

FEDERAL RESERVE BANK

OF DALLAS

March 10, 1945

OPERATING RATIOS OF MEMBER BANKS

**To Member Banks in the
Eleventh Federal Reserve District:**

We are pleased to present to you the operating ratios of member banks in the Eleventh Federal Reserve District for the year 1944, with comparative figures for the year 1943. In the report for 1944, the asset and liability items are averages of the amounts taken from the reports of condition for December 31, 1943, June 30, 1944, and December 30, 1944, while the earnings and expense items are the amounts reported by member banks for the calendar year. Because of the continued rapid growth of deposits in this district, many of the banks have shifted to a larger size deposit group and this fact should be taken into consideration in studying the ratios for the various groups.

During the past year, member banks continued to add substantially to their holdings of Government securities and in all size groups holdings of Government securities constituted a larger percentage of total assets than in the preceding year. In most groups, the percentage of cash assets declined further, indicating that member banks are moving toward a fuller investment of their assets. The earnings of member banks generally increased further during 1944, and despite an increase in expenses, net current earnings constituted a larger percentage of total earnings than in the preceding year. Although taxes on net incomes in all size groups increased considerably, net profits after taxes were generally higher than in the preceding year.

As in former years, the ratios of your bank have been entered on your confidential copy to enable you to study your operations for the past two years and to make comparisons with the operations of other banks of similar size.

We trust that this information will be interesting and valuable to you.

Sincerely yours,

R. R. GILBERT

President



Operating Ratios of Member Banks for the Years 1944 and 1943

ELEVENTH FEDERAL RESERVE DISTRICT

	BANKS WITH AVERAGE DEPOSITS (in thousands of dollars)																	
			Under \$500		\$500 - \$999		\$1,000 - \$1,999		\$2,000 - \$4,999		\$5,000 - \$9,999		\$10,000-\$24,999		\$25,000 and Over		All Groups	
	1944	1943	1944	1943	1944	1943	1944	1943	1944	1943	1944	1943	1944	1943	1944	1943	1944	1943
Number of Banks	Your Bank	45	84	92	122	155	148	171	116	38	39	39	32	31	26	571	567	
SUMMARY RATIOS																		
Percentage of Total Capital Accounts																		
1. Net current earnings.....		8.3	7.2*	9.4	8.7*	12.3	9.2*	13.3	10.8*	16.8	9.7	13.5	11.9	13.0	11.1	12.2	9.1	1
2. Net profits after taxes.....		5.9	6.4*	9.4	9.1*	11.0	9.5*	11.7	10.0*	12.3	8.9	10.5	10.0	10.5	9.4	10.6	8.8	2
3. Cash dividends declared.....		3.1	3.4	4.5	4.8*	4.9	4.2*	4.4	4.3*	4.0	2.8	3.4	4.1	3.3	3.5	4.3	4.0	3
Percentage of Total Assets																		
4. Total earnings.....		2.9	3.3*	2.4	2.7*	2.2	2.3	2.0	2.2*	2.0	2.0	1.8	1.7	1.5	1.6	2.1	2.4	4
5. Net current earnings.....		1.0	1.0	.8	.8	.8	.7	.7	.6	.7	.6	.6	.5	.6	.5	.8	.7	5
6. Net profits after taxes.....		.7	.9	.8	.8	.7	.7	.6	.6	.5	.5	.5	.5	.4	.4	.7	.7	6
SOURCES AND DISPOSITION OF EARNINGS																		
Percentage of Total Earnings																		
7. Interest and dividends on securities.....		15.6	14.2*	25.1	22.6*	27.5	27.3*	34.2	27.5*	39.9	33.6	44.1	39.2	49.2	44.7	31.3	26.4	7
8. Interest and discount on loans.....		71.0	73.5*	58.5	60.4*	53.8	54.0*	46.2	51.0*	38.2	41.4	31.5	36.5	31.2	34.7	49.8	54.7	8
9. All other earnings.....		13.4	12.3*	16.4	17.0	18.7	18.7*	19.6	21.5*	21.9	25.0	24.4	24.3	19.6	20.6	18.9	18.9	9
10. Total earnings.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	10
11. Service charges on deposit accounts (Included in item 9)**.....		6.7	5.2*	8.1	7.7*	9.8	8.8*	10.0	10.3*	10.5	10.8	9.0	10.3	5.9	5.1	9.3	8.5	11
12. Trust department earnings (Included in item 9)**.....		**	**	**	**	**	**	**	**	2.8	3.0	3.7	3.4	2.0	2.4	3.4	2.6	12
13. Salaries and wages.....		39.6	39.4*	38.4	39.9	37.2	39.5*	35.6	37.8*	34.1	37.9	32.8	35.4	30.0	31.4	36.2	38.6	13
14. Interest on time and savings deposits.....		1.6	2.3*	1.7	2.1*	1.3	2.3	2.0	2.7*	2.9	3.3	4.0	4.1	3.9	3.5	2.1	2.6	14
15. All other expenses.....		26.9	29.6*	29.0	29.8*	27.0	30.3*	28.1	30.3*	27.3	31.9	29.7	31.0	30.3	32.3	28.0	30.6	15
16. Total expenses.....		68.1	71.3*	.1	71.8*	65.5	72.1*	65.7	70.8*	64.3	73.1	66.5	70.5	64.2	67.2	66.3	71.8	16
17. Net current earnings.....		31.9	28.7*	30.9	28.2*	34.5	27.9*	34.3	29.2*	35.7	26.9	33.5	29.5	35.8	32.8	33.7	28.2	17
18. Net charge-offs (—) or recoveries (+).....		-3.3	+2.3*	+7.1	+6.8*	+2.8	+6.5	+1.7	+3.1	- .5	+3.2	+ .1	+1.8	+3.0	+2.3	+2.3	+4.6	18
19. Taxes on net incomes.....		6.2	4.5	5.0	4.6	5.4	4.0*	4.9	4.4	6.8	2.9	5.9	4.3	9.8	7.3	5.6	4.4	19
20. Net profits after taxes.....		22.4	26.5*	33.0	30.4*	31.9	30.4*	31.1	27.9*	28.4	27.2	27.7	27.0	29.0	27.8	30.4	28.4	20
RATES OF EARNINGS ON LOANS AND SECURITIES																		
Percentage of Total Securities																		
21. Interest and dividends on securities.....		2.1	2.2	1.9	1.9	1.8	1.9	1.7	1.6*	1.7	1.6	1.7	1.5*	1.5	1.5	1.8	1.8	21
22. Net losses (—) or recoveries and profits (+) on securities.....		+ .1	—	+ .1	—	—	—	—	—	- .1	—	- .2	- .1	+ .1	+ .1	—	—	22
Percentage of Total Loans																		
23. Earnings on loans.....		7.5	8.2*	6.8	7.1*	6.1	6.6*	5.5	6.1*	5.8	5.9	4.4	4.7	3.6	4.0	5.9	6.4	23
24. Net losses (—) or recoveries (+) on loans.....		- .3	+ .6	+1.2	+ .5	+ .2	+ .5	+ .2	+ .6*	+ .3	+ .3	+ .2	+ .5	+ .8	+ .2	+ .3	+ .5	24
DISTRIBUTIONS OF TOTAL ASSETS																		
Percentage of Total Assets																		
25. Government securities.....		19.4	16.7	27.2	22.8	29.9	25.4	35.5	28.6	40.0	34.1	45.1	39.2	49.2	43.7	33.0	26.5	25
26. Other securities.....		2.3	3.9	3.9	6.2	4.4	7.6	4.9	6.8	5.6	6.6	4.2	5.2	2.1	3.3	4.2	6.2	26
27. Loans.....		32.6	33.7	26.1	26.3	24.9	23.2	20.3	21.3	15.4	15.5	15.3	15.2	14.6	14.4	22.5	23.6	27
28. Cash assets.....		44.8	44.2	42.1	43.6	40.0	42.5	38.6	42.3	38.3	42.4	34.1	39.1	33.0	37.0	39.4	42.5	29
29. Real estate assets.....		.8	1.3	.7	1.0	.7	1.0	.7	1.0	.7	1.3	1.2	1.2	1.0	1.4	.8	1.1	28
30. All other assets.....		.1	.2	—	.1	.1	.3	—	—	—	.1	.1	.1	.1	.2	.1	.1	30
CAPITAL AND DEPOSIT RATIOS (in Percentage)																		
31. Capital accounts to total assets.....		12.1	14.5	9.0	9.7	6.8	7.9	5.6	6.4	5.1	6.3	5.0	5.1	4.3	4.7	6.8	8.5	31
32. Capital accounts to total assets less Governments and cash assets.....		42.2	43.4	37.2	33.0	28.8	29.8	27.5	26.1	29.6	32.5	31.1	27.9	27.4	27.8	31.0	31.7	32
33. Capital accounts to total deposits.....		14.2	17.3	10.1	10.9	7.4	8.7	6.0	6.9	5.4	6.8	5.3	5.4	4.5	4.9	7.5	9.6	33
34. Time to total deposits.....		2.9	4.1	1.1	4.1	2.8	4.4	3.9	5.6	8.4	9.0	10.0	10.6	9.3	8.0	4.4	5.4	34

*Revised.

**Banks reporting zero amounts were excluded in computing this average and figures are not shown where there were fewer than three banks in a group.

Note: Balance sheet figures used as a basis for ratios are averages of amounts reported December 31, 1943, June 30, 1944, and December 30, 1944.