

**FEDERAL RESERVE BANK  
OF DALLAS**

*Average Operating Ratios of Selected Member Banks  
in the Eleventh Federal Reserve District  
for the Years 1929 and 1930*

## ANALYSIS OF MEMBER BANKS' EARNINGS AND EXPENSES

There is given on the opposite page a tabulation showing, for the years 1929 and 1930, certain important ratios (expressed as percentages) which have been calculated from the figures contained in the periodical reports of 150 selected member banks of the Eleventh Federal Reserve District. For the purpose of this study the 150 selected banks have been divided into five groups according to the volume of their loans and investments so that the group averages thus obtained may be used by any member bank as a "yardstick" in comparing its own operating ratios with those of other member banks having a similar volume of loans and investments and a relatively high ratio of net profits.

In selecting the 150 banks to be used in this study, all member banks were classified according to the groups shown on the opposite page and the 30 banks in each group having the highest ratio of net profits to loans and investments were used.

In studying the figures for the two years it should be borne in mind that the figures are not strictly comparable, as the banks used for the 1930 figures were not identical with the ones used in 1929. In each year we selected the banks with the highest ratio of net profits to loans and investments for that particular year. The figures are comparable, however, from the standpoint that the banks selected for each year were the ones which were able to show the best operating results. The comparative figures are also valuable in that they show the trend of operating results for the 150 best managed banks in each of the two years.

As the variation in interest rates between one community and another and differences in operating conditions materially affect the rates of gross earnings shown by banks having about the same volume of loans and investments, we have shown in our tabulation of average operating ratios, various items of expenses, charge-offs, etc., as percentages of gross earnings (ratios 9-16) and also as percentages of loans and investments (ratios 17-25).

Dallas, Texas,  
April 17, 1931.

**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 Years 1929 and 1930**

(Grouped According to Amount of Loans and Investments Indicated)

RATIOS EXPRESSED IN PERCENTAGES	GROUP I		GROUP II		GROUP III		GROUP IV		GROUP V		GENERAL AVERAGE	
	Under \$300,000		\$300,000 to \$500,000		\$500,000 to \$800,000		\$800,000 to \$2,000,000		\$2,000,000 and over			
	1930	1929	1930	1929	1930	1929	1930	1929	1930	1929	1930	1929
<b>CAPITAL</b>												
1. Capital and surplus to gross deposits <i>Your figures</i>	33.0	27.5	27.7	25.1	19.8	20.7	16.8	17.5	14.8	13.8	22.4	20.9
<b>DEPOSITS</b>												
2. Time deposits to gross deposits <i>Your figures</i>	4.8	4.5	12.0	7.8	15.9	7.7	13.3	13.1	25.7	25.5	14.3	11.7
3. Interest paid on deposits to gross deposits <i>Your figures</i>	.5	.4	.9	.7	1.1	1.0	1.3	1.1	1.6	1.7	1.1	1.0
4. Salaries and wages to gross deposits <i>Your figures</i>	3.6	2.9	2.9	2.5	2.3	2.2	2.1	2.1	1.6	1.5	2.5	2.2
5. Total expenses to gross deposits <i>Your figures</i>	6.4	5.6	6.0	5.3	5.4	5.0	5.2	5.1	4.9	4.7	5.6	5.1
<b>EARNINGS</b>												
6. Gross earnings to loans and investments <i>Your figures</i>	11.0	11.8	9.5	9.6	8.5	9.1	8.8	9.1	8.1	8.0	9.2	9.5
7. Net earnings to capital and surplus <i>Your figures</i>	15.3	21.2	15.1	21.3	17.4	22.3	20.2	25.4	16.1	21.4	16.8	22.3
8. Net earnings to gross deposits <i>Your figures</i>	4.0	5.0	3.6	4.4	3.1	4.1	3.1	3.6	2.2	2.6	3.2	3.9
<b>EXPENSES, LOSSES, ETC.</b>												
Ratio of the following items to gross earnings:												
9. Salaries and wages <i>Your figures</i>	34.5	27.7	30.2	25.8	27.5	23.5	25.4	23.8	22.4	20.7	28.0	24.3
10. Interest on borrowed money <i>Your figures</i>	1.7	.6	1.0	.9	.7	1.5	1.1	1.7	1.8	1.9	1.3	1.3
11. Interest on deposits <i>Your figures</i>	5.5	4.4	9.6	8.0	13.6	11.2	16.6	12.5	24.3	23.2	13.9	11.9
12. Other expenses <i>Your figures</i>	20.2	20.1	21.9	20.0	21.6	19.0	19.9	20.4	20.4	18.5	20.8	19.6
13. Total expenses <i>Your figures</i>	61.9	52.8	62.7	54.7	63.4	55.2	63.0	58.4	68.9	64.3	64.0	57.1
14. Net earnings <i>Your figures</i>	38.1	47.2	37.3	45.3	36.6	44.8	37.0	41.6	31.1	35.7	36.0	42.9
15. Losses and charge-offs, less recoveries <i>Your figures</i>	6.4	3.5	7.6	4.5	8.7	6.8	9.8	7.1	7.8	5.0	8.1	5.4
16. Dividends paid <i>Your figures</i>	22.3	27.5	20.3	27.2	18.6	26.2	19.3	22.4	15.1	15.2	19.1	23.7
Ratio of the following items to loans and investments:												
17. Salaries and wages <i>Your figures</i>	3.8	3.3	2.8	2.5	2.3	2.2	2.3	2.2	1.8	1.6	2.6	2.4
18. Interest on borrowed money <i>Your figures</i>	.2	.1	.1	.1	.1	.1	.1	.1	.2	.2	.2	.1
19. Interest on deposits <i>Your figures</i>	.6	.5	.9	.8	1.2	1.0	1.4	1.1	1.9	1.8	1.2	1.0
20. Other expenses <i>Your figures</i>	2.2	2.4	2.1	1.9	1.8	1.7	1.8	1.9	1.7	1.5	1.9	1.9
21. Total expenses <i>Your figures</i>	6.8	6.3	5.9	5.3	5.4	5.0	5.6	5.3	5.6	5.1	5.9	5.4
22. Net earnings <i>Your figures</i>	4.2	5.5	3.6	4.3	3.1	4.1	3.2	3.8	2.5	2.9	3.3	4.1
23. Losses and charge-offs, less recoveries <i>Your figures</i>	.7	.5	.8	.5	.8	.7	.9	.7	.7	.4	.8	.6
24. Net profits <i>Your figures</i>	3.6	5.3	2.9	4.2	2.4	3.6	2.4	3.2	1.9	2.5	2.6	3.8
25. Dividends paid <i>Your figures</i>	2.4	3.2	2.0	2.6	1.5	2.4	1.7	2.1	1.2	1.2	1.8	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.

# DISPOSITION OF BANK EARNINGS

## DURING 1930 & 1929

BAR REPRESENTS 100% OF GROSS EARNINGS

### GROUP I

1930	SALARIES 34.5	INT. ON DEP. 5.5	OTHER EXPENSES 21.9	DIVIDENDS 22.3	LOSSES 6.4	SURPLUS 9.4
1929	SALARIES 27.7	INT. ON DEP. 4.4	OTHER EXPENSES 20.7	DIVIDENDS 27.5	LOSSES 3.5	SURPLUS 16.2

### GROUP II

1930	SALARIES 30.2	INT. ON DEP. 9.6	OTHER EXPENSES 22.9	DIVIDENDS 20.3	LOSSES 7.6	SURPLUS 9.4
1929	SALARIES 25.8	INT. ON DEP. 8.0	OTHER EXPENSES 20.9	DIVIDENDS 27.2	LOSSES 4.5	SURPLUS 13.6

### GROUP III

1930	SALARIES 27.5	INT. ON DEP. 13.6	OTHER EXPENSES 22.3	DIVIDENDS 18.6	LOSSES 8.7	SURPLUS 9.3
1929	SALARIES 23.5	INT. ON DEP. 11.2	OTHER EXPENSES 20.5	DIVIDENDS 26.2	LOSSES 6.8	SURPLUS 11.8

### GROUP IV

1930	SALARIES 25.4	INT. ON DEP. 16.6	OTHER EXPENSES 21.0	DIVIDENDS 19.3	LOSSES 9.8	SURPLUS 7.9
1929	SALARIES 23.8	INT. ON DEP. 12.5	OTHER EXPENSES 22.1	DIVIDENDS 22.4	LOSSES 7.1	SURPLUS 12.1

### GROUP V

1930	SALARIES 22.4	INT. ON DEP. 24.3	OTHER EXPENSES 22.2	DIVIDENDS 15.1	LOSSES 7.8	SURPLUS 8.2
1929	SALARIES 20.7	INT. ON DEP. 23.2	OTHER EXPENSES 20.4	DIVIDENDS 15.2	LOSSES 5.0	SURPLUS 15.5

### AVERAGE

1930	SALARIES 28.0	INT. ON DEP. 13.9	OTHER EXPENSES 22.1	DIVIDENDS 19.1	LOSSES 8.1	SURPLUS 8.8
1929	SALARIES 24.3	INT. ON DEP. 11.9	OTHER EXPENSES 20.9	DIVIDENDS 23.7	LOSSES 5.4	SURPLUS 13.8