

FEDERAL RESERVE BANK

OF DALLAS

Dallas, Texas, February 23, 1951

OPERATING RATIOS OF MEMBER BANKS ELEVENTH FEDERAL RESERVE DISTRICT

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

The annual statement of operating ratios of the member banks in the Eleventh Federal Reserve District for the year 1950, with comparative figures for 1949, is presented on the inside pages of this letter. The 1950 ratios shown under each deposit-size group are averages of the ratios of individual banks computed from data taken from the reports of condition as of December 31, 1949, June 30, 1950, and October 4, 1950, and from reports of earnings and expenses for the year 1950. For your convenience in making use of these data, ratios for your bank also are included.

Ratios of net profits to total capital accounts rose during 1950 at banks in the group with deposits of \$1,000,000 to \$1,999,000 and at banks having deposits of \$10,000,000 and over, but either decreased or showed no change in all other groups. Ratios of cash dividends to total capital accounts remained at 1949 levels or rose fractionally, except that the group of banks having deposits between \$10,000,000 and \$24,999,000 showed a fractional decrease.

Changes in the composition of earning assets during 1950 are reflected in the earnings ratios of banks in the several size groups. Although the District's member banks increased their holdings of Government securities in the aggregate, loans rose more rapidly and by a much larger amount. Moreover, these changes were more pronounced in the larger bank-size groups. As a result of these shifts, earnings derived from loans weighed more heavily in total earnings in 1950 than in 1949. Earnings from loans of banks having deposits of less than \$500,000 rose from 75.6 percent of total earnings to 76.6 percent, while the increase for banks in the group with deposits of \$25,000,000 and over was from 52.4 percent to 55.7 percent. Earnings from interest on Government securities as a proportion of total earnings were lower in most groups, although banks with deposits under \$500,000 and between \$1,000,000 and \$1,999,000 showed increases.

Expenses of banks with deposits between \$500,000 and \$999,000 and of banks in the two groups having deposits of \$10,000,000 or more absorbed a smaller percentage of total earnings in 1950 than in 1949. For all other groups, however, the proportions were larger, reflecting to some extent increases in the ratios of salaries and wages to total earnings. These latter increases were common to all groups with the exception of that comprising banks with deposits of \$25,000,000 and over.

It is hoped that the information in this report will be both interesting and valuable in making comparisons between the ratios for your bank and those for other banks of comparable size. It should be remembered, however, that the individual bank ratios from which average ratios were computed ranged rather widely in some cases.

Yours very truly,

R. R. GILBERT

President

OPERATING RATIOS OF MEMBER BANKS FOR THE YEARS 1950 AND 1949 — ELEVENTH FEDERAL RESERVE DISTRICT

	Your Bank		BANKS WITH AVERAGE DEPOSITS (in thousands of dollars)																
	1950	1949	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 Banks	
			1950	1949	1950	1949	1950	1949*	1950	1949	1950	1949	1950	1949		1950	1949	1950	1949
Number of Banks in Group			20	18	52	63	133	130	221	221	100	96	51	48	46	43	623	619	
SUMMARY RATIOS																			
Percentage of Total Capital Accounts																			
1. Net current earnings before income taxes.....			11.7	12.5	15.1	15.1	16.2	18.2	18.6	19.7	21.0	22.1	19.5	18.9	18.8	17.8	18.1	18.9	1
2. Profits before income taxes.....			9.5	10.9	12.3	12.0	14.2	14.3	15.7	16.2	17.1	17.5	16.4	15.0	16.9	14.0	15.2	15.2	2
3. Net profits.....			7.7	8.7	9.8	9.8	11.5	11.3	12.2	12.7	11.9	12.7	11.5	10.8	11.1	9.5	11.5	11.6	3
4. Cash dividends declared.....			3.4	3.4	3.5	3.1	4.2	4.0	4.3	4.3	3.5	3.3	3.1	3.5	3.5	3.3	3.9	3.8	4
Percentage of Total Assets																			
5. Total earnings.....			3.64	3.65	3.50	3.42	3.18	3.20	2.89	2.86	2.79	2.73	2.71	2.59	2.39	2.28	2.96	2.93	5
6. Net current earnings before income taxes.....			1.37	1.48	1.44	1.36	1.24	1.34	1.17	1.19	1.13	1.12	1.02	.97	.96	.88	1.18	1.20	6
7. Net profits.....			.83	1.01	.95	.87	.87	.82	.77	.77	.64	.64	.61	.54	.58	.46	.76	.74	7
SOURCES AND DISPOSITION OF EARNINGS																			
Percentage of Total Earnings																			
8. Interest on U. S. Government securities.....			11.4	11.1	14.6	15.4	18.7	18.2	21.0	22.0	20.8	21.7	22.1	25.1	24.1	27.1	19.9	20.8	8
9. Interest and dividends on other securities.....			3.5	3.3	4.0	3.6	5.3	5.9	6.4	6.9	5.6	6.6	5.8	6.0	4.2	3.9	5.5	5.9	9
10. Earnings on loans.....			76.6	75.6	72.1	71.1	65.2	64.6	60.8	58.9	60.2	57.6	56.4	52.8	55.7	52.4	62.4	60.7	10
11. Other current earnings.....			8.5	10.0	9.3	9.9	10.8	11.3	11.8	12.2	13.4	14.1	15.7	16.1	16.0	16.6	12.2	12.6	11
12. 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	100.0	12
13. Service charges on deposit accounts (Included in item 11)**.....			3.9	4.5	5.6	5.6	6.1	6.3	6.5	6.8	7.0	7.2	7.5	7.4	4.3	4.5	6.3	6.5	13
14. Trust department earnings (Included in item 11)**.....			—	—	—	—	—	—	3.5	—	2.4	2.4	2.3	2.3	2.7	2.3	2.5	2.6	14
15. Salaries and wages.....			37.6	36.3	34.9	33.6	34.5	32.9	33.7	32.7	32.5	32.2	33.1	32.3	28.9	29.3	33.5	32.6	15
16. Interest on time deposits.....			.9	.6	1.1	1.3	1.4	1.0	1.2	1.2	2.4	2.4	3.3	3.5	4.2	4.5	1.8	1.7	16
17. Other current expenses.....			23.9	22.9	24.1	25.9	25.1	24.6	24.5	24.4	24.2	24.4	26.4	27.1	26.9	27.6	24.9	25.0	17
18. Total expenses.....			62.4	59.8	60.1	60.8	61.0	58.5	59.4	58.3	59.1	59.0	62.8	62.9	60.0	61.4	60.2	59.3	18
19. Net current earnings before income taxes.....			37.6	40.2	39.9	39.2	39.0	41.5	40.6	41.7	40.9	41.0	37.2	37.1	40.0	38.6	39.8	40.7	19
20. Net recoveries and profits (or losses —).....			7.6	4.2	6.7	8.2	4.6	8.1	5.5	7.0	7.4	7.9	5.6	7.4	3.7	8.1	5.6	7.5	20
21. Taxes on net income.....			6.0	7.2	6.4	5.6	6.4	6.8	7.7	7.3	9.6	8.8	9.5	8.3	12.3	10.0	8.1	7.6	21
22. Net profits.....			24.0	28.8	26.5	25.4	28.0	26.6	27.4	27.4	23.9	24.3	22.1	21.4	24.0	20.5	26.1	25.6	22
RATES OF EARNINGS ON SECURITIES AND LOANS																			
Percentage of U. S. Government Securities																			
23. Interest on U. S. Government securities.....			2.0	1.7	1.8	1.7	1.7	1.7	1.6	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.7	23
Percentage of Other Securities																			
24. Interest and dividends on other securities.....			4.7	4.1	3.1	3.2	3.1	3.2	2.9	2.9	2.3	2.5	2.5	2.6	2.4	2.4	2.9	2.9	24
Percentage of Total Securities																			
25. Net recoveries and profits (or losses —) on total securities.....			.1	.1	—	—	—	—	—	—	.1	—	—	—	.1	.1	—	—	25
Percentage of Total Loans																			
26. Earnings on loans.....			9.3	9.4	7.8	8.0	7.6	7.6	6.8	7.1	6.4	6.3	6.1	6.0	4.6	4.3	6.8	7.0	26
27. Net recoveries (or losses —) on loans†.....			.9	.6	.7	.7	.4	.7	.2	.4	.3	.4	.2	.2	—	.2	.3	.5	27
DISTRIBUTION OF TOTAL ASSETS																			
Percentage of Total Assets																			
28. U. S. Government securities.....			20.8	21.9	25.0	27.8	31.9	30.2	34.2	35.3	34.7	34.5	35.7	37.4	34.4	35.7	32.8	33.2	28
29. Other securities.....			3.6	3.4	4.9	4.9	6.0	6.6	7.2	7.4	6.8	7.1	6.9	6.9	4.4	4.1	6.3	6.6	29
30. Loans.....			31.0	31.7	33.4	31.5	28.5	29.2	27.0	25.2	27.7	26.6	26.2	24.0	29.9	28.1	28.3	27.2	30
31. Cash assets.....			44.3	42.5	36.1	35.0	32.8	33.2	30.8	31.3	29.8	30.9	30.2	30.7	30.0	30.9	31.8	32.2	31
32. Real estate assets.....			.3	.4	.5	.7	.7	.7	.7	.7	.9	.8	.9	.9	1.1	1.0	.7	.7	32
33. All other assets.....			—	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.2	.2	.1	.1	33
OTHER RATIOS																			
34. Total capital accounts to total assets.....			11.8	11.9	9.5	9.2	7.8	7.5	6.5	6.3	5.6	5.3	5.6	5.5	5.2	5.1	6.9	6.7	34
35. Total capital accounts to total assets less Government securities and cash assets.....			37.9	38.6	26.0	26.9	24.1	23.3	20.5	20.6	17.1	17.1	18.3	19.5	15.6	16.5	21.2	21.4	35
36. Total capital accounts to total deposits.....			13.5	13.6	10.6	10.3	8.6	8.2	7.0	6.7	5.9	5.6	6.0	5.9	5.6	5.5	7.5	7.3	36
37. Time deposits to total deposits.....			2.5	2.0	2.7	3.6	3.8	3.4	4.1	3.7	7.5	7.5	11.3	11.4	13.0	13.6	5.7	5.5	37

*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, 1949, June 30, 1950, and October 4, 1950.

†Computed on the basis of actual net losses or recoveries rather than on basis of figures reported on the face of the earnings and dividends report.