

**FEDERAL RESERVE BANK  
OF DALLAS**

Dallas, Texas, April 29, 1938.

**OPERATING RATIOS OF MEMBER BANKS**

**To the Member Bank Addressed:**

There is shown on the opposite side of this sheet a statement of the operating ratios of member banks in the Eleventh Federal Reserve District for the year 1937.

The items of assets and liabilities upon which the ratios are based represent averages of the amounts shown on the condition reports of March 31, June 30 and December 31, 1937. The data on earnings and expenses were derived by combining the amounts shown on the reports of earnings and dividends for the six months' periods ended June 30 and December 31, 1937.

The item "net addition to profits" represents net earnings from current operations plus recoveries on loans and securities, profits on securities sold, etc., less charge-offs on loans, securities and other assets.

The banks are grouped according to the size of their deposits. The ratios in each group are the averages of the ratios of individual banks in that group; consequently, the larger banks in a group do not have an undue influence on the group ratios.

It will be noted that space has been provided on the form so that you may enter the ratios of your bank and compare them with the ratios of the group to which it belongs.

We trust that this information will be of value to you.

Yours very truly,

B. A. McKINNEY,

President

**OPERATING RATIOS OF MEMBER BANKS IN THE ELEVENTH FEDERAL RESERVE DISTRICT FOR 1937**  
**GROUPED ACCORDING TO DEPOSITS**

	Up to \$250,000	\$250,001 to \$500,000	\$500,001 to \$1,000,000	\$1,000,001 to \$2,000,000	\$2,000,001 to \$5,000,000	\$5,000,001 to \$10,000,000	Over \$10,000,000	Average All Groups	Your Figures
Number of banks in deposit group.....	114	141	122	64	43	22	24	530	
<b>Sources and Disposition of Earnings</b>									
Ratios to total earnings from current operations:									
Principal earnings:									
Interest and discount on loans .....	75.1%	64.7%	59.4%	57.8%	53.6%	50.9%	49.5%	62.7%	_____
Interest and dividends on bonds, stocks, etc. ....	12.2%	19.2%	22.3%	25.0%	27.2%	28.5%	32.2%	20.8%	_____
Principal expenses:									
Salaries and wages .....	36.2%	34.9%	33.0%	31.5%	29.3%	30.8%	29.0%	33.4%	_____
Interest on deposits .....	2.7%	3.6%	5.7%	7.4%	8.1%	10.4%	9.2%	5.3%	_____
Total current expenses .....	69.5%	68.6%	67.3%	65.6%	65.4%	70.9%	67.4%	67.9%	_____
Net earnings from current operations.....	30.5%	31.4%	32.7%	34.4%	34.6%	29.1%	32.6%	32.1%	_____
Net addition to profits .....	21.5%	29.9%	29.3%	30.3%	33.1%	19.2%	33.7%	28.0%	_____
<b>Earnings and Loss Experience on Loans and Investments</b>									
Ratios to total loans and discounts:									
Interest and discount on loans .....	9.7%	9.2%	8.5%	8.0%	7.7%	5.8%	5.1%	8.5%	_____
Net loss (—) or recoveries (+) on loans .....	— .6%	+ .3%	+ .1%	+ .2%	+ .1%	— .4%	+ .3%	0.0	_____
Ratios to bonds, stocks and other securities owned:									
Interest and dividends .....	3.7%	3.8%	3.8%	3.5%	3.3%	3.0%	2.5%	3.6%	_____
Profits on securities sold .....	.4%	.3%	.5%	.5%	.6%	.4%	.6%	.4%	_____
Net loss (—) or recoveries (+) on securities .....	+ .4%	— .2%	— .4%	— .3%	— .3%	— .4%	— .5%	— .1%	_____
<b>Measures of Operating Efficiency</b>									
Ratios to total available funds (capital, surplus, undivided profits, reserves, deposits, and borrowed money):									
Total earnings from current operations...	5.7%	4.9%	4.5%	4.1%	3.6%	2.9%	2.6%	4.6%	_____
Net earnings from current operations....	1.7%	1.6%	1.5%	1.4%	1.3%	.9%	.9%	1.5%	_____
Net addition to profits.....	1.3%	1.5%	1.3%	1.2%	1.2%	.6%	.9%	1.3%	_____
<b>Earnings on Capital Investment</b>									
Ratios to total capital funds (capital, surplus, undivided profits and reserves):									
Net earnings from current operations....	7.7%	10.1%	11.6%	13.0%	12.9%	9.7%	10.1%	10.5%	_____
Net addition to profits.....	5.2%	9.3%	10.1%	10.9%	12.1%	5.4%	10.3%	8.9%	_____