

# **FEDERAL RESERVE BANK OF DALLAS**

Dallas, Texas, May 6, 1939

## **OPERATING RATIOS OF MEMBER BANKS**

### **To the Member Bank Addressed:**

There is shown on the inside of this folder a statement of operating ratios of member banks in the Eleventh Federal Reserve District for the year 1938. This statement is similar to the one mailed your bank last year covering operations 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 7, June 30, September 28 and December 31, 1938. 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, 1938.

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 data on the larger banks in a group do not have an undue influence on the group ratios.

For convenience in comparing the ratios of your bank with those of its group, the ratios of your bank have been entered in the column at the right of the inside page. It will be noted that the group in which the figures of your bank are included is indicated by a check mark.

It is hoped that this information will be of interest and value to your bank.

Yours very truly,

**R. R. GILBERT,**  
President

AVERAGE OPERATING RATIOS OF MEMBER BANKS THE ELEVENTH FEDERAL RESERVE DISTRICT FOR 1938

		GROUPED ACCORD TO SIZE OF DEPOSITS									
Groups with average deposits of.....		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 each group.....		11	136	126	75	43	23	28	541		
SOURCES AND DISPOSITION OF EARNINGS											
RATIOS TO TOTAL EARNINGS FROM CURRENT OPERATIONS:											
Earnings	Interest and discount on loans.....	76	67.3	62.9	59.3	54.2	53.8	50.3	64.6	%	
	Interest and dividends on bonds, stocks, etc.....	11	18.5	21.0	25.2	27.2	26.8	29.5	20.2		
	Service charges.....	4	5.4	6.1	7.0	6.1	6.8	4.9	5.6		
	All other earnings.....	7	8.8	10.0	8.5	12.5	12.6	15.3	9.6		
Expenses	Salaries and wages.....	3	35.7	33.9	31.2	30.0	31.9	30.8	34.1		
	Interest on deposits.....	2	3.1	4.9	6.9	8.0	10.1	9.5	4.9		
	All other expenses.....	30	28.6	29.3	27.1	26.4	28.9	30.2	28.8		
Total current expenses.....		65	67.4	68.1	65.2	64.4	70.9	70.5	67.8		
Net earnings from current operations.....		30	32.6	31.9	34.8	35.6	29.1	29.5	32.2		
Net addition to profits.....		20	27.8	28.8	29.7	25.5	24.2	30.7	26.5		
EARNINGS AND LOSS EXPERIENCE ON LOANS AND INVESTMENTS											
RATIOS TO TOTAL LOANS AND DISCOUNTS:											
Interest and discount on loans.....		95	8.9	8.3	7.8	7.0	5.9	5.0	8.2	%	
Net loss (—) or recovery (+) on loans.....		—	.3	0.0	.2	.7	.4	.1	.3		
RATIOS TO BONDS, STOCKS AND OTHER SECURITIES OWNED:											
Interest and dividends.....		—	4.1	3.8	3.5	3.3	3.0	2.4	3.7	%	
Profits on securities sold.....		—	.7	.6	.7	.6	.7	.9	.7		
Net loss (—) or recovery (+) on securities.....		—	.2	.3	.4	.3	.3	.3	.2		
MEASURES OF OPERATING EFFICIENCY											
RATIOS TO TOTAL AVAILABLE FUNDS (capital, surplus, undivided profits, reserves, deposits, and borrowed money):											
Total earnings from current operations.....		5	5.1	4.5	4.0	3.6	2.9	2.5	4.6	%	
Net earnings from current operations.....		1	1.7	1.5	1.4	1.3	.9	.8	1.5		
Net addition to profits.....		1	1.4	1.3	1.2	.9	.7	.8	1.2		
EARNINGS ON CAPITAL INVESTMENT											
RATIOS TO TOTAL CAPITAL FUNDS (capital, surplus, undivided profits and reserves):											
Net earnings from current operations.....		1	10.4	10.8	13.0	13.0	9.1	8.8	10.3	%	
Net addition to profits.....		1	8.6	9.5	11.1	9.5	7.2	9.1	8.5		
RATIOS TO TOTAL DEPOSITS											
Loans and investments.....		86	76.2	70.7	66.8	65.0	58.5	61.2	73.3	%	
Time deposits.....		1	7.7	10.7	12.8	17.3	21.2	16.7	10.9		
RATIO OF TOTAL DEPOSITS TO CAPITAL FUNDS											
Dollars of deposits per dollar of total capital account.....			5.4	6.3	8.5	9.0	10.0	11.5	6.4		

The deposit group in which your bank is included is checked thus: √