

# FEDERAL RESERVE BANK

OF DALLAS

Dallas, Texas, February 8, 1952

## THE CONDITION AND EARNINGS OF MEMBER BANKS ELEVENTH FEDERAL RESERVE DISTRICT

To the Member Banks of the  
Eleventh Federal Reserve District:

The principal categories of assets and liabilities of all member banks in the Eleventh Federal Reserve District showed further increases during 1951, but net profits were somewhat less than in 1950. These changes are reflected in the comparative statement of condition and the comparative statement of earnings and expenses presented on the inside pages of this letter.

Total resources of the 633 member banks in the District amounted to \$8,267,661,000 on December 31, 1951, which represents an increase of \$610,805,000, or 8 percent, during the year. Loans and investments of these banks rose \$289,762,000, while cash, reserves, and balances due from banks increased \$292,390,000. The principal changes in liabilities include increases of \$544,418,000 in deposits and \$45,625,000 in capital accounts. These increases in 1951 in major asset and liability accounts are somewhat smaller than those reported in the preceding year.

The sustained high level of economic activity, unusually large agricultural production, and a rising demand for products for defense combined to create a strong loan demand throughout the year. Despite these conditions, however, the increase in loans was held down to \$163,108,000, as compared with \$375,350,000 in 1950. Moreover, the country banks of the District, which hold somewhat less than one-half of member bank loans, accounted for more than nine-tenths of the total loan increase. Commercial, industrial, and agricultural loans rose approximately \$124,000,000 during the year, while the category which includes consumer loans increased about \$50,000,000. Most other types of loans showed minor declines.

Member bank holdings of Government securities increased \$90,741,000 during the year and on December 31 totaled \$2,365,676,000, while holdings of municipals and other state and local government issues increased \$30,725,000 to a total of \$324,387,000. The proportion of total earning assets represented by Government securities was approximately the same—44 percent—in 1951 as a year earlier.

The expansion of \$544,418,000 in deposits of the District's member banks was distributed principally between demand deposits of individuals, which increased \$356,835,000, and interbank deposits, which rose \$143,591,000. The latter was largely a year-end development and probably represents a considerable amount of "deposit inflation." On the other hand, the growth in individual and business deposits reflects principally the expansion in loans and investments, the high levels of production and business activity that prevailed, and net Treasury expenditures in the District. The increase of \$42,852,000 in time deposits of individuals, partnerships, and corporations is particularly notable, in that it compares with an increase of only \$18,223,000 in 1950.

Banks of the District continued to strengthen capital accounts through the sale of new stock, conservative dividend policies, and the transfer of a substantial part of earnings to surplus. On December 31, total capital accounts were \$464,180,000, an increase of \$45,625,000 or about the same as in 1950.

Member banks reported net profits after taxes of \$39,428,000 during 1951, which represents a decrease of about 6 percent from the net profits of 1950. Although net earnings from current operations showed an increase of more than 10 percent, larger net losses, charge-offs, and transfers to valuation reserves and a marked increase in income taxes were more than offsetting.

Yours very truly,

R. R. GILBERT

President

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

Item	December 31, 1951 <sup>p</sup>	October 10, 1951 <sup>p</sup>	December 30, 1950 <sup>r</sup>
Member banks in Eleventh District.....	633	632	630
Loans, including overdrafts.....	2,569,296,000	2,447,940,000	2,406,188,000
U. S. Government obligations, direct and guaranteed.....	2,365,676,000	2,184,181,000	2,274,935,000
Obligations of states and political sub- divisions.....	324,387,000	317,674,000	293,662,000
Other securities.....	79,657,000	82,002,000	74,469,000
<b>TOTAL LOANS AND INVESTMENTS</b>	<b>5,339,016,000</b>	<b>5,031,797,000</b>	<b>5,049,254,000</b>
<b>TOTAL ASSETS</b> .....	<b>8,267,661,000</b>	<b>7,503,043,000</b>	<b>7,656,856,000</b>
Individual—Demand deposits.....	5,060,204,000	4,764,123,000	4,703,369,000
Individual—Time deposits.....	591,364,000	573,680,000	548,512,000
Deposits of U. S. Government, including postal savings.....	128,939,000	148,108,000	100,122,000
Deposits of states and political sub- divisions.....	588,728,000	510,707,000	616,963,000
Deposits of banks.....	1,219,326,000	934,762,000	1,075,735,000
Other deposits.....	154,324,000	64,275,000	153,766,000
<b>TOTAL DEPOSITS</b> .....	<b>7,742,885,000</b>	<b>6,995,655,000</b>	<b>7,198,467,000</b>
<b>TOTAL CAPITAL ACCOUNTS</b> .....	<b>464,108,000</b>	<b>467,158,000</b>	<b>418,483,000</b>
Cash and balances due from banks.....	2,799,452,000	2,363,864,000	2,507,062,000
Borrowings from Federal Reserve Bank	—o—	—o—	—o—
All other borrowings.....	14,000	1,372,000	21,000
Ratio of loans to total loans and invest- ments.....	48.1%	48.6%	47.7%
Ratio of cash and exchange to total deposits.....	36.2%	33.8%	34.8%

p—Preliminary.  
r—Revised.

**PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS, 1939-51  
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	6,138,820	1,835,718	2,433,464	4,269,182	2,122,615	342,390
1949	6,438,675	2,030,838	2,547,783	4,578,621	2,233,326	371,479
1950 <sup>r</sup>	7,198,467	2,406,188	2,643,066	5,049,254	2,274,935	418,483
1951 <sup>p</sup>	7,742,885	2,569,296	2,769,720	5,339,016	2,365,676	464,108

r—Revised.  
p—Preliminary.

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

Item	1951 <sup>p</sup>	1950 <sup>r</sup>	Net Change 1951 over 1950
Interest and dividends on securities.....	45,134	43,327	1,807
Interest and discount on loans.....	118,929	103,012	15,917
Service charges on deposit accounts.....	8,743	8,171	572
All other earnings.....	20,050	18,914	1,136
<b>TOTAL EARNINGS FROM CURRENT OPERATIONS</b>	<b>192,856</b>	<b>173,424</b>	<b>19,432</b>
Salaries and wages.....	57,975	51,417	6,558
Taxes other than net income.....	10,435	9,763	672
All other expenses.....	45,347	40,795	4,552
<b>TOTAL CURRENT OPERATING EXPENSES</b> .....	<b>113,757</b>	<b>101,975</b>	<b>11,782</b>
<b>NET EARNINGS FROM CURRENT OPERATIONS</b> .....	<b>79,099</b>	<b>71,449</b>	<b>7,650</b>
Total recoveries, transfers from valuation reserves, and profits.....	6,957	7,399	— 442
Total losses and charge-offs, and transfers to valuation reserves.....	20,601	16,932	3,669
Profits before income taxes.....	65,455	61,916	3,539
Taxes on net income.....	26,027	19,921	6,106
<b>NET PROFITS</b> .....	<b>39,428</b>	<b>41,995</b>	<b>— 2,567</b>
Cash dividends declared <sup>1</sup> .....	17,304	15,081	2,223
Number of banks.....	633	630	3

1—Includes interest on capital notes and debentures.

p—Preliminary.

r—Revised.

**PRINCIPAL ITEMS OF EARNINGS AND EXPENSES OF MEMBER BANKS, 1939-51**  
**ELEVENTH FEDERAL RESERVE DISTRICT**  
(Amounts in thousands of dollars)

Year	Total Earnings from Current Operations	Total Current Operating Expenses <sup>1</sup>	Net Earnings from Current Operations <sup>1</sup>	Total Recoveries and Profits <sup>2</sup>	Total Losses and Charge-Offs <sup>2</sup>	Net Profits	Cash Dividends Declared <sup>3</sup>	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	139,551	83,412	56,139	6,781	21,934	28,556	13,051	618
1949	152,560	91,903	60,657	5,832	18,542	33,681	13,725	623
1950 <sup>r</sup>	173,424	101,975	71,449	7,399	16,932	41,995	15,081	630
1951 <sup>p</sup>	192,856	113,757	79,099	6,957	20,601	39,428	17,304	633

<sup>1</sup> 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.

<sup>2</sup> Beginning with 1948 includes transfers from and to reserves.

<sup>3</sup> Includes interest on capital notes and debentures.

r—Revised.

p—Preliminary.