

FEDERAL RESERVE BANK

OF DALLAS

Dallas, Texas, February 6, 1953

THE CONDITION AND EARNINGS OF MEMBER BANKS ELEVENTH FEDERAL RESERVE DISTRICT

To the Member Banks of the
Eleventh Federal Reserve District:

Most of the principal categories of assets and liabilities of all member banks in the Eleventh Federal Reserve District showed further substantial expansion during 1952. Total resources, loans, investments, deposits, and capital accounts rose to record end-of-year totals. Net profits also rose during the year. 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.

Loans of member banks rose \$286,592,000, or 11.1 percent, during 1952, to a total of \$2,857,021,000. This expansion compares with an increase of \$164,241,000, or 6.8 percent, during 1951. Although a rather strong demand for bank loans prevailed generally over the District, reflecting continued high levels of business, industrial, and agricultural activity, the reserve city member banks accounted for 61.5 percent of the total loan expansion.

Consumer-type lending of the District's member banks showed a marked increase, especially after the suspension of consumer credit restrictions early in May. Consumer-type loans rose \$134,283,000, or by almost one-fourth, with this increase accounting for 46.3 percent of the total loan expansion during the year. The principal changes in other categories of loans include increases of \$87,774,000 in commercial and industrial loans, \$23,835,000 in loans to farmers, and \$22,605,000 in loans for financing security transactions. Real estate loans rose \$17,049,000, or 6.8 percent.

Investments of member banks rose \$104,165,000, or 3.8 percent, during 1952 to a total of \$2,872,845,000. Holdings of Government securities increased \$83,353,000, or by a slightly smaller amount than in 1951, while investments in municipals and other securities rose \$20,812,000. Country member banks accounted for approximately 56 percent of the increase in investment holdings.

Reflecting principally the expansion of loans and investments and a net inflow of funds from outside the District, deposits of member banks increased \$448,699,000, or 5.8 percent, to a total of \$8,191,497,000. Most categories of deposits showed increases. Although a rise of \$228,084,000, or 4.5 percent, in demand deposits of individuals and businesses accounted for approximately one-half of the total deposit expansion, the most notable trend in deposits was reflected in a sharp increase in time deposits of individuals, partnerships, and corporations. Member banks reported an increase of \$84,080,000, or 14.2 percent, in this category, with reserve city and country banks sharing equally in the expansion. Attractive rates on savings accounts and the maintenance of general economic stability at high levels were factors conducive to this trend.

Member banks increased total capital accounts \$52,351,000, or 11.3 percent, reflecting favorable earnings, conservative dividend policies, and sale of new capital stock. On December 31, total capital accounts amounted to \$516,378,000, or 5.9 percent of total assets and 15.1 percent of risk assets.

Net profits of the District's member banks in 1952 amounted to \$40,988,000, an increase of \$1,595,000, or 4.0 percent, over net profits in 1951. Earnings from current operations rose rather sharply, due principally to increased earnings from loans. Approximately 94 percent of the increase in operating earnings was absorbed, however, by increases in current operating expenses, noncurrent charges and transfers to valuation reserves, and taxes on net income.

Yours very truly,

R. R. GILBERT

President

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

(Amounts in thousands of dollars)

| Item | December 31, 1952 ^p | September 5, 1952 ^r | December 31, 1951 ^r |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Loans, including overdrafts..... | 2,857,021 | 2,726,099 | 2,570,429 |
| U. S. Government obligations, direct and guaranteed.. | 2,446,234 | 2,330,328 | 2,362,881 |
| Obligations of states and political subdivisions..... | 344,106 | 337,922 | 325,498 |
| Other securities | 82,505 | 73,109 | 80,301 |
| TOTAL LOANS AND INVESTMENTS..... | 5,729,866 | 5,467,458 | 5,339,109 |
| Cash and balances due from banks..... | 2,901,165 | 2,387,804 | 2,799,448 |
| TOTAL ASSETS | 8,777,563 | 7,978,187 | 8,267,437 |
| Individual — Demand deposits | 5,288,225 | 5,030,018 | 5,060,141 |
| Individual — Time deposits | 675,396 | 653,596 | 591,316 |
| Deposits of U. S. Government, including postal savings | 177,203 | 168,269 | 128,940 |
| Deposits of states and political subdivisions..... | 630,878 | 539,649 | 588,836 |
| Deposits of banks | 1,275,769 | 920,384 | 1,219,326 |
| Other deposits | 144,026 | 72,212 | 154,239 |
| TOTAL DEPOSITS | 8,191,497 | 7,384,128 | 7,742,798 |
| TOTAL CAPITAL ACCOUNTS..... | 516,378 | 517,357 | 464,027 |
| Borrowings from Federal Reserve Bank..... | 30 | 29,800 | —0— |
| All other borrowings..... | 477 | 3,143 | 14 |
| Ratio of loans to total deposits..... | 34.9% | 36.9% | 33.2% |
| Ratio of cash and balances due from banks to total deposits | 35.4% | 32.3% | 36.2% |
| Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets) | 15.1% | 15.9% | 14.9% |
| Number of banks | 634 | 634 | 633 |

p—Preliminary.

r—Revised.

**PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS, 1940, 1945-52
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 |
|-------------------|-------------------|----------------|----------------------|-----------------------------------|---------------------------|------------------------------|
| 1940 | 1,738,390 | 579,639 | 445,887 | 1,025,526 | 294,480 | 175,880 |
| 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 | 7,198,467 | 2,406,188 | 2,643,066 | 5,049,254 | 2,274,935 | 418,483 |
| 1951 ^r | 7,742,798 | 2,570,429 | 2,768,680 | 5,339,109 | 2,362,881 | 464,027 |
| 1952 ^p | 8,191,497 | 2,857,021 | 2,872,845 | 5,729,866 | 2,446,234 | 516,378 |

r—Revised.

p—Preliminary.

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

| Item | 1952 ^p | 1951 ^r | Net Change 1952 over 1951 |
|---|-------------------|-------------------|------------------------------|
| Interest and dividends on securities..... | 51,838 | 45,807 | 6,531 |
| Interest and discount on loans..... | 136,065 | 118,925 | 17,140 |
| Service charges on deposit accounts..... | 9,265 | 8,743 | 522 |
| All other earnings..... | 22,706 | 20,035 | 2,671 |
| TOTAL EARNINGS FROM CURRENT OPERATIONS | 219,874 | 193,010 | 26,864 |
| Salaries and wages..... | 65,202 | 57,977 | 7,225 |
| Taxes other than net income..... | 11,960 | 10,441 | 1,519 |
| All other expenses..... | 54,036 | 44,415 | 9,621 |
| TOTAL CURRENT OPERATING EXPENSES | 131,198 | 112,833 | 18,365 |
| NET EARNINGS FROM CURRENT OPERATIONS | 88,676 | 80,177 | 8,499 |
| Total recoveries, transfers from valuation reserves, and profits | 6,008 | 6,172 | —164 |
| Total losses and charge-offs, and transfers to valuation reserves | 21,048 | 20,191 | 857 |
| Profits before income taxes..... | 73,636 | 66,158 | 7,478 |
| Taxes on net income..... | 32,648 | 26,765 | 5,883 |
| NET PROFITS | 40,988 | 39,393 | 1,595 |
| Cash dividends declared ¹ | 19,742 | 17,531 | 2,211 |
| Number of banks..... | 634 | 633 | 1 |

¹ Includes interest on capital notes and debentures.

p—Preliminary.

r—Revised.

PRINCIPAL ITEMS OF EARNINGS AND EXPENSES OF MEMBER BANKS
1940, 1945-52
ELEVENTH FEDERAL RESERVE DISTRICT
(Amounts in thousands of dollars)

| Year | Total Earnings from Current Operations | Total Current Operating Expenses ¹ | Net Earnings from Current Operations ¹ | Total Recoveries and Profits ² | Total Losses and Charge-Offs ² | Net Profits | Cash Dividends Declared ³ | Number of Member Banks |
|-------------------|---|--|--|---|--|----------------|--|---------------------------------|
| 1940 | 48,376 | 33,700 | 14,676 | 7,123 | 7,649 | 14,150 | 7,381 | 568 |
| 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 | 173,424 | 101,975 | 71,449 | 7,399 | 16,932 | 41,995 | 15,081 | 630 |
| 1951 ^r | 193,010 | 112,833 | 80,177 | 6,172 | 20,191 | 39,393 | 17,531 | 633 |
| 1952 ^p | 219,874 | 131,198 | 88,676 | 6,008 | 21,048 | 40,988 | 19,742 | 634 |

¹ 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.

² Beginning with 1948 includes transfers from and to reserves.

³ Includes interest on capital notes and debentures.

r—Revised.

p—Preliminary.