

III. *Structural Changes in the National Banking System*

The National banking system comprised 4,621 banks, operating 12,366 branches and a total of 16,987 banking offices as of year-end 1970. The branch figure represented an increase of 819, or 7.1 percent, during calendar 1970. That increase compares with figures of 752 branches, or 7.0 percent, during 1969. As a result of mergers and consolidations, the number of National banks has declined slightly, from 4,669, at the beginning of 1970.

Of the 819 new branches, 737 were *de novo* branches, new branches offering banking services to the public for the first time at their respective sites. Over 58 percent of the *de novo* branches were located in communities with populations under 25,000; only 9 percent were located within cities with populations of over 500,000. Forty-seven percent of the *de novo* branches opened during 1970 are operated by banks with total assets of less than \$100 million. California, with 87, New York, with 77, and Pennsylvania, with 64, led the Nation in *de novo* branch openings. The difference between net branch additions to the system and *de novo* branches was accounted for by the entry of 186

branches through merger and conversion and the discontinuation of 104 branches.

Thirty-nine charters were issued for newly-organized National banks in 1970, in comparison with 16 in 1969. The unit banking states of Texas, with nine, and Florida, with six, led in this category. Also, during calendar 1970, preliminary approval was given to 42 charter applications for newly-organized banks, compared with 33 in 1969. In addition to the charter activity relating to newly-organized banks, 26 charters were issued pursuant to corporate reorganizations, principally for the purpose of forming bank holding companies. Eleven charters were issued by the Comptroller for the conversion of State banks to National banks.

During 1970, there were 80 merger, consolidation, or purchase transactions, involving two or more operating banks, in which the resulting bank was a National bank. That figure was identical with that for 1969. In addition, 25 mergers pursuant to corporate reorganization and involving only one operating bank were consummated during 1970.

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As of the end of 1971, 13,106 branches were operated by 1,688 National banks, while the remaining 2,912 National banks were unit banks. The total of 4,600 National banks represented a decline of 21 from the figure one year earlier, due to mergers and consolidations. However, the 6 percent increase in branches led to a total of 17,706 National bank offices serving the public within the United States at year-end, a record high. The unit banking states of Texas and Illinois led in total number of National banks, with 530 and 415, respectively. California, New York, and Pennsylvania led in total number of National banking offices, with 2,530, 1,503 and 1,373, respectively.

During 1971, 731 *de novo* branches were added to the system. These are new offices offering banking services to the public for the first time at their specific sites. Of the *de novo* branches, almost 71 percent were located in communities with populations of less than 50,000, while 8.6 percent were located in communities having 500,000 or more people. Banks having total resources of less than \$50 million accounted for 33.7 percent of the *de novo* branch openings during 1971; billion-dollar banks opened 26.1 percent of those

branches. California, with 102 *de novo* branches, New York, with 74, and New Jersey, with 53, led the States in this category. The difference between 738 net branch additions to the system and 731 *de novo* branches was accounted for by the entry of 97 branches via merger or conversion and the exit of 90 branches through closing merger, or conversion.

Thirty-eight charters were issued for newly organized National banks in 1971, compared with 39 in 1970. The Comptroller gave preliminary approval to 55 charter applications; the comparable figure during 1970 was 42. In addition to the charters issued to newly organized banks, 21 charters were issued to State banks converting to the National system, and 30 charters were issued pursuant to corporate reorganization.

There were 55 merger, consolidation, or purchase transactions during 1971 involving two or more operating banks in which the resulting bank was a National bank. The comparable figure in 1970 was 80. Also, 29 mergers pursuant to corporate reorganization and involving only one operating bank were consummated during 1971.

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The 4,614 National banks in operation at the end of 1972 represented a net increase of 14 during the year. The total number of branches in the National Banking System increased by 693, or 5.3 percent, reaching 13,799 at year-end. As a result, the total number of National banking offices serving the public (excluding foreign branches) reached 18,413. The first National bank in many years to be based in Puerto Rico opened during the year. California, New York, and Pennsylvania continued to lead in total number of National banking offices, with 2,585, 1,560, and 1,404 respectively, while the unit banking states of Texas and Illinois accounted for the largest number of National banks, with 538 and 415 respectively.

Branch activity was highlighted by the opening of 704 *de novo* branches during 1972. These are new offices offering banking services to the public for the first time at their specific sites. Also joining the National Banking System were 158 branches via conversions and mergers, while 169 branches left the system through closings, mergers and conversions.

Of the 704 *de novo* branches, 403, or 57 percent, were located in communities with fewer than 25,000 people. Only 22 were located in cities of over one million in population. Banks with total resources of less than \$100 million opened 307 or about 44 percent, of the *de novo* branches. Banks with total resources exceeding \$1 billion accounted for 174 *de novo* branches, or about 25 percent of the total. New York, California, and Pennsylvania led the states in *de novo* branches, with 77, 70, and 45 respectively.

Charters issued for newly organized National banks totalled 54 in 1972, compared with 38 in 1971. Preliminary approval was granted to 84 charter applications; that compares with 55 in 1971. In addition, 62 charters were issued pursuant to corporate reorganizations and 16 pursuant to the conversion of State banks.

During 1972, 57 merger, consolidation, or purchase transactions involving two or more operating banks were consummated in which a National bank was the resulting bank. The 1971 total was 55. In addition, 64 transactions were completed involving only one operating bank, pursuant to corporate reorganizations.

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By the end of 1973, there were 19,415 National bank offices serving the public in the United States. That figure reflects the addition of 1,002 offices during 1973, a 5.2 percent increase. Operating offices included the head offices of 4,661 banks, a net increase of 47 over year-end 1972. The total number of branches at the end of 1973 reached 14,754, an increase of 6.5 percent. California, with 2,660 National banking offices, New York, with 1,675, Pennsylvania, with 1,470, and Ohio, with 1,071 led the other states in this category. Two unit banking states, Texas and Illinois, and the limited branching State of Pennsylvania led in total number of National banks — with 550,417, and 264 respectively.

National banks opened 871 *de novo* branches during 1973. In addition, 262 branches joined the National Banking System by way of mergers or conversions, and 177 left the system via closings, mergers, and conversions.

Over 68 percent of the *de novo* branches opened in 1973 were located in communities with fewer than 50,000 people. At the other end of the spectrum,

only 18.9 percent of the *de novo* branches were placed in cities with populations of 500,000 or more. Banks with total resources of less than \$50 million accounted for 335, or 38 percent of 1973's *de novo* branch openings. National banks with resources of over a billion dollars opened 218 *de novo* branches, or 25 percent of the total.

Ninety-four charters for newly organized National banks were issued during 1973, a 74 percent increase over 1972's 54. Preliminary approval was given to 134 applications, compared to 84 in the prior year. In addition, 82 charters were issued pursuant to corporate reorganizations and 16 in connection with conversions of State banks.

Fifty-three merger, consolidation, or purchase and sale transactions involving two or more operating banks and in which the resulting bank was a National bank were consummated during 1973. The comparable figure for 1972 was 57. Further, 88 transactions involving only one operating bank were completed, pursuant to corporate reorganizations.

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The total number of National banks increased from 4,661 to 4,708 during 1974. Of those, 2,756 were unit banks and the remaining 1,952 operated 15,565 branches at year-end: a grand total of 20,273 National banking offices. The numbers of branches increased during the year by 5.5 percent and the total number of offices by 4.4 percent. Three unit banking states, Texas, Illinois, and Florida, led in total number of National banks with 569, 420, and 282, respectively. The largest number of branches per state are located in California, with 2,662, New York, with 1,544, and Pennsylvania, with 1,320.

National banks opened 939 *de novo* branches in 1974. Mergers and conversions led to the entry into the National Banking System of 246 additional pre-existing branches, while 378 branches left the system through closings, mergers, and conversions.

Of the 939 *de novo* branches, 742 or 79 percent, were located in communities with populations of less than 100,000. Only 33, or less than 4 percent, were located in cities with 1 million or more people. Banks with total assets under \$100 million established 470 of the *de novo* branches, or slightly over 50 percent of the total. Billion-dollar banks opened

204 *de novo* branches, about 22 percent of the total. New York led all states in *de novo* branches with 130, followed by Pennsylvania with 83 and California with 75.

Charters were issued for 92 newly organized National banks during 1974, compared with 94 in 1973. Texas, with 23, and Florida, with 19, were far ahead of other states in the number of new National banks, with third-place Missouri accounting for six. Sixty additional charters were issued pursuant to corporate reorganizations and 12 for banks converting from State systems to the National system.

Preliminary approval was granted to 92 *de novo* charter applications, compared to 134 in 1973. Florida and Texas led all other states, with 21 and 17 respectively, while Illinois ranked third with seven preliminary approvals.

During 1974, 66 merger, consolidation or purchase transactions involving two or more operating banks, and in which the resulting bank was a National bank, were completed. In 1973, there were 53 such transactions. In addition, 62 transactions were completed that involved only one operating bank, to effectuate corporate reorganizations.