

FEDERAL RESERVE BANK

OF DALLAS

Dallas, Texas, February 28, 1950

THE CONDITION AND EARNINGS OF MEMBER BANKS ELEVENTH FEDERAL RESERVE DISTRICT

To Member Banks of the
Eleventh Federal Reserve District:

The comparative statement of condition and the comparative statement of earnings and expenses of all member banks in the Eleventh Federal Reserve District, presented on the inside pages of this letter, show a further growth in all major asset and liability accounts and an increase in net profits during 1949.

An expansion of total loans amounting to \$195,000,000 and additional investments in Government securities totaling more than \$111,000,000 account for virtually all of the \$309,000,000 increase in the loans and investments of the District's member banks during 1949. Changes in holdings of obligations of states and political subdivisions and of other securities were not significant.

The trend of loans tended to move in response to the strength of business activity, declining rather steadily until midsummer, but then rising sharply during the last quarter of the year to reach a year-end record level of \$2,030,000,000. The increase in investment in Government securities was an outgrowth of the combination of lower reserve requirements, comparatively easy money market conditions, and a declining loan demand during the first seven months of 1949. On December 31 the aggregate Government securities portfolio of the District's member banks amounted to \$2,234,000,000.

Total deposits of member banks were \$6,439,000,000 on December 31, representing a record year-end total and an increase of \$300,000,000 during the year—a much larger increase than occurred during 1948. A rapid expansion of deposits during the last quarter of the year was responsible for the record total. Appraisal of the substantial growth in deposits, however, should be tempered somewhat by the fact that interbank deposits, which declined during 1948, rose during 1949 by \$138,000,000. Moreover, although demand deposits of individuals, partnerships, and corporations rose during 1949, the amount of the increase, \$86,000,000, was approximately equal to the increase of \$87,000,000 reported during the preceding year.

The sale of new stock, favorable earnings, and generally conservative dividend policies enabled member banks to add more than \$29,000,000 to their total capital accounts during 1949. This increase, which raised the total capital accounts of the District's member banks to \$372,000,000, was more than 20 percent larger than the \$24,000,000 increase reported in 1948.

Member banks reported net profits after taxes of \$33,700,000 during 1949, an increase of \$5,100,000 over profits of the preceding year. Net profits during 1949 also represented a slightly larger percentage of total capital accounts than in 1948, the increase being from 8.34 percent in 1948 to 9.06 percent in 1949. This improvement in the profits of the District's member banks was principally the result of an increase in total earnings from current operations amounting to \$13,300,000 as compared with an increase in total current operating expenses of \$8,500,000; in addition, smaller net losses and charge-offs and transfers to valuation reserve accounts contributed to the increase in profits as compared with those of 1948.

Cash dividends declared in 1949 amounted to \$13,800,000, an increase of about \$700,000 over declarations in 1948. During 1949, however, cash dividends declared represented a smaller percentage of net profits and of total capital accounts than in 1948, the comparative figures being 40.9 percent of net profits and 3.7 percent of total capital accounts in 1949 and 45.7 percent and 3.8 percent, respectively, in 1948.

Yours very truly,

R. R. GILBERT

President

**COMPARATIVE STATEMENT OF CONDITION OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT**

Item	December 31, 1949 ^p	November 1, 1949 ^r	December 31, 1948 ^r
Member banks in Eleventh District.....	623	623	618
Loans, including overdrafts.....	2,030,411,000	1,884,196,000	1,835,718,000
U. S. Government obligations direct and guaranteed.....	2,233,643,000	2,235,172,000	2,122,615,000
Obligations of states and political sub- divisions.....	261,632,000	262,144,000	249,464,000
Other securities.....	52,819,000	52,688,000	61,385,000
TOTAL LOANS AND INVESTMENTS	4,578,505,000	4,434,200,000	4,269,182,000
Individual—Demand deposits.....	4,141,289,000	4,059,990,000	4,055,431,000
Individual—Time deposits.....	530,891,000	525,348,000	506,314,000
Deposits of U. S. Government, including postal savings.....	79,354,000	71,643,000	71,243,000
Deposits of states and political sub- divisions.....	613,841,000	566,673,000	562,890,000
Deposits of banks.....	947,648,000	756,580,000	810,089,000
Other Deposits.....	125,756,000	51,770,000	132,853,000
TOTAL DEPOSITS	6,438,779,000	6,032,004,000	6,138,820,000
TOTAL CAPITAL ACCOUNTS	371,606,000	378,110,000	342,390,000
Cash and balances due from banks.....	2,172,456,000	1,915,976,000	2,164,652,000
Borrowings from Federal Reserve Bank	—o—	401,000	—o—
All other borrowings.....	—o—	105,000	—o—
Ratio of loans to total loans and invest- ments.....	44.3%	42.5%	43.0%
Ratio of cash and exchange to total deposits.....	33.7%	31.8%	35.3%

r—Revised.

p—Preliminary.

**PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS, 1939-49
ELEVENTH FEDERAL RESERVE DISTRICT**

(In thousands of dollars)

December 31	Total Deposits	Total Loans	Total Investments	Total Loans and Investments	Total U. S. Gov. Secs.	Total Capital Accounts
1939	1,576,444	496,359	425,330	921,689	279,450	167,220
1940	1,738,390	579,639	445,887	1,025,526	294,480	175,880
1941	2,051,770	663,215	532,411	1,195,626	369,689	183,916
1942	2,867,889	599,354	1,092,898	1,692,252	939,929	188,169
1943	3,557,172	666,375	1,726,506	2,392,881	1,588,403	200,785
1944	4,521,001	815,977	2,272,535	3,088,512	2,149,906	222,182
1945	5,738,464	1,138,936	2,863,853	4,002,789	2,702,604	253,741
1946	5,385,973	1,319,153	2,472,547	3,791,700	2,246,267	292,167
1947	5,940,501	1,579,758	2,562,907	4,142,665	2,280,836	318,953
1948 ^r	6,138,820	1,835,718	2,433,464	4,269,182	2,122,615	342,390
1949 ^p	6,438,779	2,030,411	2,548,094	4,578,505	2,233,643	371,606

r—Revised.

p—Preliminary.

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT
(Amounts in thousands of dollars)

Item	1949 ^p	1948 ^r	Net Change 1949 over 1948
Interest and dividends on securities.....	41,325	39,496	1,829
Interest and discount on loans.....	87,269	77,437	9,832
Service charges on deposit accounts.....	7,537	7,008	529
All other earnings.....	16,673	15,610	1,063
TOTAL EARNINGS FROM CURRENT OPERATIONS	152,804	139,551	13,253
Salaries and wages.....	46,067	41,241	4,826
Taxes other than net income.....	8,795	7,726	1,069
All other expenses.....	37,088	34,445	2,643
TOTAL CURRENT OPERATING EXPENSES	91,950	83,412	8,538
NET EARNINGS FROM CURRENT OPERATIONS	60,854	56,139	4,715
Total recoveries, transfers from valuation reserves, and profits.....	5,717	6,781	— 1,064
Total losses and charge-offs, and transfers to valuation reserves.....	18,653	21,934	— 3,281
Profits before income taxes.....	47,918	40,986	6,932
Taxes on net income.....	14,261	12,430	1,831
NET PROFITS	33,657	28,556	5,101
Cash dividends declared ¹	13,757	13,051	706
Number of banks.....	623	618	5

1—Includes interest on capital notes and debentures.

r—Revised.

p—Preliminary.

PRINCIPAL ITEMS OF EARNINGS AND EXPENSES OF MEMBER BANKS, 1939-49
ELEVENTH FEDERAL RESERVE DISTRICT
(Amounts in thousands of dollars)

Year	Total Earnings from Current Operations	Total Current Operating Expenses*	Net Earnings from Current Operations*	Total Recoveries and Profits ²	Total Losses and Charge-Offs ²	Net Profits	Cash Dividends Declared ¹	Number of Member Banks
1939	46,535	31,518	15,017	10,744	10,591	15,170	6,821	547
1940	48,376	33,700	14,676	7,123	7,649	14,150	7,381	568
1941	53,716	37,367	16,349	6,905	8,273	14,981	7,606	573
1942	53,973	38,598	15,375	5,533	5,673	12,048	7,196	570
1943	60,829	40,839	19,990	7,728	5,940	17,607	7,635	575
1944	72,343	46,000	26,343	7,734	6,540	21,334	8,298	580
1945	84,576	53,860	30,716	11,299	8,515	24,078	9,715	585
1946	105,947	62,574	43,373	10,261	8,708	32,635	11,078	595
1947	119,929	73,015	46,914	7,006	10,000	30,995	11,939	613
1948 ^r	139,551	83,412	56,139	6,781	21,934	28,556	13,051	618
1949 ^p	152,804	91,950	60,854	5,717	18,653	33,657	13,757	623

*Taxes paid on net income were included in expenses prior to 1942 but for 1942 and subsequent years were treated as a deduction from total profits; hence, the data on current operating expenses and net earnings from current operations after 1941 are not strictly comparable with those for prior years.

¹ Includes interest on capital notes and debentures.

² Beginning with 1948 includes transfers from and to reserves.

r—Revised.

p—Preliminary.