks, and other securities .....	58, 807	54, 988
On banking house, furniture and fixtures .....	11, 582	12, 464
Other losses and depreciation .....	9, 408	15, 565
Total .....	111, 337	112, 648
Net addition to profits before dividends .....	138, 870	112, 968
Dividends .....	70, 216	68, 259

<sup>1</sup> At end of period.

The trust departments of the national banks showed a normal increase in the individual trust field during the year. The fiduciary activities of the national banks and the classification of the investment of trust funds are reported upon in detail in this report.

During the 12 months ended October 31, 1940, 12,213 examinations of banks, 2,011 examinations of branches, 2,589 examinations of trust departments, and 79 examinations of affiliates were conducted. Twenty-two State banks were examined in connection with conversions to or consolidations with national banks. Investigations were also conducted in connection with 10 applications for charters and 62 applications for new branches.

Upon three occasions during the year in accordance with section 5211 of the Revised Statutes the Comptroller called on national banks for reports of their current condition.

In addition to national banks, this report covers the activities of nonnational banks and building and loan associations and non-Federal credit unions in the District of Columbia. It presents also statistics on all banks in the United States as required by law.

There were no actual failures of national banks or appointments of receivers of insolvent national banks for technical reasons during the year ended October 31, 1940. This record as to actual failures of national banks for the period is but the second instance in recent years of an entire year without a single actual national-bank failure, there having similarly been no actual failures during the year 1936. The record for the current year of no actual or technical failures of national banks is, however, the first instance thereof since 1881 and but the fourth record of its kind since the first national-bank failure in 1865. The 3 other years in which it was unnecessary to appoint receivers in instances of either actual or technical insolvency of national banks were 1870, 1871, and 1881.

The results of liquidation of insolvent national banks during the year are strikingly evident both in the completion of liquidation and final closing during such period of 112 or 30 percent of the 367 receiverships in process of liquidation at the beginning of the year, and in liquidation accomplished in the remaining 255 receiverships the affairs of which were still active as of October 31, 1940. The termination of these 112 receiverships was accomplished with the loyal cooperation of the receivers and their staffs who were placed under constant pressure to bring the process of liquidation to a close. Special attention has also been given during the year to the disposition through both public and private sales of the very considerable volume of real-estate properties owned or held by lien in a majority of the receiverships administered. Liquidation activity in this direction resulted during the year in a 30-percent reduction in the number of parcels of real estate held.

Very considerable progress has also been made in the liquidation of securities, both those owned outright and those held under pledge as security to the obligations of debtors. The total recoverable values of all securities held are found to have been reduced approximately 30 percent in amount through liquidation accomplished during the year.

The total proceeds of liquidation during the current year in all receiverships amounted to approximately \$48,000,000 and left estimated recoverable values in remaining assets of the 255 receiverships still in process of liquidation as of October 31, 1940, amounting to approximately \$87,000,000. Incident to liquidation accomplished during the year it was possible to authorize a 20-percent dividend payment by the largest national bank to have ever been placed in receivership, bringing to a total of 100 percent dividends paid by such receivership. The dividend authorized in this instance was made possible through a loan commitment from the Reconstruction Finance Corporation in the amount of \$40,000,000 and will result in the total distribution of dividends amounting to \$67,000,000.

In spite of the more difficult and complex problems of liquidation involved in the receiverships of larger size still in liquidation, it is believed that the majority of the 255 receiverships which remained in process of liquidation as of October 31, 1940, will be completely liquidated and finally closed during the forthcoming year.

## LEGISLATION RECOMMENDED

Because specific questions with respect to banking legislation have been asked in the questionnaire relative to Senate Resolution 125 to which answers are now being prepared, we shall submit at this time only five legislative recommendations, all of which are deemed to be appropriate for immediate congressional action either because not related to the problems raised by the Senate Questionnaire, or because of the urgency of the problems presented.

(1) Section 333 of Revised Statutes of 1873, as amended (U. S. C. title 12, sec. 14) stipulates that the Annual Report of the Comptroller of the Currency be made to Congress "at the commencement of its session." This requirement has resulted in the report year being from the end of one October to the end of the next October. However, many of our statistical reports are as of the end of June or the end of December. Moreover, the reports of the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation are on a calendar-year basis. For the sake of uniformity and because of the greater usefulness of calendar-year statistics, we recommend that the words quoted above be deleted from the afore-cited statute.

(2) The Governor of the Farm Credit Administration is charged with supervision of credit unions organized under the Federal Credit Unions Act (U. S. C. title 12, secs. 1751 et seq.). The Comptroller of the Currency supervises credit unions organized under the District of Columbia Credit Unions Act (D. C. Code title 5, secs. 381 et seq.). Whereas the Federal Credit Union system is Nation-wide, the District of Columbia Credit Union system is limited to the city of Washington. In order that there be uniformity of supervision over all credit unions located in the District of Columbia, it is suggested that the functions of the Comptroller with respect to District of Columbia credit unions be transferred to the Governor of the Farm Credit Administration.

(3) The Federal Home Loan Bank Board exercises supervision over Federal savings and loan associations organized under the Home Owners' Loan Act of 1933 (U. S. C. title 12, sec. 1464). The Comptroller of the Currency supervises building and loan associations organized under sections 41 et seq. of title 5 of the District of Columbia Code. In order that there be uniformity of supervision over building and loan associations located in the District of Columbia, it is recommended that the functions of the Comptroller with respect to District of Columbia building and loan associations be transferred to the Federal Home Loan Bank Board.

(4) In order to eliminate one of the undesirable features in the banking field which has been revealed in congressional investigations and which in April 1938 was made the subject of a recommendation to Congress by the President of the United States, it is suggested consideration be given to the enactment of legislation which will prohibit the operation of banks by holding companies.

(5) Although in the vast majority of banks which are supervised by the Comptroller of the Currency, there is no need for applying sanctions to enforce compliance with national banking laws and safe and sound banking practices, from time to time situations arise requiring the application of effective sanctions. The existing sanctions are either inadequate or too drastic for any but the most extreme

cases, chiefly because they involve the termination or dissolution of the association rather than the correction of a remediable evil in banking operations or practices. Even the removal of bank officials under the procedure outlined in section 30 of the Banking Act of 1933 would not always serve to bring about affirmative improvement of criticized conditions in the institution.

It is extremely desirable that the functions of the Comptroller in the supervision of national banks be implemented with a power which would assure compliance with legal requirements and yet would not seriously disrupt the financial structure of a community or destroy a necessary and in most respects well-run banking institution.

It is therefore suggested that the Comptroller of the Currency be authorized, in his discretion, to forbid a national bank to declare or pay dividends on its capital stock until there has been satisfactory compliance with his requirements. Responsibility for the legality and propriety of each dividend should continue to rest upon the board of directors of the particular bank as at present, except where it affirmatively appears to the Comptroller that the declaration of a dividend should not be permitted because of the existence of violations of law or unsafe or unsound banking practices which, if continued, would endanger the safety of the bank and its depositors. It will be noted that the proposed measure would effectively accomplish its purpose and yet would not possess the drastic characteristics of existing sanctions.

#### STRUCTURAL CHANGES IN THE NATIONAL BANKING SYSTEM

The authorized capital stock of the 5,167 national banks in existence at the close of business on October 31, 1940, consisted of common capital stock aggregating \$1,329,358,375, a net increase during the year of \$6,062,955, and preferred capital stock aggregating \$203,757,468, a net decrease during the year of \$35,534,884.

Covering the entire period since the inception of the national banking system, February 25, 1863, to and including October 31, 1940, 14,440 national banking associations have been authorized to begin business. Of these banks, 6,060 have gone into voluntary liquidation in the manner provided by sections 5220 and 5221, U. S. R. S., paid their depositors, and quit business or merged with other national and State banks; and 412 have consolidated with other national banking associations under authority of the act of November 7, 1918. Exclusive of banks which failed but subsequently were restored to solvency, loss to the national banking system since its inception through receiverships has been 2,801 banks.

At the date of the beginning of the Federal Reserve System, November 2, 1914, there were 7,578 national banks in existence with aggregate common capital stock of \$1,072,492,175, as compared with the total common capital stock of \$1,329,358,375 for the 5,167 national banks in existence on October 31, 1940. In addition, 1,470 of the national banks in existence October 31, 1940, had an aggregate of \$203,757,468 of preferred capital stock outstanding. Since November 2, 1914, there has been a net decrease of 2,411 in the number of national banks in existence but a net increase of \$256,866,200 in the amount of the common capital stock and in addition a net increase of \$203,757,468 in capital through the issuance of preferred capital stock

during the last 7½ years. During this 26-year period, 3,788 new national banks have been chartered with aggregate common capital stock of \$566,436,600 and preferred capital stock of \$55,886,300.

During the year ended October 31, 1940, in addition to 19 applications with proposed capital stock of \$2,900,000 carried over from the previous year, 37 applications were received to organize national banks and to convert State banks into national banking associations, with proposed capital stock aggregating \$9,237,000. Of these applications, 28 with proposed capital stock aggregating \$7,487,000 were approved; 5 with proposed capital stock of \$500,000 were rejected; and the remainder were still pending or had been abandoned on October 31, 1940. From the applications carried over from the previous year and the 28 applications approved during the current year, 19 national banking associations with common capital stock aggregating \$2,700,000, 3 of which also had \$582,000 preferred capital stock, were authorized to commence business. Of the 19 charters issued, 11 with common capital stock aggregating \$2,000,000, 1 of which also had \$157,000 preferred capital stock, were the result of the conversions of State banks; and 5 with common capital stock of \$375,000, 2 of which also had \$425,000 preferred capital stock, were organized for the purpose of acquiring the business of 2 liquidating national banks and 3 State banks.

During the year ended October 31, 1940, 14 national banks and 6 State banks were consolidated into 10 national banking associations, under authority of the act of November 7, 1918, as amended February 25, 1927, the common capital stock of the consolidated banks being \$3,960,000 and the preferred capital stock being \$978,000. Additional assets of approximately \$9,226,051 were brought into the national system by reason of the 6 State banks consolidated with national banks. Also, during this period, national banks reported the purchase of the business of 19 State banks, with aggregate capital stock of \$1,338,990 and aggregate assets of approximately \$24,434,693.

During the year ended October 31, 1940, 53 national banks with common capital stock of \$3,563,450, among which were 24 with preferred capital stock aggregating \$1,614,800, went into voluntary liquidation in the manner provided by sections 5220 and 5221, U. S. R. S. Of these banks, 8 with common capital stock of \$355,000, and assets of \$2,813,795, including 2 with preferred capital stock of \$45,000, paid their depositors and quit business; 13 with common capital stock of \$1,295,000 and assets of \$22,607,174, including 9 with preferred capital stock of \$785,000, were succeeded by other national banks; and 32 with common capital stock of \$1,913,450 and assets of \$31,512,070, including 13 with preferred capital stock of \$784,800, were succeeded by State banks.

Changes in the number and capital stock of national banks during the year ended October 31, 1940, are shown in the following summary:

*Organization, capital stock changes, and liquidations of national banks during the year ended Oct. 31, 1940*

	Number of banks	Capital stock	
		Common	Preferred
<b>Charters issued:</b>			
Reorganizations.....	3	\$200,000	-----
Conversions of State banks.....	2	175,000	\$425,000
Primary organizations.....	10	1,800,000	-----
Increases of capital stock:	1	200,000	157,000
Preferred:	3	325,000	-----
19 banks, by new issues.....			14,627,857
2 banks, by consolidation under act Nov. 7, 1918, as amended.....			150,000
Common:			
49 banks, by regular cash increases.....		4,360,500	-----
32 banks, by regular stock dividends under sec. 5142, U. S. R. S.....		1,712,950	-----
731 banks, by stock dividends under provisions of their articles of association.....		8,064,705	-----
3 banks, by consolidation under act Nov. 7, 1918, as amended.....		110,000	-----
<b>Total increases.....</b>	<b>19</b>	<b>16,948,155</b>	<b>15,359,857</b>
<b>Voluntary liquidations:</b>			
Succeeded by national banks.....	13	1,295,000	785,000
Succeeded by State banks.....	32	1,913,450	784,800
Quit business.....	8	355,000	45,000
<b>Decreases of capital stock:</b>			
Preferred:			
1,526 banks, by retirement.....			47,849,584
4 banks, by decrease of par value.....			1,080,357
1 bank, by reduction.....			100,000
Common: 84 banks, by reduction.....		6,989,250	-----
Capital stock decreases incident to consolidation (act Nov. 7, 1918).....	4	332,500	250,000
<b>Total decreases.....</b>	<b>57</b>	<b>10,885,200</b>	<b>50,894,741</b>
<b>Net change.....</b>	<b>-38</b>	<b>+6,062,955</b>	<b>-35,534,884</b>
Charters in force Oct. 31, 1939, and authorized capital stock.....	5,205	1,323,295,420	239,292,352
Charters in force Oct. 31, 1940, and authorized capital stock.....	5,167	1,329,358,375	203,757,468

**BRANCHES**

On February 25, 1927, the date of the passage of the McFadden Act, 118 national banking associations had in operation 372 branches, as compared with 200 national banking associations with 1,615 branches as of the close of business October 31, 1940.

During the period from February 25, 1927, to the close of business on October 31, 1940, 2,118 branches have been added to the national system. Of these branches, 1,282 were de novo branches, 326 were branches of State banks which converted into national associations, and 510 were branches brought into the system by the consolidation of State banks with national banks. During this same period, 875 branches have been relinquished, of which number 571 went out of the system through liquidation of the parent institutions, and 304 through consolidations or for other reasons. The net result of these operations was a gain of 1,243 branches since February 25, 1927.

During the year ended October 31, 1940, 42 branches were brought into the national system. Of these branches, 41 were de novo branches, while 1 branch was added under the provisions of paragraph (a) of section 5155, United States Revised Statutes, as amended February 25, 1927. Of the 41 de novo branches authorized, 21 were

authorized under the Banking Act of 1933 to operate in places other than the city in which the parent bank is located. During this same period, 2 branches were relinquished through the liquidation of the parent institution and 19 were discontinued through the action of the boards of directors of the parent banks. The net result of these operations was a gain for the system of 21 branches during the year ended October 31, 1940.

A summary of the status of branch-banking operations in the various periods appears in the accompanying table:

*Number and kind of branches on Feb. 25, 1927, and number and manner of acquisition of additional branches of national banks, by years, to close of Oct. 31, 1940*

	Authorized				Closed			In existence		
	Conversions of State banks	Consolidations of State banks	Under act of Feb. 25, 1927, as amended		Total	Involuntary liquidations	Voluntary liquidations	Lapsed or consolidated	Number of branches	Number of banks with branches
			Local city branches	Other than local city branches						
On Feb. 25, 1927	165		207		372				372	118
Period ended Oct. 31, 1927	296	104	127		527				899	158
Year ended Oct. 31, 1928	8	62	103		173		20	60	992	161
Year ended Oct. 31, 1929	2	82	89		173		86	18	1,061	157
Year ended Oct. 31, 1930	1	5	36		92		32	35	1,086	154
Year ended Oct. 31, 1931		95	50		145	15	2	30	1,184	151
Year ended Oct. 31, 1932		162	102		264	17	87	30	1,314	147
Year ended Oct. 31, 1933			106	58	164	241		26	1,211	152
Year ended Oct. 31, 1934			49	64	113	24	14	22	1,264	179
Year ended Oct. 31, 1935	6		13	152	171	10	7	25	1,393	177
Year ended Oct. 31, 1936			6	75	81			14	1,460	190
Year ended Oct. 31, 1937			14	96	110	1	8	15	1,546	192
Year ended Oct. 31, 1938			2	28	30			6	1,570	191
Year ended Oct. 31, 1939	13		4	16	33		5	4	1,594	192
Year ended Oct. 31, 1940			20	22	42		2	19	1,615	200
Total	491	510	978	511	2,490	308	263	304	1,615	200

*Number and kind of branches authorized and closed during the year ended Oct. 31, 1940*

Classes	In operation Feb. 25, 1927	In existence Oct. 31, 1939	Authorized during year ended Oct. 31, 1940	Closed during the year ended Oct. 31, 1940				Total in existence Oct. 31, 1940
				By shareholders	By directors	Lapsed	Insolvent	
Statutory { a..... b.....	165	363 309	1					364 309
Additional offices, c branches				2	1			
Millsbaugh Act	5	2						2
C branches { local..... other than local.....		382	20		13			389
		464	21		5			480
Total	372	1,594	42	2	19			1,615

NOTE.—Branches classified according to the paragraphs of sec. 5155, U. S. R. S., under which they are authorized as a, b, and c.

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Number of domestic branches of national banks authorized during the year ended  
Oct. 31, 1940

Charter No.	Title and location	Branches authorized under act Feb. 25, 1927, as amended		
		Local	Other than local	Total
CONNECTICUT				
335	The First National Bank and Trust Company of Bridgeport.....		1	1
HAWAII				
5550	Bishop National Bank of Hawaii at Honolulu.....	1	1	2
IDAHO				
1668	The Idaho First National Bank of Boise.....		3	3
4690	The First National Bank of Caldwell.....		1	1
6982	American National Bank of Idaho Falls.....		1	1
KENTUCKY				
14320	Liberty National Bank and Trust Company of Louisville.....	1		1
LOUISIANA				
3595	First National Bank of Shreveport.....	1		1
13648	Commercial National Bank in Shreveport.....	1		1
MICHIGAN				
13671	National Bank of Detroit.....	1		1
13758	Staten Island National Bank & Trust Company of Grand Rapids.....	1		1
191	The First National Bank and Trust Company of Kalamazoo.....		1	1
14432	Saginaw National Bank, Saginaw.....	1		1
NEW JERSEY				
8800	The Boardwalk National Bank of Atlantic City.....	1		1
NEW YORK				
1461	The National City Bank of New York.....	1		1
6198	Staten Island National Bank & Trust Company of New York (post office, Port Richmond, Staten Island).....	1		1
1269	The National Bank of Pawling.....		1	1
5662	The Rye National Bank, Rye.....		1	1
1392	The Oneida National Bank and Trust Company of Utica.....		1	1
14422	Yonkers National Bank and Trust Company, Yonkers.....		2	2
OHIO				
32	The Second National Bank of Cincinnati.....	1	1	2
PENNSYLVANIA				
4374	The Butler County National Bank and Trust Company of Butler.....		1	1
1	The First National Bank of Philadelphia.....	7		7
604	The York National Bank and Trust Company, York.....	1		1
SOUTH CAROLINA				
14425	The Citizens and Southern National Bank of South Carolina, Charleston.....	1	2	3
TENNESSEE				
13349	Union Planters National Bank & Trust Company of Memphis.....		1	1
VIRGINIA				
10618	National Bank and Trust Company at Charlottesville.....		1	1
WASHINGTON				
4375	The National Bank of Commerce of Seattle.....		1	1
11280	Seattle-First National Bank, Seattle.....		1	1
4668	The Old National Bank and Union Trust Company of Spokane.....		1	1
	Total (29 banks).....	20	22	42

*Number and class of domestic branches of national banks closed during the year ended Oct. 31, 1940*

Char- ter No.	Title and location	Manner of closing	Branches closed			Total
			Branches under act of Feb. 25, 1927, as amended		State bank branches in oper- ation Feb. 25, 1927, which were con- verted or con- solidated	
			Additional offices which became branches Feb. 25, 1927	Branches author- ized since Feb. 25, 1927		
	HAWAII					
5550	Bishop National Bank of Hawaii at Honolulu.	Board of directors.		2		2
	LOUISIANA					
13688	The Hibernia National Bank in New Orleans.	do.		1		1
	MASSACHUSETTS					
200	The First National Bank of Bos- ton.	do.		1		1
	MICHIGAN					
13768	First National Bank & Trust Company of Grand Rapids.	do.		1		1
	NEW YORK					
2370	The Chase National Bank of the City of New York.	do.		1		1
1461	The National City Bank of New York.	do.		2		2
9825	The Yonkers National Bank and Trust Company, Yonkers.	Voluntary liquida- tion.	2			2
	OREGON					
1553	The First National Bank of Port- land.	Board of directors.		1		1
	PENNSYLVANIA					
332	The First National Bank of Chester.	do.	1			1
1	The First National Bank of Philadelphia.	do.		7		7
	SOUTH CAROLINA					
2044	The South Carolina National Bank of Charleston.	do.		1		1
	WASHINGTON					
3417	National Bank of Washington, Tacoma, Wash.	do.		1		1
	Total (12 banks).		3	18		21

#### CHANGES IN PRINCIPAL ITEMS OF ASSETS AND LIABILITIES OF NATIONAL BANKS IN THE YEAR ENDED JUNE 30, 1940

Loans and discounts of all national banks in the United States and possessions on June 29, 1940, were \$9,179,000,000, an increase of \$605,000,000 in 12 months. Commercial and industrial loans increased \$458,000,000 and loans on real estate increased \$174,000,000,

while loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities decreased \$174,000,000.

Investments increased \$352,000,000 and amounted to \$12,905,000,000 at the end of the year. United States Government direct obligations of \$7,220,000,000, and obligations guaranteed by the United States Government as to interest and principal of \$1,891,000,000, increased in the year \$320,000,000 and \$21,000,000, respectively. Obligations of States and political subdivisions increased \$234,000,000 and amounted to \$1,928,000,000, while other bonds, notes, and debentures decreased \$216,000,000, to \$1,648,000,000. Corporate stocks, including stock of Federal Reserve banks, totaling \$218,000,000, decreased \$7,000,000 during the 12 months ended June 29, 1940.

Cash, balances with other banks, including reserve balances, and cash items in process of collection increased \$2,802,000,000, and amounted to \$13,877,000,000 at the end of the year.

The total deposits on June 29, 1940, amounted to \$33,074,000,000, an increase of \$3,605,000,000 during the year. These deposits comprise demand deposits of \$24,719,000,000, which increased \$3,432,000,000, and time deposits of \$8,355,000,000, which showed an increase of \$173,000,000.

Total capital funds of \$3,476,000,000 represented an increase of \$86,000,000. Common stock increased \$10,000,000, while preferred stock decreased \$39,000,000. Surplus, profits, and reserves increased \$115,000,000.

Figures with respect to the above-mentioned asset and liability items of national banks, together with a balance sheet covering each of the three calls made on such banks in the year ended October 31, 1940, appear in the accompanying tables:

*Changes in principal items of assets and liabilities of national banks, year ended June 30, 1940*

[In millions of dollars]

	June 1940	Changes in 12 months
Number of banks.....	5,170	-39
<b>ASSETS</b>		
<b>Loans and discounts:</b>		
Commercial and industrial loans.....	3,604	+460
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	559	-174
Real estate loans.....	2,003	+174
All other loans, including overdrafts.....	3,013	+146
Total loans and discounts.....	9,179	+606
<b>Investments:</b>		
U. S. Government direct obligations.....	7,220	+320
Obligations guaranteed by U. S. Government.....	1,891	+21
Obligations of States and political subdivisions.....	1,928	+234
Other bonds, notes, and debentures.....	1,648	-216
Corporate stocks, including stock of Federal Reserve banks.....	218	-7
Total investments.....	12,905	+352
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	13,877	+2,802
Total assets.....	36,885	+3,704

*Changes in principal items of assets and liabilities of national banks, year ended  
June 30, 1940—Continued*

[In millions of dollars]

	June 1940	Changes in 12 months
<b>LIABILITIES</b>		
Demand deposits:		
Individuals, partnerships, and corporations.....	15,977	+2,333
Other.....	8,742	+1,099
Total demand deposits.....	24,719	+3,432
Time deposits:		
Savings.....	6,978	+205
Other.....	1,377	-32
Total time deposits.....	8,355	+173
Total deposits.....	33,074	+3,605
Total liabilities, excluding capital accounts.....	33,409	+3,618
<b>CAPITAL ACCOUNTS</b>		
Capital stock:		
Preferred.....	208	-39
Common.....	1,326	+10
Surplus, profits, and reserves.....	1,942	+115
Total capital accounts.....	3,476	+86
Total liabilities and capital accounts.....	36,885	+3,704

*Assets and liabilities of national banks on dates indicated*

[In thousands of dollars]

	Dec. 30, 1939 (5,193 banks)	Mar. 26, 1940 (5,184 banks)	June 29, 1940 (5,170 banks)
<b>ASSETS</b>			
Loans and discounts, including overdrafts.....	9,043,632	9,060,292	9,179,227
U. S. Government securities, direct obligations.....	7,117,420	7,079,569	7,219,890
Obligations guaranteed by U. S. Government.....	1,956,515	1,891,697	1,891,336
Obligations of States and political subdivisions.....	1,784,899	1,920,115	1,928,352
Other bonds, notes, and debentures.....	1,731,837	1,678,163	1,648,245
Corporate stocks, including stock of Federal Reserve banks.....	220,905	217,894	217,452
<i>Total loans and investments.....</i>	<i>\$1,855,208</i>	<i>\$1,847,790</i>	<i>\$2,084,508</i>
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	12,503,613	12,935,818	13,877,104
Bank premises owned, furniture and fixtures.....	600,296	599,694	597,251
Real estate owned other than bank premises.....	131,691	127,671	119,515
Investments and other assets indirectly representing bank premises or other real estate.....	65,551	66,980	65,392
Customers' liability on acceptances outstanding.....	55,845	52,121	42,339
Interest, commissions, rent, and other income earned or accrued but not collected.....	58,033	63,699	58,672
Other assets.....	49,020	42,944	40,305
Total assets.....	35,319,257	35,736,657	36,885,080
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	14,940,600	15,136,162	15,976,786
Time deposits of individuals, partnerships, and corporations.....	7,717,408	7,792,009	7,875,792
Deposits of U. S. Government, including postal savings.....	589,190	672,253	564,997
Deposits of States and political subdivisions.....	2,080,992	2,138,403	2,270,856
Deposits of banks.....	5,899,785	6,031,089	6,084,051
Other deposits (certified and cashiers' checks, etc.).....	385,017	326,352	301,925
<i>Total deposits.....</i>	<i>31,612,992</i>	<i>31,996,268</i>	<i>33,074,407</i>
Bills payable, rediscounts, and other liabilities for borrowed money.....	2,882	1,794	2,910
Mortgages or other liens on bank premises and other real estate.....	120	124	117
Acceptances executed by or for account of reporting banks and outstanding.....	64,175	58,328	50,641

*Assets and liabilities of national banks on dates indicated—Continued*

[In thousands of dollars]

	Dec. 30, 1939 (5,193 banks)	Mar. 26, 1940 (5,184 banks)	June 29, 1940 (5,170 banks)
<b>LIABILITIES—continued</b>			
Interest, discount, rent, and other income collected but not earned.....	37,709	40,775	41,376
Interest, taxes, and other expenses accrued and unpaid.....	41,031	54,143	49,741
Other liabilities.....	155,230	147,734	189,447
<b>Total liabilities.....</b>	<b>31,914,139</b>	<b>32,299,166</b>	<b>33,408,639</b>
<b>CAPITAL ACCOUNTS</b>			
Capital stock (see memoranda below).....	1,532,903	1,524,973	1,534,649
Surplus.....	1,216,222	1,225,648	1,249,961
Undivided profits.....	445,403	475,013	468,203
Reserves (see memoranda below).....	210,590	211,857	223,628
<b>Total capital accounts.....</b>	<b>3,405,118</b>	<b>3,437,491</b>	<b>3,476,441</b>
<b>Total liabilities and capital accounts.....</b>	<b>35,319,257</b>	<b>35,736,657</b>	<b>36,885,080</b>
<b>MEMORANDA</b>			
<b>Par value of capital stock:</b>			
Class A preferred stock.....	194,001	185,551	193,904
Class B preferred stock.....	17,732	15,273	14,859
Common stock.....	1,323,694	1,326,593	1,328,180
<b>Total.....</b>	<b>1,535,427</b>	<b>1,527,417</b>	<b>1,536,943</b>
<b>Retirable value of preferred capital stock:</b>			
Class A preferred stock.....	226,662	218,174	245,165
Class B preferred stock.....	19,755	17,343	17,144
<b>Total.....</b>	<b>246,417</b>	<b>235,517</b>	<b>262,309</b>
<b>Reserves:</b>			
Reserve for dividends payable in common stock.....	6,037	} 211,857	} 5,456
Reserve for other undeclared dividends.....	9,006		
Retirement account for preferred stock.....	17,228		
Reserves for contingencies, etc.....	178,319		
<b>Total.....</b>	<b>210,590</b>	<b>211,857</b>	<b>223,628</b>
<b>Pledged assets and securities loaned:</b>			
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities.....	2,297,683	2,311,063	2,397,702
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement.....	605,760	615,722	593,565
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities.....	93,789	94,538	93,990
Securities loaned.....	22,794	7,290	7,929
<b>Total.....</b>	<b>3,020,026</b>	<b>3,028,613</b>	<b>3,093,186</b>
<b>Secured liabilities:</b>			
Deposits secured by pledged assets pursuant to requirements of law.....	2,405,791	2,448,056	2,522,681
Borrowings secured by pledged assets, including rediscounts and repurchase agreements.....	2,373	1,550	2,553
Other liabilities secured by pledged assets.....	975	219	492
<b>Total.....</b>	<b>2,409,139</b>	<b>2,449,825</b>	<b>2,525,726</b>

<sup>1</sup> Revised.**EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS  
FOR YEAR ENDED DECEMBER 31, 1939**

Gross earnings of national banks in the year ended December 31, 1939, were \$848,000,000, or \$12,000,000 more than those of the preceding year. Interest and discount on loans equaled \$387,000,000 and interest and dividends on bonds, stocks, and other securities \$298,000,000. Expenses were \$5,000,000 more than in the preceding

year, amounting to \$581,000,000. Of this, salaries, wages, and fees accounted for \$252,000,000 and interest on deposits and borrowed money, for \$114,000,000. Net operating earnings were \$267,000,000, which were increased by \$211,000,000 of recoveries. Recoveries on loans were \$40,000,000; recoveries on bonds, stocks, and other securities, \$34,000,000; and profits on securities sold, \$125,000,000. Losses and depreciation of \$226,000,000 were \$17,000,000 less than in the previous year. Losses on loans were \$67,000,000 and losses on bonds, stocks, and other securities, \$109,000,000. Net additions to profits before dividends were thus \$252,000,000 and were \$54,000,000 more than those in the previous year and were 7.45 percent of capital funds. Dividends declared on common and preferred stock in 1939 totaled \$139,000,000 in comparison with \$142,000,000 in the preceding year. The dividends were 8.9 percent of capital stock and 4.11 percent of capital funds.

Interest and discount on loans accounted for more than 45 percent of the gross earnings in the year ended December 31, 1939, varying in ratios from less than 34 percent in Federal Reserve district No. 7 to approximately 58 percent in district No. 11. Interest and dividends on investments were 35 percent of total earnings, with the banks in district No. 11 showing the smallest ratio of 23 percent and those in district No. 3 the largest ratio of almost 46 percent. Salaries, wages, and fees were 30 percent of total earnings, ranging from nearly 24 percent in district No. 3 to slightly more than 33 percent in districts Nos. 9 and 10. The net operating earnings to gross earnings showed averages of from 27 percent in district No. 9 to 35½ percent in district No. 3.

Interest and discount on loans to total loans were slightly less than 4½ percent and varied from less than 3½ percent in district No. 2 to 5½ percent in district No. 11. Interest and dividends on bonds, stocks, and other securities averaged 2½ percent of total investments, the banks in district No. 2 showing the lowest ratio of slightly less than 2 percent, while the banks in district No. 3 showed the highest ratio of 3½ percent. Profits on securities sold during the period were 1 percent of total investments, varying from less than ¼ percent in district No. 9 to 1½ percent in district No. 12.

Net operating earnings were approximately 8 percent of total capital funds, the lowest ratio being 6½ percent in district No. 1, and the highest ratio almost 11 percent in district No. 12. The net additions to profits before dividends for the period were about 7½ percent of capital funds, the average ranging from 5 percent in district No. 3 to 10 percent in district No. 7.

The proportion of gross earnings which were preserved as net additions to profits before dividends were better among the larger banks than among the smaller for the calendar year 1939. For banks with deposits of more than \$100,000,000 the ratio of net additions to profits to gross earnings was 34½ percent, while for banks of \$500,000 deposits or less it was 23½ percent.

Changes in the earnings and expense figures of national banks in the year ended December 31, 1939, together with comparisons of earnings and expense figures for the 5 years ended December 31, 1939, and June 30, 1940, appear in the accompanying tables:

*Earnings, expenses, and dividends of national banks for year ended Dec. 31, 1939*

[In millions of dollars]

	Year ended Dec. 31, 1939	Increase or decrease for year
Number of banks <sup>1</sup> .....	5, 193	-31
Capital stock (par value) <sup>2</sup> .....	1, 562	-16
Capital funds <sup>2</sup> .....	3, 381	+99
<b>Gross earnings:</b>		
Interest and discount on loans.....	387	+15
Interest and dividends on bonds, stocks, and other securities.....	298	-7
Other earnings.....	163	+4
Total.....	848	+12
<b>Expenses:</b>		
Salaries, wages, and fees.....	252	+6
Interest on deposits and borrowed money.....	114	-8
Taxes.....	55	+3
Other expenses.....	160	+4
Total.....	581	+5
Net operating earnings.....	267	+7
<b>Recoveries, profits on securities sold, etc.:</b>		
Recoveries on loans.....	40	+8
Recoveries on bonds, stocks, and other securities.....	34	+ 21
Profits on securities sold.....	125	+27
All other.....	12	-5
Total.....	211	+30
Total net operating earnings, recoveries, etc.....	478	+37
<b>Losses and depreciation:</b>		
On loans.....	67	-13
On bonds, stocks, and other securities.....	109	-6
On banking house, furniture and fixtures.....	28	+2
Other losses and depreciation.....	22	+ 27
Total.....	226	-17
Net addition to profits before dividends.....	252	+54
Dividends.....	139	-3
<b>Ratios:</b>	<i>Percent</i>	<i>Percent</i>
Expenses to gross earnings.....	68. 51	-0. 39
Net addition to profits to net operating earnings.....	94. 38	+18. 23
Net addition to profits to capital funds.....	7. 45	+1. 42
Dividends to capital stock.....	8. 90	- .10
Dividends to capital funds.....	4. 11	- .22

<sup>1</sup> At end of period.<sup>2</sup> Average of amounts shown by reports of condition for five calls from Dec. 31, 1938, to Dec. 30, 1939, inclusive.

## Earnings, expenses, and dividends of national banks, years ended December 31, 1935-39

[In thousands of dollars. Figures for previous years, beginning 1917, published in report for 1938, pp. 100-107]

	1935		1936		1937		1938		1939	
	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total
Number of active banks.....	5,392		5,331		5,266		5,230		5,193	
Capital stock, par value.....	1,765,738		1,605,011		1,582,713		1,575,095		1,535,427	
Capital funds <sup>1</sup> .....	3,105,161		3,171,010		3,244,198		3,328,144		3,405,118	
<b>Gross earnings:</b>										
Interest and discount on loans.....	340,183	42.83	347,385	42.11	373,695	43.50	373,258	44.56	387,324	45.65
Interest and dividends on bonds, stocks, and other securities.....	316,449	39.85	326,275	39.55	324,472	37.77	305,698	36.48	297,842	35.11
Collection charges, commissions, fees, etc.....	20,453	2.58	22,365	2.71	22,966	2.67	21,071	2.51	22,337	2.63
Foreign department (except interest on foreign loans, investments, and bank balances).....	6,899	.87	7,667	.93	6,532	.76	5,849	.70	6,806	.80
Trust department.....	28,542	3.59	31,676	3.84	34,979	4.07	32,113	3.83	31,421	3.70
Service charges on deposit accounts.....	24,923	3.14	27,468	3.33	31,589	3.68	35,161	4.20	37,485	4.42
Rent received.....			48,143	5.84	51,885	6.04	52,758	6.30	51,961	6.13
Other current earnings.....	56,707	7.14	13,954	1.69	12,976	1.51	11,949	1.43	13,243	1.56
<b>Total earnings from current operations.....</b>	<b>794,156</b>	<b>100.00</b>	<b>824,933</b>	<b>100.00</b>	<b>859,094</b>	<b>100.00</b>	<b>837,857</b>	<b>100.00</b>	<b>848,419</b>	<b>100.00</b>
<b>Expenses:</b>										
Salaries and wages:										
Officers.....	211,815	38.57	90,732	16.06	95,643	16.31	98,487	17.06	100,733	17.53
Employees other than officers.....			131,040	23.19	140,142	23.90	143,309	24.83	146,093	25.13
Number of officers <sup>2</sup> .....			24,404		24,892		25,324		25,673	
Number of employees other than officers <sup>2</sup> .....			93,763		97,805		99,922		99,455	
Interest on demand deposits.....	6,754	1.23	5,149	.91	3,156	.54				
Interest on deposits of other banks.....	1,703	.31	1,422	.25	1,179	.20	121,886	21.11	114,291	19.66
Interest on time and savings deposits.....	142,994	26.04	126,430	22.33	125,030	21.53				
Interest and discount on borrowed money.....	429	.08	264	.05	331	.06	209	.04	100	.02
Real-estate taxes.....	42,703	7.78	21,558	3.81	21,923	3.74	22,004	3.81	21,850	3.76
Other taxes.....			27,965	4.95	33,743	5.76	30,034	5.20	32,621	5.61
Fees paid to directors and members of executive, discount, and advisory committees.....	142,750	25.99	4,400	.73	4,865	.83	5,104	.89	5,324	.92
Other expenses.....			156,053	27.62	160,209	27.33	156,239	27.06	160,252	27.57
<b>Total current expenses.....</b>	<b>549,148</b>	<b>100.00</b>	<b>565,013</b>	<b>100.00</b>	<b>586,221</b>	<b>100.00</b>	<b>577,272</b>	<b>100.00</b>	<b>581,264</b>	<b>100.00</b>
<b>Net operating earnings.....</b>	<b>245,008</b>		<b>259,920</b>		<b>272,873</b>		<b>260,585</b>		<b>267,155</b>	

See footnotes at end of table.

## Earnings, expenses, and dividends of national banks, years ended December 31, 1935-39—Continued

[In thousands of dollars. Figures for previous years, beginning 1917, published in report for 1938, pp. 100-107]

	1935		1936		1937		1938		1939	
	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total
Recoveries, profits on securities sold, etc.:										
Recoveries on loans.....	47,375	19.72	69,658	19.34	50,342	29.36	32,152	17.69	39,927	18.03
Recoveries on bonds, stocks, and other securities.....	180,545	75.15	120,534	35.46	33,777	19.70	33,453	18.40	33,631	15.94
Profits on securities sold.....	12,327	5.13	157,832	43.81	68,908	40.18	98,819	54.56	124,920	59.21
All other.....			12,199	3.39	18,452	10.76	17,386	9.56	12,481	5.92
Total.....	240,247	100.00	360,223	100.00	171,479	100.00	181,810	100.00	210,959	100.00
Total net earnings, recoveries, etc.....	485,255		620,143		444,352		442,395		478,114	
Losses and depreciation:										
On loans.....	160,121	49.00	154,614	50.47	71,844	35.21	80,290	32.94	67,171	29.65
On bonds, stocks, and other securities.....	116,309	35.60	91,764	29.96	92,343	48.69	115,281	47.29	109,378	43.28
On banking house, furniture and fixtures.....	23,369	7.15	26,440	8.63	24,638	11.59	26,362	10.82	27,922	12.33
Other losses and depreciation.....	26,965	8.25	33,499	10.94	27,506	12.71	21,813	8.95	22,067	9.74
Total.....	326,764	100.00	306,317	100.00	216,331	100.00	243,746	100.00	226,538	100.00
Net addition to profits.....	158,491		313,826		228,021		198,649		251,576	
Dividends:										
On preferred stock.....	18,862		18,166		11,532		9,378		8,911	
On common stock.....	498,786		117,869		136,803		133,142		130,576	
Total.....	117,648		136,035		148,335		142,520		139,487	
Ratios to gross earnings:		Percent		Percent		Percent		Percent		Percent
Salaries, wages, and fees.....		26.67		27.42		28.01		29.47		29.72
Interest on deposits.....		19.07		16.12		16.06		14.55		15.47
All other current expenses.....		25.41		24.95		25.17		24.88		25.52
Total current expenses.....		69.15		68.49		68.24		68.90		68.51

Net operating earnings .....	\$0.85	\$1.51	\$1.76	\$1.10	\$1.49
Net losses and depreciation, less profits on securities sold <sup>6</sup> .....	-10.89	+6.53	-5.22	-7.39	-1.84
Net profits .....	19.96	\$8.04	26.54	23.71	29.65
Ratio of dividends to capital stock (par value) .....	6.66	8.48	9.37	9.05	9.08
Ratio of dividends to capital funds .....	3.79	4.29	4.57	4.28	4.10

<sup>1</sup> Represents aggregate book value of capital stock, surplus, undivided profits, reserves for contingencies, reserves for dividends payable in common stock, and retirement fund for preferred stock.

<sup>2</sup> Revised to include interest on balances with other banks which was published separately in reports prior to 1939.

<sup>3</sup> Number on pay roll at end of period.

<sup>4</sup> Includes stock dividends of \$4,409,000.

<sup>5</sup> Includes stock dividends of \$16,019,000.

<sup>6</sup> Includes stock dividends of \$26,572,000.

<sup>7</sup> Includes stock dividends of \$19,795,000.

<sup>8</sup> Includes stock dividends of \$8,309,000.

<sup>9</sup> Minus figures represent the excess of gross losses and depreciation over profits on securities sold and recoveries; plus figures, the opposite.

NOTE.—The number of banks, capital stock and capital funds used in this table are as of end of period.

## Earnings, expenses, and dividends of national banks, years ended June 30, 1936-40

[In thousands of dollars. Figures for previous years, beginning 1869, published in report for 1937, pp. 96-107]

	1936		1937		1938		1939		1940	
Number of active banks.....	5,374		5,299		5,248		5,209		5,170	
Capital stock, par value.....	1,698,251		1,587,726		1,577,421		1,566,003		1,536,943	
Capital funds <sup>1</sup> .....	3,165,728		3,212,165		3,273,819		3,389,512		3,476,441	
	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total	Amount	Percent to total
<b>Gross earnings:</b>										
Interest and discount on loans.....	342,673	42.94	356,732	42.11	377,076	44.53	377,149	44.94	399,970	46.60
Interest and dividends on bonds, stocks, and other securities.....	313,661	39.30	331,666	39.15	313,403	36.85	303,699	36.19	289,400	33.71
Collection charges, commissions, fees, etc.....	21,324	2.67	23,179	2.73	21,605	2.54	21,726	2.59	22,965	2.68
Foreign department (except interest on foreign loans, investments, and bank balances).....	5,517	.69	8,477	1.00	5,781	.68	5,545	.66	7,946	.93
Trust department.....	30,222	3.79	33,779	3.99	33,447	3.93	31,685	3.78	31,702	3.69
Service charges on deposit accounts.....	26,139	3.28	29,353	3.46	33,519	3.94	36,378	4.34	39,175	4.66
Rent received.....	<sup>2</sup> 23,242		<sup>2</sup> 50,125	5.92	<sup>2</sup> 53,092	6.24	<sup>2</sup> 52,210	6.22	<sup>2</sup> 51,962	6.05
Other current earnings.....	<sup>3</sup> 35,304	7.33	<sup>3</sup> 13,886	1.64	<sup>3</sup> 12,628	1.49	10,743	1.28	15,268	1.78
Total earnings from current operations.....	798,082	100.00	847,197	100.00	850,551	100.00	839,135	100.00	858,388	100.00
<b>Expenses:</b>										
Salaries and wages:										
Officers.....	214,450	38.87	93,247	16.14	97,198	16.59	99,569	17.26	102,212	17.39
Employees other than officers.....			135,363	23.43	142,445	24.51	144,576	25.07	148,181	25.21
Number of officers <sup>4</sup> .....	24,304		24,798		26,512		25,719		26,177	
Number of employees other than officers <sup>4</sup> .....	92,335		96,865		97,157		98,509		102,694	
Interest on demand deposits.....	5,544	1.00	4,788	.83	804	.15				
Interest on deposits of other banks.....	1,550	.28	1,377	.24	957	.16	118,233	20.50	108,993	18.55
Interest on time and savings deposits.....	132,058	25.94	124,918	21.62	125,231	21.58				
Interest and discount on borrowed money.....	321	.06	280	.05	323	.06	136	.02	82	.01
Real-estate taxes.....	<sup>2</sup> 10,708	8.15	<sup>2</sup> 21,304	3.63	<sup>2</sup> 22,266	3.80	<sup>2</sup> 21,897	3.80	<sup>2</sup> 21,820	3.71
Other taxes.....	34,290		33,159	5.74	31,533	5.98	31,050	5.98	37,410	6.37
Fees paid to directors and members of executive, discount, and advisory committees.....	<sup>2</sup> 2,089	27.70	4,661	.80	4,981	.85	5,231	.91	5,328	.91
Other expenses.....	150,718		158,754	27.47	160,084	27.52	156,052	27.06	163,671	27.85
Total current expenses.....	551,728	100.00	577,851	100.00	585,882	100.00	576,744	100.00	587,697	100.00
Net operating earnings.....	246,354		269,346		264,669		262,391		270,691	

Recoveries, profits on securities sold, etc.:										
Recoveries on loans.....	64,082	21.44	64,243	22.98	38,768	23.97	33,412	15.77	40,164	21.97
Recoveries on bonds, stocks, and other securities.....	143,138		73,208	26.18	29,382	18.17	35,217	16.62	33,396	18.27
Profits on securities sold.....	5 78,808	74.24	124,858	44.66	76,620	47.37	129,790	61.24	93,689	51.24
All other.....	12,913	4.32	17,274	6.18	16,972	10.49	13,504	6.37	15,583	8.52
Total.....	298,941	100.00	279,583	100.00	161,742	100.00	211,923	100.00	182,832	100.00
Total net earnings, recoveries, etc.....	545,295		548,929		426,411		474,314		453,523	
Losses and depreciation:										
On loans.....	154,964	51.04	111,000	42.31	66,203	30.37	84,897	34.04	65,262	28.64
On bonds, stocks, and other securities.....	93,339	30.74	94,069	35.35	103,009	47.25	116,323	46.65	105,559	46.33
On banking house, furniture and fixtures.....	24,387	8.05	26,434	10.08	24,592	11.28	27,371	10.98	28,804	12.64
Other losses and depreciation.....	30,951	10.19	30,865	11.76	24,184	11.10	20,769	8.33	28,224	12.39
Total.....	303,641	100.00	262,368	100.00	217,988	100.00	249,360	100.00	227,849	100.00
Net addition to profits.....	241,654		286,561		208,423		224,954		225,674	
Dividends:										
On preferred stock.....	20,432		14,496		9,766		8,468		8,482	
On common stock.....	6 105,172		7 138,979		9 133,998		10 129,330		11 129,048	
Total.....	125,604		153,475		8 143,764		137,798		137,530	
Ratios to gross earnings:		Percent		Percent		Percent		Percent		Percent
Salaries, wages, and fees.....		27.13		27.54		28.76		29.72		29.79
Interest on deposits.....		17.44		15.47		14.94		14.09		12.70
All other current expenses.....		24.56		25.20		25.18		24.92		25.98
Total current expenses.....		69.13		68.21		68.88		68.73		68.47
Net operating earnings.....		30.87		31.79		31.12		31.27		31.53
Net losses and depreciation, less profits on securities sold <sup>12</sup> .....		-5.59		+2.03		-6.61		-4.46		-5.24
Net profits.....		30.28		33.82		24.51		26.81		26.29
Ratio of dividends to capital stock (par value).....		7.40		9.67		9.11		8.80		8.95
Ratio of dividends to capital funds.....		3.97		4.73		4.39		4.07		3.96

<sup>1</sup> Represents aggregate book value of capital stock, surplus, undivided profits, reserves for contingencies, reserves for dividends payable in common stock, and retirement fund for preferred stock.

<sup>2</sup> 6 months ended June 30, 1936, when first called for separately.

<sup>3</sup> Revised to include interest on balances with other banks which was published separately in reports prior to 1939.

<sup>4</sup> Number on pay roll at the end of the period.

<sup>5</sup> 6 months ended June 30, 1936. Such profits were also called for separately in the years ended June 30, 1927 to 1932. Beginning July 1, 1932, however, and continuing until Dec. 31, 1935, profits on securities sold were included with recoveries on bonds, stocks, and other securities.

<sup>6</sup> Includes stock dividends of \$7,342,000.

<sup>7</sup> Includes stock dividends of \$30,141,000.

<sup>8</sup> Revised.

<sup>9</sup> Includes stock dividends of \$21,853,000.

<sup>10</sup> Includes stock dividends of \$10,109,000.

<sup>11</sup> Includes stock dividends of \$10,715,000.

<sup>12</sup> Minus figures represent the excess of gross losses and depreciation over profits on securities sold and recoveries; plus figures, the opposite.

NOTE.—The number of banks, capital stock, and capital funds used in this table are as of end of period.

## SIZE OF NATIONAL BANKS

The size of national banks in the United States and possessions according to deposits increased \$3,605,000,000 in the year ended June 30, 1940, although the number of such associations decreased by 39 in the period. On June 30, 1939, national banks held deposits totaling \$29,469,000,000, as compared with \$33,074,000,000 in 1940. The average size of national banks in 1939 was \$5,700,000; by 1940 the average size had increased to \$6,400,000. In 1939, 50 percent of the banks had deposits of \$1,000,000 or less. In 1940 this ratio was 48 percent. Thirty-nine of the banks had \$100,000,001 or more of deposits in 1939 and 31 banks had between \$50,000,001 and \$100,000,000. In 1940 there were 45 banks with deposits of \$100,000,001 or more and 31 banks with deposits of between \$50,000,001 to \$100,000,000. The average size of the 39 banks in 1939 with deposits of \$100,000,001 or more was \$386,000,000. The 45 banks in 1940 of this size averaged \$404,000,000. The banks with \$100,000,001 and over in 1939 had 51 percent of the deposits in all national banks. This size of banks had 55 percent of the deposits of all national banks on June 29, 1940.

The following tabulation shows the distribution by size of national banks in 1939 and 1940:

*Size of national banks: On the basis of deposits, June 30, 1939, and June 29, 1940*

[In millions of dollars]

Size groups	Number of banks		Percentage distribution (number of banks)		Deposits		Percentage distribution (deposits)	
	1939	1940	1939	1940	1939	1940	1939	1940
			Percent	Percent			Percent	Percent
\$100,000 and under.....	29	22	0.5	0.4	2	1	-----	-----
\$100,001 to \$250,000.....	395	349	7.6	6.8	74	65	0.3	0.2
\$250,001 to \$500,000.....	933	885	17.9	17.1	349	333	1.2	1.0
\$500,001 to \$750,000.....	738	696	14.2	13.5	459	432	1.6	1.3
\$750,001 to \$1,000,000.....	543	560	10.4	10.8	472	488	1.6	1.5
\$1,000,001 to \$2,000,000.....	1,118	1,134	21.5	21.9	1,578	1,596	5.4	4.8
\$2,000,001 to \$5,000,000.....	853	871	16.4	16.8	2,606	2,659	8.8	8.0
\$5,000,001 to \$50,000,000.....	530	577	10.2	11.2	6,705	7,284	22.7	22.0
\$50,000,001 to \$100,000,000.....	31	31	.6	.6	2,151	2,037	7.3	6.2
\$100,000,001 and over.....	39	45	.7	.9	15,073	18,179	51.1	55.0
Total.....	5,209	5,170	100.0	100.0	29,469	33,074	100.0	100.0

## AFFILIATES AND HOLDING COMPANY AFFILIATES OF NATIONAL BANKS

The Federal statute requires each national bank to obtain and submit to the Comptroller periodically reports of its affiliates, as defined in sections 2 (b) and (c) of the Banking Act of 1933, as amended, unless waived by the Comptroller. On June 29, 1940, the date of the latest call, there were 966 national banks with 12,992 affiliates and holding company affiliates, of which 10,707 were duplications reported by 322 banks. The actual number of affiliates, or 2,285, included 29 holding company affiliates which controlled 191 active and 9 liquidating banks, varying in number from 1 to 53 associations. Under the waiver of requirement for reports of affiliates, it was

necessary for 527 banks to submit and publish 679 reports of affiliates and holding company affiliates. Of the latter number 174 were duplications of reports of holding company affiliates.

### NATIONAL BANKS IN THE TRUST FIELD

The development of trust activities in national banks is reflected in a substantial manner by statistics compiled for the fiscal year ended June 30, 1940, which revealed that 1,877 of these institutions held fiduciary permits, with a combined capital of \$1,159,877,645 and banking assets of \$32,307,198,787, representing 36.31 percent of the number, 75.47 percent of the capital, and 87.59 percent of the assets of all banks in the national banking system.

Trust departments had been established by 1,540 of these banks and 137,629 individual trusts were being administered with assets aggregating \$9,345,419,682. Seven hundred and eighty-two of these banks were also administering 16,273 corporate trusts and were acting as trustees for note and bond issues amounting to \$9,317,700,427. Compared with 1939, these figures represent an increase of 1,178, or 0.86 percent, in the number of individual trusts being administered, an increase of \$61,512,406, or 0.66 percent, in the volume of individual trust assets under administration; a decrease of 477, or 2.85 percent, in the number of corporate trusts, with a reduction of \$451,026,297, or 4.62 percent, in the volume of note and bond issues outstanding under which national banks had been named to act as trustee.

Segregation of the number of fiduciary accounts in national banks reveal that 71,062, or 46.17 percent, were those created under private or living trust agreements; 66,567, or 43.25 percent, were trusts being administered under the jurisdiction of the court, and the remaining 16,273, or 10.58 percent, were trusteeships under corporate bonds or note-issue indentures. Private trust assets comprised \$7,357,263,418, or 78.73 percent, of the total assets under administration, while the remaining \$1,988,156,264, or 21.27 percent, belonged to court trusts.

An analysis of the \$7,492,478,273 of invested trust funds belonging to private and court trusts under administration reveal that 50.59 percent were in bonds, 30.83 percent in stocks, 6.92 percent in real estate mortgages, 7.38 percent in real estate, and 4.28 percent consisting of miscellaneous assets.

The development of these activities in national banks is emphasized by comparing the record in the last 10 years, which reflects an increase of 57,717, or 72.23 percent, in the number of individual trusts being administered; an increase of \$4,872,378,756, or 108.93 percent, in the volume of individual trust assets under administration; and an increase of 4,762, or 41.37 percent, in the number of corporate trusts.

Gross earnings from fiduciary activities aggregated \$31,702,000 for the fiscal year ended June 30, 1940, as against \$31,685,000 in 1939, an increase of \$17,000.

Three hundred and fifty-five national banks were acting as trustees under 1,606 insurance trust agreements, involving \$73,965,671 in proceeds from insurance policies, while 709 national banks had been named to act as trustees under 15,489 insurance trust agreements not yet matured or operative, supported by insurance policies with a face value aggregating \$591,078,587.

An analysis of the new trust accounts placed on the books of the national banks between June 30, 1939, and June 29, 1940, reveal that 230 banks were named as trustees for 1,700 bond and note issues aggregating \$1,030,060,937; 800 banks were named to act as individual trustees under 4,914 agreements involving \$194,791,094; 764 banks were named to act under 2,666 executorships involving \$212,389,385; 511 banks were named as administrators under 1,332 appointments involving \$25,115,422; 498 banks were named under 1,972 guardianships involving \$10,167,151; 5 banks were named to act as assignees in 7 instances involving \$93,408; 23 banks were named to act in 33 receiverships involving \$330,629; 114 banks were named to act as committee of estates of lunatics in 246 cases involving \$3,362,888; and 395 banks were named to act 5,612 times in miscellaneous fiduciary capacities other than those enumerated above involving \$668,341,740.

The following tables show the activities of national banks in the trust field on June 30, 1930, and June 29, 1935 and 1940, also by size of capital of such banks as of the latter date. Detailed tables in the appendix show trust activities, first, according to capital of the banks, second, according to Federal Reserve districts, and third, an analysis of the type of investments held in trust.

*Changes in trust activities of national banks in 10 years*

	1930	1935	1940
Number of national banks with trust powers administering trusts.....	1, 829	1, 578	1, 540
Gross earnings from trust departments.....	\$27, 140, 531	\$29, 544, 894	\$31, 702, 000
Number of individual trusts being administered.....	79, 912	129, 711	137, 629
Total volume of individual trust assets.....	\$4, 473, 040, 926	\$9, 251, 291, 947	\$9, 345, 419, 682
Number of corporate trusts being administered.....	11, 511	16, 801	16, 273
Total amount of bond and note issues trusteeed.....	\$11, 803, 717, 370	\$11, 605, 145, 026	\$9, 317, 700, 427
Number of insurance trusts being administered.....	396	1, 048	1, 606
Total volume of insurance trust assets.....	\$13, 494, 888	\$47, 346, 544	\$73, 965, 671

*Distribution of banks with trust powers and number and amount of trusts by size of bank capital, June 29, 1940*

Size of capital of bank	Number of banks with trust powers	Number of trusts being administered			Liabilities to trusts	
		Private	Court	Corporate	Private	Court
\$25,000.....	34	5	27	2	\$170, 887	\$212, 105
\$25,001 to \$50,000.....	139	115	314	10	1, 002, 530	3, 757, 309
\$50,001 to \$100,000.....	392	1, 122	2, 619	188	19, 034, 322	22, 862, 757
\$100,001 to \$200,000.....	537	6, 036	11, 722	804	128, 512, 047	108, 692, 637
\$200,001 to \$500,000.....	459	12, 767	16, 784	1, 598	406, 998, 822	273, 715, 458
\$500,001 and over.....	316	51, 017	35, 101	13, 671	6, 801, 494, 810	1, 578, 915, 998
Total.....	1, 877	71, 062	66, 567	16, 273	7, 357, 263, 418	1, 988, 156, 264

**NATIONAL BANK NOTES OUTSTANDING**

There were, as of October 31, 1940, \$161,523,622 of national-bank notes still outstanding.

**BANKS IN THE DISTRICT OF COLUMBIA**

On June 29, 1940, there were 9 national banks, 5 trust companies, and 8 stock savings banks in the District of Columbia under the supervision of the Comptroller of the Currency. These 22 associa-

tions had loans and discounts aggregating \$121,000,000, an increase of \$16,000,000 over the previous year. Their investments of \$135,000,000 increased \$4,000,000 in the year. Cash and balances with other banks, including reserve balances, increased by \$44,000,000, to \$159,000,000. Total deposits were \$385,000,000, an increase of \$61,000,000 over 1939. The demand deposits of \$266,000,000 included \$227,000,000 deposits of individuals, partnerships, and corporations, an increase of \$52,000,000. Time deposits amounted to \$119,000,000, all but \$12,000,000 of which were savings deposits. Surplus, profits, and reserves accounted for \$29,000,000 of the capital funds, which totaled \$48,000,000. Figures with respect to the asset and liability items of banks in the District of Columbia on June 29, 1940, appear in the accompanying tables:

*Changes in principal items of assets and liabilities of banks in the District of Columbia, year ended June 30, 1940*

[In millions of dollars]

	June 1940	Changes in 12 months
Number of banks.....	22	0
<b>ASSETS</b>		
<b>Loans and discounts:</b>		
Real estate loans.....	49	+7
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	3	+ .31
All other loans, including overdrafts.....	69	+9
Total loans and discounts.....	121	+16
<b>Investments:</b>		
U. S. Government direct obligations.....	83	+3
Obligations guaranteed by U. S. Government.....	26	-1
Obligations of States and political subdivisions.....	3	+1
Other bonds, notes, and debentures.....	21	+1
Corporate stocks, including stock of Federal Reserve bank.....	2	+ .03
Total investments.....	135	+4
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	159	+44
Total assets.....	437	+64
<b>LIABILITIES</b>		
<b>Demand deposits:</b>		
Individuals, partnerships, and corporations.....	227	+52
Other.....	39	+1
Total demand deposits.....	266	+53
<b>Time deposits:</b>		
Savings.....	107	+8
Other.....	12	+ .08
Total time deposits.....	119	+8
Total deposits.....	385	+61
Total liabilities, excluding capital accounts.....	389	+63
<b>CAPITAL ACCOUNTS</b>		
<b>Capital stock, capital notes and debentures:</b>		
Capital notes and debentures.....	1	-1
Preferred stock.....	1	+ .70
Common stock.....	17	+ .05
Surplus, profits, and reserves.....	29	+2
Total capital accounts.....	48	+1
Total liabilities and capital accounts.....	437	+64

Assets and liabilities of banks in the District of Columbia, by classes, June 29, 1940<sup>1</sup>

[In thousands of dollars]

	Total all banks	National banks	Trust companies	Savings and State banks
Number of banks.....	22	9	5	8
<b>ASSETS</b>				
Loans and discounts:				
Commercial and industrial loans.....	31,513	24,855	2,723	3,935
Agricultural loans.....	2	2		
Open-market paper: Commercial paper bought in open market.....	1,005			1,005
Loans to brokers and dealers in securities.....	773	417	314	42
Other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	2,502	1,439	576	487
Real estate loans:				
On farm land (including improvements).....	101	37	37	27
On residential properties (other than farm).....	35,412	11,607	17,375	6,430
On other properties.....	13,213	4,052	8,341	820
Loans to banks.....	6	6		
All other loans.....	36,846	14,151	9,436	13,259
Overdrafts.....	24	18	3	3
Total.....	121,397	56,584	38,805	26,008
Investments:				
U. S. Government obligations, direct and guaranteed:				
Direct obligations:				
Treasury notes.....	18,734	12,486	5,890	358
Bonds maturing in 5 years or less.....	1,861	1,760	100	1
Bonds maturing in 5 to 10 years.....	19,273	8,635	10,394	244
Bonds maturing in 10 to 20 years.....	41,822	27,605	13,722	595
Bonds maturing after 20 years.....	1,617	887	667	63
Total.....	83,307	51,273	30,773	1,261
Obligations guaranteed by U. S. Government:				
Reconstruction Finance Corporation.....	3,421	2,742	304	375
Home Owners' Loan Corporation.....	18,371	12,013	5,460	898
Federal Farm Mortgage Corporation.....	1,970	40	1,807	123
Other Government corporations and agencies.....	2,391	1,912	334	145
Total.....	26,153	16,707	7,905	1,541
Obligations of States and political subdivisions (including notes and warrants):				
In default.....	5		2	3
Without specific maturity.....	2		2	
Maturing in 5 years or less.....	831	369	462	
Maturing after 5 years.....	2,033	1,184	840	9
Total.....	2,871	1,553	1,306	12
Other bonds, notes, and debentures:				
U. S. Government corporations and agencies, not guaranteed by United States:				
Federal Land banks.....	2,717	1,308	1,280	129
Federal Intermediate Credit banks.....	85	85		
Other Government corporations and agencies.....	6,177	5,109	495	573
Other domestic corporations:				
Railroads.....	3,798	1,439	2,012	347
Public utilities.....	4,045	1,663	2,218	164
Industrials.....	1,955	944	846	165
All other.....	1,103	660	382	52
Foreign—public and private.....	877	582	268	27
Total.....	20,757	11,799	7,501	1,487
Corporate stocks:				
Federal Reserve bank.....	926	465	437	24
Affiliates of reporting banks.....	261		261	
Other domestic banks.....	38	9	24	5
Other domestic corporations.....	637	242	394	1
Foreign corporations.....	1	1		
Total.....	1,863	717	1,116	30
Total investments.....	134,951	82,049	48,601	4,301
Cash, balances with other banks, including reserve balances, and cash items in process of collection:				
Cash items in process of collection, including exchanges for clearing house.....	13,004	8,542	3,518	944
Demand balances with banks in the United States (except private banks and American branches of foreign banks).....	53,821	36,843	15,047	1,931
Other balances with banks in the United States (including private banks and American branches of foreign banks).....	370	45	105	220

<sup>1</sup>Exclusive of the Export-Import Bank of Washington.

*Assets and liabilities of banks in the District of Columbia, by classes, June 29, 1940—*  
Continued

[In thousands of dollars]

	Total all banks	National banks	Trust companies	Savings and State banks
ASSETS—continued				
Cash, etc.—Continued:				
Balances with banks in foreign countries (including balances with foreign branches of American banks, but excluding amounts due from own foreign branches).....	15	7	6	2
Currency and coin.....	11, 578	6, 940	2, 905	1, 733
Reserve with Federal Reserve bank and approved reserve agencies.....	79, 849	49, 777	23, 175	6, 897
Total.....	158, 637	102, 154	44, 756	11, 727
Bank premises owned, furniture and fixtures.....	15, 412	7, 212	7, 095	1, 105
Real estate owned other than bank premises.....	3, 293	727	2, 544	22
Investments and other assets indirectly representing bank premises or other real estate.....	2, 285	.....	1, 940	345
Customers' liability on acceptances outstanding.....	15	15	.....	.....
Interest, commissions, rent, and other income earned or accrued but not collected.....	472	108	335	29
Other assets.....	375	194	160	21
Total assets.....	436, 837	249, 043	144, 236	43, 558
LIABILITIES				
Demand deposits:				
Deposits of individuals, partnerships, and corporations.....	226, 928	140, 460	69, 715	16, 753
Deposits of U. S. Government.....	1, 505	1, 294	112	99
Deposits of States and political subdivisions.....	222	215	.....	7
Deposits of banks in the United States (including private banks and American branches of foreign banks).....	34, 126	31, 624	2, 342	160
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches).....	292	267	25	.....
Certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to Federal Reserve bank (transit account).....	2, 740	1, 966	511	263
Total demand deposits.....	265, 813	175, 826	72, 705	17, 282
Time deposits:				
Deposits of individuals, partnerships, and corporations:				
Savings deposits.....	107, 174	43, 812	46, 734	16, 628
Certificates of deposit.....	1, 563	1, 541	2	20
Deposits accumulated for payment of personal loans.....	3, 285	251	.....	3, 034
Christmas savings and similar accounts.....	3, 225	1, 192	892	1, 141
Open accounts.....	2, 814	1, 780	664	370
Total.....	118, 061	48, 576	48, 292	21, 193
Postal savings deposits.....	219	201	.....	18
Deposits of banks in the United States (including private banks and American branches of foreign banks).....	585	465	50	70
Total time deposits.....	118, 865	49, 242	48, 342	21, 281
Total deposits.....	384, 678	225, 068	121, 047	38, 563
Acceptances executed by or for account of reporting banks and outstanding.....	15	15	.....	.....
Interest, discount, rent, and other income collected but not earned.....	496	147	10	339
Interest, taxes, and other expenses accrued and unpaid.....	772	280	358	134
Other liabilities.....	2, 568	2, 235	284	49
Total liabilities.....	388, 529	227, 745	121, 699	39, 085
CAPITAL ACCOUNTS				
Capital notes and debentures.....	970	.....	250	720
Capital stock (see memoranda below).....	18, 600	8, 700	8, 400	1, 600
Surplus.....	17, 042	6, 820	8, 965	1, 267
Undivided profits.....	9, 462	4, 815	4, 042	605
Reserves (see memoranda below).....	2, 234	963	880	391
Total capital accounts.....	48, 308	21, 298	22, 537	4, 473
Total liabilities and capital accounts.....	436, 837	249, 043	144, 236	43, 558
MEMORANDA				
Par value of capital stock:				
Preferred stock.....	1, 250	1, 000	.....	250
Common stock.....	17, 350	7, 700	8, 400	1, 250
Total.....	18, 600	8, 700	8, 400	1, 500

## 28 REPORT OF THE COMPTROLLER OF THE CURRENCY

*Assets and liabilities of banks in the District of Columbia, by classes, June, 29, 1940—*  
Continued

[In thousands of dollars]

	Total all banks	National banks	Trust companies	Savings and State banks
<b>MEMORANDA—continued</b>				
Retirable value of preferred stock .....	1,254	1,000		254
Reserves:				
Reserves for undeclared dividends and interest on capital notes and debentures .....	8			8
Retirement account for preferred stock and capital notes and debentures .....	165			165
Reserves for contingencies, etc. ....	2,061	963	880	218
Total .....	2,234	963	880	391
Pledged assets:				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities .....	15,583	10,839	4,494	250
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement .....	344	344		
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities .....	4,642	2,066	2,489	57
Total .....	20,569	13,279	6,983	307
Secured liabilities: Deposits secured by pledged assets pursuant to requirements of law .....	11,867	8,331	3,371	165
Total .....	11,867	8,331	3,371	165

*Reserves of Nonmember Banks in the District of Columbia*

The Code of Law for the District of Columbia requires each bank and trust company doing business in the District and not a member of the Federal Reserve System to establish and maintain reserves on the same basis and subject to the same conditions as are prescribed for national banks located in the District of Columbia, except that the reserves are carried with such designated agency or agencies as are approved by the Comptroller of the Currency.

The nonmember banks held net demand deposits subject to reserve and time deposits on each of the three calls in the year ended October 31, 1940, averaging from \$30,600,000 to \$33,700,000. The ratio of reserves required against such deposits was a little over 10 percent, while the ratio of reserves held ranged from nearly 19½ to 22½ percent. Figures showing the reserves of nonmember banks appear in the accompanying table:

*Reserve of nonmember banks in the District of Columbia at date of each call during year ended Oct. 31, 1940*

[In thousands of dollars]

	Dec. 30, 1939	Mar. 26, 1940	June 29, 1940
Number of banks .....	8	8	8
Net demand deposits subject to reserve .....	13,088	13,625	13,998
Time deposits .....	17,578	18,965	19,769
Net demand plus time deposits .....	30,666	32,590	33,757
Reserve with reserve agencies:			
Required .....	3,169	3,333	3,438
Held .....	5,828	7,357	6,875
Excess .....	2,759	4,024	3,437
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Ratio of required reserves to net demand plus time deposits .....	10.33	10.23	10.18
Ratio of reserves held to net demand plus time deposits .....	19.33	22.57	20.37

*Earnings, Expenses, and Dividends of Banks in the District of Columbia*

Gross earnings of all active banks in the District of Columbia in the calendar year 1939 were \$11,912,000, or \$289,000 more than in the previous year. Interest and discount on loans accounted for \$5,206,000 and interest and dividends on bonds, stocks, and other securities \$3,571,000. Expenses were \$293,000 more than in the preceding year, amounting to \$8,704,000. Of this, \$4,004,000 were salaries, wages, and fees, and \$1,670,000 interest on deposits. Net earnings were \$3,208,000, which were increased by \$2,092,000 of recoveries. Recoveries on loans were \$137,000, recoveries on bonds, stocks, and other securities \$493,000, and profits on securities sold \$1,408,000. Losses and depreciation at \$1,845,000 were \$332,000 less than in the preceding year. Losses on loans were \$257,000, and losses on bonds, stocks, and other securities \$1,045,000. Net additions to profits before dividends were \$3,455,000, or \$975,000 more than in 1938, and were 7.36 percent of capital funds. Figures of earnings, expenses, and dividends appear in the accompanying table:

*Earnings, expenses, and dividends of all banks in the District of Columbia for the year ended Dec. 31, 1939*

[In thousands of dollars]

	Year ended Dec. 31, 1939	Increase or decrease for year
Number of banks <sup>1</sup> .....	22	0
Capital stock (par value), capital notes and debentures <sup>2</sup> .....	19,803	-915
Capital funds <sup>2</sup> .....	46,966	+1,485
<b>Gross earnings:</b>		
Interest and discount on loans.....	5,206	+175
Interest and dividends on bonds, stocks, and other securities.....	3,571	-78
Other earnings.....	3,135	+192
Total.....	11,912	+289
<b>Expenses:</b>		
Salaries, wages, and fees.....	4,004	+143
Interest on deposits.....	1,670	+39
Taxes.....	1,041	+77
Other expenses.....	1,989	+34
Total.....	8,704	+293
Net operating earnings.....	3,208	-4
<b>Recoveries, profits on securities sold, etc.:</b>		
Recoveries on loans.....	137	-64
Recoveries on bonds, stocks, and other securities.....	493	+67
Profits on securities sold.....	1,408	+664
All other.....	64	-20
Total.....	2,092	+647
Total net operating earnings, recoveries, etc.....	5,300	+643
<b>Losses and depreciation:</b>		
On loans.....	257	-159
On bonds, stocks, and other securities.....	1,045	+153
On banking house, furniture and fixtures.....	330	-346
Other losses and depreciation.....	213	+20
Total.....	1,845	-332
Net addition to profits.....	3,455	+975
Interest and dividends.....	1,466	+77
<b>Ratios:</b>		
Expenses to gross earnings.....	Percent 73.07	Percent +.70
Net addition to profits to net operating earnings.....	107.70	+30.49
Net addition to profits to capital funds.....	7.36	+1.91
Interest and dividends to capital stock, capital notes and debentures.....	7.40	+7.70
Interest and dividends to capital funds.....	3.12	+7.07

<sup>1</sup> At end of period.

<sup>2</sup> Average of amounts shown by reports of condition for 5 calls from Dec. 31, 1938, to Dec. 30, 1939, inclusive.

*Building and Loan Associations in the District of Columbia*

The assets of the 26 building and loan associations operating in the District of Columbia under the supervision of the Comptroller of the Currency on December 31, 1939, amounted to \$137,493,000, an increase of \$11,410,000 in the year. Loans increased \$11,516,000 to \$129,691,000, and investments of \$1,571,000 showed an increase of \$220,000. Shares of stock outstanding increased \$5,011,000 to \$117,989,000, and surplus, profits, and reserves of \$14,328,000 increased \$3,994,000. Changes in the principal items of assets and liabilities of District building and loan associations are shown in the accompanying table:

*Changes in principal items of assets and liabilities of District of Columbia building and loan associations, year ended Dec. 31, 1939*

[Amounts in thousands of dollars]

	Dec. 31, 1939	Change in 12 months
Number of associations.....	26	0
Loans.....	129,691	+11,516
Investments.....	1,571	+220
Cash and bank balances.....	4,004	-792
Total assets.....	137,493	+11,410
Shares.....	117,989	+5,011
Surplus, profits, and reserves.....	14,328	+3,994
Number of borrowing members.....	36,123	+3,364
Number of nonborrowing members.....	100,488	-74

*District of Columbia Credit Unions*

At the close of business October 31, 1940, there were 25 active credit unions operating in the District of Columbia which were recommended for approval by the Comptroller and licensed by the District Commissioners under the provisions of the District of Columbia Credit Unions Act, approved June 23, 1932.

On December 31, 1939, the 25 active District of Columbia credit unions reported loans of \$1,411,000, investments of \$174,000, and cash and deposits in banks of \$151,000, which increased respectively in the year \$365,000, \$43,000, and \$25,000. Fully paid and installment shares were \$1,551,000, an increase of \$377,000 in the year, and undivided profits and reserves increased by \$50,000 to \$159,000. Changes in the principal items of assets and liabilities of these credit unions appear in the accompanying table:

*Changes in principal items of assets and liabilities of District of Columbia credit unions, year ended Dec. 31, 1939*

[Amounts in thousands of dollars]

	Dec. 31, 1939	Change in 12 months
Number of credit unions.....	25	+1
Loans.....	1,411	+365
Investments.....	174	+43
Cash and deposits in banks.....	151	+25
Total assets.....	1,738	+432
Shares.....	1,551	+377
Undivided profits and reserves.....	159	+50
Number of borrowing members.....	11,677	+2,257
Number of nonborrowing members.....	8,380	+1,902

*Export-Import Bank of Washington*

The Export-Import Bank of Washington, incorporated under the Code of Law for the District of Columbia and established pursuant to an Executive order dated February 2, 1934, submitted three condition reports to the Comptroller in the year ended October 31, 1940, the same as required of other banks in the District. A statement of its assets and liabilities as of the date of each call in the year follows:

*Assets and liabilities of the Export-Import Bank of Washington at date of each call in year ended Oct. 31, 1940*

[In thousands of dollars]

	Dec. 30, 1939	Mar. 26, 1940	June 29, 1940
<b>ASSETS</b>			
Loans and discounts.....	39,839	42,220	51,822
Balances with other banks and United States Treasurer <sup>1</sup> .....	8,810	35,617	27,032
Furniture and fixtures.....	3	3	4
Customers' liability on acceptances outstanding.....	25,404	36,115	46,696
Other assets.....	611	987	1,030
Total.....	74,667	114,942	126,584
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Acceptances executed and outstanding.....	25,404	36,115	46,696
Other liabilities.....	477	448	350
Capital stock:			
Preferred.....	45,000	74,000	74,000
Common.....	1,000	1,000	1,000
Undivided profits.....	2,532	3,125	4,280
Reserves.....	254	254	258
Total.....	74,667	114,942	126,584

<sup>1</sup> Includes cash items in process of collection.

### CHANGES IN PRINCIPAL ITEMS OF ASSETS AND LIABILITIES OF STATE AND PRIVATE BANKS, YEAR ENDED JUNE 30, 1940

On June 29, 1940, there were 9,847 active banks other than national in the United States and possessions, of which 9,239 were State commercial banks, including loan and trust companies and stock-savings banks, 551 were mutual savings banks, and 57 were private banks.

The State and private banks had loans and discounts, including overdrafts, of \$13,378,000,000, an increase of \$435,000,000 in the year. State commercial banks held \$8,403,000,000 of loans, which increased \$427,000,000 in the year. Mutual savings banks had \$4,927,000,000 of loans, nearly all of which were on real estate. The total loans of private banks were \$48,000,000. State commercial banks had real-estate loans of \$2,418,000,000. Open-market paper, loans to banks, and miscellaneous loans, including commercial, industrial, and agricultural loans, of the commercial banks amounted to \$5,312,000,000, \$483,000,000 more than a year earlier.

United States Government direct obligations held by the commercial banks aggregated \$5,870,000,000, an increase of \$581,000,000 during the year, while mutual savings banks decreased their holdings of such securities by \$56,000,000, to \$2,597,000,000. Total United States Government direct obligations held by all State and private banks increased \$192,000,000 to \$8,515,000,000. Obligations guaranteed by the United States Government held by the commercial banks

increased by \$311,000,000 in the year to \$1,568,000,000. Mutual savings banks held \$516,000,000 of such securities, an increase of \$126,000,000 during the year. Obligations of States and political subdivisions held by the commercial banks aggregated \$1,658,000,000 on June 29, 1940, which was an increase of \$154,000,000. Such holdings by mutual savings banks were \$633,000,000, almost the same as a year ago. Other bonds, notes, and debentures held by the commercial banks amounted to \$1,398,000,000 and by mutual savings banks, \$1,348,000,000, decreases of \$141,000,000 and \$198,000,000, respectively. Corporate stocks held by all State and private banks, including stock of Federal Reserve banks, aggregated \$512,000,000, an increase of \$15,000,000 in the year.

Cash in vaults of State and private banks on June 29, 1940, amounted to \$566,000,000, increasing \$54,000,000 over the year previous. Balances with other banks, including reserve balances, aggregated \$11,241,000,000, an increase of \$2,201,000,000 during the year. Most of the balances with other banks were reported by State commercial banks.

Mutual savings banks held virtually no demand deposits. Such deposits held by the commercial banks aggregated \$19,558,000,000, an increase of \$2,957,000,000. Private banks held \$131,000,000 of such deposits, a decrease of \$501,000,000 during the year. Commercial banks held demand deposits of individuals, partnerships, and corporations of \$13,913,000,000, an increase of \$2,368,000,000. Savings deposits amounted to \$6,072,000,000 in the commercial banks and \$10,574,000,000 in mutual savings banks, increases of \$220,000,000 and \$192,000,000, respectively. The total time deposits of all State and private banks increased by \$516,000,000 to \$18,387,000,000. Total deposits in such banks increased \$2,972,000,000 in the year and amounted to \$38,079,000,000 on June 29, 1940, of which amount \$27,302,000,000 were in the commercial banks, \$10,631,000,000 in mutual savings banks and \$146,000,000 in private banks.

Mutual savings banks had no capital stock, but their surplus, undivided profits, and reserves amounted to \$1,288,000,000, a decrease of \$47,000,000 in the year. Total capital funds of the commercial banks were \$3,528,000,000, an increase of \$57,000,000 during the year.

Figures with respect to the above-mentioned asset and liability items appear in the accompanying table:

*Changes in principal items of assets and liabilities of State and private banks, year ended June 30, 1940*

[In millions of dollars]

	All State and private banks		State (commercial) <sup>1</sup>		Mutual Savings		Private	
	June 1940	Change in 12 months	June 1940	Change in 12 months	June 1940	Change in 12 months	June 1940	Change in 12 months
Number of banks.....	9,847	-90	9,239	-82	551	-1	57	-7
<b>ASSETS</b>								
Loans and discounts:								
Real-estate loans.....	7,255	+170	2,418	+143	4,835	+27	2	+ .03
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	688	-204	673	-199	1	-.03	14	-5
All other loans, including overdrafts.....	5,435	+469	5,312	+483	91	+4	32	-18
Total loans and discounts.....	13,378	+435	8,403	+427	4,927	+31	48	-23
Investments:								
U. S. Government direct obligations.....	8,515	+192	5,870	+581	2,597	-56	48	-333
Obligations guaranteed by U. S. Government.....	2,085	+387	1,568	+311	516	+126	1	-50
Obligations of States and political subdivisions.....	2,302	+93	1,658	+154	633	-1	11	-60
Other bonds, notes, and debentures.....	2,756	-350	1,398	-141	1,348	-198	10	-11
Corporate stocks, including stock of Federal Reserve banks.....	512	+15	338	-10	167	+36	7	-11
Total investments.....	16,170	+337	10,832	+895	5,261	-93	77	-465
Cash, balances with other banks, including reserve balances and cash items in process of collection.....	11,807	+2,255	10,782	+2,064	979	+280	46	-89
Total assets.....	43,329	+2,908	31,194	+3,347	11,952	+153	183	-592
<b>LIABILITIES</b>								
Demand deposits:								
Individuals, partnerships, and corporations.....	14,005	+1,960	13,913	+2,368	2	+.35	90	-408
Other.....	5,687	+496	5,645	+589	1	+.11	41	-93
Total demand deposits.....	19,692	+2,456	19,558	+2,957	3	+.46	131	-501
Time deposits:								
Savings.....	16,653	+412	6,072	+220	10,574	+192	7	-.61
Other.....	1,734	+104	1,672	+116	54	+6	8	-18
Total time deposits.....	18,387	+516	7,744	+336	10,628	+198	15	-18
Total deposits.....	38,079	+2,972	27,302	+3,293	10,631	+198	146	-519
Total liabilities, excluding capital accounts.....	38,480	+2,964	27,666	+3,290	10,656	+202	158	-528
<b>CAPITAL ACCOUNTS</b>								
Capital stock, capital notes and debentures:								
Capital notes and debentures.....	128	-23	120	-21	8	-2		
Preferred stock.....	159	-15	159	-15				
Common stock.....	1,270	-3	1,261	+30			9	-33
Surplus, profits and reserves.....	3,292	-15	1,988	+63	1,288	-47	16	-31
Total capital accounts.....	4,849	-56	3,528	+57	1,296	-49	25	-64
Total liabilities and capital accounts.....	43,329	+2,908	31,194	+3,347	11,952	+153	183	-592

<sup>1</sup> Includes loan and trust companies and stock savings banks.

## DISTRIBUTION OF ALL BANKS

On June 29, 1940, there were 15,017 banks in the United States and its possessions, of which 5,164, or 34 percent, were national banks. Of these, 13,531, or 90 percent, were insured banks. All banks had deposits of \$71,153,000,000, 46 percent of which was in national banks and 84 percent of which was in insured banks. There were 551 mutual savings banks which had \$10,631,000,000 of deposits.

*Classification of all banks, June 29, 1940*

	Banks			Deposits		
	Number	Percent of grand total	Change in 12 months (percent of grand total)	Amount (000 omitted)	Percent of grand total	Change in 12 months (percent of grand total)
National banks.....	5,164	34.39	+0.04	\$33,013,714	46.40	+0.85
State member banks.....	1,234	8.21	+ .77	18,715,406	26.30	+ .81
Nonmember insured banks:						
State commercial <sup>1</sup> .....	7,082	47.16	- .64	6,696,271	9.41	- .58
Mutual savings.....	51	.34	+ .02	1,427,505	2.01	+ .08
Total insured banks.....	13,531	90.10	+ .19	59,852,896	84.12	+1.16
Nonmember uninsured banks:						
State commercial and private <sup>2</sup> .....	986	6.57	- .20	2,096,629	2.95	+ .14
Mutual savings.....	500	3.33	+ .01	9,203,933	12.93	-1.30
Total.....	15,017	100.00	-----	71,153,458	100.00	-----

<sup>1</sup> Includes 3 nonmember insured national banks.

<sup>2</sup> Includes 3 nonmember uninsured national banks.

NOTE.—Deposit insurance assessments paid by all insured banks to the Federal Deposit Insurance Corporation in the year ended June 30, 1940, amounted to \$43,271,826.35, of which \$23,670,308.31, or 54.70 percent, was paid by national banks.

## Assets and liabilities of all active banks in the United States and possessions, June 29, 1940

[In thousands of dollars]

	Total all banks	National banks	All banks other than national	Banks other than national		
				State (commercial) <sup>1</sup>	Mutual savings	Private
Number of banks .....	15,017	5,170	9,847	9,239	551	57
<b>ASSETS</b>						
Loans and discounts (including rediscounts and overdrafts):						
Commercial and industrial loans.....	6,168,388	3,604,072	2,564,316	2,544,936	441	18,939
Agricultural loans.....	1,235,878	621,516	614,362	613,660	153	549
Open-market paper.....	527,958	297,467	230,491	218,884	4,619	6,988
Loans to brokers and dealers in securities.....	481,581	168,650	312,931	306,843	30	6,058
Other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	764,663	390,039	374,624	366,229	504	7,891
Real estate loans:						
On farm land.....	597,102	234,456	362,646	348,881	13,288	477
On residential properties.....	7,582,928	1,282,469	6,300,459	1,515,109	4,783,724	1,626
On other properties.....	1,077,838	485,927	591,911	554,124	37,651	136
Loans to banks.....	43,594	18,735	24,859	24,859		
All other loans.....	4,066,675	2,070,334	1,996,341	1,905,053	86,068	5,220
Overdrafts.....	11,065	5,562	5,503	4,936	14	553
Total loans and discounts.....	22,557,670	9,179,227	13,378,443	8,403,514	4,926,492	48,437
Investments:						
U. S. Government direct obligations.....	15,734,668	7,219,890	8,514,778	5,869,601	2,596,989	48,188
Obligations guaranteed by U. S. Government:						
Reconstruction Finance Corporation.....	1,005,757	366,811	638,946	530,354	108,447	145
Home Owners' Loan Corporation.....	1,881,217	1,066,195	815,022	560,757	253,832	433
Federal Farm Mortgage Corporation.....	584,307	247,715	336,592	255,992	80,416	184
Other Government corporations and agencies.....	504,554	210,615	293,939	220,570	73,290	79
Total U. S. Government obligations, direct and guaranteed.....	19,710,503	9,111,226	10,599,277	7,437,274	3,112,974	49,029
Obligations of States and political subdivisions.....	4,230,472	1,928,352	2,302,120	1,657,559	633,167	11,394

<sup>1</sup> Includes trust companies and stock savings banks.

## Assets and liabilities of all active banks in the United States and possessions, June 29, 1940—Continued

[In thousands of dollars]

	Total all banks	National banks	All banks other than national	Banks other than national		
				State (commercial)	Mutual savings	Private
ASSETS—continued						
Investments—Continued.						
Other bonds, notes, and debentures:						
U. S. Government corporations and agencies, not guaranteed by United States:						
Federal land banks.....	134, 974	77, 757	57, 217	46, 692	9, 154	1, 371
Federal intermediate credit banks.....	168, 341	91, 468	76, 873	73, 744	2, 636	493
Other Government corporations and agencies.....	165, 655	93, 141	72, 514	70, 244	1, 801	469
Other domestic corporations:						
Railroads.....	1, 616, 517	484, 534	1, 131, 983	416, 643	713, 684	1, 656
Public utilities.....	1, 167, 739	346, 521	821, 218	330, 306	488, 605	2, 307
Industrials.....	651, 220	352, 936	298, 284	256, 238	39, 830	2, 216
All other.....	237, 279	83, 546	153, 733	115, 496	37, 670	567
Foreign—public and private.....	262, 463	118, 342	144, 121	89, 130	54, 790	201
Total other bonds, notes, and debentures.....	4, 404, 188	1, 648, 245	2, 755, 943	1, 398, 493	1, 348, 170	9, 280
Stocks of Federal Reserve banks and other domestic corporations.....	722, 724	216, 611	506, 113	332, 230	167, 221	6, 662
Stocks of foreign corporations.....	7, 022	841	6, 181	6, 068	-----	113
Total investments.....	29, 074, 909	12, 905, 275	16, 169, 634	10, 831, 624	5, 261, 532	76, 478
Currency and coin.....	1, 148, 589	582, 303	566, 286	490, 334	74, 328	1, 624
Balances with other banks, including reserve balances and cash items in process of collection.....	24, 535, 268	13, 294, 801	11, 240, 467	10, 291, 610	905, 051	43, 806
Bank premises owned, furniture and fixtures.....	1, 239, 300	597, 251	642, 049	517, 022	124, 496	531
Real estate owned other than bank premises.....	971, 279	119, 515	851, 764	279, 160	571, 508	1, 096
Investments and other assets indirectly representing bank premises or other real estate.....	155, 474	65, 392	90, 082	80, 611	9, 469	2
Customers' liability on acceptances outstanding.....	100, 432	42, 339	58, 083	50, 330	-----	7, 763
Interest, commissions, rent, and other income earned or accrued but not collected.....	154, 756	58, 672	96, 084	53, 802	42, 041	241
Other assets (including securities borrowed, insurance and other expenses prepaid, and cash items not in process of collection).....	275, 952	40, 305	235, 647	195, 910	37, 301	2, 436
Total assets.....	80, 213, 629	36, 885, 080	43, 328, 549	31, 193, 917	11, 952, 218	182, 414

LIABILITIES						
<b>Demand deposits:</b>						
Deposits of individuals, partnerships, and corporations.....	29,981,981	15,976,786	14,005,195	13,912,859	2,529	89,807
Deposits of U. S. Government.....	807,273	518,905	288,468	288,467	1	-----
Deposits of States and political subdivisions.....	3,185,964	1,936,456	1,249,508	1,247,508	463	1,537
Deposits of banks in the United States.....	9,125,762	5,641,680	3,484,082	3,469,386	56	14,640
Deposits of banks in foreign countries.....	775,461	343,676	431,785	407,344	-----	24,441
<b>Total demand deposits.....</b>	<b>43,876,441</b>	<b>24,417,403</b>	<b>19,459,038</b>	<b>19,325,564</b>	<b>3,049</b>	<b>130,425</b>
<b>Time deposits (including postal savings):</b>						
<b>Deposits of individuals, partnerships, and corporations:</b>						
Savings deposits.....	23,630,682	6,977,727	16,652,955	6,071,906	10,574,162	6,887
Certificates of deposit.....	1,220,403	533,532	686,871	682,978	370	3,523
Deposits accumulated for payment of personal loans.....	94,570	36,604	57,966	57,683	283	-----
Christmas savings and similar accounts.....	206,100	78,792	127,308	74,242	52,259	807
Open accounts.....	674,697	249,137	425,560	422,333	430	2,797
Postal savings deposits.....	76,082	46,192	29,890	29,890	-----	-----
Deposits of States and political subdivisions.....	527,633	334,400	193,233	192,424	644	165
Deposits of banks in the United States.....	303,959	93,720	210,239	209,998	141	100
Deposits of banks in foreign countries.....	8,006	4,975	3,031	3,031	-----	-----
<b>Total time deposits.....</b>	<b>26,742,132</b>	<b>8,355,079</b>	<b>18,387,053</b>	<b>7,744,485</b>	<b>10,628,289</b>	<b>14,279</b>
Other deposits (certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to reserve agents (transit account)).....	534,885	301,925	232,960	232,023	100	837
<b>Total deposits.....</b>	<b>71,153,458</b>	<b>33,074,407</b>	<b>38,079,051</b>	<b>27,302,072</b>	<b>10,631,438</b>	<b>145,541</b>
<b>Bills payable, rediscounts, and other liabilities for borrowed money</b>						
Acceptances executed by or for account of reporting banks and outstanding.....	26,969	2,910	24,059	23,738	3	318
Interest, discount, rent, and other income collected but not earned.....	117,220	50,641	66,579	58,162	-----	8,417
Interest, taxes, and other expenses accrued and unpaid.....	81,155	41,376	39,779	39,373	363	43
Other liabilities (including securities borrowed and dividends declared but not payable).....	102,584	49,741	52,843	45,411	7,283	149
Other liabilities (including securities borrowed and dividends declared but not payable).....	407,116	189,564	217,552	197,306	17,059	3,187
<b>Total liabilities.....</b>	<b>71,888,502</b>	<b>33,408,639</b>	<b>38,479,863</b>	<b>27,566,062</b>	<b>10,656,146</b>	<b>157,655</b>
<b>CAPITAL ACCOUNTS</b>						
<b>Capital stock:</b>						
Capital notes and debentures.....	128,171	-----	128,171	120,209	7,962	-----
Preferred stock.....	367,892	208,763	159,129	159,129	-----	-----
Common stock.....	2,596,730	1,325,886	1,269,844	1,260,899	-----	8,945
<b>Surplus</b>	<b>3,492,259</b>	<b>1,249,961</b>	<b>2,242,298</b>	<b>1,359,983</b>	<b>867,964</b>	<b>14,351</b>
Undivided profits.....	1,178,771	468,203	710,568	401,566	308,674	328
Reserves and retirement account for preferred stock and capital notes and debentures.....	562,304	223,628	338,676	226,069	111,472	1,135
<b>Total capital accounts.....</b>	<b>8,325,127</b>	<b>3,476,441</b>	<b>4,848,686</b>	<b>3,527,855</b>	<b>1,296,072</b>	<b>24,759</b>
<b>Total liabilities and capital accounts.....</b>	<b>80,213,629</b>	<b>36,885,080</b>	<b>43,328,549</b>	<b>31,193,917</b>	<b>11,952,218</b>	<b>182,414</b>

### REPORTS FROM NATIONAL BANKS

National banks in the continental United States, Alaska, the Territory of Hawaii, and the Virgin Islands of the United States were, in accordance with the provisions of section 5211 of the Revised Statutes, called upon to submit three reports of condition during the year ended October 31, 1940. Reports were required as of December 30, 1939, March 26, 1940, and June 29, 1940. Summaries from all condition reports, by States, were published in pamphlet form. National banks were also required by the statute to obtain reports of their affiliates and holding company affiliates other than member banks and to submit such reports to the Comptroller as of the three dates for which condition reports of the banks were obtained.

Under the general powers conferred upon him by law, the Comptroller required from each national bank two semiannual reports of earnings, expenses, and dividends, one for the half year ended December 31, 1939, and one for the half year ended June 30, 1940; also reports of condition of all domestic and foreign branches of national banks as of June 29, 1940.

National banking associations authorized to act in a fiduciary capacity were called upon to submit reports of their trust departments as of the close of business on June 29, 1940.

In accordance with section 298 of the Code of Laws of the District of Columbia, banks other than national in the District were required to make to the Comptroller all condition reports and reports of earnings, expenses, and dividends obtained from national banks during the year. Building and loan associations and credit unions in the District of Columbia under the supervision of the Comptroller were required to submit reports of their assets and liabilities as of December 30, 1939, and reports of receipts and disbursements for the year ended December 31, 1939. The former practice of obtaining semiannual reports from the latter associations was discontinued in 1939.

Detailed figures for reports of condition and earnings and dividends are published in the appendix to this report.

### EXAMINATION OF NATIONAL BANKS

The National Bank Act requires that each national bank be examined at least twice each year, in order that the Comptroller may be kept currently informed of its condition and require such corrections as are deemed necessary with a view to maintaining each bank in sound condition. In addition to the regular examinations, special examinations are conducted of banks the condition of which is regarded as unsatisfactory.

During the 12 months ended October 31, 1940, 12,213 examinations of banks, 3,011 examinations of branches, 2,589 examinations of trust departments, and 79 examinations of affiliates were conducted. Twenty-two State banks were examined in connection with conversions to or consolidations with national banks. Investigations were also conducted in connection with applications for 10 new charters and 62 new branches.

There are 12 examining districts in the country, each of which is administered by a district chief national bank examiner, who is assigned an appropriate number of examiners, assistant examiners, clerks, and stenographers. The 12 districts are divided into sub-

districts, each in charge of an examiner. In Washington, the chief national bank examiner has seven assistants who review for him the reports of examination.

#### LIQUIDATION OF INSOLVENT NATIONAL BANKS<sup>1</sup>

During the year ended October 31, 1940, there were no failures of national banks or appointments of receivers in instances of technical insolvency. There have now been a total of 17 national-bank failures since the banking holiday of 1933 with total deposits at failure of \$11,848,952. All deposit accounts of 14 of these banks which failed during the period 1934 to 1940, inclusive, subsequent to the effective date of bank-deposit insurance by the Federal Deposit Insurance Corporation were insured up to the amount of \$5,000.

Substantial progress in completing the work of liquidating insolvent national banks has been made during the past year. The number of receiverships has been reduced from 367 to 255, and the number of receivers from 133 to 88. The book value of the remaining assets held by these receiverships has been reduced from \$450,161,000 to \$337,904,000, while the estimated recoverable values have been reduced from \$128,151,000 to \$87,267,000. Although these assets include many types of property, the greatest problem has been presented by the very large amount of real estate, both that owned in fee and that held by mortgage or judgment lien.

At the beginning of the year the 367 receiverships owned 9,323 parcels of real estate and this number was reduced to 6,622 during the year, while the estimated values have been reduced from approximately 45 million to 36 million dollars, of which amount three-fourths is held in 2 receiverships. At the present time there are but 135, of the remaining 255 receiverships that own any real estate or liens upon real estate. The number of mortgage and judgment liens (not including contracts for the sale of real estate taken in the course of liquidation) has declined from 8,700 to 4,500, and the estimated recoverable values from 26 million to 13 million dollars. Sales of real estate have been effected at market prices, so far as possible. While these sales might have been speeded up by accepting offers at less than market prices, we have felt that our responsibility both to the depositors and to the general welfare of the several communities has required that we adhere to the slower but more orderly method of realization. Sales of real estate by public auction were held in but 25 receiverships and involved only 373 parcels. The aid of local real-estate brokers is freely used, to whom commissions are paid at the prevailing rates.

Substantial progress has likewise been made in the liquidation of stocks and bonds, both listed and unlisted, during the past year. The estimated recoverable value in this type of asset has declined from a total of 9.4 million to 3.6 million dollars, and of this balance only a small proportion is readily salable through the exchanges. The recoverable value of such securities held by pledge to secure the obligations of debtors has also declined from 10.8 million to 2.6 million dollars.

The largest national bank ever to be placed in receivership was the First National Bank—Detroit, Detroit, Mich. At suspension the deposit liability of this bank was \$398,798,000, which amount was

<sup>1</sup> Including District of Columbia nonnational banks and building and loan associations.

reduced by offset and otherwise to a total of \$335,845,000 for which claims for dividend purposes were asserted. These deposits, including additional liabilities established subsequent to failure were originally held by 565,845 individual and corporate claimants. In 1934, however, the 384,360 claims of all persons holding receiver's certificates of \$300 or less, representing deposit liabilities of \$22,425,000, were purchased at par by a group of 690 depositors, who continued thereafter to hold such claims and to receive dividends thereon as paid. At the present time, therefore, there are 153,275 claimants exclusive of the owners of 28,900 inactive accounts, interested in the remaining assets. During the past year a dividend of 20 percent was authorized, bringing to 100 percent the returns to the holders of all proven claims. This payment was made possible by the aid of a commitment for a loan from the Reconstruction Finance Corporation in the sum of \$40,000,000. By means of this dividend a distribution of \$67,169,000 is being made to the depositors. This bank suspended February 11, 1933, and since that date total collections from assets and stock assessment have amounted to \$402,297,500 of which amount the sum of \$39,691,600 represents interest, rentals, and other forms of income derived from the assets. The total expense incurred by the receivership from suspension to September 30, 1940, amounts to \$19,182,900, of which \$6,531,800 represents interest paid to the Reconstruction Finance Corporation and lending banks upon loans obtained to aid in the payment of previous dividends. This aggregate expense, which amounts to 4.38 percent of the total collections, is much more than covered by the income derived from the assets, although liquidation has not in any instance been retarded for the sake of realizing this income. There remain in the hands of the receiver assets having an estimated liquidation value in excess of \$60,000,000, from the proceeds of which the funds borrowed for dividend purposes must be paid. Of this estimated value approximately 26 million dollars is comprised in owned real estate, 10 million dollars in mortgage liens, and 20 million dollars in the unpaid balances of contracts for sale arising from sales of real estate negotiated by the receiver. There are in the receiver's hands a considerable number of promissory note obligations and of securities that are now known to be uncollectible and of parcels of real estate that have been allowed to go to tax sale by reason of their very doubtful sale value. These are being steadily reduced by sales to the highest bidder after proper advertisement. The very large concentration of real-estate holdings and interests within the area of a single city is necessarily a limitation upon the rate at which sales may be effected and no prediction can be made of the time that may yet be necessary to complete the process of liquidation if it must pursue its customary and orderly course although every reasonable effort to speed it up consistent with the welfare of both depositor and community interest is being made.

The Comptroller of the Currency also supervises the liquidation of insolvent nonnational banks and building and loan associations in the District of Columbia. Of the 15 insolvent District of Columbia nonnational banks for which receivers have been appointed by the Comptroller of the Currency, 5 banks had been completely liquidated and finally closed and 1 bank restored to solvency while 9 banks still remained in process of liquidation as of October 31, 1940. Of the 5 District of Columbia nonnational bank receiverships liquidated and

finally closed, 3 banks with assets at failure of \$3,714,136 and dividend payments to creditors amounting to an average of 101.15 percent of claims proved were liquidated and finally closed during the year ended October 31, 1940. The cost of liquidation of these 3 receiverships amounted to an average of 7.96 percent of total collections including offsets allowed.

The Fidelity Building & Loan Association, Washington, D. C., was placed in receivership as of July 18, 1936, and thereafter completely liquidated and finally closed as of August 30, 1939, with the payment of dividends to creditors in the amount of 85 percent of claims proved. This receivership, with total asset resources of approximately 5 million dollars, was disposed of as a receivership in a comparatively short time with a higher than average return to depositors and other creditors. The cost of liquidation of this receivership was furthermore considerably lower than the average, or but 3.64 percent of total collections plus offsets allowed.

The nine insolvent District of Columbia nonnational banks remaining in process of liquidation under the supervision of the Comptroller of the Currency as of October 31, 1940, had total asset and stock assessment resources amounting to \$15,734,941 from which have been realized including offsets allowed, collections of interest, premiums, rents, etc., the sum of \$12,335,155. Total dividend payments to the creditor claimants of these receiverships have amounted to \$6,303,750 or an average of 62.13 percent of total claims proved. Total costs of liquidation of these receiverships to October 31, 1940, amounted to \$1,300,396 or an average of 10.54 percent of total collections, including offsets allowed.

Total collections by receivers during the year from assets of the 367 insolvent national banks administered, including offsets allowed and collections of interest, premiums, rents, etc., amounted to \$48,042,211. Total costs of liquidation of these insolvent national banks for the year amounted to \$5,349,339 or an average of 11.13 percent of total collections from all sources including offsets allowed. This average cost of liquidation may be regarded as approximately normal in amount in view of the increased average liquidation age of receiverships administered and the fact that percentage costs of liquidation are comparatively low during the early years of receivership administration but increase progressively from date of failure to date of final closing. Costs of liquidation have furthermore been considerably increased during recent years by reason of interest payments to the Reconstruction Finance Corporation and to lending banks upon loans made to receivers for dividend-payment purposes. A summary of total receipts and disbursements of receivership funds during the past year appears in the statement following:

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*Liquidation statement, summary for year ended Oct. 31, 1940*

	Total all receiverships	District of Columbia nonnational bank receiverships	National bank receiverships
Number of banks.....	367	12	356
<b>Collections:</b>			
Cash balances in hands of Comptroller and receivers at beginning of period.....	\$41, 934, 501	\$694, 434	\$41, 240, 067
Collections from assets.....	33, 864, 483	416, 782	33, 447, 701
Collections from stock assessments.....	3, 645, 353	12, 722	3, 632, 631
Earnings collected.....	8, 321, 575	42, 129	8, 279, 446
Offsets allowed and settled (against assets).....	2, 210, 800	11, 340	2, 199, 460
<b>Total.....</b>	<b>89, 976, 712</b>	<b>1, 177, 407</b>	<b>88, 799, 305</b>
<b>Disposition of collections:</b>			
Dividends paid by receivers to unsecured creditors.....	21, 909, 453	626, 974	21, 282, 479
Dividends paid by receivers to secured creditors.....	152, 517	54	152, 763
Distributions by conservators to unsecured creditors.....	286, 711	0	286, 711
Distributions by conservators to secured creditors.....	38, 119	0	38, 119
Payments to secured and preferred creditors, other than through dividends.....	2, 724, 065	5, 014	2, 719, 051
Offsets allowed and settled (against liabilities).....	2, 210, 800	11, 340	2, 199, 460
Disbursements for the protection of assets.....	<sup>1</sup> 4, 656, 435	38, 635	<sup>1</sup> 4, 695, 070
Payments of receivers' salaries, legal and other expenses.....	5, 552, 986	87, 382	5, 465, 604
Payments of conservators' salaries, legal and other expenses.....	<sup>1</sup> 803, 647	0	<sup>1</sup> 803, 647
Amounts returned to shareholders in cash.....	125, 937	0	125, 937
Decrease in unpaid balance of Reconstruction Finance Corporation loans.....	529, 500	0	529, 500
Decrease in unpaid balance of bank loans.....	1, 306, 300	0	1, 306, 300
Cash balances in hands of Comptroller and receivers at end of period.....	60, 000, 106	408, 008	59, 592, 098
<b>Total.....</b>	<b>89, 976, 712</b>	<b>1, 177, 407</b>	<b>88, 799, 305</b>
Average percent total cost of liquidation to total collections including offsets allowed.....	11. 13	18. 09	11. 06

<sup>1</sup> Credit adjustment in accordance with revised figures submitted by Receivers.

During the year ended October 31, 1940, the liquidation of 112 receiverships was completed and all affairs of such receiverships finally closed. Total returns to the depositors and other creditors of these receiverships consisting of dividend distributions, other cash payments and offsets allowed amounted to an average of 82.37 percent of total amounts due. The costs of liquidation of these receiverships, including unrecovered amounts of disbursements for the protection of assets, amounted to an average of 7.15 percent of total collections including offsets allowed. The average period of time required to complete the liquidation of these receiverships was 7 years. A statement as to the results of liquidation of these 112 insolvent national banks is given below:

*Liquidation statement, 112 administered receiverships completely liquidated and finally closed, year ended Oct. 31, 1940*

	Total all receiverships	District of Columbia nonnational bank receiverships	National bank receiverships
Number of banks.....	112	3	109
Total assets taken charge of by receivers.....	\$192, 082, 838	\$3, 714, 136	\$188, 368, 702
<b>Disposition of assets:</b>			
Collections from assets.....	111, 630, 369	2, 885, 624	108, 744, 745
Offsets allowed and settled (against assets).....	10, 768, 000	142, 875	10, 625, 725
Losses on assets compounded or sold under order of court.....	66, 625, 679	635, 637	65, 940, 042
Book value of assets returned to shareholders' agents.....	3, 058, 190	0	3, 058, 190
<b>Total.....</b>	<b>192, 082, 838</b>	<b>3, 714, 136</b>	<b>188, 368, 702</b>

*Liquidation statement, 112 administered receiverships completely liquidated and finally closed, year ended Oct. 31, 1940—Continued*

	Total all receiverships	District of Columbia nonnational bank receiverships	National bank receiverships
<b>Collections:</b>			
Collections from assets.....	\$111,630,369	\$2,885,624	\$108,744,745
Collections from stock assessments.....	8,085,680	190,254	7,895,426
Earnings collected.....	9,382,184	200,521	9,181,663
Offsets allowed and settled (against assets).....	10,768,000	142,875	10,625,725
Total.....	139,866,833	3,419,274	136,447,559
<b>Disposition of collections:</b>			
Dividends paid by receivers to unsecured creditors.....	60,110,267	1,512,042	58,598,225
Dividends paid by receivers to secured creditors.....	1,828,302	0	1,828,302
Distributions by conservators to unsecured creditors.....	14,316,557	698,675	13,617,882
Distributions by conservators to secured creditors.....	41,213	10,750	30,463
Payments to secured and preferred creditors other than through dividends.....	42,713,514	782,917	41,930,597
Offsets allowed and settled (against liabilities).....	10,768,000	142,875	10,625,725
Disbursements for the protection of assets.....	397,167	180	396,987
Payments of receivers' salaries, legal and other expenses.....	8,641,022	235,152	8,405,870
Payments of conservators' salaries, legal and other expenses.....	965,962	36,683	929,279
Amounts returned to shareholders in cash.....	84,229	0	84,229
Total.....	139,866,833	3,419,274	136,447,559
Capital stock at date of failure.....	15,571,060	306,060	15,265,000
United States bonds held at failure to secure circulating notes.....	8,572,500	0	8,572,500
United States bonds held to secure circulation, sold and circulation redeemed.....	8,572,500	0	8,572,500
Circulation outstanding at date of failure.....	8,374,403	0	8,374,403
Amount of assessments upon shareholders.....	14,518,560	306,060	14,212,500
Total deposits at date of failure.....	121,694,861	2,342,279	119,352,582
Borrowed money: Bills payable, rediscounts, etc., at date of failure.....	31,316,699	751,030	30,565,669
Additional liabilities established subsequent to date of failure.....	4,545,312	49,011	4,496,301
Claims proved (both secured and unsecured).....	106,535,871	2,196,124	104,339,747
Average percent dividends paid to claims proved.....	71.62	101.15	70.99
Average percent total payments to creditors to total liabilities established.....	82.37	100.16	82.01
Average percent total cost of liquidation to total collections including offsets allowed.....	7.15	7.96	7.13
Average period required to complete liquidation.....	(1)	(1)	(1)

<sup>1</sup> 7 years, 0 months.

It will be noted from the above statement of liquidation that total collections from assets including earnings, offsets allowed and collections from stock assessments, of the 112 receiverships completely liquidated during the year amounted to 67.70 percent of total assets and stock assessments. Total earnings consisting of interest, premiums, rents, etc., collected by receivers from the assets of these banks amounted to 93.78 percent of the total expense of liquidation incurred. The assessments against shareholders averaged 93.24 percent of their holdings while total collections from assessments levied amounted to 55.69 percent of the amount assessed.

As of October 31, 1940, 255 insolvent national banks remained in process of liquidation under the supervision of receivers appointed by the Comptroller of the Currency. While it will, no doubt, be impossible to conclude the liquidation of all of these receiverships during the forthcoming year, nevertheless it appears that by far the majority of such banks will have been completely liquidated and finally closed by October 31, 1941.

A statement as to the progress of liquidation to date of these 255 insolvent national banks, including data as to receipts and disbursements of funds realized by receivers from the collection of assets is given below:

*Liquidation statement, 255 active receiverships as of Oct. 31, 1940*

	Total all receiverships	District of Columbia non-national bank receiverships	National bank receiverships
Number of banks.....	255	9	246
Total assets taken charge of by receivers.....	\$1,869,438,870	\$15,128,081	\$1,854,310,789
Disposition of assets:			
Collections from assets.....	1,149,480,178	9,762,982	1,139,717,196
Offsets allowed and settled (against assets).....	121,365,584	1,408,918	119,956,666
Losses on assets compounded or sold under order of court.....	260,689,200	1,507,654	259,181,546
Book value remaining assets.....	337,903,908	2,448,527	335,455,381
Total.....	1,869,438,870	15,128,081	1,854,310,789
Collections:			
Collections from assets.....	1,149,480,178	9,762,982	1,139,717,196
Collections from stock assessments.....	72,205,025	204,809	72,000,216
Earnings collected.....	103,095,647	958,446	102,137,201
Offsets allowed and settled (against assets).....	121,365,584	1,408,918	119,956,666
Unpaid balance Reconstruction Finance Corporation loans.....	1,432,926	0	1,432,926
Total.....	1,447,579,360	12,335,155	1,435,244,205
Disposition of collections:			
Dividends paid by receivers to unsecured creditors.....	633,241,687	4,534,905	628,706,782
Dividends paid by receivers to secured creditors.....	7,517,686	35,202	7,482,484
Distributions by conservators to unsecured creditors.....	143,379,701	1,733,590	141,646,111
Distributions by conservators to secured creditors.....	802,036	53	801,983
Payments to secured and preferred creditors, other than through dividends.....	358,037,256	2,835,387	355,201,869
Offsets allowed and settled (against liabilities).....	121,365,584	1,408,918	119,956,666
Disbursements for the protection of assets.....	43,075,141	78,696	42,996,445
Payments of receivers' salaries, legal and other expenses.....	72,756,092	1,146,118	71,609,974
Payments of conservators' salaries, legal and other expenses.....	7,293,108	154,278	7,138,830
Amounts returned to shareholders in cash.....	110,963	0	110,963
Cash balances in hands of Comptroller and receivers.....	60,000,106	408,008	59,592,098
Total.....	1,447,579,360	12,335,155	1,435,244,205
Capital stock at date of failure.....	137,049,675	896,860	136,152,815
United States bonds held at failure to secure circulating notes.....	61,455,000	0	61,455,000
United States bonds held to secure circulation, sold and circulation redeemed.....	61,455,000	0	61,455,000
Circulation outstanding at date of failure.....	60,421,276	0	60,421,276
Amount of assessments upon shareholders.....	133,752,525	606,860	133,145,665
Total deposits at date of failure.....	1,277,558,116	11,492,029	1,266,066,087
Borrowed money: Bills payable, rediscounts, etc., at date of failure.....	229,418,441	2,967,288	226,451,153
Additional liabilities established subsequent to date of failure.....	38,017,627	411,192	37,606,435
Claims proved (both secured and unsecured).....	1,061,863,253	10,145,885	1,051,717,368
Average percent dividends paid to claims proved.....	73.92	62.13	74.03
Average percent total payments to creditors to total liabilities established.....	81.83	70.93	81.94
Average percent total cost of liquidation to total collections including offsets allowed.....	5.54	10.54	5.49

It will be noted from the data given above that the average cost of liquidation of receiverships involved has been comparatively low or but 5.54 percent of total collections from all sources including offsets allowed, and that the average percent of total payments to all creditors is comparatively high or 81.83 percent of total liabilities established.

Further data as to total deposits and amounts of dividend payments by percentage groups of the 255 receiverships still in process of liquidation and for all other receiverships administered from the year 1865 to October 31, 1940, appear in the following statement:

Number and deposits of national and District of Columbia nonnational banks <sup>1</sup> placed in receivership period Apr. 14, 1865, to Oct. 31, 1940, by groups according to percentages of dividends paid to Sept. 30, 1940 (Revised)

Periods and bank groups	Liquidation banks												Re- stored to sol- vency banks <sup>2</sup>	Total all banks
	Dividends paid, 100 percent and over		Dividends paid, 75 to 99.9 percent		Dividends paid, 50 to 74.9 percent		Dividends paid, 25 to 49.9 percent		Dividends paid, less than 25 percent		Total banks			
	Number of banks	Deposits	Number of banks	Deposits	Number of banks	Deposits	Number of banks	Deposits	Number of banks	Deposits	Number of banks	Deposits		
Receiverships completely liqui- dated and finally closed or re- stored to solvency (2,719 banks):														
Apr. 14, 1865, to Oct. 31, 1930 (data for individual annual report years unavailable; deposits prior to 1880 un- available—84 banks) (974 banks).....	208	\$77,296,606	163	\$64,572,547	211	\$66,952,690	156	\$45,465,025	159	\$30,828,899	897	\$285,115,767	77	974
Nov. 1, 1930 to Oct. 31, 1931....	6	1,994,080	16	5,323,140	22	8,334,115	29	8,497,657	18	5,589,946	91	29,738,938	8	99
Nov. 1, 1931 to Oct. 31, 1932....	11	15,873,316	16	5,549,989	33	14,038,797	27	10,027,603	10	2,250,071	97	47,739,776	25	122
Nov. 1, 1932 to Oct. 31, 1933....	8	4,412,925	13	5,826,514	21	9,692,212	15	6,902,413	12	3,095,192	69	29,929,256	9	78
Nov. 1, 1933 to Oct. 31, 1934....	8	4,431,721	18	8,517,835	17	10,532,532	8	1,451,334	13	1,657,228	64	26,590,650	28	92
Nov. 1, 1934 to Oct. 31, 1935....	23	5,083,636	29	11,801,668	34	13,854,445	30	9,062,628	31	4,319,951	152	44,122,328	11	163
Nov. 1, 1935 to Oct. 31, 1936....	40	14,723,916	46	12,246,387	56	18,483,929	43	12,556,918	29	4,452,292	214	62,463,442	1	215
Nov. 1, 1936 to Oct. 31, 1937....	36	50,715,003	80	38,690,969	85	38,027,988	52	19,900,033	38	7,420,214	341	154,754,207	0	341
Nov. 1, 1937 to Oct. 31, 1938....	78	30,477,651	110	54,346,379	106	56,263,459	48	16,991,046	24	6,159,246	384	167,176,781	0	384
Nov. 1, 1938 to Oct. 31, 1939....	26	20,910,457	61	58,631,031	42	32,056,684	21	10,103,204	9	2,269,805	159	123,971,181	0	159
Nov. 1, 1939 to Oct. 31, 1940....	19	17,397,983	36	43,639,246	38	43,319,262	15	9,332,899	4	8,005,471	112	121,694,861	0	112
Total 1931-40 (1,745 banks)....	308	169,020,688	425	244,573,158	454	244,543,423	288	104,825,735	188	45,218,416	1,663	808,181,420	82	1,745
Active receiverships as of Oct. 31, 1940 (255 banks).....	15	78,200,905	88	814,835,265	92	237,592,386	44	131,588,338	16	15,341,222	255	1,277,558,116	0	255
Grand total (2,974 banks).....	531	324,518,199	676	1,123,980,970	757	549,088,499	488	281,879,098	363	91,388,537	2,815	2,370,855,303	159	2,974

<sup>1</sup> Including building and loan associations.

<sup>2</sup> Deposits for banks restored to solvency unavailable.

<sup>3</sup> Exclusive of 1 receivership finally closed during the year ended Oct. 31, 1933, but reopened as a receivership and again finally closed during the year ended Oct. 31, 1938.

## ISSUE AND REDEMPTION OF NOTES

Seven hundred and one shipments of Federal Reserve currency were made from Washington, D. C., during the year ended October 31, 1940, to the Federal Reserve banks and branches, aggregating \$2,076,800,000, and in addition 14 deliveries were made to the Treasurer of the United States aggregating \$41,200,000.

Fifty-two weekly reports were furnished the Secret Service Division showing the highest Treasury serial number, faceplate and backplate serial number appearing on the Federal Reserve notes shipped. This information is useful in suppressing counterfeits.

Three thousand and forty-nine lots of unfit Federal Reserve currency were received for verification by 100-percent count and certification for destruction consisting of 97,134,973 notes, aggregating \$1,302,815,705.

Thirty-two lots of national-bank notes were received for verification by 100-percent count and certified for retirement and destruction consisting of 1,373,625 notes aggregating \$19,188,675.

Three thousand one hundred and seventy-two fragmentary or charred Federal Reserve and national-bank notes aggregating \$39,260 were presented for identification and approval.

## RETIREMENT SYSTEM

As of October 31, 1940, there were 791 active members of the retirement system for national-bank examiners, assistant examiners, and clerks. Thirteen individuals have been retired since the establishment of the system on June 1, 1936, and a total of \$35,226.26 has been paid in retirement benefits to date. No death benefits were paid in the current year.

## PERSONNEL

The personnel of the Bureau of the Comptroller of the Currency at the close of the year ended October 31, 1940, consisted of 1,274 persons, of whom 495 were located in the main office in Washington and 779 in the field. The personnel of the Bureau decreased by 23 during the current year ended October 31, 1940. The decrease in the personnel was chiefly in the Division of Insolvent National Banks and resulted from curtailment of work in that division due to the continued reduction in the number of receiverships administered.

During the year, a total of 5 national-bank examiners and 23 assistant national-bank examiners left the service. In the same period, 5 assistant examiners were promoted to examiners and 44 assistant examiners were appointed. The number of employees in each division of the Bureau is given in the accompanying table:

*Personnel of the Bureau of the Comptroller of the Currency as of Oct. 31, 1940*

Office of the Comptroller and Deputy Comptrollers.....	14
Examining Division.....	831
Insolvent National Bank Division.....	242
Legal Division.....	55
Disbursement Division and Office of Chief Clerk.....	48
Organization Division and Preferred Stock Section.....	28
Statistical Division.....	29
Federal Reserve Issue and Redemption Division.....	27
<b>Total.....</b>	<b>1,274</b>

## EXPENDITURES OF THE CURRENCY BUREAU

The total expenditures of the Currency Bureau for the year ended June 30, 1940, were \$5,846,740.81, of which \$5,573,554.02 was reimbursed by the banks. Total expenses paid by appropriation were \$273,186.79, the regular pay roll accounting for \$243,230.09 of this amount. Among expenses reimbursed by the banks, those on account of examinations were largest at \$3,483,489.57. Printing of Federal Reserve notes cost \$627,723.80. Insolvent national bank pay roll, including retirement deductions, aggregated \$707,441.37. Details of expenditures are given in the accompanying table:

*Expenses incident to maintenance of Currency Bureau, fiscal year ended June 30, 1940*

	Expenses paid from appropriations	Expenses reimbursed by banks	Total expenses
<b>Salaries:</b>			
Regular roll, including retirement deductions.....	\$243, 230. 09	-----	-----
Federal Reserve issue and redemption division, including retirement deductions.....	-----	\$53, 269. 62	-----
Insolvent national bank division roll, including retirement deductions.....	-----	707, 441. 37	-----
Total salaries.....	-----	-----	\$1, 003, 941. 08
<b>General expenses:</b>			
Printing and binding.....	24, 821. 00	6, 235. 88	-----
Stationery.....	2, 491. 00	7, 348. 12	-----
Amount expended for light, heat, telephone, telegraph, furniture, labor-saving machines, etc., partially estimated.....	2, 644. 70	8, 312. 31	-----
Travel and sustenance.....	-----	31, 534. 99	-----
Miscellaneous, rent, etc.....	-----	120, 910. 78	-----
Total general expenses.....	-----	-----	204, 298. 78
<b>Currency issues—Federal Reserve notes:</b>			
Paper.....	-----	107, 807. 40	-----
Printing, etc.....	-----	627, 723. 80	-----
Plates.....	-----	80, 992. 20	-----
Total currency issues.....	-----	-----	816, 523. 40
<b>Expenses account of national bank examining service, paid by banks.....</b>	-----	3, 483, 489. 57	3, 483, 489. 57
Postage on shipments of Federal Reserve notes.....	-----	126, 665. 58	126, 665. 58
Surcharge paid on consignments.....	-----	211, 822. 40	211, 822. 40
Total expenses paid from appropriations.....	273, 186. 79	-----	-----
Total expenses reimbursed by banks.....	-----	5, 573, 554. 02	-----
Total expenses.....	-----	-----	5, 846, 740. 81

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The National Banking System, at the close of the fiscal year on October 31, 1941, was comprised of 5,132 national banking associations which were operating 1,647 branches, making a total of 6,779 banking offices. All were located in the continental United States with the exception of 23 operating in territories and insular possessions. In addition 4 continental national banks were operating 71 branches in 21 foreign countries.

For the fiscal year 15 charters were issued for national banks, of which 6 were primary organizations, 7 were conversions of State-chartered institutions, and 2 were issued in connection with the reorganization of other banks, one of which was a State institution. Applications were rejected for 6 new national banks. Permits to establish 50 branches of national banks were also issued, of which number 29 took over the business of former unit banks, 4 were established for the purpose of affording banking facilities at military posts and defense projects, and 17 were established to furnish new banking facilities. Applications were rejected for 44 branch permits. In addition to the foregoing, 2 State banks were consolidated with national banks, and the business of 10 other State banks was purchased by existing national banks.

During this same period 3 national banks were placed in receivership, 6 were consolidated with other national banks and 41 were placed in voluntary liquidation. Of this latter number, 4 paid off their depositors in full and discontinued business, 1 was succeeded by a new national bank, 12 were absorbed by existing national banks, 14 were absorbed by existing State banks and 10 were succeeded by new State banks. The predominant reason of the latter banks for taking out State charters was to take advantage of smaller minimum capital requirements and to enhance limited earning capacities by charging exchange which is denied to national banks by the Federal Reserve Act. There were also 18 branch permits relinquished, of which number 2 were discontinued through action of the shareholders, 10 through action of the board of directors of the parent banks, and 6 through consolidation or for other reasons.

The net result of the foregoing changes was a decrease of 35 national banks and a gain of 32 branches. While the total number of banking offices declined to the extent of 3 units, the total deposits of banks in the national banking system showed an increase of \$4,276,896,000 for

the year ended June 30, 1941. Existing overbanked conditions were improved in 48 instances by consolidations, purchases and sales of State and national banks with each other and new banking facilities were afforded in 27 instances, which represents a favorable trend toward the strengthening of the banking structure as a whole.

The aggregate capital stock of the 5,132 national banks on October 31, 1941 was \$1,516,275,588, which consisted of \$1,344,321,377 of common stock and \$171,954,211 of preferred stock. During the year covered by the report the common capital stock in national banks was increased in a net amount of \$14,963,001, while a net of \$31,803,258 of preferred stock outstanding was retired. Since issuance was authorized, 2,300 national banks have issued preferred stock in the aggregate amount of \$594,408,757. As of October 31, 1941 there were 1,285 banks having preferred stock outstanding in the amount of \$171,954,211. This represents a net decrease of 1,015 banks and a net dollar decrease of \$422,454,546 in the amount outstanding.

The total of all capital accounts for national banks on September 24, 1941, the date of the latest report of condition, was \$3,628,321,000, which represents an increase of \$151,880,000 in excess of the preferred stock retired and losses sustained since June 30, 1940. This increase reflects generally a good earning power for national banks and a willingness on the part of most banks to retain a substantial portion of their earnings to strengthen permanent capital, and otherwise provide reserves against future contingencies. A rapid growth of deposits during the past several years has been shown as of each call date and has resulted in numerous cases of banks having inadequate capital. The above increase of capital accounts, however, tends to correct such cases in many instances and national banks as a whole have maintained a ratio of \$1 to \$10.62 of total capital to deposit liabilities.

Of the total number of active banks in the United States and its possessions as of June 30, 1941, only 34 percent were national banks but they represented over 47 percent of the total banking resources. The asset position of national banks has been improved in many ways during the year. The quality of the bond portfolios has been materially improved. The volume of criticised assets has shown a substantial decline. Of outstanding importance is the continued improvement of the "other real estate owned" account. This figure reached a high point of \$184,211,000 in all national banks at the March call in 1936. By September 1941 it had been more than cut in half, and stood at \$91,620,000, which represents 11 percent of all "other real estate owned" by all active banks in the United States and its possessions as of June 30, 1941.

A comparison of the assets and liabilities of the banks in the national banking system on June 29, 1940, and on June 30, 1941, is shown in the following table:

*Comparison of principal items of assets and liabilities of national banks, June 29, 1940 and June 30, 1941*

[In thousands of dollars]

	June 29, 1940	June 30, 1941
Number of banks.....	5, 170	5, 136
<b>ASSETS</b>		
Commercial and industrial loans.....	3, 604, 072	4, 698, 523
Real-estate loans.....	2, 002, 852	2, 181, 661
All other loans, including overdrafts.....	3, 572, 303	4, 042, 299
<i>Total loans</i> .....	<i>9, 179, 227</i>	<i>10, 922, 483</i>
U. S. Government obligations, direct and guaranteed.....	9, 111, 226	11, 135, 952
Other bonds, stocks, and securities.....	3, 794, 049	3, 818, 842
<i>Total investments</i> .....	<i>12, 905, 275</i>	<i>14, 954, 794</i>
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	13, 877, 104	14, 521, 658
Other miscellaneous assets.....	923, 474	915, 700
<b>Total assets</b> .....	<b>36, 885, 080</b>	<b>41, 314, 635</b>
<b>LIABILITIES</b>		
Demand deposits.....	24, 719, 328	28, 836, 324
Time deposits.....	8, 355, 079	8, 514, 979
<i>Total deposits</i> .....	<i>33, 074, 407</i>	<i>37, 351, 303</i>
Bills payable, rediscounts, and other liabilities for borrowed money.....	2, 910	2, 005
Other miscellaneous liabilities.....	331, 322	363, 186
<b>Total liabilities</b> .....	<b>33, 408, 639</b>	<b>37, 716, 494</b>
<b>CAPITAL ACCOUNTS</b>		
Capital stock.....	1, 534, 649	1, 523, 383
Surplus.....	1, 249, 961	1, 336, 090
Undivided profits and reserves.....	691, 831	733, 668
<b>Total capital accounts</b> .....	<b>3, 476, 441</b>	<b>3, 593, 141</b>
<b>Total liabilities and capital accounts</b> .....	<b>36, 885, 080</b>	<b>41, 314, 635</b>

From this table it will be observed that of the total increase in loans and discounts of \$1,743,256,000, \$1,094,451,000 was represented by commercial and industrial loans. Of the total increase of \$2,049,519,000 of investments, a total of \$2,024,726,000 was represented by direct and guaranteed obligations of the United States Government. On the liability side total deposits increased \$4,276,-896,000 as compared to a net increase of \$121,700,000 in capital accounts. It will also be noted that cash resources were high while borrowings were very small on both dates.

A comparison of earnings, expenses, and dividends of national banks for 6-month periods ended June 30, 1940 and 1941, is shown in the following table:

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*Earnings, expenses, and dividends of national banks for 6-month periods ended  
June 30, 1940 and 1941*

(In thousands of dollars)

	6 months ended June 30—	
	1940	1941
Number of banks <sup>1</sup> .....	5, 170	5, 136
Gross earnings:		
Interest and discount on loans.....	201, 012	220, 382
Interest and dividends on bonds, stocks, and other securities.....	142, 063	141, 772
Other earnings.....	82, 933	84, 596
Total.....	426, 008	446, 750
Expenses:		
Salaries, wages, and fees.....	126, 953	132, 641
Interest on deposits and borrowed money.....	53, 586	50, 511
Taxes.....	32, 159	37, 417
Other expenses.....	83, 558	88, 208
Total.....	296, 256	308, 777
Net operating earnings.....	129, 752	137, 973
Recoveries, profits on securities sold, etc.:		
Recoveries on loans.....	17, 267	18, 335
Recoveries on bonds, stocks, and other securities.....	17, 618	22, 508
Profits on securities sold.....	53, 286	38, 648
All other.....	7, 693	6, 454
Total.....	95, 864	85, 945
Total net operating earnings, recoveries, etc. ....	225, 616	223, 918
Losses and depreciation:		
On loans.....	29, 631	23, 235
On bonds, stocks, and other securities.....	54, 988	44, 073
On banking house, furniture and fixtures.....	12, 464	14, 528
Other losses and depreciation.....	15, 565	9, 298
Total.....	112, 648	91, 134
Net profits before dividends.....	112, 968	132, 784
Dividends.....	68, 259	69, 359

<sup>1</sup> At end of period.

It will be noted from this table that gross earnings of all national banks for the first 6 months of the calendar year 1941 revealed an increase of \$20,742,000 over the first 6-month period of 1940, while net additions to profits before dividends revealed a net increase of \$19,816,000. Dividends paid by national banks for the first 6 months of 1941 were \$69,389,000, or an increase of \$1,130,000 over the first 6 months of 1940.

The trust departments of national banks showed a normal change in their various activities during the year. The fiduciary activities and the classification of the investment of trust funds are reported upon in detail in this report.

Upon four occasions during the year, in accordance with section 5211 of the Revised Statutes, the Comptroller called on national banks for reports of their current condition.

In addition to national banks, this report covers the activities of nonnational banks, building and loan associations, and non-Federal credit unions in the District of Columbia. It also presents statistics on all banks in the United States as required by law.

During the year ended October 31, 1941, there were 3 national bank failures involving total deposits of \$2,182,008, of which amount over 90 percent was insured by the Federal Deposit Insurance Corporation. The total receiverships administered during the year were 258, of which number 102 were closed and 156 remain as active receiverships. A review of the activities of the Insolvent Division of the Office of the Comptroller of the Currency is presented in detail elsewhere in this report.

#### STRUCTURAL CHANGES IN THE NATIONAL BANKING SYSTEM

The authorized capital stock of the 5,132 national banks in existence at the close of business on October 31, 1941, consisted of common capital stock aggregating \$1,344,321,377, a net increase during the year of \$14,963,001, and preferred capital stock aggregating \$171,954,211, a net decrease during the year of \$31,803,258.

During the year ended October 31, 1941, in addition to 18 applications with proposed capital stock of \$6,155,000 carried over from the previous year, 19 applications were received to organize national banks and to convert State banks into national banking associations, with proposed capital stock aggregating \$2,370,000. Of these applications, 11 with proposed capital stock aggregating \$1,320,000 were approved; 6 with proposed capital stock aggregating \$1,100,000 were rejected; and the remainder were still pending or had been abandoned on October 31, 1941. From the applications carried over from the previous year and the 11 applications approved during the current year, 15 national banking associations with common capital stock aggregating \$5,250,000, 3 of which also had \$295,000 preferred capital stock, were authorized to commence business. Of the 15 charters issued, 7 with common capital stock aggregating \$3,600,000, 2 of which also had \$290,000 preferred capital stock, were the result of the conversions of State banks; and 2 with common capital stock aggregating \$1,100,000, 1 of which also had \$5,000 preferred capital stock, were organized for the purpose of acquiring the business of a liquidating national bank and a State bank.

During the year ended October 31, 1941, 10 national banks and 2 State banks were consolidated into 4 national banking associations, under authority of the act of November 7, 1918, as amended February 25, 1927, the common capital stock of the consolidated banks being \$2,150,000 and the preferred capital stock being \$1,634,000. Additional assets of approximately \$2,005,369 were brought into the national banking system by reason of the 2 State banks consolidated with national banks. Also, during this period national banks reported the purchase of the business of 10 State banks, with aggregate capital stock of \$484,000 and aggregate assets of approximately \$10,425,262.

During the year ended October 31, 1941, 41 national banks with common capital stock of \$4,391,350, among which were 16 with preferred capital stock aggregating \$927,830, went into voluntary liquidation in the manner provided by sections 5220 and 5221 U. S. R. S. Of these banks, 4 with common capital stock of \$300,000, and assets of \$1,483,681, including 1 with preferred capital stock of \$25,000, paid their depositors and quit business; 13 with common capital stock

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of \$1,220,000 and assets aggregating \$19,719,231, including 2 with preferred capital stock of \$226,680, were succeeded by other national banks; and 24 with common capital stock of \$2,871,350 and assets aggregating \$42,796,134, including 13 with preferred capital stock of \$676,150, were succeeded by State banks.

Changes in the number and capital stock of national banks during the year ended October 31, 1941, are shown in the following summary:

*Organization, capital stock changes, and liquidations of national banks during the year ended Oct. 31, 1941*

	Number of banks	Capital stock	
		Common	Preferred
<b>Charters issued:</b>			
Reorganizations.....	1	\$100,000	-----
Conversions of State banks.....	1	1,000,000	\$5,000
Primary organizations.....	5	2,500,000	-----
Increases of capital stock:	2	1,100,000	290,000
Preferred:	6	550,000	-----
14 banks, by new issues.....			2,380,500
1 bank, by increase of par value.....			384,000
Common:			
38 banks, by regular cash increases.....		2,815,900	-----
26 banks, by regular stock dividends under sec. 5142, U. S. R. S.....		2,837,250	-----
678 banks, by stock dividends under provisions of their articles of association.....		10,289,201	-----
3 banks, by conversion of preferred capital stock.....		704,500	-----
3 banks, by consolidation under act Nov. 7, 1918, as amended.....		200,000	-----
<b>Total increases.....</b>	<b>15</b>	<b>22,096,851</b>	<b>3,059,500</b>
<b>Voluntary liquidations:</b>			
Succeeded by national banks.....	13	1,220,000	226,680
Succeeded by State banks.....	24	2,871,350	676,150
Quit business.....	4	300,000	25,000
Receiverships: Banks in active operation.....	3	187,000	95,000
Decreases of capital stock:			
Preferred:			
1,464 banks, by retirement.....			33,504,428
3 banks, by decrease of par value.....			335,500
Common: 18 banks, by reduction.....		2,530,500	-----
Capital stock decreases incident to consolidation (act Nov. 7, 1918).....	6	25,000	-----
<b>Total decreases.....</b>	<b>50</b>	<b>7,133,850</b>	<b>34,862,758</b>
<b>Net change.....</b>	<b>-35</b>	<b>+14,963,001</b>	<b>-31,803,258</b>
Charters in force Oct. 31, 1940, and authorized capital stock.....	5,167	1,329,358,376	203,757,469
Charters in force Oct. 31, 1941, and authorized capital stock.....	5,132	1,344,321,377	171,954,211

## BRANCHES

On February 25, 1927, the date of the passage of the McFadden Act, 118 national banking associations had in operation 372 branches, as compared with 205 national banking associations with 1,647 branches as of the close of business October 31, 1941.

During the year ended October 31, 1941, 50 branches were brought into the national system, all of which were de novo branches. Of these branches, 32 were authorized under the Banking Act of 1933 to operate in places other than the city in which the parent bank is located. During this same period, 18 branches were relinquished, of which number 2 were discontinued through action of the shareholders, 10 through action of the boards of directors of the parent banks and

6 through consolidations or for other reasons. The net result of these operations was a gain for the system of 32 branches during the year ended October 31, 1941.

A summary showing the number and kind of branches authorized and closed during the period appears in the accompanying table:

*Number and kind of branches authorized and closed during the year ended Oct. 31, 1941*

Classes	In operation Feb. 25, 1927	In existence Oct. 31, 1940	Authorized during year ended Oct. 31, 1941	Closed during the year ended Oct. 31, 1941				Total in ex- istence Oct. 31, 1941
				By share- holders	By direc- tors	Lapsed	Insol- vent	
Statutory { a. ----- b. -----	165	{ 364 309	----- -----	1	-----	-----	-----	363
Additional offices, c branches				1	-----	-----	-----	308
Millsbaugh act. -----	202	71	-----	-----	-----	-----	71	
C branches { local ----- other than local -----	5	2	-----	-----	-----	-----	2	
	389	18	18	8	5	-----	394	
	480	32	32	2	1	-----	509	
Total -----	372	1,615	50	2	10	6	-----	1,647

NOTE.—Branches classified according to the paragraph of sec. 5155, U. S. R. S., under which they are authorized as a, b, and c.

#### CHANGES IN PRINCIPAL ITEMS OF ASSETS AND LIABILITIES OF NATIONAL BANKS IN THE YEAR ENDED JUNE 30, 1941

Loans and discounts of all national banks in the United States and possessions on June 30, 1941, were \$10,922,000,000, an increase of \$1,743,000,000 in 12 months. Commercial and industrial loans increased \$1,094,000,000 and loans on real estate increased \$179,000,000. Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities increased \$35,000,000.

Investments increased \$2,050,000,000 and amounted to \$14,955,000,000 at the end of the fiscal year. United States Government direct obligations of \$8,857,000,000, and obligations guaranteed by the United States Government as to interest and principal of \$2,280,000,000, increased in the year \$1,637,000,000 and \$389,000,000, respectively. Obligations of States and political subdivisions increased \$92,000,000 and amounted to \$2,020,000,000, while other bonds, notes, and debentures decreased \$58,000,000, to \$1,590,000,000. Corporate stocks, including stock of Federal Reserve banks, totaling \$208,000,000, decreased \$10,000,000 during the 12 months ended June 30, 1941.

Cash, balances with other banks, including reserve balances, and cash items in process of collection increased \$645,000,000, and amounted to \$14,522,000,000 at the end of the year.

The total deposits on June 30, 1941, amounted to \$37,351,000,000, an increase of \$4,277,000,000 during the year. These deposits comprise demand deposits of \$28,836,000,000, which increased \$4,117,000,000, and time deposits of \$8,515,000,000, which showed an increase of \$160,000,000.

Total capital funds of \$3,598,000,000 represented an increase of \$122,000,000. Common stock increased \$13,000,000, while preferred stock decreased \$24,000,000. Surplus, profits, and reserves increased \$133,000,000.

Figures with respect to the above-mentioned asset and liability items of national banks, together with a balance sheet covering each of the four calls made on such banks in the year ended October 31, 1941, appear in the accompanying tables:

*Changes in principal items of assets and liabilities of national banks, year ended June 30, 1941*

[In millions of dollars]

	June 1941	Changes in 12 months
Number of banks.....	5,136	-34
<b>ASSETS</b>		
Loans and discounts:		
Commercial and industrial loans.....	4,698	+1,094
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	594	+35
Real-estate loans.....	2,182	+179
All other loans, including overdrafts.....	3,448	+435
Total loans and discounts.....	10,922	+1,743
Investments:		
U. S. Government direct obligations.....	8,857	+1,637
Obligations guaranteed by U. S. Government.....	2,280	+389
Obligations of States and political subdivisions.....	2,020	+92
Other bonds, notes, and debentures.....	1,590	-58
Corporate stocks, including stock of Federal Reserve banks.....	208	-10
Total investments.....	14,955	+2,050
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	14,522	+645
Total assets.....	41,315	+4,430
<b>LIABILITIES</b>		
Demand deposits:		
Individuals, partnerships, and corporations.....	19,194	+3,217
Other.....	9,642	+900
Total demand deposits.....	28,836	+4,117
Time deposits:		
Savings.....	7,153	+175
Other.....	1,362	-15
Total time deposits.....	8,515	+160
Total deposits.....	37,351	+4,277
Total liabilities, excluding capital accounts.....	37,717	+4,308
<b>CAPITAL ACCOUNTS</b>		
Capital stock:		
Preferred.....	184	-24
Common.....	1,339	+13
Surplus, profits, and reserves.....	2,075	+133
Total capital accounts.....	3,598	+122
Total liabilities and capital accounts.....	41,315	+4,430

*Assets and liabilities of national banks on dates indicated*

[In thousands of dollars]

	Dec. 31, 1940 (5,150 banks)	Apr. 4, 1941 (5,144 banks)	June 30, 1941 (5,136 banks)	Sept. 24, 1941 (5,131 banks)
<b>ASSETS</b>				
Loans and discounts, including overdrafts.....	10,027,773	10,427,466	10,922,483	11,470,256
U. S. Government securities, direct obligations.....	7,658,549	8,482,114	8,856,499	8,593,247
Obligations guaranteed by U. S. Government.....	2,094,056	2,113,876	2,279,453	2,534,641
Obligations of States and political subdivisions.....	2,008,472	2,147,574	2,020,242	2,068,091
Other bonds, notes, and debentures.....	1,694,058	1,634,616	1,590,191	1,600,133
Corporate stocks, including stock of Federal Reserve banks.....	212,905	209,456	208,409	203,946
<i>Total loans and investments</i> .....	<i>23,696,813</i>	<i>25,015,102</i>	<i>25,877,277</i>	<i>26,476,214</i>
Cash, balances with other banks including reserve balances, and cash items in process of collection.....	15,120,067	14,243,808	14,521,058	15,142,138
Bank promises owned, furniture and fixtures.....	594,398	598,722	592,897	591,544
Real estate owned other than bank premises.....	108,197	103,068	96,568	91,620
Investments and other assets indirectly representing bank premises or other real estate.....	62,415	62,439	61,764	60,629
Customers' liability on acceptances outstanding.....	47,154	45,736	49,977	39,492
Interest, commissions, rent, and other income earned or accrued but not collected.....	60,399	68,289	61,469	65,759
Other assets.....	45,519	55,857	53,025	53,710
<b>Total assets</b> .....	<b>39,733,962</b>	<b>40,193,021</b>	<b>41,314,635</b>	<b>42,521,106</b>
<b>LIABILITIES</b>				
Demand deposits of individuals, partnerships, and corporations.....	17,939,331	18,070,367	19,194,051	19,944,103
Time deposits of individuals, partnerships, and corporations.....	7,954,096	8,050,125	8,042,313	8,044,337
Deposits of U. S. Government, including postal savings.....	506,709	478,412	540,937	603,581
Deposits of States and political subdivisions.....	2,358,230	2,530,319	2,529,179	2,578,267
Deposits of banks.....	6,575,298	6,751,121	6,591,645	6,957,718
Other deposits (certified and cashiers' checks, etc.).....	518,750	407,137	453,178	410,314
<i>Total deposits</i> .....	<i>35,852,424</i>	<i>36,287,481</i>	<i>37,351,303</i>	<i>38,538,320</i>
Bills payable, rediscounts, and other liabilities for borrowed money.....	3,127	2,430	2,005	9,275
Mortgages or other liens on bank premises and other real estate.....	110	101	59	59
Acceptances executed by or for account of reporting banks and outstanding.....	54,489	52,371	59,379	45,931
Interest, discount, rent, and other income collected but not earned.....	46,395	51,299	55,644	59,998
Interest, taxes, and other expenses accrued and unpaid.....	48,082	59,775	56,215	68,168
Other liabilities.....	192,937	167,198	191,889	171,634
<b>Total liabilities</b> .....	<b>36,197,564</b>	<b>36,620,655</b>	<b>37,716,494</b>	<b>38,892,785</b>
<b>CAPITAL ACCOUNTS</b>				
Capital stock (see memoranda below).....	1,527,237	1,526,939	1,523,383	1,514,706
Surplus.....	1,309,533	1,319,321	1,336,090	1,350,710
Undivided profits.....	467,984	491,310	498,376	521,283
Reserves (see memoranda below).....	231,644	234,796	240,292	241,622
<b>Total capital accounts</b> .....	<b>3,536,398</b>	<b>3,572,366</b>	<b>3,598,141</b>	<b>3,628,321</b>
<b>Total liabilities and capital accounts</b> .....	<b>39,733,962</b>	<b>40,193,021</b>	<b>41,314,635</b>	<b>42,521,106</b>
<b>MEMORANDA</b>				
Par value of capital stock:				
Class A preferred stock.....	182,019	175,651	171,260	159,527
Class B preferred stock.....	13,638	13,374	13,181	13,098
Common stock.....	1,333,816	1,339,894	1,340,705	1,343,743
<b>Total</b> .....	<b>1,529,473</b>	<b>1,528,919</b>	<b>1,525,146</b>	<b>1,516,368</b>
Retirable value of preferred capital stock:				
Class A preferred stock.....	233,280	224,711	219,908	207,724
Class B preferred stock.....	15,523	15,290	15,129	15,046
<b>Total</b> .....	<b>248,803</b>	<b>240,001</b>	<b>235,037</b>	<b>222,770</b>

*Assets and liabilities of national banks on dates indicated—Continued*

[In thousands of dollars]

	Dec. 31, 1940 (5,150 banks)	Apr. 4, 1941 (5,144 banks)	June 30, 1941 (5,136 banks)	Sept. 24, 1941 (5,131 banks)
<b>MEMORANDA—continued</b>				
<b>Reserves:</b>				
Reserves for dividends payable in common stock.....	5,381	} 234,796	{ 6,667	} 241,622
Reserve for other undeclared dividends.....	8,571			
Retirement account for preferred stock.....	21,396			
Reserves for contingencies, etc.....	196,296			
Total.....	231,644	234,796	240,292	241,622
<b>Pledged assets and securities loaned:</b>				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities.....	2,457,149	2,477,773	2,673,112	2,787,388
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement.....	644,363	629,253	601,405	580,382
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities.....	89,741	89,113	100,882	101,866
Securities loaned.....	13,372	14,437	19,344	27,152
Total.....	3,204,625	3,210,576	3,394,743	3,496,788
<b>Secured liabilities:</b>				
Deposits secured by pledged assets pursuant to requirements of law.....	2,630,448	2,659,791	2,746,217	2,802,808
Borrowings secured by pledged assets, including rediscounts and repurchase agreements.....	2,558	2,064	1,984	8,613
Other liabilities secured by pledged assets.....	508	485	521	649
Total.....	2,633,514	2,662,340	2,748,722	2,811,970

**EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR YEAR ENDED DECEMBER 31, 1940**

Gross earnings of national banks in the year ended December 31, 1940, were \$865,000,000, or \$17,000,000 more than those of the preceding year. Interest and discount on loans equaled \$412,000,000 and interest and dividends on bonds, stocks, and other securities \$284,000,000. Expenses were \$19,000,000 more than in the preceding year, amounting to \$600,000,000. Of this, salaries, wages, and fees accounted for \$261,000,000 and interest on deposits and borrowed money, for \$106,000,000. Net operating earnings were \$265,000,000, which were increased by \$198,000,000 of recoveries. Recoveries on loans were \$37,000,000; recoveries on bonds, stocks, and other securities, \$41,000,000; and profits on securities sold, \$105,000,000. Losses and depreciation of \$222,000,000 were \$4,000,000 less than in the previous year. Losses on loans were \$58,000,000 and losses on bonds, stocks, and other securities, \$108,000,000. Net additions to profits before dividends were thus \$241,000,000, and were \$11,000,000 less than those in the previous year. The ratio of net additions to profits to capital funds was 6.96 percent. Dividends declared on common and preferred stock in 1940 totaled \$145,000,000, an increase of \$6,000,000 over the preceding year. The dividends were 9.46 percent of capital stock and 4.19 percent of capital funds.

Interest and discount on loans accounted for more than 47½ percent of the gross earnings in the year ended December 31, 1940, varying in ratios from 36 percent in Federal Reserve district No. 7 to nearly 60 percent in district No. 11. Interest and dividends on investments were approximately 33 percent of total earnings, with the banks in district No. 11 showing the smallest ratio of 21 percent and those in district No. 3 the largest ratio of 43 percent. Salaries, wages, and fees were 30 percent of total earnings, ranging from nearly 25 percent in district No. 3 to more than 33 percent in district No. 10. The net operating earnings to gross earnings showed averages of from 27 percent in district No. 9 to 35½ percent in district No. 3.

Interest and discount on loans to total loans were slightly less than 4½ percent and varied from less than 3½ percent in district No. 2 to more than 5½ percent in district No. 11. Interest and dividends on bonds, stocks, and other securities averaged nearly 2¼ percent of total investments, the banks in district No. 2 showing the lowest ratio of 1½ percent, while the banks in district No. 3 showed the highest ratio of 3½ percent. Profits on securities sold during the period were less than 1 percent of total investments, varying from approximately ½ percent in district No. 9 to slightly more than 1 percent in district No. 3.

Net operating earnings were 7½ percent of total capital funds, the lowest ratio being 6¼ percent in district No. 2, and the highest ratio nearly 11 percent in district No. 12. The net additions to profits before dividends for the period were 7 percent of capital funds, the ratios ranging from slightly less than 3 percent in district No. 3 to nearly 11 percent in district No. 7.

The proportion of gross earnings which were preserved as net additions to profits before dividends were better among the larger banks than among the smaller for the calendar year 1940. For banks with deposits of more than \$100,000,000 the ratio of net additions to profits to gross earnings was 34½ percent, while for banks of \$500,000 deposits or less it was 19¾ percent.

Changes in the earnings and expense figures of national banks in the year ended December 31, 1940, appear in the accompanying table:

## 12 REPORT OF THE COMPTROLLER OF THE CURRENCY

*Earnings, expenses, and dividends of national banks for year ended Dec. 31, 1940*

[In millions of dollars]

	Year ended Dec. 31, 1940	Increase or decrease for year
Number of banks <sup>1</sup> .....	5,150	-43
Capital stock (par value) <sup>2</sup> .....	1,532	-30
Capital funds <sup>2</sup> .....	3,464	-83
<b>Gross earnings:</b>		
Interest and discount on loans.....	412	+25
Interest and dividends on bonds, stocks, and other securities.....	284	-14
Other earnings.....	169	+6
<b>Total</b> .....	<b>865</b>	<b>+17</b>
<b>Expenses:</b>		
Salaries, wages, and fees.....	261	+9
Interest on deposits and borrowed money.....	106	-8
Taxes.....	66	+11
Other expenses.....	167	+7
<b>Total</b> .....	<b>600</b>	<b>+19</b>
Net operating earnings.....	265	-2
<b>Recoveries, profits on securities sold, etc.:</b>		
Recoveries on loans.....	37	-3
Recoveries on bonds, stocks, and other securities.....	41	+7
Profits on securities sold.....	105	-20
All other.....	15	+3
<b>Total</b> .....	<b>198</b>	<b>-13</b>
<b>Total net operating earnings, recoveries, etc.</b> .....	<b>463</b>	<b>-15</b>
<b>Losses and depreciation:</b>		
On loans.....	58	-9
On bonds, stocks, and other securities.....	108	-1
On banking house, furniture and fixtures.....	28	0
Other losses and depreciation.....	28	+6
<b>Total</b> .....	<b>222</b>	<b>-4</b>
Net profits before dividends.....	241	-11
Dividends.....	145	+6
<b>Ratios:</b>	<i>Percent</i>	<i>Percent</i>
Expenses to gross earnings.....	69.36	+0.85
Net profits to net operating earnings.....	90.94	-3.44
Net profits to capital funds.....	6.96	- .49
Dividends to capital stock.....	9.46	+ .56
Dividends to capital funds.....	4.19	+ .08

<sup>1</sup> At end of period.<sup>2</sup> Average of amounts shown by reports of condition for four calls from Dec. 30, 1939, to Dec. 31, 1940, inclusive.

## SIZE OF NATIONAL BANKS

The size of national banks in the United States and possessions according to deposits increased \$4,239,000,000 in the calendar year 1940, although the number of such associations decreased by 43 in the period. On December 30, 1939, national banks held deposits totaling \$31,613,000,000, as compared with \$35,852,000,000 in 1940. The average size of national banks in 1939 was \$6,088,000; by 1940 the average size had increased to \$6,962,000. In 1939, 48 percent of the banks had deposits of \$1,000,000 or less. In 1940 this ratio was 46 percent. Forty-three of the banks had \$100,000,001 or more of deposits in 1939 and 35 banks had between \$50,000,001 and \$100,000,000. In 1940 there were 46 banks with deposits of \$100,000,001 or more and 37 banks with deposits of between \$50,000,001 to \$100,000,000. The

average size of the 43 banks in 1939 with deposits of \$100,000,001 or more was \$387,000,000. The 46 banks in this size group in 1940 averaged \$431,000,000. The banks with \$100,000,001 and over in 1939 had nearly 53 percent of the deposits in all national banks. This size of banks had 55 percent of the deposits of all national banks on December 31, 1940.

The following tabulation shows the distribution by size of national banks in the calendar years 1939 and 1940:

*Size of national banks: On the basis of deposits, Dec. 30, 1939, and Dec. 31, 1940*

[In millions of dollars]

Size groups	Number of banks		Percentage distribution (number of banks)		Deposits		Percentage distribution (deposits)	
	1939	1940	1939	1940	1939	1940	1939	1940
			<i>Percent</i>	<i>Percent</i>			<i>Percent</i>	<i>Percent</i>
\$100,000 and under .....	23	15	0.4	0.3	2	1	0	0
\$100,001 to \$250,000 .....	340	289	6.5	5.6	64	55	.2	.1
\$250,001 to \$500,000 .....	891	812	17.2	15.8	336	309	1.0	.9
\$500,001 to \$750,000 .....	711	689	13.7	13.4	442	426	1.4	1.2
\$750,001 to \$1,000,000 .....	549	553	10.6	10.7	474	481	1.5	1.3
\$1,000,001 to \$2,000,000 .....	1,165	1,195	22.4	23.2	1,637	1,681	5.2	4.7
\$2,000,001 to \$5,000,000 .....	876	919	16.9	17.8	2,681	2,842	8.5	7.9
\$5,000,001 to \$50,000,000 .....	560	595	10.8	11.6	7,013	7,734	22.2	21.6
\$50,000,001 to \$100,000,000 .....	35	37	.7	.7	2,311	2,509	7.3	7.0
\$100,000,001 and over .....	43	46	.8	.9	16,653	19,814	52.7	55.3
Total .....	5,193	5,150	100.0	100.0	31,613	35,852	100.0	100.0

#### AFFILIATES AND HOLDING COMPANY AFFILIATES OF NATIONAL BANKS

The Federal statute requires each national bank to obtain and submit to the Comptroller periodically reports of its affiliates, as defined in sections 2 (b) and (c) of the Banking Act of 1933, as amended, unless waived by the Comptroller. On September 24, 1941, the date of the latest call, 950 of the national banks and 4 State member banks in the District of Columbia reported 12,585 affiliates and holding company affiliates, of which 10,341 were duplications reported by 216 banks. The actual number of affiliates, or 2,244, included 28 holding company affiliates which controlled 189 active and 3 liquidating national banks, varying in number from 1 to 50 associations. Under the waiver of requirement for reports of affiliates, it was necessary for only 500 banks to submit and publish 623 reports of affiliates and holding company affiliates. Of the latter number 161 were duplications of reports of holding company affiliates.

#### NATIONAL BANKS IN THE TRUST FIELD

The development of trust activities in national banks is reflected in a substantial manner by statistics compiled for the fiscal year ended June 30, 1941, which revealed that 1,863 of these institutions held fiduciary permits with a combined capital of \$1,247,143,634 and banking assets of \$36,226,252,844, representing 36.27 percent of the number, 81.86 percent of the capital, and 87.68 percent of the assets of all banks in the national banking system.

Trust departments had been established by 1,537 of these banks and 139,619 individual trusts were being administered with assets aggregating \$9,556,934,045. Seven hundred and seventy-nine of these banks were also administering 15,904 corporate trusts and were acting as trustees for note and bond issues amounting to \$9,130,832,237. Compared with 1940, these figures represent an increase of 1,990, or 1.42 percent, in the number of individual trusts being administered, an increase of \$211,514,363, or 2.21 percent, in the volume of individual trust assets under administration; a decrease of 369, or 2.32 percent in the number of corporate trusts, with a reduction of \$186,868,190, or 2.03 percent, in the volume of note and bond issues outstanding under which national banks had been named to act as trustee.

Segregation of the number of fiduciary accounts in national banks reveals that 73,361, or 47.17 percent, were those created under private or living trust agreements; 66,258, or 42.60 percent, were trusts being administered under the jurisdiction of the court, and the remaining 15,904, or 10.23 percent, were trusteeships under corporate bonds or note-issue indentures. Private trust assets comprised \$7,526,578,799, or 78.75 percent, of the total assets under administration, while the remaining \$2,030,355,246, or 21.25 percent, belonged to court trusts.

An analysis of the \$7,506,675,877 of invested trust funds belonging to private and court trusts under administration reveals that 49.43 percent were in bonds, 32.45 percent in stocks, 6.56 percent in real estate mortgages, 7.24 percent in real estate, and 4.32 percent consisting of miscellaneous investments.

The development of these activities in national banks is emphasized by comparing the record in the last 10 years, which reflects an increase of 47,177, or 33.78 percent, in the number of individual trusts being administered; an increase of \$4,314,942,653, or 45.15 percent in the volume of individual trust assets under administration; and an increase of 5,359, or 33.69 percent, in the number of corporate trusts.

Gross earnings from fiduciary activities aggregated \$32,714,317 for the fiscal year ended June 30, 1941, as against \$31,702,000 in 1940, an increase of \$1,012,317.

Three hundred and fifty-four national banks were acting as trustees under 1,723 insurance trust agreements, involving \$74,809,319 in proceeds from insurance policies, while 698 national banks had been named to act as trustees under 15,278 insurance trust agreements not yet matured or operative, supported by insurance policies with a face value aggregating \$582,312,770.

An analysis of the new trust accounts placed on the books of the national banks between June 30, 1940, and June 30, 1941, reveals that 227 banks were named as trustees for 869 bond and note issues aggregating \$643,842,939; 800 banks were named to act as individual trustees under 6,077 agreements involving \$237,331,396; 773 banks were named to act under 3,009 executorships involving \$245,138,859; 538 banks were named as administrators under 1,342 appointments involving \$21,964,423; 484 banks were named under 2,167 guardianships involving \$15,846,859; 16 banks were named to act as assignees in 53 instances involving \$1,029,747; 28 banks were named to act in 38 receiverships involving \$537,788; 127 banks were named to act as committee of estates of lunatics in 269 cases involving \$3,724,588; and 389 banks were named to act 5,161 times in miscellaneous fiduciary capacities other than those enumerated above involving \$504,600,801.

The following table shows the activities of national banks in the trust field on June 30, 1931, 1936, and 1941. Detailed tables in the appendix show trust activities, first, according to capital of the banks, second, according to Federal Reserve districts, and third, an analysis of the type of investments held in trust.

*Changes in trust activities of national banks in 10 years*

	1931	1936	1941
Number of national banks with trust powers administering trusts.....	1,856	1,573	1,537
Gross earnings from trust departments.....	\$26,888,000	\$30,259,000	\$32,714,000
Number of individual trusts being administered.....	92,442	132,842	139,619
Total volume of individual trust assets.....	\$5,241,991,392	\$9,564,651,286	\$9,556,934,045
Number of corporate trusts being administered.....	10,545	16,997	15,904
Total amount of bond and note issues trusteeed.....	\$10,719,846,426	\$11,167,569,142	\$9,130,832,237
Number of insurance trusts being administered.....	554	1,154	1,723
Total volume of insurance trust assets.....	\$21,667,964	\$56,956,881	\$74,809,319

*Distribution of banks exercising trust powers and number and amount of trusts by size of bank capital, June 30, 1941*

Size of capital of bank	Number of banks exercising trust powers	Number of trusts being administered			Liabilities to trusts	
		Private	Court	Corporate	Private	Court
\$25,000.....	13	38	22	1	\$651,918	\$178,590
\$25,001 to \$50,000.....	62	114	301	12	786,008	3,748,601
\$50,001 to \$100,000.....	283	1,259	2,734	175	19,885,419	23,915,846
\$100,001 to \$200,000.....	461	6,183	11,342	793	153,035,749	108,832,899
\$200,001 to \$500,000.....	425	13,066	16,955	1,491	419,049,594	284,248,509
\$500,001 and over.....	293	52,701	34,904	13,432	6,933,170,111	1,009,431,001
Total.....	1,537	73,361	66,258	15,904	7,526,578,799	2,030,355,246

**NATIONAL BANK NOTES OUTSTANDING**

There were, as of October 31, 1941, \$147,638,735 of national-bank notes still outstanding.

**BANKS IN THE DISTRICT OF COLUMBIA**

On June 30, 1941, there were 22 banks in the District of Columbia, of which 9 were national. These associations had loans and discounts aggregating \$138,000,000 on the date indicated, an increase of \$17,000,000 over the previous year. Their investments of \$144,000,000 increased \$9,000,000 in the year. Cash and balances with other banks, including reserve balances, increased \$41,000,000 to \$200,000,000. Total deposits were \$451,000,000, an increase of \$66,000,000 over 1940. The demand deposits of \$325,000,000, which included deposits of individuals, partnerships, and corporations of \$273,000,000, increased \$59,000,000 since June 29, 1940. Time deposits amounted to \$126,000,000, all but \$12,000,000 of which were savings deposits. Surplus, profits, and reserves accounted for \$31,000,000 of the capital funds, which totaled \$50,000,000. Figures with respect to the asset and liability items of banks in the District of Columbia on June 30, 1941, appear in the accompanying tables:

## 16 REPORT OF THE COMPTROLLER OF THE CURRENCY

*Changes in principal items of assets and liabilities of banks in the District of Columbia,  
year ended June 30, 1941.*

[In millions of dollars]

	June 1941	Changes in 12 months
Number of banks.....	22	0
<b>ASSETS</b>		
<b>Loans and discounts:</b>		
Real estate loans.....	55	+6
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	3	0
All other loans, including overdrafts.....	80	+11
Total loans and discounts.....	138	+17
<b>Investments:</b>		
U. S. Government direct obligations.....	94	+11
Obligations guaranteed by U. S. Government.....	27	+1
Obligations of States and political subdivisions.....	2	-1
Other bonds, notes, and debentures.....	19	-2
Corporate stocks, including stock of Federal Reserve bank.....	2	0
Total investments.....	144	+9
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	200	+41
Total assets.....	504	+67
<b>LIABILITIES</b>		
<b>Demand deposits:</b>		
Individuals, partnerships, and corporations.....	273	+46
Other.....	52	+13
Total demand deposits.....	325	+59
<b>Time deposits:</b>		
Savings.....	114	+7
Other.....	12	0
Total time deposits.....	126	+7
Total deposits.....	451	+66
Total liabilities, excluding capital accounts.....	454	+65
<b>CAPITAL ACCOUNTS</b>		
<b>Capital stock, capital notes and debentures:</b>		
Capital notes and debentures.....	1	0
Preferred stock.....	1	0
Common stock.....	17	0
Surplus, profits, and reserves.....	31	+2
Total capital accounts.....	50	+2
Total liabilities and capital accounts.....	504	+67

*Assets and liabilities of banks in the District of Columbia, by classes, June 30, 1941*<sup>1</sup>

[In thousands of dollars]

	Total all banks	National banks	Trust companies	Savings and State banks
Number of banks.....	22	9	5	8
<b>ASSETS</b>				
<b>Loans and discounts:</b>				
Commercial and industrial loans.....	37,409	28,560	4,191	4,658
Agricultural loans.....	2	2		
Open-market paper: Commercial paper bought in open market.....	704			704
Loans to brokers and dealers in securities.....	780	387	353	40
Other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	2,328	1,264	589	475
<b>Real estate loans:</b>				
On farm land (including improvements).....	58	13	24	21
On residential properties (other than farm).....	38,806	13,336	17,940	7,530
On other properties.....	16,021	5,474	9,626	921
All other loans.....	41,758	15,399	10,272	16,087
Overdrafts.....	30	22	3	5
<b>Total.....</b>	<b>137,896</b>	<b>64,457</b>	<b>42,998</b>	<b>30,441</b>
<b>Investments:</b>				
U. S. Government obligations, direct and guaranteed:				
Direct obligations:				
Treasury notes.....	8,990	6,895	1,823	272
Bonds maturing in 5 years or less.....	1,302	484	680	138
Bonds maturing in 5 to 10 years.....	27,275	13,012	13,924	339
Bonds maturing in 10 to 20 years.....	54,624	33,785	19,824	1,015
Bonds maturing after 20 years.....	1,832	709	1,112	11
<b>Total.....</b>	<b>94,023</b>	<b>54,885</b>	<b>37,363</b>	<b>1,775</b>
Obligations guaranteed by U. S. Government:				
Reconstruction Finance Corporation.....	5,026	4,291	534	201
Home Owners' Loan Corporation.....	16,582	12,152	3,431	999
Federal Farm Mortgage Corporation.....	1,967	40	1,805	122
Other Government corporations and agencies.....	3,501	2,215	684	602
<b>Total.....</b>	<b>27,076</b>	<b>18,698</b>	<b>6,454</b>	<b>1,924</b>
Obligations of States and political subdivisions (including notes and warrants):				
In default.....	2		2	
Without specific maturity.....	1		1	
Maturing in 5 years or less.....	923	236	687	
Maturing after 5 years.....	1,478	823	640	15
<b>Total.....</b>	<b>2,404</b>	<b>1,059</b>	<b>1,330</b>	<b>15</b>
<b>Other bonds, notes, and debentures:</b>				
U. S. Government corporations and agencies, not guaranteed by United States:				
Federal Land banks.....	2,540	808	1,604	128
Other Government corporations and agencies.....	5,668	4,601	494	573
Other domestic corporations:				
Railroads.....	3,544	1,202	2,040	302
Public utilities.....	3,603	1,419	2,063	121
Industrials.....	2,369	1,205	949	215
All other.....	649	149	436	64
Foreign—public and private.....	861	568	268	25
<b>Total.....</b>	<b>19,234</b>	<b>9,952</b>	<b>7,854</b>	<b>1,428</b>
<b>Corporate stocks:</b>				
Federal Reserve bank.....	955	475	429	51
Affiliates of reporting banks.....	261		261	
Other domestic banks.....	40	11	24	5
Other domestic corporations.....	554	187	361	6
Foreign corporations.....	1	1		
<b>Total.....</b>	<b>1,811</b>	<b>674</b>	<b>1,075</b>	<b>62</b>
<b>Total investments.....</b>	<b>144,548</b>	<b>85,268</b>	<b>54,076</b>	<b>5,204</b>

See footnote at end of table.

*Assets and liabilities of banks in the District of Columbia, by classes,  
June 30, 1941*—Continued

[In thousands of dollars]

	Total all banks	National banks	Trust com- panies	Savings and State banks
<b>ASSETS—continued</b>				
Cash, balances with other banks, including reserve balances, and cash items in process of collection:				
Cash items in process of collection, including exchanges for clearing house.....	18,735	11,888	4,678	2,169
Demand balances with banks in the United States (except private banks and American branches of foreign banks).....	58,503	39,029	16,077	3,397
Other balances with banks in the United States (including private banks and American branches of foreign banks).....	263	3	60	200
Balances with banks in foreign countries (including bal- ances with foreign branches of other American banks, but excluding amounts due from own foreign branches).....	25	21	3	1
Currency and coin.....	12,796	7,877	3,012	1,907
Reserve with Federal Reserve bank and approved reserve agencies.....	109,632	78,963	22,713	7,956
<b>Total.....</b>	<b>199,954</b>	<b>137,781</b>	<b>46,543</b>	<b>15,630</b>
Bank premises owned, furniture and fixtures.....	15,259	7,089	7,076	1,094
Real estate owned other than bank premises.....	2,771	596	2,150	25
Investments and other assets indirectly representing bank premises or other real estate.....	2,539		2,196	343
Customers' liability on acceptances outstanding.....	4	4		
Interest, commissions, rent, and other income earned or accrued but not collected.....	479	133	315	31
Other assets.....	443	247	153	43
<b>Total assets.....</b>	<b>503,893</b>	<b>295,575</b>	<b>155,507</b>	<b>52,811</b>
<b>LIABILITIES</b>				
Demand deposits:				
Deposits of individuals, partnerships, and corporations.....	273,219	171,797	79,060	22,362
Deposits of U. S. Government.....	2,190	1,256	797	137
Deposits of States and political subdivisions.....	51	45		6
Deposits of banks in the United States (including private banks and American branches of foreign banks).....	44,061	42,055	1,766	240
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches).....	263	249	14	
Certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to Federal Reserve bank (transit account).....	5,494	4,279	799	416
<b>Total demand deposits.....</b>	<b>325,278</b>	<b>219,681</b>	<b>82,436</b>	<b>23,161</b>
Time deposits:				
Deposits of individuals, partnerships, and corporations:				
Savings deposits.....	113,325	47,159	47,425	18,741
Certificates of deposit.....	1,613	1,593		20
Deposits accumulated for payment of personal loans.....	4,169	373		3,796
Christmas savings and similar accounts.....	3,374	1,249	897	1,228
Open accounts.....	2,218	1,181	656	381
<b>Total.....</b>	<b>124,699</b>	<b>51,555</b>	<b>48,978</b>	<b>24,166</b>
Postal savings deposits.....	112	100		12
Deposits of banks in the United States (including private banks and American branches of foreign banks).....	615	500	50	65
<b>Total time deposits.....</b>	<b>125,426</b>	<b>52,155</b>	<b>49,028</b>	<b>24,243</b>
<b>Total deposits.....</b>	<b>450,704</b>	<b>271,836</b>	<b>131,464</b>	<b>47,404</b>
Acceptances executed by or for account of reporting banks and outstanding.....	4	4		
Interest, discount, rent, and other income collected but not earned.....	608	170	15	423
Interest, taxes, and other expenses accrued and unpaid.....	878	304	389	185
Other liabilities.....	2,063	1,244	717	102
<b>Total liabilities.....</b>	<b>454,257</b>	<b>273,558</b>	<b>132,585</b>	<b>48,114</b>

See footnote at end of table.

*Assets and liabilities of banks in the District of Columbia, by classes,  
June 30, 1941*<sup>1</sup>—Continued

[In thousands of dollars]

	Total all banks	National banks	Trust com- panies	Savings and State banks
<b>CAPITAL ACCOUNTS</b>				
Capital notes and debentures.....	525			525
Capital stock (see memoranda below).....	18, 500	8, 600	8, 400	1, 600
Surplus.....	17, 996	7, 360	8, 977	1, 659
Undivided profits.....	10, 416	5, 237	4, 554	625
Reserves (see memoranda below).....	2, 199	820	991	388
<b>Total capital accounts.....</b>	<b>49, 636</b>	<b>22, 017</b>	<b>22, 922</b>	<b>4, 697</b>
<b>Total liabilities and capital accounts.....</b>	<b>503, 893</b>	<b>295, 575</b>	<b>155, 507</b>	<b>52, 811</b>
<b>MEMORANDA</b>				
<b>Par value of capital stock:</b>				
Preferred stock.....	1, 100	900		200
Common stock.....	17, 400	7, 700	8, 400	1, 300
<b>Total.....</b>	<b>18, 500</b>	<b>8, 600</b>	<b>8, 400</b>	<b>1, 500</b>
Retirable value of preferred stock.....	1, 103	900		203
<b>Reserves:</b>				
Reserves for undeclared dividends and interest on capital notes and debentures.....	6			6
Retirement account for preferred stock and capital notes and debentures.....	110			110
Reserves for contingencies, etc.....	2, 083	820	991	272
<b>Total.....</b>	<b>2, 199</b>	<b>820</b>	<b>991</b>	<b>388</b>
<b>Pledged assets:</b>				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities.....	19, 172	12, 504	6, 311	357
Other assets pledged to secure deposits and other liabilities including notes and bills rediscounted and securities sold under repurchase agreement.....	414	414		
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities.....	4, 814	2, 369	2, 305	140
<b>Total.....</b>	<b>24, 400</b>	<b>15, 287</b>	<b>8, 616</b>	<b>497</b>
<b>Secured liabilities:</b>				
Deposits secured by pledged assets pursuant to requirements of law.....	12, 889	7, 980	4, 739	161
Other liabilities secured by pledged assets.....	1			1
<b>Total.....</b>	<b>12, 890</b>	<b>7, 989</b>	<b>4, 739</b>	<b>162</b>

<sup>1</sup> Exclusive of the Export-Import Bank of Washington.

*Reserves of Nonmember Banks in the District of Columbia*

Under the Code of Law for the District of Columbia nonmember banks in the District are required to establish and maintain reserves on the same basis as prescribed for national banks in the District, except that the reserves are carried with designated member banks in the District of Columbia and New York City.

In the year ended October 31 four calls were made on the nonmember banks and the average amount of net demand and time deposits held by these associations in the period was \$25,200,000 in comparison with \$32,300,000 in the previous year, when there were 8 such banks. The reduction in the average during the current year is due to the fact that 2 of the banks became members of the Federal Reserve

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System. The ratio of reserves required against deposits averaged nearly 10 percent, while the ratio of reserves held averaged slightly less than 24 percent. Figures showing the reserves of nonmember banks appear in the accompanying table:

*Reserve of nonmember banks in the District of Columbia at date of each call during year ended Oct. 31, 1941*

[In thousands of dollars]

	Dec. 31, 1940	Apr. 4, 1941	June 30, 1941	Sept. 24, 1941
Number of banks .....	7	7	7	6
Net demand deposits subject to reserve .....	11,024	11,806	11,848	10,458
Time deposits .....	13,579	14,611	15,176	12,488
Net demand plus time deposits .....	24,603	26,417	27,024	22,946
Reserve with reserve agencies:				
Required .....	2,002	2,797	2,832	2,455
Held .....	5,771	6,740	6,210	5,417
Excess .....	3,769	3,943	3,378	2,962
Ratio of required reserves to net demand plus time deposits .....	Percent 8.14	Percent 10.59	Percent 10.48	Percent 10.70
Ratio of reserves held to net demand plus time deposits ..	23.46	25.51	22.98	23.61

*Earnings, Expenses, and Dividends of Banks in the District of Columbia*

Gross earnings of all active banks in the District of Columbia in the calendar year 1940 were \$12,192,000, or \$280,000 more than in the preceding year. Interest and discount on loans accounted for \$5,652,000 and interest and dividends on bonds, stocks, and other securities \$3,363,000. Expenses were \$315,000 more than in the preceding year, amounting to \$9,019,000. Of this, \$4,186,000 were salaries, wages, and fees, and \$1,667,000 interest on deposits. Net earnings were \$3,173,000, which were increased by \$1,511,000 of recoveries. Recoveries on loans were \$193,000, recoveries on bonds, stocks, and other securities \$351,000, and profits on securities sold \$830,000. Losses and depreciation at \$1,698,000 were \$147,000 less than in the preceding year. Losses on loans were \$371,000, and losses on bonds, stocks, and other securities \$732,000. Net additions to profits before dividends were \$2,986,000, or \$469,000 less than in 1939. The ratio of net additions to profits to capital funds was 6.20 percent. Figures of earnings, expenses, and dividends appear in the accompanying table:

*Earnings, expenses, and dividends of all banks in the District of Columbia for the year ended Dec. 31, 1940*

[In thousands of dollars]

	Year ended Dec. 31, 1940	Increase or decrease for year
Number of banks <sup>1</sup> .....	22	0
Capital stock (par value), capital notes and debentures <sup>2</sup> .....	19,624	-179
Capital funds <sup>2</sup> .....	48,191	+1,225
Gross earnings:		
Interest and discount on loans.....	5,652	+446
Interest and dividends on bonds, stocks, and other securities.....	3,363	-208
Other earnings.....	3,177	+42
Total.....	12,192	+280
Expenses:		
Salaries, wages, and fees.....	4,186	+182
Interest on deposits.....	1,667	-3
Taxes.....	1,118	+77
Other expenses.....	2,048	+59
Total.....	9,019	+315
Net operating earnings.....	3,173	-35
Recoveries, profits on securities sold, etc.:		
Recoveries on loans.....	193	+56
Recoveries on bonds, stocks, and other securities.....	351	-142
Profits on securities sold.....	830	-578
All other.....	137	+83
Total.....	1,511	-581
Total net operating earnings, recoveries, etc.....	4,684	-616
Losses and depreciation:		
On loans.....	371	+114
On bonds, stocks, and other securities.....	732	-313
On banking house, furniture and fixtures.....	402	+72
Other losses and depreciation.....	193	-20
Total.....	1,698	-147
Net addition to profits.....	2,986	-469
Interest and dividends.....	1,500	+34
Ratios:		
Expenses to gross earnings.....	Percent 73.97	Percent + .90
Net addition to profits to net operating earnings.....	94.11	-13.59
Net addition to profits to capital funds.....	6.20	-1.16
Interest and dividends to capital stock, capital notes and debentures.....	7.64	+24
Interest and dividends to capital funds.....	3.11	-0.01

<sup>1</sup> At end of period.

<sup>2</sup> Average of amounts shown by reports of condition for 4 calls from Dec. 30, 1939 to Dec. 31, 1940, inclusive.

*Building and Loan Associations in the District of Columbia*

The assets of the 26 building and loan associations operating in the District of Columbia under the supervision of the Comptroller of the Currency on December 31, 1940, amounted to \$146,650,000, an increase of \$9,157,000 in the year. Loans increased \$7,937,000 to \$137,628,000, and investments of \$1,724,000 showed an increase of \$153,000. Shares of stock outstanding increased \$7,171,000 to \$125,160,000, and surplus, profits, and reserves of \$16,073,000 increased \$1,745,000. Changes in the principal items of assets and liabilities of District building and loan associations are shown in the following table:

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*Changes in principal items of assets and liabilities of District of Columbia building and loan associations, year ended Dec. 31, 1940*

[Amounts in thousands of dollars]

	Dec. 31, 1940	Change in 12 months
Number of associations.....	26	0
Loans.....	137,628	+7,937
Investments.....	1,724	+153
Cash and bank balances.....	4,833	+829
Total assets.....	146,650	+9,157
Shares.....	125,160	+7,171
Surplus, profits, and reserves.....	16,073	+1,745
Number of borrowing members.....	37,711	+1,588
Number of nonborrowing members.....	104,147	+3,659

*District of Columbia Credit Unions*

On December 31, 1940, the 25 District of Columbia credit unions under the supervision of the Comptroller of the Currency reported loans of \$1,699,000, investments of \$274,000, and cash and deposits in banks of \$251,000, which increased respectively in the year \$288,000, \$100,000, and \$100,000. Shares paid in were \$1,996,000, an increase of \$445,000 in the year, and surplus, profits, and reserves increased by \$55,000 to \$214,000. Changes in the principal items of assets and liabilities of these credit unions appear in the following table:

*Changes in principal items of assets and liabilities of District of Columbia credit unions, year ended Dec. 31, 1940*

[Amounts in thousands of dollars]

	Dec. 31, 1940	Change in 12 months
Number of credit unions.....	25	0
Loans.....	1,699	+288
Investments.....	274	+100
Cash and deposits in banks.....	251	+100
Total assets.....	2,227	+489
Shares.....	1,996	+445
Surplus, profits, and reserves.....	214	+55
Number of borrowing members.....	12,423	+746
Number of nonborrowing members.....	9,255	+875

*Export-Import Bank of Washington*

The Export-Import Bank of Washington, incorporated under the Code of Law for the District of Columbia and established pursuant to an Executive order dated February 2, 1934, submitted four condition reports to the Comptroller in the year ended October 31, 1941, the same as required of other banks in the District. A statement of its assets and liabilities as of the date of each call in the year follows:

*Assets and liabilities of the Export-Import Bank of Washington at date of each call  
in year ended Oct. 31, 1941*

[In thousands of dollars]

	Dec. 31, 1940	Apr. 4, 1941	June 30, 1941	Sept. 24, 1941
<b>ASSETS</b>				
Loans and discounts.....	82, 836	111, 282	113, 776	142, 286
Balances with other banks and United States Treasurer, etc.....	22, 588	69, 713	68, 771	41, 680
Furniture and fixtures.....	10	11	15	14
Customers' liability on acceptances outstanding.....	48, 195	55, 066	53, 511	62, 618
Other assets.....	1, 161	2, 095	2, 355	2, 547
<b>Total.....</b>	<b>154, 790</b>	<b>238, 167</b>	<b>238, 428</b>	<b>249, 145</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>				
Bills payable, rediscunts, and other liabilities for borrowed money.....	25, 000			
Acceptances executed and outstanding.....	48, 196	55, 066	53, 511	62, 618
Other liabilities.....	306	240	267	266
Capital stock:				
Preferred.....	74, 000	174, 000	174, 000	174, 000
Common.....	1, 000	1, 000	1, 000	1, 000
Undivided profits.....	6, 030	7, 603	9, 392	11, 003
Reserves.....	258	258	258	258
<b>Total.....</b>	<b>154, 790</b>	<b>238, 167</b>	<b>238, 428</b>	<b>249, 145</b>

**CHANGES IN PRINCIPAL ITEMS OF ASSETS AND LIABILITIES OF STATE  
AND PRIVATE BANKS, YEAR ENDED JUNE 30, 1941**

On June 30, 1941, there were 9,783 active banks other than national in the United States and possessions, of which 9,179 were State commercial banks, including loan and trust companies and stock-savings banks, 550 were mutual savings banks, and 54 were private banks.

The State and private banks had loans and discounts, including overdrafts, of \$14,621,000,000, an increase of \$1,243,000,000 in the year. State commercial banks held \$9,609,000,000 of loans, which increased \$1,206,000,000 in the year. Mutual savings banks had \$4,958,000,000 of loans, all but \$100,000,000 of which were on real estate. The total loans of private banks were \$54,000,000. State commercial banks had commercial and industrial loans of \$3,216,000,000 and real-estate loans of \$2,591,000,000. Open-market paper, loans to banks, and miscellaneous loans, including agricultural loans, of the commercial banks amounted to \$3,067,000,000, \$300,000,000 more than a year earlier.

United States Government direct obligations held by the commercial banks aggregated \$7,031,000,000, an increase of \$1,161,000,000 in the year. Mutual savings banks increased their holdings of such securities by \$373,000,000 to \$2,970,000,000. Total United States Government direct obligations held by all State and private banks increased \$1,521,000,000 to \$10,036,000,000. Obligations guaranteed by the United States Government held by the commercial banks amounted to \$1,937,000,000, or \$369,000,000 more than in June 1940. Mutual savings banks held \$456,000,000 of such securities, a decrease of \$60,000,000 in the year. Obligations of States and political subdivisions held by the commercial banks aggregated \$1,644,000,000 on June 30, 1941, which was a decrease of \$14,000,000. Such holdings by mutual savings banks were \$536,000,000, or \$97,000,000 less than

a year ago. Other bonds, notes, and debentures held by the commercial banks amounted to \$1,412,000,000 and by mutual savings banks, \$1,229,000,000, the former representing an increase of \$14,000,000 and the latter a decrease of \$119,000,000. Corporate stocks held by all State and private banks, including stock of Federal Reserve banks, aggregated \$496,000,000, decreasing \$16,000,000 in the year.

Cash in vaults of State and private banks on June 30, 1941, amounted to \$699,000,000, increasing \$133,000,000 over the year previous. Balances with other banks, including reserve balances, aggregated \$11,659,000,000, an increase of \$418,000,000 during the year. Most of the balances with other banks were reported by State commercial banks.

Mutual savings banks held virtually no demand deposits. Such deposits held by the commercial banks aggregated \$22,432,000,000, an increase of \$2,874,000,000. Private banks held \$138,000,000 of such deposits, an increase of \$7,000,000 during the year. Commercial banks held demand deposits of individuals, partnerships, and corporations of \$16,279,000,000, an increase of \$2,366,000,000. Savings deposits amounted to \$6,244,000,000 in the commercial banks and \$10,584,000,000 in mutual savings banks, increases of \$172,000,000 and \$10,000,000, respectively. The total time deposits of all State and private banks increased by \$237,000,000 to \$18,624,000,000. Total deposits in such banks increased \$3,119,000,000 in the year and amounted to \$41,198,000,000 on June 30, 1941, of which amount \$30,397,000,000 were in the commercial banks, \$10,648,000,000 in mutual savings banks and \$153,000,000 in private banks.

Mutual savings banks had no capital stock, but their surplus, undivided profits, and reserves amounted to \$1,310,000,000, an increase of \$22,000,000 in the year. Total capital funds of the commercial banks were \$3,590,000,000, an increase of \$62,000,000 during the year.

Figures with respect to the above-mentioned asset and liability items appear in the accompanying table:

*Changes in principal items of assets and liabilities of State and private banks, year ended June 30, 1941*

[In millions of dollars]

	All State and private banks		State (commercial) <sup>1</sup>		Mutual savings		Private <sup>2</sup>	
	June 1941	Change in 12 months	June 1941	Change in 12 months	June 1941	Change in 12 months	June 1941	Change in 12 months
Number of banks.....	9,783	-64	9,179	-60	550	-1	54	-3
<b>ASSETS</b>								
Loans and discounts:								
Commercial and industrial loans.....	3,246	+682	3,216	+671			30	+11
Real estate loans.....	7,451	+196	2,591	+173	4,858	+23	2	+11
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	748	+60	735	+62	1	+16	12	-2
All other loans, including overdrafts.....	3,176	+305	3,067	+300	99	+8	10	-3
Total loans and discounts.....	14,621	+1,243	9,609	+1,206	4,958	+31	54	+6
Investments:								
U. S. Government direct obligations.....	10,036	+1,521	7,031	+1,161	2,970	+373	35	-13
Obligations guaranteed by U. S. Government.....	2,405	+320	1,937	+369	456	-60	12	+11
Obligations of States and political subdivisions.....	2,186	-116	1,644	-14	536	-97	6	-5
Other bonds, notes, and debentures.....	2,652	-104	1,412	+14	1,229	-119	11	+1
Corporate stocks, including stock of Federal Reserve banks.....	496	-16	319	-19	171	+4	6	-1
Total investments.....	17,775	+1,605	12,343	+1,511	5,362	+101	70	-7
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	12,358	+551	11,342	+560	968	-11	48	+2
Total assets.....	46,514	+3,185	34,335	+3,141	11,996	+44	183	+9.2
<b>LIABILITIES</b>								
Demand deposits:								
Individuals, partnerships, and corporations.....	16,377	+2,372	16,279	+2,366	3	+1	95	+5
Other.....	6,197	+510	6,153	+508	1	+44	43	+2
Total demand deposits.....	22,574	+2,882	22,432	+2,874	4	+1	138	+7
Time deposits:								
Savings.....	16,836	+183	6,244	+172	10,584	+10	8	+1
Other.....	1,788	+54	1,721	+49	60	+6	7	-1
Total time deposits.....	18,624	+237	7,965	+221	10,644	+16	15	-1.8
Total deposits.....	41,198	+3,119	30,397	+3,095	10,648	+17	153	+7
Total liabilities, excluding capital accounts.....	41,587	+3,107	30,745	+3,079	10,679	+23	163	+5
<b>CAPITAL ACCOUNTS</b>								
Capital stock, capital notes and debentures:								
Capital notes and debentures.....	115	-13	108	-12	7	-1		
Preferred stock.....	148	-11	148	-11				
Common stock.....	1,269	-1	1,262	+1			7	-2
Surplus, profits and reserves.....	3,395	+103	2,072	+84	1,310	+22	13	-3
Total capital accounts.....	4,927	+78	3,590	+62	1,317	+21	20	-5
Total liabilities and capital accounts.....	46,514	+3,185	34,335	+3,141	11,996	+44	183	+9.2

<sup>1</sup> Includes loan and trust companies and stock savings banks.

<sup>2</sup> Excludes private banks which do not report to State banking departments.

## DISTRIBUTION OF ALL BANKS

On June 30, 1941, there were 14,919 banks in the United States and its possessions, of which 5,130, or 34 percent, were national banks, members of the Federal Reserve System. Of these, 13,476, or 90 percent, were insured banks. All banks had deposits of \$78,549,329,000, 47 percent of which was in member national banks and 86 percent of which was in insured banks. There were 550 mutual savings banks which had \$10,648,489,000 of deposits.

*Classification of all banks, June 30, 1941*

	Banks			Deposits		
	Number	Percent of grand total	Change in 12 months (percent of grand total)	Amount (000 omitted)	Percent of grand total	Change in 12 months (percent of grand total)
National banks.....	5,130	34.39	-----	\$37,273,221	47.45	+1.05
State member banks:						
Commercial.....	1,423	9.54	+1.33	21,230,552	27.03	+ .73
Mutual savings.....	3	.02	+ .02	7,736	.01	+ .01
Nonmember insured banks:						
State commercial <sup>1</sup> .....	6,870	46.05	-1.11	7,112,875	9.06	- .35
Mutual savings.....	50	.33	- .01	1,794,811	2.28	+ .27
Total insured banks.....	13,476	90.33	+ .23	67,419,195	85.83	+1.71
Nonmember uninsured banks:						
State commercial and private <sup>2</sup> .....	946	6.34	- .23	2,284,192	2.91	- .04
Mutual savings.....	497	3.33	-----	8,845,942	11.26	-1.67
Total.....	14,919	100.00	-----	78,549,329	100.00	-----

<sup>1</sup> Includes 3 nonmember insured national banks.

<sup>2</sup> Includes 3 nonmember uninsured national banks.

NOTE.—Deposit insurance assessments paid by all insured banks to the Federal Deposit Insurance Corporation in the year ended June 30, 1941, amounted to \$48,736,294.84, of which \$26,623,816.31, or 54.63 percent, was paid by national banks.

## Assets and liabilities of all active banks in the United States and possessions, June 30, 1941

[In thousands of dollars]

	Total all banks	National banks	All banks other than national	Banks other than national		
				State (commercial) <sup>1</sup>	Mutual savings	Private <sup>2</sup>
Number of banks.....	14,919	5,136	9,783	9,179	550	54
<b>ASSETS</b>						
Loans and discounts:						
Commercial and industrial loans.....	7,944,418	4,698,523	3,245,895	3,216,055	402	29,438
Agricultural loans.....	1,211,640	620,833	590,807	590,160	115	532
Open-market paper.....	638,008	361,117	276,891	263,950	9,420	3,521
Loans to brokers and dealers in securities.....	615,086	237,898	377,188	371,139	30	6,019
Other loans for the purpose of purchasing or carrying stocks, bonds, and other securities.....	728,371	355,985	370,386	364,020	667	5,699
Real estate loans:						
On farm land.....	601,598	233,956	367,642	352,181	15,051	410
On residential properties.....	7,931,331	1,456,662	6,474,669	1,671,308	4,801,591	1,770
On other properties.....	1,100,376	491,043	609,333	567,492	41,671	170
Loans to banks.....	45,777	20,436	25,341	25,341	-----	-----
All other loans.....	4,716,787	2,439,476	2,277,311	2,182,060	88,982	6,269
Overdrafts.....	12,046	6,554	5,492	4,948	38	506
Total loans and discounts.....	25,543,438	10,922,483	14,620,955	9,608,654	4,957,967	54,334
Investments:						
U. S. Government direct obligations.....	18,892,790	8,856,499	10,036,291	7,030,957	2,969,887	35,447
Obligations guaranteed by U. S. Government:						
Reconstruction Finance Corporation.....	1,532,277	548,294	983,983	846,825	131,373	5,785
Home Owners' Loan Corporation.....	1,743,519	1,046,672	696,847	489,396	205,819	1,632
Federal Farm Mortgage Corporation.....	605,095	279,849	325,246	257,980	67,093	173
Other Government corporations and agencies.....	803,380	404,638	398,742	342,351	51,852	4,539
Total U. S. Government obligations, direct and guaranteed.....	23,577,061	11,135,952	12,441,109	8,967,509	3,426,024	47,576

<sup>1</sup> Includes trust companies and stock savings banks.<sup>2</sup> Excludes private banks which do not report to State banking departments.

## Assets and liabilities of all active banks in the United States and possessions, June 30, 1941—Continued

[In thousands of dollars]

	Total all banks	National banks	All banks other than national	Banks other than national		
				State (commercial)	Mutual savings	Private
ASSETS—continued						
Investments—Continued.						
Obligations of States and political subdivisions.....	4, 206, 526	2, 020, 242	2, 186, 284	1, 644, 111	536, 244	5, 929
Other bonds, notes, and debentures:						
U. S. Government corporations and agencies, not guaranteed by United States:						
Federal land banks.....	182, 756	100, 984	81, 772	73, 264	4, 667	3, 841
Federal intermediate credit banks.....	199, 523	110, 866	88, 657	84, 748	3, 203	706
Other Government corporations and agencies.....	190, 793	111, 872	78, 921	76, 972	1, 373	576
Other domestic corporations:						
Railroads.....	1, 508, 727	449, 558	1, 059, 169	418, 495	639, 613	1, 061
Public utilities.....	1, 061, 543	306, 258	755, 285	295, 592	457, 735	1, 958
Industrials.....	667, 369	344, 975	322, 394	277, 939	42, 587	1, 868
All other.....	204, 031	68, 556	135, 475	102, 104	32, 777	594
Foreign—public and private.....	227, 373	97, 122	130, 251	82, 921	47, 079	251
Total other bonds, notes, and debentures.....	4, 242, 115	1, 590, 191	2, 651, 924	1, 412, 035	1, 229, 034	10, 855
Stocks of Federal Reserve banks and other domestic corporations.....	697, 086	207, 211	489, 875	312, 999	170, 936	5, 940
Stocks of foreign corporations.....	6, 944	1, 198	5, 746	5, 743	3	-----
Total investments.....	32, 729, 732	14, 954, 794	17, 774, 938	12, 342, 397	5, 362, 241	70, 300
Currency and coin.....	1, 408, 306	709, 458	698, 848	620, 896	76, 281	1, 671
Balances with other banks, including reserve balances and cash items in process of collection.....	25, 471, 008	13, 812, 200	11, 658, 808	10, 720, 782	891, 847	46, 179
Bank premises owned, furniture and fixtures.....	1, 222, 200	592, 897	629, 303	508, 833	119, 942	528
Real estate owned other than bank premises.....	834, 353	96, 568	737, 785	238, 503	498, 304	978
Investments and other assets indirectly representing bank premises or other real estate.....	144, 408	61, 764	82, 644	69, 072	13, 545	27
Customers' liability on acceptances outstanding.....	90, 360	49, 977	40, 333	34, 070	-----	6, 313
Interest, commissions, rent, and other income earned or accrued but not collected.....	157, 961	61, 469	96, 492	55, 006	41, 254	232
Other assets (including securities borrowed, insurance and other expenses prepaid, and cash items not in process of collection).....	226, 953	53, 025	173, 928	136, 429	34, 726	2, 773
Total assets.....	87, 828, 719	41, 314, 635	46, 514, 084	34, 334, 642	11, 996, 107	183, 335

LIABILITIES						
<b>Demand deposits:</b>						
Deposits of individuals, partnerships, and corporations.....	35,571,528	19,194,051	16,377,477	16,278,852	3,012	95,613
Deposits of U. S. Government.....	733,523	498,900	234,623	234,557	66	-----
Deposits of States and political subdivisions.....	3,634,724	2,200,817	1,433,907	1,431,951	441	1,515
Deposits of banks in the United States.....	9,893,403	6,151,745	3,741,658	3,722,130	52	19,476
Deposits of banks in foreign countries.....	769,805	337,633	432,172	411,523	1	20,648
<b>Total demand deposits.....</b>	<b>50,602,983</b>	<b>28,383,146</b>	<b>22,219,837</b>	<b>22,079,013</b>	<b>3,572</b>	<b>137,252</b>
<b>Time deposits:</b>						
<b>Deposits of individuals, partnerships, and corporations:</b>						
Savings deposits.....	23,988,580	7,152,681	16,835,899	6,244,300	10,584,220	7,379
Certificates of deposit.....	1,174,919	504,332	670,587	666,871	442	3,274
Deposits accumulated for payment of personal loans.....	129,477	55,138	74,339	73,867	472	-----
Christmas savings and similar accounts.....	235,132	91,237	143,895	85,006	57,928	961
Open accounts.....	719,076	238,925	480,151	477,690	377	2,084
Postal savings deposits.....	66,803	42,037	24,766	24,766	-----	-----
Deposits of States and political subdivisions.....	505,305	328,362	176,943	175,937	810	196
Deposits of banks in the United States.....	311,919	96,944	214,975	214,607	167	201
Deposits of banks in foreign countries.....	7,304	5,323	1,981	1,981	-----	-----
<b>Total time deposits.....</b>	<b>27,138,515</b>	<b>8,514,979</b>	<b>18,623,536</b>	<b>7,965,025</b>	<b>10,644,416</b>	<b>14,095</b>
Other deposits (certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to reserve agents (transit account)).....	807,831	453,178	354,653	352,962	501	1,190
<b>Total deposits.....</b>	<b>78,549,329</b>	<b>37,351,303</b>	<b>41,198,026</b>	<b>30,397,000</b>	<b>10,648,489</b>	<b>152,537</b>
<b>Bills payable, rediscounts, and other liabilities for borrowed money</b>						
Acceptances executed by or for account of reporting banks and outstanding.....	22,559	2,005	20,554	20,248	14	292
Interest, discount, rent, and other income collected but not earned.....	106,594	59,379	47,215	40,094	-----	7,121
Interest, taxes, and other expenses accrued and unpaid.....	101,181	55,644	45,537	45,134	337	66
Other liabilities (including securities borrowed and dividends declared but not payable).....	114,899	56,215	58,684	50,031	8,525	128
<b>Total liabilities.....</b>	<b>409,638</b>	<b>191,948</b>	<b>217,690</b>	<b>192,532</b>	<b>21,811</b>	<b>3,347</b>
<b>Total liabilities.....</b>	<b>79,304,200</b>	<b>37,716,494</b>	<b>41,587,706</b>	<b>30,745,039</b>	<b>10,679,176</b>	<b>163,491</b>
<b>CAPITAL ACCOUNTS</b>						
<b>Capital stock:</b>						
Capital notes and debentures.....	114,683	-----	114,683	107,542	7,141	-----
Preferred stock.....	331,945	184,441	147,504	147,504	-----	-----
Common stock.....	2,608,377	1,338,942	1,269,435	1,262,525	-----	6,910
<b>Surplus.....</b>	<b>3,616,763</b>	<b>1,336,090</b>	<b>2,280,673</b>	<b>1,396,448</b>	<b>872,796</b>	<b>11,429</b>
Undivided profits.....	1,247,941	498,376	748,665	436,706	311,622	337
Reserves and retirement account for preferred stock and capital notes and debentures.....	605,710	240,292	365,418	238,878	125,372	1,168
<b>Total capital accounts.....</b>	<b>8,524,519</b>	<b>3,598,141</b>	<b>4,926,378</b>	<b>3,589,603</b>	<b>1,316,931</b>	<b>19,844</b>
<b>Total liabilities and capital accounts.....</b>	<b>87,828,719</b>	<b>41,314,635</b>	<b>46,514,084</b>	<b>34,334,642</b>	<b>11,996,107</b>	<b>183,335</b>

**REPORTS FROM NATIONAL BANKS**

National banks in the continental United States, Alaska, the Territory of Hawaii, and the Virgin Islands of the United States were, in accordance with the provisions of section 5211 of the Revised Statutes, called upon to submit four reports of condition during the year ended October 31, 1941. Reports were required as of December 31, 1940, and April 4, June 30, and September 24, 1941. Summaries from all condition reports, by States, were published in pamphlet form. National banks were also required by the statute to obtain reports of their affiliates and holding company affiliates other than member banks and to submit such reports to the Comptroller as of the four dates for which condition reports of the banks were obtained.

Under the general powers conferred upon him by law, the Comptroller required from each national bank two semiannual reports of earnings, expenses, and dividends, one for the half-year ended December 31, 1940, and one for the half-year ended June 30, 1941; also reports of condition of all domestic and foreign branches of national banks as of June 30, 1941.

National banking associations authorized to act in a fiduciary capacity were called upon to submit reports of their trust departments as of the close of business on June 30, 1941.

In accordance with section 298 of the Code of Law for the District of Columbia, banks other than national in the District were required to make to the Comptroller all condition reports and reports of earnings, expenses, and dividends obtained from national banks during the year. Building and loan associations and credit unions in the District of Columbia under the supervision of the Comptroller were required to submit reports of their assets and liabilities as of December 31, 1940, and reports of receipts and disbursements for the year ended December 31, 1940.

Detailed figures for reports of condition and earnings and dividends are published in the appendix to this report.

**EXAMINATION OF NATIONAL BANKS**

The National Bank Act requires that each national bank be examined at least twice each year in order that the Comptroller may be kept currently informed of its condition and require such corrections as are deemed necessary with a view to maintaining each bank in sound condition. In addition to the regular examinations, special examinations are conducted of banks the condition of which is regarded as unsatisfactory.

During the 12 months ended October 31, 1941, 9,927 examinations of banks, 3,128 examinations of branches, 2,544 examinations of trust departments, and 110 examinations of affiliates were conducted. Thirteen State banks were examined in connection with conversions to or consolidations with national banks. Investigations were also conducted in connection with applications for 8 new charters and 63 new branches.

There are 12 examining districts in the country, each of which is administered by a district chief national bank examiner, who is assigned an appropriate number of examiners, assistant examiners, clerks, and stenographers. The 12 districts are divided into subdistricts, each in charge of an examiner. In Washington, the chief national bank examiner has 7 assistants who review for him the reports of examination.

#### LIQUIDATION OF INSOLVENT NATIONAL BANKS <sup>1</sup>

During the year ended October 31, 1941, there were 3 national-bank failures involving total deposits of \$2,182,008. There have now been 20 national-bank failures since the banking holiday of 1933 with total deposits at failure of \$14,030,960. All deposit accounts of 17 of these banks which failed during the period 1934 to 1941, inclusive, subsequent to the effective date of bank-deposit insurance by the Federal Deposit Insurance Corporation, were insured up to the amount of \$5,000.

Further substantial progress in completing the work of liquidating insolvent national banks has been made during the past year. The number of receiverships in process of liquidation has been reduced from 255 to 156, and the number of receivers from 88 to 56. The book value of remaining assets held by such active receiverships has been reduced from \$337,904,000 to \$193,863,000, while estimated recoverable values have been reduced from \$87,267,000 to \$57,471,000.

Total collections by receivers during the year from assets of the 258 insolvent national banks administered, including offsets allowed and collections of interest, premiums, rents, etc., amounted to \$40,504,442. Total costs of liquidation of these insolvent national banks for the year amounted to \$4,914,613, or an average of 12.13 percent of total collections from all sources including offsets allowed. This average cost of liquidation exceeds somewhat comparable average costs during previous years by reason of the increased average liquidation age of receiverships administered and the fact that percentage costs of liquidation are comparatively low during the early years of receivership administration but increase progressively from date of failure to date of final closing. Costs of liquidation have furthermore been considerably increased during recent years by reason of interest payments to the Reconstruction Finance Corporation and to lending banks upon loans made to receivers for dividend-payment purposes. A summary of total receipts and disbursements of receivership funds during the year appears in the following statement:

<sup>1</sup> Including District of Columbia nonnational banks and building and loan associations.

## 32 REPORT OF THE COMPTROLLER OF THE CURRENCY

*Liquidation statement, activity for year, 258 receiverships in liquidation, year ended Oct. 31, 1941*

	Total all receiverships	District of Columbia nonnational bank receiverships	National bank receiverships
Number of banks.....	258	9	249
<b>Collections:</b>			
Cash balances in hands of Comptroller and receivers at beginning of period.....	\$60,000,106	\$408,008	\$59,592,098
Collections from assets.....	27,164,749	133,231	27,031,518
Collections from stock assessments.....	2,354,291	9,149	2,345,142
Earnings collected.....	7,310,937	51,238	7,259,699
Offsets allowed and settled (against assets).....	3,674,465	28,519	3,645,946
Increase in unpaid balance of Reconstruction Finance Corporation loans.....	13,100,174	0	13,100,174
<b>Total.....</b>	<b>113,604,722</b>	<b>630,145</b>	<b>112,974,577</b>
<b>Disposition of collections:</b>			
Dividends paid by receivers to unsecured creditors.....	84,283,168	47,526	84,235,642
Dividends paid by receivers to secured creditors.....	<sup>1</sup> 136,218	0	<sup>1</sup> 136,218
Distributions by conservators to unsecured creditors.....	607	0	607
Distributions by conservators to secured creditors.....	14,844	153	14,791
Payments to secured and preferred creditors, other than through dividends.....	<sup>1</sup> 236,003	<sup>1</sup> 1,682	<sup>1</sup> 234,321
Offsets allowed and settled (against liabilities).....	3,674,465	28,519	3,645,946
Disbursements for the protection of assets.....	<sup>1</sup> 7,263,404	<sup>1</sup> 53,603	<sup>1</sup> 7,209,801
Payments of receivers' salaries, legal and other expenses.....	4,939,950	70,937	4,869,013
Payments of conservators' salaries, legal and other expenses.....	125,337	12	125,335
Amounts returned to shareholders in cash.....	47,138	0	47,138
Cash balances in hands of Comptroller and receivers at end of period.....	28,325,200	538,503	27,786,697
<b>Total.....</b>	<b>113,604,722</b>	<b>630,145</b>	<b>112,974,577</b>
Average percent total costs of liquidation to total collections, including offsets allowed.....	12.13	31.93	12.02

<sup>1</sup> Credit items (deductions) as reported by Receivers.

During the year ended October 31, 1941, the liquidation of 102 receiverships was completed and all affairs of such receiverships finally closed. Total returns to the depositors and other creditors of these receiverships, consisting of dividend distributions, other cash payments and offsets allowed, amounted to an average of 82.68 percent of total amounts due. The costs of liquidation of these receiverships, including unrecovered amounts of disbursements for the protection of assets, amounted to an average of 6.75 percent of total collections, including offsets allowed. The average period of time required to complete the liquidation of these receiverships was 8 years and 3 months. A summary of the results of liquidation of these 102 receiverships appears in the following statement:

*Liquidation statement, 102 administered receiverships completely liquidated and finally closed, year ended Oct. 31, 1941*

	Total all receiverships	District of Columbia nonnational bank receiverships	National bank receiverships
Number of banks.....	102	3	99
Total assets taken charge of by receivers.....	\$275, 584, 354	\$1, 803, 686	\$273, 780, 668
Disposition of assets:			
Collections from assets.....	162, 201, 914	881, 558	161, 320, 356
Offsets allowed and settled (against assets).....	16, 711, 066	184, 552	16, 526, 514
Losses on assets compounded or sold under order of court.....	96, 441, 287	737, 576	95, 703, 711
Book value of assets returned to shareholders' agents.....	230, 087	0	230, 087
Total.....	275, 584, 354	1, 803, 686	273, 780, 668
Collections:			
Collections from assets.....	162, 201, 914	881, 558	161, 320, 356
Collections from stock assessments.....	12, 962, 104	125, 104	12, 837, 000
Earnings collected.....	13, 949, 211	72, 027	13, 877, 184
Offsets allowed and settled (against assets).....	16, 711, 066	184, 552	16, 526, 514
Unpaid balance of Reconstruction Finance Corporation loans.....	111, 600	0	111, 600
Total.....	205, 935, 895	1, 263, 241	204, 672, 654
Disposition of collections:			
Dividends paid by receivers to unsecured creditors.....	87, 868, 255	706, 867	87, 161, 388
Dividends paid by receivers to secured creditors.....	2, 219, 297	34, 286	2, 185, 011
Distributions by conservators to unsecured creditors.....	22, 864, 909	0	22, 864, 909
Distributions by conservators to secured creditors.....	41, 367	0	41, 367
Payments to secured and preferred creditors other than through dividends.....	62, 300, 716	153, 587	62, 147, 129
Offsets allowed and settled (against liabilities).....	16, 711, 066	184, 552	16, 526, 514
Disbursements for the protection of assets.....	139, 284	701	138, 583
Payments of receivers' salaries, legal and other expenses.....	12, 525, 914	183, 248	12, 342, 666
Payments of conservators' salaries, legal and other expenses.....	1, 222, 306	0	1, 222, 306
Amounts returned to shareholders in cash.....	42, 781	0	42, 781
Total.....	205, 935, 895	1, 263, 241	204, 672, 654
Capital stock at date of failure.....	20, 921, 860	316, 860	20, 605, 000
United States bonds held at failure to secure circulating notes.....	13, 646, 250	0	13, 646, 250
United States bonds held to secure circulation, sold and circulation redeemed.....	13, 646, 250	0	13, 646, 250
Circulation outstanding at date of failure.....	13, 516, 392	0	13, 516, 392
Amount of assessments upon shareholders.....	20, 921, 860	316, 860	20, 605, 000
Deposits at date of failure.....	182, 060, 503	1, 292, 230	180, 768, 273
Borrowed money (bills payable, rediscounts, etc.) at date of failure.....	43, 855, 422	350, 681	43, 504, 741
Additional liabilities established subsequent to date of failure.....	6, 306, 718	79, 522	6, 227, 196
Claims proved (both secured and unsecured).....	155, 831, 918	1, 227, 091	154, 604, 827
Average percent dividends paid to claims proved.....	72. 51	60. 40	72. 61
Average percent total payments to creditors to total liabilities established.....	82. 68	62. 66	82. 83
Average percent total costs of liquidation to total collections including offsets allowed.....	6. 75	14. 56	6. 70
Average number of years required to complete liquidation.....	8. 24	7. 47	8. 26

It will be noted from the statement given above that total collections from assets, including earnings, offsets allowed and collections from stock assessments, of the 102 receiverships completely liquidated during the year amounted to 69.42 percent of total assets and stock assessments. Total earnings, consisting of interest, premiums, rents, etc., collected by receivers from the assets of these banks amounted to 100.44 percent of the total expense of liquidation incurred. The assessments against shareholders totaled 100 percent of their holdings, while total collections from assessments levied amounted to 61.95 percent of the amount assessed.

## 34 REPORT OF THE COMPTROLLER OF THE CURRENCY

As of October 31, 1941, 156 insolvent national banks remained in process of liquidation under the supervision of receivers appointed by the Comptroller of the Currency. While it is improbable that the liquidation of all of these receiverships will be concluded during the forthcoming year, it nevertheless appears that the majority of such banks will have been completely liquidated and finally closed by October 31, 1942. A summary of the results of liquidation of these 156 insolvent national banks, including a statement of total collections and disposition of collections from date of failure to October 31, 1941, appears in the following statement:

*Liquidation statement, 156 active receiverships as of Oct. 31, 1941*

	Total all receiverships	District of Columbia non-national bank receiverships	National bank receiverships
Number of banks.....	156	6	150
Total assets taken charge of by receivers.....	\$1,601,135,870	\$13,344,805	\$1,587,791,065
Disposition of assets:			
Collections from assets.....	1,014,443,013	9,014,655	1,005,428,358
Offsets allowed and settled (against assets).....	108,328,983	1,252,885	107,076,098
Losses on assets compounded or sold under order of court.....	284,501,364	2,182,279	282,319,085
Book value remaining assets.....	193,862,510	894,986	192,967,524
Total.....	1,601,135,870	13,344,805	1,587,791,065
Collections:			
Collections from assets.....	1,014,443,013	9,014,655	1,005,428,358
Collections from stock assessments.....	61,597,212	88,854	61,508,358
Earnings collected.....	96,457,373	937,657	95,519,716
Offsets allowed and settled (against assets).....	108,328,983	1,252,885	107,076,098
Unpaid balance Reconstruction Finance Corporation loans.....	14,421,500	0	14,421,500
Total.....	1,295,248,081	11,294,051	1,283,954,030
Disposition of collections:			
Dividends paid by receivers to unsecured creditors.....	629,656,600	3,875,564	625,781,036
Dividends paid by receivers to secured creditors.....	5,162,171	916	5,161,255
Distributions by conservators to unsecured creditors.....	120,515,399	1,733,590	118,781,809
Distributions by conservators to secured creditors.....	755,825	0	755,825
Payments to secured and preferred creditors, other than through dividends.....	295,500,537	2,680,118	292,820,419
Offsets allowed and settled (against liabilities).....	108,328,983	1,252,885	107,076,098
Disbursements for the protection of assets.....	35,672,453	24,392	35,648,061
Payments of receivers' salaries, legal and other expenses.....	65,170,128	1,033,807	64,136,321
Payments of conservators' salaries, legal and other expenses.....	6,045,465	154,276	5,891,189
Amounts returned to shareholders in cash.....	115,320	0	115,320
Cash balances in hands of Comptroller and receivers.....	28,325,200	538,503	27,786,697
Total.....	1,295,248,081	11,294,051	1,283,954,030
Capital stock at date of failure.....	116,359,815	580,000	115,779,815
United States bonds held at failure to secure circulating notes.....	47,808,750	0	47,808,750
United States bonds held to secure circulation, sold and circulation redeemed.....	47,808,750	0	47,808,750
Circulation outstanding at date of failure.....	45,904,884	0	45,904,884
Amount of assessments upon shareholders.....	112,970,665	430,000	112,540,665
Deposits at date of failure.....	1,097,733,312	10,199,799	1,087,533,513
Borrowed money (bills payable, rediscounts, etc.) at date of failure.....	185,509,328	2,616,607	182,892,721
Additional liabilities established subsequent to date of failure.....	33,916,919	341,205	33,575,714
Claims proved (both secured and unsecured).....	913,259,921	9,002,541	904,257,380
Average percent dividends paid to claims proved.....	82.79	62.32	82.99
Average percent total payments to creditors to total liabilities established.....	88.06	72.53	88.22
Average percent total costs of liquidation to total collections including offsets allowed.....	5.56	10.52	5.52

The Comptroller of the Currency also supervises the liquidation of insolvent nonnational banks and building and loan associations in the District of Columbia. Of the 16<sup>2</sup> insolvent District of Columbia nonnational banks for which receivers have been appointed by the Comptroller of the Currency, 9 banks had been completely liquidated and finally closed and 1 bank restored to solvency, while 6 banks still remained in process of liquidation as of October 31, 1941. Of the 9<sup>2</sup> District of Columbia nonnational bank receiverships liquidated and finally closed, 3 banks with assets at failure of \$1,803,686 and dividend payments to creditors amounting to an average of 60.4 percent of claims proved, were liquidated and finally closed during the year ended October 31, 1941. The cost of liquidation of these 3 receiverships amounted to an average of 14.56 percent of total collections including offsets allowed.

The 6 insolvent District of Columbia nonnational banks remaining in process of liquidation under the supervision of the Comptroller of the Currency as of October 31, 1941, had total asset and stock assessment resources of \$13,774,805, from which have been realized, including offsets allowed, collections of interest, premiums, rents, etc., the sum of \$11,294,051. Total dividend payments to the creditor claimants of these receiverships have amounted to \$5,610,070, or an average of 62.32 percent of total claims proved. Total costs of liquidation of these receiverships to October 31, 1941, amounted to \$1,188,083, or an average of 10.52 percent of total collections, including offsets allowed.

Further data as to total deposits and amounts of dividend payments by percentage groups of the 156 receiverships still in process of liquidation and of all receiverships administered and finally closed from the year 1865 to October 31, 1941, appear in the following statement:

<sup>2</sup> Including 1 District of Columbia building and loan association.

Number and deposits of national and District of Columbia nonnational banks<sup>1</sup> placed in receivership period Apr. 14, 1865, to Oct. 31, 1941, by groups according to percentages of dividends paid to Sept. 30, 1941

Periods and bank groups	Liquidation banks												Re-stored to solvency banks <sup>2</sup>	Total, all banks
	Dividends paid, 100 percent and over		Dividends paid, 75 to 99.9 percent		Dividends paid, 50 to 74.9 percent		Dividends paid, 25 to 49.9 percent		Dividends paid, less than 25 percent		Total banks			
	Number of banks	Deposits	Number of banks	Deposits	Number of banks	Deposits	Number of banks	Deposits	Number of banks	Deposits	Number of banks	Deposits		
Receiverships completely liquidated and finally closed or restored to solvency (2,821 banks): Apr. 14, 1865, to Oct. 31, 1930 (data for individual annual report years unavailable; deposits prior to 1880 unavailable—84 banks) (974 banks)-----	208	\$77,296,606	163	\$64,572,547	211	\$66,952,690	156	\$45,465,025	159	\$30,828,899	897	\$285,115,767	77	974
Nov. 1, 1930 to Oct. 31, 1931-----	6	1,994,080	16	5,323,140	22	8,334,115	29	8,497,657	18	5,589,946	91	29,738,938	8	99
Nov. 1, 1931 to Oct. 31, 1932-----	11	15,873,316	16	5,549,989	33	14,038,797	27	10,027,603	10	2,250,071	97	47,739,776	25	122
Nov. 1, 1932 to Oct. 31, 1933-----	8	4,412,925	13	5,826,514	21	9,692,212	15	6,902,413	12	3,095,192	69	29,929,256	9	78
Nov. 1, 1933 to Oct. 31, 1934-----	8	4,431,721	18	8,517,835	17	10,532,532	8	1,451,334	13	1,657,228	64	26,590,650	28	92
Nov. 1, 1934 to Oct. 31, 1935-----	28	5,083,636	29	11,801,668	34	13,854,445	30	9,062,628	31	4,319,951	152	44,122,328	11	163
Nov. 1, 1935 to Oct. 31, 1936-----	40	14,723,916	46	12,246,387	56	18,483,929	43	12,556,918	29	4,452,292	214	62,463,442	1	215
Nov. 1, 1936 to Oct. 31, 1937-----	86	50,715,003	80	38,690,969	85	38,027,988	52	19,900,033	38	7,420,214	341	154,754,207	0	341
Nov. 1, 1937 to Oct. 31, 1938-----	<sup>3</sup> 76	33,477,651	110	54,346,379	106	56,203,459	48	16,991,046	24	6,158,246	364	167,176,781	0	364
Nov. 1, 1938 to Oct. 31, 1939-----	26	20,910,457	61	58,631,031	42	32,056,684	21	10,103,204	9	2,269,805	159	123,971,181	0	159
Nov. 1, 1939 to Oct. 31, 1940-----	19	17,397,983	36	43,639,246	38	43,319,262	15	9,332,899	4	8,005,471	112	121,694,861	0	112
Nov. 1, 1940 to Oct. 31, 1941-----	<sup>4</sup> 7	18,147,843	39	68,673,118	<sup>4</sup> 42	76,497,725	<sup>5</sup> 10	10,540,731	4	8,201,086	102	182,060,503	0	102
Total 1931-41 (1,847 banks)-----	315	187,168,531	464	313,246,276	496	321,041,148	298	115,366,466	192	53,419,502	1,765	990,241,923	82	1,847
Active receiverships as of Oct. 31, 1941 (156 banks)-----	13	461,084,262	59	364,203,304	42	155,554,210	30	108,009,778	12	8,881,758	156	1,097,733,312	0	156
Grand total (2,977 banks)-----	536	725,549,399	688	742,022,127	749	543,548,048	484	268,841,269	363	93,130,159	2,818	2,373,091,002	159	2,977

<sup>1</sup> Including building and loan associations.

<sup>2</sup> Deposits for banks restored to solvency unavailable.

<sup>3</sup> Exclusive of 1 receivership finally closed during the year ended Oct. 31, 1933, but reopened as a receivership and again closed during the year ended Oct. 31, 1938.

<sup>4</sup> Exclusive of 1 receivership finally closed during the year ended Oct. 31, 1928, but reopened as a receivership during the year ended Oct. 31, 1940, and again closed during the

<sup>5</sup> Exclusive of 1 receivership finally closed during the year ended Oct. 31, 1936, but reopened as a receivership during the year ended Oct. 31, 1937, and again closed during the year ended Oct. 31, 1938. (Data relative to reopening and second final closing included in report for year ended Oct. 31, 1941.)

### ISSUE AND REDEMPTION OF NOTES

One thousand and thirty-six shipments of Federal Reserve currency were made from Washington, D. C., during the year ended October 31, 1941, to the Federal Reserve banks and branches, aggregating \$3,452,500,000, and in addition 15 deliveries were made to the Treasurer of the United States aggregating \$48,300,000.

Fifty-two weekly reports were furnished the Secret Service Division showing the highest Treasury serial number, faceplate and backplate serial number appearing on the Federal Reserve notes shipped. This information is useful in suppressing counterfeits.

Three thousand two hundred and fifty lots of unfit Federal Reserve currency were received for verification by 100-percent count and certification for destruction consisting of 115,923,019 notes, aggregating \$1,532,333,927.

Forty-nine lots of national-bank notes were received for verification by 100-percent count and certified for retirement and destruction consisting of 990,062 notes, aggregating \$13,884,887.

Two thousand eight hundred sixty-nine fragmentary or charred Federal Reserve and national-bank notes aggregating \$57,154.00, were presented for identification.

### RETIREMENT SYSTEM

As of October 31, 1941, there were 891 active members of the retirement system for national-bank examiners, assistant examiners, and clerks. Twenty individuals have been retired since the establishment of the system on June 1, 1936, and a total of \$53,810.37 has been paid in retirement benefits to date. During the current year \$4,319.22 in death benefits were paid.

### ORGANIZATION AND STAFF

On July 7, 1941, Mr. R. B. McCandless was appointed a Deputy Comptroller of the Currency, succeeding Mr. E. H. Gough.

On September 1, 1941, Mr. L. H. Sedlacek was appointed a Deputy Comptroller of the Currency to fill the vacancy caused by the resignation of Mr. A. J. Mulronev.

During the current year the following were appointed as District Chief National Bank Examiners:

F. W. Krippel.....	Federal Reserve District No. 1.
Reed Dolan.....	Federal Reserve District No. 6.
R. S. Beatty.....	Federal Reserve District No. 9.
W. A. Sandlin.....	Federal Reserve District No. 11.

Mr. E. S. Williams and Mr. L. A. Jennings were appointed as Assistant Chief National Bank Examiners with headquarters in Washington, D. C.

The personnel of the Bureau of the Comptroller of the Currency at the close of the year ended October 31, 1941, consisted of 1,283 persons, of whom 440 were located in the main office in Washington.

During the year, a total of 8 national-bank examiners and 31 assistant national-bank examiners left the service. In the same period, 8 assistant examiners were promoted to examiners and 135

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assistant examiners were appointed. The number of employees in each division of the Bureau is given in the accompanying table:

*Personnel of the Bureau of the Comptroller of the Currency as of Oct. 31, 1941*

Office of the Comptroller and Deputy Comptrollers.....	12
Chief National Bank Examiners and Assistants, Division of Reports, and Trust Section.....	52
Insolvent National Bank Division.....	203
Legal Division.....	45
Disbursement Division and Chief Clerk's Office.....	46
Organization Division.....	26
Statistical Division.....	28
Federal Reserve Issue and Redemption Division.....	28
Field Force.....	843
<b>Total.....</b>	<b>1,283</b>

**EXPENDITURES OF THE CURRENCY BUREAU**

The total expenditures of the Currency Bureau for the year ended June 30, 1941, were \$6,162,834.00, of which \$5,888,840.52 was reimbursed by the banks. Total expenses paid by appropriation were \$273,993.48, the regular pay roll accounting for \$243,417.19 of this amount. Among expenses reimbursed by the banks, those on account of examinations were largest at \$3,509,195.34. Printing of Federal Reserve notes cost \$835,176.83. Insolvent national bank pay roll, including retirement deductions, aggregated \$643,389.37. Details of expenditures are given in the accompanying table:

*Expenses incident to maintenance of Currency Bureau, fiscal year ended June 30, 1941*

	Expenses paid from appropriations	Expenses reimbursed by banks	Total expenses
<b>Salaries:</b>			
Regular roll, including retirement deductions.....	\$243,417.19		
Federal Reserve issue and redemption division, including retirement deductions.....		\$52,669.60	
Insolvent national bank division roll, including retirement deductions.....		643,389.37	
<b>Total salaries.....</b>			<b>\$939,476.16</b>
<b>General expenses:</b>			
Printing and binding.....	25,774.00	5,615.81	
Stationery.....	2,502.00	5,077.39	
Amount expended for light, heat, telephone, telegraph, furniture, labor-saving machines, etc., partially estimated.....	2,300.29	6,526.09	
Travel and sustenance.....		38,855.56	
Miscellaneous, rent, etc.....		63,498.17	
<b>Total general expenses.....</b>			<b>150,149.31</b>
<b>Currency issues—Federal Reserve notes:</b>			
Paper.....		135,219.10	
Printing, etc.....		835,176.83	
Plates.....		82,949.54	
<b>Total currency issues.....</b>			<b>1,053,345.47</b>
<b>Expenses account of national bank examining service, paid by banks.....</b>			
Postage on shipments of Federal Reserve notes.....		3,509,195.34	3,509,195.34
Surcharge paid on consignments.....		200,247.12	200,247.12
		310,420.60	310,420.60
<b>Total expenses paid from appropriations.....</b>	<b>273,993.48</b>		
<b>Total expenses reimbursed by banks.....</b>		<b>5,888,840.52</b>	
<b>Total expenses.....</b>			<b>6,162,834.00</b>

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The National Banking System, after a full year of operation under wartime conditions, enters the year 1943 in strong position. Steady progress has been made during 1942 in improvement of assets, in strengthening management, in keeping expenses down, in conserving earnings, and where possible, increasing capital protection. The large growth in deposits has brought some disparity in the ratio of capital funds to other liabilities, but this has been offset by the high quality and liquidity of the assets which have been acquired. In a few cases, weaknesses were eliminated by consolidations. In these cases, improvement was generally made possible by cooperation of the Reconstruction Finance Corporation and the Federal Deposit Insurance Corporation.

By nearly every possible test banks under the supervision of this office have shown their awareness of the desirability of sound operation and conservative management. With this has been combined a courageous willingness not only to bear without complaint the inevitable difficulties growing out of the War, but to actively cooperate with and support the Government in every phase of the war effort, especially by investing their own funds in Treasury obligations and by urging the public to do the same.

Very early, even before our own entry into the present conflict, bankers were active in defense. The almost 100 percent qualification of banks, state and national, as issuing agents for defense bonds gave impressive indication of their willingness to serve. Banks led in adopting pay-roll allotment plans for their own staffs and urging their corporate customers to do likewise. They are playing a leading part today in meeting the financial needs of the Treasury. Banks have undertaken the clearance of ration coupons at the request of the Office of Price Administration.

It seems appropriate in this war year to omit from this report some of the statistical material heretofore included. It also seems wise to postpone suggestions for legislation.

At the close of 1942 the National Banking System was made up of 5,087 active national banking associations, operating 1,603 branches, making a total of 6,690 banking offices. All were located in the continental United States with the exception of 6 banks, with 20 branches, operating in territories and insular possessions. In addition 4 continental national banks were operating 60 branches in 14 foreign countries. Several foreign branches in war areas were withdrawn during the year, and a few domestic branches became inoperative for the duration.

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Since 1921 national banks had been reporting in their condition statements reciprocal interbank demand balances on a gross basis instead of on a net basis. Reciprocal interbank deposits arise when two banks maintain deposit accounts with each other, i. e., each bank has both a "due from" and a "due to" account with the other bank. This practice of reporting gross balances of such accounts inflated not only the amount of bank balances, but also the totals of assets and liabilities in the call statements to the extent of the reciprocal balances. Beginning with the call for June 30, 1942, reciprocal interbank demand balances with banks in the United States, except private banks and American branches of foreign banks, have been shown on a "net" basis, and the returns of the call for that date disclosed that such balances in national banks amounted to \$410,221,000.

A comparison of the assets and liabilities of the banks in the National Banking System as of December 31, 1941, April 4, 1942, and June 30, 1942, reported pursuant to calls for condition statements by the Comptroller of the Currency, is shown in the following table:

*Assets and liabilities of national banks on dates indicated*

[In thousands of dollars]

	Dec. 31, 1941 (5,123 banks)	Apr. 4, 1942 (5,115 banks)	June 30, 1942 (5,107 banks)
<b>ASSETS</b>			
Loans and discounts, including overdrafts .....	11,751,792	11,569,311	10,901,795
U. S. Government securities, direct obligations .....	9,786,743	10,665,769	13,299,723
Obligations guaranteed by U. S. Government .....	2,286,309	2,116,310	1,629,269
Obligations of States and political subdivisions .....	2,024,715	2,082,182	1,960,594
Other bonds, notes, and debentures .....	1,588,006	1,563,719	1,559,910
Corporate stocks, including stock of Federal Reserve banks .....	201,735	197,688	194,952
<i>Total loans and investments</i> .....	<i>27,639,300</i>	<i>28,194,979</i>	<i>29,545,188</i>
Cash, balances with other banks, including reserve balances, and cash items in process of collection .....	15,001,930	14,410,735	<sup>1</sup> 14,316,563
Bank premises owned, furniture and fixtures .....	590,579	591,922	588,690
Real estate owned other than bank premises .....	81,697	76,910	72,494
Investments and other assets indirectly representing bank premises or other real estate .....	54,036	53,445	52,526
Customers' liability on acceptances outstanding .....	40,139	34,950	32,316
Interest, commissions, rent, and other income earned or accrued but not collected .....	64,346	74,141	63,594
Other assets .....	66,207	59,455	47,599
<b>Total assets</b> .....	<b>43,538,234</b>	<b>43,496,537</b>	<b><sup>1</sup> 44,718,965</b>
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations .....	20,480,952	20,287,746	21,945,397
Time deposits of individuals, partnerships, and corporations .....	7,964,912	7,721,120	7,841,032
Deposits of U. S. Government and postal savings .....	1,142,734	1,493,858	1,189,410
Deposits of States and political subdivisions .....	2,590,940	2,735,059	2,741,720
Deposits of banks .....	6,789,685	6,843,042	<sup>1</sup> 6,498,697
Other deposits (certified and cashiers' checks, etc.) .....	585,549	396,698	442,861
<b>Total deposits</b> .....	<b>39,554,772</b>	<b>39,477,493</b>	<b><sup>1</sup> 40,659,117</b>
<i>Demand deposits</i> .....	<i>31,103,009</i>	<i>31,309,194</i>	<i><sup>1</sup> 32,367,109</i>
<i>Time deposits</i> .....	<i>8,451,763</i>	<i>8,168,899</i>	<i>8,292,008</i>
Bills payable, rediscounts, and other liabilities for borrowed money .....	3,778	12,270	2,014
Mortgages or other liens on bank premises and other real estate .....	67	99	76
Acceptances executed by or for account of reporting banks and outstanding .....	47,558	41,277	37,232
Interest, discount, rent, and other income collected but not earned .....	52,613	48,508	42,042
Interest, taxes, and other expenses accrued and unpaid .....	62,570	74,779	73,567
Other liabilities .....	167,777	169,529	225,425
<b>Total liabilities</b> .....	<b>39,889,135</b>	<b>39,823,955</b>	<b><sup>1</sup> 41,039,473</b>

*Assets and liabilities of national banks on dates indicated—Continued*

[In thousands of dollars]

	Dec. 31, 1941 (5,123 banks)	Apr. 4, 1942 (5,115 banks)	June 30, 1942 (5,107 banks)
<b>CAPITAL ACCOUNTS</b>			
Capital stock (see memoranda below).....	1,515,794	1,511,895	1,507,670
Surplus.....	1,388,672	1,396,118	1,411,407
Undivided profits.....	499,081	515,127	515,949
Reserves (see memoranda below).....	245,552	249,442	244,466
Total capital accounts.....	3,649,099	3,672,582	3,679,492
Total liabilities and capital accounts.....	43,538,234	43,496,537	44,718,965
<b>MEMORANDA</b>			
Par value of capital stock:			
Class A preferred stock.....	155,547	147,254	139,928
Class B preferred stock.....	12,983	12,745	12,451
Common stock.....	1,348,834	1,353,886	1,356,521
Total.....	1,517,364	1,513,885	1,508,900
Retirable value of preferred capital stock:			
Class A preferred stock.....	<sup>2</sup> 202,925	191,862	184,343
Class B preferred stock.....	14,931	14,693	14,399
Total.....	<sup>2</sup> 217,856	206,555	198,742
Reserves:			
Reserves for dividends payable in common stock.....	6,187	} 249,442	{ 8,612
Reserves for other undeclared dividends.....	8,155		
Retirement account for preferred stock.....	19,312		
Reserves for contingencies, etc.....	211,898		
Total.....	245,552	249,442	244,466
Pledged assets and securities loaned:			
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities.....	3,374,484	3,801,844	3,801,926
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement.....	635,813	595,492	542,287
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities.....	94,481	94,116	92,981
Securities loaned.....	17,518	23,733	20,942
Total.....	4,122,296	4,515,185	4,458,136
Secured liabilities:			
Deposits secured by pledged assets pursuant to requirements of law.....	3,462,951	3,840,459	3,529,848
Borrowings secured by pledged assets, including rediscounts and repurchase agreements.....	3,096	10,006	1,965
Other liabilities secured by pledged assets.....	612	424	517
Total.....	3,466,659	3,850,889	3,532,330

<sup>1</sup> Excludes reciprocal interbank demand balances with banks in the United States of \$410,221,000. In call reports covering the period from June 30, 1921, to Apr. 4, 1942, inclusive, reciprocal bank balances were reported "gross." The amounts of such balances held in that period are not available.

<sup>2</sup> Revised.

### EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR YEAR ENDED DECEMBER 31, 1941

Gross earnings of national banks in the year ended December 31, 1941, were \$926,000,000, or \$61,000,000 more than those of the preceding year. Interest and dividends on securities equaled \$292,000,000, and interest and discount on loans \$458,000,000. Expenses were \$48,000,000 more than in the preceding year, amounting to \$676,000,000. Of this, salaries, wages, and fees accounted for \$278,000,000, interest on deposits and borrowed money \$99,000,000, taxes \$85,000,000, and recurring depreciation on banking house, furniture, and fixtures \$34,000,000. Net operating earnings were \$250,000,000,

which were increased by \$187,000,000 of recoveries. Recoveries on securities were \$48,000,000; profits on securities sold or redeemed, \$80,000,000; and recoveries on loans, \$44,000,000. Losses and charge-offs of \$168,000,000 were \$26,000,000 less than in the previous year. Losses on securities were \$92,000,000, and losses on loans \$52,000,000. Net profits before dividends were thus \$269,000,000, and were \$28,000,000 more than those in the previous year. The ratio of net profits to capital funds was 7.48 percent. Dividends declared on common and preferred stock in 1941 totaled \$148,000,000, an increase of \$3,000,000 over the preceding year. The dividends were 9.72 percent of capital stock and 4.11 percent of capital funds.

Interest and discount on loans accounted for more than 49 percent of the gross earnings in the year ended December 31, 1941, varying in ratios from 39 percent in Federal Reserve district No. 2 to 61 percent in district No. 11. Interest and dividends on securities were approximately 32 percent of total earnings, with the banks in district No. 11 showing the smallest ratio of 20 percent and those in district No. 3 the largest ratio of 41 percent. Salaries, wages, and fees were 30 percent of total earnings, ranging from 25 percent in district No. 3 to more than 33 percent in district No. 10. The net operating earnings to gross earnings showed averages of from 28 percent in district No. 4 to 34 percent in district No. 3.

Interest and discount on loans to the average total of loans in the year were less than 4½ percent and varied from less than 3½ percent in district No. 2 to more than 5½ percent in district No. 11. Interest and dividends on securities averaged nearly 2 percent of total investments, the banks in district No. 2 showing the lowest ratio of nearly 1½ percent, while the banks in district No. 3 showed the highest ratio of 3 percent. Profits on securities sold or redeemed during the period were less than 1 percent of average total investments, varying from approximately ½ percent in district No. 9 to ¾ percent in district No. 6.

Net operating earnings were 8 percent of average total capital funds, the lowest ratio being 6 percent in district No. 4, and the highest ratio 11½ percent in district No. 12. The net profits before dividends for the period were 7½ percent of average capital funds, the ratios ranging from slightly more than 2½ percent in district No. 3 to nearly 10 percent in district No. 7.

The proportion of gross earnings which was preserved as net profits (before dividends) was better among the larger banks than among the smaller ones for the calendar year 1941. For banks with deposits of more than \$100,000,000 the ratio of net profits to gross earnings was 36 percent, while for banks of \$500,000 deposits or less it was 25 percent.

A comparison of earnings, expenses, and dividends of national banks for the years ended December 31, 1940, and December 31, 1941, is shown in the following table:

*Earnings, expenses, and dividends of national banks for years ended Dec. 31, 1940 and 1941*

[In millions of dollars]

	1940	1941
Number of banks <sup>1</sup> .....	5,150	5,123
Capital stock (par value) <sup>2</sup> .....	1,532	1,523
Capital funds <sup>3</sup> .....	3,464	3,597
<b>Earnings from current operations:</b>		
Interest and dividends on securities.....	284	292
Interest and discount on loans.....	412	458
Other current earnings.....	169	176
Total.....	865	926
<b>Current operating expenses:</b>		
Salaries, wages, and fees.....	261	278
Interest on deposits and borrowed money.....	106	99
Taxes.....	66	85
Recurring depreciation on banking house, furniture, and fixtures <sup>3</sup> .....	28	34
Other current operating expenses.....	167	180
Total.....	628	676
Net earnings from current operations.....	237	250
<b>Recoveries and profits:</b>		
Recoveries on securities.....	41	48
Profits on securities sold or redeemed.....	105	80
Recoveries on loans.....	37	44
All other.....	15	15
Total.....	198	187
<b>Losses and charge-offs:</b>		
On securities.....	108	92
On loans.....	58	52
All other.....	28	24
Total.....	194	168
Net profits before dividends.....	241	269
Dividends.....	145	148
<b>Ratios:</b>	<i>Percent</i>	<i>Percent</i>
Expenses to gross earnings.....	72.60	73.00
Net profits to net operating earnings.....	101.69	107.60
Net profits to capital funds.....	6.96	7.48
Dividends to capital stock.....	9.46	9.72
Dividends to capital funds.....	4.19	4.11

<sup>1</sup> At end of period.<sup>2</sup> Average of amounts shown by reports of condition for each call date in the year and the final call date in the preceding year.<sup>3</sup> Previously included with losses and charge-offs.**STRUCTURAL CHANGES IN THE NATIONAL BANKING SYSTEM**

The authorized capital stock of the 5,090 national banks in existence at the close of business on December 31, 1942, including 3 inactive banks, consisted of common capital stock aggregating \$1,358,626,658, a net increase during the period from November 1, 1941, to December 31, 1942, of \$14,305,281, and preferred capital stock aggregating \$146,994,265, a net decrease during the period from November 1, 1941, to December 31, 1942, of \$24,959,946.

During the period mentioned, in addition to 8 applications with proposed capital stock of \$1,150,000 carried over from the previous year, 15 applications were received to organize national banks and to convert state banks into national banking associations, with proposed capital stock aggregating \$2,327,089. Of these applications, 12 with proposed capital stock aggregating \$1,377,089 were approved; 2 with proposed capital stock aggregating \$750,000 were rejected; and the remainder were still pending or had been abandoned on December 31,

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1942. From the applications carried over from October 31, 1941, and the 12 applications approved during the period from November 1, 1941, to December 31, 1942, 9 national banking associations with common capital stock aggregating \$1,102,089, 1 of which also had \$75,000 preferred capital stock, were authorized to commence business. Of the 9 charters issued, 6 with common capital stock aggregating \$735,000, were the result of the conversions of state banks; and 3 with common capital stock aggregating \$367,089, 1 of which also had \$75,000 preferred capital stock, were organized for the purpose of acquiring the business of 2 liquidating banks and a branch of a liquidating national bank.

During the period from November 1, 1941, to December 31, 1942, 3 national banks and 1 state bank were consolidated into 2 national banking associations, under authority of the act of November 7, 1918, as amended, the common capital stock of the consolidated banks being \$317,000. Additional assets of approximately \$1,254,132 were brought into the national banking system by reason of the state bank consolidated with the national bank. Also, during this period national banks reported the purchase of the business of 21 state banks, with aggregate capital stock of \$1,377,600 and aggregate assets of approximately \$23,215,965.

During the period from November 1, 1941, to December 31, 1942, 48 national banks with common capital stock of \$4,749,050, among which were 18 with preferred capital stock aggregating \$1,855,050, went into voluntary liquidation in the manner provided by sections 5220 and 5221, U. S. R. S. Of these banks, 9 with common capital stock of \$850,000 and assets of \$4,600,915, paid their depositors and quit business; 21 with common capital stock of \$1,841,250 and assets aggregating \$31,701,379, including 10 with preferred capital stock of \$934,250, were succeeded by other national banks; and 18 with common capital stock of \$2,057,800 and assets aggregating \$37,294,790, including 8 with preferred capital stock of \$920,800, were succeeded by state banks.

Changes in the number and capital stock of national banks during the period from November 1, 1941, to December 31, 1942, are shown in the following summary:

*Organization, capital stock changes, and liquidations of national banks during the period from Nov. 1, 1941, to Dec. 31, 1942*

	Number of banks	Capital stock	
		Common	Preferred
<b>Charters issued:</b>			
Reorganizations.....	1	\$192,089	-----
Conversions of state banks.....	6	75,000	\$75,000
Primary organizations.....	1	735,000	-----
		100,000	-----
<b>Increases of capital stock:</b>			
<b>Preferred:</b>			
5 banks, by new issues.....			575,000
<b>Common:</b>			
29 banks, by regular cash increases.....		4,978,275	-----
24 banks, by regular stock dividends under sec. 5142, U. S. R. S.....		6,415,000	-----
608 banks, by stock dividends under provisions of their articles of association.....		7,295,067	-----
5 banks, by conversion of preferred capital stock.....		105,900	-----
1 bank, by consolidation under act of Nov. 7, 1918, as amended.....		100,000	-----
<b>Total increases.....</b>	<b>9</b>	<b>19,996,331</b>	<b>650,000</b>

*Organization, capital stock changes, and liquidations of national banks during the period from Nov. 1, 1941, to Dec. 31, 1942—Continued*

	Number of banks	Capital stock	
		Common	Preferred
<b>Voluntary liquidations:</b>			
Succeeded by national banks.....	21	\$1,841,250	\$934,250
Succeeded by state banks.....	18	2,057,800	920,800
Quit business.....	9	850,000	-----
Receiverships: Banks in active operation.....	2	90,000	70,000
<b>Decreases of capital stock:</b>			
<b>Preferred:</b>			
1,259 banks, by retirement.....			23,573,521
1 bank, by decrease of par value.....			111,375
<b>Common: 14 banks, by reduction.....</b>		810,000	-----
Capital stock decreases incident to consolidation (act Nov. 7, 1918, as amended).....	1	42,000	-----
<b>Total decreases.....</b>	51	5,691,050	25,609,946
<b>Net change.....</b>	-42	+14,305,281	-24,959,946
Charters in force Oct. 31, 1941, and authorized capital stock.....	5,132	1,344,321,377	171,954,211
Charters in force Dec. 31, 1942, and authorized capital stock.....	5,090	1,368,626,658	146,994,265

### BRANCHES

On December 31, 1942, 216 national banks were operating 1,603 branches. This total includes 7 branches temporarily discontinued for the duration of the emergency, and 4 seasonal offices.

During the period from November 1, 1941, to December 31, 1942, 26 branches were brought into the national system, all of which were de novo branches. Of these branches, 15 were authorized under the Banking Act of 1933 to operate in places other than the city in which the parent bank is located. During the same period, 13 branches were relinquished, of which number 10 were discontinued through action of the boards of directors of the parent banks and 3 through voluntary liquidation of the parent banks. The net result of these operations was a gain for the system of 13 branches during the period.

### NATIONAL BANK NOTES OUTSTANDING

There were, as of December 31, 1942, \$135,981,212 of national bank notes still outstanding.

### DISTRIBUTION OF ALL BANKS

On June 30, 1942, there were 14,815 banks in the United States and its possessions, of which 5,101, or 34 percent, were national banks, members of the Federal Reserve System. Of these, 13,452, or 91 percent, were insured banks. All banks had deposits of \$83,029,575,000, 49 percent of which was in member national banks and 88 percent of which was in insured banks. There were 538 mutual savings banks which had \$10,371,431,000 of deposits.

## 8 REPORT OF THE COMPTROLLER OF THE CURRENCY

*Classification of all banks, June 30, 1942*

	Banks			Deposits		
	Number	Percent of grand total	Change in 12 months (percent of grand total)	Amount (000 omitted)	Percent of grand total	Change in 12 months (percent of grand total)
National banks.....	5, 101	34. 43	+ .04	\$40, 533, 667	48. 82	+1. 37
State member banks:						
Commercial.....	1, 543	10. 41	+ .87	22, 862, 757	27. 54	+ .51
Mutual savings.....	3	.02	0	8, 029	.01	0
Nonmember insured banks:						
State commercial <sup>1</sup> .....	6, 755	45. 60	- .45	7, 765, 893	9. 35	+ .29
Mutual savings.....	50	.34	+ .01	1, 856, 250	2. 23	- .05
Total insured banks.....	13, 452	90. 80	+ .47	73, 026, 596	87. 95	+2. 12
Nonmember uninsured banks:						
State commercial and private <sup>2</sup> .....	878	5. 93	- .41	1, 495, 827	1. 80	-1. 11
Mutual savings.....	485	3. 27	- .06	8, 507, 152	10. 25	-1. 01
Total.....	14, 815	100. 00	-----	83, 029, 575	100. 00	-----

<sup>1</sup> Includes 3 nonmember insured national banks, and 1 insured private bank.

<sup>2</sup> Includes 3 nonmember uninsured national banks.

NOTE.—Since the deposit figures for June 30, 1942, reported above, exclude approximately \$615 millions in reciprocal interbank demand deposits, reported gross on previous call dates by commercial banks, the percentage changes in deposits in the 12 month period also reported above would be affected on a comparable basis.

## REPORTS FROM BANKS

National banks in the continental United States, Alaska, the Territory of Hawaii, and the Virgin Islands of the United States were, in accordance with the provisions of section 5211 of the Revised Statutes, called upon to submit four reports of condition during the period from November 1, 1941, to December 31, 1942. Reports were required as of December 31, 1941, April 4, June 30, and December 31, 1942. Summaries from all condition reports, by States, are published in pamphlet form. National banks were also required by the statute to obtain reports of their affiliates and holding company affiliates other than member banks and to submit such reports to the Comptroller as of the four dates for which condition reports of the banks were obtained.

Under the general powers conferred upon him by law, the Comptroller required from each national bank during the period indicated semiannual reports of earnings, expenses, and dividends; also reports of condition of foreign branches of national banks as of December 31, 1942.

National banking associations authorized to act in a fiduciary capacity were called upon to submit reports of their trust departments as of the close of business on December 31, 1942.

In accordance with section 298 of the Code of Law for the District of Columbia, banks other than national in the District were required to make to the Comptroller condition reports and reports of earnings, expenses, and dividends identical with those obtained from national banks during the period. Building and loan associations and credit unions in the District of Columbia under the supervision of the Comptroller were required to submit reports of their assets and liabilities as of December 31, 1941 and 1942, and reports of receipts and disbursements for the years ended December 31, 1941 and 1942.

Detailed figures for reports of condition and earnings and dividends will be found in the appendix to this report.

Assets and liabilities of all active banks in the United States and possessions, June 30, 1942<sup>1</sup>

[In thousands of dollars]

	Total all banks	National banks	All banks other than national	Banks other than national		
				State (commercial) <sup>2</sup>	Mutual savings	Private
Number of banks.....	14, 815	5, 107	9, 708	9, 119	538	51
<b>ASSETS</b>						
Loans on real estate.....	\$9, 617, 560	\$2, 247, 061	\$7, 370, 499	\$2, 631, 615	\$4, 736, 569	\$2, 315
Other loans, including overdrafts.....	15, 560, 745	8, 654, 734	6, 906, 011	6, 781, 455	77, 752	46, 804
Total loans.....	25, 178, 305	10, 901, 795	14, 276, 510	9, 413, 070	4, 814, 321	49, 119
U. S. Government securities:						
Direct obligations.....	27, 287, 165	13, 299, 723	13, 987, 442	10, 200, 402	3, 737, 083	49, 957
Guaranteed obligations.....	3, 075, 858	1, 629, 269	1, 446, 589	1, 286, 384	146, 341	13, 864
Obligations of States and political subdivisions.....	3, 974, 821	1, 960, 534	2, 014, 287	1, 614, 915	395, 309	4, 063
Other bonds, notes, and debentures.....	4, 027, 470	1, 558, 910	2, 408, 500	1, 377, 523	1, 078, 163	12, 874
Corporate stocks, including stock of Federal Reserve banks.....	650, 798	194, 952	455, 846	286, 217	164, 489	5, 140
Total investments.....	39, 016, 112	18, 643, 388	20, 372, 724	14, 765, 441	5, 521, 385	85, 998
Currency and coin.....	1, 446, 780	728, 309	718, 471	636, 323	79, 783	2, 365
Balances with other banks, including reserve balances <sup>3</sup> .....	24, 236, 259	13, 588, 254	10, 648, 005	9, 928, 501	671, 310	48, 194
Bank premises owned, furniture and fixtures.....	1, 204, 320	588, 690	615, 630	499, 192	115, 946	492
Real estate owned other than bank premises.....	614, 523	72, 494	542, 029	175, 140	366, 023	866
Investments and other assets indirectly representing bank premises or other real estate.....	127, 781	52, 526	75, 255	58, 362	16, 859	34
Customers' liability on acceptances outstanding.....	67, 961	32, 316	35, 645	28, 163	-----	7, 482
Other assets.....	367, 950	111, 193	256, 757	185, 872	70, 286	599
Total assets <sup>3</sup> .....	92, 259, 991	44, 718, 965	47, 541, 026	35, 690, 064	11, 655, 913	195, 049
<b>LIABILITIES</b>						
Deposits of individuals, partnerships, and corporations:						
Demand.....	39, 983, 386	21, 945, 397	18, 037, 989	17, 925, 024	2, 196	110, 769
Time.....	25, 613, 382	7, 841, 032	17, 772, 350	7, 392, 849	10, 366, 404	13, 097
U. S. Government and postal savings deposits.....	1, 902, 191	1, 189, 410	712, 781	712, 040	523	218
Deposits of States and political subdivisions.....	4, 454, 371	2, 741, 720	1, 712, 651	1, 708, 451	1, 394	2, 806
Deposits of banks <sup>3</sup> .....	10, 295, 050	6, 498, 697	3, 796, 353	3, 759, 702	228	36, 423
Other deposits.....	781, 195	442, 861	338, 334	336, 129	686	1, 519
Total deposits <sup>3</sup> .....	83, 029, 575	40, 650, 117	42, 370, 458	31, 834, 195	10, 371, 431	164, 832
Footnotes at end of table.						

## Assets and liabilities of all active banks in the United States and possessions, June 30, 1942—Continued

[In thousands of dollars]

	Total all banks	National banks	All banks other than national	Banks other than national		
				State (commercial)	Mutual savings	Private
<b>LIABILITIES—continued</b>						
Bills payable, rediscounts, and other liabilities for borrowed money.....	\$20, 736	\$2, 014	\$18, 722	\$16, 975	\$30	\$1, 717
Acceptances executed by or for account of reporting banks.....	78, 641	37, 232	41, 409	33, 085	12	8, 312
Other liabilities.....	608, 821	341, 110	267, 711	229, 629	37, 593	489
<b>Total liabilities</b> <sup>3</sup> .....	<b>83, 737, 773</b>	<b>41, 039, 473</b>	<b>42, 698, 300</b>	<b>32, 113, 884</b>	<b>10, 409, 066</b>	<b>175, 350</b>
<b>CAPITAL ACCOUNTS</b>						
Capital notes and debentures.....	104, 171	-----	104, 171	98, 160	6, 011	-----
Preferred stock.....	290, 914	152, 379	138, 535	138, 535	-----	-----
Common stock.....	2, 603, 601	1, 355, 291	1, 248, 310	1, 242, 057	-----	6, 253
Surplus.....	3, 746, 111	1, 411, 407	2, 334, 704	1, 433, 021	889, 768	11, 915
Undivided profits.....	1, 270, 261	515, 949	754, 312	458, 112	295, 873	327
Reserves and retirement account for preferred stock and capital notes and debentures.....	507, 160	244, 466	262, 694	206, 295	55, 195	1, 204
<b>Total capital accounts</b> .....	<b>8, 522, 218</b>	<b>3, 679, 492</b>	<b>4, 842, 726</b>	<b>3, 576, 180</b>	<b>1, 246, 847</b>	<b>19, 699</b>
<b>Total liabilities and capital accounts</b> <sup>3</sup> .....	<b>92, 259, 991</b>	<b>44, 718, 965</b>	<b>47, 541, 026</b>	<b>35, 690, 064</b>	<b>11, 655, 913</b>	<b>195, 049</b>
Reciprocal balances with banks in the United States.....	614, 654	410, 221	204, 433	204, 433	-----	-----

<sup>1</sup> Omits figures for Guam and the Philippines on account of the war.<sup>2</sup> Includes trust companies and stock savings banks.<sup>3</sup> Excludes reciprocal interbank demand balances with banks in the United States (heretofore reported gross), the amounts of which are shown below "Total liabilities and capital accounts."

### EXAMINATION OF NATIONAL BANKS

The National Bank Act requires that each national bank be examined at least twice each year in order that the Comptroller may be kept currently informed of its condition and require such corrections as are deemed necessary with a view to maintaining each bank in sound condition. In addition to the regular examinations, special examinations are conducted of banks the condition of which is regarded as unsatisfactory.

During the period from November 1, 1941, to December 31, 1942, 12,230 examinations of banks, 3,330 examinations of branches, 2,390 examinations of trust departments, and 125 examinations of affiliates were conducted. Thirteen State banks were examined in connection with conversions to or consolidations with national banks. Investigations were also conducted in connection with applications for 3 new charters and 10 new branches.

### LIQUIDATION OF INSOLVENT NATIONAL BANKS

The number of insolvent national banks in process of liquidation has been reduced from 156 to 54 and the volume of assets still to be liquidated has been greatly reduced. Of the 54 national banks in receivership on December 31, 1942, 14 were in process of payment of final dividends and will be closed in the immediate future; 24 were involved in litigation; leaving only 16 receiverships in active liquidation. Five of these were brought about by suspension in recent years and are in charge of the Federal Deposit Insurance Corporation as Receiver. The 11 active receiverships in charge of individual receivers have unliquidated assets with an aggregate value of only \$780,000. Recoveries from stockholders in 2 receiverships will be substantial in the event pending litigation is decided in a manner favorable to the depositors.

The largest receivership was that of the First National Bank-Detroit, Detroit, Mich. At suspension the deposit liability of this bank was \$398,798,000, later reduced by offset and otherwise to a total of \$333,136,540, for which receiver's certificates are held by 153,275 claimants. Dividends aggregating 107.565 percent of claims proven were paid to depositors of this bank.

Statistical data on banks in liquidation will be found in the appendix to this report.

### LIQUIDATION OF JAPANESE-OWNED BANKS

In February 1942 the Secretary of the Treasury, acting under the Trading with the Enemy Act and the First War Powers Act, designated the Comptroller of the Currency to supervise the liquidation of five Japanese-owned banks—three in Honolulu, T. H., and two in Seattle, Wash. The liquidation of the two banks in Seattle proceeded under such supervision until October 15, 1942, when the Alien Property Custodian assumed responsibility for their further liquidation. The liquidation of the three Hawaiian banks remains under the supervision of this office. Distributions of 100 percent have been made to the depositors and creditors of two of the Hawaiian banks and it is expected that a substantial payment, possibly 100 percent, can be made to the depositors and creditors of the third bank at an early date.

**ISSUE AND REDEMPTION OF NOTES**

One thousand seven hundred seventy-five shipments of Federal Reserve Currency were made from Washington, D. C., for the period November 1, 1941, to December 31, 1942, to the Federal Reserve banks and branches, aggregating \$6,440,580,000, and in addition, 56 deliveries were made to the Treasurer of the United States aggregating \$236,500,000.

Three thousand two hundred ninety-nine lots of unfit Federal Reserve currency were received for verification by 100-percent count and certification for destruction consisting of 111,707,623 notes, aggregating \$1,345,514,470.

Seventy lots of national bank notes were received for verification by 100-percent count and certified for retirement and destruction consisting of 839,125 notes, aggregating \$11,657,523.

Twenty thousand one hundred twelve fragmentary or charred Federal Reserve and national bank notes aggregating \$293,147.00, were presented for identification and approval.

**ORGANIZATION AND STAFF**

The personnel of the Office of the Comptroller of the Currency on December 31, 1942, consisted of 1,115 persons, of whom 331 were located in the main office in Washington. This represented a reduction of 155 in total personnel as compared with the number of persons employed as of December 31, 1941, a large portion of this reduction having occurred in the Division of Insolvent National Banks.

During the calendar year 1942 a total of 19 national bank examiners and 161 assistant national bank examiners left the service. Of these 10 examiners and 110 assistants were placed on furlough due to their entering the armed forces. In the same period 10 assistant examiners were promoted to examiners and 107 persons were given appointments as assistant examiners, 104 of these having been appointed for the duration of the war and six months thereafter.

As of December 31, 1942, 176 employees had entered the armed forces. More than 95 percent of our employees have authorized regular payroll deductions for the purchase of war bonds for an average of over 11 percent of salary.

**EXPENSES OF THE BUREAU**

The expenses of the Office are met largely by fees assessed against the banks supervised. This figure for the calendar year 1942 was \$3,832,081.67.

This amount was supplemented by Congressional appropriations totaling \$262,752.04.

The expenses of the division of insolvent national banks are paid from assessments against the banks in process of liquidation. Such expenses for the calendar year 1942 were \$457,195.89.

The expenses of the division of Federal reserve issue and redemption are paid by the Federal Reserve banks. This item for 1942 was \$49,412.00.

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In offering to the Congress a review of the developments in the National Banking System during the past year, it is necessary to consider the banks as an integral part of the war effort which is absorbing all elements of the business life of the Nation. A second year of operation has now elapsed since the full impact of war conditions has been felt. It is pertinent to examine the extent to which banks have adjusted themselves to the emergency, and to give some consideration to those readjustments which will be necessary with the advent of peace.

National banks are well managed. The ability and competence of the officers and directors of the banks under the supervision of this office have shown a steady improvement in the last few years. Those who are responsible for the management and policies of small banks as well as large, of the country institutions as well as those in the city, exhibit a satisfying comprehension of the techniques and principles of banking, both as they apply to the operation of their own institutions and as they relate to the entire banking and business field. This ability and competence have been placed unreservedly at the disposal of the Federal Government during the present great crisis. In the sale of war bonds, in the handling of ration coupons, in lending operations, and in multitudinous other ways, the national banks have been, and are, an important factor in the war effort. Their contribution has been made in spite of the difficulties inherent in the loss of trained personnel to the armed forces and a resulting manpower shortage.

The close of 1943 finds the national banks holding assets of unusually high quality. During the last few years there has been a steady shrinkage in the volume of loans which the examiners have found it necessary to criticize. Substandard investments have been advantageously replaced. Through the consistent policy of amortization, the carrying value of banking premises has been regularly reduced. The amount invested in real estate other than banking premises has shown a remarkable decline. Considered as a group, the earnings of national banks are at a satisfactory level and show a tendency to increase under war conditions. Except in rare instances, returns to shareholders through dividend declarations are steady and consistent with the individual bank's financial position.

Two years of war activity have seen deposits in national banks increase over 20 billion dollars while total capital accounts increased 310 millions after giving effect to the retirement of 41 million of preferred stock. It is significant that 72 percent of the increase in capital

## 2 REPORT OF THE COMPTROLLER OF THE CURRENCY

accounts occurred during the year 1943 and was occasioned both by the conservation of earnings and the sale of new common capital. There is evidence that many bankers are taking advantage of the present opportunity to build up their capital structures by sale of new common stock, thereby placing themselves in position to take advantage of the type and volume of financing which may be expected during the reconversion and rehabilitation period following the war.

In summary, as to the current situation, it may properly be emphasized that the national banks are in very strong position and are contributing their strength willingly and competently toward prosecution of the war. It is when we turn to the consideration of post-war conditions that an analysis in the banking field becomes much more difficult and uncertain. The economic dislocation caused by this war poses problems for which no precedents exist. The dimensions are out of line with previous experience.

Under the compelling necessities of the present situation, all fiscal policy is directed toward implementing the manufacture and distribution of war materials and the utilization of these materials on the fighting fronts. Under such conditions the economy operates under tension—outside its normal incentives and controls. The transition from this condition to a peace-time competitive economy responding to personal initiative and subject to the compulsions and restraints of markets, will be a difficult and trying time. The National Banking System will find itself very much a part of this transition and obligated to play an important role in it.

The unprecedented expenditures demanded by modern totalitarian war have greatly increased the volume of money in the country represented by bank deposits and circulation. More than fifty percent of the deposits held by commercial and savings banks are in the national system, and today they stand at an all time peak. Since these deposits are represented largely on the asset side by government bonds, government guaranteed paper, and other liquid assets, the banks are well secured against a repetition of the difficulties which they encountered after World War I, when they found themselves loaded with inventory, agricultural and industrial loans in a period of deflation, unemployment and rapidly falling prices. Yet there remain fundamental problems.

The heavily increased volume of deposits in the banks of the country will be one of the more important factors in determining the course of the postwar economy. They promise to be here a long time. These deposits may be considered from two points of view. From the standpoint of the depositors they represent a huge volume of liquid assets, the use of which may determine the character of the whole postwar period. If they are spent recklessly during the reconversion period, they can spell inflation; if employed judiciously, yet venturesomely, they can contribute greatly toward full employment and prosperity for years to come; if they are hoarded or used only sluggishly, the result may be unemployment and depression. The responsibility for these decisions, however, will rest with the depositors, not with the banks.

REPORT OF THE COMPTROLLER OF THE CURRENCY 3

On the banks will rest the responsibility for handling prudently the assets in which these deposits are invested, and by the purchase of which they were largely created. In terms of dollar value, a major concern of the banks in the postwar period will be the handling of federal obligations in their security portfolios. Bank management in this department will demand thoughtful consideration of the national viewpoint as well as the individual situation of each institution involved. But the major responsibility of the banking system, once the economy is released from the bondage of war, will be the search for lending opportunities in a society of free enterprise and personal initiative. Much depends on a successful campaign in this field for by it the banks will assist in creating a sound postwar economy and in assuring their own position in it. There is interesting evidence that the critical nature of the task before them is appreciated and understood by banking leaders. The formation of credit pools to facilitate term loans to business, and an active campaign by the American Bankers Association for the education of its members in their approach to the problems of transition are healthy signs of determination to meet the issue.

It again seems appropriate during this war period to omit from this report some of the statistical material heretofore included; also to postpone suggestions for legislation.

At the end of 1943, the National Banking System was composed of 5,046 active national banking associations operating 1,603 branches, making a total of 6,649 banking offices.

A comparison of the assets and liabilities of the banks in the National Banking System as of December 31, 1942, and June 30, October 18, and December 31, 1943, reported pursuant to calls for condition statements by the Comptroller of the Currency, is shown in the following table:

*Assets and liabilities of national banks on dates indicated*

[In thousands of dollars]

	Dec. 31, 1942 (5,087 banks)	June 30, 1943 (5,066 banks)	Oct. 18, 1943 (5,058 banks)	Dec. 31, 1943 (5,046 banks)
<b>ASSETS</b>				
Loans and discounts, including overdrafts.....	10,200,798	9,190,143	10,775,316	10,133,532
U. S. Government securities, direct obligations.....	22,261,410	23,514,634	35,709,814	32,552,251
Obligations guaranteed by U. S. Government.....	1,563,941	1,675,768		
Obligations of States and political subdivisions.....	2,022,493	2,025,333	1,984,169	1,933,187
Other bonds, notes, and debentures.....	1,441,184	1,340,099	1,266,527	1,243,450
Corporate stocks, including stock of Federal Reserve banks.....	193,760	171,744	145,811	149,061
<i>Total loans and securities.....</i>	<i>37,685,586</i>	<i>42,918,721</i>	<i>49,881,657</i>	<i>47,657,785</i>
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	16,250,270	15,227,391	15,423,238	16,080,664
Bank premises owned, furniture and fixtures.....	580,476	566,697	564,415	547,470
Real estate owned other than bank premises.....	61,060	47,530	40,748	33,990
Investments and other assets indirectly representing bank premises or other real estate.....	51,340	49,285	47,769	47,275
Customers' liability on acceptances outstanding.....	23,294	30,509	34,411	28,207
Interest, commissions, rent, and other income earned or accrued but not collected.....	74,926	86,079	107,788	101,664
Other assets.....	56,026	46,140	56,978	56,862
<b>Total assets<sup>1</sup>.....</b>	<b>54,780,978</b>	<b>58,972,352</b>	<b>66,156,984</b>	<b>64,531,917</b>

Footnote at end of table.

## 4 REPORT OF THE COMPTROLLER OF THE CURRENCY

## Assets and liabilities of national banks on dates indicated—Continued

[In thousands of dollars]

	Dec. 31, 1942 (5,087 banks)	June 30, 1943 (5,066 banks)	Oct. 18, 1943 (5,058 banks)	Dec. 31, 1943 (5,046 banks)
<b>LIABILITIES</b>				
Demand deposits of individuals, partnerships, and corporations.....	26,730,691	30,518,146	30,901,323	33,254,837
Time deposits of individuals, partnerships, and corporations.....	8,307,519	8,971,178	9,501,379	9,926,259
Deposits of U. S. Government and postal savings.....	4,842,182	4,589,354	10,853,187	5,951,128
Deposits of States and political subdivisions.....	2,695,194	2,906,361	2,803,884	2,934,654
Deposits of banks <sup>1</sup> .....	7,401,534	7,156,360	7,313,763	7,160,133
Other deposits (certified and cashiers' checks, etc.).....	671,696	633,962	613,519	929,170
Total deposits <sup>1</sup> .....	50,648,816	54,769,361	61,787,055	60,156,181
<i>Demand deposits<sup>1</sup></i> .....	41,970,784	45,429,851	51,918,952	49,817,604
<i>Time deposits</i> .....	8,678,032	9,339,510	9,868,103	10,338,577
Bills payable, rediscounts, and other liabilities for borrowed money.....	3,516	4,231	36,718	8,155
Mortgages or other liens on bank premises and other real estate.....	69	67	66	61
Acceptances executed by or for account of reporting banks and outstanding.....	26,008	34,390	37,836	31,642
Interest, discount, rent, and other income collected but not earned.....	30,118	25,622	26,442	23,881
Interest, taxes, and other expenses accrued and unpaid.....	75,197	98,818	111,884	118,469
Other liabilities.....	258,899	214,460	238,413	234,086
Total liabilities <sup>1</sup> .....	51,042,623	55,146,947	62,238,414	60,572,475
<b>CAPITAL ACCOUNTS</b>				
Capital stock (see memoranda below).....	1,503,682	1,498,008	1,496,455	1,531,515
Surplus.....	1,438,645	1,474,673	1,510,737	1,619,769
Undivided profits.....	540,524	584,169	635,839	541,595
Reserves and retirement account for preferred stock.....	255,504	268,555	275,539	266,563
Total capital accounts.....	3,738,355	3,825,405	3,918,570	3,959,442
Total liabilities and capital accounts <sup>1</sup> .....	54,780,978	58,972,352	66,156,984	64,531,917
<b>MEMORANDA</b>				
Par value of capital stock:				
Class A preferred stock.....	133,910	128,199	122,287	118,053
Class B preferred stock.....	12,137	10,877	9,839	9,551
Common stock.....	1,358,794	1,361,604	1,364,937	1,404,492
Total.....	1,504,841	1,498,680	1,497,063	1,532,096
Retirable value of preferred capital stock:				
Class A preferred stock.....	178,014	168,944	164,350	159,903
Class B preferred stock.....	14,085	12,645	11,606	11,258
Total.....	192,099	181,589	175,956	171,161
Pledged assets and securities loaned:				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities.....	7,610,039	8,887,463	14,613,515	10,889,550
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement.....	507,682	475,922	449,279	427,818
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities.....	92,811	94,353	94,679	97,745
Securities loaned.....	10,477	11,603	20,873	14,365
Total.....	8,221,009	9,469,341	15,178,346	11,429,478
Secured liabilities:				
Deposits secured by pledged assets pursuant to requirements of law.....	7,260,044	7,171,671	13,075,738	8,627,686
Borrowings secured by pledged assets, including rediscounts and repurchase agreements.....	3,485	4,075	22,543	8,155
Other liabilities secured by pledged assets.....	510	629	293	330
Total.....	7,264,039	7,176,375	13,098,574	8,636,171
Reciprocal balances with banks in the United States.....	349,306	327,657	360,484	

<sup>1</sup> Excludes reciprocal interbank demand balances with banks in the United States.

## REPORT OF THE COMPTROLLER OF THE CURRENCY

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## TRENDS IN BANKING

The following table shows the striking changes that have occurred in recent years in the relationships of the major asset and liability accounts of national banks to the aggregates of assets and liabilities.

*Distribution of assets and liabilities of national banks, Dec. 31, 1940-43*

	1940	1941	1942	1943
<b>ASSETS</b>				
Securities:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
U. S. Government, direct and guaranteed.....	24.55	27.73	43.49	52.96
Obligations of States and political subdivisions.....	5.05	4.65	3.69	3.00
Stock of Federal Reserve banks.....	.21	.20	.16	.15
Other bonds and securities.....	4.59	3.91	2.83	2.01
Total securities.....	34.40	36.49	50.17	58.12
Loans and discounts.....	25.24	26.99	18.62	15.70
Cash and balances with other banks, excluding reserves.....	17.95	17.46	14.60	11.97
Reserve with Reserve banks.....	20.10	16.99	15.06	12.95
Bank premises, furniture and fixtures.....	1.50	1.36	1.06	.85
Other real estate.....	.27	.19	.11	.05
All other assets.....	.54	.52	.38	.36
Total assets.....	100.00	100.00	100.00	100.00
<b>LIABILITIES</b>				
Deposits:				
Demand of individuals, partnerships and corporations.....	45.15	47.04	48.80	51.53
Time of individuals, partnerships and corporations.....	20.02	18.29	15.17	15.38
U. S. Government.....	1.23	2.59	8.82	9.21
States and political subdivisions.....	5.93	5.95	4.92	4.55
Banks.....	16.55	15.60	13.51	11.10
Other deposits (including postal savings).....	1.35	1.38	1.24	1.45
Total deposits.....	90.23	90.85	92.46	93.22
<i>Demand deposits.....</i>	<i>68.95</i>	<i>71.44</i>	<i>76.62</i>	<i>77.25</i>
<i>Time deposits.....</i>	<i>21.28</i>	<i>19.41</i>	<i>15.84</i>	<i>15.97</i>
Other liabilities.....	.87	.77	.72	.64
Capital funds:				
Capital stock.....	3.84	3.48	2.74	2.38
Surplus.....	3.30	3.19	2.63	2.51
Undivided profits and reserves.....	1.76	1.71	1.45	1.25
Total capital funds.....	8.90	8.38	6.82	6.14
Total liabilities and capital funds.....	100.00	100.00	100.00	100.00

**EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS  
FOR YEAR ENDED DECEMBER 31, 1943**

Gross earnings of national banks in the year ended December 31, 1943, were \$1,062,000,000, or \$99,000,000 more than those of the preceding year. Interest and dividends on securities equaled \$504,000,000 and interest and discount on loans \$366,000,000. Expenses were \$52,000,000 more than in the preceding year, amounting to \$747,000,000. Of this, salaries, wages, and fees accounted for \$315,000,000, interest on deposits and borrowed money \$85,000,000, taxes including income taxes \$131,000,000, and recurring depreciation on banking house, furniture, and fixtures \$24,000,000. Net operating earnings were \$315,000,000, which were increased by \$187,000,000 of recoveries. Recoveries on securities were \$59,000,000; profits on securities sold or redeemed, \$54,000,000; and recoveries on loans \$53,000,000. Losses and charge-offs of \$152,000,000 were \$6,000,000 more than in the previous year. Losses on securities were \$66,000,000, and losses on loans \$43,000,000. Net profits before dividends were thus \$350,000,000, and were \$107,000,000 more than in the previous year. The ratio of net profits to capital funds

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was 9.08 percent. Cash dividends declared on common and preferred stock in 1943 totaled \$131,000,000, which was \$3,000,000 more than the amount of dividends declared in the previous year.

Interest and dividends on securities were approximately 47 percent of total earnings in the year ended December 31, 1943, with the banks in Federal Reserve district No. 11 showing the smallest ratio of 37 percent and those in district No. 2 the largest ratio of 56 percent. Interest and discount on loans accounted for 34 percent of the gross earnings, varying in ratios from 27 percent in district No. 7 to 43 percent in district No. 12. Salaries, wages, and fees were 30 percent of total earnings, ranging from 27 percent in district No. 3 to 34 percent in district No. 10. The net operating earnings to gross earnings showed averages of from 25 percent in district No. 5 to 32 percent in districts Nos. 2, 3, and 7.

Interest and discount on loans to the average total of loans in the year were less than 4 percent and varied from nearly 3 percent in district No. 2 to about 4½ percent in district No. 12. Interest and dividends on securities averaged nearly 1½ percent of total securities held, the banks in district No. 2 showing the lowest ratio of 1½ percent, while the banks in district No. 3 showed the highest ratio of almost 2 percent.

Net operating earnings were 8 percent of average total capital funds, the lowest ratio being 6½ percent in district No. 4, and the highest ratio over 11 percent in district No. 12. The net profits before dividends for the period were 9 percent of average capital funds, the ratios ranging from more than 5½ percent in district No. 1 to nearly 11 percent in districts Nos. 2, 9, and 12.

The proportion of net profits (before dividends) to gross earnings was better among the larger banks than among the smaller ones for the calendar year 1943. For banks with deposits of more than \$100,000,000 the ratio of net profits to gross earnings was 37 percent, while for banks of \$500,000 deposits or less it was about 23½ percent.

A comparison of earnings, expenses, and dividends of national banks for the years ended December 31, 1942, and December 31, 1943, is shown in the following table:

*Earnings, expenses, and dividends of national banks for years ended Dec. 31, 1942 and 1943*

[In millions of dollars]

	1942	1943
Number of banks <sup>1</sup> .....	5,087	5,046
Capital stock (par value) <sup>2</sup> .....	1,511	1,508
Capital funds <sup>2</sup> .....	3,685	3,860
<b>Earnings from current operations:</b>		
Interest and dividends on securities.....	354	504
Interest and discount on loans.....	433	366
Other current earnings.....	176	192
<b>Total</b> .....	<b>963</b>	<b>1,062</b>
<b>Current operating expenses:</b>		
Salaries, wages, and fees.....	297	315
Interest on deposits and borrowed money.....	90	85
Taxes.....	100	131
Recurring depreciation on banking house, furniture, and fixtures.....	24	24
Other current operating expenses.....	184	192
<b>Total</b> .....	<b>695</b>	<b>747</b>

<sup>1</sup> At end of period.

<sup>2</sup> Average of amounts shown by reports of condition for each call date in the year and the final call date in the preceding year.

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*Earnings, expenses, and dividends of national banks for years ended Dec. 31, 1942 and 1943—Continued*

[In millions of dollars]

	1942	1943
Net earnings from current operations.....	268	315
Recoveries and profits:		
Recoveries on securities.....	36	59
Profits on securities sold or redeemed.....	30	54
Recoveries on loans.....	41	53
All other.....	14	21
Total.....	121	187
Losses and charge-offs:		
On securities.....	73	66
On loans.....	43	43
All other.....	30	43
Total.....	146	152
Net profits before dividends.....	243	350
Dividends:		
On preferred stock.....	7	6
On common stock:		
Cash dividends.....	121	125
Stock dividends.....	9	42
Total.....	137	173
Ratios:	<i>Percent</i>	<i>Percent</i>
Expenses to gross earnings.....	72.19	70.30
Net profits before dividends to capital funds.....	6.60	9.08
Cash dividends to capital stock.....	8.46	8.72
Cash dividends to capital funds.....	3.47	3.41

## STRUCTURAL CHANGES IN THE NATIONAL BANKING SYSTEM

The authorized capital stock of the 5,049 national banks in existence at the close of business on December 31, 1943, including 3 inactive banks, consisted of common capital stock aggregating \$1,404,077,240, a net increase during the year of \$45,450,582, and preferred capital stock aggregating \$128,811,576, a net decrease during the year of \$18,182,689.

During the year ended December 31, 1943, in addition to 4 applications with proposed capital stock of \$1,750,000 carried over from the previous period, 22 applications were received to organize national banks and to convert State banks into national banking associations, with proposed capital stock aggregating \$4,850,000. Of these applications, 13 with proposed capital stock aggregating \$3,700,000 were approved; 6 with proposed capital stock aggregating \$850,000 were rejected; and the remainder were still pending or had been abandoned on December 31, 1943. From the applications carried over from the previous period and the 13 applications approved during the current year, 12 national banking associations with common capital stock aggregating \$2,175,000 were authorized to commence business. Of the 12 charters issued, 9 with common capital stock aggregating \$1,950,000 were the result of the conversions of State banks.

During the year ended December 31, 1943, three national banks and one state bank, were consolidated into two national banking associations, under authority of the act of November 7, 1918, as amended, the common capital stock of the consolidated banks being \$775,000. Additional assets of approximately \$1,632,602 were brought into the

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national banking system by reason of the State bank consolidating with the national bank. Also, during this period national banks reported the purchase of the business of eight State banks, with aggregate capital stock of \$291,000 and aggregate assets of approximately \$4,590,983.

During the year ended December 31, 1943, 50 national banks with common capital stock of \$4,162,175, among which were 10 with preferred capital stock aggregating \$966,980, went into voluntary liquidation in the manner provided by sections 5220 and 5221, U. S. R. S. Of these banks, 10 with common capital stock of \$590,000 and assets of \$6,600,254, including 2 with preferred capital stock of \$45,000, paid their depositors and quit business; 20 with common capital stock of \$1,284,000 and assets aggregating \$32,061,988, including 5 with preferred capital stock of \$632,000, were succeeded by other national banks; and 20 with common capital stock of \$2,288,175 and assets aggregating \$64,595,489, including 3 with preferred capital stock of \$289,980, were succeeded by State banks.

Changes in the number and capital stock of national banks during the year ended December 31, 1943, are shown in the following summary:

*Organization, capital stock changes, and liquidations of national banks during the year ended Dec. 31, 1943*

	Number of banks	Capital stock	
		Common	Preferred
<b>Charters issued:</b>			
Conversions of State banks.....	9	\$1,950,000	
Primary organizations.....	3	225,000	
<b>Increases of capital stock:</b>			
Preferred: 4 banks, by new issues.....			\$510,000
Common:			
58 banks, by regular cash increases.....		6,720,650	
67 banks, by regular stock dividends under sec. 5142, U. S. R. S. ....		35,214,300	
365 banks, by stock dividends under provisions of their articles of association.....		5,922,817	
6 banks, by conversion of preferred capital stock.....		753,990	
2 banks, by consolidation under act Nov. 7, 1918, as amended.....		275,000	
<b>Total increases.....</b>	<b>12</b>	<b>51,061,757</b>	<b>510,000</b>
<b>Voluntary liquidations:</b>			
Succeeded by national banks.....	20	1,284,000	632,000
Succeeded by State banks.....	20	2,288,175	289,980
Quit business.....	10	590,000	45,000
Receiverships: Banks in active operation.....	2	625,000	25,000
<b>Decreases of capital stock:</b>			
Preferred:			
740 banks, by retirement.....			16,900,709
2 banks, by decrease of par value.....			800,000
Common: 9 banks, by reduction.....		824,000	
Closed under consolidation (act Nov. 7, 1918, as amended).....	1		
<b>Total decreases.....</b>	<b>53</b>	<b>5,611,175</b>	<b>18,692,689</b>
<b>Net change.....</b>	<b>-41</b>	<b>+45,450,582</b>	<b>-18,182,689</b>
Charters in force Dec. 31, 1942, and authorized capital stock.....	5,090	1,358,626,658	146,994,265
Charters in force Dec. 31, 1943, and authorized capital stock.....	5,049	1,404,077,240	128,811,576

## BRANCHES

On December 31, 1943, 218 national banks were operating 1,603 branches. This total includes 7 branches temporarily discontinued for the duration of the emergency and 4 seasonal offices.

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During the year ended December 31, 1943, 12 branches were brought into the national banking system, all of which were de novo branches. Of these branches 6 were authorized under the Banking Act of 1933 to operate in places other than the city in which the parent bank is located. During the same period 13 branches were relinquished, of which number 11 were discontinued through action of the boards of directors of the parent banks and 2 through voluntary liquidation of the parent banks.

Of the 12 branches authorized 10 were operating on December 31, 1943; 3 branches authorized in 1942 did not begin operations until 1943. As a net result of these operations there was no change for the system in the total number of branches operating during the year.

**NATIONAL BANK NOTES OUTSTANDING**

There were, as of December 31, 1943, \$130,017,625 of national bank notes outstanding.

**DISTRIBUTION OF ALL BANKS**

On December 31, 1943, there were 14,621 banks in the United States and its possessions, of which 5,040, or 34 percent, were national banks, members of the Federal Reserve System. Of these, 13,458, or 92 percent, were insured banks. All banks had deposits of \$118,336,126,000, 51 percent of which was in member national banks and 94 percent of which was in insured banks. There were 537 mutual savings banks which had \$11,717,080,000 of deposits.

*Classification of all banks, Dec. 31, 1943*

	Banks			Deposits		
	Number	Percent of grand total	Change in 12 months (percent of grand total)	Amount (000 omitted)	Percent of grand total	Change in 12 months (percent of grand total)
National banks.....	5,040	34.47	-0.04	\$59,960,668	50.67	+0.34
State member banks:						
Commercial.....	1,695	11.59	+ .75	32,291,511	27.29	- .44
Mutual savings.....	3	.02	0	10,181	.01	0
Nonmember insured banks:						
State commercial <sup>1</sup> .....	6,539	44.73	- .58	11,863,598	10.02	+ .49
Mutual savings.....	181	1.24	+ .88	7,523,879	6.36	+4.33
Total insured banks.....	13,458	92.05	+1.01	111,649,837	94.35	+4.72
Nonmember uninsured banks:						
State commercial and private <sup>2</sup> .....	810	5.54	- .15	2,503,269	2.12	+ .32
Mutual savings.....	353	2.41	- .86	4,183,020	3.53	-5.04
Total.....	14,621	100.00		118,336,126	100.00	

<sup>1</sup> Includes 3 nonmember insured national banks and 1 insured private bank.

<sup>2</sup> Includes 3 nonmember uninsured national banks.

**ASSETS AND LIABILITIES OF ALL ACTIVE BANKS IN THE UNITED STATES AND POSSESSIONS**

The assets of all classes of active banks in the United States and possessions on December 31, 1943, reached a new high level of \$128,122,000,000, exceeding by \$18,579,000,000, or 16.96 percent, the total assets held at the end of 1942.

Loans and discounts of \$23,675,000,000 declined \$326,000,000 due principally to the decreased amount of real estate loans outstanding.

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Holdings of United States Government obligations on December 31, 1943, of \$66,259,000,000 increased in the year \$20,200,000,000. This class of investments was 51.72 percent of the total assets. Obligations of States and political subdivisions decreased in the year \$362,000,000 to \$3,564,000,000, and other bonds, notes, and debentures of \$3,352,000,000 were \$403,000,000 less than the year before. Cash and balances with other banks including reserve balances were \$28,612,000,000, a decline of \$224,000,000, and real estate owned other than banking premises of \$332,000,000 showed a decline of \$198,000,000.

The deposits of all banks were also at a new high peak, amounting to \$118,336,000,000 at the end of 1943, an increase of \$18,070,000,000, or 18.02 percent, over the deposits at the end of 1942. The major increases in deposits were in demand funds of individuals, partnerships and corporations, which increased \$11,416,000,000, and in time deposits of individuals, partnerships and corporations which increased \$4,021,000,000. United States Government and postal savings deposits of \$10,532,000,000 increased in the year \$2,025,000,000.

The aggregate of capital accounts at the end of 1943 was \$9,046,000,000, compared to \$8,605,000,000 at the end of 1942.

A comparison of the assets and liabilities of all classes of active banks in the country on December 31, 1942 and 1943 is shown in the following statement:

*Assets and liabilities of all active banks in the United States and possessions,  
Dec. 31, 1942 and 1943*

[In millions of dollars]

	1942	1943
Number of banks.....	14,722	14,621
<b>ASSETS</b>		
Loans on real estate.....	9,373	8,941
Commercial and industrial loans (including open-market paper).....	7,880	7,879
Other loans, including overdrafts.....	6,748	6,855
Total loans.....	24,001	23,675
U. S. Government obligations, direct and guaranteed.....	46,059	66,259
Obligations of States and political subdivisions.....	3,926	3,564
Other bonds, notes, and debentures.....	3,755	3,352
Corporate stocks, including stocks of Federal Reserve banks.....	631	551
Total securities.....	54,371	73,726
Currency and coin.....	1,464	1,612
Balances with other banks, including reserve balances <sup>1</sup> .....	27,372	27,000
Bank premises owned, furniture and fixtures.....	1,190	1,128
Real estate owned other than bank premises.....	530	332
Investments and other assets indirectly representing bank premises or other real estate.....	123	102
Customers' liability on acceptances outstanding.....	46	49
Interest, commissions, rent, and other income earned or accrued but not collected.....	173	220
Other assets.....	273	278
Total assets.....	106,543	128,122
<b>LIABILITIES</b>		
Deposits of individuals, partnerships, and corporations:		
Demand.....	47,969	59,385
Time.....	26,704	30,725
U. S. Government and postal savings deposits.....	8,507	10,532
Deposits of States and political subdivisions.....	4,523	4,972
Deposits of banks <sup>2</sup> .....	11,324	11,082
Other deposits (certified and cashiers' checks, etc.).....	1,239	1,690
Total deposits <sup>1</sup> .....	100,266	118,336

<sup>1</sup> Excludes banks in Guam and the Philippines on account of the war.

<sup>2</sup> Excludes reciprocal interbank demand balances with banks in the United States.

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*Assets and liabilities of all active banks in the United States and possessions  
Dec. 31, 1942 and 1943—Continued*

[In millions of dollars]

	1942	1943
<b>LIABILITIES—continued</b>		
Bills payable, rediscounts, and other liabilities for borrowed money.....	19	52
Acceptances executed by or for account of reporting banks.....	52	60
Interest, discount, rent, and other income collected but not earned.....	58	45
Interest, taxes, and other expenses accrued and unpaid.....	138	208
Other liabilities.....	405	375
<b>Total liabilities.....</b>	<b>100,938</b>	<b>119,076</b>
<b>CAPITAL ACCOUNTS</b>		
Capital notes and debentures.....	99	90
Preferred stock.....	281	254
Common stock.....	2,605	2,668
Surplus.....	3,770	4,105
Undivided profits.....	1,323	1,370
Reserves and retirement account for preferred stock and capital notes and debentures.....	527	559
<b>Total capital accounts.....</b>	<b>8,605</b>	<b>9,046</b>
<b>Total liabilities and capital accounts.....</b>	<b>109,543</b>	<b>128,122</b>

**REPORTS FROM BANKS**

National banks in the continental United States, Alaska, the Territory of Hawaii, and the Virgin Islands of the United States were, in accordance with the provisions of section 5211 of the Revised Statutes, called upon to submit three reports of condition during the year ended December 31, 1943. Reports were required as of June 30, October 18, and December 31. Summaries from all condition reports, by States, are published in pamphlet form. National banks were also required by the statute to obtain reports of their affiliates and holding-company affiliates other than member banks and to submit such reports to the Comptroller as of the three dates for which condition reports of the banks were obtained.

Under the general powers conferred upon him by law, the Comptroller required from each national bank during the period indicated semiannual reports of earnings, expenses, and dividends; also reports of condition of foreign branches of national banks as of December 31, 1943.

National banking associations authorized to act in a fiduciary capacity were called upon to submit reports of their trust departments as of the close of business on December 31, 1943.

In accordance with section 298 of the Code of Law for the District of Columbia, banks other than national in the District were required to make to the Comptroller condition reports and reports of earnings, expenses, and dividends identical with those obtained from national banks during the year. Building and loan associations and credit unions in the District of Columbia under the supervision of the Comptroller were required to submit reports of their assets and liabilities as of December 31, 1943, and reports of receipts and disbursements for the year ended December 31, 1943.

Detailed figures for reports of condition and earnings and dividends will be found in the appendix of this report.

**REPORT OF THE COMPTROLLER OF THE CURRENCY****EXAMINATION OF NATIONAL BANKS**

The National Bank Act requires that each national bank be examined at least twice each year in order that the Comptroller may be kept currently informed of its condition and require such corrections as are deemed necessary with a view to maintaining each bank in sound condition. In addition to the regular examinations, special examinations are conducted of banks the condition of which is regarded as unsatisfactory.

During the year ended December 31, 1943, 10,219 examinations of banks, 3,164 examinations of branches, 2,130 examinations of trust departments, and 151 examinations of affiliates were conducted. Fifteen State banks were examined in connection with conversions to or consolidations with national banks. Investigations were also conducted in connection with applications for 7 new charters and 10 new branches.

**LIQUIDATION OF INSOLVENT NATIONAL BANKS**

During the year ended December 31, 1943, there were 2 failures of national banks with total deposits of \$5,007,320. The number of receiverships in process of liquidation has been reduced from 54 to 26. Of the 26, 11 are in charge of the Federal Deposit Insurance Corporation. Of the remaining 15, 6 are in process of paying final dividends and can be closed in the immediate future, 7 are involved in litigation and 2 have assets to be liquidated before final dividends can be paid.

**LIQUIDATION OF JAPANESE-OWNED BANKS**

In February 1942 the Secretary of the Treasury, acting under the Trading with the Enemy Act and the First War Powers Act, designated the Comptroller of the Currency to supervise the liquidation of three Japanese-owned banks in Honolulu, T. H. Liquidation of the banks had proceeded to the point where distribution of 100 percent had been made to the depositors and creditors of two of them when, on May 10, 1943, the assets of the three banks were delivered to the Agent for the Alien Property Custodian pursuant to the terms of Supervisory Orders issued by the Custodian on April 29, 1943, and all supervision by the Comptroller of the Currency ceased.

**ISSUE AND REDEMPTION OF NOTES**

One thousand five hundred sixty-six shipments of Federal Reserve currency were made from Washington, D. C., during the year ended December 31, 1943, to Federal Reserve agents and Federal Reserve branch banks, aggregating \$6,487,420,000 and, in addition, 57 deliveries were made to the Treasurer of the United States aggregating \$182,260,000.

Three thousand three hundred twenty-five lots of unfit Federal Reserve currency were received for verification and certification for destruction consisting of 167,574,683 notes aggregating \$1,609,783,773.

Thirty-five lots of national bank notes were received for verification and certification for retirement and destruction consisting of 433,482 notes aggregating \$5,963,587.

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Ten thousand two hundred forty-six fragments or charred Federal Reserve and national bank notes aggregating \$173,404 were presented by the Treasurer of the United States for identification and approval.

**ORGANIZATION AND STAFF**

On December 31, 1943, the personnel of the Office of the Comptroller of the Currency consisted of 996 persons, of whom 282 were located in the Washington office, there having been a reduction of 119 during the year in the total number employed, due largely to inductions into the armed forces.

During the calendar year 1943, 12 national bank examiners and 116 assistant national bank examiners left the service. Of these, 5 examiners and 50 assistant examiners were placed on military furlough. In the same period 5 assistant examiners were promoted to examiners and 68 persons were given appointments as assistant examiners, 66 of these being for the duration of the war and 6 months thereafter.

As of December 31, 1943, 190 field employees and 40 Washington office employees, a total of 230, were serving in the armed forces. More than 98 percent of the active employees were purchasing war bonds on the pay-roll allotment plan for an average of more than 11 percent of gross salary. In addition the employees of the Office made cash purchases of war bonds in the Third War Loan Campaign in an amount substantially exceeding their quota.

**EXPENSES OF THE BUREAU**

The expenses of the Office are met largely by fees assessed against the banks supervised. This figure for the calendar year 1943 was \$3,974,510.39.

This amount was supplemented by Congressional appropriations totaling \$289,812.99.

The expenses of the Division of Insolvent National Banks are paid from assessments against the banks in process of liquidation. Such expenses for the calendar year 1943 were \$423,516.09.

The expenses of the division of Federal Reserve Issue and Redemption are paid by the Federal Reserve banks. This item for 1943 was \$57,665.81.

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In this our fourth year of war, I have the honor to report to the Congress that the national banks of the country are in a sound condition, that their resources and powers are being fully utilized wherever needed in the war effort, and that they can be depended upon to contribute toward the solution of many problems that will arise as the conflict is brought to a successful conclusion.

One striking phenomenon of wartime America has been an enormous increase in the number of people requiring some form of banking service. The physical capacity of the banks has been strained by additional duties arising out of war financing operations, the sale and redemption of bonds, the cashing of Government and pay-roll checks, ration banking, withheld taxes, and an increased activity in the use of checks. The number of officers and employees of national banks increased from 125,128 in 1939 to 148,803 in 1944. Despite this substantial increase in personnel, they have been shorthanded. The devotion to duty on the part of officers and employees, whose ranks have frequently been depleted and staffed with hastily-trained men and women, deserves recognition.

The assets of national banks continue the trend noticed in previous war years. During 1944, investments in government securities increased \$9.3 billion, and cash reserves increased \$1.6 billion, while total assets have grown \$12.4 billion. Earnings for the year show a moderate increase, and with very few exceptions are adequate for banks in all size groups. Net earnings have been slightly under 10 percent of total capital funds, and cash dividends amounted to 3.4 percent thereof. It is worthy of note that this results in a major portion of earnings being employed to build up capital funds.

While deposit liabilities increased \$12 billion, capital funds increased only \$315 million, adding to the already pronounced stretching of the ratio between deposit liabilities and invested capital. Of this increase in capital funds, a total of \$268 million was earned. While the aggregate of deposits may well remain at present heights or mount even higher, a return to normal business conditions will necessarily bring about some shifting of deposits between geographical areas, and wise bankers are giving this factor weight in determining investment policy.

The national banking system has shown gratifying stability during the year. While the number of units declined from 5,046 to 5,031, the situation remains generally favorable to the continued growth and success of the system. More than one-half of the assets of the commercial banks of the Nation are now held by the national banks.

## 2 REPORT OF THE COMPTROLLER OF THE CURRENCY

The growth in the size of national banks in the 10 years from the end of 1934 to the end of 1944 is striking. In 1934, 3,374 national banks, or over 60 percent of the total number, had deposits of \$1 million or less. By the end of 1944, banks in this category had dropped to one-fifth of that number, constituting less than 15 percent of all national banks. This tendency is especially noticeable among the very smallest banks, those with deposits of \$500,000 or less, which fell from over 2,000 in 1934 to approximately 100 in 1944.

The trend referred to resulted only slightly from expansion of branch banking and consolidation of existing banks. The shift is due largely to steadily increasing deposits of existing banks, particularly in the case of banks with deposits of over \$2 million, which tripled in number during the 10-year period. At the present time, it might be said that the typical national bank has deposits of between \$1 million and \$10 million, since institutions in that category make up over 70 percent of all national banks—as compared with less than 35 percent 10 years ago.

The same tendency appears also among banks of the very largest size—those with deposits of over \$100 million—of which there were 97 in 1944 as compared with 25 in 1934. Although these institutions (which are located in over 50 cities in two-thirds of the States) actually hold a very large percentage of the liquid funds of the country, they are, of course, large city banks. In spite of their importance in financial activities, they cannot be regarded as characteristic of the entire system, in view of the fact that even today they constitute less than 2 percent of all national banks.

Because of the size of deposits and the prospective increase in risk assets, discussed hereafter, it has been our policy to urge upon banks that capital be strengthened wherever necessary, both through sale of new common stock and through conservation of earnings. In this connection it is to be again noted that 65 percent of the net profits of national banks was retained to strengthen capital structure.

Preferred stock held by the Reconstruction Finance Corporation and by the public was reduced during the year by almost 28 percent and was entirely eliminated by 353 national banks. Practically all of this preferred stock was replaced with common stock. There are 545 national banks with preferred stock still outstanding.

It is evident that more capital is one of the primary needs of the banking system, not only for its current operations, but to protect the further expansion of liabilities and of risk assets which can be foreseen in the post-war period. It must be kept in mind that while the aggregate capital of all banks (State as well as national) amounted to about \$9.7 billion both in 1929 and 1944, deposits increased over the same period from \$58 billion to \$142 billion. This disproportionate development is attributable to many factors, including war and the reduction of the number of banks from 25,000 to less than 15,000 (at which level, incidentally, at least temporary stabilization has taken place). Of course, this marked shift in the capital-deposit ratio is not as foreboding as it might superficially appear, because of the large amount of Government obligations included in bank assets, and because of the present high liquidity. The picture could change, however, if the proportion of risk assets were to increase much more rapidly than capital. Many national banks either on their own initiative or at our suggestion are taking advantage of the present market to increase their capital.

The period immediately following the war will present many problems

to the banking system, and bankers are showing commendable foresight in the measures now in the course of adoption. For instance, the formation of credit groups in the larger cities is designed to stimulate the financing of many borrowers, in the difficult transition from war to peacetime operations, by private enterprise rather than by Government. The banks are preparing to handle a large demand for the so-called G. I. loans to veterans. A return to normal manufacturing and merchandising will give rise to an unknown volume of consumer loans and the building trades promise a large increase in housing.

The utmost diligence must be exercised both by bankers and supervisory officials to see that safe, though perhaps original, banking procedures and standards are employed in meeting different needs and in entering new fields. It is because of the fact that the needs and requirements are not foreseeable that we are refraining from recommending any additional legislation in this report. Recommendations will be made from time to time as the problems arise and solutions requiring legislation become discernible.

The difficulties of foreseeing the future trends of banking and the safeguards which must be set up are emphasized by a consideration of the place of commercial banks in the era toward which we are moving—a period in which the reconversion from war to peace will be accelerated, an era in which there will be a gradual return of an economy of free production, plenty in place of scarcity, and a substantial reduction in governmental expenditures and demands.

It is not generally realized to what an extent the nature and functions of banks have changed within a comparatively few years. Even as late as 1939, the largest portion of the earnings of banks was derived from interest on loans; and bankers, the public, and Government generally felt that the chief function of a commercial bank and its chief justification for profitable existence was the furnishing of short-term credit to commerce and industry. Today the commercial loan activities of banks—in other words, their risk activities, calling for the exercise of informed judgment on the short-term prospects of an industry and of a single unit within that industry—have receded to a subsidiary position; in their place we find investment in securities of the Federal Government and in loans guaranteed by agencies of that Government.

Bank portfolios reflect the great changes in the country's debt structure, both public and private. The striking extent of these changes is indicated by the following comparison: In 1939, the assets of the national banks of the country included loans in the amount of \$9 billion; at the end of 1944, there was a total of \$11.5 billion of loans, many of which were covered either in whole or in part by Government guaranties. During the same period their holdings of Government securities more than quadrupled—from \$9.1 billion to \$43.5 billion. In this connection it should be noted that the deposits of these banks have risen from \$31.6 billion to \$72.1 billion, while the aggregate capital structure has only risen from \$3.4 billion to \$4.3 billion.

Likewise, the enormous increase in the liquid assets of individuals and corporations has emphasized the service function of banks as depositories and clearing agents of funds, and the importance of this segment of a bank's function has been impressed upon the public by the almost general adoption of service charges which have now become an important source of banking income. The quasi-public nature of banks, and their suitability for use in many of the increasingly intimate relationships between

Government, business, and the public, have been emphasized through the services banks have performed during the war years in connection with rationing, distribution of Government securities, furnishing banking facilities to the armed services, and the like, heretofore mentioned.

Concretely, we have today a national banking system whose main functions are the handling of the Nation's current funds, the investment of those funds in Government securities and Government-guaranteed loans, the direct creation of credit for governmental use, and the performance of certain quasi-governmental services. In other words, without detracting from the important part the banks are taking in meeting the credit needs of business through the making of loans, it can be stated that to a considerable extent the principal functions of banks today tend to become matters of efficient routine operation and adherence to a pre-determined schedule of appropriate security maturities. This *modus vivendi* unquestionably reduces risk and has proved to be profitable. It cannot be charged to any dereliction of duty or unwillingness to assume responsibility on the part of national bankers. It is one of the consequences of modern total war. The question before us is whether in the years to come banks can and should continue to operate primarily on this basis.

In facing problems of this magnitude it is not to be expected that solutions can be developed out of hand. Much depends upon the attitude both of bankers and Government, as well as upon economic factors. To what extent will the banks be able to meet the credit needs of business in this transitional period; to what extent will Government guaranties be used; and to what extent will the banks be required, and be able, to meet the competition of Government lending agencies? These are all questions of importance and upon their determination will depend to a large extent the future of our banking system.

It is essential that we appreciate clearly the nature of the alternatives presented for the future of American banking, and also that these alternatives involve widely differing advantages and disadvantages. Banking as it existed in the United States during the first three-quarters of a century under the National Bank Act is by no means the only possible banking structure. Many men still active in banking can recall the day when the privilege of issuing bank notes was an important factor in the operation and profitability of national banks. We have seen this function terminated with benefit to the country generally and without injury to the banking system as a whole. The banking systems of other countries—those of pre-war continental Europe, for example—perform economic roles which differ widely from our own, especially by acting as suppliers of long-term capital to commerce and industry, thereby assuming a larger role in the direction of corporations in those fields. Up to the present, the genius of our American economic system has not developed along these lines, but there is reason to believe that the issue, always latent, may be soon forced to the forefront by the inexorable economic consequences of the war.

It is generally conceded, both by business and by Government, that the goal of a sustained high level of employment and production requires, among other things, a ready source of funds for the establishment of new enterprises and the expansion of small business concerns. There is a possibility that the sources tapped for these purposes in the past—direct investment of individual savings—may be insufficient hereafter. If other sources fail, Government may regard itself as obligated to supply the

deficiency; in fact, it has traveled some distance along this road during the past decade.

The line between furnishing permanent capital for new or growing enterprises, and meeting the current credit needs traditionally taken care of by American banks, is by no means clear and definite. Nor is it certain that governmental lending agencies—created to furnish credit in situations not traditionally considered “bankable”—can avoid being forced by the pressure of borrowers to extend their operations into the area which bankers and bank supervisory officials presently regard as suitable for investment of funds of depositors. Bankers and Government, as well as the public, must face the fact that banks may ultimately have to choose between the tendency toward assuming the narrower and safer role of depository of the nation’s current funds and investor of those funds, as far as possible, in the ultimate safety of government securities and guaranteed loans; or on the other hand, broadening their field to include not only such service functions and the relatively diminishing strict “commercial loan” functions of the past and present, but also the duties of active initiators and more permanent financiers of industrial and commercial enterprises of the first magnitude.

The problem outlined above is perhaps the most important which must be faced during the next few years by all who are concerned with the future of American banking and with the national welfare. It is worthy of our most thoughtful consideration.

There is a school of thought which would have the commercial banks move deep into the risk sector of the economy, thus filling the vacuum left by the reduction in the normal flow of venture capital. It has been argued that this process will save our society of free enterprise. This point of view has been received with approval in certain quarters, and, of course, the difficulties of our times demand great care in the examination of any remedies thoughtfully proposed. However, the economic scene at the present time is not such as to persuade the Office of the Comptroller of the Currency to acquiesce in this doctrine.

It seems clear that the economic forces now at work throughout the world, and largely outside the realm of banking, are fundamental. It seems equally clear that these forces cannot be controlled by any such device as the employment of commercial bank deposits in a field which properly should be reserved for more speculative funds. The survival of a competitive economy and the American system depends on other and more basic factors. The Comptroller of the Currency strongly endorses a vigorous and courageous policy by the commercial banks and one which will meet all legitimate demands for credit accommodation. Such a policy should include the intensive development of the newly formed credit groups and the full exploitation of the term loan. The Comptroller feels, however, that adventures of this nature into new fields must be restrained before the extension of credit becomes in reality a participation in ownership. An entry into the realm of junior financing made in the guise of loans secures none of the advantages which normally accompany such an operation and is not consistent with the responsibilities inherent in the trusteeship of deposit funds.

## 6 REPORT OF THE COMPTROLLER OF THE CURRENCY

At the end of 1944, the National Banking System was composed of 5,031 active national banking associations operating 1,618 branches, making a total of 6,649 banking offices.

A comparison of the assets and liabilities of the banks in the National Banking System as of December 31, 1943, April 13, June 30, and December 30, 1944, reported pursuant to calls for condition statements by the Comptroller of the Currency, is shown in the following table:

*Assets and liabilities of national banks on dates indicated*

(In thousands of dollars)

	Dec. 31, 1943 (5,046 banks)	Apr. 13, 1944 (5,048 banks)	June 30, 1944 (5,042 banks)	Dec. 30, 1944 (5,031 banks)
<b>ASSETS</b>				
Loans and discounts, including overdrafts.....	10,133,532	9,950,486	11,229,680	11,497,802
U. S. Government securities, direct obligations.....	32,552,251	36,732,082	38,156,365	42,836,320
Obligations guaranteed by U. S. Government.....	1,626,304		634,504	642,469
Obligations of States and political subdivisions.....	1,933,187	1,996,461	2,032,998	2,056,722
Other bonds, notes, and debentures.....	1,243,450	1,291,048	1,318,488	1,345,369
Corporate stocks, including stocks of Federal Reserve banks.....	149,061	146,186	146,168	141,449
<i>Total loans and securities.....</i>	<i>47,637,755</i>	<i>50,116,263</i>	<i>63,518,203</i>	<i>68,520,131</i>
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	16,080,664	15,399,509	16,059,734	17,637,249
Bank premises owned, furniture and fixtures.....	547,470	542,465	532,377	513,522
Real estate owned other than bank premises.....	33,990	30,764	25,582	18,158
Investments and other assets indirectly representing bank premises or other real estate.....	47,275	49,374	49,356	47,640
Customers' liability on acceptances outstanding.....	26,207	32,582	34,003	42,721
Interest, commissions, rent, and other income earned or accrued but not collected.....	101,664	103,024	116,883	122,223
Other assets.....	56,862	59,153	64,807	48,215
<i>Total assets.....</i>	<i>64,531,917</i>	<i>66,333,134</i>	<i>70,400,945</i>	<i>76,949,859</i>
<b>LIABILITIES</b>				
Demand deposits of individuals, partnerships, and corporations.....	33,254,837	33,557,089	32,745,584	36,320,754
Time deposits of individuals, partnerships, and corporations.....	9,926,259	10,494,797	11,056,548	12,555,090
Deposits of U. S. Government and postal savings.....	5,951,128	7,201,664	10,825,128	11,171,856
Deposits of States and political subdivisions.....	2,934,654	2,947,639	2,998,352	3,070,539
Deposits of banks.....	7,160,133	6,985,579	7,403,551	8,058,151
Other deposits (certified and cashiers' checks, etc.).....	929,170	623,232	804,090	852,578
<i>Total deposits.....</i>	<i>60,156,181</i>	<i>61,809,980</i>	<i>65,833,253</i>	<i>72,128,937</i>
<i>Demand deposits.....</i>	<i>49,847,604</i>	<i>50,927,316</i>	<i>54,408,676</i>	<i>59,094,187</i>
<i>Time deposits.....</i>	<i>10,308,677</i>	<i>10,882,664</i>	<i>11,424,677</i>	<i>13,034,750</i>
Bills payable, rediscounts, and other liabilities for borrowed money.....	8,155	56,600	6,205	54,180
Mortgages or other liens on bank premises and other real estate.....	61	61	60	109
Acceptances executed by or for account of reporting banks and outstanding.....	31,642	37,838	37,869	48,469
Interest, discount, rent, and other income collected but not earned.....	23,881	24,472	23,867	24,565
Interest, taxes, and other expenses accrued and unpaid.....	118,469	138,829	147,566	168,465
Other liabilities.....	234,086	199,550	241,516	250,269
<i>Total liabilities.....</i>	<i>60,572,475</i>	<i>62,267,330</i>	<i>66,290,336</i>	<i>72,674,994</i>
<b>CAPITAL ACCOUNTS</b>				
Capital stock (see memoranda below).....	1,531,515	1,547,780	1,553,578	1,566,905
Surplus.....	1,619,769	1,628,622	1,692,172	1,808,959
Undivided profits.....	541,595	613,174	604,198	632,000
Reserves and retirement account for preferred stock.....	266,563	276,228	260,661	267,001
<i>Total capital accounts.....</i>	<i>3,959,442</i>	<i>4,065,804</i>	<i>4,110,609</i>	<i>4,274,865</i>
<i>Total liabilities and capital accounts.....</i>	<i>64,531,917</i>	<i>66,333,134</i>	<i>70,400,945</i>	<i>76,949,859</i>
<b>MEMORANDA</b>				
Par value of capital stock:				
Class A preferred stock.....	118,053	110,421	105,385	86,498
Class B preferred stock.....	9,551	8,645	6,835	5,468
Common stock.....	1,404,492	1,429,232	1,441,841	1,475,226
<i>Total.....</i>	<i>1,532,096</i>	<i>1,548,298</i>	<i>1,554,061</i>	<i>1,567,192</i>
Retirable value of preferred capital stock:				
Class A preferred stock.....	159,903	151,447	146,077	125,454
Class B preferred stock.....	11,258	10,356	8,237	6,731
<i>Total.....</i>	<i>171,161</i>	<i>161,803</i>	<i>154,314</i>	<i>132,185</i>

## REPORT OF THE COMPTROLLER OF THE CURRENCY 7

*Assets and liabilities of national banks on dates indicated—Continued*

[In thousands of dollars]

	Dec. 31, 1943 (5,046 banks)	Apr. 13, 1944 (5,048 banks)	June 30, 1944 (5,042 banks)	Dec. 30, 1944 (5,031 banks)
MEMORANDA—continued				
Pledged assets and securities loaned:				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities.....	10,889,550	12,743,873	15,331,400	15,811,794
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement.....	427,818	421,334	448,854	386,236
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities.....	97,745	100,960	99,549	99,097
Securities loaned.....	14,365	12,550	2,245	4,425
Total.....	11,429,478	13,278,717	15,882,049	16,301,552
Secured liabilities:				
Deposits secured by pledged assets pursuant to requirements of law.....	8,627,686	9,777,077	13,352,898	13,925,562
Borrowings secured by pledged assets, including rediscounts and repurchase agreements.....	8,155	51,600	5,755	48,180
Other liabilities secured by pledged assets.....	330	574	464	203
Total.....	8,636,171	9,829,251	13,359,117	13,973,945

## TRENDS IN BANKING

The following table shows the changes that have occurred in recent years in the relationships of the major asset and liability accounts of national banks to the aggregates of assets and liabilities.

*Distribution of assets and liabilities of national banks, Dec. 31, 1941-44*

	1941	1942	1943	1944
ASSETS				
Securities:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
U. S. Government, direct and guaranteed.....	27.73	43.49	52.96	56.50
Obligations of States and political subdivisions.....	4.65	3.69	3.00	2.67
Stock of Federal Reserve banks.....	.20	.16	.15	.13
Other bonds and securities.....	3.91	2.83	2.01	1.81
Total securities.....	36.49	50.17	58.12	61.11
Loans and discounts.....	26.99	18.62	15.70	14.94
Cash and balances with other banks, excluding reserves.....	17.46	14.60	11.97	10.85
Reserve with Reserve banks.....	16.99	15.06	12.95	12.07
Bank premises, furniture and fixtures.....	1.36	1.06	.85	.67
Other real estate.....	.19	.11	.05	.02
All other assets.....	.52	.38	.36	.34
Total assets.....	100.00	100.00	100.00	100.00
LIABILITIES				
Deposits:				
Demand of individuals, partnerships and corporations.....	47.04	48.80	51.53	47.20
Time of individuals, partnerships and corporations.....	18.29	15.17	15.38	16.45
U. S. Government.....	2.59	8.82	9.21	14.51
States and political subdivisions.....	5.95	4.92	4.55	3.99
Banks.....	15.60	13.51	11.10	10.47
Other deposits (including postal savings).....	1.38	1.24	1.45	1.11
Total deposits.....	90.85	92.46	93.22	93.73
<i>Demand deposits.....</i>	<i>71.44</i>	<i>76.62</i>	<i>77.25</i>	<i>76.79</i>
<i>Time deposits.....</i>	<i>19.41</i>	<i>15.84</i>	<i>15.97</i>	<i>16.94</i>
Other liabilities.....	.77	.72	.64	.71
Capital funds:				
Capital stock.....	3.48	2.74	2.38	2.04
Surplus.....	3.19	2.63	2.51	2.35
Unpaid profits and reserves.....	1.71	1.45	1.25	1.17
Total capital funds.....	8.38	6.82	6.14	5.56
Total liabilities and capital funds.....	100.00	100.00	100.00	100.00

## 8 REPORT OF THE COMPTROLLER OF THE CURRENCY

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS  
FOR YEAR ENDED DECEMBER 31, 1944

The net operating earnings of national banks in the year ended December 31, 1944, were \$481,000,000, or \$89,900,000 more than those of the preceding year.

Gross earnings in 1944 were \$1,206,300,000, or \$144,500,000 more than those in 1943. Interest and dividends on securities amounted to \$632,500,000, an increase of \$128,400,000 over 1943; interest and discount on loans \$359,900,000, a decrease of \$5,700,000, and service charges on deposit accounts \$60,200,000, an increase of \$6,600,000. Operating expenses were \$54,600,000 more than in the preceding year, amounting to \$725,200,000. Of this, salaries, wages and fees to directors accounted for \$337,400,000, an increase of \$22,700,000 over 1943; interest on time and savings deposits \$97,800,000, an increase of \$13,200,000; taxes other than on net income \$53,900,000, a decrease of \$1,900,000, and recurring depreciation on banking house, furniture and fixtures \$24,500,000, an increase of \$700,000. Profits on securities sold or redeemed were \$69,000,000, recoveries on securities were \$50,300,000, and recoveries on loans \$50,300,000. Losses and charge-offs were \$142,500,000. Losses on securities were \$67,600,000, and losses on loans \$41,000,000. Taxes on net income amounted to \$120,800,000, of which \$112,100,000 was paid to the Federal Government, and the balance to State Governments. Net profits before dividends were thus \$411,800,000, and were \$61,300,000 more than in the previous year. The ratio of net profits to capital funds was 10.01 percent. Cash dividends declared on common and preferred stock in 1944 totaled \$144,300,000, in comparison with \$131,600,000 of dividends declared in the previous year.

Interest and dividends on securities were 52 percent of gross earnings in the year ended December 31, 1944, with the banks in Federal Reserve district No. 11 showing the smallest ratio of 42 percent and those in district No. 2 the largest ratio of 59 percent. Interest and discount on loans accounted for 30 percent of the gross earnings, varying in ratio from 25 percent in district No. 7 to 38 percent in district No. 11. Salaries, wages, and fees were 28 percent of gross earnings, ranging from 26 percent in districts Nos. 3 and 7 to 32 percent in district No. 10. The net operating earnings were 40 percent of gross earnings, with averages ranging from 35 percent in district No. 4 to 44 percent in district No. 2.

Interest and discount on loans to the average total of loans in the year was  $3\frac{1}{4}$  percent and varied from  $2\frac{1}{4}$  percent in district No. 2 to  $4\frac{1}{4}$  percent in district No. 12. Interest and dividends on securities averaged  $1\frac{1}{2}$  percent on total securities held, the banks in district No. 1 showing the lowest ratio of nearly  $1\frac{1}{2}$  percent, while the banks in district No. 3 showed the highest ratio of almost 2 percent.

Net operating earnings were 12 percent of average total capital funds, the lowest ratio being 8 percent in district No. 4, and the highest ratio 16 percent in district No. 12. The net profits before dividends for the period were 10 percent of average capital funds, the ratios ranging from nearly 7 percent in district No. 3 to 13 percent in district No. 12.

Summaries of the earnings, expenses, and dividends of national banks for the years ended December 31, 1943, and December 31, 1944, are shown in the following table:

## REPORT OF THE COMPTROLLER OF THE CURRENCY 9

*Earnings, expenses, and dividends of national banks for years ended Dec. 31, 1943  
and 1944*

[In millions of dollars]

	1943	1944
Number of banks <sup>1</sup> .....	5,046	5,031
Capital stock (par value) <sup>2</sup> .....	1,508.2	1,551.1
Capital funds <sup>2</sup> .....	3,860.4	4,115.0
<b>Earnings from current operations:</b>		
Interest and dividends on securities.....	504.1	632.5
Interest and discount on loans.....	385.6	359.9
Service charges on deposit accounts.....	53.6	60.2
Other current earnings.....	138.5	153.7
<b>Total.....</b>	<b>1,061.8</b>	<b>1,206.3</b>
<b>Current operating expenses:</b>		
Salaries, wages, and fees.....	314.7	337.4
Interest on time deposits (including savings deposits).....	84.6	97.8
Taxes other than on net income.....	55.8	53.9
Recurring depreciation on banking house, furniture, and fixtures.....	23.8	24.5
Other current operating expenses.....	191.8	211.6
<b>Total.....</b>	<b>670.6</b>	<b>725.2</b>
<b>Net earnings from current operations.....</b>	<b>391.1</b>	<b>481.0</b>
<b>Recoveries and profits:</b>		
Recoveries on securities.....	59.7	50.3
Profits on securities sold or redeemed.....	54.1	69.0
Recoveries on loans.....	52.9	50.3
All other.....	20.7	24.5
<b>Total.....</b>	<b>187.3</b>	<b>194.1</b>
<b>Losses and charge-offs:</b>		
On securities.....	66.0	67.6
On loans.....	43.1	41.0
All other.....	43.1	33.9
<b>Total.....</b>	<b>152.2</b>	<b>142.5</b>
<b>Profits before income taxes.....</b>	<b>426.3</b>	<b>532.7</b>
<b>Taxes on net income:</b>		
Federal.....	69.0	112.1
State.....	6.8	8.8
<b>Total.....</b>	<b>75.8</b>	<b>120.8</b>
<b>Net profits before dividends.....</b>	<b>350.5</b>	<b>411.8</b>
<b>Dividends:</b>		
On preferred stock.....	6.2	5.3
On common stock:		
Cash dividends.....	125.4	139.0
Stock dividends.....	41.4	33.9
<b>Total.....</b>	<b>172.9</b>	<b>178.2</b>
<b>Ratios:</b>		
Expenses to gross earnings.....	63.16	60.12
Net profits before dividends to capital funds.....	9.08	10.01
Cash dividends to capital stock.....	8.72	9.30
Cash dividends to capital funds.....	3.41	3.51

<sup>1</sup> Number at end of period. Remaining figures include earnings, expenses, etc., of those banks which reported for the first half of the year only.

<sup>2</sup> Averages of amounts from reports of condition made in each year.

NOTE:—Taxes on net income are excluded from current operating expenses and shown separately for the year 1943, instead of being included with other taxes as published previously for that year.

Figures are rounded to the nearest tenth of a million and may not equal totals.

## 10 REPORT OF THE COMPTROLLER OF THE CURRENCY

**STRUCTURAL CHANGES IN THE NATIONAL BANKING SYSTEM**

The authorized capital stock of the 5,037 national banks in existence at the close of business on December 31, 1944, including 6 inactive banks, consisted of common capital stock aggregating \$1,475,388,778, a net increase during the year of \$71,311,538, and preferred capital stock aggregating \$93,383,195, a net decrease during the year of \$35,428,381.

During the year ended December 31, 1944, in addition to 4 applications with proposed capital stock of \$1,750,000 carried over from the previous year, 39 applications were received to organize national banks and to convert State banks into national banking associations, with proposed capital stock aggregating \$4,855,000. Of these applications, 22 with proposed capital stock aggregating \$3,330,000 were approved; 5 with proposed capital stock aggregating \$375,000 were rejected; and the remainder were still pending or had been abandoned on December 31, 1944. From the applications carried over from the previous period and the 22 applications approved during the current year, 21 national banking associations with common capital stock aggregating \$3,815,000 were authorized to commence business. Of the 21 charters issued, 13 with common capital stock aggregating \$2,955,000 were the result of the conversions of State banks.

During the year ended December 31, 1944, 3 national banks and 6 State banks, were consolidated into 9 national banking associations, under authority of the act of November 7, 1918, as amended, the common capital stock of the consolidated banks being \$9,261,000. Additional assets of approximately \$10,294,318 were brought into the national banking system by reason of the State banks consolidated with the national banks. Also, during this period national banks reported the purchase of the business of 6 State banks, with aggregate capital stock of \$340,000 and aggregate assets of approximately \$14,068,075.

During the year ended December 31, 1944, 30 national banks with common capital stock of \$2,365,800, among which were 13 with preferred capital stock aggregating \$863,950, went into voluntary liquidation in the manner provided by sections 5220 and 5221, U. S. R. S. Of these banks, 6 with common capital stock of \$256,000, and assets of \$4,736,533, including 3 with preferred capital stock of \$99,000, paid their depositors and quit business; 11 with common capital stock of \$449,800 and assets aggregating \$26,855,177, including 6 with preferred capital stock of \$425,200, were succeeded by other national banks; and 13 with common capital stock of \$1,660,000, and assets aggregating \$183,451,583, including 4 with preferred capital stock of \$339,750, were succeeded by State banks.

Changes in the number and capital stock of national banks during the year ended December 31, 1944, are shown in the following summary:

## REPORT OF THE COMPTROLLER OF THE CURRENCY 11

*Organization, capital stock changes, and liquidations of national banks during the year ended Dec. 31, 1944*

	Number of banks	Capital stock	
		Common	Preferred
Charters issued:			
Conversions of state banks .....	13	\$2,955,000	
Primary organizations .....	8	860,000	
Increases of capital stock:			
Preferred:			
4 banks, by new issues .....			\$1,255,870
Common:			
233 banks, by regular cash increases .....		36,479,827	
107 banks, by regular stock dividends under sec. 5142, U. S. R. S. ....		25,470,663	
400 banks, by stock dividends under provisions of their articles of association .....		8,161,198	
14 banks, by conversion of preferred capital stock .....		1,082,600	
7 banks, by consolidation under act Nov. 7, 1918, as amended .....		1,696,000	
Total increases .....	21	76,705,288	1,255,870
Voluntary liquidations:			
Succeeded by national banks .....	11	449,800	425,200
Succeeded by state banks .....	13	1,660,000	339,750
Quit business .....	6	256,000	99,000
Decreases of capital stock:			
Preferred:			
841 banks, by retirement .....			35,695,301
Common: 17 banks, by reduction .....		3,027,950	
Capital stock decreases incident to consolidation (act Nov. 7, 1918, as amended) .....	3		125,000
Total decreases .....	33	5,393,750	36,684,251
Net change .....	-12	+71,311,538	-35,428,381
Charters in force Dec. 31, 1943, and authorized capital stock .....	5,049	1,404,077,240	128,811,576
Charters in force Dec. 31, 1944, and authorized capital stock .....	5,037	1,475,388,778	93,383,195

## BRANCHES

On December 31, 1944, 220 national banks were operating 1,618 branches. This total includes 5 branches temporarily discontinued for the duration of the emergency and 4 seasonal offices.

During the year ended December 31, 1944, 23 branches were brought into the national banking system. Of the 23 branches entering the system, 20 were authorized to operate in places other than the city in which the parent bank is located. During the same period 9 branches were relinquished, of which number 7 were discontinued through action of the boards of directors of the parent banks and 2 through voluntary liquidation of the parent bank.

Of the 23 branches authorized, 22 were operating on December 31, 1944; 2 branches authorized in 1943 did not begin operations until 1944. As a net result of these operations there was a gain for the system of 15 branches during the year.

## NATIONAL BANK NOTES OUTSTANDING

There were, as of December 31, 1944, \$123,989,137 of national bank notes outstanding.

## DISTRIBUTION OF ALL BANKS

On December 30, 1944, there were 14,579 banks in the United States and its possessions, of which 5,025, or 34 percent, were national banks, members of the Federal Reserve System. Of these, 13,460, or 92 percent, were insured banks. All banks had deposits of \$142,310,824,000, 51 percent of which was in member national banks and 95 percent of which was in insured banks. There were 535 mutual savings banks which had \$13,350,649,000 of deposits.

## 12 REPORT OF THE COMPTROLLER OF THE CURRENCY

*Classification of all banks, Dec. 30, 1944*

	Banks			Deposits		
	Number	Percent of grand total	Change in 12 months (percent of grand total)	Amount (000 omitted)	Percent of grand total	Change in 12 months (percent of grand total)
National banks.....	5,025	34.47	0	71,857,551	50.50	-0.17
State member banks:						
Commercial.....	1,786	12.25	+ .66	39,046,898	27.44	+ .15
Mutual savings.....	3	.02	0	12,097	.01	0
Nonmember insured banks:						
State commercial <sup>1</sup> .....	6,457	44.29	- .44	14,847,346	10.43	+ .41
Mutual savings.....	189	1.30	+ .06	8,898,241	6.25	- .11
Total insured banks.....	13,460	92.33	+ .28	134,662,133	94.63	+ .28
Nonmember uninsured banks:						
State commercial and private <sup>2</sup> .....	776	5.32	- .22	3,208,380	2.25	+ .13
Mutual savings.....	343	2.35	- .06	4,440,311	3.12	- .41
Total.....	14,579	100.00	.....	142,310,824	100.00	.....

<sup>1</sup> Includes 4 nonmember insured national banks and 1 insured private bank.<sup>2</sup> Includes 2 nonmember uninsured national banks.

### ASSETS AND LIABILITIES OF ALL BANKS IN THE UNITED STATES AND POSSESSIONS

The assets of all classes of active banks in the United States and possessions on December 30, 1944 amounted to \$152,947,000,000, and exceeded by \$24,825,000,000, or more than 19 percent, the assets reported as of December 31, 1943.

Loans and discounts increased \$2,427,000,000 and amounted to \$26,102,000,000. The increase in loans is chiefly in advances made to brokers and dealers in securities, and in loans to others for the purpose of purchasing or carrying securities. While commercial and industrial loans amounting to \$8,033,000,000 showed an increase of \$154,000,000, this increase was more than offset by the decline of \$206,000,000 in real estate loans, which at the end of 1944 were \$8,735,000,000.

On December 30, 1944 holdings by banks of United States Government obligations direct and guaranteed totaled \$86,415,000,000, an increase of \$20,155,000,000, or more than 30 percent since December 1943. Obligations of States and political subdivisions held at the end of 1944 amounted to \$3,659,000,000, an increase of \$95,000,000. Other securities held increased \$34,000,000 in the year and amounted to \$3,937,000,000. The aggregate of all securities held by the banks on December 30, 1944 was \$94,011,000,000, and represented more than 61 percent of their total assets. Cash and balances with other banks, including reserve balances, in December 1944 were \$30,977,000,000, which was an increase of \$2,365,000,000 in the year; and real estate owned other than banking premises of \$168,000,000 showed a decrease of \$164,000,000, or nearly 50 percent in the year.

The total deposits of banks on December 30, 1944 reached a new high level and amounted to \$142,311,000,000, in comparison with \$118,336,000,000 at the end of 1943, an increase of \$23,975,000,000, or more than 20 percent. Demand deposits of individuals, partnerships and corporations of \$65,316,000,000 exceeded by \$5,932,000, or almost 10 per cent, the total of this class of deposits reported as of the close of the previous year. Time deposits of individuals, partnerships and corporations were \$37,229,000,000, an increase of \$6,504,000,000, or more than 21 percent, and

## REPORT OF THE COMPTROLLER OF THE CURRENCY 13

deposits of the United States Government, including postal savings, were \$20,926,000,000, which was an increase of nearly 100 percent in the year.

Total capital accounts on December 30, 1944 were \$9,693,000,000, compared with \$9,046,000,000 on December 31, 1943. The common stock was \$2,764,000,000, an increase of \$96,000,000, or nearly twice the amount of preferred capital retired in the year. The total of surplus, profits and reserves at the end of 1944 was \$6,640,000,000, an increase of \$606,000,000, or 10 percent.

A statement of the assets and liabilities of all classes of active banks in the country at the end of December 1943 and 1944 follows:

*Assets and liabilities of all banks in the United States and possessions, 1943 and 1944*

(In millions of dollars)

	Dec. 31, 1943	Dec. 30, 1944
Number of banks.....	14,621	14,579
<b>ASSETS</b>		
Loans on real estate.....	8,941	8,735
Commercial and industrial loans (including open-market paper).....	7,879	8,033
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying securities.....	2,375	4,584
Other loans, including overdrafts.....	4,480	4,750
Total loans.....	23,675	26,102
U. S. Government obligations, direct and guaranteed.....	66,260	86,415
Obligations of States and political subdivisions.....	3,564	3,659
Other bonds, notes, and debentures.....	3,352	3,383
Corporate stocks, including stocks of Federal Reserve banks.....	551	554
Total securities.....	73,727	94,011
Currency and coin.....	1,612	1,801
Balances with other banks, including reserve balances.....	27,000	29,176
Bank premises owned, furniture and fixtures.....	1,128	1,066
Real estate owned other than bank premises.....	332	168
Investments and other assets indirectly representing bank premises or other real estate.....	102	86
Customers' liability on acceptances outstanding.....	49	68
Interest, commissions, rent, and other income earned or accrued but not collected.....	220	261
Other assets.....	277	208
Total assets.....	128,122	152,947
<b>LIABILITIES</b>		
Deposits of individuals, partnerships, and corporations:		
Demand.....	59,384	65,316
Time.....	30,725	37,229
U. S. Government and postal savings deposits.....	10,532	20,926
Deposits of States and political subdivisions.....	4,972	5,196
Deposits of banks.....	11,032	12,264
Other deposits (certified and cashiers' checks, etc.).....	1,691	1,380
Total deposits.....	118,336	142,311
Bills payable, rediscounts, and other liabilities for borrowed money.....	52	126
Acceptances executed by or for account of reporting banks.....	60	78
Interest, discount, rent, and other income collected but not earned.....	45	47
Interest, taxes, and other expenses accrued and unpaid.....	208	294
Other liabilities.....	375	398
Total liabilities.....	119,076	143,254
<b>CAPITAL ACCOUNTS</b>		
Capital notes and debentures.....	90	82
Preferred stock.....	254	207
Common stock.....	2,668	2,764
Surplus.....	4,105	4,489
Undivided profits.....	1,370	1,574
Reserves and retirement account for preferred stock and capital notes and debentures.....	559	577
Total capital accounts.....	9,046	9,693
Total liabilities and capital accounts.....	128,122	152,947

<sup>1</sup> Excludes banks in Guam and the Philippines on account of the war.

**14 REPORT OF THE COMPTROLLER OF THE CURRENCY****REPORTS FROM BANKS**

National banks in the continental United States, Alaska, the Territory of Hawaii, and the Virgin Islands of the United States were, in accordance with the provisions of section 5211 of the Revised Statutes, called upon to submit three reports of condition during the year ended December 31, 1944. Reports were required as of April 13, June 30, and December 30. Summaries from all condition reports, by States, are published in pamphlet form. National banks were also required by the statute to obtain reports of their affiliates and holding-company affiliates other than member banks and to submit such reports to the Comptroller as of the three dates for which condition reports of the banks were obtained.

Under the general powers conferred upon him by law, the Comptroller required from each national bank during the period indicated semiannual reports of earnings, expenses, and dividends; also reports of condition of foreign branches of national banks as of December 30, 1944.

National banking associations authorized to act in a fiduciary capacity were called upon to submit reports of their trust departments as of the close of business on December 30, 1944.

In accordance with section 298 of the Code of Law for the District of Columbia, banks other than national in the District were required to make to the Comptroller condition reports and reports of earnings, expenses, and dividends identical with those obtained from national banks during the year. Building and loan associations and credit unions in the District of Columbia under the supervision of the Comptroller were required to submit reports of their assets and liabilities as of December 30, 1944, and reports of receipts and disbursements for the year ended December 31, 1944.

Detailed figures for reports of condition and earnings and dividends will be found in the appendix of this report.

**AFFILIATES AND HOLDING COMPANY AFFILIATES OF NATIONAL BANKS**

The Federal statute requires each national bank to obtain and submit to the Comptroller periodically reports of its affiliates, as defined in sections 2(b) and (c) of the Banking Act of 1933, as amended, unless waived by the Comptroller. At the end of December 1944, 874 of the national banks reported 11,771 affiliates and holding company affiliates, of which 10,007 were duplications reported by 277 banks. The actual number of affiliates, or 1,764, included 24 holding company affiliates which controlled 182 active and 1 liquidating national banks, varying in number from 1 to 48 associations. Under the waiver of requirement for reports of affiliates, it was necessary for only 351 banks to submit and publish 418 reports of affiliates and holding company affiliates. Of the latter number 165 were duplications of reports of holding company affiliates.

**EXAMINATION OF NATIONAL BANKS**

The National Bank Act requires that each national bank be examined at least twice each year in order that the Comptroller may be kept currently informed of its condition and require such corrections as are deemed necessary with a view to maintaining each bank in sound condition. In addition to the regular examinations, special examinations are conducted of banks the condition of which is regarded as unsatisfactory.

During the year ended December 31, 1944, 9,920 examinations of banks, 3,110 examinations of branches, 2,007 examinations of trust de-

partments, and 81 examinations of affiliates were conducted. Twenty-one State banks were examined in connection with conversions to or consolidations with national banks. Investigations were also conducted in connection with applications for 19 new charters and 20 new branches.

#### LIQUIDATION OF INSOLVENT NATIONAL BANKS

During the year ended December 31, 1944, there were no failures of national banks. The number of receiverships in process of liquidation has been reduced from 26 to 17. Of the 17, 10 are in charge of the Federal Deposit Insurance Corporation. Of the remaining 7, 4 are involved in litigation and 3 have assets to be liquidated before final dividends can be paid.

#### ISSUE AND REDEMPTION OF NOTES

One thousand six hundred forty shipments of Federal Reserve currency were made from Washington, D. C., during the year ended December 31, 1944, to Federal Reserve agents and Federal Reserve branch banks, aggregating \$8,373,460,000, and, in addition, 44 deliveries were made to the Treasurer of the United States aggregating \$437,800,000.

Four thousand five hundred fifty lots of unfit Federal Reserve currency were received for verification and certification for destruction consisting of 272,015,854 notes aggregating \$2,467,507,606.

Forty-five lots of national bank notes were received for verification and certification for retirement and destruction consisting of 441,845 notes aggregating \$6,028,488.

Ten thousand three hundred ninety-one fragments or charred Federal Reserve and national bank notes aggregating \$169,880, were presented by the Treasurer of the United States for identification and approval.

#### ORGANIZATION AND STAFF

On December 31, 1944, the personnel of the Office of the Comptroller of the Currency consisted of 888 persons. Of this number 252 were located in the Washington office, including 86 in the Division of Insolvent National Banks. There was a reduction of 108 during the year in the total number employed, due in part to inductions into the armed forces.

During the calendar year 1944, 22 national bank examiners and 99 assistant national bank examiners left the service. Of these, 5 examiners and 45 assistant examiners were placed on military furlough. In the same period 10 assistant examiners were promoted to examiners and 44 persons were given appointments as assistant examiners, the latter being for the duration of the war and 6 months thereafter.

As of December 31, 1944, 222 field employees and 41 Washington office employees, a total of 263, were serving in the armed forces.

#### EXPENSES OF THE BUREAU

The expenses of the Office incident to the supervision of banks are met largely by fees assessed against the banks. This figure for the calendar year 1944 was \$3,852,199.34.

This amount was supplemented by Congressional appropriations totaling \$289,805.06.

The expenses of the Division of Insolvent National Banks are paid from assessments against the banks in process of liquidation. Such expenses for the calendar year 1944 were \$297,726.29.

The expenses of the Division of Federal Reserve Issue and Redemption are paid by the Federal Reserve banks. This item for 1944 was \$40,685.91.