

TABLE 4.—Percent distribution of assets, and liabilities, of national banks, end of 1959, 1960, 1961, and 1962

	1959	1960	1961	1962
ASSETS				
Securities:				
U.S. Government, direct and guaranteed.....	Percent 23.95	Percent 23.49	Percent 23.93	Percent 22.20
Obligations of States and political subdivisions.....	6.81	6.76	7.34	8.47
Stock of Federal Reserve banks.....	.19	.19	.19	.19
Other bonds and securities.....	1.21	1.05	1.09	1.32
Total securities.....	32.16	31.49	32.55	32.18
Loans and discounts.....				
Cash and balances with other banks, excluding reserves.....	45.21	45.74	44.63	47.03
Reserve with Reserve banks.....	12.23	12.95	13.43	11.58
Reserve with Reserve banks.....	8.48	7.64	7.18	6.90
Bank premises, furniture, and fixtures.....	1.11	1.21	1.23	1.26
Other real estate owned.....	.03	.04	.04	.04
All other assets.....	.78	.93	.94	1.01
Total assets.....	100.00	100.00	100.00	100.00
LIABILITIES				
Deposits:				
Demand of individuals, partnerships, and corporations.....	47.12	45.33	44.52	41.91
Time of individuals, partnerships, and corporations.....	25.92	26.40	27.87	31.03
U.S. Government.....	2.21	2.48	2.34	2.44
States and political subdivisions.....	6.39	6.67	6.81	6.62
Banks.....	7.13	7.50	6.94	5.78
Other deposits (including postal savings).....	1.43	1.32	1.38	1.12
Total deposits.....	90.20	89.70	89.86	88.90
<i>Demand deposits.....</i>	<i>62.35</i>	<i>60.86</i>	<i>59.66</i>	<i>55.38</i>
<i>Time deposits.....</i>	<i>27.85</i>	<i>28.84</i>	<i>30.20</i>	<i>33.52</i>
Other liabilities.....	2.03	2.33	2.27	3.16
Capital funds:				
Capital stock.....	2.39	2.40	2.37	2.34
Surplus.....	3.82	3.91	3.93	3.93
Undivided profits and reserves.....	1.56	1.66	1.57	1.67
Total capital funds.....	7.77	7.97	7.87	7.94
Total liabilities and capital funds.....	100.00	100.00	100.00	100.00

3. Capital Accounts

There were also important developments in the capital accounts of national banks during 1962.

Total capital, including surplus and undivided profits, rose to \$12.8 billion—an increase of about 7.4 percent. This increase in capital invested in national banks carried forward the pattern established in recent years.

In a public announcement during the latter part of 1962, the Comptroller indicated his intention not to discourage national banks from raising addition-

al funds through the sale of preferred stock and capital debentures. Although outstanding preferred stock at the end of 1962 accounted for less than 1 percent of common stock, we see a sharp percentage rise in the use of preferred stock. While this represented only a small dollar increase in the use of preferred stock by national banks, it may evidence an attempt by some banks to add to their capital by using a technique very common in the other sectors of the economy.

TABLE 5.—*Charters, liquidations, and capital stock changes of national banks, calendar 1962*

	Number of banks	Capital stock	
		Common	Preferred
Increases:			
Banks newly organized:			
Primary organizations	65	\$21, 275, 000	0
Reorganizations	0	0	0
Conversions of State banks	18	8, 027, 555	0
Capital stock:			
Preferred: 1 case by new issue	0	0	\$20, 000, 000
Common:			
215 cases by statutory sale	0	30, 279, 433	0
506 cases by statutory stock dividend	0	94, 143, 629	0
24 cases by statutory consolidation	0	7, 317, 650	0
42 cases by statutory merger	0	11, 888, 532	0
Total increases	83	172, 931, 799	20, 000, 000
Decreases:			
Banks ceasing operations:			
Voluntary liquidations:			
Succeeded by national banks	9	1, 605, 000	0
Succeeded by State banks	5	300, 000	0
No successor	0	0	0
Statutory consolidations	24	0	0
Statutory mergers	29	0	0
Conversions into State banks	8	2, 231, 488	0
Merged or consolidated with State banks (Public Law 706)	18	5, 075, 000	0
Reversions	0	0	0
Capital stock:			
Common:			
2 cases by statutory reduction	0	300, 000	0
7 cases by statutory consolidation	0	980, 650	0
10 cases by statutory merger	0	858, 000	0
Preferred: 3 cases by retirement	0	0	140, 660
Total decreases	93	11, 350, 138	140, 660
Net change	—10	161, 581, 661	19, 859, 340
Charters in force Dec. 31, 1961, and authorized capital stock	4, 513	3, 574, 828, 169	3, 268, 300
Charters in force Dec. 31, 1962, and authorized capital stock	4, 503	3, 736, 409, 830	23, 127, 640

4. Deposits

On December 28, 1962, national banks held \$89.0 billion in deposits, or \$1 billion less than on December 31, 1961. Part of this decline reflects the fact that the last report of condition for commercial banks, including national banks, was not set for the last business day of 1962, as had been the case for many previous call reports. It has been a practice on the part of some banks to "window-dress" their year-end deposits so as to claim larger size relative to their competitors.

There are other reasons, however, why demand deposits of national banks did not rise significantly during 1962. Perhaps most important was the policy of the Federal Reserve System, which allowed the money supply to rise by only 1.5 percent during the year. Moreover, with higher interest rates gen-

erally available in 1962, some corporations have sought to minimize demand deposit balances, and time deposits rose very significantly.

The decline in demand deposits in national banks (1.1 percent) was much smaller than that experienced by State member banks (3.4 percent). Only insured nonmember banks, which at the end of 1962 accounted for only \$23.8 of the \$164.3 billion of demand deposits in commercial banks, were able to increase their demand deposits (3.9 percent).

In the years 1960 and 1961, the picture was significantly different. Demand deposits in national banks rose during those years by almost 6.2 percent, in State member banks by about 5.8 percent, and in insured nonmember banks by about 6.2 percent. This was greatly influenced by the fact that in this