

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, March 1, 1954

THE CONDITION AND EARNINGS OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT

To the Member Banks in the
Eleventh Federal Reserve District:

Total resources, loans, investments, deposits, and capital accounts of member banks in the Eleventh Federal Reserve District rose to record end-of-year levels in 1953. Increases in most of these major categories of assets and liabilities were substantial but somewhat less than in 1952. Net profits of member banks rose during the year to a near-record level. 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.

Banking trends in 1953 developed within an atmosphere of marked strength in business activity during the first 4 or 5 months of the year and a moderate easing among many important economic indicators during the last 6 months. Consequently, credit demands at the District's member banks were rather strong through June, with loans resisting seasonal downward pressures early in the year. Later in the year, however, when financing requirements of a seasonal nature usually tend to accentuate other credit demands, loan expansion was moderate as compared with other recent years.

Loans of member banks in the District rose \$241,317,000, or 8.4 percent, during 1953 to a total of \$3,098,248,000 on December 31, with reserve city member banks accounting for about 60 percent of the growth. This expansion, which compares with an increase in 1952 of \$286,502,000, or 11.1 percent, was weighted heavily by a sharp October-December rise in loans directly guaranteed by the Commodity Credit Corporation. Consumer-type loans increased substantially but somewhat less than in 1952; the gain in commercial and industrial loans was markedly smaller than a year earlier.

Investments of member banks rose \$14,498,000, or somewhat less than 1 percent, during 1953. Although holdings of Government securities expanded in the last 6 months, there was a relatively small net reduction in these portfolios during the year. Investments in obligations of states and political subdivisions increased 10.8 percent. On December 31, total investments amounted to \$2,887,374,000, or 48 percent of total loans and investments.

Deposit trends during the year included a gradual decline from January to August, followed by a sharp rise at reserve city member banks and a more modest gain at country member banks. Reflecting these changes, total deposits increased \$364,875,000, or 4.5 percent, to a total of \$8,556,406,000 on December 31. This increase compares with the expansion of \$448,733,000, or 5.8 percent, in 1952. Time deposits of individuals and businesses rose 18.1 percent in 1953 and accounted for one-third of total deposit growth. Other notable gains included \$112,096,000, or 17.8 percent, in deposits of states and political subdivisions and \$56,979,000, or 1.1 percent, in demand accounts of individuals, partnerships, and corporations.

Member banks added \$41,899,000, or 8.1 percent, to their total capital accounts in 1953, reflecting favorable earnings, the sale of new capital stock, and conservative dividend policies. On December 31, total capital accounts amounted to \$558,175,000, or 15 percent of risk assets.

Net profits of the District's member banks in 1953 totaled \$41,789,000, or 1.8 percent above 1952. Total earnings from current operations rose \$19,218,000, or 8.7 percent, virtually all of which was absorbed by higher operating expenses and a rise in taxes on net income.

Yours very truly,

WATROUS H. IRONS

President

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

(Amounts in thousands of dollars)

Item	December 31, 1953 ^p	September 30, 1953 ^r	December 31, 1952 ^r
Loans, including overdrafts.....	3,098,248	2,891,624	2,856,931
U. S. Government obligations, direct and guaranteed..	2,427,524	2,337,526	2,446,220
Obligations of states and political subdivisions.....	381,337	372,467	344,150
Other securities	78,513	70,091	82,506
TOTAL LOANS AND INVESTMENTS	5,985,622	5,671,708	5,729,807
Cash and balances due from banks.....	3,040,349	2,408,486	2,901,275
TOTAL ASSETS	9,184,766	8,216,939	8,777,554
Individual — Demand deposits	5,345,162	5,022,024	5,288,183
Individual — Time deposits	797,558	768,533	675,240
Deposits of U. S. Government, including postal savings	172,491	185,129	177,215
Deposits of states and political subdivisions.....	743,225	593,907	631,129
Deposits of banks.....	1,341,480	940,930	1,275,768
Other deposits	156,490	73,016	143,996
TOTAL DEPOSITS	8,556,406	7,583,539	8,191,531
TOTAL CAPITAL ACCOUNTS	558,175	564,783	516,276
Borrowings from Federal Reserve Bank.....	—0—	13,740	30
All other borrowings	—0—	1,064	477
Ratio of loans to total deposits.....	36.2%	38.1%	34.9%
Ratio of cash and balances due from banks to total deposits.....	35.5%	31.8%	35.4%
Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets)	15.0%	16.3%	15.1%
Number of banks.....	635	635	634

p—Preliminary.
r—Revised.

**PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS
1945, 1950-53**

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
1945	5,738,464	1,138,936	2,863,853	4,002,789	2,702,604	253,741
1950	7,198,467	2,406,188	2,643,066	5,049,254	2,274,935	418,483
1951	7,742,798	2,570,429	2,768,680	5,339,109	2,362,881	464,027
1952 ^r	8,191,531	2,856,931	2,872,876	5,729,807	2,446,220	516,276
1953 ^p	8,556,406	3,098,248	2,887,374	5,985,622	2,427,524	558,175

r—Revised.
p—Preliminary.

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

Item	1953 ^p	1952 ^r	Net Change 1953 over 1952
Interest and dividends on securities.....	57,107	51,798	5,309
Interest and discount on loans.....	147,670	136,064	11,606
Service charges on deposit accounts.....	10,259	9,264	995
All other earnings	23,993	22,685	1,308
TOTAL EARNINGS FROM CURRENT OPERATIONS	239,029	219,811	19,218
Salaries and wages	72,550	65,206	7,344
Taxes other than net income.....	12,696	12,174	522
All other expenses	60,802	53,266	7,536
TOTAL CURRENT OPERATING EXPENSES	146,048	130,646	15,402
NET EARNINGS FROM CURRENT OPERATIONS	92,981	89,165	3,816
Total recoveries, transfers from valuation reserves, and profits	8,520	5,955	2,565
Total losses and charge-offs, and transfers to valuation reserves	22,751	20,882	1,869
Profits before income taxes	78,750	74,238	4,512
Taxes on net income.....	36,961	33,180	3,781
NET PROFITS	41,789	41,058	731
Cash dividends declared ¹	20,974	20,006	968
Number of banks	635	634	1

¹ Includes interest on capital notes and debentures.

p—Preliminary.

r—Revised.

PRINCIPAL ITEMS OF EARNINGS AND EXPENSES OF MEMBER BANKS
1945, 1950-53
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 ¹	Total Losses and Charge-Offs ¹	Net Profits	Cash Dividends Declared ²	Number of Member Banks
1945	84,576	53,860	30,716	11,299	8,515	24,078	9,715	585
1950	173,424	101,975	71,449	7,399	16,932	41,995	15,081	630
1951	193,010	112,833	80,177	6,172	20,191	39,393	17,531	633
1952 ^r	219,811	130,646	89,165	5,955	20,882	41,058	20,006	634
1953 ^p	239,029	146,048	92,981	8,520	22,751	41,789	20,974	635

¹ Beginning with 1948 includes transfers from and to reserves.

² Includes interest on capital notes and debentures.

r—Revised.

p—Preliminary.