

**FEDERAL RESERVE BANK
OF DALLAS**

*Typical Operating Ratios of Member Banks
In The Eleventh Federal Reserve District
For The Years 1929, 1933,
1934, and 1935.*

ANALYSIS OF MEMBER BANKS' EARNINGS AND EXPENSES

There is presented in the following pages a tabulation showing, for the years 1929, 1933, 1934, and 1935, typical operating ratios (expressed in percentages) of member banks in the Eleventh Federal Reserve District. The banks were classified according to the volume of their loans and investments and divided into six groups. It is believed that the banks in these respective groups are confronted with similar operating problems and that each bank will find it profitable to compare its ratios with those for the group.

It is realized, however, that banks with approximately the same volume of loans and investments operate under widely varying conditions due to the types of business handled, the diversity of climatic conditions, and the variation in interest rates between communities. Therefore, in order to give a broader basis of comparison the sources of income and the distribution of earnings have been expressed as percentages of gross earnings and as percentages of loans and investments. Other ratios which have an important bearing on a bank's operation and earning capacity are also given.

In compiling these ratios we have included only the figures of those banks for which complete annual data were available. In the case of new banks, reorganizations, and consolidations the figures of the new or succeeding institution were not used unless it had been in operation for a full calendar year. Likewise, the figures for those banks which operated on a restricted basis for any part of a given calendar year have been excluded from that particular year.

Base figures covering capital, surplus, gross deposits, time deposits, and loans and investments were obtained from averages of the figures shown on the condition reports rendered as of June 30 and December 31 of each year. All other figures were obtained from the semi-annual earnings and dividend reports. "Loans and investments" include loans and discounts, bills of exchange, overdrafts, United States Government securities (direct and fully guaranteed) and other stocks, bonds, and securities.

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TYPICAL OPERATING RATIOS

MEMBER BANKS IN THE ELEVENTH DISTRICT WITH LOANS AND INVESTMENTS UNDER \$150,000

PERCENTAGES OF GROSS EARNINGS:	1929	1933	1934	1935
1. Interest and discount on loans and investments.....	87.93	86.73	84.59	85.81
2. Other earnings.....	12.07	13.27	15.41	14.19
3. Salaries and wages.....	35.92	42.41	40.82	37.73
4. Interest paid on gross deposits.....	5.44	6.45	4.44	3.49
5. Other expenses.....	28.02	35.32	34.61	32.03
6. Total expenses (3+4+5).....	69.38	84.68	79.87	73.25
7. Net earnings.....	30.62	15.32	20.13	26.75
8. Net losses.....	24.14	39.63	20.50	7.95
9. Total expenses and losses (6+8).....	93.52	124.31	100.37	81.20
10. Net addition to profits.....	6.48	-24.31	-.37	18.80
PERCENTAGES OF LOANS AND INVESTMENTS:				
11. Interest and discount on loans and investments.....	9.15	7.94	7.44	8.30
12. Other earnings.....	1.26	1.21	1.35	1.37
13. Total earnings (11+12).....	10.41	9.15	8.79	9.67
14. Salaries and wages.....	3.74	3.88	3.59	3.65
15. Interest paid on gross deposits.....	.56	.59	.39	.34
16. Other expenses.....	2.92	3.28	3.04	3.09
17. Total expenses (14+15+16).....	7.22	7.75	7.02	7.08
18. Net earnings.....	3.19	1.40	1.77	2.59
19. Net losses.....	2.51	3.63	1.80	.77
20. Total expenses and losses (17+19).....	9.73	11.38	8.82	7.85
21. Net addition to profits.....	.68	-2.23	-.03	1.82
22. Capital, surplus, profits, and reserves.....	34.21	44.29	41.63	43.26
23. Gross deposits.....	104.01	122.70	134.63	139.97
OTHER PERCENTAGES:				
24. Net earnings (before losses) to capital and surplus.....	10.21	3.42	4.58	6.46
25. Net addition to profits to capital and surplus.....	2.16	-5.44	-.08	4.54
26. Time deposits to gross deposits.....	6.22	7.82	6.92	7.15
27. Capital and surplus to gross deposits.....	30.00	33.37	28.72	28.58
28. Interest on deposits to gross deposits.....	.54	.48	.29	.24

TYPICAL OPERATING RATIOS

MEMBER BANKS IN THE ELEVENTH DISTRICT WITH LOANS AND INVESTMENTS FROM \$150,000 TO \$249,999

PERCENTAGES OF GROSS EARNINGS:	1929	1933	1934	1935
1. Interest and discount on loans and investments.....	88.43	85.12	82.16	82.00
2. Other earnings.....	11.57	14.88	17.84	18.00
3. Salaries and wages.....	32.29	37.51	36.18	34.55
4. Interest paid on gross deposits.....	7.44	7.60	5.78	4.54
5. Other expenses.....	26.68	32.34	32.22	30.14
6. Total expenses (3+4+5).....	66.41	77.45	74.18	69.23
7. Net earnings.....	33.59	22.55	25.82	30.77
8. Net losses.....	22.45	45.33	33.91	11.40
9. Total expenses and losses (6+8).....	88.86	122.78	108.09	80.63
10. Net addition to profits.....	11.14	-22.78	-8.09	19.37
PERCENTAGES OF LOANS AND INVESTMENTS:				
11. Interest and discount on loans and investments.....	8.81	7.17	6.80	7.39
12. Other earnings.....	1.15	1.26	1.48	1.62
13. Total earnings (11+12).....	9.96	8.43	8.28	9.01
14. Salaries and wages.....	3.22	3.16	2.99	3.11
15. Interest paid on gross deposits.....	.74	.64	.48	.41
16. Other expenses.....	2.66	2.73	2.67	2.72
17. Total expenses (14+15+16).....	6.62	6.53	6.14	6.24
18. Net earnings.....	3.34	1.90	2.14	2.77
19. Net losses.....	2.23	3.82	2.81	1.03
20. Total expenses and losses (17+19).....	8.85	10.35	8.95	7.27
21. Net addition to profits.....	1.11	-1.92	-.67	1.74
22. Capital, surplus, profits, and reserves.....	27.93	35.72	34.99	34.46
23. Gross deposits.....	103.06	115.70	132.62	143.83
OTHER PERCENTAGES:				
24. Net earnings (before losses) to capital and surplus.....	13.48	5.90	6.74	8.97
25. Net addition to profits to capital and surplus.....	4.47	-5.96	-2.11	5.65
26. Time deposits to gross deposits.....	7.24	9.18	9.07	8.71
27. Capital and surplus to gross deposits.....	24.10	27.87	23.94	21.49
28. Interest on deposits to gross deposits.....	.72	.55	.36	.28

TYPICAL OPERATING RATIOS

MEMBER BANKS IN THE ELEVENTH DISTRICT WITH LOANS AND INVESTMENTS FROM \$250,000 TO \$499,999

PERCENTAGES OF GROSS EARNINGS:	1929	1933	1934	1935
1. Interest and discount on loans and investments.....	88.49	85.26	83.59	83.24
2. Other earnings.....	11.51	14.74	16.41	16.76
3. Salaries and wages.....	29.75	33.34	32.97	32.40
4. Interest paid on gross deposits.....	10.85	11.51	8.02	7.01
5. Other expenses.....	24.09	28.21	28.39	28.57
6. Total expenses (3+4+5).....	64.69	73.06	69.38	67.98
7. Net earnings.....	35.31	26.94	30.62	32.02
8. Net losses.....	15.73	46.44	43.31	5.93
9. Total expenses and losses (6+8).....	80.42	119.50	112.69	73.91
10. Net addition to profits.....	19.58	-19.50	-12.69	26.09
PERCENTAGES OF LOANS AND INVESTMENTS:				
11. Interest and discount on loans and investments.....	8.05	6.42	6.43	6.68
12. Other earnings.....	1.05	1.11	1.26	1.35
13. Total earnings (11+12).....	9.10	7.53	7.69	8.03
14. Salaries and wages.....	2.71	2.51	2.53	2.60
15. Interest paid on gross deposits.....	.99	.87	.62	.56
16. Other expenses.....	2.19	2.12	2.18	2.30
17. Total expenses (14+15+16).....	5.89	5.50	5.33	5.46
18. Net earnings.....	3.21	2.03	2.36	2.57
19. Net losses.....	1.43	3.50	3.33	.48
20. Total expenses and losses (17+19).....	7.32	9.00	8.66	5.94
21. Net addition to profits.....	1.78	-1.47	-.97	2.09
22. Capital, surplus, profits, and reserves.....	25.25	29.41	28.98	29.20
23. Gross deposits.....	103.34	110.42	127.11	139.64
OTHER PERCENTAGES:				
24. Net earnings (before losses) to capital and surplus.....	14.56	7.70	9.15	10.11
25. Net addition to profits to capital and surplus.....	8.07	-5.57	-3.79	8.23
26. Time deposits to gross deposits.....	9.25	12.61	11.76	11.90
27. Capital and surplus to gross deposits.....	21.35	23.87	20.25	18.22
28. Interest on deposits to gross deposits.....	.96	.78	.48	.40

TYPICAL OPERATING RATIOS

MEMBER BANKS IN THE ELEVENTH DISTRICT WITH LOANS AND INVESTMENTS FROM \$500,000 TO \$999,999

PERCENTAGES OF GROSS EARNINGS:	1929	1933	1934	1935
1. Interest and discount on loans and investments.....	88.33	86.98	85.27	86.01
2. Other earnings.....	11.67	13.02	14.73	13.99
3. Salaries and wages.....	26.73	31.24	30.54	30.70
4. Interest paid on gross deposits.....	14.54	14.66	10.99	9.39
5. Other expenses.....	22.82	25.59	26.35	26.24
6. Total expenses (3+4+5).....	64.09	71.49	67.88	66.33
7. Net earnings.....	35.91	28.51	32.12	33.67
8. Net losses.....	13.37	41.31	32.90	15.63
9. Total expenses and losses (6+8).....	77.46	112.80	100.78	81.96
10. Net addition to profits.....	22.54	-12.80	-.78	18.04
PERCENTAGES OF LOANS AND INVESTMENTS:				
11. Interest and discount on loans and investments.....	7.44	6.18	5.75	6.09
12. Other earnings.....	.98	.92	.99	.99
13. Total earnings (11+12).....	8.42	7.10	6.74	7.08
14. Salaries and wages.....	2.25	2.22	2.06	2.17
15. Interest paid on gross deposits.....	1.22	1.04	.74	.67
16. Other expenses.....	1.92	1.82	1.78	1.86
17. Total expenses (14+15+16).....	5.39	5.08	4.58	4.70
18. Net earnings.....	3.03	2.02	2.16	2.38
19. Net losses.....	1.13	2.93	2.22	1.10
20. Total expenses and losses (17+19).....	6.52	8.01	6.80	5.80
21. Net addition to profits.....	1.90	-.91	-.06	1.28
22. Capital, surplus, profits, and reserves.....	21.47	24.95	23.34	20.46
23. Gross deposits.....	104.62	115.21	122.72	142.56
OTHER PERCENTAGES:				
24. Net earnings (before losses) to capital and surplus.....	16.68	9.44	10.85	11.65
25. Net addition to profits to capital and surplus.....	10.47	-4.24	-.26	6.24
26. Time deposits to gross deposits.....	12.76	17.34	17.11	15.08
27. Capital and surplus to gross deposits.....	17.33	18.62	16.27	14.35
28. Interest on deposits to gross deposits.....	1.17	.90	.60	.47

TYPICAL OPERATING RATIOS

MEMBER BANKS IN THE ELEVENTH DISTRICT WITH LOANS AND INVESTMENTS FROM \$1,000,000 TO \$4,999,999

PERCENTAGES OF GROSS EARNINGS:	1929	1933	1934	1935
1. Interest and discount on loans and investments.....	86.75	84.18	82.90	80.79
2. Other earnings.....	13.25	15.82	17.10	19.21
3. Salaries and wages.....	23.05	28.72	28.94	29.90
4. Interest paid on gross deposits.....	21.71	20.76	16.29	14.13
5. Other expenses.....	23.15	26.19	25.60	26.19
6. Total expenses (3+4+5).....	67.91	75.67	70.83	70.22
7. Net earnings.....	32.09	24.33	29.17	29.78
8. Net losses.....	13.40	42.90	30.72	11.69
9. Total expenses and losses (6+8).....	81.31	118.57	101.55	81.91
10. Net addition to profits.....	18.69	-18.57	-1.55	18.09

PERCENTAGES OF LOANS AND INVESTMENTS:				
11. Interest and discount on loans and investments.....	6.99	5.41	5.18	4.99
12. Other earnings.....	1.07	1.02	1.07	1.19
13. Total earnings (11+12).....	8.06	6.43	6.25	6.18
14. Salaries and wages.....	1.86	1.85	1.81	1.85
15. Interest paid on gross deposits.....	1.75	1.33	1.02	.87
16. Other expenses.....	1.87	1.68	1.60	1.62
17. Total expenses (14+15+16).....	5.48	4.86	4.43	4.34
18. Net earnings.....	2.58	1.57	1.82	1.84
19. Net losses.....	1.08	2.76	1.92	.72
20. Total expenses and losses (17+19).....	6.56	7.62	6.35	5.06
21. Net addition to profits.....	1.50	-1.19	-.10	1.12
22. Capital, surplus, profits, and reserves.....	18.32	20.79	20.14	20.13
23. Gross deposits.....	107.72	124.10	143.11	151.25

OTHER PERCENTAGES:				
24. Net earnings (before losses) to capital and surplus.....	16.84	8.48	10.22	10.57
25. Net addition to profits to capital and surplus.....	9.81	-6.48	-.54	6.42
26. Time deposits to gross deposits.....	23.77	28.06	25.27	24.52
27. Capital and surplus to gross deposits.....	14.27	14.85	12.47	11.51
28. Interest on deposits to gross deposits.....	1.63	1.07	.71	.58

TYPICAL OPERATING RATIOS

MEMBER BANKS IN THE ELEVENTH DISTRICT WITH LOANS AND INVESTMENTS OF \$5,000,000 AND OVER

PERCENTAGES OF GROSS EARNINGS:	1929	1933	1934	1935
1. Interest and discount on loans and investments.....	86.63	84.64	82.71	80.01
2. Other earnings.....	13.37	15.36	17.29	19.99
3. Salaries and wages.....	19.40	23.64	24.14	25.97
4. Interest paid on gross deposits.....	30.12	20.19	13.62	11.20
5. Other expenses.....	20.69	23.61	23.84	25.80
6. Total expenses (3+4+5).....	70.21	67.44	61.60	62.97
7. Net earnings.....	29.79	32.56	38.40	37.03
8. Net losses.....	6.85	59.46	46.14	3.98
9. Total expenses and losses (6+8).....	77.06	126.90	107.74	66.95
10. Net addition to profits.....	22.94	-26.90	-7.74	33.05

PERCENTAGES OF LOANS AND INVESTMENTS:				
11. Interest and discount on loans and investments.....	6.02	4.39	4.07	3.65
12. Other earnings.....	.93	.80	.85	.91
13. Total earnings (11+12).....	6.95	5.19	4.92	4.56
14. Salaries and wages.....	1.35	1.23	1.19	1.18
15. Interest paid on gross deposits.....	2.09	1.05	.67	.51
16. Other expenses.....	1.44	1.22	1.17	1.18
17. Total expenses (14+15+16).....	4.88	3.50	3.03	2.87
18. Net earnings.....	2.07	1.69	1.89	1.69
19. Net losses.....	.47	3.08	2.27	.18
20. Total expenses and losses (17+19).....	5.35	6.58	5.30	3.05
21. Net addition to profits.....	1.60	-1.39	-.38	1.51
22. Capital, surplus, profits, and reserves.....	15.34	17.19	16.90	16.83
23. Gross deposits.....	111.90	124.81	141.36	145.46

OTHER PERCENTAGES:				
24. Net earnings (before losses) to capital and surplus.....	16.60	11.47	12.62	11.62
25. Net addition to profits to capital and surplus.....	12.78	-9.48	-2.54	10.37
26. Time deposits to gross deposits.....	27.27	27.16	20.76	18.30
27. Capital and surplus to gross deposits.....	11.14	11.79	10.58	9.99
28. Interest on deposits to gross deposits.....	1.87	.84	.47	.35

TYPICAL OPERATING RATIOS

ALL MEMBER BANKS IN THE ELEVENTH DISTRICT

PERCENTAGES OF GROSS EARNINGS:	1929	1933	1934	1935
1. Interest and discount on loans and investments.....	87.21	84.89	83.11	81.32
2. Other earnings.....	12.79	15.11	16.89	18.68
3. Salaries and wages.....	23.47	27.58	27.68	28.81
4. Interest paid on gross deposits.....	22.00	18.05	12.90	10.81
5. Other expenses.....	22.45	25.57	25.57	26.61
6. Total expenses (3+4+5).....	67.92	71.20	66.15	66.23
7. Net earnings.....	32.08	28.80	33.85	33.77
8. Net losses.....	11.58	51.57	39.69	7.72
9. Total expenses and losses (6+8).....	79.50	122.77	105.84	73.95
10. Net addition to profits.....	20.50	-22.77	-5.84	26.05
PERCENTAGES OF LOANS AND INVESTMENTS:				
11. Interest and discount on loans and investments.....	6.79	5.05	4.75	4.53
12. Other earnings.....	1.00	.90	.96	1.04
13. Total earnings (11+12).....	7.79	5.95	5.71	5.57
14. Salaries and wages.....	1.83	1.64	1.58	1.61
15. Interest paid on gross deposits.....	1.71	1.07	.74	.60
16. Other expenses.....	1.75	1.52	1.46	1.48
17. Total expenses (14+15+16).....	5.29	4.23	3.78	3.69
18. Net earnings.....	2.50	1.72	1.93	1.88
19. Net losses.....	.90	3.07	2.26	.43
20. Total expenses and losses (17+19).....	6.19	7.30	6.04	4.12
21. Net addition to profits.....	1.60	-1.35	-.33	1.45
22. Capital, surplus, profits, and reserves.....	18.57	20.55	19.93	19.93
23. Gross deposits.....	108.61	122.57	138.85	146.07
OTHER PERCENTAGES:				
24. Net earnings (before losses) to capital and surplus.....	16.05	9.55	10.96	10.88
25. Net addition to profits to capital and surplus.....	10.26	-7.55	-1.89	8.40
26. Time deposits to gross deposits.....	21.95	24.79	20.37	18.68
27. Capital and surplus to gross deposits.....	14.34	14.63	12.71	11.84
28. Interest on deposits to gross deposits.....	1.58	.88	.53	.41