

**FEDERAL RESERVE BANK
OF DALLAS**

*Average Operating Ratios of Selected Member Banks
in the Eleventh Federal Reserve District
for the Year 1928.*

**ARRANGED IN SIZE GROUPS ACCORDING TO VOLUME
OF LOANS AND INVESTMENTS**

Dallas, Texas, April 17, 1929.

To the Member Bank Addressed:

There is presented herewith a table showing, for the year 1928, the average operating ratios, expressed in percentages, of 150 selected member banks in this district.

The banks whose figures were used in obtaining these ratios were the thirty banks in each size group which showed, for the year 1928, the highest ratio of "net additions to profits" to total loans and investments. This criterion of selection takes into account not only the banks' showing with reference to earnings and expenses, but also with reference to their recoveries and charge-offs. It is therefore believed that the average operating ratios of banks thus selected will be helpful to each member bank as a "yardstick" for measuring its own operating ratios for the year 1928. For this purpose spaces have been provided in each column of the table for the insertion of your own ratios.

Should you find any marked discrepancies between your figures and those of the selected banks in connection with the eight operating ratios that are expressed as percentages of gross earnings (ratios 9-16), such differences may be due to your having a relatively high or low rate of gross earnings in comparison with the volume of your loans and investments. In that case, it would be well to note more particularly how your figures compare with the ratios shown in the table as percentages of loans and investments (ratios 17-24).

Yours very truly,



Federal Reserve Agent.

Average Operating Ratios of 150 Selected Member Banks in the Eleventh Federal Reserve District Divided Into Five Groups of 30 Banks Each, Based on Operations and Condition Reports for the Year 1928

(Grouped According to Amount of Loans and Investments Indicated)

RATIOS EXPRESSED IN PERCENTAGES	Group I Under \$300,000	Group II \$300,000 to \$500,000	Group III \$500,000 to \$800,000	Group IV \$800,000 to \$2,000,000	Group V \$2,000,000 and up	General Average
CAPITAL						
1. Capital and surplus to gross deposits <i>Your figures</i>	27.4	27.4	21.0	19.4	15.5	22.1
DEPOSITS						
2. Time deposits to gross deposits <i>Your figures</i>	7.4	7.2	7.2	17.1	34.3	14.6
3. Interest paid on deposits to gross deposits <i>Your figures</i>	.5	.6	.8	1.4	2.1	1.1
4. Salaries and wages to gross deposits <i>Your figures</i>	3.0	2.5	2.1	2.0	1.9	2.3
5. Total expense to gross deposits <i>Your figures</i>	5.8	5.4	4.8	5.1	5.7	5.4
EARNINGS						
6. Gross earnings to loans and investments <i>Your figures</i>	11.9	9.0	8.2	7.8	7.2	8.8
7. Net earnings to capital and surplus <i>Your figures</i>	17.1	17.7	18.0	19.8	21.2	18.8
8. Net earnings to gross deposits <i>Your figures</i>	4.4	4.3	3.5	3.5	3.1	3.8
EXPENSES, LOSSES, ETC.						
Ratio of the following items to gross earnings:						
9. Salaries and wages <i>Your figures</i>	30.0	26.1	26.2	23.5	21.4	25.5
10. Interest on borrowed money <i>Your figures</i>	1.4	1.1	.6	.5	.6	.8
11. Interest on deposits <i>Your figures</i>	4.3	6.5	9.5	15.1	24.7	12.0
12. Other expenses <i>Your figures</i>	21.7	22.1	21.9	20.0	18.3	20.8
13. Total expenses <i>Your figures</i>	57.4	55.8	58.2	59.1	65.0	59.1
14. Net earnings <i>Your figures</i>	42.6	44.2	41.8	40.9	35.0	40.9
15. Losses and charge-offs, less recoveries <i>Your figures</i>	4.7	3.7	3.3	5.2	4.7	4.3
16. Dividends paid <i>Your figures</i>	25.9	31.6	27.9	25.8	15.8	25.4
Ratio of the following items to loans and investments:						
17. Salaries and wages <i>Your figures</i>	3.6	2.4	2.1	1.8	1.6	2.3
18. Interest on borrowed money <i>Your figures</i>	.2	.1	0.0	0.0	0.0	.1
19. Interest on deposits <i>Your figures</i>	.5	.6	.8	1.2	1.8	1.0
20. Other expenses <i>Your figures</i>	2.6	2.0	1.8	1.6	1.3	1.8
21. Total expenses <i>Your figures</i>	6.9	5.0	4.7	4.6	4.7	5.2
22. Net earnings <i>Your figures</i>	5.0	4.0	3.5	3.2	2.5	3.6
23. Losses and charge-offs, less recoveries <i>Your figures</i>	.6	.3	.3	.4	.3	.4
24. Dividends paid <i>Your figures</i>	3.0	2.9	2.4	2.0	1.1	2.3

NOTE: Capital, surplus, gross deposits, time deposits, and loans and investments were computed from the average figures of condition reports rendered as of June 30 and December 31. All other figures were obtained from semi-annual earnings reports.

"Loans and investments" include loans and discounts, bills of exchange, overdrafts, United States Government securities, and other bonds, stocks and securities.