

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, March 12, 1941

OPERATING RATIOS OF MEMBER BANKS

To the Member Bank Addressed:

There is shown on the following pages a statement of operating ratios of member banks in the Eleventh Federal Reserve District for the year 1940. This statement is similar to those mailed your bank previously covering operations for the years 1937, 1938 and 1939.

The items of assets and liabilities upon which the ratios are based represent averages of the amounts shown on the condition reports of March 26, June 29 and December 31, 1940. The data on earnings and expenses were derived by combining the amounts shown on the reports of earnings and dividends for the six-month periods ended June 30 and December 31, 1940.

The banks are grouped according to the size of their deposits. The ratios of 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.

The ratios of your bank have been inserted in the column at the right of the statement in order that they may be readily compared with those of its group. 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

CALENDAR YEAR 1940

AVERAGE OPERATING RATIOS OF MEMBER BANKS IN THE ELEVENTH FEDERAL RESERVE DISTRICT

GROUPED ACCORDING 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.....	92	119	140	89	47	22	34	543	
RATIOS TO TOTAL EARNINGS FROM CURRENT OPERATIONS:									
<i>Sources of Earnings</i>									
1. Interest and discount on loans.....	80.5	71.0	66.3	63.4	58.7	55.7	55.6	67.5	.....
2. Interest and dividends on securities.....	9.0	15.8	18.3	21.0	23.7	23.3	23.9	17.6	.....
3. Service charges on deposit accounts.....	4.1	5.5	6.4	7.4	7.2	7.6	5.7	6.1	.....
4. All other earnings.....	6.4	7.7	9.0	8.2	10.4	13.4	14.8	8.8	.....
5. Trust department earnings (included in item 4. Covers only those banks reporting trust income)	....	....	....	....	2.1	1.8	2.7	2.3	.....
<i>Disposition of Earnings</i>									
6. Salaries and wages.....	36.8	38.0	35.2	34.1	33.1	33.3	32.2	35.4	.....
7. Interest on time and savings deposits.....	2.5	2.6	4.4	5.3	6.3	9.2	7.9	4.4	.....
8. Real estate taxes.....	4.5	4.0	4.0	4.5	4.9	6.0	4.9	4.4	.....
9. Other taxes.....	5.9	5.5	5.0	4.8	5.0	4.5	6.1	5.3	.....
10. All other expenses.....	20.8	20.2	19.9	19.4	19.9	21.7	21.5	20.2	.....
11. Total current expenses.....	70.5	70.3	68.5	68.1	69.2	74.7	72.6	69.7	.....
12. Net earnings from current operations.....	29.5	29.7	31.5	31.9	30.8	25.3	27.4	30.3	.....
13. Net charge-offs (or net recoveries [+]).....	10.5	.8	.3	2.2	3.3	+ .9	+ 1.2	2.6	.....
14. Net addition to profits.....	19.0	28.9	31.2	29.7	27.5	26.2	28.6	27.7	.....
RATIOS TO TOTAL CAPITAL ACCOUNTS:									
15. Net earnings from current operations.....	7.6	9.0	10.6	11.0	10.5	8.5	8.2	9.6	.....
16. Net charge-offs (or net recoveries [+]).....	2.8	.6	.4	1.1	1.2	.5	+ .0	1.0	.....
17. Net addition to profits.....	4.8	8.4	10.2	9.9	9.3	8.0	8.2	8.6	.....
18. Cash dividends declared.....	3.5	5.1	5.1	5.1	4.3	3.4	3.6	4.6	.....
19. Real estate assets.....	13.4	16.0	17.3	18.9	24.5	31.7	31.3	18.7	.....
21. Net earnings from current operations.....	1.7	1.5	1.4	1.2	1.0	.7	.6	1.3	.....
22. Loans.....	48.5	40.2	36.1	31.4	27.8	26.8	25.8	36.6	.....
23. Securities.....	13.7	20.2	22.7	24.4	24.9	22.5	24.5	21.2	.....
24. Real estate assets.....	3.0	2.5	2.2	2.2	2.7	2.9	2.5	2.5	.....
25. Cash assets.....	34.7	37.0	38.9	41.9	44.5	47.6	47.0	39.6	.....
26. All other assets.....	.1	.1	.1	.1	.1	.2	.2	.1	.....
RATIOS TO LOANS, SECURITIES AND REAL ESTATE ASSETS:									
27. Total capital accounts.....	37.5	27.6	22.7	20.8	20.1	18.9	15.1	25.1	.....
RATIOS TO TOTAL DEPOSITS:									
28. Total capital accounts.....	32.9	21.2	16.1	13.5	12.2	10.3	8.5	18.6	.....
29. Total time deposits.....	9.6	8.3	11.4	12.3	18.2	21.3	16.8	11.9	.....
30. Total loans and investments.....	83.5	73.6	68.5	63.5	59.2	54.5	54.8	69.1	.....
RATIOS TO TOTAL LOANS:									
<i>Earnings and Loss Experience on Loans</i>									
31. Interest and discount on loans.....	9.4	8.6	8.1	7.7	7.2	6.2	4.8	8.0	.....
32. Recoveries on loans.....	.8	.9	.9	.7	.5	.6	.4	.8	.....
33. Losses on loans.....	1.6	.8	.7	.7	.6	.6	.5	.9	.....
34. Net return on loans.....	8.6	8.7	8.3	7.7	7.1	6.2	4.7	7.9	.....
RATIOS TO TOTAL SECURITIES:									
<i>Earnings and Loss Experience on Securities</i>									
35. Interest and dividends on securities.....	3.4	3.6	3.3	3.1	3.1	2.6	2.1	3.2	.....
36. Recoveries on securities.....	.1	.1	.1	.1	.6	.3	.2	.1	.....
37. Profits on securities sold.....	.5	.3	.5	.7	.6	.8	.7	.5	.....
38. Losses on securities.....	.2	.2	.3	.6	.6	.9	.4	.3	.....
39. Net return on securities.....	3.8	3.8	3.6	3.3	3.7	2.8	2.6	3.5	.....

Explanations: 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. Net charge-offs were derived by deducting from total charge-offs the total of recoveries on assets previously charged off and profits on securities sold. Real estate assets include bank premises owned, furniture and fixtures, other real estate owned, and investments and other assets indirectly representing bank premises or other real estate. Cash assets include cash on hand, balances with other banks (including the Federal Reserve Bank) and cash items in process of collection. The item "total capital accounts" includes capital stock, capital notes and debentures, surplus, undivided profits and reserves.